

AASB Action Alert

From the Australian Accounting Standards Board

Issue No: 239

2 May 2025

Welcome to the AASB Action Alert

The AASB Board met in public and in private on 1 May 2025. At the meeting, the Board made key decisions in relation to:

[Conceptual Framework – Not-for-Profit Amendments](#)

[Not-for-Profit Private Sector Financial Reporting Framework \(Tier 3\)](#)

[Application of AASB 18 by Not-for-Profit and Superannuation Entities](#)

[Tier 2 – Review of AASB 1060](#)

[ITC 51 – Post-implementation Review of Not-for-Profit Topics](#)

The Board also discussed the following topics:

[Post-implementation Review – AASB 16 Leases](#)

[Climate-related Financial Disclosure](#)

Conceptual Framework – Not-for-Profit Amendments

The Board considered the feedback received on Exposure Draft ED 334 *Limiting the Ability of Not-for-Profit Entities to Prepare Special Purpose Financial Statements*. The Board decided to continue the project and begin redeliberations on the proposals in ED 334. No specific decisions were made.

Not-for-Profit Private Sector Financial Reporting Framework (Tier 3)

The Board considered the feedback received on ED 335 *General Purpose Financial Statements – Not-for-Profit Private Sector Tier 3 Entities*. The Board decided:

- (a) to continue the project and begin redeliberations on the proposals in ED 335;

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- (b) the requirements in a final Standard should be developed with regard to the principles used to develop ED 335; and
- (c) to update the *AASB Not-for-Profit Entity Standard-Setting Framework* to address Tier 3 general purpose financial statements.

No specific decisions were made regarding the accounting and disclosure requirements for Tier 3 general purpose financial statements.

Application of AASB 18 by Not-for-Profit and Superannuation Entities

The Board noted it had acknowledged when issuing AASB 18 *Presentation and Disclosure in Financial Statements* that further work should be undertaken to determine how AASB 18 should apply to not-for-profit (NFP) entities (both private sector and public sector) and superannuation entities, which led to deferring the application date of AASB 18 for these entities to annual periods beginning on or after 1 January 2028, instead of 1 January 2027.

At this meeting, the Board considered stakeholder feedback from targeted outreach and decided to develop an Exposure Draft regarding how AASB 18 should apply to the Tier 1 general purpose financial statements (GPFS) of NFP and superannuation entities. The Board decided the ED will propose the following approaches for the various types of entities.

Whole of Governments and General Government Sectors

The ED will propose:

- (a) retaining the existing requirements for the presentation of the statement of profit or loss and presentation of expenses in accordance with AASB 1049 *Whole of Government and General Government Sector Financial Reporting*, instead of applying the AASB 18 requirements;
- (b) requiring the aggregation and disaggregation principles in AASB 18 to be applied in addition to the specific disaggregation requirements in AASB 1049; and
- (c) an exemption from applying the management-defined performance measure (MPM) disclosure requirements of AASB 18, although noting these could be applied voluntarily if considered useful to users of their GPFS.

Other NFP Public Sector Entities (including local governments and universities)

The ED will propose:

- (a) permitting the presentation of financial statements, including operating expenses, using formats consistent with currently applicable Accounting Standards, including AASB 101 *Presentation of*

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Financial Statements, which would involve retaining the relevant content of AASB 101 in some form once it is superseded by AASB 18;

- (b) requiring the aggregation and disaggregation principles in AASB 18 to be applied without public-sector-specific modification; and
- (c) an exemption from applying the MPM disclosure requirements of AASB 18, although noting these could be applied voluntarily if considered useful to users of their GPFS.

The Board noted the IPSASB project on the Presentation of Financial Statements, which includes considering the application of IFRS 18 *Presentation and Disclosure in Financial Statements* by NFP public sector entities. The Board decided not to postpone its own work on the financial statement presentation requirements for Australian NFP public sector entities until the results of the IPSASB's project are available, given the likely timeframe. However, the Board plans to review the IPSASB's work as part of its project on the Public Sector Financial Reporting Framework.

NFP Private Sector Entities

Given the limited stakeholder feedback received to date in respect of these entities, the Board decided the ED will seek general input on the suitability of applying AASB 18 to their Tier 1 GPFS, including on:

- (a) the objective of financial statements in AASB 18, which refers to assessing the prospects for future net cash inflows to the entity;
- (b) classification and presentation of the statement of profit or loss and operating expenses, including the criterion in paragraph B80(a) regarding expense line items, which refers to providing useful information about the main components or drivers of the entity's profitability;
- (c) aggregation and disaggregation principles; and
- (d) MPM disclosures.

Superannuation Entities

The ED will propose:

- (a) retaining the existing requirements for the presentation of the statement of profit or loss and operating expenses, and the statement of changes in member benefits, in AASB 1056 *Superannuation Entities*;
- (b) requiring the aggregation and disaggregation principles in AASB 18 to be applied in addition to the specific disaggregation requirements in AASB 1056;

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- (c) requiring the MPM disclosure requirements of AASB 18 to be applied without superannuation-specific modification; and
- (d) modifying AASB 1056 to specify that the statement of changes in member benefits is a 'primary financial statement' for the purposes of a superannuation entity's GPFS.

A draft ED reflecting the above decisions will be considered by the Board at a future meeting.

Tier 2 – Review of AASB 1060

The Board decided on the structure, general content and questions for stakeholders for an Invitation to Comment (ITC) to be issued as part of a review of AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*. The ITC is expected to be issued in Q3 2025 with a 120-day comment period. The ITC will have two sections, as described below.

Section A: Post-implementation Review (PIR) of AASB 1060 and AASB 2020-2 *Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities* will seek feedback about whether AASB 1060 and AASB 2020-2 are operating as intended and are effectively and efficiently meeting their original objectives.

Section B: Review of AASB 1060 will seek feedback about whether AASB 1060 should be updated due to the issue of new Standards and changes made by the IASB to the *IFRS for SMEs Accounting Standard*, which was used as a base for developing AASB 1060. This section will consist of the following topics:

- (a) Topic 1: Consideration of amendments made to the *IFRS for SMEs Accounting Standard* and whether similar amendments should be made to AASB 1060;
- (b) Topic 2: Consideration of the potential effects of AASB 18 *Presentation and Disclosure in Financial Statements* on AASB 1060; and
- (c) Topic 3: Consideration of the potential effects of IFRS 19 *Subsidiaries without Public Accountability: Disclosures* on AASB 1060.

ITC 51 – Post-implementation Review of Not-for-Profit Topics

The Board discussed the feedback received in response to the remaining topics in Invitation to Comment ITC 51 *Post-implementation Review of Not-for-Profit Topics – Control, Structured Entities, Related Party Disclosures and Basis of Preparation of Special Purpose Financial Statements*, specifically Topic 1: Control and consolidation for not-for-profit (NFP) entities and Topic 2: The definition of a structured entity for NFP entities.

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After considering stakeholder feedback, the Board decided:

- (a) not to propose any amendments to AASB 10 *Consolidated Financial Statements* in respect of NFP entities at this time. However, the Board will:
 - (i) undertake further research to better understand the significance, prevalence and magnitude of the implementation challenges identified by stakeholders – such as determining whether decision-making rights are protective or substantive and identifying variable returns – to determine whether additional guidance is needed and, if so, in what form; and
 - (ii) monitor the NFP Private Sector Financial Reporting Framework (Tier 3) project to ensure any implementation issues identified by stakeholders in response to the proposed removal of the ability to prepare special purpose financial statements and the initial application of AASB 10 by affected NFP entities are considered; and
- (b) not to propose any amendments to AASB 12 *Disclosure of Interests in Other Entities* in respect of the definition of a structured entity for NFP entities.

The Feedback Statement on ITC 51 is expected to be published in H2 2025 to conclude the post-implementation review.

Post-implementation Review – AASB 16 Leases

The Board considered a summary of the key findings of the planning phase of the domestic Post-implementation Review (PIR) of AASB 16. The domestic PIR will consider the application of the Standard by NFP private sector entities, NFP public sector entities and for-profit public sector entities. The domestic PIR will be conducted concurrently with the IASB's PIR of IFRS 16 *Leases*, which focuses on for-profit private sector entities.

The Board approved issuing an Invitation for Comment (ITC) that will include both the IASB's PIR consultation document in full and Australian-specific content, including matters identified by NFP and public sector stakeholders during the planning phase of the domestic PIR.

The ITC is expected to be issued in Q3 2025, once the IASB has issued its PIR consultation document.

Climate-related Financial Disclosure

The Board noted the following two project plans to support Australian entities as they commence a phased approach to mandatory reporting using AASB S2 *Climate-related Disclosures* for periods beginning on or after 1 January 2025:

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- (a) AASB S2: Implementation Support; and
- (b) AASB S2: Industry-based Information.

These project plans were approved out of session by the Chair.

The Board also noted the AASB staff analysis of non-authoritative educational material from the IFRS Foundation on applying IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* when reporting only climate-related disclosures in accordance with IFRS S2 *Climate-related Disclosures*. The educational material serves a function similar to that of Appendix D of AASB S2.

Recently Approved Documents

Since last reported (Action Alert, 12 March 2025), the Board has approved the following Standards, Exposure Drafts or other proposal documents.

Date Approved	Document	Effective Date (Standards/Int'ns) or Due Date for Submissions (EDs)
29 April 2025	ED SR2 Amendments to Greenhouse Gas Emissions Disclosures	2 June 2025

Documents Open for Comment

The following documents are open for comment. AASB submissions to the IASB, the ISSB, the IFRS Interpretations Committee, the IFRS Foundation, the IPSASB and other organisations are published on the AASB website.

Issuer	Document	AASB No.	AASB Due Date	Other Organisation Due Date
AASB	ED 337 Contracts Referencing Nature-dependent Electricity: Tier 2 Disclosures	ED 337	20 May 2025	–
AASB	ED SR2 Amendments to Greenhouse Gas Emissions Disclosures	ED SR2	2 June 2025	27 June 2025

AASB Board Future Meeting Dates (tbc)

3–4 July 2025
19 August 2025

Next AASB Meeting

The Board is expected to address the following agenda items:
Application of AASB 18 to NFP and Superannuation Entities
Climate-related Financial Disclosure



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AASB Board Future Meeting Dates (tbc)

7 October 2025

20–21 November 2025

Next AASB Meeting

The Board is expected to address the following agenda items:

Definition of Public Accountability

Post-implementation Review: AASB 1049 *Whole of Government and GGS Reporting*

Post-implementation Review: AASB 1059 *Service Concession Arrangements: Grantors*

References to the *Framework for the Preparation and Presentation of Financial Statements*