



Project:	Application of AASB 18 and AASB 107 by Superannuation Entities and Not-for-profit Entities	Meeting:	AASB May 2026 (M220)
Topic:	Project background	Agenda Item:	3.1
		Date:	23 April 2026
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		Decision-Making:	High
		Project Status:	Consider ED 338 feedback

Objective of this paper

- 1 The objective of this paper is to provide background information to assist Board members in their consideration of Agenda Papers 3.2–3.5. Specifically, it covers:
 - (a) overview of ED 338 proposals and the work undertaken to develop ED 338;
 - (b) interaction with NFP entities preparing Tier 2 GPFS;
 - (c) the outreach activities undertaken regarding ED 338; and
 - (d) the written submissions received on ED 338.
- 2 No decisions are required by Board members in this paper.
- 3 The abbreviations noted in the Cover Memo apply to this paper.

Overview of ED 338 proposals and the work undertaken to develop ED 338

- 4 When issuing AASB 18, the Board agreed to undertake further work to determine how AASB 18 should apply to superannuation entities, NFP private sector entities and NFP public sector entities preparing Tier 1 GPFS, 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.
- 5 In the first half of 2025, staff undertook targeted outreach with stakeholders using three questionnaires. Each questionnaire was tailored to a specific stakeholder group: superannuation

entity stakeholders; NFP public sector entities preparing Tier 1 GPFS; and NFP private sector entities preparing Tier 1 GPFS.¹

- 6 Based on the feedback received in the targeted outreach, among other proposals, the Board proposed in ED 338 to:
- (a) provide relief from certain AASB 18 requirements for superannuation entities;
 - (b) provide accounting policy choices on certain AASB 18 requirements for the following NFP public sector entities:
 - (i) governments as defined in AASB 1049 and NFP public sector entities controlled by these governments; and
 - (ii) local government entities; and
 - (c) not provide relief from AASB 18 requirements for NFP private sector entities, universities, and for-profit public sector entities.
- 7 Although the Australian Government Department of Education treats most universities as NFP public sector entities for financial reporting purposes, universities are not consolidated into any government's GPFS. Accordingly, the cost-benefit concerns raised by Treasury offices during the targeted outreach may be less relevant to universities. In addition, most universities are required under the *Higher Education Support Act 2003* to prepare their GPFS in accordance with the *Financial Statement Guidelines for Australian Higher Education Providers*, issued annually by the Australian Government Department of Education. The Guidelines for the 2025 financial period are included as Agenda Paper 3.12 in the supplementary folder for the Board's reference.
- 8 At the time of developing ED 338, the Board received only limited feedback with respect to NFP private sector entities and universities, and the feedback did not provide sufficient justification to support departing from AASB 18 or the revised AASB 107. The Board added Specific Matters for Comment in ED 338 (SMC 14) to seek input from stakeholders on the suitability of applying AASB 18 and the revised AASB 107 to these entities in preparing Tier 1 GPFS. The feedback received on SMC 14 is discussed in Agenda Paper 3.4.
- 9 ED 338 was published in October 2025 with a 120-day comment period that closed on 27 February 2026. To accommodate the reporting timelines of universities with a 31 December year-end and to allow universities and NFP private sector entities time to consider the additional matters outlined in the additional consultation (described in paragraphs 16–17 below), staff kept ED 338 open for comment until 24 April 2026.

Interaction with NFP entities preparing Tier 2 GPFS

- 10 ED 338 does not address how AASB 18 requirements should be applied by entities preparing Tier 2 GPFS. The Board is undertaking a separate project to determine the applicability of AASB 18 to the presentation and disclosure of financial statements prepared in accordance with AASB 1060, as discussed in ITC 56, which closed for comment on 22 January 2026.
- 11 At its February and March 2026 meetings, the Board considered feedback received on ITC 56 relating to the application of the AASB 18 presentation and classification requirements by entities preparing

1 For more details on the targeted outreach, please refer to Agenda Papers [5.1](#), [5.2](#) and [5.3](#) for the May 2025 meeting (M212), as well as Agenda Paper [3.1](#) for the July 2025 meeting (M213).

Tier 2 GPFS. The Board decided to publish an Exposure Draft in Q2 2026 that would propose aligning the presentation and classification requirements of AASB 1060 with AASB 18.

- 12 ITC 56 asked stakeholders whether they would support providing relief to NFP entities preparing Tier 2 GPFS in respect of any relief granted from certain AASB 18 requirements for NFP entities preparing Tier 1 GPFS. Most stakeholders who responded to this question supported providing the same relief to Tier 2 entities. The forthcoming Exposure Draft will include a similar question.
- 13 Given that the Board's decisions on the application of AASB 18 by NFP entities preparing Tier 1 GPFS are expected to inform its future decisions regarding NFP entities preparing Tier 2 GPFS, all three virtual roundtables sought feedback in relation to both Tier 1 and Tier 2 GPFS. A few written submissions on ED 338 provided feedback regarding NFP entities preparing Tier 2 GPFS. Staff will consider feedback received on Tier 2 GPFS as part of the project on updating AASB 1060.
- 14 At this meeting, the Board is asked to make decisions only with respect to entities preparing Tier 1 GPFS.

Outreach activities undertaken regarding ED 338

- 15 Regarding outreach activities on ED 338, in February 2026, staff have:
 - (a) hosted a virtual roundtable on 18 February 2026, targeting NFP private and public sector entities;
 - (b) hosted a virtual roundtable on 27 February 2026, targeting universities;
 - (c) interviewed stakeholders relating to Tier 1 NFP private sector entities and universities, including the Commonwealth Department of Education and Fair Work Commission; and
 - (d) interviewed regulators relating to superannuation entities.

Additional consultation relating to NFP private sector entities and universities

- 16 During the February outreach activities, a few stakeholders in the private NFP and university sectors asked for clarification on how income recognised under AASB 1058 *Income of Not-for-Profit Entities* (for example, income from capital grants and donated assets) should be classified in the statement of profit or loss when applying AASB 18. Some of these stakeholders noted that, because ED 338 and ITC 56 did not specifically address the interaction between AASB 1058 and AASB 18, stakeholders may not have fully understood how AASB 18 might apply and therefore may have found it difficult to comment meaningfully on whether modifications or further guidance are needed.
- 17 To address this concern, in March–April 2026, staff:
 - (a) prepared a [consultation document](#) summarising the relevant requirements of AASB 1058 and AASB 18 and outlining key issues for stakeholder consideration;
 - (b) launched an online survey for stakeholders to respond to the “Questions to stakeholders” outlined in the [consultation document](#). The survey closed on 24 April 2026;
 - (c) hosted a virtual roundtable on 16 April 2026 to provide stakeholders with an opportunity to discuss various perspectives on the application of AASB 18 by NFP private sector entities and universities preparing Tier 1 and Tier 2 GPFS; and

- (d) conducted interviews with representatives from the Australian Government Department of Education, a university, and professional services firms providing services to the NFP private sector.

Written submissions received

- 18 The Board received 14 comment letters on ED 338, which have been collated and presented as Agenda Paper 3.6 in the supplementary folder. Some comment letters did not respond to all questions in the ED. The [Appendix](#) to this paper provides an overview of the responses relating to Topics 1–4.
- 19 In respect to the additional consultation relating to NFP private sector entities and universities described in paragraphs 16–17, regarding the application of the AASB 18 statement of profit or loss presentation requirements by these entities:
 - (a) three stakeholders – CPA Australia, the University of New South Wales (UNSW), and BDO – provided written responses to the “Questions to stakeholders” set out in the [consultation document](#). The consultation document and related correspondence are presented as Agenda Paper 3.10 in the supplementary folder; and
 - (b) 13 stakeholders completed the survey. A collation of the survey responses is presented as Agenda Paper 3.11 in the supplementary folder.²
- 20 The range of feedback received through the additional consultation is broadly consistent with the nature of feedback reflected in the comment letters received on ED 338 and verbal feedback from roundtable participants.

2 While 27 individuals commenced the survey, only 13 submitted usable responses.

Appendix: Overview of comment letters relating to Topics 1–4

A1 The Board received 14 comment letters on ED 338. Some comment letters did not respond to all questions in the ED. The following table provides an overview of the responses relating to Topics 1–4. The table uses the following legend (shading):

Green = Stakeholder largely agrees with the ED 338 proposals, subject to editorial changes
Amber = Stakeholder agrees with the proposals in principle but has significant concerns or does not completely agree with the proposals
Red = Stakeholder disagrees with the proposals
White = Stakeholder did not respond to any SMC related to a topic

	Topic 1: Superannuation entities	Topic 2: NFP public sector entities	Topic 3: NFP private sector entities and universities	Topic 4: For-profit public sector entities
S1: Richard Schwarz	Did not respond to any SMC but made general comments about a perceived lack of transparency in reporting by superannuation entities. These comments will be considered as sweep issues in June.			
S2: Deloitte		Concerns about comparability, but overall, agreed with the proposals	Request clarification on SBMA	
S3: Mercer		No response	No response	No response
S4: PwC		No response		No response
S5: Professor Pinnuck from University of Melbourne	Did not respond to any SMC and suggested universities should be required to classify operating expenses by function rather than by nature, because separating teaching and research activities would improve transparency and comparability between universities and strengthen accountability. These comments will be considered as sweep issues in June.			
S6: Australian Super		No response	No response	No response
S7: KPMG		Request clarification on MPMs and suggested restricting a government's choice to present line items	Suggested exempting MPM requirements	
S8: Grant Thornton		No response	Request clarification on categorising income recognised under AASB 1058	No response
S9: Institute of Public Accountants		No response		No response
S10: CPA Australia			Request clarification on SBMA and categorising income recognised under AASB 1058	A differentiated approach to cash flow classifications might be appropriate

	Topic 1: Superannuation entities	Topic 2: NFP public sector entities	Topic 3: NFP private sector entities and universities	Topic 4: For-profit public sector entities
S11: Chartered Accountants Australia and New Zealand (CA ANZ)				
S12: Australasian Council of Auditors-General (ACAG)	8 jurisdictions agreed	8 jurisdictions agreed	In respect to the proposals regarding universities: 8 jurisdictions agreed	8 jurisdictions agreed
	One jurisdiction disagreed	One jurisdiction disagreed	One jurisdiction disagreed	One jurisdiction disagreed
S13: BDO		Suggested some choices be restricted, but overall, agreed with the proposals	Request clarification on SBMA and categorising income recognised under AASB 1058	
S14: Heads of Treasuries Accounting and Reporting Advisory Committee (HoTARAC)	No response		No response	
Total number of comment letters provided responses to relevant SMCs	11	7	9	7