



Friday, 13 March 2026

Dr Keith Kendall
Chair, Australian Accounting Standards Board
PO Box 204
Collins Street West
Victoria 8007

Via website: <https://aasb.gov.au/current-projects/open-for-comment/submit-comment-letter/?id=2885>

Dear Keith

Exposure Draft 338 Application of AASB 18 and AASB 107 by Superannuation and Not-for-Profit Entities and Operating Cash Flow Reconciliation – For entities preparing Tier 1 general purpose financial statements (ED 338)

Chartered Accountants Australia and New Zealand (CA ANZ) welcomes the opportunity to provide feedback to the AASB on the application of AASB 18 *Presentation and Disclosure in Financial Statements* (AASB 18), and its consequential amendments to AASB 107 *Statement of Cash Flows* (AASB 107), by superannuation and not-for-profit (NFP) entities. We make this submission on behalf of our members and in the public interest.

To support our submission, we have consulted with our members and other stakeholders, including attending the AASB roundtable discussions. Effort has been made to consult with the various sectors that will be impacted by these proposed changes, and our submission reflects the feedback we have heard.

Key points

Given that this consultation involves the sector specific application of AASB 18 and related consequential amendments to other standards for each sector, we have summarised our views by sector as follows:

Superannuation entities

We support the AASB's view that there is no need to amend AASB 1056 *Superannuation Entities* (AASB 1056) for the revised presentation and disclosure requirements of AASB 18 at this time. Our feedback is that the current requirements of AASB 1056 meet the needs of financial statement users in this sector in a consistent and comparable way and so making changes to align with AASB 18 would not be cost beneficial for the sector. We therefore support the AASB's proposed amendments to AASB 18 to implement this decision and the proposed implementation date of 1 January 2028 for the changes for this sector.

Tier 1 NFP private sector entities (including universities)

We also support the AASB's view that Tier 1 NFP private sector entities should be required to apply AASB 18. While we are aware that there are mixed views on the cost-benefit of some aspects, we are of the view that, overall, the revised presentation and disclosure requirements of AASB 18 will provide relevant and reliable information for users that is consistent and comparable. However, it is important to ensure that the AASB concludes its NFP revisions to the Conceptual Framework before releasing an amending standard based on these proposals. This will ensure that the changes being proposed to the definitions of users of the financial statements and the objective of financial reporting support the application of AASB 18 to the NFP sector are conceptually supported.

We therefore also support the AASB's proposed consequential amendments to AASB 18 and other standards to implement this view and the proposed implementation date of 1 January 2028 for these changes.

Public sector entities

We also support the AASB's decision to amend AASB 18 to provide accounting policy choices that will enable the public sector to continue its existing reporting practices. Feedback we have heard indicates that the current requirements of AASB 1049 *Whole of Government and General Government Sector Financial Reporting* (AASB 1049) and AASB 101 *Presentation of Financial Statements* (AASB 101) meet the needs of the sector in a consistent and comparable way and that ongoing alignment with the current Government Finance Statistics Manual requirements is also significant. Therefore, making changes to align with AASB 18 would not be cost beneficial for the sector at this time.

We therefore also support the AASB's proposed consequential amendments to AASB 18 and other standards to implement this view and its proposed implementation date of 1 January 2028 for these changes.

Appendix A provides our detailed responses to the specific questions raised in ED 338. Appendix B contains more information about CA ANZ. Should you have any queries about the matters in this submission, or wish to discuss them in further detail, please contact Amir Ghandar at amir.ghandar@charteredaccountantsanz.com.

Yours sincerely

Geraldine Magarey FCA
Group Executive, Policy and International

Amir Ghandar FCA
Reporting and Assurance Leader

Appendix A

Responses to specific matters for comment

Operating cash flow reconciliation

- 1 In respect to entities preparing Tier 1 GPFS, other than superannuation entities and NFP public sector entities, do you agree with the proposed paragraph 16(a) in AASB 1054 that an entity should provide a reconciliation of the net cash flow from operating activities to the operating profit or loss subtotal in the statement of profit or loss, if the entity presents that subtotal in accordance with AASB 18.69(a)? Please explain your reasons.**

We agree with the proposed paragraph 16(a) in AASB 1054 that the operating cash flow reconciliation is necessary to understand the relationship between these two primary financial statements. This provides useful information for users, and this requirement ensures that this existing principle is maintained regardless of the presentation and classification adopted in the income statement.

We also support the exclusion of superannuation and NFP public sector entities from these changes.

- 2 Do you agree with the proposed amendments to AASB 1039.21? Please explain your reasons.**

We agree that the proposed amendments to AASB 1039.21 are necessary for concise financial reporting in order to maintain consistency with the proposed amendment in Question 1.

Superannuation entities

Line items to be presented in primary financial statements

- 3 Do you agree with the proposed paragraph Aus23.1(a) and AusB8.1(a) in AASB 18 that a superannuation entity should not judge whether to present line items in the primary financial statements based on whether they are necessary for the statement to provide a useful structured summary; and therefore, would be required to present all applicable line items in the income statement and in the statement of changes in member benefits as required by AASB 1056.9 and AASB 1056.11? Please explain your reasons.**

We agree with the format for superannuation entities as set out in AASB 1056. In 2023 it was subject to a post-implementation review (PIR) and was considered to meet the needs of users in a cost effective manner (see our [submission](#)). Therefore, we see no need to make further changes to the existing requirements which would add cost and may compromise comparability.

Statement of profit or loss presentation

4 Do you agree with the proposed paragraph Aus46.1(a) in AASB 18 and paragraphs 10A and 22A in AASB 1056? Please explain your reasons.

The current AASB 1056 format for superannuation entities was widely consulted and considered to meet the needs of users. We agree that a superannuation entity should not classify income and expenses into the operating, investing, financing and discontinued operations categories in its statement of profit or loss, and therefore support the proposed paragraphs.

Presentation of expenses

5 Do you agree with the proposed paragraph Aus78.1(a) in AASB 18? Please explain your reasons.

We agree with the above proposal. Feedback we have received indicates that expenses by nature provides the most meaningful and useful classification for superannuation entities and the current requirements of AASB 1056 are widely supported.

Cash flow classification – dividends received and interest paid and received

6 Do you agree with the proposed paragraphs Aus6.1 and Aus34D.1 in AASB 107 in respect to superannuation entities? Please explain your reasons.

We agree with the above proposed paragraphs. Investing is a main business activity for superannuation entities and therefore they should be able to continue to treat these items as operating as they have done in compliance with AASB 1056.

Operating cash flow reconciliation

7 Do you agree with the proposed paragraph Aus20.2 in AASB 107 and paragraph 16(b) in AASB 1054 in respect to superannuation entities? Please explain your reasons.

We agree with the above proposed requirement. We are of the view that an understanding of the relationship between these two primary financial statements is necessary and useful for users and this requirement ensures that this existing principle is maintained regardless of the presentation adopted in the income statement or cash flow statement.

Statement of changes in member benefits

8 Do you agree with the proposed paragraph 12A in AASB 1056? Please explain your reasons.

We agree with the proposed additional paragraph 12A to AASB 1056 to consider the statement of changes in member benefits (and its comparative information) as a primary financial statement for the purposes of applying the requirements set out in AASB 18. This reflects the importance of a statement of member benefits to the users of superannuation entities' financial statements.

Aggregation and disaggregation

9 Do you agree that no modifications are needed for superannuation entities with respect to aggregation and disaggregation requirements set out in AASB 18? Please explain your reasons. If you consider modifications are needed, please describe the changes and explain why they are necessary.

We agree that no sector specific requirements are needed to the aggregation and disaggregation requirements of AASB 18 as they provide useful additional guidance on these matters that has general applicability.

Management-defined performance measures

10 Do you agree that no modifications are needed for superannuation entities with respect to the MPM disclosure requirements? Please explain your reasons. If you consider modifications are needed, please describe the changes and explain why they are necessary.

We agree that no modifications are required for superannuation entities relating to the MPM disclosure requirements. MPMs are not widely used in the superannuation sector, and any publicly available information from the industry is regulated by the Australian Prudential Regulation Authority (APRA).

Effective date

11 Do you agree that superannuation entities should be required to apply AASB 18 and the modifications proposed to be made in the Exposure Draft for periods beginning on or after 1 January 2028? If not, which date do you consider that superannuation entities should be required to apply AASB 18? Please explain your reasons.

We agree with the proposed effective date. The additional time for consultation and the minimal changes being proposed makes the effective date of 1 January 2028 achievable.

NFP private sector entities and universities

NFP-specific guidance

- 12 In respect to NFP private sector entities and universities preparing Tier 1 GPFS, do you agree with the proposed paragraphs Aus9.1 and AusB5.1 in AASB 18 to require these entities to consider the common information needs of users of GPFS of NFP entities described in the Conceptual Framework for Financial Reporting? Please explain your reasons.**

We agree with the above proposed paragraphs to require these entities to consider the common information needs of GPFS users. Feedback we have received indicates there is a need to acknowledge that users of NFP financial statements are different to those of the for-profit sector.

However, the AASB has yet to complete its revisions to the NFP references in the Conceptual Framework, since an NFP specific reference to “common information needs” is not in the extant Conceptual Framework.

Therefore, it is important that the AASB concludes its NFP revisions to the Conceptual Framework (included in the NFP financial reporting framework reform project) before releasing an amending standard based on these proposals. That way the changes being proposed to the definitions of users of the financial statements and their financial reporting information needs are conceptually supported and consistent.

- 13 Do you agree with the proposed paragraph AusB80.1 in AASB 18 that NFP private sector entities and universities preparing Tier 1 GPFS should consider what line items provide the most useful information to users of financial statements about the entity’s “operations or main activities”, which is broader than considering “the main components or drivers of the entity’s profitability” required by AASB 18.B80? Please explain your reasons.**

As noted in our response to Question 12, we agree that NFP financial statement users have different information needs to those in the for-profit sector. We therefore support the use of the term “operations or main activities”, rather than “drivers of profitability” to reflect those differing needs. However, these changes need to be supported by corresponding NFP specific amendments to the Conceptual Framework before implementation.

- 14 Other than the proposals in Q12–Q13, the AASB did not identify any necessary modifications from AASB 18 or the revised AASB 107 for NFP private sector entities or universities preparing Tier 1 GPFS. Do you have any comments on the suitability of applying AASB 18 or the revised AASB 107 to these entities? If you consider further modifications are needed, please explain your reasons.**

We have heard some mixed views whether there should be modifications from AASB 18 or the revised AASB 107 for NFP private sector entities or universities preparing

Tier 1 GPFS. Some feedback indicates that the revised presentation and disclosure requirements will provide more relevant information, while others are concerned about the additional compliance costs they will incur and inconsistencies which may arise with regulatory requirements. However, we remain of the view that these changes will provide relevant and reliable information for users that is consistent and comparable. We also note there is insufficient evidence to warrant a departure from the AASB's sector neutrality principles.

We also encourage the AASB to continue to liaise with the Department of Education to ensure updated and consistent regulatory reporting requirements are developed for universities.

Effective date

- 15 Do you agree that NFP private sector entities and universities preparing Tier 1 GPFS should be required to apply AASB 18 and the modifications proposed to be made in the Exposure Draft for periods beginning on or after 1 January 2028? If not, which date do you consider that these entities should be required to apply AASB 18? Please explain your reasons.**

We agree with the proposed effective date being for periods beginning on or after 1 January 2028 for this sector. While the changes are more significant than with other sectors, it is important that these publicly accountable entities transition from AASB 101 as soon as possible to ensure higher quality information that is consistent and comparable is available across the entire reporting landscape.

NFP public sector entities, including governments

Statement of profit or loss presentation

- 16 Do you agree with the proposed paragraph Aus46.1(b) in AASB 18? Please explain your reasons.**

We agree with the above proposed paragraph, not to require classification of income and expenses into the operating, investing and financing categories in the statement of profit or loss, to support the requirements for the NFP public sector to enable entities to achieve compliance with the AASB 1049 *Whole of Government and General Government Sector Financial Report*.

Presentation of expenses

- 17 Do you agree with the proposed paragraph Aus78.1(b) in AASB 18? Please explain your reasons.**

We agree with the above proposed paragraph, that a NFP public sector entity 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, which will enable NFP public sector entities to provide more reliable, relevant and consistent information.

NFP-specific guidance

- 18 In respect to NFP public sector entities preparing Tier 1 GPFS, do you agree with the proposed paragraphs Aus9.1 and AusB5.1 in AASB 18 to require these entities to consider the common information needs of users of GPFS of NFP entities described in the Conceptual Framework for Financial Reporting? Please explain your reasons.**

We agree with the above proposed paragraphs that consider the common information needs of users of GPFS of NFP public sector entities and acknowledge the users have different perspectives to those of the for-profit sector.

We reiterate that it remains important that the AASB concludes its NFP revisions to the Conceptual Framework before releasing an amending standard based on these proposals (see our responses to Questions 12 and 13).

- 19 Do you agree with the proposed paragraph AusB80.1 in AASB 18 that NFP public sector entities preparing Tier 1 GPFS should consider what line items provide the most useful information to users of financial statements about the entity’s “operations or main activities”, which is broader than considering “the main components or drivers of the entity’s profitability” required by AASB 18.B80? Please explain your reasons.**

We agree that NFP public sector entities preparing Tier 1 GPFS should consider what line items provide the most useful information to users of financial statements about the entity’s “operations or main activities” for similar reasons provided in our response to Question 18.

However, again, it will be important that the AASB concludes its NFP revisions to the Conceptual Framework before releasing an amending standard based on these proposals (see our responses to Questions 12 and 13).

Relief from disclosing information about management-defined performance measures (MPMs)

- 20 Do you agree with the proposed paragraph Aus117.1 in AASB 18? Please explain your reasons.**

We agree with the above proposed paragraph that disclosing information about MPMs is not necessarily useful information to users of NFP public sector financial statements. Therefore, on balance, the costs are likely to outweigh the benefits.

Cash flow classification – dividends received and interest paid and received

- 21 Do you agree with the proposed paragraphs Aus6.1 and Aus34D.1 in AASB 107 in respect to NFP public sector entities? Please explain your reasons.**

We agree with the above proposed paragraphs. Feedback from our stakeholders indicated that the cash flow classification changes for dividends received and interest paid and received are not likely to provide more useful financial information for users.

Operating cash flow reconciliation

- 22 Do you agree with the proposed paragraph Aus20.2 in AASB 107 and paragraph 16(b) in AASB 1054 in respect to NFP public sector entities? Please explain your reasons.**

We agree with the above proposed paragraphs for the same reasons stated in our response to Question 7.

Aggregation and disaggregation

- 23 Do you agree that no modifications are needed for NFP public sector entities with respect to aggregation and disaggregation requirements set out in AASB 18? Please explain your reasons. If you consider modifications are needed, please describe the changes and explain why they are necessary.**

We agree that no modifications are needed for NFP public sector entities for the aggregation and disaggregation requirements set out in AASB 18. We note that these requirements are helpful and generally applicable across sectors.

Effective date

- 24 Do you agree that NFP public sector entities, including governments, should be required to apply AASB 18 and the modifications proposed to be made in the Exposure Draft for periods beginning on or after 1 January 2028? If not, which date do you consider these entities should be required to apply AASB 18?**

We agree with the above proposed effective date for similar reasons stated in our response to Question 15.

Statement of changes in equity

- 25 Have you identified a public-sector-specific reason that would warrant an NFP public sector entity, or a government, to depart from the AASB 18 requirement to present a statement of changes in equity in their Tier 1 GPFS? If so, please explain.**

We have not heard any feedback that would warrant a departure from the requirement to present a statement of changes in equity in Tier 1 GPFS.

Whole of government and GGS financial statements

Line items to be presented in primary financial statements

- 26 Do you agree with the proposed paragraphs Aus23.1(b) and AusB8.1(b) in AASB 18 that a government should not judge whether to present line items in the primary financial statements based on whether they are necessary for the**

statement to provide a useful structured summary – and therefore would be required to present all applicable line items and subtotals in accordance with AASB 1049? Please explain your reasons.

Yes, the standardised format for GGS reporting set out in AASB 1049 was widely consulted on and agreed to meet needs of users in a cost-effective manner. Therefore, we see no need to make any changes to the existing requirements which would add cost and compromise comparability.

We note that the Financial Reporting Council (FRC) commissioned an independent post-implementation review (PIR) of AASB 1049 in 2020. The stakeholders who responded to the PIR stated that AASB 1049 has been successful in harmonising Government Finance Statistics (GFS) and Generally Accepted Accounting Principles (GAAP) reporting, therefore there is strong support for retaining AASB 1049 in its current form. We commend the AASB for developing a quality standard that is well-received by stakeholders. Therefore, we see no need to make changes to the existing requirements which could increase costs and compromise comparability.

However, we are aware that the International Public Sector Accounting Standards Board (IPSASB) is currently undertaking a project to align its standards with IFRS 18 *Presentation and Disclosure of Financial Statements* (IFRS 18) and that work currently supports modifications to existing public sector practice based on IFRS 18 on the basis that the revised presentation and disclosure requirements could provide useful information in the public sector. Since these views have yet to be publicly consulted on, we recommend that the AASB monitor the IPSASB's work, and any corresponding changes made to the ABS GFS Manual to ensure Australian requirements do not fall behind best practice in public sector reporting. This work should be carried out as part of Phase 3 of the Australian financial reporting framework reform project, once the AASB's Tier 3 NFP Standard project is completed. The need for this project to resolve important conceptual and practical issues in this sector has been a consistent comment in our interactions with public sector stakeholders on this and other recent consultations (see the comments in our [ITC 56 submission](#)).

Amendments to AASB 1049 arising from the FRC's PIR of AASB 1049

27 Do you agree with amending AASB 1049.14(f) to explain the effect of AASB 1049.13 on the application of the accounting policy choice provided in the proposed paragraph Aus34D.1 in AASB 107 regarding the classification of cash flows from interest paid and received and dividends received? Please explain your reasons.

We agree that the amendment in the paragraph is necessary to implement the alignment with the ABS GFS Manual.

28 Do you agree with updating the references to Standards and terminology in AASB 1049.14(g) and 31(a)(ii)? Please explain your reasons.

We agree with the proposed update of references. The terminology update will provide clarity and consistency given the other relevant standards have been updated since.

For-profit public sector entities

29 Do you consider it would be more important for the cash flow statements of for-profit public sector entities to be comparable with for-profit private sector entities or NFP public sector entities? Please explain why.

We support transaction neutrality across sectors and consider that, since Government Business Enterprises (GBEs) are, by nature, not government funded, they are effectively acting like for-profit entities and so should be required to implement the for-profit requirements consistent with that policy.

30 Please explain how important it is for for-profit public sector entities to have consistent classification of dividend and interest transactions between the income statement and the cash flow statement (noting that the AASB has decided that these entities categorise income and expenses in accordance with AASB 18)?

We believe that consistent classification across the various financial statements is important to facilitate user understanding of the information being reported.

31 Assuming the AASB's proposals are implemented and dividends received and interest paid and received will continue to be classified as operating cash flows in the whole of government and GGS financial statements, please outline the cost and effort that would be required to adjust different cash flow classifications of for profit public sector entities to facilitate consolidation into the whole of government financial statements and how they compare with the benefits of complying with the revised requirements of AASB 107?

Our understanding is that this information is generally already separately disclosed so it should be readily available for any necessary consolidation adjustments.

General matters for comment

32 Have the AASB For-Profit Entity Standard-Setting Framework and the AASB Not-for-Profit Entity Standard Setting Framework been applied appropriately in developing the proposals in this Exposure Draft?

Based on available information and feedback received, we consider that the two Frameworks have been applied appropriately in developing these proposals. We also have not heard any stakeholder views to the contrary.

33 Are there any regulatory or other issues arising in the Australian environment that may affect the implementation of the proposals?

We are not aware of such regulatory issues that may affect the implementation other than the need to ensure that the legislative reporting requirements for universities are updated by the Department of Education to ensure consistency with these proposals.

34 Do the proposals create any auditing or assurance challenges and, if so, an explanation of those challenges?

We do not anticipate auditing or assurance challenges based on the proposals.

35 Overall, would the proposals result in financial statements that would be useful to users?

We are of the view the proposals would provide useful information to users.

36 Are the proposals in the best interests of the Australian economy?

We are of the view that the proposals are considered in the interests of users of the financial statements which are aligned with the public interest.

37 Unless already provided in response to the specific matters for comment above, what are the costs and benefits of the proposals relative to the current requirements, whether quantitative (financial or non-financial) or qualitative? In relation to quantitative financial costs, the AASB is particularly seeking to know the nature(s) and estimated amount(s) of any expected incremental costs, or cost savings, of the proposals relative to the existing requirements.

We are not aware of, or anticipating, significant concerns in relation to the costs and benefits arising from the proposals, except for specific responses on costs and benefits identified in the above specific matters for comment.

Appendix B

About Chartered Accountants Australia and New Zealand

Chartered Accountants Australia and New Zealand (CA ANZ) represents more than 140,000 financial professionals, supporting them to build value and make a difference to the businesses, organisations and communities in which they work and live.

Around the world, Chartered Accountants are known for their integrity, financial skills, adaptability and the rigour of their professional education and training.

CA ANZ promotes the Chartered Accountant (CA) designation and high ethical standards, delivers world-class services and life-long education to members and advocates for the public good. We protect the reputation of the designation by ensuring members continue to comply with a code of ethics, backed by a robust discipline process. We also monitor Chartered Accountants who offer services directly to the public.

Our flagship CA Program, the pathway to becoming a Chartered Accountant, combines rigorous education with practical experience. Ongoing professional development helps members shape business decisions and remain relevant in a changing world.

We actively engage with governments, regulators and standard-setters on behalf of members and the profession to advocate in the public interest. Our thought leadership promotes prosperity in Australia and New Zealand.

Our support of the profession extends to affiliations with international accounting organisations.

We are a member of the International Federation of Accountants and are connected globally through Chartered Accountants Worldwide and the Global Accounting Alliance. Chartered Accountants Worldwide brings together members of 13 chartered accounting institutes to create a community of more than 1.8 million Chartered Accountants and students in more than 190 countries. CA ANZ is a founding member of the Global Accounting Alliance which is made up of 10 leading accounting bodies that together promote quality services, share information and collaborate on important international issues.

We also have a strategic alliance with the Association of Chartered Certified Accountants. The alliance represents more than 870,000 current and next generation accounting professionals across 179 countries and is one of the largest accounting alliances in the world providing the full range of accounting qualifications.