



Project:	Post-implementation Reviews	Meeting:	M212
Topic:	Not-For-Profit Topics – Control and Structured Entities	Agenda Item:	7.0
		Date:	15 April 2025
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Objective of this paper

- 1 The objective of this agenda item is for the Board to:
 - (a) **consider** the overall feedback received on Topic 1 and Topic 2 in [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](#);
 - (b) **consider** staff analysis and recommendations; and
 - (c) **decide** on the next steps.

Attachments

Agenda Paper 7.1 Topic 2 of ITC 51: The definition of a structured entity for NFP entities

Agenda Paper 7.2 Topic 1 of ITC 51: Control and consolidation for NFP entities

Agenda Paper 7.3 ITC 51 AASB Invitation to comment *[in supplementary folder]*

Agenda Paper 7.4 ITC 51 Submission letters *[in supplementary folder]*


Structure of this paper

- 2 This paper is structured as follows:
 - (a) Background and reasons for bringing this paper to the Board (paragraphs 3 to 8);
 - (b) Overview of comment letters received and outreach activities (paragraph 9);
 - (c) Summary of staff recommendations (paragraphs 10 to 12); and
 - (d) Next step(s) (paragraph 13).

Background and reasons for bringing this paper to the Board

3 In November 2022, the Board issued [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](#). Comments on ITC 51 were due by 31 March 2023.

4 The topics in ITC 51 included:

	Topics	Affected entities
May 2025 Meeting	Topic 1: Control and consolidation for NFP entities (Amendments made to AASB 10 Consolidated Financial Statements by AASB 2013-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities)	NFP private and public sectors
	Topic 2: The definition of a structured entity for NFP entities (Amendments made to AASB 12 Disclosure of Interests in Other Entities by AASB 2013-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities)	NFP private and public sectors
March 2025 Meeting	Topic 3: Related party disclosures by NFP public sector entities (Amendments made to AASB 124 Related Party Disclosures by AASB 2015-6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities)	NFP public sector entities
(Completed)	Topic 4: Basis of preparation of special purpose financial statements – disclosures about compliance with Australian Accounting Standards (Amendments made to AASB 1054 Australian Additional Disclosures by AASB 2019-4 Amendments to Australian Accounting Standards – Disclosure in Special Purpose Financial Statements of Not-for-Profit Private Sector Entities on Compliance with Recognition and Measurement Requirements)	NFP private sector entities

5 Although the post-implementation review (PIR) was originally scheduled for completion by the end of 2023, it was delayed due to resource constraints and the re-prioritisation of the AASB's work plan. A revised timeline was discussed during the March 2024 meeting, with feedback expected to be discussed and potential next steps considered in the H1 2025 board meeting.

6 As noted in paragraph 9, eight comment letters were received. As the comment letters were received more than a year ago, staff contacted the submitters to confirm whether their views remained unchanged. Confirmation of any change in the submitters' comment letters to the ITC 51 was due by 18 October 2024. All stakeholders confirmed their views were consistent with those included in their written submission (except Saward Dawson provided additional feedback to Topic 1).

7 In addition, the AASB also invited stakeholders to offer [additional comments on ITC 51](#) due to the delays in the Board considering the feedback it received. Additional feedback on the ITC 51 was due by 15 January 2025. No additional feedback from stakeholders was received.

8 It is important to note Topic 3 and Topic 4 were deliberated in the March 2025 meeting.¹ As such, this meeting focuses **only** on **Topic 1** and **Topic 2**. Agenda Papers 7.1 and 7.2 discuss feedback received,

1 https://www.aasb.gov.au/media/oi5e5yrc/238_actionalert.pdf

staff analysis and recommendations on these topics.

Overview of comment letters received and outreach activities

9 Following the issue of ITC 51, various outreach activities were conducted.

Outreach activity	Number of stakeholders	Profile of stakeholder (where possible)
Written comment letters	8	(a) Four <u>professional services</u> firms (i) BDO (ii) Deloitte (iii) KPMG ² (iv) Saward Dawson Australia ³ (b) Two <u>professional bodies</u> (joint submission) (i) CPA Australia and Chartered Accountants Australia and New Zealand (c) One <u>auditor</u> (i) Australasian Council of Auditors General (ACAG) ⁴ (d) One <u>regulator</u> (i) Australian Charities and Not-for-Profits Commission (ACNC) (e) One <u>treasury department</u> (i) The Heads of Treasury Accounting and Reporting Advisory Committee (HoTARAC)
Survey responses	9 respondents ⁵	(a) Preparer (5) (b) Auditor (2) (c) Regulator (1) (d) User (1) Respondents noted their experience as: (a) Public sector NFP (6) (b) Private sector NFP (2) (c) Both (1)
Virtual outreach sessions	123 stakeholders over four sessions ⁶	Session 1 – NFP project advisory panel members (13) Session 2 – NFP private sector entities (17) Session 3 – NFP local government entities (53) Session 4 – NFP State, Territory and Commonwealth Government entities (40)

2 Further outreach with KPMG was conducted in March 2025 (via a virtual call with four KPMG staff members).

3 Further outreach activity with Saward Dawson Australia was conducted in March 2025 (via a one-on-one virtual call with a Saward Dawson staff member).

4 Further outreach activity with ACAG was conducted in April 2025 (via email with four different Audit Offices of ACAG).

5 The survey had a 22% completion rate indicating that not all who began the survey completed it and not all questions were answered. The survey was set up to allow respondents to skip through questions, to acknowledge that some ITC topics may not be relevant to all respondents.

6 The four sessions covered the topics in ITC 51 and also the topics in ITC 50 *Post-implementation Review – Income of Not-for-Profit Entities*.

Outreach activity	Number of stakeholders	Profile of stakeholder (where possible)
One-on-one meetings ⁷	5	These included meetings with preparers, accounting experts within audit offices, and accounting advisors (including professional services firms).
Other		Stakeholder forums: (a) ACNC Advisor Forum (b) South Australian Local Government committee meeting Other feedback was received from 1 stakeholder, via email.

Summary of staff recommendations

- 10 As part of the PIR process, feedback and evidence gathered are carefully considered to determine whether there are fundamental concerns about the overall effectiveness and efficiency of a standard in meeting its original or intended objectives. Various factors are considered before recommending whether any action is required.⁸
- 11 The staff analysis commonly uses the following terms to describe the extent to which particular feedback was provided by respondents:

Term	Extent of response among respondents
Almost all	all expect a very small minority
Most	a large majority, with more than a few exceptions
Many	a small majority or large minority
Some	a small minority, but more than a few
A few	a very small minority

- 12 After considering the feedback received from stakeholders, and as outlined in Agenda Papers 7.1 and 7.2, in relation to:
- (a) **Agenda Paper 7.1:** Topic 2— *The definition of a structured entity for NFP entities*: Staff **recommend** that **no action is required at this stage**.
 - (b) **Agenda Paper 7.2:** Topic 1— *Control and consolidation for NFP entities*: Staff **recommend** that the Board **does not take any immediate action**. Instead, staff **recommend** the Board:
 - (i) **undertaking further research** to better understand the significance, prevalence and magnitude of the implementation challenges identified by stakeholders, such as protective versus substantive rights and variable returns, to determine whether additional guidance is needed and, if so, in what form; and
 - (ii) **monitor the Board's NFP Financial Reporting Framework** project to ensure any implementation issues identified by stakeholders in response to the proposed removal of special purpose financial statements and the application of AASB 10 are considered.

7 During the virtual outreach sessions, a polling question was used to ask attendees if they would like staff to contact them to discuss any topics in further detail. Respondents to the survey were also asked this. Stakeholders that advised they were unable to attend one of the virtual outreach sessions were also offered the opportunity to meet with staff and provide their feedback. Generally, only selected topics were discussed during these meetings.

8 See <https://aasb.gov.au/research-resources/research-centre/aasb-post-implementation-reviews/>

Next step(s)

- 13 To conclude a PIR, a Feedback Statement summarising the feedback received from stakeholders, the Board's decisions and reasoning will be published on the AASB website. Staff aim to publish the Feedback Statement in H2 2025.

Questions for Board members:

Question 1: Are there any Board members who would like to volunteer to review the [Draft] Feedback Statement?