



<b>Project:</b>	<b>Not-for-Profit Private Sector Financial Reporting Framework</b>	<b>Meeting:</b>	AASB March 2026 (M219)
<b>Topic:</b>	<b>Substantive changes between working draft and pre-ballot draft of Tier 3 Standard</b>	<b>Agenda Item:</b>	3.3
		<b>Date:</b>	4 March 2026
<b>Contact(s):</b>	Jim Paul <a href="mailto:jpaul@asb.gov.au">jpaul@asb.gov.au</a> Maggie Man <a href="mailto:mman@asb.gov.au">mman@asb.gov.au</a>	<b>Project Priority:</b>	High
		<b>Decision-Making:</b>	High
		<b>Project Status:</b>	Finalising Standard

## Objectives of this agenda item

- 1 This paper supports Agenda Paper 3.2 and does not contain any questions for the Board. This paper presents the more substantive changes staff have made to the working draft of AASB 10XX since it was presented at the Board's 5 February 2026 meeting as reflected in the pre-ballot draft of the Tier 3 Standard. The table below sets out relevant extracts from the working draft, with the middle column showing the amendments made and the final column explaining the reasons for those amendments.
- 2 The table includes only substantive changes and does not include minor editorial updates such as punctuation corrections, grammatical adjustments, paragraph reordering, paragraph reference updates, new headings, editorial suggestions received from Board members or edits reflecting decisions made at the last Board meeting. Staff have amended the flowcharts, with the most significant revisions made to Chart 4. The pathways for entities moving from Tier 3 to Tier 2—whether doing so for the first time or resuming Tier 2 reporting—have been combined into a single pathway that directs entities to apply AASB 1 or AASB 108, consistent with proposed paragraph 26 of AASB 1053 *Application of Tiers of Australian Accounting Standards*. Paragraph 26 does not differentiate between first-time and resuming Tier 2 adopters, and the revised chart now reflects that. This change aligns with the amendments made on the far right of the chart for entities moving from Tier 2 to Tier 3, where the same pathway applies regardless of whether the move is for the first time or on resumption, consistent with proposed paragraph 24 of AASB 1053.

Extract of working draft of AASB 10XX presented on 5 February 2026 Board meeting	Changes to the paragraph are shown using underlining for new text and strikethrough for deleted text	Reason for change
<p>5.6 An entity shall present in the statement of income and retained earnings the information required by Section 4, and additionally:</p> <p>...</p>	<p>5.6 An entity shall present in the statement of income and retained earnings, <u>as a minimum, the information required by Section 4 line items that present the amounts in paragraph 4.6(a)–(e) for the period,</u> and <u>additionally the following:</u></p> <p>...</p>	<p>Staff consider the change would be helpful to inform less sophisticated readers that an entity with no items of other comprehensive income is required to present the items required in the profit or loss as required in paragraphs 4.6(a)–(e).</p>
<p>7.5 Examples of systematic ordering or grouping of the notes include:</p> <p>...</p> <p>(c) following the order of the line items in the statement of financial position and the statement(s) of financial performance, such as:</p> <p>...</p> <p>(iii) supporting information for items presented in the statement of financial position, the statement(s) of profit or loss and other comprehensive income, and the statements of changes in equity and of cash flows, in the order in which each statement and each line item is presented; and</p> <p>...</p>	<p>7.5 Examples of systematic ordering or grouping of the notes include:</p> <p>...</p> <p>(c) following the order of the line items in the statement of financial position, <u>and the statement(s) of financial performance, the statement of changes in equity, the statement of income and retained earnings and the statement of cash flows,</u> such as:</p> <p>...</p> <p>(iii) supporting information for items presented in the <u>various statements of financial position, the statement(s) of profit or loss and other comprehensive income, and the statements of changes in equity and of cash flows,</u> in the order in which each statement and each line item is presented; and</p> <p>...</p>	<p>This paragraph is consistent with paragraph 93 of AASB 1060. However, staff consider the lead-in sentence in (c) should be broadened to also refer to the other statements; otherwise, its scope would illogically be narrower than that of its subordinate sub-paragraph.</p>

Extract of working draft of AASB 10XX presented on 5 February 2026 Board meeting	Changes to the paragraph are shown using underlining for new text and strikethrough for deleted text	Reason for change
<p>8.5 An entity does not need to hold an equity interest in another entity to be able to participate in the financial and operating policy decisions of that other entity. Similarly, an entity need not obtain a financial benefit from the other entity when assessing the nature of the entity’s involvement with that other entity.</p>	<p>8.5 An entity does not need to hold an equity interest in another entity to be able to participate in the financial and operating policy decisions of that other entity. Similarly, an entity need not obtain a financial benefit from the other entity <del>when assessing the nature of the entity’s involvement with that other entity.</del></p>	<p>These words were struck through because staff consider their proximity to ‘financial benefit’ risked implying commentary about payment or compensation, rather than the intended point that financial returns are irrelevant to assessing when an entity can participate in another entity’s policy decisions.</p>
<p>8.30 An entity shall measure investments in notable relationship entities at:</p> <p>(a) cost, less any accumulated impairment losses determined in accordance with Section 10;</p> <p>...</p>	<p>8.30 An entity shall measure investments in notable relationship entities at:</p> <p>(a) cost, less any accumulated impairment losses determined <u>in accordance with consistently with the requirements in Section 10 for identifying and measuring impairment of financial assets measured at cost;</u></p> <p>...</p>	<p>Staff noted that Section 10 refers only to financial instruments, which may create confusion about the applicability of the impairment requirements to investments in notable relationship entities. To address this, staff clarified that the impairment requirements for financial assets measured at cost also apply to investments in notable relationship entities. Corresponding clarifications have been made in Section 13 for investments in associates and joint ventures in paragraph 13.17 and paragraph 13.22(c) relating to application of the equity method.</p>

Extract of working draft of AASB 10XX presented on 5 February 2026 Board meeting	Changes to the paragraph are shown using underlining for new text and strikethrough for deleted text	Reason for change
<p>8.33 When an entity that classifies its investments as subsidiaries, associates or joint ventures prepares separate financial statements, the entity shall choose one of the accounting policies specified in paragraphs 8.30–8.31 and shall apply that policy to entire class of investments.</p>	<p>8.33 When an entity that classifies its investments as subsidiaries, associates or joint ventures prepares separate financial statements, the entity shall <del>choose</del> apply one of the accounting policies specified in paragraphs 8.30–<del>8.31</del> <del>and shall apply that policy to entire</del> to a class of investments. <u>Under the fair value model, changes in fair value shall be recorded in profit or loss unless the entity makes an irrevocable election, on the initial recording of its first investment in each class of asset, to record those changes in other comprehensive income. Any such election applies to the entire class of investments. Those changes shall not subsequently be transferred to profit or loss.</u></p>	<p>Staff note that paragraph 8.31 applies only to investments in notable relationship entities, therefore this paragraph cannot impose its requirements by mere cross-reference. As such, staff have corrected the reference and explicitly included the requirements of applying the fair value model, including the limitation of not subsequently transferring changes recognised in other comprehensive income to profit or loss.</p>
<p>11.10 The cost approach considers that from the perspective of a market participant seller, the price that would be received for an asset is based on the cost to a market participant buyer to acquire or construct a substitute asset with the same age, technology, service capacity and condition as that of the asset held. That is because a market participant buyer would not pay more for an asset than the cost of replacing its service capacity. One reason the current replacement cost method may be used is that the asset is specialised and without readily observable market evidence.</p>	<p>11.10 The cost approach considers that from the perspective of a market participant seller, the price that would be received for an asset is based on the cost to a market participant buyer to acquire or construct a substitute asset <del>with the same age, technology, service capacity and condition as that of the asset held</del> <u>of comparable utility, adjusted for obsolescence</u>. That is because a market participant buyer would not pay more for an asset than the cost of replacing its service capacity. <u>Obsolescence encompasses physical deterioration (eg reflecting the asset’s age and condition), functional (technological) obsolescence and economic (external) obsolescence</u>. One reason the current replacement cost method may be used is that the asset is specialised and without readily observable market evidence.</p>	<p>Paragraph 11.10 was based on paragraph B9 of AASB 13 <i>Fair Value Measurement</i>, but briefer, consistent with the goal of drafting simplified guidance for smaller NFP entities. On further review, staff consider the wording as proposed in paragraph 11.10 requiring entities to estimate replacement cost assuming replacement with an asset of the same technology could be misinterpreted. This is because technological advances would require reducing observable replacement costs to value the asset actually held. The risk is that Tier 3 entities would not make that adjustment.</p> <p>To avoid that risk, staff redrafted the paragraph to focus on comparable utility with examples of obsolescence considerations based on paragraph B9 of AASB 13.</p>

Extract of working draft of AASB 10XX presented on 5 February 2026 Board meeting	Changes to the paragraph are shown using underlining for new text and strikethrough for deleted text	Reason for change
<p>13.20 After initial recording, an investor shall continue to measure investments in associates or joint ventures at fair value. Changes in fair value shall be recorded in profit or loss, except that an investor may make an irrevocable election, upon initial recording of its first investment in each class of asset, to record these changes in other comprehensive income. Any such election applies to the entire class of instruments.</p>	<p>13.20 After initial recording, an investor shall continue to measure investments in associates or joint ventures at fair value. Changes in fair value shall be recorded in profit or loss, except that an investor may make an irrevocable election, upon initial recording of its first investment in each class of asset, to record these changes in other comprehensive income. Any such election applies to the entire class of <del>instruments</del> <u>investments</u>. <u>Those changes shall not subsequently be transferred to profit or loss.</u></p>	<p>Added last sentence to include the limitation of not subsequently transferring changes in other comprehensive income to profit or loss, consistent with paragraphs 8.31 and 8.33.</p>
<p>13.23 In respect of its interests in joint operations, a joint operator shall record in its financial statements:</p> <p>...</p> <p>(c) any revenue from the sale or use of its share of the output of the joint arrangement, together with its share of any expenses incurred by the joint arrangement; and</p> <p>(d) any expenses it has incurred in respect of its interest in the joint arrangement.</p>	<p>13.23 In respect of its interests in joint operations, a joint operator shall record in its financial statements:</p> <p>...</p> <p>(b) its liabilities, including its share of any liabilities owed jointly with the other parties in relation to the joint <del>arrangement operation</del>;</p> <p>(c) any revenue from the sale or use of its share of the output of the joint <del>arrangement operation</del>, together with its share of any expenses incurred by the joint <del>arrangement operation</del>; <del>and</del></p> <p>(d) <u>any revenue from its share of the revenue from the sale of the output by the joint operation; and</u></p> <p><del>(d)</del>(e) any expenses it has incurred in respect of its interest in the joint <del>arrangement operation</del>.</p>	<p>On further review, staff identified that paragraph 13.23 did not fully reflect paragraph 20 of AASB 11 because it omitted revenue that is a share of the joint operation's revenue. To address this, paragraph 13.23(d) has been added to ensure consistency with AASB 11 <i>Joint Arrangements</i> paragraph 20.</p>

Extract of working draft of AASB 10XX presented on 5 February 2026 Board meeting	Changes to the paragraph are shown using underlining for new text and strikethrough for deleted text	Reason for change
<p>13.30 For investments in associates and joint ventures accounted for using the fair value model, an investor shall make the disclosures required by paragraphs 10.27 and 10.29.</p>	<p>13.30 For investments in associates and joint ventures accounted for using the fair value model, an investor shall <del>make the disclosures required by paragraphs 10.27 and 10.29</del> <u>disclose the carrying amount of each of the following categories as at the reporting date, in total for each class of assets, either in the statement of financial position or in the notes:</u></p> <p>(a) <u>investments measured at fair value through profit or loss;</u></p> <p>(b) <u>investments measured at fair value through other comprehensive income; and</u></p> <p>(c) <u>investments measured at a fair value that is based on a quoted price in an active market for an identical asset.</u></p>	<p>Staff consider that the mere cross-reference to paragraphs 10.27 and 10.29 may be confusing to less sophisticated readers of this Standard because those paragraphs relate to financial assets rather than investments in associates and joint ventures. As such, staff consider explicitly listing the disclosures would be more helpful.</p>
<p>14.16 Where, in accordance with paragraph 14.5(a), an entity initially measures at cost a donated investment property, it shall make the disclosures specified by paragraphs 15.30 and 15.31 for that investment property. However, for a donated investment property, it is unnecessary to comply with the requirements in paragraphs 15.30(b)(i) to disclose the class of assets to which the donated assets relates.</p>	<p>14.16 Where, in accordance with paragraph 14.5(a), an entity initially measures <del>at cost a donated investment property</del> <u>properties at cost</u>, it shall make the disclosures <del>specified by set out in</del> paragraphs 15.30 and 15.31 <del>for that investment property in relation to donated investment properties. However, for a donated investment property, it is unnecessary to comply with the requirements in</del> paragraphs 15.30(b)(i) <u>to disclose the class of assets to which the donated assets relates.</u></p>	<p>Staff removed the last sentence in paragraph 14.16 because the requirement is already met by disclosing information about donated investment properties, without needing to state that additional disclosure is unnecessary. Staff also noted that entities are unlikely to have multiple classes of investment properties, making the deleted sentence redundant.</p>
<p>17.9 Any difference between the carrying amount of the consideration paid by the acquirer in an entity combination and the carrying amount of the net assets acquired in the combination is recorded directly in equity. An entity combination does not give rise to the recording of goodwill.</p>	<p>17.9 Any difference between the carrying amount of the consideration paid by the acquirer in an entity combination and the carrying amount of the net assets acquired in the combination is recorded directly in equity. An entity combination does not give rise to the recording of goodwill <u>or a bargain purchase.</u></p>	<p>Staff added a reference to a bargain purchase since this could be a possible outcome, not just goodwill that should not be recognised.</p>

Extract of working draft of AASB 10XX presented on 5 February 2026 Board meeting	Changes to the paragraph are shown using underlining for new text and strikethrough for deleted text	Reason for change
<p>19.13 A contingent liability is:</p> <p>(a) a possible obligation, the existence of which will be confirmed only by the occurrence or non-occurrence of an uncertain future event not wholly within the entity's control; or</p>	<p>19.13 A contingent liability is:</p> <p>(a) a possible obligation <u>that arises from past events</u>, the existence of which will be confirmed only by the occurrence or non-occurrence of an uncertain future event not wholly within the entity's control; or</p>	<p>Added the proviso that a contingent liability arises from past events, consistent with paragraph 10 in AASB 137 <i>Provisions, Contingent Liabilities and Contingent Assets</i>.</p>
<p>20.12 In some cases, assets may be transferred to an entity in expectation that the assets received will be used to support the entity's operations over an unspecified period of time. In these cases, the parties to the transaction share a common understanding as to how the entity will perform in exchange for the transferred assets. It will not usually be possible to identify when those particular transferred assets have been used up by the entity. Therefore, as a practical expedient, in all such cases revenue shall be recorded simultaneously with recording the asset.</p>	<p>20.12 In some cases, assets may be transferred to an entity <del>in</del> <u>with the</u> expectation that the assets received will be used to support the entity's operations over an unspecified period of time. In these cases, the parties to the transaction share a common understanding as to how the entity will perform in exchange for the transferred assets. <u>Unless the assets are separately identified in some way,</u> it will not usually be possible to identify when <del>those the</del> particular transferred assets have been used up by the entity. Therefore, as a practical expedient, in all such cases revenue shall be recorded simultaneously with <u>initially</u> recording the assets.</p>	<p>Staff received feedback from a Board member expressing concern that, when an entity receives assets for a specified use but subsequently pools those assets with other funds, it may not be possible to identify when the transferred assets themselves have been consumed. In such cases, the entity should recognise revenue immediately rather than deferring revenue. Staff have incorporated additional wording to address this concern.</p>
<p>20.18 A pledge is a promise made by a donor to contribute assets to the entity in the future. Pledged assets and related revenue are not recorded until the promised assets are received. The contingent asset disclosure requirements in paragraph 19.17 apply to pledges that are probable to result in an inflow of economic benefits to the entity.</p>	<p>20.18 A pledge is a promise made by a donor to contribute assets to the entity in the future. Pledged assets <del>and related revenue</del> are not recorded until the promised assets are received. The contingent asset disclosure requirements in paragraph 19.17 apply to pledges that are probable to result in an inflow of economic benefits to the entity. <u>Revenue arising from pledges is recorded as required by paragraph 20.3.</u></p>	<p>Staff deleted "and related revenue" from the second sentence of paragraph 20.18 because that sentence might be misread as saying all pledge revenue is recognised when the promised assets are received, although some pledges might give rise to a deferred revenue obligation. A sentence was added to direct readers to the overarching revenue recognition principles in paragraph 20.3.</p>

Extract of working draft of AASB 10XX presented on 5 February 2026 Board meeting	Changes to the paragraph are shown using underlining for new text and strikethrough for deleted text	Reason for change
<p>20.21 An entity shall disaggregate its total revenue for the period into categories that help users of its financial statements assess the nature and uncertainty of each type of revenue recorded, for example:</p> <p>...</p> <p>(c) grants and donations, and bequests apart from those disclosed separately under (a) and (b);</p> <p>...</p>	<p>20.21 An entity shall disaggregate its total revenue for the period into categories that help users of its financial statements assess the nature and uncertainty of each type of revenue recorded, for example:</p> <p>...</p> <p>(c) <u>other</u> grants and donations, and bequests <del>apart from those disclosed separately under (a) and (b);</del></p> <p>...</p>	<p>Staff deleted the text as show to keep the drafting simple since ‘bequests’ does not appear in paragraph 20.21(a)–(b). It should be sufficiently clear that paragraph 20.21(c) refers to all other grants and donations, and bequests are not included in 20.21(a)–(b).</p>
<p>22.1 This section applies to the accounting for the impairment of assets except for:</p> <p>(a) financial assets. Section 10 sets out the impairment requirements for financial assets; and</p> <p>(b) non-financial assets regularly revalued to fair value in accordance with paragraphs 14.8, 15.13 or 16.14.</p>	<p>22.1 This section applies to the accounting for the impairment of assets except for <u>impairments addressed by paragraph 1.5 or another section of this Standard. Impairments addressed by another section of this Standard relate to:</u></p> <p>(a) financial assets <del>-(see Section 10) sets out the impairment requirements for financial assets;</del> and</p> <p>(b) non-financial assets regularly revalued to fair value in accordance with paragraphs 14.8 (<u>investment property</u>), 15.13 (<u>property, plant and equipment</u>) or 16.14 (<u>intangible assets</u>).</p>	<p>Staff amended the stem of this scope paragraph to exclude assets identified in paragraph 1.5 (for example, assets held for sale), to which Tier 2 requirements apply. These assets would be subject to the impairment requirements in AASB 136 <i>Impairment of Assets</i> to the extent to which AASB 136 is referred to within those specified Australian Accounting Standards.</p>

Extract of working draft of AASB 10XX presented on 5 February 2026 Board meeting	Changes to the paragraph are shown using underlining for new text and strikethrough for deleted text	Reason for change
<p>22.9 Value in use is the present value of the future cash flows expected to be derived from an asset. The present value calculation involves the following steps:</p> <p>(a) estimating the future cash inflows and outflows expected to be derived from:</p> <p>(i) continuing use of the asset; and</p> <p>(ii) disposal of the asset at the end of its useful life in an arm's length transaction between knowledgeable, willing parties; and</p> <p>...</p>	<p>22.9 Value in use is the present value of the future cash flows expected to be derived from an asset. The present value calculation involves the following steps:</p> <p>(a) estimating the future cash inflows and outflows expected to be derived from:</p> <p>(i) continuing use of the asset; and</p> <p>(ii) disposal of the asset at the end of its useful life in an <del>arm's length transaction between knowledgeable, willing parties</del> <u>orderly transaction between market participants</u>; and</p> <p>...</p>	<p>Staff amended the end of paragraph 22.9(a)(ii) to align with the definition of fair value in Section 13 and the Glossary of terms.</p>
<p>23.6 An entity shall measure its liability and expense for employee benefits at the undiscounted amount of employee benefits expected to be paid in exchange for the services rendered, using the pay rates applicable at the reporting date and ignoring any approved or possible future pay rises. The cost of accumulating paid absences that are payable on departure is the additional amount that the entity expects to pay as a result of the unused accumulated entitlement at the end of the reporting period.</p>	<p>23.6 An entity shall measure <del>its liability and expense for</del> employee benefits at the undiscounted amount of <u>the</u> employee benefits expected to be paid in exchange for the services rendered, using the pay rates applicable at the reporting date and ignoring any approved or possible future pay rises. The cost <u>for the period</u> of accumulating paid absences that are payable on departure is the <del>additional amount</del> <u>increase during the period in those entitlements</u> that the entity expects to pay <u>or has already paid as a result of the unused accumulated entitlement at the end of the reporting period.</u></p>	<p>Staff removed the reference to 'expense' from the first sentence of paragraph 23.6 because it would be inaccurate to the extent that employee benefits costs are capitalised into assets.</p> <p>The second sentence of paragraph 23.6 was amended to use clearer expression than "additional amount" and to recognise that the cost for the period will include amounts accrued and paid out during the period.</p>

Extract of working draft of AASB 10XX presented on 5 February 2026 Board meeting	Changes to the paragraph are shown using underlining for new text and strikethrough for deleted text	Reason for change
<p>27.5 For a person or entity to be identified as related to the reporting entity, it is unnecessary to identify which particular factor or condition giving rise to the related party relationship is satisfied, provided that one or another of the conditions is satisfied. Consequently, an entity and the reporting entity are related to each other when a notable relationship exists between the entities, or if the entities are notable relationship entities of the same third entity.</p>	<p>27.5 <del>For a person or entity to be identified as related to the reporting entity, it is unnecessary to identify which particular factor or condition giving rise to the related party relationship is satisfied, provided that one or another of the conditions is satisfied. Consequently, a</del>An entity and the reporting entity are <u>also</u> related to each other <del>when</del> if a notable relationship exists between the entities, or <del>if</del> the entities are notable relationship entities of the same third entity.</p>	<p>Staff have removed the first sentence to simplify the drafting, and because the deleted proviso is still implicit. Staff also consider the first sentence might be confusing for an entity that is not classifying investments as investments in notable relationship entities, which would still be required to determine whether it satisfies one or another of the conditions in paragraph 27.3 and 27.4 – and which ones – in order to properly classify its related party disclosures.</p>
<p>28.6 In its first Australian-Accounting-Standards financial statements (Tier 3), an entity shall apply either:</p> <ul style="list-style-type: none"> <li>(a) the requirements in paragraphs 28.8–28.12; or</li> <li>(b) all relevant requirements of this Standard, using the requirements for changes in accounting policies in paragraphs 9.10–9.11. However, the exemptions in paragraphs 28.12(f) and (g) are available.</li> </ul>	<p>28.6 In its first Australian-Accounting-Standards financial statements (Tier 3), an entity shall <del>apply</del> either:</p> <ul style="list-style-type: none"> <li>(a) <u>apply the relevant</u> requirements in paragraphs 28.8–28.12; or</li> <li>(b) <del>all relevant requirements of this Standard, using the requirements for changes in accounting policies in paragraphs 9.10–9.11.</del> <u>retrospectively apply the other sections of this Standard in accordance with Section 9 as if the entity had always applied Tier 3 reporting requirements.</u> However, <u>in this case</u> the exemptions in paragraphs 28.12(f) and (g) are <u>also</u> available.</li> </ul>	<p>Staff amended this paragraph to use the same language as the new paragraph 20A in AASB 1053. In AASB 1053, all the transition references to “all the relevant requirements” mean the requirements of AASB 1 or AASB 10XX other than the option for retrospective application. Hence, staff consider it would not be helpful to refer to “all relevant requirements” in relation to the option for retrospective application in paragraph 28.6(b).</p>

Extract of working draft of AASB 10XX presented on 5 February 2026 Board meeting	Changes to the paragraph are shown using underlining for new text and strikethrough for deleted text	Reason for change
<p>28.12(e) ... an entity may elect to apply Section 17 and Section 13 prospectively to all entity combinations and acquisitions of investments in associates and interests in joint arrangements from the date of transition to this Standard, or from a selected date before the transition date. However, the entity shall cease recording any goodwill relating to these acquisitions. The same date shall apply equally to all acquisitions;</p>	<p>28.12(e) ... an entity may elect to apply Section 17 and Section 13 prospectively to all entity combinations and acquisitions of investments in associates and interests in joint arrangements from the date of transition to this Standard, or from a selected date before the transition date. <del>However, the entity shall cease recording any goodwill relating to these acquisitions.</del> The same date shall apply <u>equally to all combinations and acquisitions.</u> <del>However, the entity shall cease recording goodwill relating to combinations that occurred prior to the date of transition or the selected date, as appropriate;</del></p>	<p>The drafting was amended to make the prospective application to entity combinations and acquisitions refer to the same date. Staff have also moved the sentence relating to goodwill to the last sentence of this paragraph. Staff also added text clarifying that writing off goodwill relates to combinations that occurred prior to the date, whereas the original drafting may have captured only writing off goodwill relating to entity combinations that occurred after the transition date.</p>
<p><b>Glossary of terms</b> ... Financial liability Any liability that is: ... (b) a contract that will or may be settled in the entity's own equity instruments and is: (i) a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose, rights, options or warrants to acquire a fixed number of the entity's own equity instrument for a fixed</p>	<p><b>Glossary of terms</b> ... Financial liability Any liability that is: ... (b) a contract that will or may be settled in the entity's own equity instruments and is: (i) a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose, rights, options or warrants to acquire a fixed number of the entity's own equity instruments <u>for a fixed amount of any currency</u> are equity instruments if the entity offers the rights,</p>	<p>Added the last part for consistency with the last part of the financial asset definition, and with the definitions of both terms in paragraph 11 of AASB 132 <i>Financial Instruments: Presentation</i>.</p>

Extract of working draft of AASB 10XX presented on 5 February 2026 Board meeting	Changes to the paragraph are shown using underlining for new text and strikethrough for deleted text	Reason for change
<p>amount of any currency are equity instruments if the entity offers the rights, options or warrants pro rata to all its existing owners of the same class of its own non-derivative equity instruments.</p>	<p>options or warrants pro rata to all <u>of</u> its existing owners of the same class of its own non-derivative equity instruments. <u>Also, for this purpose, the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.</u></p>	
<p><b>Amendments to other Australian Accounting Standards</b> <b>AASB 10 Consolidated Financial Statements (July 2015)</b></p>	<p><b>Amendments to other Australian Accounting Standards</b> <b><u>AASB 1 First-time Adoption of Australian Accounting Standards (July 2015)</u></b></p>	<p>Staff added AASB 1 and AASB 108 to Appendix C <i>Amendments to other Australian Accounting Standards</i>, as it was an oversight by staff that both Standards currently contain footnotes referring to “Australian Accounting Standards”, which would need to be amended as part of introducing the Tier 3 Standard. Without these amendments, AASB 1 and AASB 108—being applicable only to Tier 1 and Tier 2 Australian Accounting Standards—would inadvertently require Tier 3 entities to apply those Standards, even though they are no longer relevant for Tier 3.</p> <p>Similarly, staff had proposed amendments to AASB 10 to refer to all three tiers of reporting requirements. On further consideration, since AASB 10 is only applicable to Tier 1 and Tier 2 Australian Accounting Standards, staff removed the previously proposed text that referred to Tier 3.</p>
<p>Paragraph AG1 in the Australian application guidance accompanying AASB 10 is amended.</p>	<p>Footnote 1 to paragraph 1 is amended. New text is underlined and deleted text is struck through.</p>	
<p>AG1 ... Australian Accounting Standards consist of <del>two</del> <u>three</u> Tiers of reporting requirements for preparing general purpose financial statements:</p> <p>(a) Tier 1: Australian Accounting Standards; <del>and</del></p> <p>(b) Tier 2: Australian Accounting Standards – Simplified Disclosures; <del>and</del></p> <p>(c) <u>Tier 3: Australian Accounting Standards – Simplified Accounting.</u></p> <p>...</p>	<p>1 [Aus] The term ‘Australian Accounting Standards’ refers to Standards (including Interpretations) made by the AASB that apply to any reporting period beginning on or after 1 January 2005. <u>In this the context of this Standard, the term encompasses Tier 1: Australian Accounting Standards and also Tier 2: Australian Accounting Standards – Simplified Disclosures, which some entities are permitted to apply in accordance with AASB 1053 <i>Application of Tiers of Australian Accounting Standards</i> in preparing general purpose financial statements.</u></p> <p><b>AASB 10 Consolidated Financial Statements (July 2015)</b></p>	
	<p>Paragraph AG1 in the Australian application guidance accompanying AASB 10 is amended. <u>New text is underlined and deleted text is struck through.</u></p> <p>AG1 ... Australian Accounting Standards consist of <del>two</del> <u>three</u> Tiers of reporting requirements for preparing general purpose financial statements. <u>In the context of this Standard, the relevant tiers are:</u></p> <p>(a) Tier 1: Australian Accounting Standards; <del>and</del></p>	

Extract of working draft of AASB 10XX presented on 5 February 2026 Board meeting	Changes to the paragraph are shown using underlining for new text and strikethrough for deleted text	Reason for change
	<p>(b) Tier 2: Australian Accounting Standards – Simplified Disclosures, <del>and</del></p> <p>(c) <del>Tier 3: Australian Accounting Standards – Simplified Accounting.</del></p> <p><b><u>AASB 108 Basis of Preparation of Financial Statements (August 2015)</u></b></p> <p>Footnote 1 to the heading ‘Fair presentation and compliance with Australian Accounting Standards’ before paragraph 6A is amended. New text is underlined and deleted text is struck through.</p> <p>1 [Aus] The term ‘Australian Accounting Standards’ refers to Standards (including Interpretations) made by the AASB that apply to any reporting period beginning on or after 1 January 2005. In <del>this the</del> context of <u>this Standard</u>, the term encompasses <u>Tier 1: Australian Accounting Standards and also Tier 2: Australian Accounting Standards – Simplified Disclosures</u>, which some entities are permitted to apply in accordance with AASB 1053 <i>Application of Tiers of Australian Accounting Standards</i> in preparing general purpose financial statements.</p>	
<p><b>AASB 1053 Application of Tiers of Australian Accounting Standards</b></p> <p>...</p> <p>16 Disclosures under Tier 2 reporting requirements are the minimum disclosures required to be included in general purpose financial statements <u>of for-profit private sector entities, not-for-profit private sector entities and public sector entities that are prohibited from applying Tier 3 reporting requirements.</u> Entities may include additional disclosures using Tier 1 reporting requirements as</p>	<p><b>AASB 1053 Application of Tiers of Australian Accounting Standards</b></p> <p>...</p> <p>16 Disclosures under Tier 2 reporting requirements are the minimum disclosures required to be included in general purpose financial statements, <u>of for-profit private sector entities, not for profit private sector entities and public sector entities that are prohibited from applying with the exception of general purpose financial statements prepared by not-for-profit private sector entities under Tier 3 reporting requirements.</u> Entities may include</p>	<p>Staff amended paragraph 16 because the proposed changes in the Working Draft appeared to wrongly imply that not-for-profit public sector entities are prohibited from applying Tier 3 reporting requirements. Staff have now revised paragraph 16 to exclude only entities applying Tier 3 reporting requirements, consistent with the amendments to paragraph 13 of AASB 1053. This avoids indicating which entities must apply Tier 2 requirements as a minimum.</p>

Extract of working draft of AASB 10XX presented on 5 February 2026 Board meeting	Changes to the paragraph are shown using underlining for new text and strikethrough for deleted text	Reason for change
<p>a guide if, in their judgement, such additional disclosures are consistent with the objective of general purpose financial statements.</p> <p>...</p> <p>16D Disclosures under Tier 3 reporting requirements are the minimum disclosures required to be included in general purpose financial statements of the not-for-profit private sector entities referred to in paragraph 16A. Entities may include additional disclosures using Tier 1 or Tier 2 reporting requirements as a guide if, in their judgement, such additional disclosures are consistent with the objective of general purpose financial statements.</p>	<p>additional disclosures using Tier 1 reporting requirements as a guide if, in their judgement, such additional disclosures are consistent with the objective of general purpose financial statements.</p> <p>...</p> <p>16D Disclosures under Tier 3 reporting requirements are the minimum disclosures required to be included in general purpose financial statements of the not-for-profit private sector entities referred to in paragraph 16A <u>that are required to or elect to prepare general purpose financial statements under Tier 3 reporting requirements.</u> Entities may include additional disclosures using Tier 1 or Tier 2 reporting requirements as a guide if, in their judgement, such additional disclosures are consistent with the objective of general purpose financial statements.</p>	<p>Paragraph 16D is a proposed new paragraph in AASB 1053 but to show the changes made, staff have now shown the entire paragraph as underlined text, only the changes made to it. In the first sentence of paragraph 16D, staff added the words after “16A”, thus limiting the referenced entities to those that are required to or elect to prepare general purpose financial statements under Tier 3 reporting requirements. Otherwise, it would appear that Tier 3 disclosures would also be required to be provided by entities preparing Tier 1 or Tier 2 general purpose financial statements despite being eligible to apply Tier 3 reporting requirements.</p>
<p><b>AASB 1057 Application of Australian Accounting Standards</b></p> <p>...</p> <p><b>21 AASB 10XX General Purpose Financial Statements – Not-for-Profit Private Sector Tier 3 Entities applies to not-for-profit private sector entities that:</b></p> <p>(a) do not have public accountability; and</p> <p>(b) are not prohibited from applying Tier 3 reporting requirements by legislation or their constituting document or another document.</p> <p>...</p>	<p><b>AASB 1057 Application of Australian Accounting Standards</b></p> <p>...</p> <p><b>21 AASB 10XX General Purpose Financial Statements – Not-for-Profit Private Sector Tier 3 Entities applies to <u>each</u> not-for-profit private sector <del>entities</del> <u>entity</u> that:</b></p> <p>(a) <del>do</del> <u>does</u> not have public accountability; <del>and</del></p> <p>(b) <del>are</del> <u>is</u> not prohibited from applying Tier 3 reporting requirements by legislation or <del>their</del> <u>its</u> constituting document or another document; <del>and</del></p> <p>(c) <u>either is required to or elects to apply the Standard.</u></p> <p>...</p>	<p>Paragraph 21 is a proposed new paragraph in AASB 1057 but to show the changes made, staff have not shown the paragraph as underlined text, only the changes made to it. Staff added subparagraph 21(c) to avoid specifying that entities that are eligible to apply the Tier 3 Standard but instead elect to prepare Tier 1 or Tier 2 general purpose financial statements are required to apply the Tier 3 Standard and therefore are not in compliance with Australian Accounting Standards.</p>