



Project:	Conceptual Framework: Not-for-Profit Amendments	Meeting:	M212
Topic:	Consideration of stakeholder feedback on ED 334 and commence project redeliberations	Agenda Item:	3.0
		Date:	15 April 2025
Contact(s):	Evelyn Ling eling@asb.gov.au Maggie Man mman@asb.gov.au	Project Priority:	High
		Decision-Making:	High
		Project Status:	Project redeliberations

Objective of this agenda item

- 1 The objective of this agenda item is for the Board to consider the feedback received on ED 334 *Limiting the Ability of Not-for-Profit Entities to Prepare Special Purpose Financial Statements*¹ and decide whether to continue its Conceptual Framework: Not-for-Profit Amendments project and begin redeliberations on ED 334 with a view to issuing a final accounting standard.

Attachments

- 2 Papers concerning ED 334 and the Board's Conceptual Framework: Not-for-Profit Amendments project are:
 - (a) Agenda paper 3.1 Due process – whether to proceed with finalising ED 334;
 - (b) Agenda paper 3.2 Collation of feedback on ED 334;
 - (c) Agenda paper 3.3 Written submissions on ED 334 (supplementary paper); and
 - (d) Agenda paper 3.4 ED 334 Online survey instrument responses (supplementary paper).Additionally, Agenda Paper 4.6 (Board only supplementary paper) provides an update of other feedback relevant to ED 334 received from regulators and other bodies.
- 3 Agenda papers 3.2, 3.3 and 3.4 detail the feedback received on ED 334. Having regard to the feedback received, Agenda Paper 3.1 seeks the Board's decision whether to continue with its Conceptual Framework: Not-for-Profit Amendments project and begin redeliberations on ED 334 with a view to issuing a final accounting standard.

Background to ED 334

- 4 ED 334, issued in October 2024, exposed the Board's proposals to extend the application of the *Conceptual Framework for Financial Reporting (Conceptual Framework)* to more not-for-profit (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.
- 5 In conjunction with the proposals to extend the application of the *Conceptual Framework*, ED 334 proposed superseding Statement of Accounting Concepts SAC 1 *Definition of the Reporting Entity* to avoid inconsistency in use of the term 'reporting entity' within Australian

1 Link to [ED 334](#) on the AASB website.

accounting pronouncements. With the reporting entity concept set out in SAC 1 ceasing to be valid for many NFP entities, ED 334 proposed making consequential amendments to AASB 1057 *Application of Australian Accounting Standards* to extend the applicability of Australian Accounting Standards to certain NFP private and public sector entities. These amendments were proposed as part of the Board's review of the Australian financial reporting framework and in furtherance of its Not-for-Profit Private Sector Financial Reporting Framework project objectives. However, as the projects overlap in this regard, and given the nature of the proposed amendments, the Board decided² to expose these proposals in ED 334 together with its other proposed amendments to the *Conceptual Framework*.³

- 6 The comment period on ED 334 closed on 28 February 2025. This agenda item commences the next phase of the Board's Conceptual Framework: Not-for-Profit Amendments project (project redeliberations).

Conceptual Framework: Not-for-Profit Amendments project history

- 7 For Board member reference, a brief timeline of the project and related developments is set out below:⁴

Date	Update
December 2017	The Board considered how to approach incorporating a revised IASB <i>Conceptual Framework for Financial Reporting</i> into the Australian accounting framework.
May 2018	AASB Consultation Paper ITC 39 <i>Applying the IASB's Revised Conceptual Framework and Solving the Reporting Entity and Special Purpose Financial Statement Problems</i> is issued.
September 2018	The Board decided to address improvement of the NFP financial reporting framework, including adoption of the IASB's revised conceptual framework document for NFP entities, as a separate project.
May 2019	The AASB <i>Conceptual Framework for Financial Reporting</i> and AASB 2019-1 <i>Amendments to Australian Accounting Standards – References to the Conceptual Framework</i> is issued, applicable to for-profit private sector entities that have public accountability and are required by legislation to comply with Australian Accounting Standards. Other for-profit entities may voluntarily elect to apply the pronouncements.
March 2020	AASB 2020-2 <i>Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities</i> is issued. The Standard extends the applicability of Australian Accounting Standards to a broader set of for-profit private sector entities, through amending the <i>Conceptual Framework</i> and Australian Accounting Standards.
June 2020	The Board approved a project plan for a Conceptual Framework: Not-for-Profit Amendments project.

2 Board [Minutes of the 13-14 September 2023 AASB meeting](#)

3 This decision allowed the Board to keep ED 335 *General Purpose Financial Statements – Not-for-Profit Private Sector Tier 3 Entities* contained to its Not-for-Profit Private Sector Financial Reporting Framework project proposals for a new reporting Tier.

4 For more information, refer to the [Conceptual Framework: Not-for-Profit Amendments project summary](#).

Date	Update
September 2020	The Board made decisions on NFP modifications to make to the <i>Conceptual Framework</i> .
April 2021	The Board made decisions affecting the timing of a revised conceptual framework for NFP entities.
September 2022	AASB Discussion Paper <i>Development of Simplified Accounting Requirements (Tier 3 Not-for-Profit Private Sector Entities)</i> is issued. The Discussion Paper sought feedback on certain aspects that potentially had implications for the Board's Conceptual Framework: Not-for-Profit Amendments project.
May 2023 – September 2024	The Board made decisions related to its proposals to extend the <i>Conceptual Framework</i> to be applicable to NFP entities and to extend the population of NFP entities required to prepare general purpose financial statements.
October 2024	The Board issued ED 334 for comment by 28 February 2025.
November 2024 – February 2025	Staff conducted outreach on ED 334 jointly with outreach on ED 335 <i>General Purpose Financial Statements – Not-for-Profit Private Sector Tier 3 Entities</i> .
March 2025	The Board received an update of the preliminary feedback on ED 334.
May 2025 (this meeting)	The Board decides whether to continue its Conceptual Framework: Not-for-Profit Amendments project and begin redeliberations of its project proposals.