



Project:	Not-for-Profit Private Sector Financial Reporting Framework	Meeting:	M213
Topic:	Project redeliberations on selected sections of the draft Tier 3 Standard	Agenda Item:	5.0
		Date:	17 June 2025
Contact(s):	Maggie Man mman@asb.gov.au Jim Paul jpaul@asb.gov.au Evelyn Ling eling@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 an update on its Not-for-Profit Private Sector Financial Reporting Framework (NFP FRF), and decide how to finalise certain proposals exposed in ED 335 *General Purpose Financial Statements – Not-for-Profit Private Sector Tier 3 Entities*, having regard to the feedback received on the exposure draft and other developments.

Attachments

- 2 Papers for this agenda item are:
 - (a) Agenda paper 5.1 Redeliberation on objective, scope and application;
 - (b) Agenda paper 5.2 Redeliberation on certain Category B topics;
 - (c) Agenda paper 5.3 Redeliberation on primary financial statements;
 - (d) Agenda paper 5.4 Redeliberation on foreign currency translation;
 - (e) Agenda paper 5.5 Redeliberation on Category A topics.

Background

- 3 ED 335 was issued in late October 2024 with a four-month consultation period ending 28 February 2025. The exposure draft contained the Board's proposal for a Tier 3 Standard with simplified recognition, measurement, presentation and disclosure requirements, transition provisions and effective date. The [Not-for-Profit Private Sector Financial Reporting Framework Project Summary](#) provides an overview of the Board's decisions in respect of the project resulting in ED 335.
- 4 At the May 2025 meeting, the Board received a collation of the feedback on the proposal in ED 335 and decided to continue the project and begin redeliberation. At that meeting, the Board also agreed on the categorisation of the extent of the Board's redeliberation efforts for the topics in the draft Tier 3 Standard. This agenda item commences redeliberations of all Category A proposals, which are topics where feedback received to date suggests that the proposals are uncontroversial. The Board will also be considering certain Category B proposals where the feedback received informs of further points for consideration, such that it is unclear whether the Board proposals will be finalised in the manner exposed. This is based on

stakeholders having mixed views or substantive concerns were expressed on one or more particular aspects of the proposals.

- 5 Agenda Papers 5.1, 5.2, 5.3, and 5.4 seek the Board's decision as to how it finalises Section 1: *Objective, Scope and Application*, Sections 2-7 on primary financial statements, Section 26: *Foreign Currency Translation*, Section 9: *Accounting policies, Estimates and Errors*, Section 11: *Fair Value Measurement*, and Section 18: *Leases*, respectively.
- 6 Agenda Paper 5.5 seeks the Board's decision as to how it finalises Category A proposals which covers Section 12: *Inventories*, Section 14: *Investment Property*, Section 15: *Property, Plant and Equipment*, Section 19: *Provisions and Contingencies*; Section 21: *Expenses*, Section 22: *Borrowing Costs*, Section 24: *Employee Benefits*, Section 25: *Income Tax*, Section 27: *Events Occurring after the Reporting Period* and Appendix A: *Glossary of Terms*.
- 7 This paper presents a project update including other developments and seeks the Board's consideration of the expected joint timeline for the NFP FRF and Conceptual Framework: Not-for-Profit Amendments projects.

Project update — Other developments

- 8 As noted at the Board's May 2025 meeting, the IASB issued the third edition of the IFRS for SMEs Standard in February 2025. Staff have reviewed the changes from the IFRS for SMEs exposure draft (on which the drafting of various sections of ED 335 was based) to determine their relevance to the NFP FRF project. Any relevant analysis to the sections of the draft Tier 3 Standard are presented in the respective agenda papers presented at this meeting for the Board's consideration.

Project timeline and milestones

- 9 The table in paragraph 12 sets out an expected joint timeline for the NFP FRF and Conceptual Framework: Not-for-Profit Amendments projects. As explained in Agenda Paper 4.0 at this meeting, the proposed timeline for the Conceptual Framework: Not-for-Profit Amendments project has been included and presented together with the proposed timeline for progress of the NFP FRF project for ease of Board member consideration given the interaction between these two projects.
- 10 The project timeline is informed by the following:
 - (a) the time and effort for the preparation of the staff analysis for the Board's redeliberations of its decisions reflected in the EDs as previously outlined in Agenda Paper [4.2](#) at the 1 May Board meeting;
 - (b) depending on stakeholders' feedback on the EDs, further deliberations by the Board on the direction of certain topics (particularly where stakeholders raise fresh issues or insights) and the potential re-exposure of proposals;
 - (c) grouping of similar topics to be considered at one meeting to allow the Board to consider interrelated topics at the same meeting;
 - (d) time needed for any significant re-drafting of the draft Standards;
 - (e) whether the Board might decide to align the timing of issue of any final proposals regarding its Conceptual Framework: Not-for-Profit Amendments project with that of any final proposals arising from its NFP FRF project, consistent with its previous decision to align the timing of the issue of ED 334 and ED 335; and
 - (f) a Policy Impact Analysis (PIA) will need to be prepared with respect to the Board's final proposals. The impact of the Board's proposals to extend the population of general purpose financial report preparers as part of its Conceptual Framework: Not-for-Profit

Amendments project is expected to be ameliorated by its NFP FRF project proposals.
Therefore, the timing of significant decisions regarding that project will inform the PIA.

- 11 The proposed timeline has not significantly changed since it was last presented at the May 2025 Board meeting except that for the Board's proposal to allow an accounting policy choice to initially measure non-financial assets that are significantly less than fair value (refer to as donated non-financial assets) at cost or fair value will be discussed in the August 2025 meeting. This decision was based on the Board's recategorisation of the proposal from Category A to Category B, as the Board considered its decisions regarding other Category B topics might inform how it finalises these requirements.
- 12 Staff will continue to actively consider and make any necessary updates to the project timelines at each Board meeting.

Topics	Date
<p>ED 334</p> <ul style="list-style-type: none"> • Redeliberation: Scoping of the <i>Conceptual Framework</i> and proposed amendments to AAB 1057 to extend the population of NFP entities to which AAS apply • Redeliberation: NFP modifications to the <i>Conceptual Framework</i> • Redeliberation: Disclosures in special purpose financial statements <p>ED 335</p> <p>Redeliberation – <i>Category A topics</i>:</p> <ul style="list-style-type: none"> • Section 12: Inventories (SMC 20) • Section 14: Investment Property (SMC 22) • Section 15: Property, Plant and Equipment (SMC 22) • Section 19: Provisions and Contingencies (SMC 27) • Section 21: Expenses (SMC 30) • Section 22: Borrowing Cost (SMC 31) • Section 24: Employee Benefits (SMC 33) • Section 25: Income Tax (SMC 34) • Section 27: Events Occurring after the Reporting Period (SMC 36) • Appendix A: Glossary of terms (SMC 39) <p>Redeliberation – <i>Category B topics</i>:</p> <ul style="list-style-type: none"> • Section 1: Objective, Scope and Application (SMC 9) • Section 9: Accounting Policies, Estimates and Errors (SMC 15) • Section 2-7 relating to primary financial statements (SMC 10 – SMC 13) • Section 11: Fair Value Measurement (SMC 19) • Section 18: Leases (SMC 26) • Section 26: Foreign Currency Translation (SMC 35) 	At this meeting
<p>ED 335 – redeliberations of:</p> <ul style="list-style-type: none"> • Section 8: Notable Relationships and Consolidated and Separate Financial Statements (SMC 14) • Section 13: Investments in Associates and Joint Arrangements (SMC 21) • Section 17: Entity Combinations (SMC 25) • Section 23: Impairment of Assets (SMC 32) 	August 2025 meeting

Topics	Date
<ul style="list-style-type: none"> Section 24: Intangible Assets (SMC 24) Initial measurement of donated non-financial assets (SMC 23) 	
ED 334 <ul style="list-style-type: none"> Redeliberation: Transitional provisions ED 335 proposals – redeliberations of: <ul style="list-style-type: none"> Section 10: Financial Instruments (SMC 16 – SMC 18) Section 23: Revenue (SMC 28 and SMC 29) Section 28: Related Party Disclosures (SMC 37) Section 29: Transition to Tier 3 General Purpose Financial Statements (SMC 38) 	October 2025 meeting
ED 334 <ul style="list-style-type: none"> Redeliberation: Effective date, and bring a draft amending Standard for consideration ED 335 <ul style="list-style-type: none"> Bring drafting for consideration and make decisions on all remaining technical issues, including setting an effective date Consider amendments needed to the <i>AASB Not-for-Profit Entity Standard Setting Framework</i> 	November 2025 meeting
Bring sweep and other issues, revised draft Standards, Policy Impact Analysis, explanatory statements, and vote for final pronouncements	H1 2026

Question to Board members

Do Board members have any comments on the project timeline presented in paragraph 12 above, or any other matters noted in this agenda paper?