AASB Standard

AASB 2026-6
October 2026

Amendments to Australian Accounting Standards – Tier 2 Classification and Presentation

[AASB 18, AASB 108 & AASB 1060]



Australian Government

Australian Accounting Standards Board

Authorised Version F2026L01489 registered 10/11/2026

Obtaining a copy of this Accounting Standard

This Standard is available on the AASB Digital Standards Portal (standards.aasb.gov.au), which can be accessed from aasb.gov.au.

Australian Accounting Standards Board
PO Box 204
Collins Street West
Victoria 8007
AUSTRALIA

Phone: (03) 9617 7600
E-mail: standard@aasb.gov.au
Website: www.aasb.gov.au

Other enquiries

Phone: (03) 9617 7600
E-mail: standard@aasb.gov.au

COPYRIGHT

© Commonwealth of Australia 2026

This AASB Standard contains IFRS Foundation copyright material. Reproduction within Australia in unaltered form (retaining this notice) is permitted for personal and non-commercial use subject to the inclusion of an acknowledgment of the source. Requests and enquiries concerning reproduction and rights for commercial purposes within Australia should be addressed to The Managing Director, Australian Accounting Standards Board, PO Box 204, Collins Street West, Victoria 8007.

All existing rights in this material are reserved outside Australia. Reproduction outside Australia in unaltered form (retaining this notice) is permitted for personal and non-commercial use only. Further information and requests for authorisation to reproduce IFRS Foundation copyright material for commercial purposes outside Australia should be addressed to the IFRS Foundation at www.ifrs.org.

ISSN 1036-4803

Authorised Version F2026L01489 registered 10/11/2026

Contents

PREFACE

ACCOUNTING STANDARD
AASB 2026-6 *AMENDMENTS TO AUSTRALIAN ACCOUNTING STANDARDS – TIER 2 CLASSIFICATION AND PRESENTATION*

	from paragraph
OBJECTIVE	**1**
APPLICATION	**3**
AMENDMENTS TO AASB 1060	**6**
AMENDMENTS TO AASB 18	**35**
AMENDMENTS TO AASB 108	**36**
COMMENCEMENT OF THE LEGISLATIVE INSTRUMENT	**37**

BASIS FOR CONCLUSIONS

Australian Accounting Standard AASB 2026-6 *Amendments to Australian Accounting Standards – Tier 2 Classification and Presentation* is set out in paragraphs 1–37. All the paragraphs have equal authority.

Authorised Version F2026L01489 registered 10/11/2026

Preface

Standards amended by AASB 2026-6

This Standard makes amendments to AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* (March 2020), AASB 18 *Presentation and Disclosure in Financial Statements* (June 2024) and AASB 108 *Basis of Preparation of Financial Statements* (August 2015).

Main features of this Standard

Main requirements

AASB 18 *Presentation and Disclosure in Financial Statements* will replace AASB 101 *Presentation of Financial Statements* for reporting periods beginning on or after:

(a) 1 January 2027 – for for-profit entities (other than superannuation entities applying AASB 1056 *Superannuation Entities*); and

(b) 1 January 2028 – for not-for-profit private sector entities, not-for-profit public sector entities and superannuation entities applying AASB 1056.

AASB 18 introduces new requirements regarding the presentation of the primary financial statements, in particular the statement of profit or loss. These requirements differ from those currently included in AASB 1060.

This Standard amends AASB 1060 to require a Tier 2 entity to present its financial statements in the same manner as Tier 1 entities. It achieves this by replacing or updating the presentation requirements in AASB 1060 with those from AASB 18, as necessary. However, the following two concessions have been retained for Tier 2 entities:

(a) not having to present a third statement of financial position when the entity has applied an accounting policy retrospectively, made a retrospective restatement of items in the financial statements or reclassified items in its financial statements; and

(b) the option to present a statement of income and retained earnings in place of a separate statement of comprehensive income and a statement of changes in equity under certain circumstances.

This Standard further makes amendments to:

(a) include relocated or replaced application guidance in a new Appendix B, and refer to this guidance in the main body of the Standard in the same way as in AASB 18;

(b) the presentation requirements for the statement of cash flows;

(c) delete certain paragraphs corresponding to paragraphs that were moved from AASB 101 to AASB 108 by AASB 18;

(d) specify the requirements applicable to not-for-profit public sector entities in presenting the statement of profit or loss; and

(e) permit not-for-profit public sector entities (that are not higher education providers) to:

  (i) classify dividends received and interest paid and received as operating cash flows in the statement of cash flows; and

  (ii) when presenting operating cash flows using the indirect method, to use the profit or loss total presented in the statement of profit or loss as the starting point if the entity does not present an operating profit or loss subtotal in the statement of profit or loss.

Application date

This Standard applies to annual periods beginning on or after 1 July 2030. Earlier application is permitted.

Authorised Version F2026L01489 registered 10/11/2026

Accounting Standard AASB 2026-6

The Australian Accounting Standards Board makes Accounting Standard AASB 2026-6 *Amendments to Australian Accounting Standards – Tier 2 Classification and Presentation* under section 334 of the *Corporations Act 2001*.

Keith Kendall
Chair – AASB

Dated 30 October 2026

Accounting Standard AASB 2026-6
Amendments to Australian Accounting Standards – Tier 2 Classification and Presentation

Objective

1 This Standard amends:

(a) AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* (March 2020);

(b) AASB 18 *Presentation and Disclosure in Financial Statements* (June 2024); and

(c) AASB 108 *Basis of Preparation of Financial Statements* (August 2015);

to align the presentation requirements in AASB 1060 with those in AASB 18 and to provide not-for-profit public sector entities preparing Tier 2 general purpose financial statements (GPFS) the same presentation reliefs that are provided to not-for-profit public sector entities preparing Tier 1 GPFS.

2 The amendments are a consequence of the replacement of AASB 101 *Presentation of Financial Statements* with AASB 18. They are designed to require Tier 2 entities to continue to apply the same presentation requirements as Tier 1 entities when preparing their financial statements.

Application

3 The amendments set out in this Standard apply to entities and financial statements in accordance with the application of the other Standards set out in AASB 1057 *Application of Australian Accounting Standards.*

4 This Standard applies to annual periods beginning on or after 1 July 2030. Earlier application is permitted.

5 This Standard uses underlining, striking out and other typographical material to identify some of the amendments to a pronouncement, in order to make the amendments more understandable. However, the amendments made by this Standard do not include that underlining, striking out or other typographical material. Amended paragraphs are shown with deleted text struck through and new text underlined. New paragraphs generally are not underlined. Ellipses (…) are used to help provide the context within which amendments are made and also to indicate text that is not amended. Footnotes to the text are not reproduced except where amended or deleted.

Amendments to AASB 1060

6 The following editorial amendments are made to AASB 1060:

(a) all references to the *IFRS for SMEs* Standard are changed to the *IFRS for SMEs* Accounting Standard;

(b) references to AASB 101 *Presentation of Financial Statements* in footnotes 2–5 and 7 in AASB 1060 and in the table in paragraph IG1 of the accompanying implementation guidance are replaced with references to AASB 18 *Presentation and Disclosure in Financial Statements*;

(c) the title of AASB 108 is changed to *Basis of Preparation of Financial Statements* in footnote 9 and the table in paragraph IG1; and

(d) the title of AASB 112 *Income Taxes* is deleted from paragraph 177(g) since this Standard includes the title in paragraph 35(q).

Authorised Version F2026L01489 registered 10/11/2026

7 Paragraphs 1 and 2 are amended as follows:

Objective

1 This Standard establishes presentation and disclosure requirements applicable to entities that are preparing general purpose financial statements and elect to apply the Tier 2 reporting requirements under AASB 1053 *Application of Tiers of Australian Accounting Standards.*

2 Except to the extent specifically addressed in this Standard, the definitions and presentation requirements of other Australian Accounting Standards continue to apply. Entities are permitted to refer to other Standards for guidance on the requirements in this Standard, including AASB 7 *Financial Instruments: Disclosures*, AASB 12 *Disclosure of Interests in Other Entities*, ~~AASB 101 *Presentation of Financial Statements,*~~ AASB 107 *Statement of Cash Flows* and AASB 124 *Related Party Disclosures.*

8 Paragraph 4 is amended as follows:

Scope

...

4 Entities applying this Standard are required to apply all the recognition and measurement requirements in Australian Accounting Standards[1] and ~~apply this Standard in relation to~~ the presentation and disclosure requirements in this Standard ~~only~~.

9 A heading before paragraph 8 and paragraph 8 are amended as follows:

Tier 2 presentation and disclosures

Financial Statement Presentation[2]

Scope

8 This section explains fair presentation of financial statements, what compliance with Australian Accounting Standards, including this Standard, requires and what a complete set of financial statements is. It also incorporates relevant presentation requirements from AASB 18 *Presentation and Disclosure in Financial Statements* to require entities preparing financial statements in accordance with this Standard to apply the same presentation requirements as entities that are preparing Tier 1 financial statements. [Based on *IFRS for SMEs* Accounting Standard paragraph 3.1]

10 Paragraph 14 is deleted and paragraph 15 amended as follows:

Going concern

14 [Deleted] ~~When preparing financial statements, the management of an entity using Australian Accounting Standards – Simplified Disclosures shall make an assessment of the entity's ability to continue as a going concern. An entity is a going concern unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the reporting date. [*IFRS for SMEs* Standard paragraph 3.8]~~

15 When management is aware, in making its going concern assessment as required by AASB 108 *Basis of Preparation of Financial Statements* paragraphs 6K and 6L, of material uncertainties related to events or conditions that cast significant doubt upon the entity's ability to continue as a going concern, the entity shall disclose those uncertainties. When an entity does not prepare financial statements on a going concern basis, it shall disclose that fact, together with the basis on which it prepared the financial statements and the reason why the entity is not regarded as a going concern. [Based on *IFRS for SMEs* Accounting Standard paragraph 3.9]

Authorised Version F2026L01489 registered 10/11/2026

11 Paragraph 16A is added as follows:

Frequency of reporting

…

16A Normally, an entity consistently prepares financial statements for a one-year period. However, for practical reasons, some entities prefer to report, for example, for a 52-week period. This Standard does not preclude this practice. [AASB 18 paragraph 29]

12 Paragraphs 17 and 18 are amended and paragraphs 19A and 19B are added as follows:

Consistency of presentation

17 An entity shall retain the presentation, disclosure and classification of items in the financial statements from one period to the next unless:

(a) it is apparent, following a significant change in the nature of the entity's operations or a review of its financial statements, that another presentation, disclosure or classification would be more appropriate having regard to the criteria for the selection and application of accounting policies in AASB 108 ~~*Accounting Policies, Changes in Accounting Estimates and Errors*~~ (see paragraph B12); or

(b) Australian Accounting Standards – Simplified Disclosures require a change in presentation, disclosure or classification.

[Based on *IFRS for SMEs* Accounting Standard paragraph 3.11 and AASB 18 paragraph 30]

18 When the presentation, disclosure or classification of items in the financial statements is changed, an entity shall reclassify comparative amounts unless the reclassification is impracticable. When comparative amounts are reclassified, an entity shall disclose the following:

(a) the nature of the reclassification;

(b) the amount of each item or class of items that is reclassified; and

(c) the reason for the reclassification.

[Based on *IFRS for SMEs* Accounting Standard paragraph 3.12 and AASB 18 paragraph 33]

…

19A Enhancing the inter-period comparability of information assists users of financial statements in making economic decisions, especially by allowing the assessment of trends in information for predictive purposes. In some circumstances, it is impracticable to reclassify comparative information for a particular prior reporting period to achieve consistency with the current period. For example, an entity may not have collected data in the prior period(s) in a way that allows reclassification, and it may be impracticable to recreate the information. [AASB 18 paragraph 35]

19B AASB 108 sets out the adjustments to comparative information required when an entity changes an accounting policy or corrects an error. [AASB 18 paragraph 36]

13 Paragraph 20 is amended as follows:

Comparative information

20 Except when this Standard permits or requires otherwise, an entity shall disclose comparative information in respect of the previous comparable period for all amounts presented in the current period's financial statements. An entity shall include comparative information for narrative and descriptive information when it is relevant to an understanding of the current period's financial statements (see paragraph B13). [Based on *IFRS for SMEs* Accounting Standard paragraph 3.14 and AASB 18 paragraph 31]

14 Paragraphs 21 and 22 are replaced, paragraph 22A is added and paragraph 23 and the related heading are amended as follows:

~~Materiality and a~~Aggregation and disaggregation

~~21 An entity shall present separately each material class of similar items. An entity shall present separately items of a dissimilar nature or function unless they are immaterial. [*IFRS for SMEs* Standard paragraph 3.15]~~

Authorised Version F2026L01489 registered 10/11/2026

21 For the purposes of this Standard, an item is an asset, liability, equity instrument or reserve, income, expense or cash flow or any aggregation or disaggregation of such assets, liabilities, equity, income, expenses or cash flows. A line item is an item that is presented separately in the primary financial statements. Other material information about items is disclosed in the notes. Unless doing so would override specific aggregation or disaggregation requirements in Australian Accounting Standards, an entity shall (see paragraphs B16–B23):

(a) classify and aggregate assets, liabilities, equity, income, expenses or cash flows into items based on shared characteristics;

(b) disaggregate items based on characteristics that are not shared;

(c) aggregate or disaggregate items to present line items in the primary financial statements that fulfil the role of the primary financial statements in providing useful structured summaries (see paragraph 30C);

(d) aggregate or disaggregate items to disclose information in the notes that fulfils the role of the notes in providing material information (see paragraph 30D); and

(e) ensure that aggregation and disaggregation in the financial statements do not obscure material information (see paragraph B3).

[AASB 18 paragraph 41]

~~22 Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. [Based on *IFRS for SMEs* Standard paragraph 3.16]~~

22 Applying the principles in paragraph 21, an entity shall disaggregate items whenever the resulting information is material. If, applying paragraph 21(c), an entity does not present material information in the primary financial statements, it shall disclose the information in the notes. Paragraphs B79 and B111 set out examples of income, expenses, assets, liabilities and items of equity that might have sufficiently dissimilar characteristics that presentation in the statement of profit or loss or statement of financial position or disclosure in the notes is necessary to provide material information. [AASB 18 paragraph 42]

22A An entity shall label and describe items presented in the primary financial statements (that is, totals, subtotals and line items) or items disclosed in the notes in a way that faithfully represents the characteristics of the item (see paragraphs B24–B26). To faithfully represent an item, an entity shall provide all descriptions and explanations necessary for a user of financial statements to understand the item. In some cases, an entity might need to include in the descriptions and explanations the meaning of the terms the entity uses and information about how it has aggregated or disaggregated assets, liabilities, equity, income, expenses and cash flows. [AASB 18 paragraph 43]

23 This Standard specifies information that is required to be ~~included~~ presented in the primary financial statements or disclosed in~~, which include~~ the notes. An entity need not provide a specific presentation or disclosure if the information resulting from that presentation or disclosure is not material. This is the case even if this Standard contains a list of specific requirements or describes them as minimum requirements. [Based on AASB 18 paragraph 19]

15 Paragraph 24 is amended and paragraph 24A added as follows:

Offsetting

24 An entity shall not offset assets and liabilities or income and expenses, unless required or permitted by an Australian Accounting Standard (see paragraphs B27–B28). [AASB 18 paragraph 44]

24A An entity reports separately both assets and liabilities, and income and expenses. Offsetting in the statement(s) of financial performance or the statement of financial position, except when offsetting reflects the substance of the transaction or other event, reduces users' ability to understand the transactions and other events and conditions that have occurred and to assess the entity's future cash flows. Measuring assets net of valuation allowances – for example, obsolescence allowances on inventories and allowances for expected credit losses on financial assets – is not offsetting. [AASB 18 paragraph 45]

Authorised Version F2026L01489 registered 10/11/2026

16 Paragraphs 29 and 30 are amended and paragraph 30A is added as follows:

Complete set of financial statements

…

29 In a complete set of financial statements, an entity shall present each primary financial statement with equal prominence. [Based on *IFRS for SMEs* Accounting Standard paragraph 3.21 and AASB 18 paragraph 14]

30 The statements listed in paragraphs 25(a)–(d) (and their comparative information) are referred to as the primary financial statements. An entity may use titles for the financial statements other than those used in this Standard as long as they are not misleading. [Based on *IFRS for SMEs* Accounting Standard paragraph 3.22 and AASB 18 paragraph 11]

30A A not-for-profit public sector entity (that is not a higher education provider) applying the relief set out in paragraph 57B, may use the label of a total or subtotal defined in this Standard with a meaning that differs from the defined meaning in Appendix A, provided the label faithfully represents the amounts included in the total or subtotal, as required by paragraphs 22A and 57AC. For example, a not-for-profit public sector entity that does not classify income and expenses into the operating, investing and financing categories in its statement of profit or loss may use the term 'operating profit or loss' as the label for a total or subtotal of income and expenses that does not meet the definition of that term in Appendix A. [AASB 18 paragraph Aus11.1]

17 Paragraphs 30B–30I and related headings are added as follows:

The roles of the primary financial statements and the notes

30B To achieve the objective of financial statements set out in the *Conceptual Framework for Financial Reporting*, an entity presents information in the primary financial statements and discloses information in the notes. An entity need only present or disclose material information (see paragraphs 23 and B1–B5). [Based on AASB 18 paragraph 15]

AusCF30B Notwithstanding paragraph 30B, in respect of AusCF entities, to achieve the objective of financial statements set out in the *Framework for the Preparation and Presentation of Financial Statements*, an entity presents information in the primary financial statements and discloses information in the notes. An entity need only present or disclose material information (see paragraphs 23 and B1–B5). [Based on AASB 18 paragraph 15]

30C The role of the primary financial statements is to provide structured summaries of a reporting entity's recognised assets, liabilities, equity, income, expenses and cash flows, that are useful to users of financial statements for:

(a) obtaining an understandable overview of the entity's recognised assets, liabilities, equity, income, expenses and cash flows;

(b) making comparisons between entities, and between reporting periods for the same entity; and

(c) identifying items or areas about which users of financial statements may wish to seek additional information in the notes.

[AASB 18 paragraph 16]

30D The role of the notes is to provide material information necessary:

(a) to enable users of financial statements to understand the line items presented in the primary financial statements (see paragraph B6); and

(b) to supplement the primary financial statements with additional information to achieve the objective of financial statements (see paragraph B7).

[AASB 18 paragraph 17]

30E An entity shall use the roles of the primary financial statements and the notes, described in paragraphs 30C–30D, to determine whether to include information in the primary financial statements or in the notes. The different roles of the primary financial statements and the notes mean that the extent of the information required in the notes differs from that in the primary financial statements. The differences mean that:

Authorised Version F2026L01489 registered 10/11/2026

(a) to provide the structured summaries described in paragraph 30C, information provided in the primary financial statements is more aggregated than information provided in the notes; and

(b) to provide the information described in paragraph 30D, more detailed information about the entity's assets, liabilities, equity, income, expenses and cash flows, including the disaggregation of information presented in the primary financial statements, is provided in the notes.

[AASB 18 paragraph 18]

Information presented in the primary financial statements

30F Paragraph 30C establishes that the role of the primary financial statements is to provide structured summaries that are useful for the purposes specified in that paragraph (referred to hereafter as a useful structured summary). An entity shall use the role of the primary financial statements to determine what material information to present in those statements, as set out in paragraphs 30G–30I. [AASB 18 paragraph 21]

30G To provide a useful structured summary in a primary financial statement, an entity shall comply with specific requirements that determine the structure of the statement. The specific requirements are:

(a) for the statement of profit or loss – the requirements in paragraphs 57A, 57X, 57AE and 58;

(b) for the statement presenting comprehensive income – the requirements in paragraphs 58F–58H;

(c) for the statement of financial position – the requirements in paragraphs 35A and 37;

(d) for the statement of changes in equity – the requirements in paragraph 61; and

(e) for the statement of cash flows – the requirements in paragraph 66.

[AASB 18 paragraph 22]

30H Some Australian Accounting Standards require specific line items to be presented separately in the primary financial statements (for example paragraphs 35 and 57AD of this Standard). An entity need not present separately a line item in a primary financial statement if doing so is not necessary for the statement to provide a useful structured summary. This is the case even if Australian Accounting Standards contain a list of specific required line items or describe the line items as minimum requirements (see paragraph B8). [AASB 18 paragraph 23]

30I An entity shall present additional line items and subtotals if such presentations are necessary for a primary financial statement to provide a useful structured summary. When an entity presents additional line items or subtotals, those line items or subtotals shall (see paragraph B9):

(a) comprise amounts recognised and measured in accordance with Australian Accounting Standards;

(b) be compatible with the statement structure created by the requirements listed in paragraph 30G;

(c) be consistent from period to period, in accordance with paragraph 17; and

(d) be displayed no more prominently than the totals and subtotals required by Australian Accounting Standards.

[AASB 18 paragraph 24]

18 Paragraph 31 is amended and paragraph 32A is added as follows:

Identification of the financial statements

31 An entity shall clearly identify each of the primary financial statements and the notes and distinguish them from other information in the same document (see paragraph B10). In addition, an entity shall disclose ~~display~~ the following information prominently and repeat it when necessary for an understanding of the information presented:

(a) the name of the reporting entity and any change in its name since the end of the preceding reporting period;

(b) whether the financial statements cover the individual entity or a group of entities;

Authorised Version F2026L01489 registered 10/11/2026

(c) the date of the end of the reporting period and the period covered by the financial statements;

(d) the presentation currency, as defined in AASB 121 *The Effects of Changes in Foreign Exchange Rates*; and

(e) the level of rounding, if any, used in presenting amounts in the financial statements (see paragraph B11).

[Based on *IFRS for SMEs* Accounting Standard paragraph 3.23 and AASB 18 paragraphs 25 and 27]

…

32A Australian Accounting Standards apply only to financial statements, and not necessarily to other information provided in an annual report, a regulatory filing or another document. Therefore, it is important that users of financial statements can distinguish information that is prepared using Australian Accounting Standards from other information that may be useful to users but is not the subject of those requirements. [AASB 18 paragraph 26]

19 Paragraph 35 is replaced, paragraph 35A is added and paragraph 36 is amended as follows:

Statement of Financial Position[3]

…

Information to be presented in the statement of financial position

~~35 As a minimum, the statement of financial position shall include line items that present the following amounts:~~

~~(a) cash and cash equivalents;~~

~~(b) trade and other receivables;~~

~~(c) financial assets (excluding amounts shown under (a), (b), (i) and (j));~~

~~(d) inventories;~~

~~(e) property, plant and equipment;~~

~~(f) investment property;~~

~~(g) intangible assets;~~

~~(h) biological assets;~~

~~(i) investments in associates;~~

~~(j) investments in joint ventures;~~

~~(k) trade and other payables;~~

~~(l) financial liabilities (excluding amounts shown under (k) and (o));~~

~~(m) liabilities and assets for current tax;~~

~~(n) deferred tax liabilities and deferred tax assets (these shall always be classified as non-current);~~

~~(o) provisions;~~

~~(p) non-controlling interests, presented within equity separately from the equity attributable to the owners of the parent;~~

~~(q) equity attributable to the owners of the parent;~~

~~(r) the total of assets classified as held for sale and assets included in disposal groups classified as held for sale in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*; and~~

~~(s) liabilities included in disposal groups classified as held for sale in accordance with AASB 5.~~

~~[Based on *IFRS for SMEs* Standard paragraph 4.2]~~

Authorised Version F2026L01489 registered 10/11/2026

35 An entity shall present in the statement of financial position line items for:

(a) property, plant and equipment;

(b) investment property;

(c) intangible assets;

(d) goodwill;

(e) financial assets (excluding amounts shown under (g), (j) and (k));

(f) portfolios of contracts within the scope of AASB 17 *Insurance Contracts* that are assets, disaggregated as required by paragraph 78 of AASB 17;

(g) investments accounted for using the equity method;

(h) biological assets within the scope of AASB 141 *Agriculture*;

(i) inventories;

(j) trade and other receivables;

(k) cash and cash equivalents;

(l) the total of assets classified as held for sale and assets included in disposal groups classified as held for sale in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*;

(m) trade and other payables;

(n) provisions;

(o) financial liabilities (excluding amounts shown under (m) and (n));

(p) portfolios of contracts within the scope of AASB 17 that are liabilities, disaggregated as required by paragraph 78 of AASB 17;

(q) liabilities and assets for current tax, as defined in AASB 112 *Income Taxes*;

(r) deferred tax liabilities and deferred tax assets, as defined in AASB 112; and

(s) liabilities included in disposal groups classified as held for sale in accordance with AASB 5.

[AASB 18 paragraph 103]

35A An entity shall present in the statement of financial position:

(a) non-controlling interests; and

(b) issued capital and reserves attributable to owners of the parent.

[AASB 18 paragraph 104]

36 An entity shall present additional line items, headings and subtotals in the statement of financial position when such presentation is relevant to an understanding of the entity's financial position. Paragraphs B109–B111 set out requirements on how an entity uses its judgement to determine whether to present additional items in the statement of financial position or disclose items in the notes. [Based on *IFRS for SMEs* Accounting Standard paragraph 4.3 and AASB 18 paragraph 105]

20 Paragraphs 37–40 are amended, paragraph 37A is added and paragraph 41A is deleted as follows:

Current/non-current distinction

37 An entity shall present current and non-current assets, and current and non-current liabilities, as separate classifications in its statement of financial position in accordance with paragraphs 38–41, except when a presentation based on liquidity provides a more useful structured summary ~~information that is reliable and more relevant~~. When that exception applies, all assets and liabilities shall be presented in order of ~~approximate~~ liquidity ~~(ascending or descending)~~ (see paragraphs B90–B92). [Based on *IFRS for SMEs* Accounting Standard paragraph 4.4 and AASB 18 paragraph 96]

37A When an entity presents current and non-current assets, and current and non-current liabilities, as separate classifications in its statement of financial position, it shall not classify deferred tax assets (liabilities) as current assets (liabilities). [AASB 18 paragraph 98]

Authorised Version F2026L01489 registered 10/11/2026

Current assets

38 An entity shall classify an asset as current when (see paragraphs B94–B95):

(a) it expects to realise the asset, or intends to sell or consume it, in the entity's normal operating cycle;

(b) it holds the asset primarily for the purpose of trading;

(c) it expects to realise the asset within twelve months after the reporting date; or

(d) the asset is cash or a cash equivalent, unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

[Based on *IFRS for SMEs* Accounting Standard paragraph 4.5 and AASB 18 paragraph 99]

39 An entity shall classify all other assets as non-current. ~~When the entity's normal operating cycle is not clearly identifiable, its duration is assumed to be twelve months.~~ [Based on *IFRS for SMEs* Accounting Standard paragraph 4.6 and AASB 18 paragraph 100]

Current liabilities

40 An entity shall classify a liability as current when:

(a) it expects to settle the liability in the entity's normal operating cycle (see paragraphs B96 and B107–B108);

(b) it holds the liability primarily for the purpose of trading (see paragraph B97);

(c) the liability is due to be settled within twelve months after the reporting date (see paragraphs B97–B98 and B107–B108); or

(d) the entity does not have the right at the reporting date to defer settlement of the liability for at least twelve months after the reporting date (see paragraphs B99–B108).

[Based on *IFRS for SMEs* Accounting Standard paragraph 4.7 and AASB 18 paragraph 101]

…

41A [Deleted] ~~Terms of a liability that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments do not affect its classification as current or non-current if, applying AASB 132 *Financial Instruments: Presentation*, the entity classifies the option as an equity instrument, recognising it separately from the liability as an equity component of a compound financial instrument.~~

21 Paragraph 42 is replaced and paragraph 43 is deleted as follows:

Sequencing of items and format of items in the statement of financial position

~~42 This Standard does not prescribe the sequence or format in which items are to be presented. Paragraph 35 simply provides a list of items that are sufficiently different in nature or function to warrant separate presentation in the statement of financial position. In addition:~~

~~(a) line items are included when the size, nature or function of an item or aggregation of similar items is such that separate presentation is relevant to an understanding of the entity's financial position; and~~

~~(b) the descriptions used and the sequencing of items or aggregation of similar items may be amended according to the nature of the entity and its transactions, to provide information that is relevant to an understanding of the entity's financial position.~~

~~[*IFRS for SMEs* Standard paragraph 4.9]~~

42 Subject to paragraph 37, this Standard does not prescribe the order or format in which an entity presents items in the statement of financial position. In addition, the descriptions used and the ordering of items or aggregation of similar items may be amended according to the nature of the entity and its transactions, to provide a useful structured summary of the entity's assets, liabilities and equity. For example, a financial institution may amend the descriptions in paragraph 35 to provide a useful structured summary of the assets, liabilities and equity of a financial institution. [AASB 18 paragraph 106]

Authorised Version F2026L01489 registered 10/11/2026

43 [Deleted] ~~The judgement on whether additional items are presented separately is based on an assessment of all of the following:~~

~~(a) the amounts, nature and liquidity of assets;~~

~~(b) the function of assets within the entity; and~~

~~(c) the amounts, nature and timing of liabilities.~~

[~~*IFRS for SMEs* Standard paragraph 4.10~~]

22 Paragraphs 44, 45 and 47A are amended as follows:

Information to be presented either in the statement of financial position or in the notes

44 An entity shall ~~disclose,~~ either present in the statement of financial position or disclose in the notes~~,~~ further subclassifications of the line items presented, classified in a manner appropriate to the entity's operation. Paragraph B111 sets out examples of assets, liabilities and items of equity that might have sufficiently dissimilar characteristics that presentation in the statement of financial position is necessary to provide a useful structured summary or disclosure in the notes is necessary to provide material information. ~~This includes for example:~~

~~(a) property, plant and equipment in classifications appropriate to the entity;~~

~~(b) trade and other receivables showing separately amounts due from related parties, amounts due from other parties and contract assets from contracts with customers;~~

~~(c) inventories, showing separately amounts of inventories:~~

~~(i) held for sale in the ordinary course of business;~~

~~(ii) in the process of production for such sale; and~~

~~(iii) in the form of materials or supplies to be consumed in the production process or in the rendering of services.~~

~~(d) trade and other payables, showing separately amounts payable to trade suppliers, amounts payable to related parties, contract liabilities from contracts with customers and accruals;~~

~~(e) provisions for employee benefits and other provisions; and~~

~~(f) classes of equity, such as paid-in capital, share premium, retained earnings and items of income and expense that, as required by Australian Accounting Standards, are recognised in other comprehensive income and presented separately in equity.~~

[Based on *IFRS for SMEs* Accounting Standard paragraph 4.11]

45 An entity with share capital shall ~~disclose the following,~~ either present in the statement of financial position or in the statement of changes in equity or disclose in the notes:

(a) for each class of share capital:

(i) the number of shares authorised;

(ii) the number of shares issued and fully paid, and issued but not fully paid;

(iii) par value per share or that the shares have no par value;

(iv) a reconciliation of the number of shares outstanding at the beginning and at the end of the period. This reconciliation need not be presented for prior periods;

(v) the rights, preferences and restrictions attaching to that class including restrictions on the distribution of dividends and the repayment of capital;

(vi) shares in the entity held by the entity or by its subsidiaries or associates; and

(vii) shares reserved for issue under options and contracts for the sale of shares, including the terms and amounts; and

(b) a description of each reserve within equity.

[Based on *IFRS for SMEs* Accounting Standard paragraph 4.12 and AASB 18 paragraph 130]

…

47A In applying paragraphs 40–41 and B96–B103, an entity might classify liabilities arising from loan arrangements as non-current when the entity's right to defer settlement of those liabilities is subject

Authorised Version F2026L01489 registered 10/11/2026

to the entity complying with covenants within twelve months after the reporting date (see paragraph B100(b)). In such situations, the entity shall disclose information in the notes that enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting date, including:

(a) information about the covenants (including the nature of the covenants and when the entity is required to comply with them) and the carrying amount of related liabilities; and

(b) facts and circumstances, if any, that indicate the entity may have difficulty complying with the covenants – for example, the entity having acted during or after the reporting period to avoid or mitigate a potential breach. Such facts and circumstances could also include the fact that the entity would not have complied with the covenants if they were to be assessed for compliance based on the entity's circumstances at the reporting date.

[Based on AASB 18 paragraph B106]

23 Paragraph 49 is amended as follows:

Statement of Profit or Loss and Other Comprehensive Income[4]

…

Presentation of total comprehensive income

49 An entity shall present its statement(s) of financial performance as ~~total comprehensive income for a period~~ either:

(a) ~~in~~ a single statement of profit or loss and other comprehensive income, in which case the statement of profit or loss and other comprehensive income presents all items of income and expense recognised in the period – if this option is chosen, an entity shall present the profit or loss section first followed directly by the other comprehensive income section; or

(b) ~~in~~ two statements – a statement of profit or loss and a statement of comprehensive income – in which case the statement of profit or loss presents all items of income and expense recognised in the period except those that are recognised in total comprehensive income outside of profit or loss as permitted or required by other Australian Accounting Standards. If this option is chosen, the statement of profit or loss shall immediately precede the statement presenting comprehensive income.

[Based on *IFRS for SMEs* Accounting Standard paragraph 5.2 and AASB 18 paragraph 12]

24 Paragraphs 52, 53 and 56 are deleted and paragraph 54 is amended as follows:

Single-statement approach

…

52 [Deleted] ~~As a minimum, an entity shall include, in the statement(s) presenting profit or loss and other comprehensive income, line items that present the following amounts for the period:~~

~~(a) revenue;~~

~~(b) finance costs;~~

~~(c) share of the profit or loss of investments in associates and joint ventures accounted for using the equity method (see AASB 128 *Investments in Associates and Joint Ventures*);~~

~~(d) tax expense;~~

~~(e) a single amount for the total of:~~

~~(i) discontinued operations (see AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*); and~~

~~(ii) the post-tax gain or loss attributable to an impairment, or reversal of an impairment, of the assets in the discontinued operation (see AASB 5), both at the time and subsequent to being classified as a discontinued operation and to the disposal of the net assets constituting the discontinued operation;~~

Authorised Version F2026L01489 registered 10/11/2026

~~(f) profit or loss (if an entity has no items of other comprehensive income, this line need not be presented);~~

~~(g) each item of other comprehensive income (see paragraph 51(b)) classified by nature (excluding amounts in (h)). Such items shall be grouped into those that, in accordance with other Australian Accounting Standards:~~

~~(i) will not be reclassified subsequently to profit or loss; and~~

~~(ii) will be reclassified subsequently to profit or loss when specific conditions are met;~~

~~(h) share of the other comprehensive income of associates and joint ventures accounted for by the equity method; and~~

~~(i) total comprehensive income (if an entity has no items of other comprehensive income, it may use another term for this line such as profit or loss).~~

~~[Based on *IFRS for SMEs* Standard paragraph 5.5]~~

53 [Deleted] ~~An entity shall disclose separately the following items in the statement(s) presenting profit or loss and other comprehensive income as allocations for the period:~~

~~(a) profit or loss for the period attributable to:~~

~~(i) non-controlling interests; and~~

~~(ii) owners of the parent; and~~

~~(b) total comprehensive income for the period attributable to:~~

~~(i) non-controlling interests; and~~

~~(ii) owners of the parent.~~

~~[*IFRS for SMEs* Standard paragraph 5.6]~~

Two-statement approach

54 Under the two-statement approach, the statement of profit or loss shall display, as a minimum, line items and totals that present the amounts in paragraphs 57X and 57AD ~~52(a)–52(f)~~ for the period, with profit or loss as the last line, and separately items that present the amounts in paragraph 57AE. The statement of comprehensive income shall begin with profit or loss as its first line and shall display, as a minimum, line items, totals and items that present the amounts in paragraphs 58F(b) and (c), 58G ~~52(g)–52(i)~~ and ~~paragraph 53~~ 58I for the period. [Based on *IFRS for SMEs* Accounting Standard paragraph 5.7]

Requirements applicable to both approaches

…

56 [Deleted] ~~An entity shall present additional line items, headings and subtotals in the statement(s) presenting profit or loss and other comprehensive income (and in the statement of profit or loss, if presented), when such presentation is relevant to an understanding of the entity's financial performance. [*IFRS for SMEs* Standard paragraph 5.9]~~

25 Paragraphs 57A–57AF and related headings are added as follows:

Categories in the statement of profit or loss

57A An entity shall classify income and expenses included in the statement of profit or loss in one of five categories (see paragraph B29):

(a) the operating category (see paragraph 57G);

(b) the investing category (see paragraphs 57H–57M);

(c) the financing category (see paragraphs 57N–57U);

(d) the income taxes category (see paragraph 57V); and

(e) the discontinued operations category (see paragraph 57W).

[AASB 18 paragraph 47]

Authorised Version F2026L01489 registered 10/11/2026

57B Notwithstanding paragraph 57A, a not-for-profit public sector entity that is not a higher education provider is not required to classify income and expenses into the operating, investing and financing categories in its statement of profit or loss. An entity that elects to apply this relief:

(a) is not required to apply paragraphs 57C–57U, 57X(a), 57X(b), 57Y–57Z, 57AB–57AC and B29–B77; and

(b) shall treat references in this Standard to 'operating expenses' (and related terms) as expenses presented in the statement of profit or loss, in particular for the purposes of paragraphs 57AD(a)(ii) and 58B–58E.

[AASB 18 paragraph Aus47.2]

57C Paragraphs 57G–57W set out requirements for classifying income and expenses in the operating, investing, financing, income taxes and discontinued operations categories. In addition, paragraphs B65–B76 set out requirements on how foreign exchange differences, the gain or loss on the net monetary position, and gains and losses on derivatives and designated hedging instruments are classified in the categories. [AASB 18 paragraph 48]

Entities with specified main business activities

57D To classify income and expenses in the operating, investing and financing categories, an entity shall assess whether it has a specified main business activity – that is a main business activity of (see paragraphs B30–B41):

(a) investing in particular types of assets, referred to hereafter as investing in assets (see paragraph 57H); or

(b) providing financing to customers.

[AASB 18 paragraph 49]

57E Applying paragraphs 57J–57M and 57T–57U, an entity with a specified main business activity classifies in the operating category some income and expenses that would have been classified in the investing or financing category if the activity were not a main business activity. [AASB 18 paragraph 50]

57F If an entity:

(a) invests in assets as a main business activity, it shall disclose that fact.

(b) provides financing to customers as a main business activity, it shall disclose that fact.

(c) identifies a different outcome from its assessment of whether it invests in assets or provides financing to customers as a main business activity (see paragraph B41), it shall disclose:

(i) the fact the outcome of the assessment has changed and the date of the change.

(ii) the amount and classification of items of income and expense before and after the date of the change in the outcome of the assessment in the current period and the amount and classification in the prior period for the items for which the classification has changed because of the changed outcome of the assessment, unless it is impracticable to do so. If an entity does not disclose the information because it is impracticable to do so, the entity shall disclose that fact.

[AASB 18 paragraph 51]

The operating category

57G An entity shall classify in the operating category all income and expenses included in the statement of profit or loss that are not classified in (see paragraph B42):

(a) the investing category;

(b) the financing category;

(c) the income taxes category; or

(d) the discontinued operations category.

[AASB 18 paragraph 52]

Authorised Version F2026L01489 registered 10/11/2026

The investing category

57H Except as required by paragraphs 57J–57M for an entity that has a specified main business activity, an entity shall classify in the investing category income and expenses specified in paragraph 57I from:

(a) investments in associates, joint ventures and unconsolidated subsidiaries (see paragraphs B43–B44);

(b) cash and cash equivalents; and

(c) other assets if they generate a return individually and largely independently of the entity's other resources (see paragraphs B45–B49).

[AASB 18 paragraph 53]

57I The income and expenses from the assets identified in paragraph 57H that an entity shall classify in the investing category comprise the amounts included in the statement of profit or loss for (see paragraph B47):

(a) the income generated by the assets;

(b) the income and expenses that arise from the initial and subsequent measurement of the assets, including on derecognition of the assets; and

(c) the incremental expenses directly attributable to the acquisition and disposal of the assets – for example, transaction costs and costs to sell the assets.

[AASB 18 paragraph 54]

Entities with specified main business activities

57J For the assets specified in paragraph 57H(a) (that is, investments in associates, joint ventures and unconsolidated subsidiaries) that an entity invests in as a main business activity (see paragraph B38), the entity shall classify the income and expenses specified in paragraph 57I:

(a) in the investing category if the assets are accounted for applying the equity method (see paragraphs B43(a) and B44(a)); or

(b) in the operating category if the assets are not accounted for applying the equity method (see paragraphs B43(b)–(c) and B44(b)–(c)).

[AASB 18 paragraph 55]

57K For the assets specified in paragraph 57H(b) (that is, cash and cash equivalents), an entity shall classify the income and expenses specified in paragraph 57I in the investing category unless:

(a) it invests as a main business activity in financial assets within the scope of paragraph 57H(c) – in which case it shall classify the income and expenses in the operating category.

(b) it does not meet the requirements in (a) but provides financing to customers as a main business activity – in which case it shall classify:

(i) the income and expenses from cash and cash equivalents that relate to providing financing to customers, for example cash and cash equivalents held for related regulatory requirements – in the operating category.

(ii) the income and expenses from cash and cash equivalents that do not relate to providing financing to customers – by applying an accounting policy choice to classify the income and expenses specified in paragraph 57I in the operating category or the investing category. The choice of accounting policy shall be consistent with that made by the entity for the purpose of the related accounting policy for income and expenses from liabilities in paragraph 57T(a)(ii).

[AASB 18 paragraph 56]

57L If an entity applying paragraph 57K(b) cannot distinguish between the cash and cash equivalents described in paragraphs 57K(b)(i) and 57K(b)(ii), it shall apply the accounting policy choice in paragraph 57K(b)(ii) to classify income and expenses from all cash and cash equivalents in the operating category. [AASB 18 paragraph 57]

57M For the assets specified in paragraph 57H(c) (that is, other assets if they generate a return individually and largely independently of the entity's other resources) that an entity invests in as a

Authorised Version F2026L01489 registered 10/11/2026

main business activity (see paragraph B40), the entity shall classify the income and expenses specified in paragraph 57I in the operating category. [AASB 18 paragraph 58]

The financing category

57N To determine what income and expenses to classify in the financing category, an entity shall distinguish between:

(a) liabilities that arise from transactions that involve only the raising of finance (see paragraphs B50–B51); and

(b) liabilities other than those described in (a) – that is, liabilities that arise from transactions that do not involve only the raising of finance (see paragraph B53).

[AASB 18 paragraph 59]

57O For the liabilities specified in paragraph 57N(a) (that is, liabilities that arise from transactions that involve only the raising of finance), except as set out in paragraphs 57R–57U, an entity shall classify in the financing category the amounts included in the statement of profit or loss for:

(a) income and expenses that arise from the initial and subsequent measurement of the liabilities, including on derecognition of the liabilities (see paragraph B52); and

(b) the incremental expenses directly attributable to the issue and extinguishment of the liabilities – for example, transaction costs.

[AASB 18 paragraph 60]

57P For the liabilities specified in paragraph 57N(b) (that is, liabilities that arise from transactions that do not involve only the raising of finance), except as set out in paragraphs 57R–57S, an entity shall classify in the financing category:

(a) interest income and expenses, but only if the entity identifies such income and expenses for the purpose of applying other requirements in Australian Accounting Standards; and

(b) income and expenses arising from changes in interest rates, but only if the entity identifies such income and expenses for the purpose of applying other requirements in Australian Accounting Standards.

[AASB 18 paragraph 61]

57Q Paragraphs B56–B57 set out how an entity shall apply the requirements in paragraphs 57N–57P to hybrid contracts that contain a host that is a liability. [AASB 18 paragraph 62]

57R The requirements in paragraphs 57O–57P do not apply to gains and losses on derivatives and designated hedging instruments. An entity shall apply paragraphs B70–B76 to classify such gains and losses. [AASB 18 paragraph 63]

57S An entity shall exclude from the financing category and classify in the operating category:

(a) income and expenses from issued investment contracts with participation features recognised applying AASB 9 *Financial Instruments* (see paragraph B58); and

(b) insurance finance income and expenses included in the statement of profit or loss applying AASB 17.

[AASB 18 paragraph 64]

Entities with specified main business activities

57T If an entity provides financing to customers as a main business activity, it shall classify income and expenses (see paragraph B59):

(a) from the liabilities specified in paragraph 57N(a) (that is, liabilities that arise from transactions that involve only the raising of finance):

(i) if the liabilities relate to providing financing to customers – in the operating category.

(ii) if the liabilities do not relate to providing financing to customers – by applying an accounting policy choice to classify the income and expenses specified in paragraph 57O in the operating category or the financing category. The choice of accounting policy shall be consistent with that made by the entity for the

Authorised Version F2026L01489 registered 10/11/2026

purpose of the related accounting policy for income and expenses from cash and cash equivalents in paragraph 57K(b)(ii).

(b) from the liabilities specified in paragraph 57N(b) (that is, liabilities that arise from transactions that do not involve only the raising of finance):

(i) if the income and expenses are specified in paragraph 57P – in the financing category; or

(ii) if the income and expenses are not specified in paragraph 57P – in the operating category.

[AASB 18 paragraph 65]

57U If an entity applying paragraph 57T(a) cannot distinguish between the liabilities described in paragraphs 57T(a)(i) and 57T(a)(ii), it shall apply the accounting policy choice in paragraph 57T(a)(ii) to classify income and expenses from all such liabilities in the operating category. [AASB 18 paragraph 66]

The income taxes category

57V An entity shall classify in the income taxes category tax expense or tax income that is included in the statement of profit or loss applying AASB 112 *Income Taxes*, and any related foreign exchange differences (see paragraphs B65–B68). [AASB 18 paragraph 67]

The discontinued operations category

57W An entity shall classify in the discontinued operations category income and expenses from discontinued operations as required by AASB 5. [AASB 18 paragraph 68]

Totals and subtotals to be presented in the statement of profit or loss

57X An entity shall present totals and subtotals in the statement of profit or loss for:

(a) *operating profit or loss* (see paragraph 57Y);

(b) *profit or loss before financing and income taxes* (see paragraph 57Z), subject to paragraph 57AB; and

(c) profit or loss (see paragraph 57AA).

[AASB 18 paragraph 69]

57Y Operating profit or loss comprises all income and expenses classified in the operating category. [AASB 18 paragraph 70]

57Z Profit or loss before financing and income taxes comprises:

(a) operating profit or loss; and

(b) all income and expenses classified in the investing category.

[AASB 18 paragraph 71]

57AA Profit or loss is the total of income less expenses included in the statement of profit or loss. Accordingly, it comprises all income and expenses classified in all categories in the statement of profit or loss (see paragraph 57A). [AASB 18 paragraph 72]

57AB An entity shall not apply paragraph 57X(b) if it applies the accounting policy set out in paragraph 57T(a)(ii) of classifying in the operating category income and expenses from liabilities that do not relate to the provision of financing to customers. However, such an entity shall apply paragraph 30I to determine whether to present an additional subtotal after operating profit and before the financing category. For example, the entity would present a subtotal for operating profit or loss and income and expenses from investments accounted for using the equity method if the entity determines doing so is necessary to provide a useful structured summary of its income and expenses. [AASB 18 paragraph 73]

57AC If an entity described in paragraph 57AB presents an additional subtotal comprising operating profit or loss and all income and expenses classified in the investing category, it shall not label the subtotal in a way that implies the subtotal excludes financing amounts, such as ‘profit before financing’. Applying paragraph 22A, the entity shall label the subtotal in a way that faithfully represents the amounts included in the subtotal. [AASB 18 paragraph 74]

Authorised Version F2026L01489 registered 10/11/2026

Items to be presented in the statement of profit or loss or disclosed in the notes

57AD An entity shall present in the statement of profit or loss line items for (see paragraph B77):

(a) amounts required by this Standard, namely:

(i) revenue, presenting separately the line items described in (b)(i) and (c)(i);

(ii) operating expenses, presenting separately line items as required by paragraphs 58 and 58E;

(iii) share of the profit or loss of associates and joint ventures accounted for using the equity method;

(iv) income tax expense or income; and

(v) a single amount for the total of discontinued operations (see AASB 5);

(b) amounts required by AASB 9, namely:

(i) interest revenue calculated using the effective interest method;

(ii) impairment losses (including reversals of impairment losses or impairment gains) determined in accordance with Section 5.5 of AASB 9;

(iii) gains and losses arising from the derecognition of financial assets measured at amortised cost;

(iv) any gain or loss arising from the difference between the fair value of a financial asset and its previous amortised cost at the date of reclassification from amortised cost measurement to measurement at fair value through profit or loss; and

(v) any cumulative gain or loss previously recognised in other comprehensive income that is reclassified to profit or loss at the date of reclassification of a financial asset from measurement at fair value through other comprehensive income to measurement at fair value through profit or loss; and

(c) amounts required by AASB 17, namely:

(i) insurance revenue;

(ii) insurance service expenses from contracts issued within the scope of AASB 17;

(iii) income or expenses from reinsurance contracts held;

(iv) insurance finance income or expenses from contracts issued within the scope of AASB 17; and

(v) finance income or expenses from reinsurance contracts held.

[AASB 18 paragraph 75]

57AE An entity shall present in the statement of profit or loss (outside all the categories described in paragraph 57A) an allocation of profit or loss for the reporting period attributable to:

(a) non-controlling interests; and

(b) owners of the parent.

[AASB 18 paragraph 76]

57AF Paragraphs B78–B79 set out requirements on how an entity uses its judgement to determine whether to present additional line items in the statement of profit or loss or disclose items in the notes. [AASB 18 paragraph 77]

26 The heading before paragraph 58 is amended, paragraph 58 is replaced and paragraphs 58A–58I and related headings are added as follows

~~Analysis~~ Presentation of expenses classified in the operating category

~~58 An entity shall present in the statement of profit or loss and other comprehensive income or in the notes an analysis of expenses using a classification based on either the nature of expenses or the function of expenses within the entity, whichever provides information that is reliable and more relevant.~~

Authorised Version F2026L01489 registered 10/11/2026

~~*Analysis by nature of expense*~~

~~(a) Under this method of classification, expenses are aggregated in the statement(s) of profit and loss and other comprehensive income according to their nature (for example, depreciation, purchases of materials, transport costs, employee benefits and advertising costs) and are not reallocated among various functions within the entity.~~

~~*Analysis by function of expense*~~

~~(b) Under this method of classification, expenses are aggregated according to their function as part of cost of sales or, for example, the costs of distribution or administrative activities. At a minimum, an entity discloses its cost of sales under this method separately from other expenses.~~

~~[Based on *IFRS for SMEs* Standard paragraph 5.11]~~

58 In the operating category of the statement of profit or loss, an entity shall classify and present expenses in line items in a way that provides the most useful structured summary of its expenses, using one or both of these characteristics (see paragraphs B80–B85):

(a) the nature of expenses; or

(b) the function of the expenses within the entity.

[AASB 18 paragraph 78]

58A Notwithstanding paragraph 58, a not-for-profit public sector entity that is not a higher education provider is permitted to classify and present expenses in line items in the statement of profit or loss based on either their nature or their function within the entity, whichever provides information that is reliable and more relevant. An entity that elects to apply this classification and presentation basis is not required to apply paragraphs 58 and B80–B82. [AASB 18 paragraph Aus78.2]

58B Any individual line item shall comprise operating expenses aggregated on the basis of only one of these characteristics, but the same characteristic does not have to be used as the aggregation basis for all line items (see paragraph B81). [AASB 18 paragraph 79]

58C In classifying expenses by nature ('nature expenses'), an entity provides information about operating expenses related to the nature of the economic resources consumed to accomplish the entity's activities without reference to the activities in relation to which those economic resources were consumed. Such information includes information about raw material expense, employee benefit expense, depreciation and amortisation. [AASB 18 paragraph 80]

58D In classifying expenses by function within the entity, an entity allocates and aggregates operating expenses according to the activity to which the consumed resource relates. For example, cost of sales is a function line item that combines expenses relating to an entity's production or other revenue-generating activities such as: raw material expense, employee benefit expense, depreciation and amortisation. Therefore, when classifying expenses by function, an entity might:

(a) allocate to several function line items (such as cost of sales and research and development) expenses relating to economic resources of the same nature (such as employee benefit expense); and

(b) include in a single function line item an allocation of expenses relating to economic resources of several natures (such as raw material expense, employee benefit expense, depreciation and amortisation).

[AASB 18 paragraph 81]

58E If an entity presents one or more line items comprising expenses classified by function in the operating category of the statement of profit or loss, it shall present a separate line item for its cost of sales, if the entity classifies operating expenses in functions that include a cost of sales function. That line item shall include the total of inventory expense described in paragraph 38 of AASB 102 *Inventories*. [AASB 18 paragraph 82(a)]

Statement presenting comprehensive income

58F An entity shall present in the statement presenting comprehensive income totals for:

(a) profit or loss;

(b) other comprehensive income (see paragraphs B86–B87); and

Authorised Version F2026L01489 registered 10/11/2026

(c) comprehensive income, being the total of profit or loss and other comprehensive income.

[AASB 18 paragraph 86]

58G An entity shall present an allocation of comprehensive income for the reporting period attributable to:

(a) non-controlling interests; and

(b) owners of the parent.

[AASB 18 paragraph 87]

Other comprehensive income

58H An entity shall classify income and expenses included in the statement presenting comprehensive income in one of two categories:

(a) income and expenses that will be reclassified to profit or loss when specific conditions are met; and

(b) income and expenses that will not be reclassified to profit or loss.

[AASB 18 paragraph 88]

58I An entity shall present, in each of the categories of the statement presenting comprehensive income, line items for:

(a) the share of other comprehensive income of associates and joint ventures accounted for using the equity method; and

(b) other items of other comprehensive income.

[AASB 18 paragraph 89]

27 Paragraphs 61A–61C are added as follows:

Statement of Changes in Equity and Statement of Income and Retained Earnings[5]

…

Information to be presented in the statement of changes in equity

…

61A AASB 108 requires retrospective adjustments for changes in accounting policies, to the extent practicable, except when the transition requirements in another Australian Accounting Standard require otherwise. AASB 108 also requires restatements to correct errors to be made retrospectively, to the extent practicable. Retrospective adjustments and retrospective restatements are not changes in equity, but they are adjustments to the opening balance of retained earnings, except when Australian Accounting Standards require retrospective adjustment of another component of equity. Paragraph 61(b) requires an entity to present in the statement of changes in equity the total adjustment to each component of equity resulting from changes in accounting policies and, separately, from corrections of errors. An entity shall present these adjustments for each prior reporting period and the beginning of the period. [AASB 18 paragraph 108]

61B In paragraph 61, the components of equity include, for example, each class of contributed equity, the accumulated balance of each class of other comprehensive income and retained earnings. [AASB 18 paragraph 111]

61C Changes in an entity's equity between the beginning and the end of the reporting period reflect the increase or decrease in its net assets during the period. Except for changes resulting from transactions with owners in their capacity as owners (such as equity contributions, reacquisitions of the entity's own equity instruments and dividends) and transaction costs directly related to such transactions, the overall change in equity during a period represents the total amount of income and expenses, including gains and losses, generated by the entity's activities during that period. [AASB 18 paragraph 112]

Authorised Version F2026L01489 registered 10/11/2026

28 Paragraphs 67–72 are amended and paragraph 72A is added as follows:

Statement of Cash Flows[6]

…

Operating activities

67 Operating activities are the principal revenue-producing activities of the entity. Consequently, cash flows from operating activities generally result from the transactions and other events and conditions that enter into the determination of profit or loss. Examples of cash flows from operating activities are:

(a) cash receipts from the sale of goods and the rendering of services;

(b) cash receipts from royalties, fees, commissions and other revenue;

(c) cash payments to suppliers for goods and services;

(d) cash payments to and on behalf of employees;

(e) cash payments or refunds of income tax, unless they can be specifically identified with financing and investing activities; ~~and~~

(f) cash receipts and payments from ~~investments, loans and other~~ contracts held for dealing or trading purposes~~, which are similar to inventory acquired specifically for resale~~; and

(g) cash receipts of dividends and cash receipts and payments of interest as described in paragraphs 84B–84D.

Some transactions, such as the sale of an item of plant by a manufacturing entity, may give rise to a gain or loss that is included in profit or loss. ~~However, t~~The cash flows relating to such transactions are cash flows from investing activities. However, cash payments to manufacture or acquire assets held for rental to others and subsequently held for sale as described in paragraph 68A of AASB 116 *Property, Plant and Equipment* are cash flows from operating activities. The cash receipts from rents and subsequent sales of such assets are also cash flows from operating activities.

[Based on *IFRS for SMEs* Accounting Standard paragraph 7.4 and AASB 107 paragraph 14]

Investing activities

68 Investing activities are the acquisition and disposal of long-term assets and other investments not included in cash equivalents. Examples of cash flows arising from investing activities are:

(a) cash payments to acquire property, plant and equipment (including self-constructed property, plant and equipment), intangible assets and other long-term assets;

(b) cash receipts from sales of property, plant and equipment, intangibles and other long-term assets;

(c) cash payments to acquire equity or debt instruments of other entities including ~~and~~ interests in associates and joint ventures (other than payments for those instruments classified as cash equivalents or held for dealing or trading);

(d) cash receipts from sales of equity or debt instruments of other entities including ~~and~~ interests in associates and joint ventures (other than receipts for those instruments classified as cash equivalents or held for dealing or trading);

(e) cash advances and loans made to other parties;

(f) cash receipts from the repayment of advances and loans made to other parties;

(g) cash payments for futures contracts, forward contracts, option contracts and swap contracts, except when the contracts are held for dealing or trading, or the payments are classified as financing activities; ~~and~~

(h) cash receipts from futures contracts, forward contracts, option contracts and swap contracts, except when the contracts are held for dealing or trading, or the receipts are classified as financing activities; and

(i) cash receipts of interest and dividends as described in paragraphs 84A–84D.

Authorised Version F2026L01489 registered 10/11/2026

When a contract is accounted for as a hedge (see AASB 9 ~~*Financial Instruments*~~ and AASB 139 *Financial Instruments: Recognition and Measurement*), an entity shall classify the cash flows of the contract in the same manner as the cash flows of the item being hedged. [Based on *IFRS for SMEs* Accounting Standard paragraph 7.5 and AASB 107 paragraph 16]

Financing activities

69 Financing activities are activities that result in changes in the size and composition of the contributed equity and borrowings of an entity. Examples of cash flows arising from financing activities are:

(a) cash proceeds from issuing shares or other equity instruments;

(b) cash payments to owners to acquire or redeem the entity's shares;

(c) cash proceeds from issuing debentures, loans, notes, bonds, mortgages and other short-term or long-term borrowings;

(d) cash repayments of amounts borrowed; ~~and~~

(e) cash payments by a lessee for the reduction of the outstanding liability relating to a lease;

(f) cash payments of dividends as described in paragraph 84; and

(g) cash payments of interest as described in paragraphs 84A–84D.

[Based on *IFRS for SMEs* Accounting Standard paragraph 7.6 and AASB 107 paragraph 17]

Reporting cash flows from operating activities

70 An entity shall present cash flows from operating activities using either:

(a) the indirect method, whereby operating profit or loss is adjusted for:

(i) the effects of non-cash transactions~~,~~;

(ii) any deferrals or accruals of past or future operating cash receipts or payments ~~and items of income or expense associated with investing or financing cash flows~~;

(iii) income or expenses classified in the operating category in the statement of profit or loss for which the associated cash flows are classified as cash flows from either investing or financing activities; and

(iv) cash flows from operating activities for which the associated income or expenses are not classified in the operating category of the statement of profit or loss; or

(b) the direct method, whereby major classes of gross cash receipts and gross cash payments are disclosed.

[Based on AASB 107 paragraph 18~~*IFRS for SMEs* Standard paragraph 7.7~~]

Indirect method

71 Under the indirect method, the net cash flow from operating activities is determined by adjusting operating profit or loss for the effects of:

(a) changes during the period in inventories and operating receivables and payables;

(b) non-cash items such as depreciation, provisions~~, deferred tax, accrued income (expenses) not yet received (paid) in cash,~~ and unrealised foreign currency gains and losses classified in the operating category~~, undistributed profits of associates and non-controlling interests~~; ~~and~~

(c) ~~all other items for which the cash effects relate to investing or financing~~ income or expenses classified in the operating category in the statement of profit or loss for which the cash effects are investing or financing cash flows; and

Authorised Version F2026L01489 registered 10/11/2026

(d) operating cash flows, such as income tax (in accordance with paragraph 85), for which the corresponding income or expenses are not classified in the operating category in the statement of profit or loss.

[AASB 107 paragraph 20~~*IFRS for SMEs* Standard paragraph 7.8~~]

72 Alternatively, the net cash flow from operating activities may be presented under the indirect method by showing the revenues and expenses classified in the operating category in the statement of profit or loss, ~~disclosed in the statement of comprehensive income and~~ the changes during the period in inventories and operating receivables and payables and any other operating cash flows for which the corresponding income or expenses are not classified in the operating category. [AASB 107 paragraph 20]

72A Notwithstanding paragraphs 70(a), 71 and 72, an entity that is a not-for-profit public sector entity (that is not a higher education provider) applying the relief set out in paragraph 57B that does not present an operating profit or loss subtotal as defined in Appendix A shall, when determining the net cash flow from operating activities under the indirect method, adjust the profit or loss total presented in its statement of profit or loss for:

(a) the effects of transactions of a non-cash nature, such as depreciation, provisions, deferred taxes and unrealised foreign currency gains and losses;

(b) any deferrals or accruals of past or future operating cash receipts or payments, including changes during the period in inventories and operating receivables and payables; and

(c) items of income or expense associated with investing or financing cash flows.

[AASB 107 paragraph Aus20.1]

29 Paragraph 82 is amended, paragraphs 83 and 84 are replaced and paragraphs 84A–84E are added as follows:

Interest and dividends

82 An entity shall present separately cash flows from interest and dividends received and paid. The entity shall classify cash flows consistently from period to period applying paragraphs 83–84D ~~as operating, investing or financing activities.~~ [Based on *IFRS for SMEs* Accounting Standard paragraph 7.14 and AASB 107 paragraph 31]

~~83~~ ~~An entity may classify interest paid and interest and dividends received as operating cash flows because they are included in profit or loss. Alternatively, the entity may classify interest paid and interest and dividends received as financing cash flows and investing cash flows respectively, because they are costs of obtaining financial resources or returns on investments. [*IFRS for SMEs* Standard paragraph 7.15]~~

83 The total amount of interest paid during a period is included in the statement of cash flows whether it has been recognised as an expense in profit or loss or capitalised in accordance with AASB 123 *Borrowing Costs*. [AASB 107 paragraph 32]

~~84~~ ~~An entity may classify dividends paid as a financing cash flow because they are a cost of obtaining financial resources. Alternatively, the entity may classify dividends paid as a component of cash flows from operating activities because they are paid out of operating cash flows. [*IFRS for SMEs* Standard paragraph 7.16]~~

84 An entity shall classify dividends paid as cash flows from financing activities. [AASB 107 paragraph 33A]

84A An entity, other than those entities described in paragraph 84B, shall classify:

(a) interest paid (as described in paragraph 83) as cash flows from financing activities.

(b) interest and dividends received as cash flows from investing activities.

[AASB 107 paragraph 34A]

84B An entity that invests in assets or provides financing to customers as a main business activity (as determined applying paragraphs B30–B41) shall determine how to classify dividends received, interest received and interest paid in the statement of cash flows by referring to how it classifies dividend income, interest income and interest expenses in the statement of profit or loss. An entity shall classify the total of each of these cash flows in a single category in the statement of cash flows (that is, either as operating, investing or financing activities). [AASB 107 paragraph 34B]

84C In applying paragraph 84B, if an entity classifies the total of each of dividend income, interest income and interest expenses in a single category of the statement of profit or loss, the entity shall

Authorised Version F2026L01489 registered 10/11/2026

classify the total of each of dividends received, interest received and interest paid as cash flows arising from the associated activity in the statement of cash flows. For example, if an entity classifies all its interest expenses in the financing category of the statement of profit or loss, the entity would classify all its interest paid as cash flows from financing activities. [AASB 107 paragraph 34C]

84D In applying this Standard, an entity may be required to classify each of dividend income, interest income and interest expenses in more than one category of the statement of profit or loss. In such a case, in applying paragraph 84B the entity shall make an accounting policy choice to classify the related cash flows in one of the associated activities in the statement of cash flows. For example, if an entity classifies interest expenses in the operating category and the financing category of the statement of profit or loss, the entity would classify all its interest paid in accordance with its accounting policy as either cash flows from operating activities or cash flows from financing activities. [AASB 107 paragraph 34D]

84E Notwithstanding paragraphs 84A–84D, an entity that is a not-for-profit public sector entity that is not a higher education provider is permitted to classify interest paid and received and dividends received as cash flows from operating activities. [AASB 107 paragraph Aus34D.1]

30 Paragraph 88 is amended as follows:

Components of cash and cash equivalents

88 An entity shall disclose ~~present~~ the components of cash and cash equivalents and shall present a reconciliation of the amounts in the statement of cash flows ~~to~~ with the equivalent items ~~presented~~ reported in the statement of financial position. However, an entity is not required to present this reconciliation if the amount of cash and cash equivalents presented in the statement of cash flows is identical to the amount similarly described in the statement of financial position. [Based on *IFRS for SMEs* Accounting Standard paragraph 7.20 and AASB 107 paragraph 45]

31 Paragraphs 90–92 and 94 are amended and paragraph 93 is deleted as follows:

Notes to the Financial Statements[7]

Scope of this section

90 This section sets out the principles underlying information that is to be disclosed ~~presented~~ in the notes to the financial statements and how to disclose ~~present~~ it. Notes contain information in addition to that presented in the statement of financial position, the statement of profit or loss and other comprehensive income (if presented), the statement of profit or loss and the statement of comprehensive income (if presented), the combined statement of income and retained earnings (if presented), the statement of changes in equity (if presented) and the statement of cash flows. Notes provide narrative descriptions or disaggregations of items presented in those statements and information about items that do not qualify for recognition in those statements. In addition to the requirements of this section, nearly every other section of this Standard requires disclosures that are normally provided ~~presented~~ in the notes. [Based on *IFRS for SMEs* Accounting Standard paragraph 8.1]

Structure of the notes

91 The notes shall:

(a) disclose ~~present~~ information about the basis of preparation of the financial statements (see paragraphs 9–15) and the specific accounting policies used, in accordance with paragraphs 95–97;

(b) disclose the information required by this Standard that is not presented elsewhere in the financial statements; and

(c) provide information that is not presented elsewhere in the financial statements but is relevant to an understanding of any of them.

[Based on *IFRS for SMEs* Accounting Standard paragraph 8.2 and AASB 18 paragraph 113]

92 An entity shall, as far as practicable, present the notes in a systematic manner (see paragraph B112). An entity shall cross-reference each item in the financial statements to any related information in the notes. [Based on *IFRS for SMEs* Accounting Standard paragraph 8.3 and AASB 18 paragraph 114]

Authorised Version F2026L01489 registered 10/11/2026

93 [Deleted] ~~Examples of systematic ordering or grouping of the notes include:~~

~~(a) giving prominence to the areas of its activities that the entity considers to be most relevant to an understanding of its financial performance and financial position, such as grouping together information about particular operating activities;~~

~~(b) grouping together information about items measured similarly such as assets measured at fair value; or~~

~~(c) following the order of the line items in the statement(s) of profit or loss and other comprehensive income and the statement of financial position, such as:~~

~~(i) statement of compliance with Australian Accounting Standards – Simplified Disclosures (see paragraph 10);~~

~~(ii) material accounting policy information (see paragraph 95);~~

~~(iii) supporting information for items presented in the statements of financial position and in the statement(s) of profit or loss and other comprehensive income, and in the statements of changes in equity and of cash flows, in the order in which each statement and each line item is presented; and~~

~~(iv) other disclosures, including:~~

~~(1) contingent liabilities (see paragraph 154) and unrecognised contractual commitments; and~~

~~(2) non-financial disclosures.~~

~~[Based on *IFRS for SMEs* Standard paragraph 8.4]~~

94 An entity may disclose ~~present~~ notes providing information about the basis of preparation of the financial statements and specific accounting policies as a separate section of the financial statements. [Based on AASB 18 paragraph 115]

Defined terms

32 Appendix A is amended as follows:

Presentation of the financial statements

~~*Accounting policies* are defined in paragraph 5 of AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*, and the term is used in this Standard with the same meaning.~~

Aggregation **is the adding together of assets, liabilities, equity, income, expenses or cash flows that share characteristics and are included in the same classification.**

Classification **is the sorting of assets, liabilities, equity, income, expenses and cash flows based on shared characteristics.**

Disaggregation **is the separation of an item into component parts that have characteristics that are not shared.**

General purpose financial reports **are reports that provide financial information about a reporting entity that is useful to primary users in making decisions relating to providing resources to the entity. Those decisions involve decisions about:**

(a) buying, selling or holding equity and debt instruments;

(b) providing or settling loans and other forms of credit; or

(c) exercising rights to vote on, or otherwise influence, the entity's management's actions that affect the use of the entity's economic resources.

General purpose financial reports include – but are not restricted to – an entity's general purpose financial statements and sustainability-related financial disclosures.

~~*General purpose financial statements* (referred to as 'financial statements') are those intended to meet the needs of users who are not in a position to require an entity to prepare reports tailored to their particular information needs.~~

General purpose financial statements **are a particular form of general purpose financial reports that provide information about the reporting entity's assets, liabilities, equity, income and expenses.**

Authorised Version F2026L01489 registered 10/11/2026

Higher education provider **is a body approved under Division 16 of the *Higher Education Support Act 2003*.**

~~***Impracticable*** **Applying a requirement is impracticable when the entity cannot apply it after making every reasonable effort to do so.~~

IFRS Accounting Standards ~~***International Financial Reporting Standards (IFRSs)***~~ **are accounting Sstandards** ~~**and Interpretations**~~ **issued by the International Accounting Standards Board** ~~**(IASB)**~~**. They comprise:**

(a) International Financial Reporting Standards;

(b) International Accounting Standards;

(c) IFRIC Interpretations; and

(d) SIC Interpretations.[45]

IFRS Accounting Standards were previously known as International Financial Reporting Standards, IFRS, IFRSs and IFRS Standards.

45 ~~Definition of IFRSs amended after the name changes introduced by the revised Constitution of the IFRS Foundation in 2010.~~

Material information**: Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity (see paragraphs B1–B5).**

~~Materiality depends on the nature or magnitude of information, or both. An entity assesses whether information, either individually or in combination with other information, is material in the context of its financial statements taken as a whole.~~

~~Information is obscured if it is communicated in a way that would have a similar effect for primary users of financial statements to omitting or misstating that information. The following are examples of circumstances that may result in material information being obscured:~~

~~(a) information regarding a material item, transaction or other event is disclosed in the financial statements but the language used is vague or unclear;~~

~~(b) information regarding a material item, transaction or other event is scattered throughout the financial statements;~~

~~(c) dissimilar items, transactions or other events are inappropriately aggregated;~~

~~(d) similar items, transactions or other events are inappropriately disaggregated; and~~

~~(e) the understandability of the financial statements is reduced as a result of material information being hidden by immaterial information to the extent that a primary user is unable to determine what information is material.~~

~~Assessing whether information could reasonably be expected to influence decisions made by the primary users of a specific reporting entity's general purpose financial statements requires an entity to consider the characteristics of those users while also considering the entity's own circumstances.~~

~~Many existing and potential investors, lenders and other creditors cannot require reporting entities to provide information directly to them and must rely on general purpose financial statements for much of the financial information they need. Consequently, they are the primary users to whom general purpose financial statements are directed. Financial statements are prepared for users who have a reasonable knowledge of business and economic activities and who review and analyse the information diligently. At times, even well-informed and diligent users may need to seek the aid of an adviser to understand information about complex economic phenomena.~~

Notes **contain information in financial statements provided in addition to that presented in the primary financial statements.** ~~**statement of financial position, statement(s) of profit or loss and other comprehensive income, separate income statement (if presented), statement of changes in equity and statement of cash flows. Notes provide narrative descriptions or disaggregations of items presented in those statements and information about items that do not qualify for recognition in those statements.**~~

Operating profit or loss **is the total of all income and expenses classified in the operating category.**

Authorised Version F2026L01489 registered 10/11/2026

Other comprehensive income **comprises items of income and expense (including reclassification adjustments) that are ~~not~~ recognised outside ~~in~~ profit or loss as required or permitted by other Australian Accounting Standards (see paragraph B87).**

~~The components of other comprehensive income include:~~

~~(a) changes in revaluation surplus (see AASB 116 *Property, Plant and Equipment* and AASB 138 *Intangible Assets*);~~

~~(b) remeasurements of defined benefit plans (see AASB 119 *Employee Benefits*);~~

~~(c) gains and losses arising from translating the financial statements of a foreign operation (see AASB 121 *The Effects of Changes in Foreign Exchange Rates*);~~

~~(d) gains and losses from investments in equity instruments designated at fair value through other comprehensive income in accordance with paragraph 5.7.5 of AASB 9 *Financial Instruments*;~~

~~(da) gains and losses on financial assets measured at fair value through other comprehensive income in accordance with paragraph 4.1.2A of AASB 9;~~

~~(e) the effective portion of gains and losses on hedging instruments in a cash flow hedge and the gains and losses on hedging instruments that hedge investments in equity instruments measured at fair value through other comprehensive income in accordance with paragraph 5.7.5 of AASB 9 (see Chapter 6 of AASB 9);~~

~~(f) for particular liabilities designated as at fair value through profit or loss, the amount of the change in fair value that is attributable to changes in the liability's credit risk (see paragraph 5.7.7 of AASB 9);~~

~~(g) changes in the value of the time value of options when separating the intrinsic value and time value of an option contract and designating as the hedging instrument only the changes in the intrinsic value (see Chapter 6 of AASB 9);~~

~~(h) changes in the value of the forward elements of forward contracts when separating the forward element and spot element of a forward contract and designating as the hedging instrument only the changes in the spot element, and changes in the value of the foreign currency basis spread of a financial instrument when excluding it from the designation of that financial instrument as the hedging instrument (see Chapter 6 of AASB 9);~~

~~(i) insurance finance income and expenses from contracts issued within the scope of AASB 17 *Insurance Contracts* excluded from profit or loss when total insurance finance income or expenses is disaggregated to include in profit or loss an amount determined by a systematic allocation applying paragraph 88(b) of AASB 17, or by an amount that eliminates accounting mismatches with the finance income or expenses arising on the underlying items, applying paragraph 89(b) of AASB 17; and~~

~~(j) finance income and expenses from reinsurance contracts held excluded from profit or loss when total reinsurance finance income or expenses is disaggregated to include in profit or loss an amount determined by a systematic allocation applying paragraph 88(b) of AASB 17.~~

Owners **are holders of claims ~~instruments~~ classified as equity.**

Primary financial statements **are the statement(s) of financial performance, the statement of financial position, the statement of changes in equity and the statement of cash flows.**

Profit or loss **is the total of income less expenses included in the statement of profit or loss.~~, excluding the components of other comprehensive income.~~**

Profit or loss before financing and income taxes **is the total of operating profit or loss and all income and expenses classified in the investing category.**

Reclassification adjustments **are amounts reclassified to profit or loss in the current reporting period that were included ~~recognised~~ in other comprehensive income in the current or ~~previous~~ prior periods.**

Total comprehensive income **is the change in equity during a reporting period resulting from transactions and other events, other than those changes resulting from transactions with owners in their capacity as owners.**

~~Total comprehensive income comprises all components of 'profit or loss' and of 'other comprehensive income'.~~

Authorised Version F2026L01489 registered 10/11/2026

Useful structured summary **is a structured summary provided in a primary financial statement of a reporting entity's recognised assets, liabilities, equity, income, expenses and cash flows that is useful for:**

(a) **obtaining an understandable overview of the entity's recognised assets, liabilities, equity, income, expenses and cash flows;**

(b) **making comparisons between entities, and between reporting periods for the same entity; and**

(c) **identifying items or areas about which users of financial statements may wish to seek additional information in the notes.**

Statement of ~~Cash Flows~~ cash flows

…

Investing activities **are the acquisition and disposal of long-term assets and other investments not included in cash equivalents and the receipt of interest and dividends as described in paragraphs 84A–84D.**

Notwithstanding the definition of 'investing activities', a not-for-profit public sector entity that is not a higher education provider is permitted by paragraph 84E to classify the receipt of interest and dividends as operating activities rather than investing activities.

…

Related party disclosures

…

Government**, in the context of related party disclosures, refers to government, government agencies and similar bodies whether local, national or international.**

Effective date and transition

33 Appendix B is changed to Appendix C and the title amended, paragraph B1 is renumbered to C1 and paragraphs C2–C4 and a heading before paragraph C2 are added as follows:

Appendix ~~B~~C
Effective date and transition

This appendix is an integral part of the Standard.

Effective date

~~B~~C1 An entity shall apply this Standard for annual reporting periods beginning on or after 1 July 2021. Earlier application is permitted. If an entity applies this Standard earlier:

(a) it shall disclose that fact; and

(b) if the entity is a for-profit private sector entity – it may elect to apply the short-term exemptions in AASB 1053 *Application of Tiers of Australian Accounting Standards* Appendix E, where applicable; or

(c) if the entity is a not-for-profit entity – notwithstanding paragraph 20, it may elect not to present comparative information in the notes to the financial statements if the entity did not disclose the comparable information in its most recent previous general purpose financial statements.

Transition

C2 An entity shall apply AASB 2026-6 *Amendments to Australian Accounting Standards – Tier 2 Classification and Presentation* retrospectively, applying AASB 108. However, an entity is not required to present the quantitative information specified in paragraph 106(b) of this Standard.

Authorised Version F2026L01489 registered 10/11/2026

C3 In its annual financial statements an entity shall disclose, for the comparative period immediately preceding the period in which AASB 2026-6 is first applied, a reconciliation for each line item in the statement of profit or loss between:

(a) the restated amounts presented applying the amendments made by AASB 2026-6; and

(b) the amounts previously presented.

C4 At the date of initial application of AASB 2026-6, an entity eligible to apply paragraph 18 of AASB 128 is permitted to change its election for measuring an investment in an associate or joint venture from the equity method to fair value through profit or loss in accordance with AASB 9. If an entity makes such a change, the entity shall apply the change retrospectively applying AASB 108. An entity applying paragraph 11 of AASB 127 shall make the same change in its separate financial statements.

Application guidance

34 A new Appendix B is added as follows:

Appendix B
Application guidance

This appendix is an integral part of the Standard. It incorporates paragraphs drawn from Appendix B of AASB 18 and uses the same paragraph numbering. The paragraphs have been updated to refer to paragraphs and requirements of this Standard and also to this Standard instead of Australian Accounting Standards generally, when appropriate.

General requirements for financial statements

Materiality

B1 Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

B2 Materiality depends on the nature or magnitude of information, or both. An entity assesses whether information, either individually or in combination with other information, is material in the context of its financial statements taken as a whole.

B3 Information is obscured if it is communicated in a way that would have a similar effect for primary users of financial statements to omitting or misstating that information. The following are examples of circumstances that may result in material information being obscured:

(a) material information about an item, transaction or other event is disclosed in the financial statements but the language used is vague or unclear;

(b) material information about an item, transaction or other event is scattered throughout the financial statements;

(c) dissimilar items, transactions or other events are inappropriately aggregated;

(d) similar items, transactions or other events are inappropriately disaggregated; and

(e) the understandability of the financial statements is reduced as a result of material information being hidden by immaterial information to the extent that a primary user is unable to determine what information is material.

B4 Assessing whether information could reasonably be expected to influence decisions made by the primary users of a specific reporting entity's general purpose financial statements requires an entity to consider the characteristics of those users while also considering the entity's own circumstances.

B5 Many existing and potential investors, lenders and other creditors cannot require reporting entities to provide information directly to them and must rely on general purpose financial statements for much of the financial information they need. Consequently, they are the primary users to whom general purpose financial statements are directed. Financial statements are prepared for users who have a reasonable knowledge of business and economic activities and who review and analyse the

Authorised Version F2026L01489 registered 10/11/2026

information diligently. At times, even well-informed and diligent users may need to seek the aid of an adviser to understand information about complex economic phenomena.

AusB5.1 Among the users of financial information about a not-for-profit reporting entity are existing and potential resource providers (such as donors and other funders, taxpayers, lenders and other creditors, and investors), recipients of goods and services (such as beneficiaries, for example members of the community) and parties performing a review or oversight function on behalf of other users (such as advisers and members of parliament). In relation to not-for-profit entities, where pertinent, all references in this Standard to 'existing and potential investors, lenders and other creditors' (and related terms) should be read as a reference to this broader range of users.

The roles of the primary financial statements and the notes

B6 Applying paragraph 30D(a), an entity provides in the notes information necessary for users of financial statements to understand the line items presented in the primary financial statements. Examples of such information include:

(a) disaggregation of the line items presented in the primary financial statements;

(b) descriptions of the characteristics of the line items presented in the primary financial statements; and

(c) information about the methods, assumptions and judgements used in recognising, measuring and presenting the items included in the primary financial statements.

B7 Applying paragraph 30D(b), an entity supplements the primary financial statements with additional information necessary to achieve the objective of financial statements – that is:

(a) information specifically required by this Standard (see paragraph 23) – for example:

(i) information required by paragraphs 154 and 155 about an entity's unrecognised contingent assets and contingent liabilities; and

(ii) [Not included]

(b) information additional to that specifically required by this Standard.

Information presented in the primary financial statements

B8 Paragraph 30H explains that an entity need not present separately a line item in a primary financial statement if doing so is not necessary for the statement to provide a useful structured summary, even if the line item is required by Australian Accounting Standards. For example, an entity need not present a line item listed in paragraph 57AD if doing so is not necessary for the statement of profit or loss to provide a useful structured summary of income and expenses, or a line item listed in paragraph 35 if doing so is not necessary for the statement of financial position to provide a useful structured summary of assets, liabilities and equity. If an entity does not present the line items listed in paragraphs 35 and 57AD, it shall disclose the items in the notes if the resulting information is material (see paragraph 22).

AusB8.1–
AusB8.2 [Not included]

B9 Conversely, applying paragraph 30I, an entity shall present additional line items to those listed in paragraphs 35 and 57AD if such presentations are necessary for the statement of profit or loss to provide a useful structured summary of income and expenses or for the statement of financial position to provide a useful structured summary of assets, liabilities and equity (see paragraphs B78–B79 and B109–B111).

Identification of the financial statements

B10 Paragraph 31 requires an entity to clearly identify the financial statements and distinguish them from other information in the same published document. An entity meets these requirements by providing appropriate headings for pages, statements, notes, columns and the like. Judgement is required in determining the best way of providing such information. For example, if an entity provides the financial statements electronically, an entity considers other ways to meet the requirements – for example, by appropriate digital tagging of information provided in the financial statements.

Authorised Version F2026L01489 registered 10/11/2026

B11 An entity often makes financial statements more understandable by providing information in thousands or millions of units of the presentation currency. This practice is acceptable as long as the entity discloses the level of rounding and does not omit material information.

Consistency of presentation, disclosure and classification

B12 Paragraph 17(a) requires an entity to change the presentation, disclosure or classification of items in the financial statements if it is apparent that another presentation, disclosure or classification would be more appropriate. For example, a significant acquisition or disposal, or a review of the financial statements, might suggest that the financial statements need to be changed. An entity is permitted to change the presentation, disclosure or classification of items in its financial statements only if the change provides information that is more useful to users of financial statements and if the entity is likely to continue using the revised presentation, disclosure or classification, so that inter-period comparability is not impaired. When making such changes, an entity reclassifies its comparative information in accordance with paragraphs 18–19.

Comparative information

Required comparative information

B13 In some cases, narrative information provided in the financial statements for the preceding reporting period(s) continues to be relevant in the current period. For example, an entity discloses in the current period details of a legal dispute, the outcome of which was uncertain at the end of the preceding period and is yet to be resolved. Users of financial statements might benefit from the disclosure of information that the uncertainty existed at the end of the preceding period and from the disclosure of information about the steps that have been taken during the period to resolve the uncertainty.

Additional comparative information

B14–
B15 [Not included]

Aggregation and disaggregation

Principles of aggregation and disaggregation

Process of aggregation and disaggregation

B16 Financial statements result from entities processing large numbers of transactions and other events. These transactions and other events give rise to assets, liabilities, equity, income, expenses and cash flows.

B17 To apply the requirements in paragraph 21, an entity shall aggregate items based on shared characteristics (that is, aggregate items that have similar characteristics) and disaggregate items based on characteristics that are not shared (that is, disaggregate items that have dissimilar characteristics). In doing so, an entity shall:

(a) identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events;

(b) classify and aggregate assets, liabilities, equity, income, expenses and cash flows into items based on their characteristics (for example, their nature, their function, their measurement basis or another characteristic) so as to result in the presentation in the primary financial statements of line items and disclosure in the notes of items that have at least one similar characteristic; and

(c) disaggregate items based on dissimilar characteristics:

(i) in the primary financial statements, as necessary to provide useful structured summaries (as described in paragraph 30C); and

(ii) in the notes, as necessary to provide material information (as described in paragraph 30D).

Authorised Version F2026L01489 registered 10/11/2026

B18 An entity may apply the steps in paragraphs B17(a)–B17(c) in varying order to apply the principles of aggregation and disaggregation in paragraph 21.

Basis of aggregation and disaggregation

B19 Paragraphs B16–B18 explain that an entity uses its judgement to aggregate and disaggregate assets, liabilities, equity, income, expenses and cash flows from individual transactions and other events based on similar and dissimilar characteristics. Paragraphs B78 and B110 set out examples of characteristics an entity considers in making its judgements.

B20 The more similar the characteristics of assets, liabilities, equity, income, expenses and cash flows are, the more likely it is that aggregating them will fulfil the role of the primary financial statements (that is, to provide useful structured summaries as described in paragraph 30C) or the notes (that is, to provide material information as described in paragraph 30D). The more dissimilar the characteristics of assets, liabilities, equity, income, expenses and cash flows are, the more likely it is that disaggregating the items will fulfil the roles of the primary financial statements or the notes.

B21 The items aggregated and presented as line items in the primary financial statements shall have at least one similar characteristic other than meeting the definition of assets, liabilities, equity, income, expenses or cash flows. However, because the role of the primary financial statements is to provide useful structured summaries, the line items in the primary financial statements are also likely to aggregate items that have sufficiently dissimilar characteristics that information about the disaggregated items is material.

B22 Applying paragraph 21, an entity shall disaggregate items that have dissimilar characteristics when the resulting information is material. A single dissimilar characteristic could result in information about disaggregated items being material.

B23 For example, an entity might present in the statement of financial position financial assets that comprise equity investments and debt investments separately from non-financial assets. The financial assets have dissimilar characteristics because they have different measurement bases – some are measured at fair value through profit or loss and others at amortised cost. The entity might therefore determine that to provide a useful structured summary it is necessary to present line items that disaggregate the financial assets based on those measurement bases. That disaggregation results in a line item comprising equity investments and debt investments measured at fair value through profit or loss and a line item comprising debt investments measured at amortised cost. Because equity investments are dissimilar to debt investments in that each exposes the entity to different risks, the entity would assess whether further disaggregation in the statement of financial position of financial assets measured at fair value through profit or loss into equity investments and debt investments is needed to provide a useful structured summary. If not, and if the resulting information were material, the entity would need to disclose in the notes the equity investments separately from the debt investments. In addition if, for example, the equity investments had other dissimilar characteristics, the entity would be required to disaggregate further those equity investments in the notes if the resulting information were material.

Description of items

B24 Paragraph 22A requires an entity to label and describe items presented or disclosed in a way that faithfully represents the characteristics of the item. Such items will often be aggregations of items arising from individual transactions or other events and could vary in whether they are aggregations of items for which information is material and items for which information is immaterial. Specifically, in either the primary financial statements or in the notes:

(a) an item for which information is material could be aggregated with other items for which information is also material – an entity might provide such an aggregation to summarise information but would also be required to disclose information about each item;

(b) an item for which information is material could be aggregated with items for which information is not material – an entity would be required to provide information about disaggregated items only if immaterial information obscured the material information; or

(c) an item for which information is not material could be aggregated with other items for which information is not material – an entity might provide such an aggregation to complete a list of items and would not be required to disclose information about disaggregated items, subject to paragraph B26(b).

B25 An entity shall label items presented or disclosed as ‘other’ only if it cannot find a more informative label. Examples of how an entity might find a more informative label are:

Authorised Version F2026L01489 registered 10/11/2026

(a) if an item for which information is material is aggregated with items for which information is not material, finding a label that describes the item for which information is material; and

(b) if items for which information is not material are aggregated:

(i) aggregating items that share similar characteristics and describing them in a way that faithfully represents the similar characteristics; or

(ii) aggregating items with other items that do not share similar characteristics and describing them in a way that faithfully represents the dissimilar characteristics of the items.

B26 If an entity cannot find a more informative label than 'other':

(a) for any aggregation – the entity shall use a label that describes the aggregated item as precisely as possible, for example, 'other operating expenses' or 'other finance expenses'.

(b) for an aggregation comprising only items for which information is not material – the entity shall consider whether the aggregated amount is sufficiently large that users of financial statements might reasonably question whether it includes items for which information could be material. If so, information to resolve that question is material information. Accordingly, in such cases, the entity shall disclose further information about the amount – for example:

(i) an explanation that no items for which information would be material are included in the amount; or

(ii) an explanation that the amount comprises several items for which information would not be material, with an indication of the nature and amount of the largest item.

Offsetting

B27 Paragraph 24 prohibits an entity from offsetting assets and liabilities or income and expenses unless required or permitted by an Australian Accounting Standard. For example, AASB 15 *Revenue from Contracts with Customers* requires an entity to measure revenue from contracts with customers at the amount of consideration to which the entity expects to be entitled in exchange for transferring promised goods or services. The amount of revenue recognised reflects any trade discounts and volume rebates the entity allows. In contrast, an entity might undertake, in the course of its ordinary activities, other transactions that do not generate revenue but are incidental to the main revenue-generating activities. The entity would present in the primary financial statements or disclose in the notes the results of such transactions, when this presentation or disclosure reflects the substance of the transaction or other event, by netting any income with related expenses arising on the same transaction. For example:

(a) an entity presents in the primary financial statements or discloses in the notes gains and losses on the disposal of non-current assets by deducting from the amount of consideration on disposal the carrying amount of the asset and related selling expenses; and

(b) an entity may net expenditure related to a provision that is recognised in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and reimbursed under a contractual arrangement with a third party (for example, a supplier's warranty agreement) against the related reimbursement.

B28 In addition, an entity presents on a net basis gains and losses arising from a group of similar transactions – for example, foreign exchange gains and losses or gains and losses arising on financial instruments held for trading that are included in the same category of the statement(s) of financial performance applying paragraphs 57A–57W. However, an entity shall disclose such gains and losses separately in the notes if doing so provides material information.

Statement of profit or loss

Categories in the statement of profit or loss

B29 Paragraph 57A requires an entity to classify income and expenses included in the statement of profit or loss in one of five categories. The operating category comprises all income and expenses included

Authorised Version F2026L01489 registered 10/11/2026

in the statement of profit or loss that are not classified in the other categories (see paragraph 57G). Income and expenses classified in the discontinued operations category applying paragraph 57W are not subject to the requirements for classifying items of income and expense in the categories listed in paragraphs 57A(a)–(d). Income and expenses classified in the income taxes category applying paragraph 57V are not subject to the requirements for classifying items of income and expense in the categories listed in paragraphs 57A(a)–(c).

Assessment of specified main business activities

B30 Paragraph 57D requires an entity to assess whether it invests in assets or provides financing to customers as a main business activity. An entity may have more than one main business activity. For example, an entity that manufactures a product and also provides financing to customers may determine that both its manufacturing activity and customer-finance activity are main business activities. To classify income and expenses into the categories of operating, investing and financing as required by this Standard, an entity need only determine whether either of, or both, investing in assets and providing financing to customers are main business activities.

B31 Examples of entities that might invest in assets as a main business activity include:

(a) investment entities as defined by AASB 10 *Consolidated Financial Statements*;

(b) investment property companies; and

(c) insurers.

B32 Examples of entities that might provide financing to customers as a main business activity include:

(a) banks and other lending institutions;

(b) entities that provide financing to customers to enable those customers to buy the entity's products; and

(c) lessors that provide financing to customers in finance leases.

B33 Whether investing in assets or providing financing to customers is a main business activity of the entity is a matter of fact and not merely an assertion. An entity shall use its judgement to assess whether investing in assets or providing financing to customers is a main business activity and that assessment shall be based on evidence.

B34 In general, investing in assets or providing financing to customers is likely to be a main business activity of an entity if the entity uses a particular type of subtotal as an important indicator of operating performance. The particular type of subtotal is a subtotal similar to gross profit[1] that includes income and expenses that would be classified in the investing or financing categories if investing in assets or providing financing to customers were not main business activities.

B35 Evidence that subtotals similar to gross profit are important indicators of operating performance includes using such subtotals to:

(a) explain operating performance externally; or

(b) assess or monitor operating performance internally.

B36 Information about segments may provide evidence that investing in assets or providing financing to customers is a main business activity if an entity applies AASB 8 *Operating Segments*. Specifically:

(a) if a reportable segment comprises a single business activity, this indicates that the performance of the reportable segment is an important indicator of the entity's operating performance and that the business activity of the reportable segment is a main business activity of the entity; and

(b) if an operating segment comprises a single business activity, this indicates that the business activity might be a main business activity of the entity if the performance of the operating segment is an important indicator of the entity's operating performance as described in paragraph B34.

B37 An entity shall assess whether investing in assets or providing financing to customers is a main business activity for the reporting entity as a whole. Accordingly, the assessment of whether investing in assets or providing financing to customers is a main business activity by a reporting

1 A subtotal is similar to gross profit when it depicts the difference between a type of revenue and directly related expenses incurred in generating that revenue. Examples include net interest income, net fee and commission income, insurance service result, net financial result (investment income minus insurance finance income and expenses) and net rental income. [AASB 18 paragraph B123]

Authorised Version F2026L01489 registered 10/11/2026

entity that is a consolidated group and a reporting entity that is one of the subsidiaries in the consolidated group could have different outcomes.

B38 An entity shall assess whether it invests as a main business activity in associates, joint ventures and unconsolidated subsidiaries not accounted for using the equity method (see paragraphs B43(b)–(c) and B44(b)–(c)) by individual asset or using groups of assets with shared characteristics. If an entity prepares separate financial statements as specified in AASB 127 *Separate Financial Statements* and performs the assessment for groups of assets, the entity shall use groups of assets that are consistent with the categories used to determine their measurement basis applying paragraph 10 of AASB 127. An entity need not assess whether it invests as a main business activity in associates, joint ventures and non-consolidated subsidiaries accounted for using the equity method (see paragraphs B43(a) and B44(a)) because it is required to classify the income and expenses from those investments in the investing category (see paragraph 57J(a)).

B39 An entity need not assess whether it invests as a main business activity in cash and cash equivalents (see paragraph 57H(b)). An entity is required to classify income and expenses from cash and cash equivalents in the investing category unless paragraphs 57K(a) or 57K(b) apply.

B40 An entity shall assess whether it invests as a main business activity in other assets that generate a return individually and largely independently of the entity's other resources (see paragraph 57H(c)) by assessing an individual asset or groups of assets with shared characteristics.

B41 An entity shall assess whether investing in assets or providing financing to customers is a main business activity based on the facts at the time, so a change in the outcome of the assessment does not change the outcome of the previous assessments. Accordingly, an entity classifies and presents income and expenses applying the change in the outcome of the assessment prospectively from the date of the change and does not reclassify amounts presented before the date of the change. Unless it is impracticable to do so, paragraph 57F(c)(ii) requires an entity to disclose the amount and classification of items of income and expense before and after the date of the change in the outcome of the assessment in the current period and the amount and classification in the prior period for items for which the classification has changed because of the change in the outcome of the assessment.

Operating

B42 The requirements in paragraphs 57A–57U result in an entity classifying income and expenses from its main business activities in the operating category of the statement of profit or loss, except for any such income and expenses from investments accounted for using the equity method. Furthermore, the operating category is not limited to income and expenses from an entity's main business activities. It includes all income and expenses that are not classified by an entity in the other categories applying paragraphs 57H–57W, including such income or expenses that are volatile or non-recurring.

Investing

Investments in associates, joint ventures and unconsolidated subsidiaries

B43 Paragraphs 57H and 57J set out requirements for the classification of income and expenses from investments in associates and joint ventures. These investments comprise:

(a) investments in associates and joint ventures accounted for using the equity method in accordance with paragraph 16 of AASB 128 *Investments in Associates and Joint Ventures* and paragraph 10(c) of AASB 127;

(b) investments in associates and joint ventures (or a portion thereof) that an entity elects to measure at fair value through profit or loss in accordance with AASB 9 *Financial Instruments* applying paragraphs 18–19 of AASB 128 and paragraph 11 of AASB 127; and

(c) investments in associates and joint ventures in separate financial statements that are accounted for at cost applying paragraph 10(a) of AASB 127 or in accordance with AASB 9 applying paragraph 10(b) of AASB 127.

B44 Paragraphs 57H and 57J also set out requirements for the classification of income and expenses from unconsolidated subsidiaries. Investments in unconsolidated subsidiaries comprise:

(a) investments in subsidiaries in separate financial statements accounted for using the equity method in accordance with paragraph 10(c) of AASB 127;

Authorised Version F2026L01489 registered 10/11/2026

(b) investments in subsidiaries held by an investment entity that are measured at fair value through profit or loss in accordance with paragraph 31 of AASB 10 and paragraph 11A of AASB 127; and

(c) investments in subsidiaries in separate financial statements that are accounted for at cost applying paragraph 10(a) of AASB 127 or in accordance with AASB 9 applying paragraph 10(b) of AASB 127.

Assets that generate a return individually and largely independently of the entity's other resources

B45 Paragraph 57H(c) requires an entity to identify assets that generate a return individually and largely independently of the entity's other resources. The return could be positive or negative.

B46 Assets that generate a return individually and largely independently of the entity's other resources in paragraph 57H(c) typically include:

(a) debt or equity investments; and

(b) investment properties, and receivables for rent generated by those properties.

B47 Income and expenses specified in paragraph 57I from such assets typically include:

(a) interest;

(b) dividends;

(c) rental income;

(d) depreciation;

(e) impairment losses and reversals of impairment losses;

(f) fair value gains and losses; and

(g) income and expenses from the derecognition of the asset, or its classification and remeasurement as held for sale (see paragraphs B60–B64).

Assets that do not generate a return individually and largely independently of the entity's other resources

B48 Assets that an entity uses in combination to produce or supply goods or services do not generate a return individually and largely independently of the entity's other resources. Such assets typically include:

(a) property, plant and equipment;

(b) assets that arise from the production or supply of goods and services for which the income and expenses are classified in the operating category (for example, receivables for such goods and services); and

(c) if the entity provides financing to customers as a main business activity, any loans to a customer.

B49 Income and expenses from the assets described in paragraph B48 are classified in the operating category – for example:

(a) revenue for goods or services produced or supplied by the entity using a combination of assets;

(b) interest income;

(c) depreciation and amortisation;

(d) impairment losses and reversals of impairment losses;

(e) income and expenses from the derecognition of the asset, or its classification and remeasurement as held for sale (see paragraphs B60–B64); and

(f) income and expenses arising on a business combination that includes assets that will give rise to income and expenses that will be classified in the operating category, such as a gain on a bargain purchase and remeasurements of contingent consideration.

Authorised Version F2026L01489 registered 10/11/2026

Financing

Liabilities arising from transactions that involve only the raising of finance

B50 Paragraph 57N(a) requires an entity to identify liabilities that arise from transactions that involve only the raising of finance. In such transactions, an entity:

(a) receives finance in the form of cash, or an extinguishment of a financial liability, or receipt of the entity's own equity instruments; and

(b) at a later date, will return in exchange cash or its own equity instruments.

B51 Liabilities arising from transactions that involve only the raising of finance include:

(a) a debt instrument that will be settled in cash, such as debentures, loans, notes, bonds and mortgages – an entity receives cash and will return cash in exchange;

(b) a liability under a supplier finance arrangement when the payable for goods or services is derecognised – an entity is discharged of the financial liability for the goods or services and will return cash in exchange;

(c) a bond that will be settled through delivery of an entity's shares – an entity receives cash and will return its own equity instruments in exchange; and

(d) an obligation for an entity to purchase its own equity instruments – an entity receives its own equity instruments and will return cash in exchange.

B52 Examples of income and expenses from such liabilities that paragraph 57O requires an entity to classify in the financing category include:

(a) interest expenses (for example, on debt instruments issued);

(b) fair value gains and losses (for example, on a liability designated at fair value through profit or loss);

(c) dividends on issued shares classified as liabilities; and

(d) income and expenses from the derecognition of the liability (see paragraph B61).

Liabilities arising from transactions that do not involve only the raising of finance

B53 Paragraph 57N(b) requires an entity to identify liabilities that arise from transactions that do not involve only the raising of finance. Such liabilities include:

(a) payables for goods or services that will be settled in cash – an entity receives goods or services, not finance in the form described in paragraph B50(a);

(b) contract liabilities – an entity will return goods and services, not cash or its own equity instruments as described in paragraph B50(b);

(c) lease liabilities – an entity receives a right-of-use asset, not finance in the form described in paragraph B50(a);

(d) defined benefit pension liabilities – an entity receives employee services, not finance in the form described in paragraph B50(a);

(e) decommissioning or asset restoration provisions – an entity receives an asset that is not finance in the form described in paragraph B50(a); and

(f) a litigation provision – an entity does not receive finance as described in paragraph B50(a).

B54 Examples of income and expenses from such liabilities that paragraph 57P requires an entity to classify in the financing category include:

(a) interest expenses on payables arising from the purchase of goods or services, applying AASB 9;

(b) interest expenses on a contract liability with a significant financing component as specified by AASB 15;

(c) interest expenses on a lease liability, applying AASB 16 *Leases*;

Authorised Version F2026L01489 registered 10/11/2026

(d) net interest expense (income) on a net defined benefit liability (asset), applying AASB 119 *Employee Benefits*; and

(e) the increase in the discounted amount of a provision arising from the passage of time and the effect of any change in the discount rate on provisions, applying AASB 137.

B55 Examples of income and expenses that arise from transactions that do not involve only the raising of finance but that are not in the scope of paragraph 57P, and accordingly are classified in the operating category, include:

(a) expenses recognised for consumption of the purchased goods or services described in paragraph B54(a);

(b) current and past service cost arising from a defined benefit plan, applying AASB 119; and

(c) remeasurements of the fair value of a liability for contingent consideration in a business combination recognised applying AASB 3 *Business Combinations*.

Classification of income and expenses from hybrid contracts containing a host that is a liability

B56 How an entity classifies income and expenses from a hybrid contract with a host that is a liability depends on whether the embedded derivative is separated from the host contract. If the embedded derivative:

(a) is separated from the host liability:

(i) for the separated host liability – an entity applies the requirements for income and expenses from liabilities, as specified in paragraphs 57G, 57N–57P, 57S(b) and 57T–57U; and

(ii) for the separated embedded derivative – an entity applies the requirements for income and expenses from derivatives, as specified in paragraphs B70–B76;

(b) is not separated from the host liability and if the hybrid contract arises from a transaction that involves only the raising of finance – an entity applies the requirements for liabilities that arise from such transactions, as specified in paragraphs 57G, 57O and 57T–57U;

(c) is not separated from the host liability and if the hybrid contract does not arise from a transaction that involves only the raising of finance:

(i) if the host liability is a financial liability within the scope of AASB 9 that is measured at amortised cost – an entity classifies in the financing category income and expenses specified in paragraph 57O from the contract after initial recognition (instead of the income and expenses specified in paragraph 57P) (see paragraph B59);

(ii) if the hybrid contract is an insurance contract within the scope of AASB 17 *Insurance Contracts* – an entity applies the requirements in paragraphs 57G and 57S(b); and

(iii) otherwise – an entity applies the requirements for income and expenses from liabilities that arise from such transactions, as specified in paragraphs 57G and 57P.

B57 An entity shall apply paragraphs B56(b) and B56(c) to all hybrid contracts containing a host liability for which the embedded derivative is not separated, regardless of whether the embedded derivative is not separated by the entity applying paragraph 4.3.3 of AASB 9 or applying paragraph 4.3.5 of AASB 9.

Liabilities arising from issued investment contracts with participation features

B58 Paragraph 57S(a) sets out requirements for income and expenses from liabilities arising from issued investment contracts with participation features recognised applying AASB 9. Examples of such investment contracts are:

(a) an investment contract with participation features issued by an insurer that does not meet the definition in AASB 17 of an investment contract with discretionary participation features; and

(b) an investment contract with participation features issued by an investment entity.

Authorised Version F2026L01489 registered 10/11/2026

Income and expenses classified in the operating category by an entity that provides financing to customers as a main business activity

B59 Paragraph 57T requires an entity that provides financing to customers as a main business activity to classify in the operating category income and expenses from some or all liabilities that arise from transactions that involve only the raising of finance. An entity shall also apply the requirements in that paragraph to income and expenses from a derivative relating to a transaction that involves only the raising of finance specified in paragraph B73(a), but not to the income and expenses from a hybrid contract specified in paragraph B56(c)(i).

Derecognition and changes in classification

Derecognition of an asset or liability, or classification and remeasurement of an asset as held for sale

B60 Paragraphs B47(g) and B49(e) refer to income and expenses from the derecognition of an asset, or its classification as held for sale. An entity shall classify income and expenses on the derecognition of an asset, or its classification as held for sale and any subsequent measurement while held for sale, in the same category as it classified the income and expenses from the asset immediately before its derecognition. For example, an entity shall classify gains and losses:

(a) on the disposal of property, plant and equipment – in the operating category;

(b) on the disposal of an investment property that an entity does not invest in as a main business activity – in the investing category; and

(c) from the remeasurement of an investment in an associate previously accounted for using the equity method on the step acquisition of a subsidiary – in the investing category.

B61 An entity shall classify income and expenses from the derecognition of a liability by applying the requirements in paragraphs 57G and 57N–57O. For example, the entity classifies income and expenses from the derecognition of a liability:

(a) in the financing category – if the liability arises from a transaction that involves only the raising of finance by an entity that does not provide financing to customers as a main business activity; and

(b) in the operating category – if as part of a supplier finance arrangement an entity derecognises a payable to a supplier and recognises a liability under that arrangement.

Change in use of an asset

B62 A transaction or other event might change the category in the statement of profit or loss in which an entity classifies income and expenses from an asset, without the asset being derecognised. In such cases, an entity shall classify the income and expenses from the transaction or other event in the category in which it classified income and expenses from the asset immediately before the transaction or event. For example, an entity shall classify in the operating category any income or expenses recognised in the statement of profit or loss on the transfer of property from the scope of AASB 116 *Property, Plant and Equipment* to investment property in the scope of AASB 140 *Investment Property*.

Groups of assets and liabilities

B63 Paragraphs B60–B62 set out requirements for income and expenses from an asset or liability from its derecognition, classification and subsequent measurement while held for sale, or from its change in use. A transaction or other event might result in these outcomes for a group of assets (or a group of assets and liabilities) that generated income and expenses that an entity classified in different categories immediately before the transaction or other event. An entity shall classify income or expenses from such a transaction or other event:

(a) in the investing category if, other than any income tax assets, all the assets in the group generated income and expenses that the entity classified in the investing category immediately before the transaction or other event; and

(b) in the operating category otherwise.

Authorised Version F2026L01489 registered 10/11/2026

B64 For example, an entity classifies:

(a) in the operating category – gains and losses on the disposal of a consolidated subsidiary, if the subsidiary included assets that generated income and expenses that the entity classified in the operating category immediately before the disposal. The gains and losses include the reclassification from equity to profit or loss of foreign exchange differences required by paragraph 48 of AASB 121 *The Effects of Changes in Foreign Exchange Rates*.

(b) in the operating category – an impairment loss arising on the classification of a disposal group as held for sale by the entity applying AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*, if the disposal group included assets that generated income and expenses that the entity classified in the operating category immediately before its classification as held for sale.

(c) in the investing category – gains and losses on disposal of a consolidated subsidiary, if the only assets of the subsidiary were investment property that the consolidated reporting entity did not invest in as a main business activity and related income tax assets. The gains and losses include the reclassification from equity to profit or loss of foreign exchange differences required by paragraph 48 of AASB 121.

Classification of foreign exchange differences and the gain or loss on the net monetary position

B65 To apply paragraph 57A, an entity shall classify foreign exchange differences included in the statement of profit or loss applying AASB 121 in the same category as the income and expenses from the items that gave rise to the foreign exchange differences, unless doing so would involve undue cost or effort (see paragraph B68).

B66 For example, an entity classifies foreign exchange differences on:

(a) a receivable described in paragraph B48(b) denominated in a foreign currency, in the same category as the income and expenses from that asset – that is, in the operating category; and

(b) a debt instrument that is a liability described in paragraph B51(a) denominated in a foreign currency, in the same category as the income and expenses on that liability – that is, in the financing category (unless the entity provides financing to customers as a main business activity and classifies the income and expenses from the liability in the operating category applying paragraph 57T).

B67 An entity might classify in more than one category income and expenses from a transaction that does not involve only the raising of finance. For example, the purchase of services in a transaction denominated in a foreign currency and negotiated on extended credit terms could give rise to an expense for the purchase of the services classified in the operating category (see paragraph B55(a)) and interest expenses classified in the financing category (see paragraph B54(a)). In such cases, subject to paragraph B68, an entity shall use its judgement to determine whether the foreign exchange difference relates to the amount classified in the financing category – and classify it in that category – or whether it relates to the amount classified in another category – and classify it in that category. An entity shall not allocate between categories a foreign exchange difference arising on a liability from a transaction that does not involve only the raising of finance. In making its judgements about how to classify the foreign exchange differences, an entity need not classify in the same category the foreign exchange differences on all such liabilities. However, an entity shall classify in the same category foreign exchange differences on similar liabilities.

B68 If applying the requirements in paragraphs B65 and B67 would involve undue cost or effort, an entity shall instead classify the affected foreign exchange differences in the operating category. An entity shall assess whether classifying foreign exchange differences as described in paragraphs B65 and B67 involves undue cost or effort for each item that gives rise to foreign exchange differences. The assessment is specific to the facts and circumstances related to each item. If the same facts and circumstances relate to a number of items, an entity could apply the same assessment to each of the items.

B69 Applying paragraph 28 of AASB 129 *Financial Reporting in Hyperinflationary Economies*, an entity might present the gain or loss on the net monetary position with other income and expense items associated with the net monetary position, such as interest income and expenses and foreign exchange differences. If the entity does not present the gain or loss on the net monetary position with the associated income and expenses, it shall classify the gain or loss in the operating category.

Authorised Version F2026L01489 registered 10/11/2026

Classification of gains and losses on derivatives and designated hedging instruments

B70 Paragraph 57A requires an entity to classify income and expenses in categories in the statement of profit or loss. To apply paragraph 57A, an entity shall classify gains and losses included in the statement of profit or loss on a financial instrument designated as a hedging instrument applying AASB 9 in the same category as the income and expenses affected by the risks the financial instrument is used to manage. However, if doing so would require the grossing up of gains and losses, an entity shall classify all such gains and losses in the operating category (see paragraphs B74–B75).

B71 An entity shall classify gains and losses on an undesignated component of a designated hedging instrument in the same category as gains and losses on the designated component. An entity shall classify ineffective portions of a gain or loss in the same category as the effective portions.

B72 An entity shall also apply the requirements in paragraph B70 to gains and losses on a derivative that is not designated as a hedging instrument applying AASB 9, but is used to manage identified risks. However, if doing so would require the grossing up of gains or losses (see paragraphs B74–B75) or involve undue cost or effort, the entity shall instead classify all gains and losses on the derivative in the operating category.

B73 An entity shall classify gains and losses on a derivative that is not used to manage identified risks:

(a) in the financing category, if the derivative relates to a transaction that involves only the raising of finance (for example, a purchased call option that allows the issuing entity to exchange a fixed amount of a foreign currency for a fixed number of the entity's equity instruments), unless the entity that provides financing to customers as a main business activity classifies the gains and losses in the operating category applying paragraph B59; and

(b) in the operating category, if the conditions in (a) are not met.

B74 Paragraphs B70 and B72 prohibit the grossing up of gains and losses on financial instruments designated as hedging instruments and derivatives not designated as hedging instruments. The grossing up of gains and losses might arise from situations in which:

(a) an entity uses such financial instruments to manage the risks of a group of items with offsetting risk positions (see paragraph 6.6.1 of AASB 9 for the criteria for a group of items to be an eligible hedged item); and

(b) the risks managed affect line items in more than one category of the statement of profit or loss.

B75 For example, an entity may use a derivative to manage both the net foreign currency risk on revenue (classified in the operating category) and interest expenses (classified in the financing category). In such cases, the foreign exchange differences on the revenue are offset by the foreign exchange differences on the interest expenses and the gains or losses on the derivative. However, the entity classifies the foreign exchange differences on the revenue in a different category from the foreign exchange differences on the interest expenses. To present the gain or loss on the derivative in each category, an entity would need to present in each category a larger gain or loss than occurred on the derivative. Applying the requirements in paragraphs B70–B73, an entity shall not gross up the gains or losses in this manner and instead shall classify any gain or loss on the derivative in the operating category.

B76 The requirements in paragraphs B70–B75 specify only how to classify income and expenses into categories of the statement of profit or loss. They do not prescribe the line item (or line items) in which to include such income and expenses, nor do they override the requirements in other Australian Accounting Standards.

Items to be presented in the statement of profit or loss or disclosed in the notes

B77 An entity may be required to present a line item listed in paragraph 57AD, or specified in another Australian Accounting Standard, in more than one of the categories listed in paragraph 57A. For example, an entity that does not invest in assets or provide financing to customers as a main business activity may be required to present the line item specified in paragraph 57AD(b)(ii) of impairment losses determined in accordance with Section 5.5 of AASB 9 in:

Authorised Version F2026L01489 registered 10/11/2026

(a) the operating category – if it relates to receivables for goods and services as described in paragraph B48(b); and

(b) the investing category – if it relates to financial assets that generate a return individually and largely independently of the entity's other resources as described in paragraph B46.

B78 Paragraphs 21(c) and 30I require an entity to present additional line items in the statement of profit or loss if doing so is necessary to provide a useful structured summary of the entity's income and expenses. An entity uses its judgement to make this determination (including whether it is necessary to disaggregate the line items listed in paragraph 57AD). Paragraph 21(d) requires an entity to disaggregate items to disclose material information in the notes. An entity also uses its judgement to make this determination. Paragraph 21 requires the entity to base its judgements on an assessment of whether the items have characteristics that are shared (similar characteristics) or characteristics that are not shared (dissimilar characteristics). Such characteristics include:

(a) nature (see paragraph 58C);

(b) function (role) within the entity's business activities (see paragraph 58D);

(c) persistence (including the frequency of the item of income or expense or whether it is recurring or non-recurring);

(d) measurement basis;

(e) measurement uncertainty or outcome uncertainty (or other risks associated with an item);

(f) size;

(g) geographical location or regulatory environment;

(h) tax effects (for example, if different tax rates apply to items of income or expense); and

(i) whether the income or expenses arise on initial recognition of a transaction or event or from a subsequent change in estimate relating to the transaction or event.

B79 Income and expenses that might have sufficiently dissimilar characteristics that presentation in the statement of profit or loss is necessary to provide a useful structured summary or disclosure in the notes is necessary to provide material information include:

(a) write-downs of inventories, as well as reversals of such write-downs;

(b) impairment losses for property, plant and equipment, as well as reversals of such impairment losses;

(c) income and expenses from restructurings of an entity's activities and reversals of any provisions for restructuring;

(d) income and expenses from disposals of property, plant and equipment;

(e) income and expenses from disposals of investments;

(f) income and expenses from litigation settlements;

(g) reversals of provisions; and

(h) non-recurring income and expenses not included in (a)–(g).

Presentation and disclosure of expenses classified in the operating category

Use of characteristics of nature and function

B80 In determining how to use the characteristics of nature and function to provide the most useful structured summary as required by paragraph 58, an entity shall consider:

(a) what line items provide the most useful information about the main components or drivers of the entity's profitability. For example, for a retail entity a main component or driver of profitability might be cost of sales. Presenting a cost of sales line item might provide relevant information about whether the revenue generated from the sale of goods covers what, for retailers, are mainly direct costs, and by what margin. However, cost of sales is unlikely to provide relevant information about the important components or drivers of profitability if the link between revenue and costs is less direct. For example, for some service entities, information about operating expenses classified by nature, such as

Authorised Version F2026L01489 registered 10/11/2026

employee benefits, might be more relevant to users of financial statements because these expenses are the main drivers of profitability.

(b) what line items most closely represent the way the business is managed and how management reports internally. For example, a manufacturing entity managed on the basis of major functions might classify expenses by function for internal reporting purposes. In contrast, an entity that has a single predominant function, such as providing financing to customers, might determine that line items comprising expenses classified by nature provide the most useful information for internal reporting purposes.

(c) what standard industry practice entails. If expenses are classified in the same way by entities in an industry, users of financial statements can more easily compare expenses between entities in the same industry.

(d) whether the allocation of particular expenses to functions would be arbitrary to the extent that the line items presented would not provide a faithful representation of the functions. In such cases, an entity shall classify these expenses by nature.

AusB80.1 For the purposes of paragraph B80(a), a not-for-profit entity applying paragraph 58 shall consider what line items provide the most useful information to users of financial statements about its operations or principal activities.

B81 In some cases, an entity considering the factors set out in paragraph B80 could determine that classifying and presenting some expenses by nature and other expenses by function provides the most useful structured summary. For example:

(a) the factors in paragraphs B80(a)–(b) might indicate that classifying and presenting expenses by function provides the most useful structured summary, except for particular expenses for which the allocation to functions would be arbitrary (see paragraph B80(d)); and

(b) an entity having two different types of main business activities might classify and present some expenses by function and other expenses by nature to provide information about the main drivers of its profitability.

B82 If an entity classifies and presents some expenses by nature and other expenses by function in the statement of profit or loss, it shall label the resulting line items in a way that clearly identifies what expenses are included in each line item. For example, if an entity includes some employee benefits in a function line item and other employee benefits in a nature line item, the label for the nature line item would clearly identify that it does not include all employee benefits (for example, 'employee benefits other than those included in cost of sales').

B83 Applying paragraph 17, an entity shall classify and present expenses consistently from one reporting period to the next unless paragraphs 17(a) or 17(b) apply. For example, if an entity presents impairment of goodwill as a nature line item in one reporting period, it shall also present any similar impairment of goodwill as a nature line item in subsequent reporting periods unless paragraphs 17(a) or 17(b) apply. If there is no similar impairment of goodwill in a subsequent period, the fact that there is an expense of nil in that subsequent period does not constitute a change in classification and presentation.

B84 If an entity presents expenses by nature, the amounts presented need not be the amounts recognised as an expense in the period. They could include amounts that have been recognised as part of the carrying amount of an asset. If an entity:

(a) presents amounts that are not the amounts recognised as an expense in the period, it will also present an additional line item for the change in the carrying amount of the affected assets. For example, applying paragraph 39 of AASB 102 *Inventories*, an entity might present a line item for changes in inventories of finished goods and work in progress.

(b) [Not included]

Aggregation of operating expenses

B85 To apply paragraph 58, an entity shall consider what level of aggregation for operating expenses provides the most useful structured summary. For example, an entity might have various administrative activities (such as human resources, information technology, legal and accounting). To provide a useful structured summary, the entity might aggregate operating expenses relating to those activities based on their shared characteristic – all are expenses for resources consumed in administrative activities. Accordingly the entity might present them in a line item labelled as 'administrative expenses'. The entity might also have expenses for resources consumed in selling

Authorised Version F2026L01489 registered 10/11/2026

activities. These expenses have a dissimilar characteristic from the administrative expenses – selling expenses arise from resources consumed in selling activities and administrative expenses arise from resources consumed in administrative activities. These characteristics are sufficiently dissimilar that disaggregation – presentation in separate line items for selling expenses and administrative expenses – might be necessary to provide a useful structured summary of the entity's expenses.

Statement presenting comprehensive income

Other comprehensive income

B86 Some Australian Accounting Standards specify circumstances when an entity includes particular items outside the statement of profit or loss in the current reporting period. AASB 108 *Basis of Preparation of Financial Statements* specifies two such circumstances: the correction of errors and the effect of changes in accounting policies. Other Australian Accounting Standards require or permit an entity to exclude from profit or loss components of other comprehensive income that meet the *Conceptual Framework for Financial Reporting*'s definition of income or expenses (see paragraph B87).

AusCFB86 Notwithstanding paragraph B86, in respect of AusCF entities, some Australian Accounting Standards specify circumstances when an entity includes particular items outside the statement of profit or loss in the current reporting period. AASB 108 specifies two such circumstances: the correction of errors and the effect of changes in accounting policies. Other Australian Accounting Standards require or permit an entity to exclude from profit or loss components of other comprehensive income that meet the *Framework*'s[AusCF2] definition of income or expenses (see paragraph B87).

B87 Appendix A defines 'other comprehensive income'. The components of other comprehensive income include:

(a) changes in revaluation surplus (see AASB 116 and AASB 138 *Intangible Assets*);

(b) remeasurements of defined benefit plans (see AASB 119);

(c) gains and losses arising from translating the financial statements of a foreign operation (see AASB 121);

(d) gains and losses from investments in equity instruments designated at fair value through other comprehensive income in accordance with paragraph 5.7.5 of AASB 9;

(e) gains and losses on financial assets measured at fair value through other comprehensive income in accordance with paragraph 4.1.2A of AASB 9;

(f) the effective portion of gains and losses on hedging instruments in a cash flow hedge and the gains and losses on hedging instruments that hedge investments in equity instruments designated at fair value through other comprehensive income in accordance with paragraph 5.7.5 of AASB 9 (see Chapter 6 of AASB 9);

(g) for particular liabilities designated as at fair value through profit or loss, the amount of the change in fair value that is attributable to changes in the liability's credit risk (see paragraph 5.7.7 of AASB 9);

(h) changes in the value of the time value of options when separating the intrinsic value and time value of an option contract and designating as the hedging instrument only the changes in the intrinsic value (see Chapter 6 of AASB 9);

(i) changes in the value of the forward elements of forward contracts when separating the forward element and spot element of a forward contract and designating as the hedging instrument only the changes in the spot element, and changes in the value of the foreign currency basis spread of a financial instrument when excluding it from the designation of that financial instrument as the hedging instrument (see Chapter 6 of AASB 9);

(j) insurance finance income and expenses from contracts issued within the scope of AASB 17 excluded from profit or loss when total insurance finance income or expenses is disaggregated to include in profit or loss an amount determined by a systematic allocation applying paragraph 88(b) of AASB 17, or by an amount that eliminates accounting mismatches with the finance income or expenses arising on the underlying items, applying paragraph 89(b) of AASB 17; and

AusCF2 The *Framework for the Preparation and Presentation of Financial Statements* was amended by the AASB in December 2013.

Authorised Version F2026L01489 registered 10/11/2026

(k) finance income and expenses from reinsurance contracts held excluded from profit or loss when total reinsurance finance income or expenses is disaggregated to include in profit or loss an amount determined by a systematic allocation, applying paragraph 88(b) of AASB 17.

B88–B89 [Not included]

Statement of financial position

Classification of assets and liabilities as current or non-current

B90 In applying paragraph 37, when an entity supplies goods or services within a clearly identifiable operating cycle, separate classification of current and non-current assets and liabilities in the statement of financial position provides useful information by distinguishing the net assets that are continuously circulating as working capital from those used in the entity's long-term operations. Such separate classification also highlights assets that an entity expects to realise within the current operating cycle and liabilities that are due for settlement within the same period.

B91 For some entities, such as financial institutions, a presentation of assets and liabilities in increasing or decreasing order of liquidity provides a more useful structured summary than a current/non-current presentation because the entity does not supply goods or services within a clearly identifiable operating cycle.

B92 In applying paragraph 37, an entity is permitted to present some of its assets and liabilities using a current/non-current classification and others in order of liquidity when doing so provides a more useful structured summary. The need for a mixed basis of presentation might arise when an entity has diverse operations.

B93 [Not included]

Current assets

B94 Paragraph 39 requires an entity to classify as non-current all assets not classified as current. This Standard uses the term 'non-current' to include tangible, intangible and financial assets of a long-term nature. It does not prohibit the use of alternative descriptions as long as the meaning is clear.

B95 The operating cycle of an entity is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. When an entity's normal operating cycle is not clearly identifiable, it is assumed to be 12 months. Current assets include assets (such as inventories and trade receivables) that are sold, consumed or realised as part of the normal operating cycle even when they are not expected to be realised within 12 months after the reporting period. Current assets also include assets held primarily for the purpose of trading (examples include some financial assets that meet the definition of held for trading in AASB 9) and the current portion of non-current financial assets.

Current liabilities

Normal operating cycle (see paragraph 40(a))

B96 Some current liabilities, such as trade payables and some accruals for employee and other operating costs, are part of the working capital used in an entity's normal operating cycle. An entity classifies such items as current liabilities even if they are due to be settled more than 12 months after the reporting period. The same normal operating cycle applies to the classification of the entity's assets and liabilities. When the entity's normal operating cycle is not clearly identifiable, it is assumed to be 12 months.

Held primarily for the purpose of trading (see paragraph 40(b)) or due to be settled within 12 months (see paragraph 40(c))

B97 Other current liabilities are not settled as part of the normal operating cycle, but are due for settlement within 12 months after the reporting period or held primarily for the purpose of trading.

Authorised Version F2026L01489 registered 10/11/2026

Examples are some financial liabilities that meet the definition of held for trading in AASB 9, bank overdrafts, and the current portion of non-current financial liabilities, dividends payable, income taxes and other non-trade payables. Financial liabilities that provide financing on a long-term basis (that is, are not part of the working capital used in the entity's normal operating cycle) and are not due for settlement within 12 months after the reporting period are non-current liabilities, subject to paragraphs B99–B103.

B98 An entity classifies its financial liabilities as current when they are due to be settled within 12 months after the reporting period, even if:

(a) the original term was for a period longer than 12 months; and

(b) an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the financial statements are authorised for issue.

Right to defer settlement for at least 12 months (paragraph 40(d))

B99 An entity's right to defer settlement of a liability for at least 12 months after the reporting period must have substance and, as illustrated in paragraphs B100–B103, must exist at the end of the reporting period.

B100 An entity's right to defer settlement of a liability arising from a loan arrangement for at least 12 months after the reporting period may be subject to the entity complying with conditions specified in that loan arrangement (hereafter referred to as 'covenants'). For the purposes of applying paragraph 40(d), such covenants:

(a) affect whether that right exists at the end of the reporting period – as illustrated in paragraphs B102–B103 – if an entity is required to comply with the covenant on or before the end of the reporting period. Such a covenant affects whether the right exists at the end of the reporting period even if compliance with the covenant is assessed only after the reporting period (for example, a covenant based on the entity's financial position at the end of the reporting period but assessed for compliance only after the reporting period).

(b) do not affect whether that right exists at the end of the reporting period if an entity is required to comply with the covenant only after the reporting period (for example, a covenant based on the entity's financial position six months after the end of the reporting period).

B101 If an entity has the right, at the end of the reporting period, to roll over an obligation for at least 12 months after the reporting period under an existing loan facility, it classifies the obligation as non-current, even if it would otherwise be due within a shorter period. If the entity has no such right, the entity does not consider the potential to refinance the obligation and classifies the obligation as current.

B102 When an entity breaches a covenant of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand, it classifies the liability as current, even if the lender agreed, after the reporting period and before the authorisation of the financial statements for issue, not to demand payment as a consequence of the breach. The entity classifies the liability as current because, at the end of the reporting period, it does not have the right to defer its settlement for at least 12 months after that date.

B103 However, an entity classifies the liability as non-current if the lender agreed by the end of the reporting period to provide a period of grace ending at least 12 months after the reporting period, within which the entity can rectify the breach and during which the lender cannot demand immediate repayment.

B104 Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least 12 months after the reporting period. If a liability meets the criteria in paragraphs 40–41 for classification as non-current, it is classified as non-current even if management intends or expects the entity to settle the liability within 12 months after the reporting period, or even if the entity settles the liability between the end of the reporting period and the date the financial statements are authorised for issue. However, in either of those circumstances, the entity may need to disclose information about the timing of settlement to enable users of financial statements to understand the impact of the liability on the entity's financial position (see paragraphs 6C(c) of AASB 108 and B105(d)).

B105 If the following events occur between the end of the reporting period and the date the financial statements are authorised for issue, those events are disclosed as non-adjusting events in accordance with AASB 110 *Events after the Reporting Period*:

Authorised Version F2026L01489 registered 10/11/2026

(a) refinancing on a long-term basis of a liability classified as current (see paragraph B98);

(b) rectification of a breach of a long-term loan arrangement classified as current (see paragraph B102);

(c) the granting by the lender of a period of grace to rectify a breach of a long-term loan arrangement classified as current (see paragraph B103); and

(d) settlement of a liability classified as non-current (see paragraph B104).

B106 [Not included]

Settlement (paragraphs 40(a), 40(c) and 40(d))

B107 For the purpose of classifying a liability as current or non-current, settlement refers to a transfer to the counterparty that results in the extinguishment of the liability. The transfer could be of:

(a) cash or other economic resources – for example, goods or services; or

(b) the entity's own equity instruments, unless paragraph B108 applies.

B108 Terms of a liability that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments do not affect its classification as current or non-current if, applying AASB 132 *Financial Instruments: Presentation*, the entity classifies the option as an equity instrument, recognising it separately from the liability as an equity component of a compound financial instrument.

Items to be presented in the statement of financial position or disclosed in the notes

B109 Paragraphs 21(c) and 30I require an entity to present additional line items in the statement of financial position if doing so is necessary to provide a useful structured summary of the entity's assets, liabilities and equity. An entity uses its judgement to make this determination (including whether it is necessary to disaggregate the line items listed in paragraph 35). Paragraph 21 requires the entity to base its judgements on an assessment of whether the items have characteristics that are shared (similar characteristics) or characteristics that are not shared (dissimilar characteristics). For additional line items for assets and liabilities, an entity bases its judgements on an assessment of the nature or function of the assets or liabilities. The characteristics listed in paragraphs B110(c)–(k) might assist an entity in identifying the nature or function of assets and liabilities.

B110 Paragraph 21(d) requires an entity to disaggregate items to disclose material information in the notes. An entity uses its judgement to do this based on an assessment of whether the items have characteristics that are shared (similar characteristics) or characteristics that are not shared (dissimilar characteristics). Such characteristics include:

(a) nature;

(b) function (role) in the entity's business activities;

(c) duration and timing of recovery or settlement (including whether an asset or liability is classified as current or non-current or whether its recovery or settlement forms part of the entity's operating cycle);

(d) liquidity;

(e) measurement basis;

(f) measurement uncertainty or outcome uncertainty (or other risks associated with an item);

(g) size;

(h) geographical location or regulatory environment;

(i) type, for example, the type of good, service or customer;

(j) tax effects – for example, if assets or liabilities have different tax bases; and

(k) restrictions on the use of an asset or on the transferability of a liability.

B111 Assets, liabilities and items of equity that might have sufficiently dissimilar characteristics that presentation in the statement of financial position is necessary to provide a useful structured summary or disclosure in the notes is necessary to provide material information include:

(a) property, plant and equipment disaggregated into classes in accordance with AASB 116;

Authorised Version F2026L01489 registered 10/11/2026

(b) receivables disaggregated into amounts receivable from trade customers, amounts receivable from related parties, prepayments and other amounts;

(c) inventories disaggregated, applying AASB 102, into items such as merchandise, production supplies, materials, work in progress and finished goods;

(d) trade payables disaggregated, applying AASB 107 *Statement of Cash Flows*, to provide separately the amounts of those payables that are part of supplier finance arrangements;

(e) provisions disaggregated according to their nature, such as, provisions for employee benefits, decommissioning liabilities, or other items; and

(f) equity capital and reserves disaggregated into various classes, such as paid-in capital, share premium and reserves.

Notes

Structure

B112 Paragraph 92 requires an entity to present notes in a systematic manner, so far as is practicable. Examples of systematic ordering or grouping of the notes include:

(a) giving prominence to the areas of its activities that an entity considers to be most important to an understanding of its financial performance and financial position, such as grouping together information about particular business activities;

(b) grouping together information about items measured similarly such as assets measured at fair value; or

(c) following the order of the line items in the statement(s) of financial performance and the statement of financial position, such as:

(i) statement of compliance with Australian Accounting Standards – Simplified Disclosures (see paragraph 10);

(ii) material accounting policy information (see paragraph 95);

(iii) supporting information for items presented in the statement of financial position, the statement(s) of financial performance, the statement of changes in equity and the statement of cash flows, in the order in which each statement is provided and each line item is presented; and

(iv) other disclosures, including:

(1) contingent liabilities (see paragraph 154) and unrecognised contractual commitments; and

(2) non-financial disclosures.

Management-defined performance measures

B113–
B142 [Not included]

Amendments to AASB 18

35 Appendix E is added as follows:

Appendix E
Australian simplified disclosures for Tier 2 entities

This Appendix is an integral part of the Standard.

AusE1 This Standard does not apply to entities preparing general purpose financial statements that apply AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*.

Authorised Version F2026L01489 registered 10/11/2026

Amendments to AASB 108

36 Paragraph AusA1 of Appendix A is amended as follows:

Appendix A
Australian simplified disclosures for Tier 2 entities

…

AusA1 ~~**Paragraphs 28–31, 39–40 and 49**~~ **The following do not apply to entities preparing general purpose financial statements that apply AASB 1060** ***General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities***~~.~~**:**

(a) **paragraphs 6A–6C, 6E–AusCF6J, 27A–31I, 39–40 and 49; and**

(b) **in paragraph 6K, the third and fourth sentences, commencing with "When management is aware, …".**

Commencement of the legislative instrument

37 For legal purposes, this legislative instrument commences on 30 June 2030.

Authorised Version F2026L01489 registered 10/11/2026

Basis for Conclusions

This Basis for Conclusions accompanies, but is not part of, AASB 2026-6 Amendments to Australian Accounting Standards – Tier 2 Classification and Presentation.

Introduction

BC1 This Basis for Conclusions summarises the Australian Accounting Standards Board's considerations in reaching the conclusions in AASB 2026-6 *Amendments to Australian Accounting Standards – Tier 2 Classification and Presentation*. It sets out the reasons why the Board developed the Standard, the approach taken to develop it and the bases for the key decisions made. In making decisions, individual Board members gave greater weight to some factors than to others.

Background

Tier 1 amendments

BC2 In June 2024, the Board issued AASB 18 *Presentation and Disclosure in Financial Statements* to replace AASB 101 *Presentation of Financial Statements*. AASB 18 introduces new classification and presentation requirements and new disclosure requirements. It also clearly defines the roles of the primary financial statements and distinguishes between presentation of information in the financial statements versus disclosure in the notes to the financial statements. In addition, AASB 18:

(a) updates the defined terms relevant to presentation and disclosures and moves them to Appendix A of the Standard;

(b) introduces a new structure that distinguishes between the main requirements and further application guidance in Appendix B (but noting that the application guidance has the same (mandatory) authority as the other parts of the Standard);

(c) makes consequential amendments to other Standards, including AASB 107 *Statement of Cash Flows*; and

(d) moves some paragraphs from AASB 101 to AASB 108 and renames AASB 108 from *Accounting Policies, Changes in Accounting Estimates and Errors* to *Basis of Preparation of Financial Statements*.

BC3 AASB 18 is effective for annual reporting periods beginning on or after 1 January 2027 for for-profit entities (other than superannuation entities applying AASB 1056 *Superannuation Entities*) preparing Tier 1 general purpose financial statements, with earlier application permitted. For not-for-profit private sector entities, not-for-profit public sector entities and superannuation entities applying AASB 1056, AASB 18 applies to annual reporting periods beginning on or after 1 January 2028. Earlier application is also permitted for these entities. See paragraphs BC32–BC36 for the impact of AASB 2026-4 *Amendments to Australian Accounting Standards – Application of AASB 18 and AASB 107 by Superannuation and Not-for-Profit Entities and Operating Cash Flow Reconciliation.*

AASB 18's new classification and presentation requirements

BC4 Under AASB 18, income and expenses in the statement of profit or loss are required to be classified into five categories – operating, investing, financing, income taxes and discontinued operations – of which three categories are new:

(a) operating category – all income and expenses from the entity's main business activities that are not classified in other categories;

(b) investing category – income and expenses from assets generating returns independently, such as rental income, dividends or interest revenue; and

(c) financing category – income and expenses directly related to raising finance, such as interest expense on borrowings or lease liabilities.

Authorised Version F2026L01489 registered 10/11/2026

BC5 The statement of profit or loss is also required to present two new subtotals:

(a) 'operating profit or loss' – includes all income and expenses classified in the operating category; and

(b) 'profit or loss before financing and income tax' – combines operating profit or loss and income and expenses classified in the investing category.

BC6 AASB 18 further introduces principles on grouping transactions and other events into the line items required to be presented in the primary financial statements, as well as guidance on labelling and describing those items. These principles require entities to:

(a) aggregate items that share characteristics and disaggregate items that have different characteristics;

(b) group items in a way that does not obscure material information or reduce the understandability of the information presented; and

(c) place items in the primary financial statements and the notes to fulfil their complementary roles.

BC7 AASB 18 also makes consequential amendments to AASB 107, which:

(a) require the indirect method of reporting cash flows from operating activities to use 'operating profit or loss' as the starting point, instead of 'profit or loss'; and

(b) mandate that dividends and interest received are classified as investing activities and dividends and interest paid as financing activities (ie this amendment removes the current accounting policy choice for classifying cash flows for interest and dividends) for most entities. For entities with specified main business activities, dividends received, interest received and interest paid are classified in a single category of the statement of cash flows (ie as cash flows from operating, investing or financing activities).

Relevance of AASB 18 requirements to AASB 1060

BC8 The Board has established a set of principles and a consistent approach to determining the presentation and disclosure requirements for Tier 2 entities preparing general purpose financial statements.

AASB principles for establishing the initial AASB 1060 requirements

BC9 The Board applied a bottom-up approach to disclosure simplification, starting with the disclosures required under the *IFRS for SMEs* Accounting Standard and tailoring them to fit the Australian context, while ensuring consistency with the recognition and measurement requirements of Tier 1 Australian Accounting Standards (AAS), which are aligned with the full IFRS Accounting Standards. AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* sets out all of the disclosure requirements applicable to Tier 2 entities, which are not required to comply with the disclosure requirements in other AAS.

BC10 As stated in AASB 1060 paragraph BC47, the Board did not intend to alter the presentation requirements or accounting treatments available under the full AAS when it developed AASB 1060. The general principle was to retain the presentation requirements of the full AAS.

BC11 To simplify the application of AASB 1060 for Tier 2 entities, the Board decided to replace Standards that exclusively addressed presentation and disclosure requirements with the corresponding requirements in AASB 1060 (see AASB 1060 paragraph BC54). These Standards were:

(a) AASB 7 *Financial Instruments: Disclosures*;

(b) AASB 12 *Disclosure of Interests in Other Entities*;

(c) AASB 101 *Presentation of Financial Statements*;

(d) AASB 107 *Statement of Cash Flows*; and

(e) AASB 124 *Related Party Disclosures*.

BC12 As AASB 1060 includes all mandatory presentation and disclosure requirements from the five Standards noted above, entities applying AASB 1060 do not need to comply with those Standards.[1] However, entities may refer to those Standards for guidance in complying with the AASB 1060 requirements, as the guidance was not included in AASB 1060 – see AASB 1060 paragraphs 2 and BC55.

1 Paragraphs 20B and 20C of AASB 1057 *Application of Australian Accounting Standards.*

Authorised Version F2026L01489 registered 10/11/2026

BC13 When drafting AASB 1060, the Board further applied the following principles in relation to the guidance provided by Standards whose presentation and disclosure requirements were incorporated in AASB 1060:

(a) guidance was included where it was also included in the *IFRS for SMEs* Accounting Standard;

(b) definitions from the replaced Standards were included in Appendix A; and

(c) paragraph 2 of AASB 1060 notes that entities are permitted to refer to the replaced Standards for further guidance.

Consideration of the impact of AASB 18 on AASB 1060

BC14 As AASB 18 introduces new classification and presentation requirements and will replace AASB 101, AASB 1060 needed to be amended to retain alignment of the presentation requirements for Tier 1 and Tier 2 entities.

BC15 AASB 18 has also relocated some paragraphs from AASB 101 to AASB 108. This change is relevant for AASB 1060 because:

(a) presentation requirements, related guidance and definitions from AASB 101 were included in AASB 1060 so that Tier 2 entities are not required to comply with AASB 101. However, presentation requirements and guidance from AASB 101 were included in AASB 1060 only to the extent that it is also included in the *IFRS for SMEs* Accounting Standard; and

(b) definitions and presentation requirements that are in AASB 108 continue to apply to Tier 2 entities. Tier 2 entities are only exempt from applying the disclosure requirements in AASB 108, which are listed in Appendix A of AASB 108.

BC16 Internationally, the IASB did not consider the effect of IFRS 18 in its second comprehensive review of the *IFRS for SMEs* Accounting Standard. However, it plans to address this topic in the next review of the Standard. The new Standard IFRS 19 *Subsidiaries without Public Accountability: Disclosures* covers only disclosure requirements. Entities applying IFRS 19 must comply with the classification and presentation requirements of IFRS 18.

Approach to updating AASB 1060 for the new AASB 18 classification and presentation requirements

BC17 To maintain consistency of the classification and presentation of items in the primary financial statements of Tier 1 and Tier 2 entities, the Board proposed making equivalent amendments to AASB 1060. However, the Board proposed retaining the following two presentation simplifications from the *IFRS for SMEs* Accounting Standard, which will continue to differ from full IFRS Standards. These concessions are:

(a) an entity is not required to present a third statement of financial position when it applies an accounting policy retrospectively, makes a retrospective restatement of items in its financial statements or reclassifies items in its financial statements; and

(b) an entity is permitted to present a statement of income and retained earnings in place of a statement of comprehensive income and a statement of changes in equity if the only changes to its equity during the periods for which financial statements are presented arise from profit or loss, payment of dividends, corrections of prior period errors and changes in accounting policy.

BC18 AASB 1060 currently includes classification and presentation requirements, including related guidance of AASB 101, in the main body of the Standard and in Appendix A (definitions) to the extent these requirements and guidance were included in the *IFRS for SMEs* Accounting Standard. In Invitation to Comment ITC 56 *Post-implementation Review of Tier 2 and the Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities and Further Update of Tier 2*, the Board asked stakeholders for their views on the following two approaches to achieving alignment of the classification and presentation requirements for Tier 1 and Tier 2 entities:

(a) Option A: Include in AASB 1060 all of the relevant classification and presentation requirements that are in the main body of AASB 18; and

(b) Option B: Specify in AASB 1060 that Tier 2 entities should refer to AASB 18 for the classification and presentation requirements for primary financial statements.

BC19 Stakeholders expressed an overall preference for Option A. Subject to retaining the concessions listed in paragraph BC17, in June 2026 the AASB issued Exposure Draft ED 341 *Updating AASB 1060 to Align the Classification and Presentation Requirements with AASB 18*, which proposed to incorporate into the main body of AASB 1060 all relevant classification and presentation requirements introduced by AASB 18, together with the consequential amendments made to AASB 107 (see paragraph BC29).

Authorised Version F2026L01489 registered 10/11/2026

BC20 Where requirements in AASB 18 or AASB 107 have been added as new paragraphs to the main body of this Standard, the source of those requirements is noted in square brackets at the end of each relevant paragraph. This, together with the existing references to the *IFRS for SMEs* Accounting Standard, shows whether a particular requirement was taken from the *IFRS for SMEs* Accounting Standard, AASB 18, AASB 107 or a combination thereof.

Including guidance on presentation requirements in AASB 1060

BC21 Certain paragraphs currently included in AASB 1060 or incorporated within the definitions in Appendix A of AASB 1060 are identified as application guidance in AASB 18. To establish a consistent principle for future updates, the Board has adopted the following approach in this Standard:

(a) incorporating all classification and presentation requirements contained in the main body of AASB 18 in AASB 1060;

(b) updating the definitions in Appendix A of AASB 1060 to align with those in AASB 18, including adding new relevant terms and removing definitions that are covered in other Standards;

(c) including the relevant application guidance from AASB 18 (Appendix B) in a new Appendix B to AASB 1060, while retaining the paragraph numbering from AASB 18 and the cross-referencing from the main requirements to the relevant paragraphs in Appendix B;

(d) removing from the main body of AASB 1060 any guidance that is now included in Appendix B, while retaining in the main body paragraphs that specify additional disclosure requirements;[2] and

(e) removing the reference to AASB 101 from paragraph 2 of AASB 1060 without replacing it with a reference to AASB 18, on the basis that all relevant guidance in AASB 18 is now included in AASB 1060 and a cross-reference to AASB 18 is therefore unnecessary.

BC22 Stakeholders had previously raised concerns about presentation guidance that was not included directly in AASB 1060 (see AASB 1060 paragraph BC55). The Board addressed these concerns by adding paragraph 2 to AASB 1060, which permits entities to refer to other Standards for guidance. However, AASB 1060 did include all guidance that the IASB had considered necessary for the *IFRS for SMEs* Accounting Standard.

BC23 AASB 18 includes application guidance in an appendix (Appendix B). This guidance is significantly more voluminous than the guidance previously included in AASB 101. As there are no obvious principles to determine which of the guidance is necessary to ensure Tier 2 entities apply the classification and presentation requirements in the same way as Tier 1 entities, the Board considered the following options:

(a) insert a new Appendix B in AASB 1060 that includes all relevant guidance paragraphs from AASB 18 and refer to these guidance paragraphs in the main body of AASB 1060, in the same way as in AASB 18;

(b) include the guidance paragraphs from AASB 18 in the main body of AASB 1060, in the same way as guidance was previously included;

(c) include references to Appendix B of AASB 18 in the relevant paragraphs with the classification and presentation requirements and specify in paragraph 2 that entities are required to refer to the Application Guidance in Appendix B of AASB 18 where these paragraphs are specifically referenced in AASB 1060;

(d) amend paragraph 2 of AASB 1060 to include a reference to AASB 18 among other Standards that entities are permitted to refer to for guidance in applying the requirements of AASB 1060; and

(e) include only some guidance paragraphs from AASB 18 in the main body of AASB 1060.

BC24 Having considered the options above, the Board decided to insert a new Appendix B that includes all relevant guidance paragraphs from AASB 18 Appendix B. In reaching this decision, the Board took into account the positive stakeholder feedback on the ‘one-stop-shop’ nature of AASB 1060, whereby, for presentation and disclosure requirements, users mostly can rely on AASB 1060 without needing to refer to other Standards. The Board also noted that this option differentiates between the main requirements and application guidance, which makes it easier to focus on what matters most.

BC25 In developing the new Appendix B to AASB 1060, the Board decided to keep the paragraph numbering the same as in AASB 18 Appendix B. Only guidance paragraphs from AASB 18 Appendix B that are relevant to

2 See, for example, paragraph 47A of AASB 1060 which requires disclosures about certain loan arrangements that are subject to covenants. In AASB 18, this is covered in paragraph B106. However, paragraph 47A has been retained in the body of AASB 1060, as it is a disclosure requirement. Similarly, paragraph 44 of AASB 1060 included a requirement to disclose further subclassifications of the line items presented in the statement of financial position, together with a list of examples of such subclassifications. In AASB 18, the list of examples is included in paragraph B111. Therefore, the disclosure requirement has been retained in paragraph 44 of AASB 1060, but the list of examples has been replaced with a cross-reference to paragraph B111 of AASB 1060.

Authorised Version F2026L01489 registered 10/11/2026

Tier 2 classification and presentation requirements have been included in the new Appendix B to AASB 1060. Where a paragraph from AASB 18 Appendix B has not been incorporated, the corresponding paragraph number is identified with the note "[Not included]", indicating that the text in AASB 18 Appendix B has been intentionally omitted from AASB 1060.

BC26 Accordingly, the Board renumbered the existing AASB 1060 Appendix B regarding the effective date of the Standard to become Appendix C.

BC27 Presentation requirements included in other Standards that are not replaced in their entirety by AASB 1060, such as AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*, continue to apply to Tier 2 entities.

BC28 The Board acknowledged that although this approach will increase the volume of AASB 1060, this outcome is consistent with stakeholder feedback received on ITC 56 to retain AASB 1060 as essentially a 'one-stop-shop' Standard covering most presentation and all disclosure requirements for preparing Tier 2 financial statements.

Amendments to the statement of cash flow requirements and other changes

BC29 AASB 18 made several amendments to AASB 107 *Statement of Cash Flows*. To require Tier 2 entities to apply the same presentation requirements to their statement of cash flows as Tier 1 entities, this Standard also makes amendments to the equivalent paragraphs in AASB 1060.

BC30 Some paragraphs that were previously included in AASB 101 *Presentation of Financial Statements* have been moved to AASB 108 *Basis of Preparation of Financial Statements* by AASB 18. Where those paragraphs cover presentation requirements, they will apply to Tier 2 entities, as AASB 108 is not one of the Standards replaced in its entirety by AASB 1060. This Standard therefore deletes the relevant paragraphs from AASB 1060. However, where the paragraphs include disclosure requirements, they are retained.

BC31 Finally, this Standard also makes editorial changes to AASB 1060. These include the result of changes made by AASB 18 to the language used in the Standard, in particular the clear distinction between presenting items in the primary financial statements versus disclosing information in the notes.

Relief from certain AASB 18 and AASB 107 requirements

BC32 In October 2025, the Board issued ED 338 *Application of AASB 18 and AASB 107 by Superannuation and Not-for-Profit Entities and Operating Cash Flow Reconciliation*, which proposed amendments to:

(a) AASB 18 and AASB 107 – to relieve superannuation entities and not-for-profit (NFP) public sector entities preparing Tier 1 general purpose financial statements from certain requirements;

(b) AASB 18 – to clarify how certain principles should be applied by NFP entities in the private and public sectors;

(c) AASB 1049 *Whole of Government and General Government Sector Financial Reporting* – to retain the format of the statement of profit or loss under AASB 1049 and to align certain terminology with that used in recent Standards;

(d) AASB 1056 *Superannuation Entities* – to retain the format of the statement of profit or loss and the statement of changes in member benefits under AASB 1056 to facilitate application of AASB 18 by superannuation entities; and

(e) AASB 1039 *Concise Financial Reports* and AASB 1054 *Australian Additional Disclosures* – regarding the starting point to use for preparing the operating cash flow reconciliation under AASB 107.

BC33 In May 2026, after considering the feedback to ED 338, the Board decided in respect of NFP public sector entities preparing Tier 1 general purpose financial statements to:

(a) require governments to continue presenting the general purpose financial statements of the Whole of Government and the General Government Sector in accordance with the formats specified in AASB 1049, rather than the formats required by AASB 18;

(b) provide accounting policy choices for NFP public sector entities (excluding universities) to elect to apply certain AASB 18 requirements – such as the requirements for categorising income and expenses into the operating, investing and financing categories and the requirements for identifying and disclosing information about management-defined performance measures – thereby allowing relevant regulators to continue prescribing presentation formats that best meet users' information needs;

Authorised Version F2026L01489 registered 10/11/2026

(c) require all NFP public sector entities to apply the AASB 18 requirements on labelling and aggregation;

(d) permit NFP public sector entities (excluding universities) to reconcile cash flows from operating activities to the profit or loss total presented in the statement of profit or loss if the entity does not present the operating profit or loss subtotal in the statement of profit or loss; and

(e) retain the existing accounting policy choice for NFP public sector entities (excluding universities) for classifying cash flows from dividends received and interest paid and received, for example as cash flows from operating activities.

BC34 When the Board issued ED 341 in June 2026, the amendments to Standards required to incorporate the decisions of the Board in May 2026 in relation to NFP public sector entities had not yet been included in an amending Standard. Consequently, the Board included a specific matter for comment in ED 341 asking whether stakeholders agreed that the Board should extend the reliefs granted to NFP public sector entities preparing Tier 1 general purpose financial statements to NFP public sector entities preparing Tier 2 general purpose financial statements. The Board received strong stakeholder support for that approach in the feedback on ED 341.

BC35 Therefore, this Standard incorporates the same reliefs in relation to AASB 18 and AASB 107 for NFP public sector entities preparing Tier 2 general purpose financial statements as for those entities preparing Tier 1 general purpose financial statements. The reliefs for Tier 1 entities were set out in AASB 2026-4 *Amendments to Australian Accounting Standards – Application of AASB 18 and AASB 107 by Superannuation and Not-for-Profit Entities and Operating Cash Flow Reconciliation*, which was issued in August 2026. As a result, through AASB 2026-4 and this Standard, NFP public sector entities (that are not higher education providers) are:

(a) not required to classify income and expenses into the operating, investing and financing categories in the statement of profit or loss (although they can elect to do so);

(b) permitted to classify dividends received and interest paid and received as operating cash flows in the statement of cash flows; and

(c) permitted, when presenting operating cash flows using the indirect method, to use the profit or loss total presented in the statement of profit or loss as the starting point if the entity does not present an operating profit or loss subtotal in the statement of profit or loss.

Although AASB 2026-4 includes amendments relating to superannuation entities, AASB 1060 does not apply to superannuation entities (see AASB 1060 paragraph BC88(b)). Accordingly, the reliefs provided to superannuation entities in AASB 2026-4 are not relevant for inclusion in AASB 1060.

BC36 Most stakeholders who responded to ED 341 also supported the proposal that if any relief is provided to NFP private sector entities preparing Tier 1 general purpose financial statements, equivalent relief should be provided to NFP private sector Tier 2 entities. Following the Board's consideration of the feedback received on ED 338, AASB 2026-4 clarified that NFP private sector Tier 1 entities are required to apply all AASB 18 requirements without any form of relief. Accordingly, there are no Tier 1 reliefs to be extended to NFP private sector Tier 2 entities. However, in feedback on ED 341, a few stakeholders expressed concerns with applying AASB 18 requirements to NFP private sector entities. In response, the Board decided to include in the forthcoming Exposure Draft on NFP entities categorising income and expenses under AASB 18 and AASB 1058 *Income of Not-for-Profit Entities* a specific matter for comment seeking stakeholder feedback on whether they have any concerns related to the costs and benefits of classifying income and expenses into the three categories (operating, investing and financing) under AASB 18, for both Tier 1 and Tier 2 NFP private sector entities. The Board will consider that feedback and determine whether any further standard-setting action is required in relation to NFP private-sector Tier 2 entities.

Effective date and transition

BC37 In ED 341, the Board proposed that the amendments would apply to annual reporting periods beginning on or after 1 July 2030, with earlier application permitted. Tier 2 entities would therefore be able to apply the same presentation requirements as Tier 1 entities for periods beginning on or after 1 January 2027, but they would have a three-year implementation period before the new requirements became mandatory for them. Most stakeholders who responded to ED 341 supported the proposed effective date of 1 July 2030. Some stakeholders preferred an earlier effective date of 1 July 2029. The Board considered the advantages and disadvantages of the two application dates and decided to proceed with the amendments being made effective for annual periods beginning on or after 1 July 2030, with earlier application permitted. This effective date would:

Authorised Version F2026L01489 registered 10/11/2026

(a) provide sufficient lead time for Tier 2 entities to implement necessary changes, such as updating systems, remapping charts of accounts, redesigning financial statement templates and preparing restated comparative information, without placing an undue burden on their normal financial reporting activities. This is particularly helpful for smaller Tier 2 entities with limited resources;

(b) allow earlier application by entities wishing to adopt the amendments sooner – for example, NFP private sector entities that would like to apply the amendments early as a result of having to prepare general purpose financial statements instead of special purpose financial statements due to the requirements of AASB 2026-2, which applies to periods beginning on or after 1 July 2029; and

(c) allow the Board to co-ordinate AASB 18-based disclosure amendments, *IFRS for SMEs* updates and any IFRS 19-related changes to AASB 1060 into a single package, which would reduce implementation costs and limit change fatigue for financial statement preparers, auditors and users.

Retrospective application and disclosure on initial application

BC38 The Board decided that the transition requirements in this Standard should be consistent with those that apply to Tier 1 entities that are transitioning from AASB 101 to AASB 18. A Tier 2 entity therefore would apply the amendments in this Standard retrospectively and restate comparative information to ensure the information presented in the statement of profit or loss is not misleading. Because the requirements affect presentation and disclosure only, an entity will not need to consider periods before the start of the earliest comparative period.

BC39 On initial application of this Standard, an entity would disclose a reconciliation for each line item in the statement of profit or loss between:

(a) the restated amounts presented applying the amendments made by this Standard; and

(b) the amounts previously presented.

BC40 The Board further decided that an entity should be required to disclose the reconciliation for the comparative period immediately preceding the period in which this Standard is first applied, but not for:

(a) the reporting period in which the amendments are first applied; or

(b) any earlier comparative periods presented.

BC41 The disclosures noted in paragraph BC39 would replace the requirement in paragraph 106(b), which would otherwise require an entity to disclose the amount of the adjustment for each line item affected if initial application of an Australian Accounting Standard has an effect on the current or any prior period.

BC42 The Board noted that the changes to the structure of the statement of profit or loss introduced by the amendments would make it difficult for users of financial statements to analyse trends without a reconciliation to the amounts previously presented. However, if an entity had to disclose a reconciliation also for the reporting period in which the amendments are first applied, the entity would have to maintain systems for preparing its financial statements in accordance with the previous requirements of AASB 1060 for the duration of the year of initial application. This would increase implementation costs. The Board also expects the resulting information to be of limited benefit because the amendments are required to be applied retrospectively.

Investments in associates and joint ventures

BC43 Finally, the Board also decided to provide eligible entities that are applying this Standard with an option to change their election for measuring an investment in an associate or joint venture from the equity method to fair value through profit or loss. That option is provided to entities that apply AASB 18 for the first time (see paragraph C7 of AASB 18). Measuring the investments at fair value through profit or loss might enable eligible entities to present the income and expenses from those investments in the operating category. In contrast, if the investments are accounted for using the equity method, the income and expenses are required to be presented in the investing category under the classification requirements as amended by this Standard.

BC44 An entity that applies the election would be required to account for the applicable investments in the same way in its separate financial statements, as required by paragraph 11 of AAS 127. If an entity makes such a change, it would apply the change retrospectively, applying AASB 108.

Authorised Version F2026L01489 registered 10/11/2026