



Project:	Conceptual Framework: Not-for-Profit Amendments	Meeting:	AASB March 2026 (M219)
Topic:	Conceptual Framework: Not-for-Profit Amendments – Due process and review of pre-ballot draft	Agenda Item:	4.0
		Date:	4 March 2026
Contact(s):	Evelyn Ling eling@asb.gov.au Maggie Man mman@asb.gov.au	Project Priority:	High
		Decision-Making:	High
		Project Status:	Finalising Standard

Objective of this agenda item

- The objective of this agenda item is for the Board to:
 - decide whether to proceed to a pre-ballot draft of an Amending Standard (Agenda Paper 4.1); and
 - review a pre-ballot draft of an Amending Standard (Agenda Paper 4.2).
- Before an Amending Standard can be issued, the Office of Impact Analysis must accept an Impact Analysis of the proposals. Staff have developed a single Impact Analysis (Agenda Paper 3.5 [Board Only]) that covers both the proposals in the Board's Conceptual Framework: Not-for-Profit Amendments and Not-for-Profit Private Sector Financial Reporting Framework projects as some of the key proposals in the Amending Standard were envisaged to apply together with the proposals for a simpler reporting Tier.¹

Background to the Conceptual Framework: Not-for-Profit Amendments project

- In March 2018, the International Accounting Standards Board (IASB) issued the IASB *Conceptual Framework for Financial Reporting*. Besides the development of this pronouncement being focused on for-profit entities, the pronouncement uses the term 'reporting entity' to describe the entity preparing general purpose financial statements, resulting in apparent tension with the reporting entity concept set out in Statement of Accounting Concepts 1 *Definition of the Reporting Entity*.
- After considering stakeholder feedback to AASB ITC 39 *Applying the IASB's Revised Conceptual Framework and Solving the Reporting Entity and Special Purpose Financial Statement Problems* (May 2018), the Board decided that it would adopt a phased approach to complying with the Financial Reporting Council's broad strategic direction to the AASB to develop Standards using International Financial Reporting Standards. Consequently, when the Board issued the AASB *Conceptual Framework for Financial Reporting (Conceptual Framework)*, it was:
 - first applicable only to publicly accountable entities (May 2019); and then
 - later extended to for-profit private sector entities (exclusions apply) (March 2020).
- The Conceptual Framework: Not-for-Profit Amendments project progresses the planned phased approach. The objective of the Board's Conceptual Framework: Not-for-Profit Amendments

¹ Staff will provide an update on the status of the Impact Analysis document at the Board meeting as part of Agenda Item 3.

project is to apply the *Conceptual Framework for Financial Reporting (Conceptual Framework)* to not-for-profit (NFP) entities and improve the consistency, comparability, transparency and enforceability of financial reports prepared in accordance with Australian Accounting Standards. In line with the objectives of the Not-for-Profit Private Sector Financial Reporting Framework project, applying the *Conceptual Framework* to NFP entities also extends the population of NFP entities that are required to prepare general purpose financial statements.²

- 6 In furtherance of this objective, the Board issued [AASB Exposure Draft ED 334 *Limiting the Ability of Not-for-Profit Entities to Prepare Special Purpose Financial Statements*](#) in October 2024. ED 334 exposed the Board’s proposals to extend the application of the *Conceptual Framework* to more NFP private and public sector entities. The proposals would bring a majority of Australian entities under the aegis of the same conceptual framework document for guiding the development of accounting policies.
- 7 At its 1 May 2025 meeting, the Board decided to continue its Conceptual Framework: Not-for-Profit Amendments project and develop a final Standard based on ED 334. The Board redeliberated its project proposals as set out in ED 334 at its 3 July 2025, 7 October 2025 and 5 February 2026 meetings. The Board completed its redeliberations of the technical matters in the project at its 5 February 2026 meeting.

Project timeline

- 8 The project timeline below is the same as that presented at the Board’s 5 February 2025 meeting, and has regard to the Board’s work on its associated Not-for-Profit Private Sector Financial Reporting Framework project (refer Agenda Paper 3.0). The timeline presumes that the Board will agree with the staff recommendations in Agenda Papers 3.1 and 4.1 that the proposals in the Amending Standard need not be re-exposed.

Topics	Date
Due process review and Impact Analysis	March 2026 meeting
Review of pre-ballot draft, including a Basis for Conclusions	(this meeting)
Review of explanatory statement	Out-of-session before the end of Q2 2026
Vote on Amending Standard	
Issue the Amending Standard	Before the end of Q2 2026

- 9 The main impact of the Board’s proposals is that more NFP public and private sector entities will be required to prepare general purpose financial statements. As such, any post-issue awareness, outreach or education activity regarding the Amending Standard might focus on the amendments to AASB 1057 to extend the population of NFP entities to which Australian Accounting Standards apply, rather than on the NFP-specific modifications to the *Conceptual Framework*. As the amendments to AASB 1057 are related to the objectives of the Not-for-Profit Private Sector Financial Reporting Framework project, staff intend to action any such planned activity as a part of and in conjunction with awareness, outreach or education activity regarding issue of a Tier 3 Standard.

Question to Board members

- Q1 Do Board members have any questions or comments on the proposed timeline or any other matters in this paper?

2 Further information about the Conceptual Framework: NFP Amendments project is set out in the [Conceptual Framework: Not-for-Profit Amendments project summary](#).