



**Australian Government**

**Australian Accounting Standards Board**

# Invitation to Comment

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

ITC 56  
September 2025

Comments to the AASB by 22 January 2026



## What is this consultation about?

This consultation is about whether the AASB's simplified disclosure requirements for Tier 2 general purpose financial statements have successfully balanced preparer costs and user needs and therefore encouraged the preparation of Tier 2 GPFS. It also addresses updating the Tier 2 requirements for recent changes to international and Australian Accounting Standards.

The consultation also seeks views on whether a new Standard should be issued, or Tier 2 requirements amended, to introduce a reduced disclosure regime for subsidiaries without public accountability.

### Related projects

- Not-for-profit private sector financial reporting framework
- Presentation and disclosure in financial statements of not-for-profit public sector entities, including governments

## Your feedback is important

Your feedback is crucial to our decision-making process as the AASB considers updating the Tier 2 financial reporting requirements.

**Please provide comments to the AASB by 22 January 2026.**

Comments can be provided by:

- Attending a consultation session. Please visit our **events page** for further information
- Lodging a submission via the **AASB website**
- Emailing **standard@aasb.gov.au**

All comments will be published on our website unless it is in the public interest not to do so. If you have any objection to the release of your comments, include a request to withhold publication with your submission or a cover letter outlining the public interest grounds you believe apply.

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# AASB REQUEST FOR COMMENTS

## Introduction

The Australian Accounting Standards Board (AASB) is undertaking a post-implementation review (PIR) of the following Standards:

- (a) AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*; and
- (b) AASB 2020-2 *Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities*.

The AASB is also consulting on potential amendments to AASB 1060 in response to recent international and domestic Accounting Standard updates. The AASB is inviting comments on the specific and general questions raised in this Invitation to Comment (ITC).

## Background

The AASB is required to undertake a PIR of a new domestic Standard when the new requirements have been applied for two years. Therefore, the AASB needs to undertake a PIR of AASB 1060 and of AASB 2020-2, given its close links to the simplified disclosure requirements set out in AASB 1060 for Tier 2 general purpose financial statements (GPFS).

In addition, AASB 1060 needs to be reviewed when the *IFRS for SMEs* Accounting Standard is updated by the IASB or when a new Australian Accounting Standard is issued. The AASB is conducting the PIR together with consultation on the potential effects of AASB 18 *Presentation and Disclosure in Financial Statements* and the updates to the *IFRS for SMEs* Accounting Standard.

Finally, the AASB is considering whether IFRS 19 *Subsidiaries without Public Accountability: Disclosures* is suitable for adoption in Australia and how this might be implemented within the Tier 2 framework.

## How to approach this ITC?

This ITC has two distinct sections, each serving a specific purpose, to guide stakeholders in providing focused and meaningful feedback.

### Section 1: PIR of AASB 1060 and AASB 2020-2

This section invites comments on the outcome and effectiveness of AASB 1060 and AASB 2020-2 following their implementation. The main objective is to assess whether the Standards are working well. If respondents have no concerns about the effects of the removal of special purpose financial statements (that claim compliance with Australian Accounting Standards) for the specified entities and/or the current application of AASB 1060, they may choose to focus their feedback on Section 2. However, any comments on Section 1 proposals are welcome.

## Section 2: AASB 1060 update

This section invites comments on potential amendments to AASB 1060 in response to recent international and domestic Accounting Standard updates. Specifically, this section focuses on:

- (a) which substantive amendments in the IASB's third edition of the *IFRS for SMEs* Accounting Standard should be reflected in AASB 1060;
- (b) whether AASB 1060 should be updated to align with the new AASB 18 requirements and, if so, how; and
- (c) whether IFRS 19 should be adopted in Australia and, if so, how.

Feedback on these topics will help inform the AASB in determining the amendments to be proposed in an Exposure Draft, as the AASB is aiming to keep AASB 1060 relevant and useful for preparers and users of Tier 2 general purpose financial statements.

## Relationship to other AASB projects

The AASB is currently working on projects on Limiting the Ability of Not-for-Profit Entities to Prepare Special Purpose Financial Statements (see Exposure Draft ED 334) and General Purpose Financial Statements – Not-for-Profit Private Sector Tier 3 Entities (see ED 335). Entities that are not eligible to apply the proposed Tier 3 GPFS requirements will instead be required to prepare Tier 2 (or Tier 1) GPFS if they are required to prepare financial statements that comply with Australian Accounting Standards. Respondents representing such entities are encouraged to focus their feedback on Section 2 of this ITC, which seeks feedback on the future direction of AASB 1060.

Additionally, the AASB is progressing its projects to clarify the application of AASB 18 for not-for-profit (NFP) private and public sector entities preparing Tier 1 GPFS. A summary of these proposals is included in Section 2 Topic 2 of this ITC, to assist respondents in considering the potential amendments to the Tier 2 requirements in AASB 1060 arising out of AASB 18.

## SECTION 1: POST-IMPLEMENTATION REVIEW OF AASB 1060 AND AASB 2020-2

### Introduction

The Australian Accounting Standards Board (AASB) is undertaking a post-implementation review (PIR) of:

- AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*; and
- AASB 2020-2 *Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities*.

Section 1 of this Invitation to Comment (ITC) aims to seek feedback from stakeholders that will enable the AASB to assess the overall effectiveness and efficiency of AASB 1060 and AASB 2020-2 in meeting their intended objectives, including whether the pronouncements remain appropriate.

The *AASB Due Process Framework for Setting Standards* (paragraph 7.15.2) sets out that a PIR involves:

- (a) review of research that is relevant to the subject matter under review, including research by AASB staff and academics;
- (b) collation of issues received by the AASB prior to the commencement of the PIR;
- (c) stakeholder consultation to seek feedback on implementation issues and other views on the pronouncement;
- (d) consideration of the feedback received by the AASB;
- (e) publication of the findings of the PIR; and
- (f) consideration of any recommendations for changing the pronouncements, which would require the AASB to undertake a separate standard-setting consultation process.

A PIR is not intended to reconsider an underlying pronouncement in its entirety. Instead, it acknowledges that the consultation and due process during the development of a pronouncement are not a substitute for the practical application of the requirements once the pronouncement is issued. For example, when the requirements are applied in practice, unexpected issues may arise, such as a pronouncement being more difficult or costly to apply than expected. There might also be situations where a pronouncement unintentionally results in divergence in practice. This divergence could be due to differing judgements in applying the requirements, unclear requirements or new or emerging transactions that were not contemplated when a pronouncement was developed.

The PIR process comprises three broad phases: planning, outreach and feedback and next steps.

## **Planning phase**

The planning phase establishes the scope of matters to be considered by the PIR. These matters are identified through a review of project documentation published when the pronouncements were issued, a review of academic research and other literature, targeted outreach with selected stakeholders and consideration of matters raised by stakeholders during the implementation of the pronouncements and subsequently.

## **Outreach phase**

Following the issue of an ITC, the AASB will actively engage with stakeholders during the outreach phase to seek feedback on the matters identified. This outreach may include meetings with financial statement users, preparers, regulators, professional service firms, professional bodies and academics and formal written responses from stakeholders.

## **Feedback and next steps phase**

The AASB considers all feedback received during the outreach phase and prepares a feedback statement after the formal PIR consultation process. After considering the feedback received during the consultation process, the AASB will decide whether action is required in response to the feedback received. Such action may include:

- (a) additional evidence gathering activities, to understand the significance, prevalence and magnitude of issues raised;
- (b) providing additional educational material or implementation guidance; or
- (c) standard-setting activities, to propose amendments to a pronouncement.

Upon completion of the PIR, any action the AASB decides to take would be completed as a separate AASB project.

## **We need your feedback**

Comments are invited by 22 January 2026 about your experience applying AASB 1060 and AASB 2020-2. Stakeholder feedback plays an important role in the AASB's standard-setting process. The AASB regards supportive and non-supportive comments as essential to a review of the issues and will consider all submissions, whether they address some or all specific matters, additional issues or only one issue (whether an issue specifically identified in Section 1 of this ITC or another issue).

Comments are most useful if they indicate the specific paragraph of the pronouncement to which they relate, contain a clear rationale, are supported by evidence and, where applicable, provide a suggestion for an alternative approach or additional support the AASB could consider providing to stakeholders. Respondents need not answer all the questions in Section 1 of this ITC. When answering the questions, respondents are asked to consider the effect of the requirements on:

- (a) the quality and consistency of financial statements and whether they provide relevant and reliable information about an entity's financial position and performance;
- (b) comparability, both from period to period for an entity and between entities; and

- (c) the costs and benefits to users and preparers of financial information.

## Background

For annual reporting periods beginning on or after 1 July 2021, certain for-profit (FP) private sector entities were no longer able to prepare special purpose financial statements (SPFS) that claimed compliance with Australian Accounting Standards. Instead, they were required to prepare either Tier 1 or Tier 2 general purpose financial statements (GPFS). This change to the reporting framework was made through AASB 2020-2.

The removal of the ability of certain FP private sector entities to prepare SPFS when compliance with Australian Accounting Standards was required was the first step in the AASB's phased approach to improving the financial reporting practices of Australian entities that are required to prepare financial statements in compliance with the Standards.

AASB 1053 *Application of Tiers of Australian Accounting Standards* outlines that Australian Accounting Standards consist of two Tiers of reporting requirements for preparing GPFS:

- (a) Tier 1: Australian Accounting Standards, which incorporate the recognition, measurement, presentation and disclosure requirements of IFRS Accounting Standards as well as requirements that are specific to Australian entities; and
- (b) Tier 2: Australian Accounting Standards – Simplified Disclosures, which comprise the same recognition and measurement requirements as Tier 1 but substantially reduced disclosure requirements and a few differences in the presentation requirements.

The Tier 2 disclosure requirements are set out in AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*.

Although the primary objective of GPFS is to provide financial information for a wide range of financial statement users, the AASB considers that the information needs of users of Tier 1 and Tier 2 financial statements are not the same, and therefore different disclosure requirements can apply.

### The 'reporting entity clash'

In 2018, the International Accounting Standards Board (IASB) issued the *Conceptual Framework for Financial Reporting*, which was issued in Australia by the AASB in May 2019 with an effective date of periods beginning on or after 1 January 2020.

Implementing the *Conceptual Framework for Financial Reporting* (the revised Conceptual Framework, or RCF) in Australia was challenging due to the so-called 'reporting entity clash'. This reflected the difference between the definition of a 'reporting entity' in the IASB's RCF and the definition in Australian Accounting Standards (including Interpretations) at that time.

The reporting entity definition in the RCF determines the boundary of what needs to be reported when an entity is required to report, e.g. consolidated information for a group comprising a parent entity and its subsidiaries. The reporting entity definition in Australian Accounting Standards (as they applied at the time) determined whether an entity should prepare GPFS that complied with Australian Accounting Standards.



To ensure that Australian FP private sector entities with public accountability were able to maintain IFRS compliance, the AASB needed to implement the RCF for these entities without delay. The AASB expected that implementing the RCF for publicly accountable FP private sector entities would be straightforward, as the AASB did not expect the Australian reporting entity definition to be relevant to them.

However, to resolve the reporting entity clash and implement the RCF for other entities, the AASB would need to remove the Australian definition of reporting entity. This would remove an entity's ability to conclude that it is not a reporting entity and so prevent it from preparing SPFS if it is required to prepare financial statements in accordance with Australian Accounting Standards.

### **The 'SPFS problem'**

Entities that prepared SPFS were able to self-select the accounting policies they applied in those SPFS. The ability of some entities to self-assess and self-select their reporting requirements led to a fundamental problem: similar entities might prepare very different sets of financial statements, either GPFS that use the robust and consistent framework of the AASB's Australian Accounting Standards or SPFS based on self-selected requirements. This self-assessment and self-selection of accounting requirements by some entities created the so-called 'SPFS problem', which included:

- SPFS undermining the fundamental financial reporting principles of consistency, comparability, transparency, comprehensibility and enforceability. For example, there is reduced comparability of financial statements for entities of similar economic circumstances;
- SPFS could state compliance with Australian Accounting Standards; however, there were no minimum recognition and measurement accounting policy requirements that entities were explicitly required to comply with in their SPFS, which made it difficult for investors and other readers (the 'users') of the financial statements to understand them if the accounting policies applied were not clearly identified in the SPFS; and
- there were some instances where SPFS were prepared and lodged on the public record for the use of domestic and international investors or other contributors. In many cases, users of the financial statements were unaware that a statement of 'compliance with Australian Accounting Standards' could cover self-selected requirements that were, in fact, not consistent with Australian Accounting Standards when the entity was not required to comply with all Australian Accounting Standards.

The AASB considered that removing the ability of certain FP private sector entities to prepare SPFS was necessary to improve the consistency, comparability, transparency and enforceability of financial statements, thus meeting the needs of users accessing them on a public register or otherwise.

Therefore, the AASB issued the amendments to the Standards set out in AASB 2020-2 to achieve this outcome. For reporting periods beginning on or after 1 July 2021, the following FP private sector entities were no longer able to prepare SPFS claiming compliance with Australian Accounting Standards:

- entities required by legislation to prepare financial statements that comply with either ‘Australian Accounting Standards’ or ‘accounting standards’; and
- entities required only by a constituting document or another document to prepare financial statements that comply with Australian Accounting Standards – provided that the constituting or other document was created, or last amended in any way, on or after 1 July 2021.

## Development of AASB 1060 for Tier 2

The AASB acknowledged that the removal of SPFS could not be implemented in isolation, as the transition from SPFS to GPFS could significantly affect an entity’s financial statement preparation. For this reason, the AASB’s decision to remove the ability of certain FP private sector entities to prepare SPFS was made in conjunction with the issuance of AASB 1060.

AASB 1060 was developed with the objective of balancing the benefits of requiring the disclosure of specific information that the AASB considered useful to the users of Tier 2 entities’ financial statements and the costs to those entities of preparing and providing that information.

Prior to the issue of AASB 1060, a predecessor Tier 2 disclosure framework known as the Reduced Disclosure Requirements (RDR) framework existed in Australia. Like AASB 1060, the RDR framework was comprised of the same recognition and measurement requirements as Tier 1, and there were also fewer disclosure requirements than Tier 1. However, the disclosure requirements not required for Tier 2 GPFS were identified in each Standard – there was no specific Standard for the RDR framework.

The RDR framework was developed using a top-down approach, which started with the full IFRS Accounting Standards disclosure requirements and identified those disclosure requirements that the AASB decided could be removed.

The PIR of the RDR framework identified that it had not delivered the expected outcome, that it contained too many disclosures, and that the adoption of the RDR framework by entities was consequently low.

### Simplified disclosures

Therefore, after careful consideration, the AASB decided to develop a new Tier 2 framework – also referred to as ‘simplified disclosures’ – using a bottom-up approach. The new Tier 2 framework started with the disclosures in the *IFRS for SMEs* Accounting Standard, which the IASB designed for small and medium-sized entities that prepare GPFS and that do not have public accountability. The *IFRS for SMEs* Accounting Standard is a self-contained accounting framework that simplifies many recognition, measurement and disclosure requirements for small and medium-sized entities compared to the full suite of IFRS Accounting Standards. AASB 1060 requires fewer disclosures than Tier 1 but does not modify any recognition and measurement requirements.

AASB 1060 is based on the premise that:

- (a) the disclosures required by the *IFRS for SMEs* Accounting Standard should be retained where the recognition and measurement requirements and options are the same or similar in the *IFRS for SMEs* Accounting Standard and full IFRS Accounting Standards;

- (b) where there are recognition and measurement options or treatments in the *IFRS for SMEs* Accounting Standard that are not available in full IFRS Accounting Standards, the disclosures required by the *IFRS for SMEs* Accounting Standard would be removed; and
- (c) where the recognition and measurement principles in the *IFRS for SMEs* Accounting Standard and full IFRS Accounting Standards are significantly different or certain topics are not addressed by the *IFRS for SMEs* Accounting Standard, disclosure requirements would be added to AASB 1060.

In using the *IFRS for SMEs* Accounting Standard as a base for AASB 1060, the AASB noted that the nature and degree of differences between the disclosures in full IFRS Accounting Standards and the disclosures in the *IFRS for SMEs* Accounting Standard are determined on the basis of users' needs and a cost-benefit analysis. This would therefore ensure that users are not overburdened with unnecessary information that would clutter the financial statements and make them less understandable.

As noted above, AASB 1060 was also developed to provide a streamlined Tier 2 disclosure framework for those FP private sector entities that would be prohibited from preparing SPFS that claimed compliance with Australian Accounting Standards for annual periods beginning on or after 1 July 2021, when AASB 2020-2 became effective.

## Feedback – what we have heard so far

During the planning phase of this PIR, the AASB did not become aware of any significant concerns about:

- the removal of SPFS for certain FP private sector entities; or
- the implementation of AASB 1060.

However, to ensure that the Standards are operating as intended and are achieving their objectives effectively and efficiently, the AASB is seeking feedback on several topics related to the implementation of the Standards.

## Structure of Section 1 of this Invitation to Comment

Section 1 of this ITC seeks feedback from stakeholders across the FP private sector, not-for-profit (NFP) sector and public sector. However, as some topics will not be relevant to certain types of entities, the following table outlines the topics and the types of entities to which each topic is relevant:

| Topic   | Summary  | Relevant entities  |
|---|--|--|
| <b>Topic 1</b><br>Overall objective and assessment of AASB 2020-2 | This topic seeks feedback on whether AASB 2020-2 has improved the consistency, comparability, transparency and enforceability of financial statements of certain FP private sector entities by removing their ability to prepare SPFS when | <ul style="list-style-type: none"> <li>✓ Certain FP private sector entities that previously prepared SPFS</li> <li>✗ NFP entities</li> <li>✗ Public sector entities</li> </ul> |

| Topic   | Summary  | Relevant entities   |
|---|--|---|
|   | compliance with Australian Accounting Standards is required.   |   |
| <b>Topic 2</b><br>Overall objective and assessment of AASB 1060   | This topic seeks feedback on whether AASB 1060 has achieved an appropriate balance between meeting user needs and the costs for entities preparing Tier 2 GPFS.  | Entities preparing financial statements that comply with AASB 1060  |
| <b>Topic 3</b><br>Transition relief for FP private sector entities transitioning from SPFS to AASB 1060 | This topic seeks feedback on the optional transition relief that was available to FP private sector entities that transitioned from SPFS to AASB 1060.   | <ul style="list-style-type: none"> <li>✓ Certain FP private sector entities that previously prepared SPFS</li> <li>✗ NFP entities</li> <li>✗ Public sector entities</li> </ul>  |
| <b>Topic 4</b><br>Transition relief for entities transitioning from GPFS to AASB 1060                   | This topic seeks feedback on the optional transition relief that was available to entities that transitioned from GPFS (Tier 1 or Tier 2 (RDR)) to AASB 1060.  | Entities that previously prepared GPFS (Tier 1 or Tier 2 (RDR)) and transitioned to AASB 1060   |
| <b>Topic 5</b><br>Educational materials   | <p>This topic seeks feedback on the educational materials relating to the:</p> <ul style="list-style-type: none"> <li>• removal of SPFS for certain FP private sector entities; and</li> <li>• implementation of AASB 1060.</li> </ul> | <p>Entities that transitioned to AASB 1060, including:</p> <ul style="list-style-type: none"> <li>✓ Certain FP private sector entities that previously prepared SPFS</li> <li>✓ NFP entities</li> <li>✓ Public sector entities</li> </ul> |
| <b>Topic 6</b><br>Disclosure of individually material items   | This topic seeks feedback on whether a specific requirement to disclose individually material items of income and expense is needed in AASB 1060.  | Entities preparing financial statements that comply with AASB 1060  |
| <b>Topic 7</b><br>Adequacy of disclosure requirements   | This topic seeks feedback on the appropriateness of the disclosures required by AASB 1060.   | Entities preparing financial statements that comply with AASB 1060  |

| Topic                                      | Summary   | Relevant entities  |
|--|---|--|
| <b>Topic 8</b><br>Maintaining<br>AASB 1060 | This topic seeks feedback on the AASB’s approach to maintaining AASB 1060.  | Entities preparing financial statements that comply with AASB 1060 |
| <b>Topic 9</b><br>Other matters            | This topic provides stakeholders with the opportunity to provide feedback on any relevant matters not specifically addressed in Topics 1–8, including the AASB’s general matters for comment. | Entities preparing financial statements that comply with AASB 1060 |

## Topic 1 Overall objective and assessment of AASB 2020-2

### Relevant entities

- ✓ Certain FP private sector entities that previously prepared SPFS
- ✗ NFP entities
- ✗ Public sector entities

The objective of AASB 2020-2 was to address the so-called ‘SPFS problem’, where two similar for-profit (FP) entities might prepare very different financial statements, with one preparing GPFS using a robust and consistent framework and the other preparing SPFS using self-selected reporting requirements.

The AASB considered that removing the ability of certain FP private sector entities to prepare SPFS when compliance with Australian Accounting Standards was required would improve the consistency, comparability, transparency and enforceability of their financial statements, thus better meeting the needs of users who are accessing these financial statements on a public register or otherwise.

The AASB acknowledged that the removal of the ability to prepare such SPFS could have a significant impact on the preparation of an entity’s financial statements and expected that there would be some one-off transition costs.

For example, the AASB acknowledged that:

- there would be an increase in disclosures for most entities transitioning from SPFS;
- some entities might incur additional costs, particularly if they needed to comply with the recognition and measurement requirements of Australian Accounting Standards for the first time;
- an entity may need to make changes to its internal systems and processes to capture the required information; and
- an entity may need to prepare consolidated financial statements and/or equity account interests in associates and joint ventures for the first time.

However, the AASB also expected that financial statements that are more consistent, comparable, transparent and enforceable would better meet the information needs of the users of the financial statements of affected entities.

To limit the number of FP private sector entities that would be affected by this change to the Australian financial reporting framework, the AASB decided that the amendments would apply only to ‘certain’ FP private sector entities. These are FP private sector entities that are:

- (a) required by legislation to prepare financial statements that comply with either Australian Accounting Standards or accounting standards; or

- (b) required only by a constituting document or another document to prepare financial statements that comply with Australian Accounting Standards – provided that the constituting or other document was created or amended on or after 1 July 2021.

AASB 1057 *Application of Australian Accounting Standards* (paragraph 5) was amended by AASB 2020-2 so that these ‘certain’ FP private sector entities were required to prepare GPFS in accordance with Australian Accounting Standards when preparing the financial statements required by the relevant legislation or documents.

As a result, FP private sector entities that are required only by a constituting document or another document to prepare financial statements that comply with Australian Accounting Standards are still able to prepare SPFS in response to that requirement if the document was created before 1 July 2021 and has not been amended in any way since that date. Over time, some of these entities will amend the relevant document or be subject to new documents that require compliance with Australian Accounting Standards, in which case the number of FP private sector entities able to prepare SPFS that claim compliance with the Standards will reduce.

#### Questions for respondents

1. Regarding AASB 2020-2 and the removal of SPFS for certain FP private sector entities, please provide your views on the following matters:
  - (a) Has the *overall* objective to improve the consistency, comparability, transparency and enforceability of the financial statements of affected entities been achieved?
  - (b) Were the costs of preparing GPFS for the *first time* broadly in line with expectations?
  - (c) Are the *ongoing* costs of preparing GPFS broadly in line with expectations?

In addition to explaining the reasons for your views, information about the relevant circumstances, their significance and examples to illustrate your responses are also most helpful.

## Topic 2 Overall objective and assessment of AASB 1060

### Relevant entities

Entities preparing financial statements that comply with AASB 1060

As summarised in the background section, the objective of AASB 1060 is to provide a second tier of general purpose financial reporting that balances the required disclosures, user needs and preparer costs.

### Questions for respondents

2. Regarding AASB 1060, please provide your views on the following matters:
- (a) *Overall*, has the Standard met its objective of achieving an appropriate balance between meeting user needs and minimising the costs for entities preparing Tier 2 GPFS?
  - (b) Were the costs of applying the Standard for the *first time* broadly in line with expectations?
  - (c) Are the *ongoing* costs of applying the Standard broadly in line with expectations?

In addition to explaining the reasons for your views, information about the relevant circumstances, their significance and examples to illustrate your responses are also most helpful.



### Topic 3      **Transition relief for FP private sector entities transitioning from SPFS to AASB 1060**

#### **Relevant entities**

- ✓ Certain FP private sector entities that previously prepared SPFS
- ✗ NFP entities
- ✗ Public sector entities

For annual periods beginning on or after 1 July 2021, AASB 2020-2 removed the ability of certain FP private sector entities to prepare SPFS when compliance with Australian Accounting Standards was required. AASB 1060 also applied to the same periods. Earlier application of both Standards was also permitted.

To encourage affected FP private sector entities to prepare Tier 2 GPFS in advance of the mandatory effective date of AASB 2020-2, the AASB provided several optional short-term exemptions. The optional short-term exemptions are set out in AASB 1053 Appendix E.<sup>1</sup>

To summarise the exemptions, an FP private sector entity that first applied AASB 1060 early (i.e. to annual periods beginning before 1 July 2021):

- (a) was not required to present comparative information in the notes in its first Australian-Accounting-Standards financial statements (Tier 2) if the entity did not disclose the comparable information in its most recent previous financial statements (AASB 1053 paragraph E4);
- (b) was not required to restate comparative information in those financial statements – if it had applied AASB 1 *First-time Adoption of Australian Accounting Standards* in preparing the financial statements – in which case:
  - (i) its date of transition to Australian Accounting Standards changed so that opening balance adjustments were recognised directly in equity at the beginning of the reporting period rather than the beginning of the earliest comparative period (AASB 1053 paragraph E6); and
  - (ii) specified qualitative disclosures were required in place of certain reconciliations of equity and profit and loss (AASB 1053 paragraph E7); and
- (c) was not required to distinguish the correction of errors and changes in accounting policies if the entity became aware of errors in its most recent previous SPFS, which either:
  - (i) did not comply with all applicable recognition and measurement requirements of Australian Accounting Standards; or
  - (ii) did not present consolidated financial statements on the basis that neither the parent nor the group was a reporting entity (AASB 1053 paragraph E3).

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<sup>1</sup> AASB 2020-2 amended AASB 1053 to add Appendix E ‘Short-term exemptions for entities applying Tier 2 – Simplified Disclosures for periods beginning before 1 July 2022’.

In addition, an FP private sector entity that waited until the first regular period of application to apply AASB 1060 (i.e. that first applied AASB 1060 for an annual period beginning on or after 1 July 2021 but before 1 July 2022) also could utilise the optional short-term relief set out in paragraph (c) above. That is, such an entity was not required to distinguish the correction of errors and changes in accounting policies if the entity became aware of errors in its most recent previous SPFS, subject to the conditions set out in AASB 1053 paragraph E3, as noted in paragraph (c) above. However, such an entity did not have any exemptions regarding comparative information in its first Australian-Accounting-Standards financial statements (Tier 2) – that is, paragraphs E4–E7 of AASB 1053 were not applicable to the entity.

### **Questions for respondents**

3. In respect of FP private sector entities that transitioned from SPFS to AASB 1060:

- (a) Was any of the optional transition relief used?
- (b) Did the optional transition relief achieve its objective of reducing the effort required during the transition? If not, what additional forms of transition relief should the AASB consider providing when developing transition requirements in future standard-setting projects?

In addition to explaining the reasons for your views on the above matters, information about the relevant circumstances, their significance and examples to illustrate your responses are also most helpful.

## **Topic 4      Transition relief for entities transitioning from GPFS to AASB 1060**

### **Relevant entities**

Entities that previously prepared GPFS (Tier 1 or Tier 2 (RDR)) and transitioned to AASB 1060

The AASB acknowledged that there might be some FP entities transitioning from GPFS (usually Tier 2 RDR) to GPFS Tier 2 under AASB 1060 that might have difficulty preparing some of the required disclosures where they were not required to be included in financial statements in a prior period.

Therefore, the AASB agreed that the relief in AASB 1053 paragraph E4 from providing comparative information not previously disclosed in the financial statement notes should be available for all FP private sector entity early adopters of AASB 1060, whether transitioning from SPFS or from GPFS (Tier 1 or Tier 2 (RDR)).

When AASB 2020-2 was issued, the AASB had projects on its work program to reconsider the financial reporting frameworks for NFP entities and public sector entities. For this reason, the AASB did not want to encourage NFP entities and public sector entities that were preparing SPFS to transition to GPFS at that time. Therefore, such entities were not eligible to apply the transition relief in Appendix E of AASB 1053 (summarised in Topic 3) if they transitioned to AASB 1060.

However, in finalising AASB 1060, the AASB noted that some NFP entities preparing GPFS could also be transitioning to Tier 2 GPFS under AASB 1060. As a result, the relief from new comparative disclosures was also made available to NFP entities through a transition provision in paragraph B1(c) of AASB 1060. Again, the relief was available only to NFP entities that adopted AASB 1060 early, i.e. for periods beginning before 1 July 2021. The relief was not available to FP public sector entities, regardless of when they first applied AASB 1060.

### **Questions for respondents**

4. In respect of entities that transitioned from GPFS (Tier 1 or Tier 2 (RDR)) to AASB 1060:
  - (a) Was the optional transition relief used?
  - (b) Did the optional transition relief achieve its objective of reducing the effort required during the transition? If not, what additional forms of transition relief should the AASB consider providing when developing transition requirements in future standard-setting projects?

In addition to explaining the reasons for your views on the above matters, information about the relevant circumstances, their significance and examples to illustrate your responses are also most helpful.

## Topic 5 Educational materials

### Relevant entities

Entities that transitioned to AASB 1060, including:

- ✓ Certain FP private sector entities that previously prepared SPFS
- ✓ NFP entities
- ✓ Public sector entities

Prior to the removal of SPFS claiming compliance with Australian Accounting Standards for certain FP private sector entities under AASB 2020-2 and the revised Tier 2 disclosure requirements under AASB 1060 becoming effective on 1 July 2021, the AASB undertook many educational initiatives to support stakeholders with initial application of the Standards.

These initiatives included AASB staff:

- (a) facilitating interactive webinars which provided information about the removal of SPFS for certain FP private sector entities and the introduction of AASB 1060, and gave stakeholders opportunities to ask questions about their application;
- (b) engaging with stakeholders via presentations and other general outreach to inform them about:
  - (i) the scope of AASB 2020-2, including information about which entities would be affected and which entities would not; and
  - (ii) AASB 1060, including changes to the Tier 2 disclosure requirements; and
- (c) producing summaries of:
  - (i) AASB 2020-2 – such as a key facts document that outlined what was changing and why, which entities were affected, the optional transition relief that was available, areas where additional effort may be required by entities preparing GPFS for the first time and differences between the requirements set out in AASB 2020-2 and the Exposure Draft proposals;
  - (ii) how to interpret financial reporting requirements included in trust deeds, loan agreements and similar documents – this key facts document also included drafting alternatives for consideration in relation to the reporting objectives of the parties (including clients) preparing a new document; and
  - (iii) AASB 1060 – such as a key facts document that outlined key differences between the old and new Tier 2 frameworks, the optional transition relief that was available, areas where additional effort may be required and differences between the requirements set out in AASB 1060 and the Exposure Draft proposals.

These key facts documents were published on the AASB website. They remain available there under Research & Resources\Knowledge Hub\Technical FAQs. Here is the direct link to that page: [Technical FAQs](#).

### Questions for respondents

5. In relation to the *removal of SPFS for certain FP private sector entities*, were the educational initiatives, including webinars and publications, prepared by AASB staff helpful?
6. In relation to *AASB 1060*, were the educational initiatives, including webinars and publications, prepared by AASB staff helpful?
7. Were there any other activities or resources that would have been helpful that the AASB could consider in future standard-setting projects?

Please explain the reasons for your views on the above matters. Examples to illustrate your responses are also most helpful.

## Topic 6 Disclosure of individually material items

### Relevant entities

Entities preparing financial statements that comply with AASB 1060

During the development of AASB 1060, some stakeholders expressed concerns about the absence of a specific requirement in AASB 1060 to disclose individually material items of income and expense in the financial statements. They noted that this was an explicit disclosure requirement under the RDR framework and that entities preparing SPFS were also required to disclose this information when complying with AASB 101 *Presentation of Financial Statements*.

The AASB acknowledged these concerns and noted that entities applying AASB 1060 would still be expected to disclose information that was not presented elsewhere but that is relevant to an understanding of the financial statements, as required by AASB 1060 paragraph 91(c). In the AASB's view, this would include information about individually material items of income and expense, where information about these items is necessary to assess the entity's financial performance.

Although the AASB did not include an explicit disclosure requirement regarding individually material items of income and expense when finalising AASB 1060, it agreed to monitor entities' disclosure practices and revisit this decision should it become apparent that entities were not providing sufficient disclosures in this regard.

A review of a sample of financial statements prepared by large proprietary companies in compliance with AASB 1060, covering the financial years 2021/22 and 2022/23, noted that the disclosure of expenses generally demonstrated a consistent and adequate level of disaggregation, comparable to that in Tier 1 financial statements of listed and other entities. While a small number of mostly non-operating entities – around 2% of the sample – showed limited disaggregation, the overall findings of the review suggest that Tier 2 entities are providing sufficient disclosure of individually material items of expenses in their financial statements.

### Questions for respondents

8. Do you consider the absence of a specific disclosure requirement for individually material items of income and expense in AASB 1060 has led to any problems in either preparing or using Tier 2 financial statements?
9. Do you think the AASB should add an explicit disclosure requirement to AASB 1060 that requires the disclosure of individually material items of income and expense?

In addition to explaining the reasons for your views on the above matters, information about the relevant circumstances, their significance and examples to illustrate your responses are also most helpful.

## Topic 7 Adequacy of disclosure requirements

### Relevant entities

Entities preparing financial statements that comply with AASB 1060

As summarised in the background section, the PIR of the RDR framework identified that it had not delivered the expected outcome and that it contained too many disclosure requirements.

To better balance the required disclosures, user needs and preparer costs, AASB 1060 was developed through a bottom-up approach, using the *IFRS for SMEs* Accounting Standard as a base. The IASB designed the *IFRS for SMEs* Accounting Standard for small and medium-sized entities that do not have public accountability and that prepare GPFS.

### Question for respondents

10. Do you have any comments about the disclosure requirements of AASB 1060, including their adequacy or practicality in application?

Please provide your views on the requirements, relevant circumstances and their significance, and areas where you consider changes are needed. Examples to illustrate your responses are also most helpful.

Please also consider whether the potential amendments to AASB 1060 outlined in Section 2 of this ITC regarding the current project to update AASB 1060 would address any concerns you may have. In particular, you may wish to look at the following tables in Section 2:

- Table 2.1.1 – Substantive amendments to the *IFRS for SMEs* Accounting Standard – recommendations for amending AASB 1060
- Table 2.2.A – New AASB 18 classification and presentation paragraphs proposed for inclusion in AASB 1060
- Table 2.2.B – New AASB 18 disclosure paragraphs to be considered for inclusion in AASB 1060.

## Topic 8 Maintaining AASB 1060

### Relevant entities

Entities preparing financial statements that comply with AASB 1060

When developing AASB 1060, the AASB decided that the Standard should be reviewed whenever:

- (a) the *IFRS for SMEs* Accounting Standard is updated by the IASB;
- (b) a new Australian Accounting Standard or Interpretation is issued; or
- (c) amendments are made to existing Australian Accounting Standards or Interpretations.

This approach has resulted in many amendments being made to AASB 1060 since it was issued in 2020.

Furthermore, if the AASB continues with its current approach to maintaining AASB 1060, new amendments would be expected, based on the IASB's recently issued third edition of the *IFRS for SMEs* Accounting Standard and AASB 18 *Presentation and Disclosure in Financial Statements*. More information on these possible amendments is set out in Section 2 of this ITC.

In contrast, the IASB only updates its *IFRS for SMEs* Accounting Standard at infrequent intervals. The original Standard was published in July 2009 and the second edition in May 2015. The updated third edition was published in February 2025. However, the IASB has sometimes made particular amendments to its Standard outside these updates to address specific short-term disclosure problems.

Such infrequent updating of AASB 1060 would mean that many new and amended disclosure requirements that apply to Tier 1 GPFS would not be considered for incorporation into Tier 2 GPFS until years later. This could be to the detriment of both preparers and users of Tier 2 GPFS.

### Question for respondents

11. Do you have any comments about the AASB's current approach to maintaining AASB 1060, including the frequency and timing of updates?

Please explain the reasons for your view.



## Topic 9 Other matters

### Relevant entities

Entities preparing financial statements that comply with AASB 1060

Topics 1–8 focus on specific matters on which the AASB seeks feedback in relation to the removal of SPFS for certain FP private sector entities and the application of AASB 1060.

Topic 9 encourages stakeholders to provide feedback on the AASB’s general matters for comment as well as any other matters that they consider significant to assessing the removal of SPFS for certain FP private sector entities and the application of AASB 1060.

### Questions for respondents

12. Are there any regulatory issues or other issues arising in the Australian environment that adversely affect the application of AASB 1060 and AASB 2020-2?
13. Does the application of the requirements in AASB 1060 and AASB 2020-2 result in major auditing or assurance challenges?
14. Are the requirements in the best interests of the Australian economy?
15. Are there any other matters that the AASB should be aware of as it undertakes this PIR of AASB 1060 and AASB 2020-2?

If so, considering the objective of a PIR as described in the introduction on page 6, please provide your views on those issues or matters, relevant circumstances and their significance, and areas where you consider changes are needed. Examples to illustrate your responses are also most helpful.

## SECTION 2: AASB 1060 UPDATE

### Introduction

Section 2 of this ITC explores the future direction of AASB 1060. This section is divided into three topics:

Topic 1: Potential amendments to AASB 1060 based on the third edition of the *IFRS for SMEs Accounting Standard*

In February 2025, the IASB issued its third edition of the *IFRS for SMEs Accounting Standard*. Since AASB 1060 was originally developed based on the second edition of the *IFRS for SMEs Accounting Standard*, the AASB is reviewing the new edition to identify relevant updates to incorporate into AASB 1060. This topic seeks feedback on which substantive amendments to the *IFRS for SMEs Accounting Standard* should be reflected in AASB 1060.

Topic 2: Potential effects of AASB 18 on AASB 1060

In June 2024, the AASB issued AASB 18 *Presentation and Disclosure in Financial Statements* to replace AASB 101 *Presentation of Financial Statements* effective 1 January 2027 for many Tier 1 entities. AASB 18 introduces new presentation and disclosure requirements for primary financial statements, particularly the statement of profit or loss. Except for two presentation simplification concessions, AASB 1060 generally aligns with Tier 1 presentation requirements. This topic invites feedback on whether AASB 1060 should be updated to align with AASB 18 requirements and, if so, the approach to incorporating those requirements.

Topic 3: Disclosure requirements in IFRS 19

In May 2024, the IASB issued IFRS 19 *Subsidiaries without Public Accountability: Disclosures*, which allows eligible subsidiaries to comply with reduced disclosure requirements while maintaining IFRS compliance. This topic compares the disclosures in IFRS 19 with those in AASB 1060 and seeks stakeholder views on whether IFRS 19 should be adopted in Australia and, if so, how this might be implemented within the Tier 2 framework.

### We need your feedback

Comments are invited by 22 January 2026 about your views on:

- (a) updating AASB 1060 due to changes made in the IASB's third edition of the *IFRS for SMEs Accounting Standard*
- (b) aligning AASB 1060 with the new AASB 18 requirements; and
- (c) whether IFRS 19 should be adopted in Australia and, if so, how;

as presented in this section of the ITC. Stakeholder feedback plays an important role in the AASB's standard-setting process. The AASB regards supportive and non-supportive comments as essential to a review of the issues and will consider all submissions, whether

they address some or all specific matters, additional issues or only one issue (whether an issue specifically identified below or another issue).

Comments are most useful if they indicate the specific paragraph of the pronouncement to which they relate, contain a clear rationale, are supported by evidence and, where applicable, provide a suggestion for an alternative approach or additional support the AASB could consider providing to stakeholders. Respondents need not answer all the questions in this section of the ITC. When answering the questions, respondents are asked to consider the effect of the potential requirements on:

- (a) the quality and consistency of financial statements and whether they would provide relevant and reliable information about an entity's financial position and performance;
- (b) comparability, both from period to period for an entity and between entities; and
- (c) the costs and benefits to preparers and users of financial information.

### **AASB specific matters for comment**

The AASB is seeking specifically feedback on the following issues:

#### **Topic 1 Potential amendments to AASB 1060 based on the third edition of the *IFRS for SMEs* Accounting Standard**

- 1.1 Do you agree with the AASB's proposed approach for assessing whether to amend AASB1060 in relation to amendments made by the IASB to the *IFRS for SMEs* Accounting Standard (see page 36)?

If you disagree, with which aspects of the proposed approach do you disagree and what alternatives would you suggest instead?

- 1.2 Do you agree with the AASB's recommendations for amendments to AASB 1060, as listed in Table 2.1.1 (which starts on page 38)?

If you disagree, with which recommendations do you disagree and what would you suggest instead?

- 1.3 Do you agree with the AASB's recommendations not to amend AASB 1060 for the changes presented in Table 2.1.2 (which starts on page 52)?

If you disagree, with which recommendations do you disagree and what would you suggest instead?

#### **Topic 2 Potential effects of AASB 18 on AASB 1060**

- 2.1 Should the AASB consider the impact of AASB 18 on AASB 1060 in advance of the IASB considering the suitability of the IFRS 18 requirements for the *IFRS for SMEs* Accounting Standard?

If you think the AASB should consider the impact of AASB 18 on AASB 1060 now, please consider the following questions for Topic 2.

If you think the AASB should wait for the IASB's next edition of the *IFRS for SMEs* Accounting Standard, please explain your reasons.

- 2.2 Do you agree with replacing the AASB 101 presentation requirements in AASB 1060 with the AASB 18 classification and presentation requirements, to retain consistency in the classification and presentation of items in the primary financial statements of both Tier 1 and Tier 2 entities?

If you disagree, with which aspects do you disagree and what would you suggest instead?

- 2.3 If you agree that the classification and presentation of items in the primary financial statements should remain consistent for Tier 1 and Tier 2 entities (see question 2.2), which of the following approaches do you prefer?

Option A: Include in AASB 1060 all of the relevant classification and presentation requirements that are in the main body of AASB 18 (see Appendix 2.2.A in this ITC), update the relevant defined terms in Appendix A of AASB 1060 and add references to additional guidance in Appendix B of AASB 18 where applicable. Applying this approach would result in including all relevant classification and presentation requirements from AASB 18 in AASB 1060. Therefore, Tier 2 entities would not be required to comply with AASB 18 (although AASB 1060 would reference to Appendix B of AASB 18 for additional guidance).

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. Under this approach, a new Appendix would be added to AASB 18 to list the disclosure paragraphs that do not apply to Tier 2 entities, consistent with the approach for other Australian Accounting Standards that continue to apply to Tier 2 entities.

Please provide the reasons for your preference.

- 2.4 When operating expenses are presented by function in the statement of profit or loss, should AASB 1060 include a requirement to disclose:
- (a) specified expenses by nature in a single note (as required by paragraphs 83–85 of AASB 18 for Tier 1 entities); and
  - (b) a qualitative description of the nature of expenses in each function line item (paragraph 82(b) of AASB 18)?

Please provide the reasons for your view.

- 2.5 For management-defined performance measures (MPMs), should AASB 1060 include:
- (a) a reference to the disclosure requirements in AASB 18 for Tier 2 entities that use MPMs as defined in AASB 18 (i.e. similar to the way that Tier 2 entities that disclose operating segments are required to apply AASB 8 *Operating Segments*);

- (b) the full text of paragraphs 117–125 of AASB 18 (i.e. the same requirements as for Tier 1 entities);
- (c) only some disclosure requirements about its MPMs (e.g. only qualitative information or a reconciliation of each MPM to the most directly comparable subtotal or total specified by the Australian Accounting Standards); or
- (d) no disclosure requirements for MPMs?

Please provide the reasons for your view.

If you support only some disclosure requirements, please identify which disclosures should be required and why.

2.6 Should AASB 1060 require disclosure of further information regarding:

- (a) the aggregation and disaggregation of line items in the financial statements and/or notes; and
- (b) the relevant line item(s) in the primary financial statements when amounts disclosed in the notes are included in one or more line items (paragraph 114 of AASB 18)?

Please provide the reasons for your view.

Questions regarding NFP private sector entities preparing Tier 2 GPFS

2.7 Please provide comments on the suitability of applying AASB 18 to Tier 2 GPFS of NFP private sector entities, including:

- (a) requirements for classifying income and expenses in five categories, their presentation in the statement of profit or loss and the additional disclosures for operating expenses classified by function;
- (b) disclosure requirements regarding MPMs; and
- (c) aggregation and disaggregation principles.

2.8 Please provide comments on the suitability of requiring NFP private sector entities to classify in their Tier 2 GPFS dividend and interest cash flows as follows (consistent with the revised AASB 107):

- (a) dividends and interest received – investing cash flows; and
- (b) dividends and interest paid – financing cash flows.

2.9 Are there any NFP-specific reasons for modifying the requirements in AASB 18 or the revised AASB 107 for NFP private sector entities preparing Tier 2 GPFS? If so, please identify the modifications you suggest and explain those reasons.

## Questions regarding NFP public sector entities preparing Tier 2 GPFS

2.10 A forthcoming Exposure Draft for NFP public sector entities preparing Tier 1 GPFS is expected to propose the following reliefs related to the new AASB 18 classification and presentation requirements for primary financial statements:

- (a) for the statement of profit or loss, these entities would not be required to:
  - (i) apply paragraphs 47(a)–(c) of AASB 18 to categorise income and expenses into the operating, investing and financing categories;
  - (ii) present the two subtotals operating profit or loss and profit or loss before financing and income taxes, which are set out in paragraphs 69(a) and (b) of AASB 18; or
  - (iii) apply paragraphs 78, B80 and B81 of AASB 18 regarding the classification and presentation of expenses in order to present the most useful structured summary of the expenses; and
- (b) for the statement of cash flows, these entities would be able to elect how to classify dividends received and interest paid and received.

If NFP public sector entities preparing Tier 1 GPFS are granted certain reliefs, should NFP public sector entities preparing Tier 2 GPFS be provided with the same reliefs?

Please provide the reasons for your view.

2.11 The forthcoming Exposure Draft for NFP public sector entities preparing Tier 1 GPFS is expected to propose relief from the requirement to disclose information about MPMs under paragraph 122 of AASB 18.

If NFP public sector entities preparing Tier 1 GPFS are granted this relief, should NFP public sector entities preparing Tier 2 GPFS be provided with the same relief?

Please provide the reasons for your view.

2.12 The forthcoming Exposure Draft for NFP public sector entities preparing Tier 1 GPFS is expected to propose relief that would permit the continued use of the ‘profit or loss’ total as the starting point for the indirect method of reporting cash flows from operating activities.

If NFP public sector entities preparing Tier 1 GPFS are granted this relief, should NFP public sector entities preparing Tier 2 GPFS be provided with the same relief?

Please provide the reasons for your view.

2.13 The forthcoming Exposure Draft for NFP public sector entities preparing Tier 1 GPFS is expected to propose that the aggregation and disaggregation requirements in AASB 18 apply without modification, which means NFP public sector entities preparing Tier 1 GPFS would be subject to disclosure requirements regarding:

- (a) the aggregation and disaggregation of items in the primary financial statements and notes (paragraphs 43 and B24–B26 of AASB 18); and
- (b) the relevant line item(s) in the primary financial statements when amounts disclosed in the notes are included in one or more line items (paragraph 114 of AASB 18)?

Should NFP public sector entities preparing Tier 2 GPFS be aligned with NFP public sector entities preparing Tier 1 GPFS in relation to the aggregation and disaggregation requirements in AASB 18 and so also be required to provide those disclosures?

Please provide the reasons for your view.

### **Topic 3 Disclosure requirements in IFRS 19**

#### **3.1 Is it important for Tier 2 entities to be able to claim compliance with IFRS 19?**

Please explain your view.

#### **3.2 Which of the following options would you prefer:**

- (a) replace AASB 1060 with IFRS 19 and expand the scope from subsidiaries without public accountability to all Tier 2 entities;
- (b) amend AASB 1060 to include the additional disclosures required by IFRS 19 to achieve compliance with IFRS 19;
- (c) retain AASB 1060 and do not adopt IFRS 19 at all;
- (d) adopt IFRS 19 as an alternative Tier 2 framework for subsidiaries without public accountability, so that these entities would have the option to prepare GPFS under either AASB 1060 or an AASB Standard incorporating IFRS 19; or
- (e) adopt IFRS 19 as an alternative Tier 2 framework under which subsidiaries without public accountability would apply an AASB Standard incorporating IFRS 19 (without the option to apply AASB 1060 instead) and other Tier 2 entities would apply AASB 1060.

Please provide the reasons for your preference.

#### **3.3 If you think only parts of IFRS 19 should be adopted in Australia, please identify the disclosure requirements currently not required under AASB 1060 that you consider appropriate for Tier 2 entities and/or subsidiaries without public accountability.**

## AASB general matters for comment

In addition to the specific matters for comment on each of the three topics in this section, the AASB would also value comments on the following:

1. Are there any regulatory issues or other issues arising in the Australian environment that may affect the implementation of the proposals, particularly any issues relating to:
  - (a) not-for-profit entities; and
  - (b) public sector entities, including GAAP/GFS implications?
2. Would the proposals create any auditing or assurance challenges?
3. Overall, would the proposals result in financial statements that would be useful to users?
4. Are the proposals in the best interests of the Australian economy?
5. Unless already provided in response to the AASB specific matters for comment 1.1–3.3 above and/or general matters for comment 1–4 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.

## Next steps

After considering the feedback received on the three topics in this section, the AASB will decide whether to issue any or all of the following:

- (a) an exposure draft of proposed amendments to AASB 1060 to reflect changes made to the *IFRS for SMEs* Accounting Standard;
- (b) an exposure draft of proposed amendments to align the classification, presentation and disclosure requirements in AASB 1060 with those in AASB 18; and
- (c) an exposure draft proposing to make IFRS 19 available to some or all Australian entities in some form.

Depending on the timing and extent of the changes to be proposed under (a) and (b), the AASB might issue one exposure draft that covers both sets of proposals.



## **Topic 1      Potential amendments to AASB 1060 based on the third edition of the *IFRS for SMEs* Accounting Standard**

### **Development of AASB 1060 and its relationship with the *IFRS for SMEs* Accounting Standard**

AASB 1060 was issued by the AASB in March 2020, replacing the previous Reduced Disclosure Requirements (RDR) framework. It introduced a simplified disclosure regime for Tier 2 entities – entities without public accountability that are nonetheless required to (or elect to) prepare general purpose financial statements but do not aim to comply with all of the disclosure requirements in Australian Accounting Standards.

In developing AASB 1060, the AASB drew on the *IFRS for SMEs* Accounting Standard issued by the IASB. The *IFRS for SMEs* Accounting Standard is a simplified, standalone accounting standard designed specifically for general purpose financial statements of small and medium-sized entities (SMEs) that do not have public accountability. It simplifies recognition, measurement, presentation and disclosure requirements relative to the full IFRS Accounting Standards, aiming to reduce complexity and compliance costs.

Rather than adopting the *IFRS for SMEs* Accounting Standard in its entirety, the AASB used it as a foundational reference when developing AASB 1060. It 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 (R&M) requirements of Tier 1 Australian Accounting Standards (AAS), which are aligned with the full IFRS Accounting Standards.

AASB 1060 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. As a general rule, the presentation requirements of full AAS have been retained. However, consistent with the *IFRS for SMEs* Accounting Standard, AASB 1060 allows entities to omit a statement of changes in equity in certain circumstances and does not require a third statement of financial position where there have been retrospective restatements or reclassifications.

#### Replacing entire Standards with AASB 1060

As noted in paragraphs BC54 and BC55 of the Basis for Conclusions to AASB 1060, to simplify reporting for Tier 2 entities the AASB decided to replace Standards that exclusively address presentation and disclosure requirements with corresponding sections that are based on the *IFRS for SMEs* Accounting Standard. Entities applying AASB 1060 therefore do not need to comply with 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*.

Guidance on presentation and disclosure matters was included in AASB 1060 only to the extent that it was also included in the *IFRS for SMEs* Accounting Standard. To address stakeholder concerns about missing guidance:

- (a) paragraph 2 was added to allow entities to refer to other Standards for additional guidance; and
- (b) definitions from the replaced Standards were included in Appendix A of AASB 1060.

To prevent differences in presentation outcomes, certain requirements were incorporated into AASB 1060, including prohibitions on departing from AAS or offsetting items, options for presenting cash flows and exemptions from certain key management personnel disclosures. The AASB also updated the definition of materiality and incorporated relevant guidance on note presentation and liability classification to reflect amendments to AASB 101 and the equivalent international Standard, IAS 1 *Presentation of Financial Statements*, that had not yet been considered by the IASB for the *IFRS for SMEs* Accounting Standard. The AASB further noted that the investment entity exception from consolidation created an R&M difference to the *IFRS for SMEs* Accounting Standard but did not consider additional disclosures would be warranted due to its limited relevance for Tier 2 entities (AASB 1060 paragraphs BC56–BC64).

#### Judgements made in adding, removing or adapting the disclosures in the *IFRS for SMEs* Accounting Standard

The AASB made significant judgements when modifying disclosures from the *IFRS for SMEs* Accounting Standard to align with Australian requirements. For areas with R&M differences, such as leases, revenue, borrowing costs and intangible assets, the AASB adapted disclosures to reflect AAS, using the *IFRS for SMEs* Accounting Standard as a base where appropriate. In some cases, the AASB reduced disclosures where a disclosure had been removed from the full IFRS Accounting Standards, but the disclosure requirement under the *IFRS for SMEs* Accounting Standard had not yet been reconsidered, ensuring alignment with AAS and avoiding an unnecessary burden for Tier 2 entities. Some disclosures in the *IFRS for SMEs* Accounting Standard that were not required under the RDR framework were retained if they were considered relevant and helpful for users of Tier 2 financial statements. The guiding principle was to minimise differences with the *IFRS for SMEs* Accounting Standard unless justified by user relevance, consistency with AAS or cost-benefit considerations (AASB 1060 paragraphs BC65–BC74).

#### **IASB Amendments to the *IFRS for SMEs* Accounting Standard**

Following its second comprehensive review, the IASB issued the third edition of the *IFRS for SMEs* Accounting Standard in February 2025 (cited in this ITC as the 2025 *IFRS for SMEs* Accounting Standard). Amendments have been made by the IASB throughout the Standard.

#### Major amendments

The update includes major revisions to five sections and the addition of a new section on fair value measurement:

- (a) Section 2 *Concepts and Pervasive Principles* – updated to align with the 2018 *Conceptual Framework for Financial Reporting*;
- (b) Section 9 *Consolidated and Separate Financial Statements* – aligned with IFRS 10 *Consolidated Financial Statements*, with changes to the definition of control and new disclosure requirements for the loss of control of a subsidiary;
- (c) Section 11 *Financial Instruments* – combined the former sections on basic and other financial instruments and updated to align with IFRS 9 *Financial Instruments*, with appropriate simplifications;

- (d) Section 12 *Fair Value Measurement* – a new section has been added to address fair value measurement and the disclosure of information about fair value measurements, based on IFRS 13 *Fair Value Measurement*;
- (e) Section 19 *Business Combinations and Goodwill* – aligned more closely with IFRS 3 *Business Combinations*, with updates including the definition of a business, the treatment of contingent liabilities, fair value measurement of contingent consideration and requirements for step acquisitions; and
- (f) Section 23 *Revenue* (renamed *Revenue from Contracts with Customers*) – aligned with IFRS 15 *Revenue from Contracts with Customers*, introducing the five-step revenue recognition model, with simplifications for SMEs and transition relief.

#### Other amendments

The more significant of other amendments in the 2025 *IFRS for SMEs* Accounting Standard include the following:

- (a) addition of requirements to disclose information about supplier finance arrangements;
- (b) addition of a requirement to disclose a reconciliation of changes in liabilities arising from financing activities;
- (c) addition of requirements about the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
- (d) clarifications relating to the measurement simplification for defined benefit obligations and an additional requirement to disclose the measurement assumptions;
- (e) alignment of requirements on the timing of recognition of termination benefits with requirements on recognition of restructuring costs in the scope of Section 21 *Provisions and Contingencies*; and
- (f) addition of requirements regarding assessing whether a currency is exchangeable into another currency, determining the exchange rate to use and disclosures.

#### **AASB consideration of potential amendments to AASB 1060**

As stated in paragraph BC96 of AASB 1060, the disclosure requirements in AASB 1060 should be reviewed whenever the *IFRS for SMEs* Accounting Standard is updated. The AASB therefore has reviewed all the amendments made by the IASB in the 2025 *IFRS for SMEs* Accounting Standard and considered whether similar amendments should be made to AASB 1060. In doing so, the AASB referred to the principles it used when developing AASB 1060, as outlined in paragraphs BC34–BC50 of the Basis for Conclusions. In particular:

- (a) the disclosures in the *IFRS for SMEs* Accounting Standard should be retained where the R&M requirements and options are the same or similar in the *IFRS for SMEs* Accounting Standard and the full IFRS Accounting Standards (and therefore AAS);

- (b) where R&M options or treatments in the *IFRS for SMEs* Accounting Standard are not available in the full IFRS Accounting Standards (and therefore AAS), the related *IFRS for SMEs* Accounting Standard disclosures are removed; and
- (c) where the R&M principles in the full IFRS Accounting Standards (and therefore AAS) are significantly different from those in the *IFRS for SMEs* Accounting Standard or certain topics are not addressed in the *IFRS for SMEs* Accounting Standard, disclosures may be added.

In addition to applying these principles, the AASB also considered whether to add disclosures to address matters of public policy or to reflect Australian-specific issues (paragraph BC42).

Based on these principles, the AASB proposes the following approach when assessing whether to amend AASB 1060 in relation to amendments made by the IASB to the *IFRS for SMEs* Accounting Standard:

- (a) if the amendments relate to R&M requirements without affecting disclosures, no further action is required;
- (b) if the amendments introduce or modify disclosure requirements relating to R&M options or treatments in the *IFRS for SMEs* Accounting Standard that are not available in the full IFRS Accounting Standards (and therefore AAS), no further action is required;
- (c) if the amendments introduce or modify disclosure requirements relating to R&M principles in the *IFRS for SMEs* Accounting Standard that are significantly different from those in the full IFRS Accounting Standards (and therefore AAS), no further action is required;
- (d) for amendments that do not relate to requirements where there are R&M differences between the *IFRS for SMEs* Accounting Standard and the full IFRS Accounting Standards (and therefore AAS):
  - (i) if the amendments relate to guidance that explains the application of presentation or disclosure requirements for topics from the Standards that have been replaced by AASB 1060 (i.e. AASB 7, AASB 12, AASB 101, AASB 107 and AASB 124), the AASB proposes to amend AASB 1060 to align with the *IFRS for SMEs* Accounting Standard. However, the AASB notes that AASB 101 will be replaced with AASB 18 and is proposing further changes to the classification and presentation requirements and the associated guidance in AASB 1060 in this context. These are explained in Topic 2 of this section of the ITC; and
  - (ii) if the amendments concern guidance from Standards that have not been replaced by AASB 1060 in their entirety, the AASB proposes considering such guidance on a case-by-case basis;
- (e) in all other circumstances, the AASB proposes to amend AASB 1060 to align with the *IFRS for SMEs* Accounting Standard, unless equivalent amendments have already been made based on previous amendments to the full IFRS Accounting Standards and AAS; and
- (f) the AASB will also consider whether to add disclosures to address matters of public policy or to reflect Australian-specific issues.

Using this approach, the AASB has reviewed the changes made to the disclosure requirements in the *IFRS for SMEs* Accounting Standard and assessed their potential impact on AASB 1060. The tables below summarise substantive amendments that the AASB is proposing to include in AASB 1060 (Table 2.1.1) and substantive amendments where no changes to AASB 1060 are proposed (Table 2.1.2). Amendments that have already been made to AASB 1060 following amendments to the full IFRS Accounting Standards and AAS, and minor editorial changes such as wording updates, reference adjustments and relocations of existing requirements, are not included in the ITC.<sup>2,3</sup>

### Questions for respondents

- 1.1 Do you agree with the AASB's proposed approach for assessing whether to amend AASB1060 in relation to amendments made by the IASB to the *IFRS for SMEs* Accounting Standard (see page 36)?

If you disagree, with which aspects of the proposed approach do you disagree and what alternatives would you suggest instead?

- 1.2 Do you agree with the AASB's recommendations for amendments to AASB 1060, as listed in Table 2.1.1 (which starts on page 38)?

If you disagree, with which recommendations do you disagree and what would you suggest instead?

- 1.3 Do you agree with the AASB's recommendations not to amend AASB 1060 for the changes presented in Table 2.1.2 (which starts on page 52)?

If you disagree, with which recommendations do you disagree and what would you suggest instead?

2 When AASB 1060 was developed, the definitions were aligned with full AAS rather than being based on definitions in the *IFRS for SMEs* Accounting Standard. Therefore, the AASB proposes not to amend the defined terms in AASB 1060 Appendix A to align with the 2025 *IFRS for SMEs* Accounting Standard. However, the AASB has considered whether any changes to defined terms may be warranted in light of AASB 101 being replaced by AASB 18. Refer to Section 2, Topic 2 of this ITC for further details.

3 Amendments already reflected in AASB 1060 following amendments to the full IFRS Accounting Standards and minor editorial changes can be viewed via the project summary for this project on the AASB website.

**Table 2.1.1 Substantive amendments to the *IFRS for SMEs* Accounting Standard – recommendations for amending AASB 1060**

Table 2.1.1 presents the substantive changes made by the IASB to the *IFRS for SMEs* Accounting Standard that the AASB proposes incorporating in AASB 1060.

| Table 2.1.1 – Substantive amendments to the <i>IFRS for SMEs</i> Accounting Standard – recommendations for amending AASB 1060  |   |
|--|---|
| 2025 <i>IFRS for SMEs</i> Accounting Standard  | AASB 1060   |
| <p><i>Financial Statement Presentation</i></p> <p><b>3.15A</b> When applying this Standard an entity shall decide, after taking into consideration <u>all the relevant facts and circumstances, how it aggregates information in the financial statements, which include the notes. An entity shall not reduce the understandability of its financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.</u></p>                        | <p>No similar requirement in AASB 1060.</p> <p><b>Explanatory notes</b></p> <p>This new paragraph replicates amendments made to IAS 1 <i>Presentation of Financial Statements</i>/AASB 101 as a result of the disclosure initiative, which were made after the second edition of <i>IFRS for SMEs</i> Accounting Standard (2015 <i>IFRS for SMEs</i> Accounting Standard) was finalised. As this is providing guidance and not introducing new disclosures, it was not considered by the AASB when AASB 1060 was developed. The AASB proposes amending AASB 1060 to align with the 2025 <i>IFRS for SMEs</i> Accounting Standard.</p> <p>However, the AASB also notes that AASB 18 <i>Presentation and Disclosure in Financial Statements</i> (paragraphs 41–43) provides further detailed guidance on aggregation. Proposed changes to align with AASB 18 are discussed in Section 2, Topic 2 of this ITC.</p> |
| <p><i>Statement of Changes in Equity and Statement of Income and Retained Earnings</i></p> <p><u>Information to be disclosed in the notes</u></p> <p><b>6.6</b> An entity shall disclose in the <b>notes</b>:</p> <p>(a) <u>the amount of dividends proposed or declared before the financial statements were authorised for issue but not recognised as a distribution to owners during the reporting period, and the amount per share; and</u></p> <p>(b) <u>the amount of any cumulative preference dividends not recognised.</u></p> | <p>No similar requirement in AASB 1060</p> <p><b>Explanatory notes</b></p> <p>The 2025 <i>IFRS for SMEs</i> Accounting Standard paragraph BC5.3: In the second comprehensive review, the IASB decided to add a disclosure requirement relating to disaggregating dividends payable between those payable to ordinary shareholders and to preference shareholders. This requirement was based on IAS 1, and the IASB judged that an entity applying the requirement would provide useful information on liquidity and solvency, satisfying one of the principles for reducing disclosure requirements in paragraph BC31.</p> <p>The same disclosure requirement exists in AASB 101 paragraph 137 and AASB 18 paragraph 132.</p> <p>AASB proposes adding this disclosure to AASB 1060 to align with the 2025 <i>IFRS for SMEs</i> Accounting Standard.</p>  |

| Table 2.1.1 – Substantive amendments to the <i>IFRS for SMEs</i> Accounting Standard – recommendations for amending AASB 1060   |   |
|---|---|
| 2025 <i>IFRS for SMEs</i> Accounting Standard   | AASB 1060   |
| <p><i>Statement of Cash Flows</i></p> <p><u>Changes in liabilities arising from financing activities</u></p> <p><b>7.19A</b> <u>An entity shall disclose a reconciliation between the opening and closing balances in the <b>statement of financial position</b> for liabilities arising from financing activities. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the statement of cash flows as cash flows from financing activities. An entity shall include in the reconciliation:</u></p> <ul style="list-style-type: none"> <li><u>(a) changes from financing cash flows;</u></li> <li><u>(b) changes arising from obtaining or losing <b>control</b> of subsidiaries or other businesses;</u></li> <li><u>(c) the effect of changes in foreign exchange rates;</u></li> <li><u>(d) changes in fair values; and</u></li> <li><u>(e) other changes.</u></li> </ul> | <p>No similar requirement in AASB 1060.</p> <p><b>Explanatory notes</b></p> <p>Paragraph 7.19A introduces a simplified disclosure which is based on amendments made to IAS 7 <i>Statement of Cash Flows</i>/AASB 107 as a result of the disclosure initiative. The AASB discussed these amendments in the context of the previous RDR disclosures in February 2016 and decided that the disclosures should be excluded from the Tier 2 reporting requirements at that time. However, since the 2025 <i>IFRS for SMEs</i> Accounting Standard has now introduced simplified disclosures for SMEs, the AASB proposes aligning AASB 1060 with the 2025 <i>IFRS for SMEs</i> Accounting Standard.</p>   |
| <p><i>Consolidated and Separate Financial Statements</i></p> <p><b>9.23B</b> <u>An entity shall disclose the gain or loss, if any, calculated in accordance with paragraphs 9.18–9.19, and:</u></p> <ul style="list-style-type: none"> <li><u>(a) the portion of that gain or loss attributable to measuring any interest retained in the former subsidiary at its fair value at the date control is lost; and</u></li> <li><u>(b) the line items in profit or loss in which the gain or loss is recognised (if not presented separately).</u></li> </ul>   | <p>No similar requirement in AASB 1060.</p> <p><b>Explanatory notes</b></p> <p>As per the 2025 <i>IFRS for SMEs</i> Accounting Standard paragraph BC9.8, IFRS 10 <i>Consolidated Financial Statements</i> requires an entity to measure any retained interest in a former subsidiary at fair value on the date control is lost, with any resulting gain or loss recognised in profit or loss. During the second comprehensive review of the <i>IFRS for SMEs</i> Accounting Standard, the IASB amended Section 9 to align the requirements with those of Section 19, which addresses fair value measurement in step acquisitions. This change removes a recognition and measurement difference between the <i>IFRS for SMEs</i> Accounting Standard and the full IFRS Accounting Standards.</p> <p>This disclosure was not required under either AASB 1060 or RDR. While there had been an R&amp;M difference, the AASB had not considered this to warrant additional disclosures. The AASB now proposes adding this disclosure requirement to AASB 1060 to align with the 2025 <i>IFRS for SMEs</i> Accounting Standard.</p> |

| Table 2.1.1 – Substantive amendments to the <i>IFRS for SMEs</i> Accounting Standard – recommendations for amending AASB 1060  |  |
|--|--|
| 2025 <i>IFRS for SMEs</i> Accounting Standard  | AASB 1060  |
| <p><i>Financial Instruments</i></p> <p>11.43 An entity shall disclose an analysis of the age, by reference to due date, of trade receivables and other financial assets measured at amortised cost at the reporting date, showing separately:</p> <p>(a) the amortised cost of the financial assets before adjusting for any reduction (directly or by using an allowance account) for impairment or uncollectability (see paragraph 11.15(d)); and</p> <p>(b) any reduction (directly or by using an allowance account) for impairment or uncollectability (see paragraph 11.15(d)).</p> <p><del>For all financial assets and financial liabilities measured at fair value, the entity shall disclose the basis for determining fair value, for example, quoted market price in an active market or a valuation technique. When a valuation technique is used, the entity shall disclose the assumptions applied in determining fair value for each class of financial assets or financial liabilities. For example, if applicable, an entity discloses information about the assumptions relating to prepayment rates, rates of estimated credit losses, and interest rates or discount rates.</del></p> <p>11.43A An entity shall disclose a maturity analysis for financial liabilities by category (see paragraphs 11.41(d) and (e)). The maturity analysis shall include the remaining contractual maturities. The contractual amounts disclosed in the maturity analysis are the contractual undiscounted cash flows.</p> <p>11.43B In preparing the disclosures in paragraphs 11.43–11.43A, an entity shall use time bands it considers to be the most useful. For example, for paragraph 11.43 the time bands might be:</p> <p>(a) not later than one month;</p> <p>(b) later than one month and not later than three months;</p> <p>(c) later than three months and not later than one year;</p> <p>(d) later than one year and not later than five years; and</p> <p>(e) later than five years.</p> | <p>115 For all financial assets and financial liabilities measured at fair value, the entity shall disclose the basis for determining fair value, for example, quoted market price in an active market or a valuation technique. When a valuation technique is used, the entity shall disclose the assumptions applied in determining fair value for each class of financial assets or financial liabilities. For example, if applicable, an entity discloses information about the assumptions relating to prepayment rates, rates of estimated credit losses, and interest rates or discount rates. [<i>IFRS for SMEs</i> Standard paragraph 11.43]</p> <p><b>Explanatory notes</b></p> <p>The new paragraph 11.43 is a requirement for SMEs to disclose an analysis of the age of financial assets measured at amortised cost that are past due as at the reporting date. In the IASB’s view, the analysis will provide useful information to users of SMEs’ financial statements about an SME’s exposure to credit risk and expected cash flows and should not be costly for SMEs to prepare, because a similar analysis would be expected to be provided by most SMEs’ reporting systems or prepared for the purpose of managing receivables (2025 <i>IFRS for SMEs</i> Accounting Standard paragraph BC11.23). The IASB further decided to require disclosure of a maturity analysis for financial liabilities as it would provide useful information about an entity’s liquidity and solvency and expected cash flows (paragraph BC11.30).</p> <p>The AASB previously considered whether to require disclosure of a maturity analysis for financial liabilities but concluded that the general requirements in paragraph 114 of AASB 1060 would be sufficient (AASB 1060 paragraphs BC76–BC78), consistent with the IASB’s previous decisions in the <i>IFRS for SMEs</i> Accounting Standard. As the IASB has now revised its position on these disclosures, AASB 1060 should follow accordingly.</p> <p>The 2025 <i>IFRS for SMEs</i> Accounting Standard relocated the fair value disclosure requirements to the new section 12 and therefore deleted the previous paragraph 11.43. The AASB proposes aligning with the 2025 <i>IFRS for SMEs</i> Accounting Standard in relation to the fair value disclosure requirements (see below) and deleting the current fair value disclosure requirements in paragraph 115, which corresponds with the previous paragraph 11.43.</p> |



| Table 2.1.1 – Substantive amendments to the <i>IFRS for SMEs</i> Accounting Standard – recommendations for amending AASB 1060  |  |
|--|--|
| 2025 <i>IFRS for SMEs</i> Accounting Standard  | AASB 1060  |
| <i>Fair Value Measurement</i>  | No similar requirements in AASB 1060.  |
| <u>Scope of this section</u>   | <b>Explanatory notes</b>   |
| 12.1 This section applies when another section requires or permits fair value measurements or disclosures about fair value measurements, except:   | Section 12 is added. The definition of fair value and the requirements in IFRS 13 are clearer and more comprehensive than the definition of fair value and the requirements that had been in the 2015 <i>IFRS for SMEs</i> Accounting Standard. Consequently, the IASB concluded that aligning the standard with IFRS 13 would lead to greater clarity and consistency when SMEs estimate fair values.   |
| (a) share-based payment transactions within the scope of Section 26 <i>Share-based Payment</i> ; and   | In the 2015 <i>IFRS for SMEs</i> Accounting Standard, the requirements for measuring fair value were included in the section on basic financial instruments. Other sections of the Standard that require or permit the use of fair value either referred to that section or included guidance about fair value measurement specific to the assets and liabilities an entity is required to measure at fair value. The disclosure requirements related to how fair value was measured were also included in several sections of the Standard. (2025 <i>IFRS for SMEs</i> Accounting Standard paragraph BC12.4)                  |
| (b) leasing transactions within the scope of Section 20 <i>Leases</i> .  |  |
| 12.2 The disclosures required by this section are not required for:  | When the IASB introduced Section 12, it decided to include the requirements for measuring fair value (and related disclosure requirements) in that section. Consistent with IFRS 13/AASB 13 <i>Fair Value Measurement</i> , section 12 does not apply to share-based payment transactions and leasing transactions (2025 <i>IFRS for SMEs</i> Accounting Standard paragraph BC12.5). However, IFRS 13/AASB 13 paragraph 6(c) also excludes measurements that have some similarities to fair value, but are not fair value, such as net realisable value used in measuring inventories and value in use for impairment testing. |
| (a) plan assets measured at fair value in accordance with Section 28 <i>Employee Benefits</i> ; and  |  |
| (b) assets for which the recoverable amount is fair value less costs of disposal in accordance with Section 27 <i>Impairment of Assets</i> .   | Paragraphs 12.1 and 12.2 determine the scope of the disclosures in section 12 and list transactions and assets where the disclosures do not apply. The AASB proposes providing the same exemptions in AASB 1060, but further adding the exemption from AASB 13 paragraph 6(c) to retain consistency with the scope of the measurement requirements of AASB 13 as they apply to Tier 2 entities.  |
| 12.28 An entity shall disclose for each <b>class of assets</b> and liabilities measured at fair value in the <b>statement of financial position</b> after initial <b>recognition</b> :                             |  |
| (a) the carrying amounts at the end of the <b>reporting period</b> ;   | The AASB also proposes including new paragraphs 12.28–12.32 in AASB 1060, to align the disclosure requirements with the 2025 <i>IFRS for SMEs</i> Accounting Standard.   |
| (b) the level of the fair value hierarchy within which the fair value measurements are categorised in their entirety (Level 1, Level 2 or Level 3); and  |  |
| (c) a description of the valuation technique(s) the entity used for fair value measurements categorised within Level 2 and Level 3 of the fair value hierarchy, and the inputs used in the fair value measurement. | Consistent with consequential amendments to the 2025 <i>IFRS for SMEs</i> Accounting Standards, the following disclosures about the methods and significant assumptions applied in estimating fair value should be removed, as these are now covered by the disclosures in the new section on fair values:   |
| 12.29 For recurring fair value measurements categorised within Level 3 of the fair value hierarchy, an entity shall disclose total gains or losses for the period recognised in:                                   |  |
| (a) <b>profit or loss</b> , and the line items in profit or loss in which those gains or losses are recognised; and  |  |
| (b) <b>other comprehensive income</b> , and the line items in other comprehensive income in which those gains or losses are recognised.  |  |

| Table 2.1.1 – Substantive amendments to the <i>IFRS for SMEs</i> Accounting Standard – recommendations for amending AASB 1060   |  |
|---|--|
| 2025 <i>IFRS for SMEs</i> Accounting Standard   | AASB 1060  |
| <p>12.30 An entity shall determine appropriate classes of assets and liabilities on the basis of:</p> <p>(a) the nature, characteristics and risks of the asset or liability; and</p> <p>(b) <u>the level of the fair value hierarchy within which the fair-value measurement is categorised.</u></p>   | <ul style="list-style-type: none"> <li>paragraph 132(a) relating to investment property</li> <li>paragraph 135(c) relating to property, plant and equipment</li> <li>paragraph 204(b) relating to biological assets.</li> </ul> <p>The AASB also proposes removing paragraph 140(c) of AASB 1060, which relates to fair value disclosures for intangible assets. This paragraph was initially included to reflect the fact that, unlike the <i>IFRS for SMEs</i> Accounting Standard, AASB 1060 permits revaluation of intangible assets (as permitted by the full IFRS Accounting Standards and therefore AAS). However, given that all fair value-related disclosures are now brought together under Section 12 in the 2025 <i>IFRS for SMEs</i> Accounting Standard, the AASB considers it appropriate to follow the same structure in AASB 1060. This would make paragraph 140(c) unnecessary.</p> |
| <p>12.31 A class of assets and liabilities will often require greater disaggregation than the line items presented in the statement of financial position. However, an entity shall <u>disclose sufficient information to permit reconciliation to the line items presented in the statement of financial position.</u></p>   | <p>In addition, the AASB proposes removing paragraph 140(b) from AASB 1060, which requires disclosure of whether an independent valuer was involved in determining fair value. The AASB originally added this requirement to align the disclosure requirements for revalued intangible assets with those for revalued property, plant and equipment, noting that the <i>IFRS for SMEs</i> Accounting Standard did not have any such disclosure requirements as it did not permit revaluing intangible assets. However, the AASB notes that AASB 138 <i>Intangible Assets</i> paragraph 124 does not require this disclosure and hence proposes to remove this from AASB 1060 as well.</p>  |
| <p>12.32 An entity shall present the quantitative disclosures required by paragraphs 12.28–12.31 in a table unless another format is more useful.</p>   |  |
| <p><i>Business Combinations and Goodwill</i></p> <p>19.3825 For each business combination that occurs during the reporting period, the acquirer shall disclose:</p> <p>(a) the name and a description of the acquiree;</p> <p>(b) the acquisition date;</p> <p>(c) the percentage of voting-equity instruments acquired;</p> <p>(d) <u>the acquisition-date fair value of the total consideration transferred and a description of the components of that consideration</u> <del>the cost of the combination and a description of the components of that cost</del> (such as cash, equity instruments and debt instruments);</p> <p>(e) <u>for contingent consideration arrangements:</u></p> <p>(i) <u>the amount recognised as of the acquisition date;</u></p> | <p>142 For each business combination during the period, the acquirer shall disclose the following:</p> <p>(a) the names and descriptions of the combining entities or businesses;</p> <p>(b) the acquisition date;</p> <p>(c) the percentage of voting equity instruments acquired;</p> <p>(d) the cost of the combination and a description of the components of that cost (such as cash, equity instruments and debt instruments);</p> <p>(e) the amounts recognised at the acquisition date for each class of the acquiree's assets, liabilities and contingent liabilities, including goodwill;</p> <p>(f) the amount of any excess recognised in profit or loss in accordance with paragraph 34 of AASB 3 <i>Business Combinations</i> and the line item in the statement of comprehensive income (and in the statement of profit or loss, if presented) in which the excess is recognised;</p>   |

| Table 2.1.1 – Substantive amendments to the <i>IFRS for SMEs</i> Accounting Standard – recommendations for amending AASB 1060  |   |
|--|---|
| 2025 <i>IFRS for SMEs</i> Accounting Standard  | AASB 1060   |
| <p>(ii) <u>a description of the arrangement and the basis for determining the amount of the payment; and</u></p> <p>(iii) <u>if applicable, the fact that the acquirer cannot reliably measure the acquisition-date fair value of contingent consideration without undue cost or effort (see paragraph 19.27) and the reasons it would involve undue cost or effort;</u></p> <p>(f) <del>(e)</del> the amounts recognised at the acquisition date for each class of the acquiree’s assets, liabilities <del>and contingent liabilities, including goodwill;</del></p> <p>(g) <del>(f)</del> <u>for a bargain purchase, the amount of any gain excess recognised in profit or loss in accordance with paragraph 19.23<del>24</del> and the line item in the statement of comprehensive income (and in the income statement, if presented) in which the gain excess is recognised;</u></p> <p>(h) <del>(g)</del> a qualitative description of the factors that make up the goodwill recognised <del>—for example, such as</del> expected synergies from combining operations of the acquiree and the acquirer, or intangible assets <del>or other items</del> not recognised in accordance with paragraph 19.16<del>5</del>; and</p> <p>(i) <u>the information required by paragraph 21.15 for each contingent liability that the acquirer does not recognise in accordance with paragraph 19.18 (because its fair value cannot be measured reliably).</u></p> | <p>(g) a qualitative description of the factors that make up the goodwill recognised, such as expected synergies from combining operations of the acquiree and the acquirer, or intangible assets or other items not recognised in accordance with paragraphs 10–14 of AASB 3; and</p> <p>(h) for each business combination in which the acquirer holds less than 100 per cent of the equity interests in the acquiree at the acquisition date, the acquirer shall disclose the amount of the non-controlling interest in the acquiree recognised at the acquisition date and the measurement basis for that amount.</p> <p>[Based on <i>IFRS for SMEs</i> Standard paragraph 19.25]</p> <p><b>Explanatory notes</b></p> <p>The following significant changes, made to align the accounting for business combinations with some of the requirements in IFRS 3, have affected the disclosures in paragraph 19.38:</p> <ul style="list-style-type: none"> <li>• The IASB has changed the method of accounting for a business combination from the purchase method to the acquisition method (2025 <i>IFRS for SMEs</i> Accounting Standard paragraph BC19.5). Consequently, Section 19 changed from requiring an entity to determine cost and then allocate that cost to the assets and liabilities assumed, to requiring an entity to recognise and measure assets, liabilities and non-controlling interests, then recognise and measure goodwill. This is reflected in revised paragraph 19.38(d).</li> <li>• The requirements for including contingent consideration in the cost of the business combination have also been aligned with IFRS 3 (2008), but with an undue cost or effort exemption included in the <i>IFRS for SMEs</i> Accounting Standard. The new disclosures in paragraph 19.38(e) reflect those changes.</li> <li>• IFRS 3 (2008) requires recognising a contingent liability in a business combination if it is a present obligation from a past event and its fair value can be reliably measured. Initially, Section 19 initially required SMEs to recognise such liabilities if their fair value could be reliably measured. In the second comprehensive review the IASB aligned these requirements with IFRS 3 (2008), clarifying that contingent liabilities are only recognised if they qualify as liabilities (2025 <i>IFRS for SMEs</i> Accounting Standard paragraphs BC19.13 and BC19.14). Therefore, the 2025 <i>IFRS for SMEs</i> Accounting Standard removed ‘contingent liabilities’ from 19.38 (f) (previously 19.38(e)) and added 19.38 (i).</li> </ul> <p>Given that the R&amp;M differences have been largely removed, the AASB proposes amending AASB 1060 paragraphs 142 (d) and (e) and including new Paragraphs 19.38 (e)(i) and (ii)</p> |

| Table 2.1.1 – Substantive amendments to the <i>IFRS for SMEs</i> Accounting Standard – recommendations for amending AASB 1060  |   |
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| 2025 <i>IFRS for SMEs</i> Accounting Standard  | AASB 1060   |
|  | <p>and paragraph 19.38(i). However, paragraph (c)(iii) will be omitted since the exemption does not exist in the full IFRS Accounting Standards.</p> <p>The changes to the <i>IFRS for SMEs</i> Accounting Standard paragraphs 19.38 (c) (g) (h) are editorial. The AASB proposes aligning relevant paragraphs in AASB 1060 (paragraphs 142 (c)(f)(g)).</p>   |
| <p><u>For reporting periods after the acquisition date</u></p> <p><u>19.41 For each reporting period after the acquisition date until the entity collects, sells or otherwise loses the right to a contingent consideration asset, or until the entity settles a contingent consideration liability or the liability is cancelled or expires, the entity shall disclose for each material business combination and in aggregate for business combinations that are immaterial individually but material collectively:</u></p> <p>(a) <u>any changes in the recognised amounts of contingent consideration, including any differences arising upon settlement; and</u></p> <p>(b) <u>the valuation techniques and key model inputs the acquirer used to measure contingent consideration.</u></p>                                 | <p>No similar requirements in AASB 1060.</p> <p><b>Explanatory notes</b></p> <p>The 2025 <i>IFRS for SMEs</i> Accounting Standard aligns the requirements relating to contingent consideration with IFRS 3 (2008), except for permitting an SME to use the undue cost or effort exemption (2025 <i>IFRS for SMEs</i> Accounting Standard paragraph BC19.17). The AASB observed that paragraph 19.41 was derived from IFRS 3 paragraphs B67(b)(i) and (iii) and proposes adding this paragraph to AASB 1060, noting that the disclosures satisfy the principles in the <i>IFRS for SMEs</i> Accounting Standard paragraph BC31, by providing information about obligations, commitments and contingencies and measurement uncertainties.</p>   |
| <p><i>Revenue from Contracts with Customers</i></p> <p><u>23.82 An entity shall disaggregate revenue from contracts with customers using categories based on the characteristics of the entity’s revenue, contracts or customers that are relevant to an understanding of its financial performance. Examples of categories that might be appropriate include:</u></p> <p>(a) <u>type of good or services (for example, major product lines);</u></p> <p>(b) <u>geographical region (for example, country or region);</u></p> <p>(c) <u>market or type of customer (for example, <b>government</b> and non-government customers);</u></p> <p>(d) <u>type of contract (for example, fixed-price and time-and-materials contracts);</u></p> <p>(e) <u>contract duration (for example, short-term and long-term contracts);</u></p> | <p>157 An entity shall disclose:</p> <p>(a) information about its performance obligations in contracts with customers, including a description of when the entity typically satisfies its performance obligations, the significant payment terms, the nature of the goods or services that the entity has promised to transfer, obligations for returns, refunds and other similar obligations and types of warranties and related obligations; and</p> <p>(b) the amount of each category of revenue recognised during the period, disaggregated into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. An entity applies the guidance in AASB 15 <i>Revenue from Contracts with Customers</i> paragraphs B87–B89 when selecting the categories to use to disaggregate revenue.</p> <p>[Based on <i>IFRS for SMEs</i> Standard paragraph 23.30]</p> <p>158 For performance obligations that an entity satisfies over time, an entity shall disclose the methods used to recognise revenue (for example, a description of the</p> |

| Table 2.1.1 – Substantive amendments to the <i>IFRS for SMEs</i> Accounting Standard – recommendations for amending AASB 1060   |  |
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| 2025 <i>IFRS for SMEs</i> Accounting Standard   | AASB 1060  |
| <p>(f) <u>timing of transfer of goods or services (for example, revenue from goods or services transferred to customers at a point in time and revenue from goods or services transferred over time); and</u></p> <p>(g) <u>nature of promise (for example, revenue from acting as a principal and revenue from acting as an agent).</u></p> <p>23.83 <u>If not otherwise separately presented or disclosed, an entity shall disclose:</u></p> <p>(a) <u>the opening and closing balances of trade receivables and contract assets separately; and</u></p> <p>(b) <u>total impairment losses recognised on trade receivables and contract assets during the reporting period in accordance with applying Section 11.</u></p> <p>23.84 <u>An entity shall disclose:</u></p> <p>(a) <u>the opening and closing balances of contract liabilities, if not otherwise separately presented or disclosed; and</u></p> <p>(b) <u>revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period.</u></p> <p>23.85 <u>An entity shall disclose information about its promises in contracts with customers, including a description of:</u></p> <p>(a) <u>when the entity typically fulfils its promises (for example, upon shipment, upon delivery, as services are rendered or upon completion of service);</u></p> <p>(b) <u>the main payment terms (for example, when payment is typically due, whether the contract constitutes a financing transaction, and whether the consideration includes a variable amount);</u></p> <p>(c) <u>the nature of the goods or services that the entity has promised to transfer to customers, highlighting any promises to arrange for another party to transfer goods or services if the entity is an agent;</u></p> <p>(d) <u>obligations for returns, refunds and other similar obligations; and</u></p> <p>(e) <u>types of warranties and related obligations.</u></p> <p>23.86 <u>An entity shall disclose the methods it used to measure its progress towards fulfilment of promises fulfilled over time (for example, a description of the output methods or input methods used and how those methods are applied).</u></p> | <p>output methods or input methods used and how those methods are applied). [Based on <i>IFRS for SMEs</i> Standard paragraph 23.31]</p> <p>159 An entity shall disclose the closing balances of contract assets and contract liabilities from contracts with customers, if not otherwise separately presented or disclosed. [Based on <i>IFRS for SMEs</i> Standard paragraph 23.32]</p> <p><b>Explanatory notes</b></p> <p>According to the 2025 <i>IFRS for SMEs</i> Accounting Standard paragraph BC23.2, IFRS 15 <i>Revenue from Contracts with Customers</i> introduced a more comprehensive and robust model for revenue recognition, measurement and disclosure. This model provides users of financial statements with more useful information about revenue compared with the approach based on IAS 11 <i>Construction Contracts</i> and IAS 18 <i>Revenue</i>. The IASB decided that aligning Section 23 with IFRS 15 would result in similar improvements to how SMEs account for revenue. The IASB aligned Section 23 with IFRS 15 by fully rewriting the section, but making simplifications to the requirements from IFRS 15 to reflect that SMEs generally have simpler contracts with customers and fewer resources than entities that prepare financial statements in accordance with the full IFRS Accounting Standards (paragraph BC23.3). These differences may result in different information being provided about similar contracts with customers (paragraph BC23.4), recognised under IFRS 15 vs Section 23 of the 2025 <i>IFRS for SMEs</i> Accounting Standard. The disclosures were similarly simplified.</p> <p>The disclosures in AASB 1060 had been adapted to reflect the different terminology used in AASB 15, but without adding unnecessary details (paragraph BC68 of AASB 1060). Following is a comparison of those adapted disclosures with the new disclosures that are now included in the 2025 <i>IFRS for SMEs</i> Accounting Standard.</p> <p>Paragraph 23.82: This disclosure is required under AASB 1060 paragraph 157. Paragraph 23.82 incorporates guidance from IFRS 15 paragraph B87–B89, whereas AASB 1060 simply refers to that guidance.</p> <p>Paragraph 23.83: These disclosure requirements are similar to the requirements in AASB 1060 paragraph 159, although disclosure of opening balance and impairment losses are not required in AASB 1060 (except for impairment of trade receivables which is required by AASB 1060 paragraph 119(c)).</p> <p>Paragraph 23.84: These disclosure requirements expand those required by AASB 1060 paragraph 159.</p> <p>Paragraph 23.85: Similar disclosures are required by AASB 1060 paragraph 157.</p> |

| Table 2.1.1 – Substantive amendments to the <i>IFRS for SMEs</i> Accounting Standard – recommendations for amending AASB 1060   |   |
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| 2025 <i>IFRS for SMEs</i> Accounting Standard   | AASB 1060   |
| <p><u>23.87 An entity shall disclose any judgements made that had a significant effect on the amounts the entity recognised in its financial statements when:</u></p> <p>(a) <u>determining the transaction price; and</u></p> <p>(b) <u>allocating the transaction price to the promises identified in the contract.</u></p> <p><u>23.88 An entity shall disclose the closing balance of assets arising from the costs of fulfilling a contract (in accordance with paragraph 23.70) by main category of asset (for example, pre-contract costs and set-up costs).</u></p> <p><u>23.89 If an entity chooses to use the option in paragraph 23.38 not to account for interest revenue separately from revenue from contracts with customers, it shall disclose that fact.</u></p> <p><u>23.90 If an entity cannot account for an option to acquire additional goods or services that meets the criteria in paragraph 23A.9(a) as a separate promise without undue cost or effort, the entity shall disclose that fact and the reasons why accounting for the option as a separate promise would involve undue cost or effort.</u></p>   | <p>Paragraph 23.86: This disclosure is required by AASB 1060 paragraph 158.</p> <p>Paragraph 23.87: AASB 1060 only covered general requirements to disclose judgements in AASB 1060 paragraph 96.</p> <p>Paragraph 23.88: New requirement. Similar disclosures are required by AASB 15 paragraph 128 (a).</p> <p>Paragraph 23.89: New requirement. Similar disclosures are required by AASB 15 paragraph 129.</p> <p>Paragraph 23.90: Not relevant as this option does not exist under the full IFRS Accounting Standards.</p> <p>To maintain alignment with the 2025 <i>IFRS for SMEs</i> Accounting Standard, the AASB proposes amending AASB 1060 by replacing the current revenue section in AASB 1060 with paragraph 23.82–23.89 from the 2025 <i>IFRS for SMEs</i> Accounting Standard. Paragraph 23.90 should not be included, as this is reflecting an R&amp;M difference.</p>  |
| <p><i>Employee Benefits</i></p> <p>28.41 <u>Except for any defined benefit multi-employer or state plan that is accounted for as a defined contribution plan in accordance with paragraph 28.11 (and to which paragraph 28.40 applies), an</u> <del>An entity shall disclose the following information about defined benefit plans (except for any defined multi-employer benefit plans that are accounted for as a defined contribution plans in accordance with paragraph 28.11, for which the disclosures in paragraph 28.40 apply instead). If an entity has more than one defined benefit plan, these disclosures may be made in total, separately for each plan, or in such groupings as are considered to be the most useful;</del></p> <p>(a) a general description of the type of plan, including <u>the</u> <b>funding</b> policy;</p> <p>(b) the entity’s accounting policy for recognising actuarial gains and losses (either in profit or loss or as an item of other comprehensive income) and the amount of actuarial gains and losses recognised during the period;</p> <p>(c) if the entity <del>applies</del> <u>uses any of the simplifications in</u> paragraph 28.19 in measuring its defined benefit obligation, it shall disclose:</p> <p>(i) <u>that fact;</u> <del>and</del></p> | <p>173 An entity shall disclose the following information about defined benefit plans (except for any defined multi-employer benefit plans that are accounted for as a defined contribution plans in accordance with paragraph 34 of AASB 119, for which the disclosures in paragraph 172 apply instead). If an entity has more than one defined benefit plan, these disclosures may be made in total, separately for each plan, or in such groupings as are considered to be the most useful:</p> <p>(a) a general description of the type of plan, including funding policy;</p> <p>(b) a reconciliation of opening and closing balances of the defined benefit obligation showing separately benefits paid and all other changes;</p> <p>(c) a reconciliation of the opening and closing balances of the fair value of plan assets and of the opening and closing balances of any reimbursement right recognised as an asset, showing separately, if applicable:</p> <p>(i) contributions;</p> <p>(ii) benefits paid; and</p> <p>(iii) other changes in plan assets;</p> |

**Table 2.1.1 – Substantive amendments to the *IFRS for SMEs* Accounting Standard – recommendations for amending AASB 1060**

| 2025 <i>IFRS for SMEs</i> Accounting Standard   | AASB 1060   |
|---|---|
| <p>(ii) the reasons why using the projected unit credit method to measure its obligation and cost under defined benefit plans would involve undue cost or effort; <u>and</u></p> <p>(iii) <u>its assumptions for measuring its obligation.</u></p> <p>(d) the date of the most recent comprehensive actuarial valuation and, if it was not as of the reporting date, a description of the adjustments that were made to measure the defined benefit obligation at the reporting date;</p> <p>(e) a reconciliation of opening and closing balances of the defined benefit obligation showing separately, <u>if applicable: benefits paid and all other changes;</u></p> <p>(i) <u>the change in the defined benefit liability arising from employee service rendered during the reporting period;</u></p> <p>(ii) <u>the interest on the defined benefit obligation during the reporting period;</u></p> <p>(iii) <u>actuarial gains and losses arising in the reporting period;</u></p> <p>(iv) <u>the changes resulting from introducing a new plan or changing an existing plan in the reporting period;</u></p> <p>(v) <u>the benefits paid; and</u></p> <p>(vi) <u>all other changes;</u></p> <p>(f) a reconciliation of the opening and closing balances of the <u>fair value of</u> plan assets and of the opening and closing balances of any reimbursement right recognised as an asset, showing separately, <u>when if applicable:</u></p> <p>(i) contributions;</p> <p>(ii) benefits paid; <u>and</u></p> <p>(iia) <u>the return on plan assets and the net change in the fair value of recognised reimbursement rights (see paragraph 28.28) during the reporting period; and</u></p> <p>(iii) other changes in plan assets;</p> <p>(g) <u>[deleted] the total cost relating to defined benefit plans for the period, disclosing separately the amounts:</u></p> | <p>(d) the total cost relating to defined benefit plans for the period;</p> <p>(e) for each major class of plan assets, which shall include, but is not limited to, equity instruments, debt instruments, property, and all other assets, the percentage or amount that each major class constitutes of the fair value of the total plan assets at the reporting date;</p> <p>(f) the amounts included in the fair value of plan assets for:</p> <p>(i) each class of the entity's own financial instruments; and</p> <p>(ii) any property occupied by, or other assets used by, the entity.</p> <p>(g) the actual return on plan assets; and</p> <p>(h) the principal actuarial assumptions used, including, when applicable:</p> <p>(i) the discount rates;</p> <p>(ii) the expected rates of return on any plan assets for the periods presented in the financial statements;</p> <p>(iii) the expected rates of salary increases;</p> <p>(iv) medical cost trend rates; and</p> <p>(v) any other material actuarial assumptions used.</p> <p>The reconciliations in (b) and (c) need not be presented for prior periods. A subsidiary that recognises and measures employee benefit expense on the basis of a contractual agreement or stated policy for charging the net defined benefit cost or based on their contributions payable for the period (see paragraph 41 of AASB 119), shall, in its separate financial statements, describe the contractual agreement or stated policy for charging the net defined benefit cost or the fact that there is no such policy, and the policy for determining the contributions to be paid by the entity and shall make the disclosures in (a)–(h) for the plan as a whole. The subsidiary can disclose this information by cross-reference to disclosures in another group entity's financial statements if:</p> <p>(i) that group entity's financial statements separately identify and disclose the information required about the plan; and</p> <p>(j) that group entity's financial statements are available to users of the financial statements on the same terms as the financial statements of the</p> |



| Table 2.1.1 – Substantive amendments to the <i>IFRS for SMEs</i> Accounting Standard – recommendations for amending AASB 1060  |  |
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| 2025 <i>IFRS for SMEs</i> Accounting Standard  | AASB 1060  |
| <p>(i) <del>recognised in profit or loss as an expense; and</del></p> <p>(ii) <del>included in the cost of an asset.</del></p> <p>(h) for each major class of plan assets, which shall include, but is not limited to, equity instruments, debt instruments, property, and all other assets, the percentage or amount that each major class of <u>plan assets</u> constitutes of the fair value of the total plan assets at the reporting date;</p> <p>(i) the amounts included in the fair value of plan assets for:</p> <p>(i) each class of the entity’s own financial instruments; and</p> <p>(ii) any property occupied by, or other assets used by, the entity;.</p> <p>(j) <del>[deleted] the actual return on plan assets; and</del></p> <p>(k) the principal actuarial assumptions used, including, when applicable:</p> <p>(i) the discount rates;</p> <p>(ii) the expected rates of return on any plan assets for the periods presented in the <b>financial statements</b>;</p> <p>(iii) the expected rates of salary increases;</p> <p>(iv) medical cost trend rates; and</p> <p>(v) any other <b>material</b> actuarial assumptions used; <del>and-</del></p> <p>(l) <u>the expected contributions to the defined benefit plan for the next annual reporting period.</u></p> <p><del>The reconciliations in (e) and (f) need not be presented for prior periods. A subsidiary that recognises and measures employee benefit expense on the basis of a reasonable allocation of the expense recognised for the group (see paragraph 28.38) shall, in its separate financial statements, describe its policy for making the allocation and shall make the disclosures in (a)–(k) for the plan as a whole.</del></p> | <p>entity and at the same time as, or earlier than, the financial statements of the entity.</p> <p>[Based on <i>IFRS for SMEs</i> Standard paragraph 28.41]</p> <p><b>Explanatory notes</b></p> <p><u>Paragraph 28.41</u></p> <p>Section 28 <i>Employee Benefits</i> was updated to align it with some aspects of the 2011 modifications to IAS 19 <i>Employee Benefits</i>. The AASB proposes amending AASB 1060 to align with the 2025 <i>IFRS for SMEs</i> Accounting Standard paragraph 28.41, except for paragraph 28.41(c). Specifically:</p> <p>Editorial changes (the first sentence of 28.41 and 28.41(a) and (h)) – the AASB proposes amending the first sentence of AASB 1060 paragraph 173 and paragraphs 173(a) and (e).</p> <p>Paragraph 28.41(c) adds a requirement for an entity that applies the measurement simplification for defined benefit obligations. This relates to a difference in R&amp;M between the <i>IFRS for SMEs</i> Accounting Standard and the full IFRS Accounting Standard. Therefore, this disclosure should not be added to AASB 1060.</p> <p>Paragraph 28.41(e) requires a more detailed reconciliation of the opening and closing balances of a defined benefit obligation. The AASB proposes amending AASB 1060 paragraph 173(b) to align with the 2025 <i>IFRS for SMEs</i> Accounting Standard, but aligning terminology to reflect the full IFRS requirements (for example, replacing ‘interest on the defined benefit obligation’ with ‘interest income or expense’ and ‘actuarial gains and losses’ with ‘remeasurements’).</p> <p>Paragraph 28.41(f) requires a more detailed reconciliation of the opening and closing balances of plan assets and any recognised reimbursement rights. The AASB proposes amending AASB 1060 paragraph 173(c) to align with the 2025 <i>IFRS for SMEs</i> Accounting Standard.</p> <p>Paragraphs 28.41(g) and 28.41(j), which required an entity to disclose the total cost related to defined benefit plans for the period and the actual return on plan assets, were removed. The AASB proposes similarly to delete AASB 1060 paragraphs 173(d) and (g) to align with the 2025 <i>IFRS for SMEs</i> Accounting Standard.</p> |
| 28.41A The reconciliations in 28.41(e) and 28.41(f) are not required to be presented for prior periods.  |  |



| Table 2.1.1 – Substantive amendments to the <i>IFRS for SMEs</i> Accounting Standard – recommendations for amending AASB 1060   |   |
|---|---|
| 2025 <i>IFRS for SMEs</i> Accounting Standard   | AASB 1060   |
| <p><u>28.41B If an entity has more than one defined benefit plan, the entity is permitted to make the disclosures required by paragraph 28.41 in total, separately for each plan, or in such groupings the entity considers to be the most useful.</u></p>  | <p>Paragraph 28.41(l) requires an entity to disclose the expected contributions to the defined benefit plan for the next annual reporting period. A similar disclosure requirement is in IAS 19 paragraph 147(b). While this is a new requirement for SMEs, it is not the result of an R&amp;M difference but reflecting the fact that the IASB is now considering this information necessary to satisfy the principles in the <i>IFRS for SMEs</i> Accounting Standard paragraph BC31 (providing information about cash flows and commitments). The AASB therefore proposes adding this paragraph to AASB 1060, to align with the 2025 <i>IFRS for SMEs</i> Accounting Standard.</p>   |
| <p><u>28.41C If an entity participates in a defined benefit plan that is a group plan, it shall disclose:</u></p> <p>(a) <u>the contractual agreement or stated policy for charging the net defined benefit cost or the fact that there is no such policy;</u></p> <p>(b) <u>the policy for determining the contribution to be paid by the entity; and</u></p> <p>(c) <u>if the entity accounts for an allocation of the net defined benefit cost as noted in paragraph 28.38, all the information about the plan as a whole required by paragraph 28.41.</u></p>   | <p>The first sentence of the paragraph immediately following paragraph 28.41(l) (also the first sentence of the paragraph above AASB 1060 paragraph 173(i)) is now included in paragraph 28.41A. The second sentence of this paragraph is now covered in paragraph 28.41C. The AASB proposes amending AASB 1060 to align with the 2025 <i>IFRS for SMEs</i> Accounting Standard.</p>  |
| <p><u>28.41D The information required by paragraph 28.41C(c) can be disclosed by cross-reference to disclosures required by these subparagraphs in another group entity's financial statements if:</u></p> <p>(a) <u>that group entity's financial statements separately identify and disclose the information required about the plan; and</u></p> <p>(b) <u>that group entity's financial statements are available to users of the financial statements on the same terms as the financial statements of the entity and at the same time as, or earlier than, the financial statements of the entity.</u></p> | <p><a href="#">Paragraph 28.41A</a></p> <p>As mentioned above, this requirement was the first sentence of the paragraph above AASB 1060 paragraph 173(i). The AASB proposes moving these requirements to a separate paragraph to align with the 2025 <i>IFRS for SMEs</i> Accounting Standard.</p> <p><a href="#">Paragraph 28.41B</a></p> <p>This requirement was in the first paragraph of AASB1060 paragraph 173. The AASB proposes moving these requirements to a separate paragraph to align with the 2025 <i>IFRS for SMEs</i> Accounting Standard.</p> <p><a href="#">Paragraph 28.41C</a></p> <p>As mentioned above, these requirements were covered in the last paragraph of 28.41 (also the paragraph above AASB 1060 paragraph 173(i)). Similar requirements can also be found in AASB119 <i>Employee Benefits</i> paragraph 149(a)(b)(c), however, AASB119 says 'defined benefit plan that shares risks between entities under common control' rather than 'defined benefit plan that is a group plan'. The term 'group plan' is not used in AASB 119 <i>Employee Benefits</i>. The AASB proposes moving these requirements to a separate paragraph, with a change of terminology to align with AASB 119.</p> |

| Table 2.1.1 – Substantive amendments to the <i>IFRS for SMEs</i> Accounting Standard – recommendations for amending AASB 1060  |  |
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| 2025 <i>IFRS for SMEs</i> Accounting Standard  | AASB 1060  |
|  | <p><a href="#">Paragraph 28.41D</a></p> <p>These requirements are covered in the sentence preceding AASB 1060 paragraph 173(i), as well as in AASB 1060 paragraphs 173(i) and (j). Similar requirements can also be found in AASB119 paragraph 150. The AASB proposes moving these requirements to a separate paragraph to AASB 1060 to align with the 2025 <i>IFRS for SMEs</i> Accounting Standard.</p>  |
| <p><i>Foreign Currency Translation</i></p> <p>30.28 <u>When an entity estimates a spot exchange rate because a currency is not exchangeable into another currency (see paragraph 30.5A), the entity shall disclose:</u></p> <ul style="list-style-type: none"> <li>(a) <u>the currency and a description of the restrictions that result in that currency not being exchangeable into the other currency;</u></li> <li>(b) <u>a description of affected transactions;</u></li> <li>(c) <u>the carrying amount of affected assets and liabilities;</u></li> <li>(d) <u>the spot exchange rates used and whether those rates are:</u> <ul style="list-style-type: none"> <li>(i) <u>observable exchange rates without adjustment (see paragraphs 30A.13–30A.17); or</u></li> <li>(ii) <u>spot exchange rates estimated using another estimation technique (see paragraph 30A.18); and</u></li> </ul> </li> <li>(e) <u>information about the estimation process, including qualitative and quantitative information about the inputs and assumptions used.</u></li> </ul> | <p>No similar requirements in AASB 1060.</p> <p><b>Explanatory notes</b></p> <p>These disclosure requirements were added to AASB 121 <i>The Effects of Changes in Foreign Exchange Rates</i> by AASB 2023-5 <i>Amendments to Australian Accounting Standards – Lack of Exchangeability</i>. The AASB discussed at its October 2023 meeting whether Tier 2 entities should be required to provide additional information relating to the effects of non-exchangeable currencies on an entity’s financial statements, but concluded that the amendments were not expected to be relevant to Tier 2 entities. On that basis, the AASB decided not to amend AASB 1060 at that time.</p> <p>However, since the 2025 <i>IFRS for SMEs</i> Accounting Standard introduced this disclosure requirements for SMEs, the AASB now proposes aligning AASB 1060 with the 2025 <i>IFRS for SMEs</i> Accounting Standard.</p> |
| <p>30.29 <u>When a foreign operation’s functional currency is not exchangeable into an entity’s presentation currency or the presentation currency is not exchangeable into a foreign operation’s functional currency, an entity shall disclose:</u></p> <ul style="list-style-type: none"> <li>(a) <u>the name of the foreign operation;</u></li> <li>(b) <u>whether the foreign operation is a subsidiary, jointly controlled entity, associate or branch;</u></li> <li>(c) <u>the foreign operation’s principal place of business;</u></li> <li>(d) <u>summarised financial information about the foreign operation; and</u></li> </ul>   |  |

| Table 2.1.1 – Substantive amendments to the <i>IFRS for SMEs</i> Accounting Standard – recommendations for amending AASB 1060   |   |
|---|---|
| 2025 <i>IFRS for SMEs</i> Accounting Standard   | AASB 1060   |
| <p>(e) <u>the nature and terms of any contractual arrangements that could require the entity to provide financial support to the foreign operation, including events or circumstances that could expose the entity to a loss.</u></p>   |   |
| <p><i>Related Party Disclosures</i></p> <p>33.15 <u>If a reporting entity applies the exemption in paragraph 33.11, it shall disclose the following about the transactions and related outstanding balances referred to in paragraph 33.11:</u></p> <p>(a) <u>the name of the government and the nature of its relationship with the reporting entity (that is, control, joint control or significant influence).</u></p> <p>(b) <u>the nature and amount of each individually significant transaction.</u></p> <p>(c) <u>for transactions that are collectively, but not individually, significant, a qualitative or quantitative indication of their extent. Types of transactions include those listed in paragraph 33.12.</u></p> | <p>No similar requirements in AASB 1060.</p> <p><b>Explanatory notes</b></p> <p>This disclosure requirement comes from IAS 24 <i>Related Party Disclosures</i> and was added by the IASB to improve the disclosures provided by SMEs about related party transactions with governments and government-related entities. Entities that are applying the exemption in paragraph 33.11 (paragraph 200 in AASB 1060) from providing the detailed information in paragraph 33.9 (paragraph 198 in AASB 1060) must now provide specified information about those transactions. The 2015 <i>IFRS for SMEs</i> Accounting Standard did not require entities making use of the exemption to disclose any information about these transactions. The IASB added the disclosure requirement because of feedback that information about related party transactions is important to users of SMEs' financial statements. (2025 <i>IFRS for SMEs</i> Accounting Standard paragraph BC33.3)</p> <p>The full IFRS Accounting Standards include the same exemption as paragraph 33.11. AASB proposes adding the paragraph to align with the 2025 <i>IFRS for SMEs</i> Accounting Standard requirements.</p> |
| <p><i>Specialised Activities</i></p> <p>34.11G <u>An entity shall treat exploration and evaluation assets as a separate <b>class of assets</b> and make the disclosures required by either Section 17 or Section 18 consistent with how the assets are classified.</u></p>  | <p>No similar requirements in AASB 1060.</p> <p><b>Explanatory notes</b></p> <p>Paragraph 34.11G is a reminder to apply either property plant and equipment or intangible asset disclosures, depending on how the exploration assets are classified. This disclosure requirement is based on paragraph 25 in AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>.</p> <p>AASB proposes adding the paragraph to align with the 2025 <i>IFRS for SMEs</i> Accounting Standard requirements.</p>   |

**Table 2.1.2 Substantive amendments to the *IFRS for SMEs* Accounting Standard – recommendations for not amending AASB 1060**

The table below lists the substantive changes made by the IASB to the *IFRS for SMEs* Accounting Standard that the AASB does not propose to incorporate in AASB 1060.

| Table 2.1.2 – Substantive amendments to the <i>IFRS for SMEs</i> Accounting Standard – recommendations for not amending AASB 1060  |  |
|--|--|
| 2025 <i>IFRS for SMEs</i> Accounting Standard  | AASB 1060  |
| <p><i>Financial Statements Presentation</i></p> <p><u>3.16A An entity shall prepare its financial statements, except for cash flow information, using the accrual basis of accounting. On the accrual basis, items are recognised as assets, liabilities, equity, income or expenses when they satisfy the definitions and recognition criteria for those items.</u></p> | <p>No similar requirements in AASB 1060.</p> <p><b>Explanatory notes</b></p> <p>The explanation of the accrual basis of accounting was originally under Section 2 <i>Concepts and Pervasive Principles</i> in the 2015 <i>IFRS for SMEs</i> Accounting Standard and represents an R&amp;M requirement. As AASB 1060 does not include R&amp;M requirements, the AASB proposes not to amend AASB 1060.</p>   |
| <p><i>Inventories</i></p> <p><u>13.2A The disclosure requirements in this section apply to returns assets classified as inventory (see paragraph 23A.24(c)). Returns assets are recognised and measured in accordance with paragraphs 23A.23–23A.27 and not in accordance with this section.</u></p>   | <p>No similar requirements in AASB 1060.</p> <p><b>Explanatory notes</b></p> <p>This paragraph clarifies that:</p> <ul style="list-style-type: none"> <li>• these disclosure requirements apply to return assets classified as inventory; and</li> <li>• recognition and measurement of these assets follow the application guidance provided in paragraph 23A, which relates to the revenue section and specifically states that returns assets should be classified and measured as inventory.</li> </ul> <p>As AASB 15 does not contain a similar clarification, which is a mix of disclosure, classification and measurement requirements, and AASB 1060 does not contain measurement guidance, the AASB proposes not adding a similar requirement in AASB 1060.</p> |
| <p><i>Provisions and Contingencies</i></p> <p><u>Disclosures about financial guarantee contracts</u></p> <p><u>21.18 An entity shall disclose for issued financial guarantee contracts in the scope of this section (see paragraph 21.1A):</u></p> <p><u>(a) the nature and business purpose of these contracts;</u></p>   | <p>No similar requirements in AASB 1060.</p> <p><b>Explanatory notes</b></p> <p>The 2025 <i>IFRS for SMEs</i> Accounting Standard paragraph 21.1A: This section applies to financial guarantee contracts accounted for as provisions, issued at nil consideration when the specified debtor is another entity within the group. Other issued financial guarantee contracts are in the scope of Part II of Section 11 <i>Financial Instruments</i>.</p>   |

| Table 2.1.2 – Substantive amendments to the <i>IFRS for SMEs</i> Accounting Standard – recommendations for not amending AASB 1060  |  |
|--|--|
| 2025 <i>IFRS for SMEs</i> Accounting Standard  | AASB 1060  |
| <p>(b) <u>an indication of the uncertainties relating to the amount or timing of any outflow of resources; and</u></p> <p>(c) <u>the maximum amount the entity could be required to pay if the guarantees are called on.</u></p> | <p>The measurement of those guarantees differs from the measurement in the full IFRS Accounting Standards. As the disclosures in paragraphs 21.18 and 21.19 relate to an R&amp;M difference between the <i>IFRS for SMEs</i> Accounting Standard and the full IFRS Accounting Standards, the AASB proposes not adding the subheading and the disclosures to AASB 1060.</p> <p>AASB 1060 paragraph 198 includes disclosure requirements related to financial guarantees from related parties.</p> |
| <p>21.19 <u>An entity shall also make the disclosures required by Section 33 <i>Related Party Disclosures</i> and, if applicable, the disclosures required by paragraphs 21.14 and 21.15.</u></p>                                |  |

## Topic 2 Potential effects of AASB 18 on AASB 1060

### Introduction to AASB 18

In June 2024, the AASB 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*.

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.

### AASB 18's new classification and presentation requirements

Under AASB 18, income and expenses in the statement of profit or loss (P&L) 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.

The P&L 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.

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.

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 finance activities (i.e. this amendment removes the current accounting policy choice for classifying cash flows for interest and dividends).

### AASB 18's new main disclosure requirements

The following table provides details of the main additional disclosures introduced by AASB 18. For the additional disclosure requirements, see Appendix 2.2.B:

| AASB 18 new disclosure requirements   | Explanatory comments  |
|---|---|
| <p><u>Disclosure of disaggregated information on five types of expenses</u></p> <p>[AASB 18 paragraphs 83–85]</p> <p>AASB 18 requires entities to classify and present operating expenses using one of three methods:</p> <ul style="list-style-type: none"> <li>(a) by nature (e.g. salaries, depreciation);</li> <li>(b) by function (e.g. cost of sales, administrative expenses); or</li> <li>(c) a mixed basis combining both methods.</li> </ul> <p>Entities presenting expenses by function must disclose in a single note disaggregated information on five types of expenses – employee benefits, depreciation, amortisation, impairment losses and reversals, and write-downs and reversals of inventories.</p> <p>For each of those types of expenses, entities need to disclose:</p> <ul style="list-style-type: none"> <li>(a) the total;</li> </ul> | <p>These disclosures are expected to be useful to users of the financial statements because it would enable them to better understand:</p> <ul style="list-style-type: none"> <li>(a) what is included in line items in the operating category of the statement of profit or loss (which is useful, for example, when performing margin analysis);</li> <li>(b) how information presented in the primary financial statements relates to information disclosed in the notes; and</li> <li>(c) how non-cash items included in line items in the operating category of the statement of profit or loss relate to the statement of cash flows.</li> </ul> <p>This disclosure requirement applies only to entities that choose to present expenses by function.</p> |

| AASB 18 new disclosure requirements   | Explanatory comments   |
|---|--|
| <p>(b) the amount related to each line item in the operating category; and</p> <p>(c) a list of any line items outside the operating category that also include amounts relating to the total.</p>  | <p>The requirements in paragraphs 83–85 of AASB 18 are more extensive compared to paragraph 104 of AASB 101,<sup>4</sup> which was not included in AASB 1060.</p>  |
| <p><u>Management-defined performance measures</u><br/>[AASB 18 paragraphs 121–125]</p> <p>AASB 18 defines ‘management-defined performance measures’ (MPMs) as subtotals of income and expenses that:</p> <ul style="list-style-type: none"> <li>(a) an entity uses in public communications outside financial statements;</li> <li>(b) an entity uses to communicate to users of financial statements management’s view of an aspect of the financial performance of the entity as a whole; and</li> <li>(c) are not listed in paragraph 118 of AASB 18 or specifically required to be presented or disclosed by Australian Accounting Standards.</li> </ul> <p>Entities using MPMs must label and describe each MPM clearly and understandably so that it does not mislead users of financial statements. For each MPM, entities must disclose:</p> <ul style="list-style-type: none"> <li>(a) explanation of use – a statement that the MPM reflects management’s view of financial performance and an explanation of why the MPM is reported and how it provides useful information;</li> <li>(b) calculation – describe how the MPM is calculated;</li> <li>(c) reconciliation – reconcile each MPM to the most directly comparable subtotal or total specified by the Australian Accounting Standards;</li> <li>(d) tax effect – the tax effect and the effect on non-controlling interests for each item disclosed in the reconciliation; and</li> <li>(e) a description of how the income tax effect is determined.</li> </ul> | <p>This disclosure requirement applies only to entities electing to use MPMs as defined in AASB 18. Not all performance measures satisfy the MPM definition and would, therefore, not require additional disclosure.</p> <p>For example, if an entity includes a subtotal of income and expenses in the directors’ report, because shareholders have requested it, and the directors’ report is lodged with ASIC as part of the financial report, then that would be publicly available. If the subtotal is a measure that is not listed in paragraph 118 of AASB 18, then it is likely to meet the definition of MPM and would be subject to the additional disclosures.</p> <p>There are other scenarios where measures are prepared for certain stakeholder groups at their request. For example, a measure presented to a bank as part of a loan application or a measure prepared for a grantor as part of acquittal reporting. Entities will need to assess whether these measures meet the MPM definition to determine whether additional disclosures are required. If these measures are not included in the entity’s public communications outside the financial statements, then these measures will not satisfy the MPM definition.</p> |
| <p><u>Aggregation and disaggregation</u><br/>[AASB 18 paragraphs 43 and B24–B26]</p> <p>As noted above, AASB 18 provides enhanced guidance on grouping items and labelling aggregated items. If the ‘other’ label is used, additional disclosures are required. Entities must label and describe items in financial statements or notes in a way that accurately represents their characteristics. AASB 18 outlines the following guidance for disclosures:</p>   | <p>In some cases, the labels and/or descriptions used in financial statements are not always complete (e.g. the labels ‘unusual’ and ‘other’), which is not helpful to users of the financial statements. Therefore, the guidance and disclosure requirements on aggregation and disaggregation should enhance the understandability of financial statements.</p>  |

4 Paragraph 104 of AASB 101 states “An entity classifying expenses by function shall disclose additional information on the nature of expenses, including depreciation and amortisation expense and employee benefits expense.”



| AASB 18 new disclosure requirements   | Explanatory comments |
|---|----------------------|
| <p>(a) grouping material items with other material items – details about each material item must still be disclosed;</p> <p>(b) grouping material items with immaterial items – disclosure of disaggregated information is required only if the immaterial information obscured the material information; and</p> <p>(c) grouping immaterial items with other immaterial items – detailed disclosure is not required, unless the ‘other’ label is used for the group.</p> <p>AASB 18 discourages vague labels like ‘other’ and contains application guidance to help entities determine a more informative label than ‘other’.</p> <p>If the ‘other’ label is used to group immaterial items, entities must provide additional disclosure about the amount to either:</p> <p>(a) explain that no material items are included in the amount; or</p> <p>(b) clarify that the amount consists of several immaterial items, specifying the nature and size of the largest item.</p> |                      |

## The development of AASB 1060

The AASB 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

The AASB 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 (R&M) requirements of Tier 1 Australian Accounting Standards (AAS), which are aligned with the full IFRS Accounting Standards. AASB 1060 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.

When AASB 1060 was developed, the AASB did not intend to alter the presentation requirements or accounting treatments available under the full AAS. The general principle was to retain the presentation requirements of the full AAS.<sup>5</sup>

To simplify the application of AASB 1060 for Tier 2 entities, the AASB decided to replace Standards that exclusively addressed presentation and disclosure requirements with the corresponding requirements in AASB 1060.<sup>6</sup> These Standards were:

<sup>5</sup> As stated in paragraph BC47 to AASB 1060.

<sup>6</sup> As explained in paragraph BC54 to AASB 1060.

- (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*.

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.<sup>7</sup> 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.<sup>8</sup>

When drafting AASB 1060, the AASB 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.

#### AASB principles for determining AASB 1060 disclosure requirements following amendments to Australian Accounting Standards

When AASB 1060 was developed, the AASB decided that a review of the disclosures should take place when the *IFRS for SMEs Accounting Standard* is updated by the IASB, a new AAS or Interpretation is issued or amendments are made to existing AAS or Interpretations.<sup>9</sup>

When considering whether to add or amend disclosure requirements in AASB 1060 following amendments to AAS, the AASB considers the principles outlined in the [\*AASB For-Profit Entity Standard-Setting Framework\*](#) and the [\*AASB Not-For-Profit Entity Standard-Setting Framework\*](#). The standard-setting frameworks consider whether the disclosures address a matter of public policy or are of particular relevance in the Australian environment. In addition, the AASB considers the principles applied by the IASB in developing the disclosures in the *IFRS for SMEs Accounting Standard*. These principles are based on the view that users of the financial statements of for-profit entities that are not publicly accountable are particularly interested in information about:

- (a) short-term cash flows and obligations, commitments or contingencies, whether or not recognised as liabilities;
- (b) liquidity and solvency;

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<sup>7</sup> As stated in paragraphs 20A and 20B of AASB 1057 *Application of Australian Accounting Standards*.

<sup>8</sup> As stated in paragraph 2 of AASB 1060 and explained in paragraph BC55 to AASB 1060.

<sup>9</sup> As stated in paragraph BC96 to AASB 1060.

- (c) measurement uncertainties;
- (d) accounting policy choices; and
- (e) disaggregation of amounts presented in the financial statements.

Although the *IFRS for SMEs* Standard has been developed by the IASB to apply to for-profit private sector entities, broadly the AASB considers that it is reasonable to rely on the judgements made in developing the *IFRS for SMEs* Standard in respect of both for-profit and NFP (including public sector) entities in Australia, given that IFRS Standards are generally applied to all types of Australian entities. The AASB considers that the IASB's principles also reflect matters of particular interest to users of the financial statements of NFP entities.

### Consideration of the impact of AASB 18 on AASB 1060

As AASB 18 introduces new presentation, classification and disclosure requirements and will replace AASB 101, the AASB is considering whether and, if so, how AASB 1060 should be amended. Furthermore, AASB 18 relocates 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 entities are not required to comply with AASB 101. Presentation requirements and guidance from AASB 101 are 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 exempt from applying the disclosure requirements in AASB 108, which are listed in Appendix A of AASB 108.

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. For the new Standard *IFRS 19 Subsidiaries without Public Accountability: Disclosures*, the IASB has included the new disclosure requirements introduced by IFRS 18 without any reductions.<sup>10,11</sup>

The AASB is seeking stakeholder feedback on whether to amend AASB 1060 to align the Tier 2 requirements with AASB 18's presentation, classification and disclosure requirements, ahead of the IASB's next edition of the *IFRS for SMEs* Accounting Standard. In particular, should AASB 1060 be amended to:

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10 Entities applying IFRS 19 must continue to refer to the full IFRS Accounting Standards for classification and presentation requirements.

11 In August 2025, the IASB issued *Amendments to IFRS 19*, which covers disclosure requirements issued between February 2021 and May 2024. This amending Standard deleted paragraphs 142–150 in IFRS 19, which required disclosures about management-defined performance measures (MPMs), and replaced them with a cross-reference to the MPM requirements in IFRS 18. The IASB is of the view that while disclosures of MPMs are important for eligible subsidiaries that use these measures, many eligible subsidiaries will not use them. Therefore, a similar approach to that used in relation to IFRS 8 *Operating Segments* was used for MPMs. Eligible subsidiaries using MPMs would be required to comply with the related disclosure requirements in IFRS 18, but these requirements are not reproduced in IFRS 19. If an entity applying IFRS 19 chooses to disclose either segment information or MPMs, then there are no reductions in those disclosure requirements.

- (a) incorporate the classification and presentation requirements of AASB 18 and, if so, how and to what extent; and
- (b) include all, some or none of the new disclosure requirements introduced by AASB 18?

Amendments that are of a purely editorial nature to align the language used in AASB 1060 with that of AASB 18, for example by replacing relevant references to ‘disclose’ with ‘present’, are not included in this ITC. Such potential amendments of AASB 1060 can be viewed using the following link: [Appendices Re ITC 56](#) Appendix 2.2.D ‘Editorial amendments to AASB 1060 to align with AASB 18’.

### AASB 18 classification and presentation requirements

To maintain consistency of the classification and presentation of items in the primary financial statements of Tier 1 and Tier 2 entities, the AASB proposes making equivalent amendments to AASB 1060, including the consequential amendments (to AASB 107) in relation to the classification and presentation of items in the statement of cash flows. However, the AASB proposes 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.

AASB 1060 currently includes presentation and classification 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 was included in the *IFRS for SMEs* Accounting Standard. If AASB 1060 is revised to reflect the changes introduced by AASB 18, the AASB needs to consider whether to include all classification and presentation requirements from AASB 18, including the application guidance and definitions. In this ITC, the AASB proposes two approaches:

Option A: Include in AASB 1060 all of the relevant classification and presentation requirements that are in the main body of AASB 18.

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.

### Main approach: Option A

Some of the paragraphs currently included in AASB 1060 are identified as application guidance in AASB 18, whereas other content classified as application guidance in AASB 18 is presently incorporated within the definitions in Appendix A of AASB 1060. To establish a consistent principle for future updates, under Option A, the AASB proposes the following approach:

- (a) ensure all of the classification and presentation requirements that are in the main body of AASB 18 are included in AASB 1060 (Appendix 2.2.A lists paragraphs that would need to be added or replaced in AASB 1060 to achieve this);
- (b) update the definitions in Appendix A of AASB 1060 to align with those in AASB 18 (see Appendix 2.2.C);
- (c) specify in AASB 1060 that the application guidance in Appendix B of AASB 18 continues to apply to the extent that it is relevant to the classification and presentation requirements, and include references to this application guidance with the relevant requirements in AASB 1060; and
- (d) remove guidance from AASB 1060 that is now included in Appendix B of AASB 18, but retain paragraphs that specify additional disclosure requirements (i.e. where the guidance not only explains how to develop the disclosures, but also requires additional disclosures under certain circumstances and those disclosures are currently included in AASB 1060).<sup>12</sup>

For details on classification and presentation requirements that would be included in AASB 1060 under Option A, see Appendix 2.2.A ‘New AASB 18 classification and presentation paragraphs proposed for inclusion in AASB 1060’.

For details on definitions that would be included in AASB 1060 under Option A, see Appendix 2.2.C ‘Defined terms’.

#### *Benefits and drawbacks of Option A*

Although this approach would increase the volume of AASB 1060, the AASB notes that stakeholders had previously raised concerns about presentation guidance that was not included directly in AASB 1060, which is why paragraph 2 was added to AASB 1060. As AASB 18 includes application guidance in an appendix (Appendix B), it provides a clearer approach to distinguishing which classification and presentation guidance from AASB 18 should be included in AASB 1060 and which should be referred to by Tier 2 entities without being included directly in AASB 1060 (i.e. the guidance in Appendix B). Including all of the paragraphs from the body of AASB 18 that deal with classification and presentation requirements in AASB 1060 would ensure consistency in the presentation of the primary financial statements of Tier 1 and Tier 2 entities. It would also avoid making arbitrary decisions on which guidance should be included in AASB 1060 and which could be omitted.

#### *Alternative approach: Option B*

The AASB’s proposed Option B is an alternative approach to not replace AASB 18 in its entirety with requirements in AASB 1060, but to require Tier 2 entities to apply AASB 18 to the extent that it deals with the classification and presentation requirements for the primary financial statements. In this case, a new Appendix would be added to AASB 18 to specify the disclosure paragraphs that would not apply to Tier 2 entities, similar to the approach for other AAS that continue to apply to Tier 2 entities. To retain the exemption for Tier 2 entities from the requirement to present a third statement of financial position in certain circumstances, the relevant presentation requirements would also be included in the new Appendix in AASB 18

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<sup>12</sup> See, for example, AASB 1060 paragraph 47A, where the equivalent disclosure is now in AASB 18 paragraph B106.

as not applicable. Any paragraphs in AASB 1060 that currently address classification and presentation issues would be removed.

As noted in ITC question 2.3 below, the AASB is seeking feedback on these two options.

### AASB 18 disclosure requirements

The AASB needs to consider the suitability of the new AASB 18 disclosure requirements for Tier 2 entities if it decides to amend AASB 1060 in relation to AASB 18. Specifically, the AASB is seeking feedback on the suitability of the following disclosure requirements:

- (a) disaggregated information on five types of expenses – the requirements in paragraphs 83–85 of AASB 18 are more extensive compared with paragraph 104 of AASB 101;
- (b) management-defined performance measures – these additional disclosures might be helpful to users of financial statements if an entity uses MPMs. However, an approach similar to that used for the disclosure of operating segments (i.e. requiring entities to apply AASB 18 if they use MPMs) may be adequate. This would be consistent with the approach used for the MPM disclosure requirements under IFRS 19; and
- (c) aggregation and disaggregation – these requirements may enhance the understandability of financial statements.

For the additional disclosure requirements, see Appendix 2.2.B ‘New AASB 18 disclosure paragraphs to be considered for inclusion in AASB 1060’.

### **Relationship to Topic 1 – Potential amendments based on the *IFRS for SMEs* Accounting Standard**

As noted in Section 2, Topic 1, the AASB’s primary principle is to base the disclosures in AASB 1060 on the *IFRS for SMEs* Accounting Standard, unless there are differences in the recognition and measurement requirements, and to review the disclosures when the *IFRS for SMEs* Accounting Standard is updated. However, in instances where there are new IFRS Accounting Standards or amendments to IFRS Accounting Standards that have not yet been considered by the IASB in the context of amending the *IFRS for SMEs* Accounting Standard, the AASB separately considers whether to update AASB 1060 for those new Standards or amendments.

As the IASB has not yet considered the impact of IFRS 18 on the *IFRS for SMEs* Accounting Standard, proposing to amend AASB 1060 in relation to AASB 18 would ensure consistency in the presentation of the primary financial statements between Tier 1 and Tier 2 entities.

The AASB is likely to revisit the requirements once the IASB has considered whether to align the *IFRS for SMEs* Accounting Standard with IFRS 18 in a future review. However, this is not expected to occur for at least five years.

## Questions for respondents

- 2.1 Should the AASB consider the impact of AASB 18 on AASB 1060 in advance of the IASB considering the suitability of the IFRS 18 requirements for the *IFRS for SMEs* Accounting Standard?

If you think the AASB should consider the impact of AASB 18 on AASB 1060 now, please consider the following questions for Topic 2.

If you think the AASB should wait for the IASB's next edition of the *IFRS for SMEs* Accounting Standard, please explain your reasons.

- 2.2 Do you agree with replacing the AASB 101 presentation requirements in AASB 1060 with the AASB 18 classification and presentation requirements, to retain consistency in the classification and presentation of items in the primary financial statements of both Tier 1 and Tier 2 entities?

If you disagree, with which aspects do you disagree and what would you suggest instead?

- 2.3 If you agree that the classification and presentation of items in the primary financial statements should remain consistent for Tier 1 and Tier 2 entities (see question 2.2), which of the following approaches do you prefer?

Option A: Include in AASB 1060 all of the relevant classification and presentation requirements that are in the main body of AASB 18 (see Appendix 2.2.A in this ITC), update the relevant defined terms in Appendix A of AASB 1060 and add references to additional guidance in Appendix B of AASB 18 where applicable. Applying this approach would result in including all relevant classification and presentation requirements from AASB 18 in AASB 1060. Therefore, Tier 2 entities would not be required to comply with AASB 18 (although AASB 1060 would reference to Appendix B of AASB 18 for additional guidance).

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. Under this approach, a new Appendix would be added to AASB 18 to list the disclosure paragraphs that do not apply to Tier 2 entities, consistent with the approach for other Australian Accounting Standards that continue to apply to Tier 2 entities.

Please provide the reasons for your preference.

- 2.4 When operating expenses are presented by function in the statement of profit or loss, should AASB 1060 include a requirement to disclose:
- (a) specified expenses by nature in a single note (as required by paragraphs 83–85 of AASB 18 for Tier 1 entities); and
  - (b) a qualitative description of the nature of expenses in each function line item (paragraph 82(b) of AASB 18)?

Please provide the reasons for your view.

2.5 For management-defined performance measures (MPMs), should AASB 1060 include:

- (a) a reference to the disclosure requirements in AASB 18 for Tier 2 entities that use MPMs as defined in AASB 18 (i.e. similar to the way that Tier 2 entities that disclose operating segments are required to apply AASB 8 Operating Segments);
- (b) the full text of paragraphs 117–125 of AASB 18 (i.e. the same requirements as for Tier 1 entities);
- (c) only some disclosure requirements about its MPMs (e.g. only qualitative information or a reconciliation of each MPM to the most directly comparable subtotal or total specified by the Australian Accounting Standards); or
- (d) no disclosure requirements for MPMs?

Please provide the reasons for your view.

If you support only some disclosure requirements, please identify which disclosures should be required and why.

2.6 Should AASB 1060 require disclosure of further information regarding:

- (a) the aggregation and disaggregation of line items in the financial statements and/or notes; and
- (b) the relevant line item(s) in the primary financial statements when amounts disclosed in the notes are included in one or more line items (paragraph 114 of AASB 18)?

Please provide the reasons for your view.

### **Clarifying how AASB 18 should be applied by not-for-profit (NFP) private and public sector entities**

When issuing AASB 18 in 2024, the AASB acknowledged that further work should be undertaken to determine how AASB 18 should apply to NFP entities in the private sector and the public sector in preparing Tier 1 GPFS. This led to deferring the application date of AASB 18 for these entities to annual periods beginning on or after 1 January 2028, instead of 1 January 2027.

Based on feedback received to date from targeted outreach with stakeholders and in accordance with the *AASB Not-for-Profit Entity Standard-Setting Framework*, the AASB is of the view that:

- (a) there is no sufficient justification for NFP private sector entities to depart from AASB 18 or the revised AASB 107 (i.e. the version of AASB 107 incorporating the amendments made by AASB 18); and



- (b) it appears justifiable for NFP public sector entities to depart from AASB 18 and the revised AASB 107 to some extent.

The AASB is in the process of developing an Exposure Draft to address these matters in relation to Tier 1 GPFS of NFP entities. This ITC raises the same matters in relation to Tier 2 GPFS of NFP entities.

#### NFP private sector entities

In respect to NFP private sector entities preparing Tier 1 GPFS, the AASB received limited feedback in the targeted outreach, which did not provide sufficient justification to support permitting or requiring these entities to depart from AASB 18 or the revised AASB 107. The forthcoming Exposure Draft will seek general input on the suitability of applying AASB 18 to the Tier 1 GPFS of NFP private sector entities.

The following questions seek stakeholder comments on the suitability of applying AASB 18 to the Tier 2 GPFS of NFP private sector entities.

#### Questions regarding NFP private sector entities preparing Tier 2 GPFS

- 2.7 Please provide comments on the suitability of applying AASB 18 to Tier 2 GPFS of NFP private sector entities, including:
- (a) requirements for classifying income and expenses in five categories, their presentation in the statement of profit or loss and the additional disclosures for operating expenses classified by function;
  - (b) disclosure requirements regarding MPMs; and
  - (c) aggregation and disaggregation principles.
- 2.8 Please provide comments on the suitability of requiring NFP private sector entities to classify in their Tier 2 GPFS dividend and interest cash flows as follows (consistent with the revised AASB 107):
- (a) dividends and interest received – investing cash flows; and
  - (b) dividends and interest paid – financing cash flows.
- 2.9 Are there any NFP-specific reasons for modifying the requirements in AASB 18 or the revised AASB 107 for NFP private sector entities preparing Tier 2 GPFS? If so, please identify the modifications you suggest and explain those reasons.

#### NFP public sector entities

The following table provides a high-level overview of the requirements in AASB 18 and the revised AASB 107 and the likely proposed modifications for NFP public sector entities preparing Tier 1 GPFS. For more details of the AASB 18 requirements, see the table on pages 55–57.

| Requirement in AASB 18/revised AASB 107  | Proposed modifications to be included in ED re Tier 1 GPFS   |
|--|--|
| <p><b>Presentation of the statement of profit or loss</b></p> <ul style="list-style-type: none"> <li>Income and expenses must be categorised into operating, investing and financing categories</li> <li>New subtotals for ‘operating profit or loss’ and ‘profit or loss before financing and income taxes’</li> <li>Operating-category expenses must be classified using one or both of these characteristics: <ul style="list-style-type: none"> <li>(a) the nature of expenses; or</li> <li>(b) the function of the expenses within the entity.</li> </ul> </li> </ul> <p>Additional disclosures are required if the entity classifies its expenses by function.</p> | <p>Permit NFP public sector entities to continue presenting the statement of profit or loss using existing formats. That is, these entities would <u>not</u> be required to:</p> <ul style="list-style-type: none"> <li>categorise income and expense into the operating, investing and financing categories;</li> <li>present the two new subtotals; or</li> <li>apply the new requirements on classifying operating expenses. Instead, NFP public sector entities would be permitted to continue classifying expenses based on either their nature or their function, whichever provides information that is reliable and more relevant, as currently required by paragraph 99 of AASB 101. NFP public sector entities would also not be required to provide the new additional disclosures if expenses are classified by function.</li> </ul> |
| <p><b>Management-defined performance measures</b></p> <p>If an entity uses MPMs in their public communications, it must provide additional disclosures about these measures.</p>   | <p>NFP public sector entities would <u>not</u> be required to disclose information about MPMs.</p>   |
| <p><b>Dividend and interest cash flow classification</b></p> <p>AASB 18 removes the accounting policy choice to classify dividend and interest cash flows as cash flows from operating, investing or financing activities in paragraph 31 of AASB 107.</p>   | <p>The current accounting policy choice for classifying dividends received and interest paid and received would be retained for NFP public sector entities.</p>  |
| <p><b>Indirect method of reporting cash flows from operating activities</b></p> <p>AASB 18 requires entities to use ‘operating profit or loss’, instead of ‘profit or loss’, as the starting point for the indirect method of reporting cash flows from operating activities.</p>  | <p>Permit NFP public sector entities to continue using the ‘profit or loss’ total as the starting point for the indirect method, consistent with the AASB’s decision to propose that these entities would not be required to present an ‘operating profit or loss’ subtotal in their statement of profit or loss.</p>  |

NFP public sector entities preparing Tier 1 GPFS would be required to apply AASB 18 requirements on aggregating and disaggregating items without modification, including providing the additional disclosures (see the table of AASB 18 requirements on pages 55–57). The AASB has not identified a need to modify these requirements for NFP public sector entities.

The AASB will propose modifications to the requirements in AASB 18 and the revised AASB 107 for NFP public sector entities preparing Tier 1 GPFS based on stakeholder feedback to date in relation to Tier 1 GPFS, which raised the following points.

- (a) Users of NFP public sector Tier 1 GPFS do not assess expenditure based on the operating, investing and financing categories described in AASB 18. Instead, they focus

on assessing the costs of service delivery and how these costs are funded. These costs are typically grouped as either operating costs (relating to the day-to-day operations of the entity) or capital costs (relating to constructing or purchasing assets). Therefore, existing formats that permit an entity to separate capital and non-operating amounts from net operating results would provide more relevant information for users than the AASB 18 format.

- (b) Conceptually, there does not appear to be a reason to modify AASB 18 requirements relating to MPMs for NFP public sector entities. However, in practice, the costs required to ensure all MPMs are disclosed in Tier 1 GPFS and audited would outweigh the benefits, since public sector entities have many forms of written communications about their performance and most subtotals used in those documents are well-defined or else well-understood by users.
- (c) In respect to cash flow statement classifications of dividends received and interest paid and received, NFP public sector entities receive cash from government in a range of ways to fund their operations (e.g. appropriations, grants and allocations of centrally raised debt) and considered that the ‘operating’ versus ‘financing’ distinction has less relevance than in the private sector where typically there are cash flows from different counterparties (e.g. customers, debtholders and shareholders). The AASB also noted that the IASB’s Basis for Conclusions reasons for revising IAS 7 (AASB 107) do not appear to be relevant to NFP public sector entities.

The following questions seek stakeholder comments on the appropriateness of modifying the requirements of AASB 18 and the revised AASB 107 for NFP public sector entities preparing Tier 2 GPFS in the same way as expected to be proposed for such entities preparing Tier 1 GPFS.

## Questions for respondents

2.10 A forthcoming Exposure Draft for NFP public sector entities preparing Tier 1 GPFS is expected to propose the following reliefs related to the new AASB 18 classification and presentation requirements for primary financial statements:

- (a) for the statement of profit or loss, these entities would not be required to:
  - (i) apply paragraphs 47(a)–(c) of AASB 18 to categorise income and expenses into the operating, investing and financing categories;
  - (ii) present the two subtotals operating profit or loss and profit or loss before financing and income taxes, which are set out in paragraphs 69(a) and (b) of AASB 18; or
  - (iii) apply paragraphs 78, B80 and B81 of AASB 18 regarding the classification and presentation of expenses in order to present the most useful structured summary of the expenses; and
- (b) for the statement of cash flows, these entities would be able to elect how to classify dividends received and interest paid and received.

If NFP public sector entities preparing Tier 1 GPFS are granted certain reliefs, should NFP public sector entities preparing Tier 2 GPFS be provided with the same reliefs?

Please provide the reasons for your view.

2.11 The forthcoming Exposure Draft for NFP public sector entities preparing Tier 1 GPFS is expected to propose relief from the requirement to disclose information about MPMs under paragraph 122 of AASB 18.

If NFP public sector entities preparing Tier 1 GPFS are granted this relief, should NFP public sector entities preparing Tier 2 GPFS be provided with the same relief?

Please provide the reasons for your view.

2.12 The forthcoming Exposure Draft for NFP public sector entities preparing Tier 1 GPFS is expected to propose relief that would permit the continued use of the ‘profit or loss’ total as the starting point for the indirect method of reporting cash flows from operating activities.

If NFP public sector entities preparing Tier 1 GPFS are granted this relief, should NFP public sector entities preparing Tier 2 GPFS be provided with the same relief?

Please provide the reasons for your view.

2.13 The forthcoming Exposure Draft for NFP public sector entities preparing Tier 1 GPFS is expected to propose that the aggregation and disaggregation requirements in AASB 18 apply without modification, which means NFP public sector entities preparing Tier 1 GPFS would be subject to disclosure requirements regarding:

- (a) the aggregation and disaggregation of items in the primary financial statements and notes (paragraphs 43 and B24–B26 of AASB 18); and
- (b) the relevant line item(s) in the primary financial statements when amounts disclosed in the notes are included in one or more line items (paragraph 114 of AASB 18)?

Should NFP public sector entities preparing Tier 2 GPFS be aligned with NFP public sector entities preparing Tier 1 GPFS in relation to the aggregation and disaggregation requirements in AASB 18 and so also be required to provide those disclosures?

Please provide the reasons for your view.

## Appendix 2.2.A New AASB 18 classification and presentation paragraphs proposed for inclusion in AASB 1060

As explained on pages 60 and 61, if AASB 1060 is updated to include all relevant classification and presentation requirements from AASB 18 (i.e. Option A), then Tier 2 entities will not need to refer to AASB 18 (except for the guidance included in Appendix B of AASB 18). Following this approach, the AASB 18 classification and presentation paragraphs, which are listed in Table 2.2.A, would need to be included in AASB 1060. As the AASB 18 application guidance in Appendix B may also include classification and presentation requirements, the AASB also proposes to include those requirements in AASB 1060. For application guidance paragraphs that do not introduce any additional classification and presentation requirements, AASB 1060 would only refer to Appendix B of AASB 18. This is because such references would merely help to ensure a consistent presentation in the primary financial statements of Tier 1 and Tier 2 entities.

| Table 2.2.A – New AASB 18 classification and presentation paragraphs proposed for inclusion in AASB 1060  |   |
|---|---|
| AASB 18 classification and presentation paragraphs  | AASB 1060 paragraphs  |
| <p><b>The roles of the primary financial statements and the notes</b></p> <p><b>15</b> To achieve the objective of financial statements (see paragraph 9), 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 19 and B1–B5).</p> <p><b>16</b> 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:</p> <ul style="list-style-type: none"> <li>(a) obtaining an understandable overview of the entity's recognised assets, liabilities, equity, income, expenses and cash flows;</li> <li>(b) making comparisons between entities, and between reporting periods for the same entity; and</li> <li>(c) identifying items or areas about which users of financial statements may wish to seek additional information in the notes.</li> </ul> <p><b>17</b> The role of the notes is to provide material information necessary:</p> <ul style="list-style-type: none"> <li>(a) to enable users of financial statements to understand the line items presented in the primary financial statements (see paragraph B6); and</li> <li>(b) to supplement the primary financial statements with additional information to achieve the objective of financial statements (see paragraph B7).</li> </ul> | <p>No similar requirement in AASB 1060.</p> <p><b>Explanatory notes:</b> The AASB proposes to add paragraphs 15–18 of AASB 18 to AASB 1060.</p> |

| Table 2.2.A – New AASB 18 classification and presentation paragraphs proposed for inclusion in AASB 1060   |  |
|--|--|
| AASB 18 classification and presentation paragraphs   | AASB 1060 paragraphs   |
| <p>18 An entity shall use the roles of the primary financial statements and the notes, described in paragraphs 16–17, 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:</p> <ul style="list-style-type: none"> <li>(a) to provide the structured summaries described in paragraph 16, information provided in the primary financial statements is more aggregated than information provided in the notes; and</li> <li>(b) to provide the information described in paragraph 17, 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.</li> </ul>   |  |
| <p>21 Paragraph 16 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 22–24.</p> <p><b>22 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:</b></p> <ul style="list-style-type: none"> <li>(a) <b>for the statement of profit or loss – the requirements in paragraphs 47, 69, 76 and 78;</b></li> <li>(b) <b>for the statement presenting comprehensive income – the requirements in paragraphs 86–88;</b></li> <li>(c) <b>for the statement of financial position – the requirements in paragraphs 96 and 104;</b></li> <li>(d) <b>for the statement of changes in equity – the requirements in paragraph 107; and</b></li> <li>(e) <b>for the statement of cash flows – the requirements in paragraph 10 of AASB 107.</b></li> </ul> <p><b>23 Some Australian Accounting Standards require specific line items to be presented separately in the primary financial statements (for example paragraphs 75 and</b></p> | <p>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. [<i>IFRS for SMEs</i> Standard paragraph 4.3]</p> <p>56 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. [<i>IFRS for SMEs</i> Standard paragraph 5.9]</p> <p><b>Explanatory notes:</b> The AASB proposes to add paragraphs 21–23 of AASB 18 and replace paragraphs 36 and 56 of AASB 1060 with paragraph 24 of AASB 18.</p> |

| Table 2.2.A – New AASB 18 classification and presentation paragraphs proposed for inclusion in AASB 1060  |   |
|---|---|
| AASB 18 classification and presentation paragraphs  | AASB 1060 paragraphs  |
| <p>103 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).</p> <p>24 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):</p> <ul style="list-style-type: none"> <li>(a) comprise amounts recognised and measured in accordance with Australian Accounting Standards;</li> <li>(b) be compatible with the statement structure created by the requirements listed in paragraph 22;</li> <li>(c) be consistent from period to period, in accordance with paragraph 30; and</li> <li>(d) be displayed no more prominently than the totals and subtotals required by Australian Accounting Standards.</li> </ul> |   |
| <p>29 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.</p>   | <p>No similar paragraph in AASB 1060.</p> <p><b>Explanatory notes:</b> Carried forward from paragraph 37 of AASB 101. The AASB proposes adding paragraph 29 of AASB 18 to AASB 1060 on the basis that this paragraph is part of the presentation requirements in the main body of AASB 18.</p>                    |
| <p>35 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.</p>  | <p>No similar paragraph in AASB 1060.</p> <p><b>Explanatory notes:</b> Carried forward from paragraphs 43 and 44 of AASB 101. The AASB proposes adding paragraphs 35 and 36 of AASB 18 to AASB 1060 on the basis that these paragraphs are part of the presentation requirements in the main body of AASB 18.</p> |
| <p><b>Aggregation and disaggregation</b></p> <p><b><u>Principles of aggregation and disaggregation</u></b></p> <p>41 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</p>  | <p>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]</p>  |



**Table 2.2.A – New AASB 18 classification and presentation paragraphs proposed for inclusion in AASB 1060**

| AASB 18 classification and presentation paragraphs   | AASB 1060 paragraphs  |
|--|---|
| <p>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):</p> <ul style="list-style-type: none"> <li>(a) classify and aggregate assets, liabilities, equity, income, expenses or cash flows into items based on shared characteristics;</li> <li>(b) disaggregate items based on characteristics that are not shared;</li> <li>(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 16);</li> <li>(d) aggregate or disaggregate items to disclose information in the notes that fulfils the role of the notes in providing material information (see paragraph 17); and</li> <li>(e) ensure that aggregation and disaggregation in the financial statements do not obscure material information (see paragraph B3).</li> </ul> <p>42 Applying the principles in paragraph 41, an entity shall disaggregate items whenever the resulting information is material. If, applying paragraph 41(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.</p> <p>43 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.</p> | <p>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 <i>IFRS for SMEs</i> Standard paragraph 3.16]</p> <p>44 An entity shall disclose, either in the statement of financial position or in the notes, further subclassifications of the line items presented, classified in a manner appropriate to the entity's operation. This includes for example:</p> <ul style="list-style-type: none"> <li>(a) property, plant and equipment in classifications appropriate to the entity;</li> <li>(b) trade and other receivables showing separately amounts due from related parties, amounts due from other parties and contract assets from contracts with customers;</li> <li>(c) inventories, showing separately amounts of inventories: <ul style="list-style-type: none"> <li>(i) held for sale in the ordinary course of business;</li> <li>(ii) in the process of production for such sale; and</li> <li>(iii) in the form of materials or supplies to be consumed in the production process or in the rendering of services.</li> </ul> </li> <li>(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;</li> <li>(e) provisions for employee benefits and other provisions; and</li> <li>(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.</li> </ul> <p>[Based on <i>IFRS for SMEs</i> Standard paragraph 4.11]</p> <p><b>Explanatory notes:</b> The AASB proposes replacing paragraphs 21 and 22 of AASB 1060 with paragraphs 41–43 of AASB and removing paragraph 44 of AASB 1060. The guidance from paragraph 22 of AASB 1060 is now included in the definition of materiality (see Appendix B1 to B5 of AASB 18) and paragraph 44 of AASB 1060 is now covered presented as guidance in paragraph B111 of AASB 18.</p> |

| Table 2.2.A – New AASB 18 classification and presentation paragraphs proposed for inclusion in AASB 1060   |  |
|--|--|
| AASB 18 classification and presentation paragraphs   | AASB 1060 paragraphs   |
| <p>45 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.</p>   | <p>No similar paragraph in AASB 1060.</p> <p><b>Explanatory notes:</b> Carried forward from paragraph 33 of AASB 101. The AASB proposes adding paragraph 45 of AASB 18 to AASB 1060 on the basis that this paragraph is part of the presentation requirements in the main body of AASB 18.</p> |
| <p><b>Categories in the statement of profit or loss</b></p> <p>47 <b>An entity shall classify income and expenses included in the statement of profit or loss in one of five categories (see paragraph B29):</b></p> <ul style="list-style-type: none"> <li>(a) the operating category (see paragraph 52);</li> <li>(b) the investing category (see paragraphs 53–58);</li> <li>(c) the financing category (see paragraphs 59–66);</li> <li>(d) the income taxes category (see paragraph 67); and</li> <li>(e) the discontinued operations category (see paragraph 68).</li> </ul> <p>48 Paragraphs 52–68 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.</p> <p><b>Entities with specified main business activities</b></p> <p>49 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):</p> <ul style="list-style-type: none"> <li>(a) investing in particular types of assets, referred to hereafter as investing in assets (see paragraph 53); or</li> <li>(b) providing financing to customers.</li> </ul> <p>50 Applying paragraphs 55–58 and 65–66, an entity with a specified main business activity classifies in the operating category some income and expenses that would have</p> | <p>No similar requirement in AASB 1060.</p> <p><b>Explanatory notes:</b> AASB 18 introduces new categories for classifying income and expenses included in the statement of profit or loss, the AASB proposes adding paragraphs 47–68 of AASB 18 to AASB 1060.</p>                             |

| Table 2.2.A – New AASB 18 classification and presentation paragraphs proposed for inclusion in AASB 1060  |                      |
|---|----------------------|
| AASB 18 classification and presentation paragraphs  | AASB 1060 paragraphs |
| <p>been classified in the investing or financing category if the activity were not a main business activity.</p> <p>51 If an entity:</p> <ul style="list-style-type: none"> <li>(a) invests in assets as a main business activity, it shall disclose that fact.</li> <li>(b) provides financing to customers as a main business activity, it shall disclose that fact.</li> <li>(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: <ul style="list-style-type: none"> <li>(i) the fact the outcome of the assessment has changed and the date of the change.</li> <li>(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.</li> </ul> </li> </ul> <p><b>The operating category</b></p> <p>52 <b>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):</b></p> <ul style="list-style-type: none"> <li>(a) the investing category;</li> <li>(b) the financing category;</li> <li>(c) the income taxes category; or</li> <li>(d) the discontinued operations category.</li> </ul> <p><b>The investing category</b></p> <p>53 <b>Except as required by paragraphs 55–58 for an entity that has a specified main business activity, an entity shall classify in the investing category income and expenses specified in paragraph 54 from:</b></p> |                      |

| Table 2.2.A – New AASB 18 classification and presentation paragraphs proposed for inclusion in AASB 1060   |                      |
|--|----------------------|
| AASB 18 classification and presentation paragraphs   | AASB 1060 paragraphs |
| <p>(a) investments in associates, joint ventures and unconsolidated subsidiaries (see paragraphs B43–B44);</p> <p>(b) cash and cash equivalents; and</p> <p>(c) other assets if they generate a return individually and largely independently of the entity’s other resources (see paragraphs B45–B49).</p> <p><b>54 The income and expenses from the assets identified in paragraph 53 that an entity shall classify in the investing category comprise the amounts included in the statement of profit or loss for (see paragraph B47):</b></p> <p>(a) the income generated by the assets;</p> <p>(b) the income and expenses that arise from the initial and subsequent measurement of the assets, including on derecognition of the assets; and</p> <p>(c) the incremental expenses directly attributable to the acquisition and disposal of the assets – for example, transaction costs and costs to sell the assets.</p> <p><i>Entities with specified main business activities</i></p> <p><b>55</b> For the assets specified in paragraph 53(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 54:</p> <p>(a) in the investing category if the assets are accounted for applying the equity method (see paragraphs B43(a) and B44(a)); or</p> <p>(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)).</p> <p><b>56</b> For the assets specified in paragraph 53(b) (that is, cash and cash equivalents), an entity shall classify the income and expenses specified in paragraph 54 in the investing category unless:</p> <p>(a) it invests as a main business activity in financial assets within the scope of paragraph 53(c) – in which case it shall classify the income and expenses in the operating category.</p> <p>(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:</p> |                      |

**Table 2.2.A – New AASB 18 classification and presentation paragraphs proposed for inclusion in AASB 1060**

| AASB 18 classification and presentation paragraphs   | AASB 1060 paragraphs |
|--|----------------------|
| <p>(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.</p> <p>(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 54 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 65(a)(ii).</p> <p>57 If an entity applying paragraph 56(b) cannot distinguish between the cash and cash equivalents described in paragraphs 56(b)(i) and 56(b)(ii), it shall apply the accounting policy choice in paragraph 56(b)(ii) to classify income and expenses from all cash and cash equivalents in the operating category.</p> <p>58 For the assets specified in paragraph 53(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 main business activity (see paragraph B40), the entity shall classify the income and expenses specified in paragraph 54 in the operating category.</p> <p><b>The financing category</b></p> <p>59 <b>To determine what income and expenses to classify in the financing category, an entity shall distinguish between:</b></p> <p>(a) <b>liabilities that arise from transactions that involve only the raising of finance (see paragraphs B50–B51); and</b></p> <p>b) <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).</b></p> <p>60 <b>For the liabilities specified in paragraph 59(a) (that is, liabilities that arise from transactions that involve only the raising of finance), except as set out in paragraphs 63–66, an entity shall classify in the financing category the amounts included in the statement of profit or loss for:</b></p> |                      |

| Table 2.2.A – New AASB 18 classification and presentation paragraphs proposed for inclusion in AASB 1060   |                      |
|--|----------------------|
| AASB 18 classification and presentation paragraphs   | AASB 1060 paragraphs |
| <p>(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</p> <p>(b) the incremental expenses directly attributable to the issue and extinguishment of the liabilities – for example, transaction costs.</p> <p>61 For the liabilities specified in paragraph 59(b) (that is, liabilities that arise from transactions that do not involve only the raising of finance), except as set out in paragraphs 63–64, an entity shall classify in the financing category:</p> <p>(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</p> <p>(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.</p> <p>62 Paragraphs B56–B57 set out how an entity shall apply the requirements in paragraphs 59–61 to hybrid contracts that contain a host that is a liability.</p> <p>63 The requirements in paragraphs 60–61 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.</p> <p>64 An entity shall exclude from the financing category and classify in the operating category:</p> <p>(a) income and expenses from issued investment contracts with participation features recognised applying AASB 9 <i>Financial Instruments</i> (see paragraph B58); and</p> <p>(b) insurance finance income and expenses included in the statement of profit or loss applying AASB 17 <i>Insurance Contracts</i>.</p> <p><i>Entities with specified main business activities</i></p> <p>65 If an entity provides financing to customers as a main business activity, it shall classify income and expenses (see paragraph B59):</p> <p>(a) from the liabilities specified in paragraph 59(a) (that is, liabilities that arise from transactions that involve only the raising of finance):</p> |                      |

| Table 2.2.A – New AASB 18 classification and presentation paragraphs proposed for inclusion in AASB 1060  |  |
|---|--|
| AASB 18 classification and presentation paragraphs  | AASB 1060 paragraphs   |
| <p>(i) if the liabilities relate to providing financing to customers – in the operating category.</p> <p>(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 60 in the operating category or the financing 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 cash and cash equivalents in paragraph 56(b)(ii).</p> <p>(b) from the liabilities specified in paragraph 59(b) (that is, liabilities that arise from transactions that do not involve only the raising of finance):</p> <p>(i) if the income and expenses are specified in paragraph 61 – in the financing category; or</p> <p>(ii) if the income and expenses are not specified in paragraph 61 – in the operating category.</p> <p>66 If an entity applying paragraph 65(a) cannot distinguish between the liabilities described in paragraphs 65(a)(i) and 65(a)(ii), it shall apply the accounting policy choice in paragraph 65(a)(ii) to classify income and expenses from all such liabilities in the operating category.</p> <p><b>The income taxes category</b></p> <p>67 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 <i>Income Taxes</i>, and any related foreign exchange differences (see paragraphs B65–B68).</p> <p><b>The discontinued operations category</b></p> <p>68 An entity shall classify in the discontinued operations category income and expenses from discontinued operations as required by AASB 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i>.</p> |  |
| <p><b>Totals and subtotals to be presented in the statement of profit or loss</b></p> <p>69 An entity shall present totals and subtotals in the statement of profit or loss for:</p> <p>(a) operating profit or loss (see paragraph 70);</p>  | <p>52 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:</p> <p>(a) revenue;</p> |

**Table 2.2.A – New AASB 18 classification and presentation paragraphs proposed for inclusion in AASB 1060**

| AASB 18 classification and presentation paragraphs  | AASB 1060 paragraphs   |
|---|--|
| <p>(b) <b>profit or loss before financing and income taxes (see paragraph 71), subject to paragraph 73; and</b></p> <p>(c) <b>profit or loss (see paragraph 72).</b></p> <p>70 Operating profit or loss comprises all income and expenses classified in the operating category.</p> <p>71 Profit or loss before financing and income taxes comprises:</p> <p>(a) operating profit or loss; and</p> <p>(b) all income and expenses classified in the investing category.</p> <p>72 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 47).</p> <p>73 An entity shall not apply paragraph 69(b) if it applies the accounting policy set out in paragraph 65(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 24 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.</p> <p>74 If an entity described in paragraph 73 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 43, the entity shall label the subtotal in a way that faithfully represents the amounts included in the subtotal.</p> | <p>(b) finance costs;</p> <p>(c) share of the profit or loss of investments in associates and joint ventures accounted for using the equity method (see AASB 128 <i>Investments in Associates and Joint Ventures</i>);</p> <p>(d) tax expense;</p> <p>(e) a single amount for the total of:</p> <p>(i) discontinued operations (see AASB 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i>); and</p> <p>(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;</p> <p>(f) profit or loss (if an entity has no items of other comprehensive income, this line need not be presented);</p> <p>(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:</p> <p>(i) will not be reclassified subsequently to profit or loss; and</p> <p>(ii) will be reclassified subsequently to profit or loss when specific conditions are met;</p> <p>(h) share of the other comprehensive income of associates and joint ventures accounted for by the equity method; and</p> <p>(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).</p> |
| <p><b>Items to be presented in the statement of profit or loss or disclosed in the notes</b></p> <p>75 <b>An entity shall present in the statement of profit or loss line items for (see paragraph B77):</b></p> <p>(a) <b>amounts required by this Standard, namely:</b></p> <p>(i) <b>revenue, presenting separately the line items described in (b)(i) and (c)(i);</b></p>   | <p>[Based on <i>IFRS for SMEs</i> Standard paragraph 5.5]</p> <p><b>Explanatory notes:</b> AASB 18 expands the list of minimum line items and subtotals required to be presented in the statement of profit or loss and the statement presenting comprehensive income, see paragraphs 69–75, 77, 86, 88 and 89 of AASB 18. To ensure that the performance statements of Tier 2 entities are comparable and consistent with those of Tier 1</p>   |



**Table 2.2.A – New AASB 18 classification and presentation paragraphs proposed for inclusion in AASB 1060**

| AASB 18 classification and presentation paragraphs  | AASB 1060 paragraphs  |
|---|---|
| <ul style="list-style-type: none"> <li>(ii) operating expenses, presenting separately line items as required by paragraphs 78 and 82(a);</li> <li>(iii) share of the profit or loss of associates and joint ventures accounted for using the equity method;</li> <li>(iv) income tax expense or income; and</li> <li>(v) a single amount for the total of discontinued operations (see AASB 5);</li> <li>(b) amounts required by AASB 9, namely: <ul style="list-style-type: none"> <li>(i) interest revenue calculated using the effective interest method;</li> <li>(ii) impairment losses (including reversals of impairment losses or impairment gains) determined in accordance with Section 5.5 of AASB 9;</li> <li>(iii) gains and losses arising from the derecognition of financial assets measured at amortised cost;</li> <li>(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</li> <li>(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</li> </ul> </li> <li>(c) amounts required by AASB 17, namely: <ul style="list-style-type: none"> <li>(i) insurance revenue;</li> <li>(ii) insurance service expenses from contracts issued within the scope of AASB 17;</li> <li>(iii) income or expenses from reinsurance contracts held;</li> <li>(iv) insurance finance income or expenses from contracts issued within the scope of AASB 17; and</li> </ul> </li> </ul> | <p>entities, the AASB recommends replacing paragraph 52 of AASB 1060 with the AASB 18 paragraphs reproduced on the left.</p> <p>Some of these items were already listed in paragraph 82 of AASB 101 but were absent from paragraph 52 of AASB 1060. However, AASB 101 did not distinguish clearly between presentation and disclosure of items and the AASB did not consider the omission to result in differences in the presentation of the statement of profit or loss under AASB 101 compared to AASB 1060 (see paragraph BC48). As AASB 18 has now clarified that all items listed in paragraph 75 must be included in the statement of profit or loss (subject to materiality) to satisfy the presentation requirements, AASB 1060 should include the full list of these items to ensure consistency.</p> |

| Table 2.2.A – New AASB 18 classification and presentation paragraphs proposed for inclusion in AASB 1060   |   |
|--|---|
| AASB 18 classification and presentation paragraphs   | AASB 1060 paragraphs  |
| <p><b>(v) finance income or expenses from reinsurance contracts held.</b></p> <p>77 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.</p> <p><b>Statement presenting comprehensive income</b></p> <p>86 An entity shall present in the statement presenting comprehensive income totals for:</p> <ul style="list-style-type: none"> <li>(a) profit or loss;</li> <li>(b) other comprehensive income (see paragraphs B86–B87); and</li> <li>(b) comprehensive income, being the total of profit or loss and other comprehensive income.</li> </ul> <p>...</p> <p><b>Other comprehensive income</b></p> <p>88 An entity shall classify income and expenses included in the statement presenting comprehensive income in one of two categories:</p> <ul style="list-style-type: none"> <li>(a) income and expenses that will be reclassified to profit or loss when specific conditions are met; and</li> <li>(b) income and expenses that will not be reclassified to profit or loss.</li> </ul> <p>89 An entity shall present, in each of the categories of the statement presenting comprehensive income, line items for:</p> <ul style="list-style-type: none"> <li>(a) the share of other comprehensive income of associates and joint ventures accounted for using the equity method; and</li> <li>(b) other items of other comprehensive income.</li> </ul> |   |
| <p><b>Presentation and disclosure of expenses classified in the operating category</b></p> <p>78 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):</p>   | <p>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.</p> <p><i>Analysis by nature of expense</i></p> |

**Table 2.2.A – New AASB 18 classification and presentation paragraphs proposed for inclusion in AASB 1060**

| AASB 18 classification and presentation paragraphs  | AASB 1060 paragraphs  |
|---|---|
| <p>(a) <b>the nature of expenses; or</b></p> <p>(b) <b>the function of the expenses within the entity.</b></p> <p>79 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).</p> <p>80 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.</p> <p>81 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:</p> <p>(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</p> <p>(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).</p> <p>82 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:</p> <p>(a) 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 <i>Inventories</i>.</p> <p>...</p> | <p>(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.</p> <p><i>Analysis by function of expense</i></p> <p>(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.</p> <p>[Based on <i>IFRS for SMEs</i> Standard paragraph 5.11]</p> <p><b>Explanatory notes:</b> AASB 18 paragraph 78 now requires entities to classify and present expenses either classified by nature, function or a mix of both (see AASB 18 paragraphs B81 and B82). AASB 1060 permitted entities to disclose an analysis of expenses by either nature or function in the notes. To ensure consistency in the presentation of the primary financial statements between Tier 1 and Tier 2 entities, the AASB proposes replacing paragraph 58 of AASB 1060 with paragraphs 78–82(a) of AASB 18. Paragraph 82(b) of AASB 18 introduces a new disclosure requirement and is therefore covered in Appendix 2.2.B of this ITC.</p> |

| Table 2.2.A – New AASB 18 classification and presentation paragraphs proposed for inclusion in AASB 1060  |   |
|---|---|
| AASB 18 classification and presentation paragraphs  | AASB 1060 paragraphs  |
| <b>Classification of assets and liabilities as current or non-current</b><br><br><b>98</b> 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).  | No similar paragraph in AASB 1060.<br><br><b>Explanatory notes:</b> Carried forward from paragraph 56 of AASB 101. The AASB proposes adding paragraph 98 of AASB 18 to AASB 1060 on the basis that this paragraph is part of the presentation requirements in the main body of AASB 18.   |
| <b>Items to be presented in the statement of financial position or disclosed in the notes</b><br><br><b>103</b> An entity shall present in the statement of financial position line items for: <ul style="list-style-type: none"> <li>(a) property, plant and equipment;</li> <li>(b) investment property;</li> <li>(c) intangible assets;</li> <li>(d) goodwill;</li> <li>(e) financial assets (excluding amounts shown under (g), (j) and (k));</li> <li>(f) portfolios of contracts within the scope of AASB 17 that are assets, disaggregated as required by paragraph 78 of AASB 17;</li> <li>(g) investments accounted for using the equity method;</li> <li>(h) biological assets within the scope of AASB 141 Agriculture;</li> <li>(i) inventories;</li> <li>(j) trade and other receivables;</li> <li>(k) cash and cash equivalents;</li> <li>(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;</li> <li>(m) trade and other payables;</li> <li>(n) provisions;</li> <li>(o) financial liabilities (excluding amounts shown under (m) and (n));</li> <li>(p) portfolios of contracts within the scope of AASB 17 that are liabilities, disaggregated as required by paragraph 78 of AASB 17;</li> </ul> | <b>35</b> As a minimum, the statement of financial position shall include line items that present the following amounts: <ul style="list-style-type: none"> <li>(a) cash and cash equivalents;</li> <li>(b) trade and other receivables;</li> <li>(c) financial assets (excluding amounts shown under (a), (b), (i) and (j));</li> <li>(d) inventories;</li> <li>(e) property, plant and equipment;</li> <li>(f) investment property;</li> <li>(g) intangible assets;</li> <li>(h) biological assets;</li> <li>(i) investments in associates;</li> <li>(j) investments in joint ventures;</li> <li>(k) trade and other payables;</li> <li>(l) financial liabilities (excluding amounts shown under (k) and (o));</li> <li>(m) liabilities and assets for current tax;</li> <li>(n) deferred tax liabilities and deferred tax assets (these shall always be classified as non-current);</li> <li>(o) provisions;</li> <li>(p) non-controlling interests, presented within equity separately from the equity attributable to the owners of the parent;</li> <li>(q) equity attributable to the owners of the parent;</li> </ul> |

| Table 2.2.A – New AASB 18 classification and presentation paragraphs proposed for inclusion in AASB 1060  |  |
|---|--|
| AASB 18 classification and presentation paragraphs  | AASB 1060 paragraphs   |
| <p>(q) liabilities and assets for current tax, as defined in AASB 112;</p> <p>(r) deferred tax liabilities and deferred tax assets, as defined in AASB 112; and</p> <p>(s) liabilities included in disposal groups classified as held for sale in accordance with AASB 5.</p> <p>104 An entity shall present in the statement of financial position:</p> <p>(a) non-controlling interests; and</p> <p>(b) issued capital and reserves attributable to owners of the parent.</p>   | <p>(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 <i>Non-current Assets Held for Sale and Discontinued Operations</i>; and</p> <p>(s) liabilities included in disposal groups classified as held for sale in accordance with AASB 5.</p> <p>[Based on <i>IFRS for SMEs</i> Standard paragraph 4.2]</p> <p><b>Explanatory notes:</b> To ensure consistency in the presentation of the statement of financial position, the AASB proposes replacing paragraph 35 of AASB 1060 with paragraphs 103 and 104 of AASB 18. The expanded list in AASB 18 includes portfolio contracts from AASB 17, which are not included in the current AASB 1060. As AASB 1060 may be applied by insurance entities in some circumstances, this presentation requirement should be included in AASB 1060.</p> |
| <p>105 Paragraphs B109–B111 set out requirements on how an entity uses its judgement to determine whether to present additional line items in the statement of financial position or disclose items in the notes.</p>   | <p>43 The judgement on whether additional items are presented separately is based on an assessment of all of the following:</p> <p>(a) the amounts, nature and liquidity of assets;</p> <p>(b) the function of assets within the entity; and</p> <p>(c) the amounts, nature and timing of liabilities.</p> <p>[<i>IFRS for SMEs</i> Standard paragraph 4.10]</p> <p><b>Explanatory notes:</b> Guidance from paragraph 43 of AASB 1060 is now included in paragraph B110 of AASB 18. To align with the new structure of AASB 18, the AASB proposes to replace paragraph 43 of AASB 1060 with paragraph 105 of AASB 18.</p>  |
| <p>106 Subject to paragraph 96, 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 103 to provide a useful structured summary of the assets, liabilities and equity of a financial institution.</p> | <p>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:</p> <p>(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</p> <p>(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</p>  |

| Table 2.2.A – New AASB 18 classification and presentation paragraphs proposed for inclusion in AASB 1060  |   |
|---|---|
| AASB 18 classification and presentation paragraphs  | AASB 1060 paragraphs  |
|   | <p>transactions, to provide information that is relevant to an understanding of the entity's financial position.</p> <p>[<i>IFRS for SMEs</i> Standard paragraph 4.9]</p> <p><b>Explanatory notes:</b> To ensure consistency of the presentation requirements, the AASB recommends replacing paragraph 42 of AASB 1060 with paragraph 106 of AASB 18.</p> |
| <p><b>Statement of changes in equity</b></p> <p><b>Information to be presented in the statement of changes in equity</b></p> <p>108 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 107(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.</p> | <p>No similar paragraph in AASB 1060.</p> <p><b>Explanatory notes:</b> Carried forward from paragraph 110 of AASB 101. AASB proposes adding paragraph 108 of AASB 18 to AASB 1060 on the basis that this paragraph is part of the presentation requirements in the main body of AASB 18.</p>  |
| <p><b>Information to be presented in the statement of changes in equity or disclosed in the notes</b></p> <p>111 In paragraph 107, 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.</p> <p>112 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.</p>   | <p>No similar paragraph in AASB 1060.</p> <p><b>Explanatory notes:</b> Carried forward from paragraphs 108 and 109 of AASB 101. AASB proposes adding paragraphs 111 and 112 of AASB 18 to AASB 1060 on the basis that these paragraphs are part of the presentation requirements in the main body of AASB 18.</p>   |

## Appendix 2.2.B New AASB 18 disclosure paragraphs to be considered for inclusion in AASB 1060

Table 2.2.B lists the new AASB 18 disclosures, for which this ITC is seeking feedback regarding whether they should also be required for Tier 2 GPFS.

| Table 2.2.B – New AASB 18 disclosure paragraphs to be considered for inclusion in AASB 1060 |   |
|---|---|
| Subheading  | AASB 18 paragraphs  |
| Items to be presented in the statement of profit or loss or disclosed in the notes          | <p><b>Presentation and disclosure of expenses classified in the operating category</b></p> <p>82 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:</p> <p>...</p> <p>(b) disclose a qualitative description of the nature of expenses included in each function line item.</p> <p><b>83 An entity that presents one or more line items comprising expenses classified by function in the operating category of the statement of profit or loss shall also disclose in a single note:</b></p> <p>(a) the total for each of:</p> <p>(i) depreciation, comprising the amounts required to be disclosed by paragraph 73(e)(vii) of AASB 116 <i>Property, Plant and Equipment</i>, paragraph 79(d)(iv) of AASB 140 <i>Investment Property</i> and paragraph 53(a) of AASB 16 <i>Leases</i>;</p> <p>(ii) amortisation, comprising the amount required to be disclosed by paragraph 118(e)(vi) of AASB 138 <i>Intangible Assets</i>;</p> <p>(iii) employee benefits, comprising the amount for employee benefits recognised by an entity applying AASB 119 <i>Employee Benefits</i> and the amount for services received from employees recognised by an entity applying AASB 2 <i>Share-based Payment</i>;</p> <p>(iv) impairment losses and reversals of impairment losses, comprising the amounts required to be disclosed by paragraphs 126(a) and 126(b) of AASB 136 <i>Impairment of Assets</i>; and</p> <p>(v) write-downs and reversals of write-downs of inventories, comprising the amounts required to be disclosed by paragraphs 36(e) and 36(f) of AASB 102; and</p> <p>(b) for each total listed in (a)(i)–(v):</p> <p>(i) the amount related to each line item in the operating category (see paragraph B84); and</p> <p>(ii) a list of any line items outside the operating category that also include amounts relating to the total.</p> <p>84 Paragraph 41 requires an entity to disaggregate items to provide material information. However, an entity that applies paragraph 83 is exempt from disclosing:</p> |

| Table 2.2.B – New AASB 18 disclosure paragraphs to be considered for inclusion in AASB 1060 |   |
|---|---|
| Subheading  | AASB 18 paragraphs  |
|   | <p>(a) in relation to function line items presented in the operating category of the statement of profit or loss – disaggregated information about the amounts of nature expenses included in each line item, beyond the amounts specified in paragraph 83; and</p> <p>(b) in relation to nature expenses specifically required by an Australian Accounting Standard to be disclosed in the notes – disaggregated information about the amounts of the expenses included in each function line item presented in the operating category of the statement of profit or loss, beyond the amounts specified in paragraph 83.</p> <p>85 The exemption in paragraph 84 relates to disaggregation of operating expenses. However, it does not exempt an entity from applying specific disclosure requirements relating to those expenses in Australian Accounting Standards.</p> <p><b>Explanatory notes:</b> AASB 18 introduces new disclosure requirements for certain operating expenses if the expenses are classified by function in the statement of profit or loss. No similar requirement is included in AASB 1060.</p> |
| Notes   | <p><b>Structure</b></p> <p><b>114</b> An entity shall, as far as practicable, present notes in a systematic manner (see paragraph B112). In determining a systematic manner, the entity shall consider the effect on the understandability and comparability of its financial statements. An entity shall cross-reference each item in the primary financial statements to any related information in the notes. <b>If amounts disclosed in the notes are included in one or more line items in the primary financial statements, an entity shall disclose in the note the line item(s) in which the amounts are included.</b></p> <p><b>Explanatory notes:</b> Paragraph 92 of AASB 1060 is a similar requirement to paragraph 114 of AASB 18, however the last sentence in paragraph 114 of AASB 18 is an additional disclosure that does not currently exist in AASB 1060. The AASB is seeking feedback on whether this additional disclosure requirement should be included in AASB 1060, refer to ITC question 2.6(b).</p>   |
| Management-defined performance measures   | <p><b>Identification of management-defined performance measures</b></p> <p><b>117</b> A <i>management-defined performance measure</i> is a subtotal of income and expenses that (see paragraphs B113–B122):</p> <p>(a) an entity uses in public communications outside financial statements;</p> <p>(b) an entity uses to communicate to users of financial statements management’s view of an aspect of the financial performance of the entity as a whole; and</p> <p>(c) is not listed in paragraph 118, or specifically required to be presented or disclosed by Australian Accounting Standards.</p> <p><b>118</b> Subtotals of income and expenses that are not management-defined performance measures are:</p> <p>(a) gross profit or loss (revenue minus cost of sales) and similar subtotals (see paragraph B123);</p> <p>(b) operating profit or loss before depreciation, amortisation and impairments within the scope of AASB 136;</p> <p>(c) operating profit or loss and income and expenses from all investments accounted for using the equity method;</p>  |



**Table 2.2.B – New AASB 18 disclosure paragraphs to be considered for inclusion in AASB 1060**

| Subheading | AASB 18 paragraphs   |
|------------|--|
|            | <p>(d) for an entity that applies paragraph 73, a subtotal comprising operating profit or loss and all income and expenses classified in the investing category;</p> <p>(e) profit or loss before income taxes; and</p> <p>(f) profit or loss from continuing operations.</p> <p><b>119 An entity shall presume that a subtotal of income and expenses that it uses in public communications outside its financial statements communicates to users of financial statements management’s view of an aspect of the financial performance of the entity as a whole, unless, applying paragraph 120, the entity rebuts the presumption.</b></p> <p>120 An entity is permitted to rebut the presumption described in paragraph 119 and assert that a subtotal does not communicate management’s view of an aspect of the financial performance of the entity as a whole, but only if it has reasonable and supportable information available that demonstrates the basis for the assertion (see paragraphs B124–B131).</p> <p><b>Disclosure of management-defined performance measures</b></p> <p><b>121 The objective of the disclosures for management-defined performance measures is for an entity to provide information to help a user of financial statements understand:</b></p> <p>(a) the aspect of financial performance that, in management’s view, is communicated by a management-defined performance measure; and</p> <p>(b) how the management-defined performance measure compares with the measures defined by Australian Accounting Standards.</p> <p><b>122 An entity shall disclose information about all measures that meet the definition of management-defined performance measures in paragraph 117 in a single note (see paragraphs B132–B133). This note shall include a statement that the management-defined performance measures provide management’s view of an aspect of the financial performance of the entity as a whole and are not necessarily comparable with measures sharing similar labels or descriptions provided by other entities.</b></p> <p><b>123 An entity shall label and describe each management-defined performance measure in a clear and understandable manner that does not mislead users of financial statements (see paragraphs B134–B135). For each management-defined performance measure, the entity shall disclose:</b></p> <p>(a) a description of the aspect of financial performance that, in management’s view, is communicated by the management-defined performance measure. This description shall include explanations of why, in management’s view, the management-defined performance measure provides useful information about the entity’s financial performance.</p> <p>(b) how the management-defined performance measure is calculated.</p> <p>(c) a reconciliation between the management-defined performance measure and the most directly comparable subtotal listed in paragraph 118 or total or subtotal specifically required to be presented or disclosed by Australian Accounting Standards (see paragraphs B136–B140).</p> |

| Table 2.2.B – New AASB 18 disclosure paragraphs to be considered for inclusion in AASB 1060 |  |
|---|--|
| Subheading  | AASB 18 paragraphs   |
|   | <p>(d) the income tax effect (determined by applying paragraph B141) and the effect on non-controlling interests for each item disclosed in the reconciliation required by (c).</p> <p>(e) a description of how the entity applies paragraph B141 to determine the income tax effect required by (d).</p> <p>124 If an entity changes how it calculates a management-defined performance measure, adds a new management-defined performance measure, ceases using a previously disclosed management-defined performance measure or changes how it determines the income tax effects of the reconciling items required by paragraph 123(d), it shall disclose:</p> <p>(a) an explanation that enables users of financial statements to understand the change, addition or cessation and its effects.</p> <p>(b) the reasons for the change, addition or cessation.</p> <p>(c) restated comparative information to reflect the change, addition or cessation unless it is impracticable to do so. An entity's selection of a management-defined performance measure is not an accounting policy choice. Nonetheless, in assessing whether restating the comparative information is impracticable, an entity shall apply the requirements in paragraphs 50–53 of AASB 108.</p> <p>125 If an entity does not disclose the restated comparative information required by paragraph 124(c) because it is impracticable to do so, it shall disclose that fact.</p> <p><b>Explanatory notes:</b> AASB 18 introduced additional disclosure requirements relating to management-defined performance measures. No similar requirements are currently included in AASB 1060.</p>      |
| Aggregation and disaggregation  | <p><b><u>Appendix B Application guidance</u></b></p> <p><b>Description of items</b></p> <p>B24 Paragraph 43 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:</p> <p>(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;</p> <p>(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</p> <p>(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, <b>subject to paragraph B26(b)</b>.</p> <p>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:</p> |

| Table 2.2.B – New AASB 18 disclosure paragraphs to be considered for inclusion in AASB 1060 |  |
|---|--|
| Subheading  | AASB 18 paragraphs   |
|   | <p>(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</p> <p>(b) if items for which information is not material are aggregated:</p> <p>(i) aggregating items that share similar characteristics and describing them in a way that faithfully represents the similar characteristics; or</p> <p>(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.</p> <p>B26 If an entity cannot find a more informative label than ‘other’:</p> <p>(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’.</p> <p>(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:</p> <p>(i) an explanation that no items for which information would be material are included in the amount; or</p> <p>(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.</p> <p><b>Explanatory notes:</b> AASB 18 introduced new disclosure requirements for aggregation and disaggregation of line items in the financial statements and/or notes. Currently, AASB 1060 only includes general guidance on aggregation of items.</p> |

## Appendix 2.2.C Defined terms

In considering the new requirements in AASB 18, the AASB compared the defined terms in AASB 18 with the defined terms in AASB 1060. The results of the comparison are presented in the following tables:

- (a) Table 2.2.C1: Terms defined in AASB 1060 (and AASB 101) but not in AASB 18;
- (b) Table 2.2.C2: Terms defined in AASB 18 but not in AASB 1060 (and not in AASB 101); and
- (c) Table 2.2.C3: Terms defined in AASB 18 that are also in AASB 1060 (and AASB 101).

Table 2.2.C1 lists the terms that are defined in AASB 1060 (and AASB 101) but are not in AASB 18. When AASB 18 replaces AASB 101, these definitions will be located in AASB 108. As explained above, AASB 1060 currently includes only definitions from the Standards that were replaced in their entirety by AASB 1060. For all other terms, Tier 2 entities are required to refer to the definitions in other Standards. To retain this principle, the AASB recommends removing these defined terms from AASB 1060.

| Table 2.2.C1 – Terms defined in AASB 1060 (and AASB 101) but not in AASB 18 |   |
|---|---|
| Term  | Definition in AASB 1060   |
| Accounting policies   | <i>Accounting policies</i> are defined in paragraph 5 of AASB 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> , and the term is used in this Standard with the same meaning.<br><b>Note:</b> AASB 18 does not amend this definition in AASB 108. |
| Impracticable   | Applying a requirement is impracticable when the entity cannot apply it after making every reasonable effort to do so.<br><b>Note:</b> The definition of ‘Impracticable’ is identical to that provided in AASB 108 and is not amended by AASB 18.                           |

Table 2.2.C2 lists defined terms that are in AASB 18 but are not in AASB 1060 (and not in AASB 101). The AASB recommends including these definitions in AASB 1060, but only if the relevant requirements or guidance from AASB 18 are incorporated into AASB 1060.

| <b>Table 2.2.C2 – Terms defined in AASB 18 but not in AASB 1060 (and not in AASB 101)</b> |   |
|---|---|
| <b>Term</b>   | <b>Definition in AASB 18</b>  |
| Aggregation   | The adding together of assets, liabilities, equity, income, expenses or cash flows that share characteristics and are included in the same classification.  |
| Classification  | The sorting of assets, liabilities, equity, income, expenses and cash flows based on shared characteristics.  |
| Disaggregation  | The separation of an item into component parts that have characteristics that are not shared.   |
| General purpose financial reports   | <p>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:</p> <ul style="list-style-type: none"> <li>(a) buying, selling or holding equity and debt instruments;</li> <li>(b) providing or selling loans and other forms of credit; or</li> <li>(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.</li> </ul> <p>General purpose financial reports include – but are not restricted to – an entity’s general purpose financial statements and sustainability-related financial disclosures.</p> |
| Management-defined performance measure  | <p>A subtotal of income and expenses that:</p> <ul style="list-style-type: none"> <li>(a) an entity uses in public communications outside financial statements;</li> <li>(b) an entity uses to communicate to users of financial statements management’s view of an aspect of the financial performance of the entity as a whole; and</li> <li>(c) is not listed in paragraph 118 of AASB 18, or specifically required to be presented or disclosed by Australian Accounting Standards.</li> </ul>  |
| Operating profit or loss  | The total of all income and expenses classified in the operating category.  |
| Primary financial statements  | 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 before financing and income taxes  | The total of operating profit or loss and all income and expenses classified in the investing category.   |

| Table 2.2.C2 –Terms defined in AASB 18 but not in AASB 1060 (and not in AASB 101) |  |
|---|--|
| Term  | Definition in AASB 18  |
| Useful structured summary   | <p>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:</p> <ul style="list-style-type: none"> <li>(a) obtaining an understandable overview of the entity’s recognised assets, liabilities, equity, income, expenses and cash flows;</li> <li>(b) making comparisons between entities, and between reporting periods for the same entity; and</li> <li>(c) identifying items or areas about which users of financial statements may wish to seek additional information in the notes.</li> </ul> |

Table 2.2.C3 lists defined terms in AASB 18 that are also in AASB 1060 (and AASB 101). The relevant terms in AASB 1060 were originally based on the definitions in AASB 101, rather than those in the *IFRS for SMEs* Accounting Standard to ensure consistency in how the presentation requirements are applied. Since AASB 101 is being replaced by AASB 18, the AASB recommends adhering to its original principle, which means that the AASB 1060 defined terms in this table should be replaced with those in AASB 18. Consistent with the proposed approach to the guidance in Appendix B of AASB 18 under Option A (see ‘AASB 18 classification and presentation requirements’ on pages 60 and 61), the definitions in AASB 1060 would refer to the guidance in Appendix B of AASB 18 and not include the detail that is currently included in Appendix A of AASB 1060.

| Table 2.2.C3 – Terms defined in AASB 18 that are also in AASB 1060 (and AASB 101) |  |   |
|---|--|---|
| Term  | Definition in AASB 18  | Definition in AASB 1060 (and AASB 101)  |
| General purpose financial statements  | A particular form of general purpose financial reports that provide information about the reporting entity’s assets, liabilities, equity, income and expenses.   | <i>General purpose financial statements</i> (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.   |
| IFRS Accounting Standards/ International Financial Reporting Standards (IFRS)     | <p>IFRS Accounting Standards:</p> <p>Accounting standards issued by the International Accounting Standards Board. They comprise:</p> <ul style="list-style-type: none"> <li>(a) International Financial Reporting Standards;</li> <li>(b) International Accounting Standards;</li> <li>(c) IFRIC Interpretations; and</li> <li>(d) SIC Interpretations.</li> </ul> <p>IFRS Accounting Standards were previously known as International Financial Reporting Standards, IFRS, IFRSs and IFRS Standards.</p>  | <p><i>International Financial Reporting Standards (IFRSs)</i> are Standards and Interpretations issued by the International Accounting Standards Board (IASB). They comprise:</p> <ul style="list-style-type: none"> <li>(a) International Financial Reporting Standards;</li> <li>(b) International Accounting Standards;</li> <li>(c) IFRIC Interpretations; and</li> <li>(d) SIC Interpretations.</li> </ul>   |
| Material information  | <p>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.</p> <p><b>Explanatory notes:</b> AASB 18 relocated part of the definition of ‘Material’ from AASB 101 to paragraphs B1–B5 of the application guidance in Appendix B. Only the first paragraph is included as the definition in Appendix A of AASB 18. The AASB proposes to replace the definition of ‘material’ in</p> | <p><b>Material:</b></p> <p>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.</p> <p>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.</p> |

| Table 2.2.C3 –Terms defined in AASB 18 that are also in AASB 1060 (and AASB 101) |   |  |
|--|---|--|
| Term   | Definition in AASB 18   | Definition in AASB 1060 (and AASB 101)   |
|  | AASB 1060 with AASB 18's 'Material information' definition and add a reference to paragraphs B1–B5 of AASB 18 for further guidance. | <p>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:</p> <ul style="list-style-type: none"> <li>(a) information regarding a material item, transaction or other event is disclosed in the financial statements but the language used is vague or unclear;</li> <li>(b) information regarding a material item, transaction or other event is scattered throughout the financial statements;</li> <li>(c) dissimilar items, transactions or other events are inappropriately aggregated;</li> <li>(d) similar items, transactions or other events are inappropriately disaggregated; and</li> <li>(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.</li> </ul> <p>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.</p> <p>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.</p> |
| Notes  | Information in financial statements provided in addition to that presented in the primary financial statements.                     | Notes contain information in addition to that presented in the 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   |



| Table 2.2.C3 –Terms defined in AASB 18 that are also in AASB 1060 (and AASB 101) |  |  |
|--|--|--|
| Term   | Definition in AASB 18  | Definition in AASB 1060 (and AASB 101)   |
|  | <p><b>Explanatory notes:</b> AASB 18 includes a more concise definition of ‘notes’ compared to AASB 101 (and AASB 1060) due to AASB 18’s new guidance on the roles of the primary financial statements and the notes, outlined in paragraphs 15–18 of the Standard. The AASB proposes to add paragraphs 15–18 of AASB 18 to AASB 1060, as presented in Table 2.2.A of this ITC.</p> <p>Specifically, paragraph 17 states that the role of the notes is to provide material information necessary:</p> <ul style="list-style-type: none"> <li>(a) to enable users of financial statements to understand the line items presented in the primary financial statements (see paragraph B6); and</li> <li>(b) to supplement the primary financial statements with additional information to achieve the objective of financial statements (see paragraph B7).</li> </ul> <p>Additionally, AASB 18 also introduced the term ‘Primary financial statements’ to refer to the statement(s) of financial performance, the statement of financial position, the statement of changes in equity and the statement of cash flows. The AASB proposes to add AASB 18’s definition of ‘primary financial statements’ to AASB 1060, as presented in Table 2.2.C2 of this ITC.</p> | <p>disaggregations of items presented in those statements and information about items that do not qualify for recognition in those statements.</p>   |
| Other comprehensive income   | <p>Items of income and expense (including reclassification adjustments) that are recognised outside profit or loss as required or permitted by other Australian Accounting Standards.</p> <p><b>Explanatory notes:</b> AASB 18 relocated the components of other comprehensive income to paragraph B87 in the application guidance. The AASB proposes to replace the definition of ‘Other comprehensive income’ in AASB 1060 with AASB 18’s ‘Other comprehensive income’ definition and add a reference to paragraph B87 of AASB 18 for further guidance.</p>  | <p><i>Other comprehensive income</i> comprises items of income and expense (including reclassification adjustments) that are not recognised in profit or loss as required or permitted by other Australian Accounting Standards.</p> <p>The components of other comprehensive income include:</p> <ul style="list-style-type: none"> <li>(a) changes in revaluation surplus (see AASB 116 <i>Property, Plant and Equipment</i> and AASB 138 <i>Intangible Assets</i>);</li> <li>(b) remeasurements of defined benefit plans (see AASB 119 <i>Employee Benefits</i>);</li> <li>(c) gains and losses arising from translating the financial statements of a foreign operation (see AASB 121 <i>The Effects of Changes in Foreign Exchange Rates</i>);</li> <li>(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 <i>Financial Instruments</i>;</li> </ul> |

| Table 2.2.C3 –Terms defined in AASB 18 that are also in AASB 1060 (and AASB 101) |                       |  |
|--|-----------------------|--|
| Term   | Definition in AASB 18 | Definition in AASB 1060 (and AASB 101)   |
|  |                       | <p>(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;</p> <p>(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);</p> <p>(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);</p> <p>(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);</p> <p>(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);</p> <p>(i) insurance finance income and expenses from contracts issued within the scope of AASB 17 <i>Insurance Contracts</i> 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</p> <p>(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</p> |

| Table 2.2.C3 –Terms defined in AASB 18 that are also in AASB 1060 (and AASB 101) |  |   |
|--|--|---|
| Term   | Definition in AASB 18  | Definition in AASB 1060 (and AASB 101)  |
|  |  | determined by a systematic allocation applying paragraph 88(b) of AASB 17.  |
| Owners   | Holders of claims classified as equity.  | <i>Owners</i> are holders of instruments classified as equity.  |
| Profit or loss   | The total of income less expenses included in the statement of profit or loss.   | <i>Profit or loss</i> is the total of income less expenses, excluding the components of other comprehensive income.   |
| Reclassification adjustments   | Amounts reclassified to profit or loss in the current reporting period that were included in other comprehensive income in the current or prior periods.                                   | <i>Reclassification</i> adjustments are amounts reclassified to profit or loss in the current period that were recognised in other comprehensive income in the current or previous periods.   |
| Total comprehensive income   | 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. | <i>Total comprehensive income</i> is the change in equity during a period resulting from transactions and other events, other than those changes resulting from transactions with owners in their capacity as owners.<br>Total comprehensive income comprises all components of ‘profit or loss’ and of ‘other comprehensive income’. |

## Topic 3 Disclosure requirements in IFRS 19

### Overview of AASB 1060 and the IASB's Subsidiaries Standard (IFRS 19)

When AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* was developed, the AASB was aware of the IASB project Subsidiaries that are SMEs and acknowledged the possibility that AASB 1060 may ultimately be replaced with the Standard developed by the IASB.<sup>13</sup>

In May 2024, the IASB issued IFRS 19 *Subsidiaries without Public Accountability: Disclosures*. IFRS 19 allows eligible subsidiaries to apply reduced disclosure requirements, when compared with those in other IFRS Accounting Standards. However, these subsidiaries must still comply with the recognition, measurement and presentation requirements of other IFRS Accounting Standards.

IFRS 19 permits subsidiaries to apply reduced disclosures under the full IFRS Standards if they:

- (a) do not have public accountability (e.g. their debt or equity instruments are not publicly traded); and
- (b) have a parent entity that prepares consolidated financial statements available for public use that comply with IFRS Accounting Standards.

An entity applying the recognition, measurement and presentation requirements of full IFRS Accounting Standards and IFRS 19 reduced disclosures would describe the financial statements as complying with IFRS Accounting Standards and IFRS 19.<sup>14</sup>

The AASB is currently evaluating the suitability of IFRS 19 for adoption in Australia and is seeking stakeholder feedback on the following five options:

- (a) replace AASB 1060 with IFRS 19 and expand the scope from subsidiaries without public accountability to all Tier 2 entities;
- (b) amend AASB 1060 to include the additional disclosures required by IFRS 19 to achieve compliance with IFRS 19;
- (c) retain AASB 1060 and do not adopt IFRS 19 at all;
- (d) adopt IFRS 19 as an alternative Tier 2 framework for subsidiaries without public accountability, so that these entities would have the option to prepare GPFS under either AASB 1060 or an AASB Standard incorporating IFRS 19; or
- (e) adopt IFRS 19 as an alternative Tier 2 framework under which subsidiaries without public accountability would apply an AASB Standard incorporating IFRS 19 (without the option to apply AASB 1060 instead) and other Tier 2 entities would apply AASB 1060.

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<sup>13</sup> As explained in paragraph BC24 to AASB 1060.

<sup>14</sup> As explained in paragraph BC63 to IFRS 19.

Stakeholder feedback obtained through this ITC will help inform the AASB regarding whether to adopt IFRS 19 in Australia and, if so, how to adopt it.

## **Background to the IASB's development of IFRS 19**

In March 2019, the IASB added a research project Subsidiaries that are SMEs to its agenda. This project was moved to the standard-setting programme in January 2020, titled Disclosure Initiative—Subsidiaries without Public Accountability: Disclosures. The project was taken up in response to feedback received on the IASB's 2015 Agenda Consultation which said the *IFRS for SMEs* Accounting Standard is unattractive to subsidiaries of a parent that prepares consolidated financial statements that comply with IFRS Standards. This was due to the differences in the recognition and measurement (R&M) requirements between the *IFRS for SMEs* Accounting Standard and the full IFRS Accounting Standards, which meant that a subsidiary would have to maintain additional accounting records if it wanted to benefit from the reduced disclosures in the *IFRS for SMEs* Accounting Standard.

In May 2024, the IASB issued IFRS 19, which provides reduced disclosure requirements in relation to IFRS Accounting Standards issued before February 2021 and IFRS 18 *Presentation and Disclosure in Financial Statements*.

In August 2025, the IASB issued *Amendments to IFRS 19 Subsidiaries without Public Accountability: Disclosures* (the August 2025 Amendments). These amendments:

- (a) added disclosure requirements in relation to new or amended IFRS Accounting Standards issued between February 2021 and May 2024;
- (b) removed disclosure objectives relating to supplier finance arrangements, lack of exchangeability, Pillar Two income tax model rules, classification and measurement of financial instruments, and non-current liabilities with covenants;
- (c) reduced the disclosure requirements relating to supplier finance arrangements;
- (d) deleted material that was guidance rather than disclosure requirements; and
- (e) replaced disclosure requirements relating to management-defined performance measures with a cross-reference to IFRS 18 for entities that use these measures.

For new or amending IFRS Accounting Standards issued after 1 May 2024, disclosure requirements for IFRS 19 will be addressed in those Standards as consequential amendments. Since May 2024, the following amending IFRS Accounting Standards included IFRS 19 disclosure requirements:

- (a) *Amendments to the Classification and Measurement of Financial Instruments* (May 2024); and
- (b) *Contracts Referencing Nature-dependent Electricity* (December 2024).

## **Summary of the AASB's actions and decisions to date**

In September 2021, the AASB issued Exposure Draft ED 314 *Subsidiaries without Public Accountability: Disclosures*, which incorporated the IASB's ED/2021/7. The Exposure Draft proposed reduced disclosure requirements for eligible subsidiaries in conjunction with the

recognition, measurement and presentation requirements in IFRS Standards. These proposals and subsequent IASB activities led to the finalisation and release of IFRS 19 in May 2024.

Stakeholder comments received in response to ED 314 included:

- (a) concerns about the scope of the draft Standard and its adoption in Australia, considering the recent adoption of AASB 1060 by Tier 2 entities;<sup>15</sup>
- (b) suggestions for the AASB to defer deciding whether to adopt the draft Standard until the IASB has completed the project; and
- (c) suggestions for the AASB not to adopt the draft Standard for at least two years from the initial application date of AASB 1060 (i.e. after 1 July 2023).

At the March 2023 Board meeting, the AASB discussed possible options for adopting the IFRS Accounting Standard in Australia when issued by the IASB.<sup>16</sup> The AASB planned to undertake targeted outreach to better understand current Tier 2 financial reporting in Australia to help inform future AASB decisions on the reporting framework.

At the November 2023 Board meeting, in anticipation of the IASB's plans to issue an IFRS Accounting Standard for subsidiaries without public accountability in 2024, the AASB decided to undertake outreach as part of the post-implementation review (PIR) of AASB 1060. The AASB also decided to consider the outcomes of the third edition (2025) of the *IFRS for SMEs* Accounting Standard, which could result in amendments to AASB 1060, before making a decision on the adoption of the IFRS Accounting Standard for subsidiaries without public accountability in Australia.

In June 2024, as part of two roundtable sessions, AASB staff presented the five options listed at the start of this Topic to facilitate discussion with stakeholders. At the time of the roundtables, the stakeholders were not familiar with IFRS 19 and requested more details about IFRS 19 and its differences from AASB 1060. The AASB decided to include IFRS 19 matters in this ITC to allow stakeholders to consider the similarities and differences between the two Standards and provide feedback that will help the AASB to decide in the future whether to adopt IFRS 19 in Australia and, if so, the adoption approach.

At the May 2025 Board meeting, the AASB decided to issue one ITC that combines the PIR of AASB 1060 and potential amendments to AASB 1060 due to the issue of new Standards (i.e. the 2025 *IFRS for SMEs* Accounting Standard, AASB 18 *Presentation and Disclosure in Financial Statements* and IFRS 19). This section of the ITC focuses on the comparison of IFRS 19 with AASB 1060 and seeks stakeholder feedback on its suitability for adoption in Australia, including the five options for the adoption approach.

### **Comparison between AASB 1060 and IFRS 19**

Both Standards require entities to use the recognition and measurement principles of the full set of Accounting Standards.

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<sup>15</sup> AASB 1060 was issued in 2020, effective for annual reporting periods beginning on or after 1 July 2021.

<sup>16</sup> At the March 2023 meeting, the Board discussed five possible options. One of these options – replace AASB 1060 with the draft Standard and retain the IASB's scope – was considered not viable. For more details, refer to the [March 2023 AASB Board Paper 3.2](#). Staff subsequently added another option, which would require eligible subsidiaries to apply IFRS 19 and other Tier 2 entities to apply AASB 1060.

While AASB 1060 is essentially a one-stop-shop Standard containing some presentation requirements and all relevant disclosure requirements, IFRS 19 contains only disclosure requirements and cross-references disclosure requirements in other IFRS Accounting Standards that remain applicable.

The AASB compared the disclosure requirements in IFRS 19 (including the consequential amendments of 2024 and the August 2025 Amendments) to the relevant for-profit disclosure requirements in AASB 1060 and identified the following types of differences:

| Type of differences                 | Description of difference  |
|-------------------------------------|--|
| Additional disclosures in IFRS 19   | <p>Disclosure requirements in IFRS 19 that are not included in AASB 1060 and:</p> <ul style="list-style-type: none"> <li>are not expected to be included in AASB 1060 as a result of aligning AASB 1060 with the IASB's 2025 <i>IFRS for SMEs</i> Accounting Standard (as discussed in Section 2, Topic 1 of this ITC). Refer to Table 2.3.1; or</li> <li>could be included in AASB 1060 as a result of aligning with the IASB's 2025 <i>IFRS for SMEs</i> Accounting Standard, which means that there would no longer be a difference between the Standards in relation to the disclosure requirement. Refer to Table 2.3.3 in Appendix 2.3.A.</li> </ul> |
| Different disclosures               | Disclosure requirements exist in both IFRS 19 and AASB 1060, but they are not identical. This may be due to simplified wording in AASB 1060 or different levels of detail required by each Standard to be disclosed. Refer to Table 2.3.2, which compares the relevant paragraphs.   |
| Additional disclosures in AASB 1060 | Disclosure requirements in AASB 1060 that are not included in IFRS 19. Refer to Table 2.3.4 in Appendix 2.3.B.   |
| Objective and scope                 | Paragraphs 1–19 of IFRS 19 set out the objective of the Standard, its scope and its interaction with IFRS 1 <i>First-time Adoption of International Financial Reporting Standards</i> . For reference, these are included in Appendix 2.3.C  |

Disclosure requirements exist in both IFRS 19 and AASB 1060 that are the same or essentially the same. These disclosure requirements are not listed in this ITC.

### Questions for respondents

3.1 Is it important for Tier 2 entities to be able to claim compliance with IFRS 19?

Please explain your view.

3.2 Which of the following options would you prefer:

- (a) replace AASB 1060 with IFRS 19 and expand the scope from subsidiaries without public accountability to all Tier 2 entities;
- (b) amend AASB 1060 to include the additional disclosures required by IFRS 19 to achieve compliance with IFRS 19;

- (c) retain AASB 1060 and do not adopt IFRS 19 at all;
- (d) adopt IFRS 19 as an alternative Tier 2 framework for subsidiaries without public accountability, so that these entities would have the option to prepare GPFS under either AASB 1060 or an AASB Standard incorporating IFRS 19; or
- (e) adopt IFRS 19 as an alternative Tier 2 framework under which subsidiaries without public accountability would apply an AASB Standard incorporating IFRS 19 (without the option to apply AASB 1060 instead) and other Tier 2 entities would apply AASB 1060.

Please provide the reasons for your preference.

- 3.3 If you think only parts of IFRS 19 should be adopted in Australia, please identify the disclosure requirements currently not required under AASB 1060 that you consider appropriate for Tier 2 entities and/or subsidiaries without public accountability.



## Comparison between AASB 1060 and IFRS 19 – Additional disclosures in IFRS 19

Table 2.3.1 shows disclosure requirements in IFRS 19 that are not included in AASB 1060 or recommended for inclusion to align with the 2025 *IFRS for SMEs* Accounting Standard. There are also paragraphs in the introduction section of IFRS 19 that are not in AASB 1060; these are included in Appendix 2.3.C.

| Table 2.3.1 – Additional disclosures in IFRS 19 |   |
|---|---|
| IFRS 19 Subheading                              | Paragraph extracts from IFRS 19 (as amended to August 2025)   |
| IFRS 1  | 26 If, during the period covered by its first IFRS financial statements, an entity changes its accounting policies or its use of the exemptions contained in IFRS 1, it shall explain the changes between its first IFRS interim financial report and its first IFRS financial statements in accordance with paragraph 21, and it shall update the reconciliations required by paragraph 24.  |
| IFRS 1  | <p><b>Interim financial reports</b></p> <p>28 To comply with paragraph 21, if an entity presents an interim financial report in accordance with IAS 34 <i>Interim Financial Reporting</i> for part of the period covered by its first IFRS financial statements, the entity shall satisfy the requirements of IAS 34, unless stated otherwise, as well as these requirements:</p> <ul style="list-style-type: none"> <li>(a) each such interim financial report shall, if the entity presented an interim financial report for the comparable interim period of the immediately preceding financial year, include: <ul style="list-style-type: none"> <li>(i) a reconciliation of its equity in accordance with previous GAAP at the end of that comparable interim period to its equity under IFRS Accounting Standards at that date; and</li> <li>(ii) a reconciliation to its total comprehensive income in accordance with IFRS Accounting Standards for that comparable interim period (current and year to date). The starting point for that reconciliation shall be total comprehensive income in accordance with previous GAAP for that period or, if an entity did not report such a total, profit or loss in accordance with previous GAAP;</li> </ul> </li> <li>(b) in addition to the reconciliations required by (a), an entity's first interim financial report in accordance with IAS 34 for part of the period covered by its first IFRS financial statements shall include the reconciliations described in paragraph 24 (supplemented by the details required by paragraph 25) or a cross-reference to another published document that includes these reconciliations; and</li> <li>(c) if an entity changes its accounting policies or its use of the exemptions contained in IFRS 1, it shall explain the changes in each such interim financial report in accordance with paragraph 21 and update the reconciliations required by (a)–(b).</li> </ul> <p><b>Explanatory notes:</b> As per paragraph BC88(d) to AASB 1060, AASB 1060 is intended to be used in the preparation of annual general purpose financial statements. Tier 2 entities wishing to prepare an interim financial report will need to apply AASB 134 <i>Interim Financial Reporting</i> in full, see paragraph 33 of AASB 1060. IFRS 19 paragraph 28 is included here for completeness.</p> |
| IFRS 1  | 29 If a first-time adopter did not, in its most recent annual financial statements in accordance with previous GAAP, disclose information material to an understanding of the current interim period, its interim financial report shall disclose that information or include a cross-reference to another published document that includes it.   |

| Table 2.3.1 – Additional disclosures in IFRS 19 |   |
|---|---|
| IFRS 19 Subheading                              | Paragraph extracts from IFRS 19 (as amended to August 2025)   |
| IFRS 1  | <p><b>Disclosure requirements in IFRS 1 that remain applicable</b></p> <p>30 If an entity applies paragraph D2 of IFRS 1, it shall apply the disclosure requirements in that paragraph.</p> <p><b>[Taken from IFRS 1]</b></p> <p>D2 A first-time adopter is encouraged, but not required, to apply IFRS 2 <i>Share-based Payment</i> to equity instruments that were granted on or before 7 November 2002. A first-time adopter is also encouraged, but not required, to apply IFRS 2 to equity instruments that were granted after 7 November 2002 and vested before the later of</p> <ul style="list-style-type: none"> <li>(a) the date of transition to IFRSs and</li> <li>(b) 1 January 2005. However, if a first-time adopter elects to apply IFRS 2 to such equity instruments, it may do so only if the entity has disclosed publicly the fair value of those equity instruments, determined at the measurement date, as defined in IFRS 2. For all grants of equity instruments to which IFRS 2 has not been applied (e.g. equity instruments granted on or before 7 November 2002), a first-time adopter shall nevertheless disclose the information required by paragraphs 44 and 45 of IFRS 2. An entity applying IFRS 19 <i>Subsidiaries without Public Accountability: Disclosures</i> shall instead disclose the information required by paragraph 31 of IFRS 19. If a first-time adopter modifies the terms or conditions of a grant of equity instruments to which IFRS 2 has not been applied, the entity is not required to apply paragraphs 26–29 of IFRS 2 if the modification occurred before the date of transition to IFRSs.</li> </ul> |
| IFRS 3  | <p>36 The acquirer shall disclose, for each reporting period after the acquisition date until the entity collects, sells or otherwise loses the right to a contingent consideration asset, or until the entity settles a contingent consideration liability or the liability is cancelled or expires:</p> <ul style="list-style-type: none"> <li>(a) any changes in the recognised amounts, including any differences arising upon settlement; and</li> <li>(b) the valuation techniques and key model inputs used to measure contingent consideration.</li> </ul>  |
| IFRS 5  | <p>39 If either paragraph 26 of IFRS 5 or paragraph 29 of IFRS 5 applies, an entity shall disclose, in the reporting period of the decision to change the plan to sell the non-current asset (or disposal group), a description of the facts and circumstances leading to the decision and the effect of the decision on the results of operations for the period and any prior periods presented.</p>  |
| IFRS 5  | <p><b>Disclosure requirements in IFRS 5 that remain applicable</b></p> <p>40 An entity shall apply the disclosure requirements in paragraphs 12, 13, 33(a), 33(c) and 34 of IFRS 5. The reference to paragraph 33 in paragraph 13 of IFRS 5 shall be read by the entity as referring to paragraphs 33(a) and 33(c) of IFRS 5.</p> <p><b>[Taken from IFRS 5]</b></p> <p>12 If the criteria in paragraphs 7 and 8 are met after the reporting period, an entity shall not classify a non-current asset (or disposal group) as held for sale in those financial statements when issued. However, when those criteria are met after the reporting period but before the authorisation of the financial statements for issue, the entity shall disclose the information specified in paragraph 41(a), (b) and (d) in the notes. An entity applying IFRS 19 <i>Subsidiaries without Public Accountability: Disclosures</i> shall instead disclose the information specified in paragraph 38 of IFRS 19.</p>   |

**Table 2.3.1 – Additional disclosures in IFRS 19**

| IFRS 19 Subheading | Paragraph extracts from IFRS 19 (as amended to August 2025)  |
|--------------------|--|
|                    | <p>13 An entity shall not classify as held for sale a non-current asset (or disposal group) that is to be abandoned. This is because its carrying amount will be recovered principally through continuing use. However, if the disposal group to be abandoned meets the criteria in paragraph 32(a)–(c), the entity shall present the results and cash flows of the disposal group as discontinued operations in accordance with paragraphs 33 and 34 at the date on which it ceases to be used. Non-current assets (or disposal groups) to be abandoned include noncurrent assets (or disposal groups) that are to be used to the end of their economic life and non-current assets (or disposal groups) that are to be closed rather than sold.</p> <p>33 An entity shall disclose:</p> <p>...</p> <p>(c) the net cash flows attributable to the operating, investing and financing activities of discontinued operations. These disclosures may be presented either in the notes or in the financial statements. These disclosures are not required for disposal groups that are newly acquired subsidiaries that meet the criteria to be classified as held for sale on acquisition (see paragraph 11).</p> <p>34 An entity shall re-present the disclosures in paragraph 33 for prior periods presented in the financial statements so that the disclosures relate to all operations that have been discontinued by the end of the reporting period for the latest period presented.</p> <p><b>Explanatory notes:</b> While IFRS 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i> paragraph 13 is concerned with presentation matters, it is included here for context as it refers to disclosures in paragraphs 33(c) and 34.</p> |
| IFRS 6             | <p>41 An entity shall treat exploration and evaluation assets as a separate class of assets and make the disclosures required by either paragraphs 200–202 (under subheading IAS 16 <i>Property, Plant and Equipment</i>) or paragraphs 263–266 (under subheading IAS 38 <i>Intangible Assets</i>), consistent with how the assets are classified.</p> <p><b>Explanatory notes:</b> While AASB 1060 does require disclosure of property, plant and equipment and intangibles by class of assets, it does not specifically require that exploration and evaluation assets must be treated as a separate class for disclosure purposes. The equivalent requirement in paragraph 25 of AASB 5 does not apply to entities reporting under AASB 1060 as per AASB 6 Appendix C.</p>  |
| IFRS 7             | <p><b>Financial liabilities at fair value through profit or loss</b></p> <p>45 If the entity has designated a financial liability as at fair value through profit or loss in accordance with paragraph 4.2.2 of IFRS 9 and is required to present the effects of changes in that liability’s credit risk in other comprehensive income (see paragraph 5.7.7 of IFRS 9), it shall disclose:</p> <p>(a) the amount of change, cumulatively, in the fair value of the financial liability that is attributable to changes in the credit risk of that liability (see paragraphs B5.7.13–B5.7.20 of IFRS 9 for guidance on determining the effects of changes in a liability’s credit risk); and</p> <p>(b) the difference between the financial liability’s carrying amount and the amount the entity would be contractually required to pay at maturity to the holder of the obligation.</p>  |
| IFRS 7             | <p>46 If an entity has designated a financial liability as at fair value through profit or loss in accordance with paragraph 4.2.2 of IFRS 9 and is required to present all changes in the fair value of that liability (including the effects of changes in the credit risk of the liability) in profit or loss (see paragraphs 5.7.7 and 5.7.8 of IFRS 9), it shall disclose:</p>  |

| Table 2.3.1 – Additional disclosures in IFRS 19 |  |
|---|--|
| IFRS 19 Subheading                              | Paragraph extracts from IFRS 19 (as amended to August 2025)  |
|   | <p>(a) the amount of change, during the reporting period and cumulatively, in the fair value of the financial liability that is attributable to changes in the credit risk of that liability (see paragraphs B5.7.13–B5.7.20 of IFRS 9 for guidance on determining the effects of changes in a liability’s credit risk); and</p> <p>(b) the difference between the financial liability’s carrying amount and the amount the entity would be contractually required to pay at maturity to the holder of the obligation.</p>   |
| IFRS 7  | <p><b>Reclassification</b></p> <p>47 An entity shall disclose if, in the current or previous reporting periods, it has reclassified any financial assets in accordance with paragraph 4.4.1 of IFRS 9. For each such event, an entity shall disclose:</p> <p>(a) the date of reclassification;</p> <p>(b) a detailed explanation of the change in business model and a qualitative description of its effect on the entity’s financial statements; and</p> <p>(c) the amount reclassified into and out of each category.</p> |
| IFRS 7  | <p>48 For each reporting period following reclassification until derecognition, an entity shall disclose, for assets reclassified out of the fair value through profit or loss category so that they are measured at amortised cost or fair value through other comprehensive income in accordance with paragraph 4.4.1 of IFRS 9:</p> <p>(a) the effective interest rate determined on the date of reclassification; and</p> <p>(b) the interest revenue recognised.</p>  |
| IFRS 7  | <p><b>Offsetting financial assets and financial liabilities</b></p> <p>49 An entity shall, at the end of the reporting period, disclose separately the gross amounts of those recognised financial assets and recognised financial liabilities that are set off in accordance with paragraph 42 of IAS 32 <i>Financial Instruments: Presentation</i>.</p>  |
| IFRS 7  | <p>50 Financial instruments disclosed in accordance with paragraph 49 may be subject to different measurement requirements (for example, a payable related to a repurchase agreement may be measured at amortised cost, while a derivative will be measured at fair value). An entity shall include financial instruments at their recognised amounts and describe any resulting measurement differences in the related disclosures.</p>   |
| IFRS 7  | <p><b>Allowance account for credit losses</b></p> <p>52 The carrying amount of financial assets measured at fair value through other comprehensive income in accordance with paragraph 4.1.2A of IFRS 9 is not reduced by a loss allowance and an entity shall not present the loss allowance separately in the statement of financial position as a reduction of the carrying amount of the financial asset. However, an entity shall disclose the loss allowance in the notes.</p>   |

| Table 2.3.1 – Additional disclosures in IFRS 19 |  |
|---|--|
| IFRS 19 Subheading                              | Paragraph extracts from IFRS 19 (as amended to August 2025)  |
| IFRS 7  | <p><b>Compound financial instruments with multiple embedded derivatives</b></p> <p>53 If an entity has issued an instrument that contains both a liability and an equity component (see paragraph 28 of IAS 32) and the instrument has multiple embedded derivatives whose values are interdependent (such as a callable convertible debt instrument), it shall disclose the existence of those features.</p>  |
| IFRS 7  | <p><b>Defaults and breaches</b></p> <p>55 If, during the period, there were breaches of loan agreement terms other than those described in paragraph 54, an entity shall disclose the same information as required by paragraph 54 if those breaches permitted the lender to demand accelerated repayment (unless the breaches were remedied, or the terms of the loan were renegotiated, on or before the end of the reporting period).</p>   |
| IFRS 7  | <p><b>Hedge accounting</b></p> <p>59 When an entity designates a specific risk component as a hedged item (see paragraph 6.3.7 of IFRS 9), it shall provide qualitative or quantitative information about how the entity determined the risk component that is designated as the hedged item (including a description of the nature of the relationship between the risk component and the item as a whole).</p>   |
| IFRS 7  | <p>63 For hedging relationships to which an entity applies the exceptions set out in paragraphs 6.8.4–6.8.12 of IFRS 9 or paragraphs 102D–102N of IAS 39 <i>Financial Instruments: Recognition and Measurement</i>, an entity shall disclose:</p> <ul style="list-style-type: none"> <li>(a) the significant interest rate benchmarks to which the entity’s hedging relationships are exposed;</li> <li>(b) the extent of the risk exposure the entity manages that is directly affected by the interest rate benchmark reform;</li> <li>(c) how the entity is managing the process to transition to alternative benchmark rates;</li> <li>(d) a description of significant assumptions or judgements the entity made in applying these paragraphs (for example, assumptions or judgements about when the uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and the amount of the interest rate benchmark-based cash flows); and</li> <li>(e) the nominal amount of the hedging instruments in those hedging relationships.</li> </ul> |
| IFRS 7  | <p><b>Fair value</b></p> <p>64 In some cases, an entity does not recognise a gain or loss on initial recognition of a financial asset or financial liability because the fair value is neither evidenced by a quoted price in an active market for an identical asset or liability (a Level 1 input), nor based on a valuation technique that uses only data from observable markets (see paragraph B5.1.2A of IFRS 9). In such cases, the entity shall disclose by class of financial asset or financial liability:</p> <ul style="list-style-type: none"> <li>(a) its accounting policy for recognising in profit or loss the difference between the fair value at initial recognition and the transaction price to reflect a change in factors (including time) that market participants would take into account when pricing the asset or liability (see paragraph B5.1.2A(b) of IFRS 9);</li> </ul>   |

| Table 2.3.1 – Additional disclosures in IFRS 19 |  |
|---|--|
| IFRS 19 Subheading                              | Paragraph extracts from IFRS 19 (as amended to August 2025)  |
|   | <p>(b) the aggregate difference yet to be recognised in profit or loss at the beginning and end of the reporting period and a reconciliation of changes in the balance of this difference; and</p> <p>(c) why the entity concluded that the transaction price was not the best evidence of fair value, including a description of the evidence that supports the fair value.</p>   |
| IFRS 7  | <p><b>Nature and extent of risks arising from financial instruments</b></p> <p><i>Credit risk: all entities</i></p> <p>65 An entity shall explain the inputs, assumptions and estimation techniques used to apply the requirements in Section 5.5 of IFRS 9. For this purpose an entity shall disclose:</p> <p>(a) the basis of inputs and assumptions and the estimation techniques used to:</p> <p>(i) measure the 12-month and lifetime expected credit losses;</p> <p>(ii) determine whether the credit risk of financial instruments has increased significantly since initial recognition; and</p> <p>(iii) determine whether a financial asset is a credit-impaired financial asset;</p> <p>(b) how forward-looking information has been incorporated into the determination of expected credit losses, including the use of macroeconomic information; and</p> <p>(c) changes in the estimation techniques or significant assumptions made during the reporting period and the reasons for those changes.</p>  |
| IFRS 7  | <p>66 To explain the changes in the loss allowance and the reasons for those changes, an entity shall provide, in a table, by class of financial instrument, a reconciliation from the opening balance to the closing balance of the loss allowance, showing separately the changes during the reporting period for:</p> <p>(a) the loss allowance measured at an amount equal to 12-month expected credit losses.</p> <p>(b) the loss allowance measured at an amount equal to lifetime expected credit losses for:</p> <p>(i) financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets;</p> <p>(ii) financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired); and</p> <p>(iii) trade receivables, contract assets or lease receivables for which the loss allowances are measured in accordance with paragraph 5.5.15 of IFRS 9.</p> <p>(d) financial assets that are purchased or originated credit-impaired. In addition to the reconciliation, an entity shall disclose the total amount of undiscounted expected credit losses at initial recognition on financial assets initially recognised during the reporting period.</p> <p><b>Explanatory notes:</b> Paragraph 147(d) of AASB 1060 only requires disclosure of the closing balance of the loss allowance for uncollectable lease receivables. There is no general requirement in AASB 1060 to provide information about the changes in all loss allowances for financial instruments.</p> |

**Table 2.3.1 – Additional disclosures in IFRS 19**

| IFRS 19 Subheading | Paragraph extracts from IFRS 19 (as amended to August 2025)   |
|--------------------|---|
| IFRS 7             | <p>67 For loan commitments and financial guarantee contracts, the loss allowance is recognised as a provision. An entity should disclose information about the changes in the loss allowance for financial assets separately from those for loan commitments and financial guarantee contracts. However, if a financial instrument includes both a loan (financial asset) and an undrawn commitment (loan commitment) component and the entity cannot separately identify the expected credit losses on the loan commitment component from those on the financial asset component, the expected credit losses on the loan commitment should be recognised together with the loss allowance for the financial asset. To the extent that the combined expected credit losses exceed the gross carrying amount of the financial asset, the expected credit losses should be recognised as a provision.</p>   |
| IFRS 7             | <p><i>Credit risk: entities that provide financing to customers as a main business activity</i></p> <p>68 The disclosure requirements in paragraphs 69–71 are applicable only to an entity that provides financing to customers as a main business activity, as described in IFRS 18.</p>   |
| IFRS 7             | <p>69 An entity shall disclose information that enables users of financial statements to understand and evaluate:</p> <ul style="list-style-type: none"> <li>(a) how the entity determined whether the credit risk of financial instruments has increased significantly since initial recognition, including if and how: <ul style="list-style-type: none"> <li>(i) financial instruments are considered to have low credit risk in accordance with paragraph 5.5.10 of IFRS 9, including the classes of financial instruments to which it applies; and</li> <li>(ii) the presumption in paragraph 5.5.11 of IFRS 9, that there have been significant increases in credit risk since initial recognition when financial assets are more than 30 days past due, has been rebutted; and</li> </ul> </li> <li>(b) an entity’s definitions of default, including the reasons for selecting those definitions.</li> </ul>  |
| IFRS 7             | <p>70 An entity shall provide an explanation of how significant changes in the gross carrying amount of financial instruments during the period contributed to changes in the loss allowance. The information shall be provided separately for financial instruments that represent the loss allowance as listed in paragraph 66(a)–(c) and shall include relevant qualitative and quantitative information. Examples of changes in the gross carrying amount of financial instruments that contributed to the changes in the loss allowance may include:</p> <ul style="list-style-type: none"> <li>(a) changes because of financial instruments originated or acquired during the reporting period;</li> <li>(b) the modification of contractual cash flows on financial assets that do not result in a derecognition of those financial assets in accordance with IFRS 9;</li> <li>(c) changes because of financial instruments that were derecognised (including those that were written off) during the reporting period; and</li> <li>(d) changes arising from whether the loss allowance is measured at an amount equal to 12-month or lifetime expected credit losses.</li> </ul> |
| IFRS 7             | <p>71 An entity shall disclose, by credit risk rating grades, the gross carrying amount of financial assets and the exposure to credit risk on loan commitments and financial guarantee contracts. An entity shall provide this information separately for financial instruments:</p> <ul style="list-style-type: none"> <li>(a) for which the loss allowance is measured at an amount equal to 12-month expected credit losses;</li> </ul>   |

| Table 2.3.1 – Additional disclosures in IFRS 19 |  |
|---|--|
| IFRS 19 Subheading                              | Paragraph extracts from IFRS 19 (as amended to August 2025)  |
|   | <p>(b) for which the loss allowance is measured at an amount equal to lifetime expected credit losses and that are:</p> <ul style="list-style-type: none"> <li>(i) financial instruments for which credit risk has increased significantly since initial recognition, but that are not credit-impaired financial assets;</li> <li>(ii) financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired); and</li> <li>(iii) trade receivables, contract assets or lease receivables for which the loss allowances are measured in accordance with paragraph 5.5.15 of IFRS 9.</li> </ul> <p>(c) that are purchased or originated credit-impaired financial assets.</p>           |
| IFRS 12   | 78 An entity shall disclose the terms of any contractual arrangements that could require the parent or its subsidiaries to provide financial support to a consolidated structured entity, including events or circumstances that could expose the reporting entity to a loss (for example, liquidity arrangements or credit rating triggers associated with obligations to purchase assets of the structured entity or provide financial support).   |
| IFRS 12   | 80 An entity shall disclose any current intentions to provide financial or other support to a consolidated structured entity, including intentions to assist the structured entity in obtaining financial support.   |
| IFRS 12   | 81 An entity shall disclose the gain or loss, if any, calculated in accordance with paragraph 25 of IFRS 10, and: <ul style="list-style-type: none"> <li>(a) the portion of that gain or loss attributable to measuring any investment retained in the former subsidiary at its fair value at the date when control is lost; and</li> <li>(b) the line item(s) in profit or loss in which the gain or loss is recognised (if not presented separately).</li> </ul>   |
| IFRS 12   | <p><b>Investment entity status</b></p> <p>82 When a parent determines that it is an investment entity in accordance with paragraph 27 of IFRS 10 and it does not have one or more of the typical characteristics of an investment entity (see paragraph 28 of IFRS 10), it shall disclose its reasons for concluding that it is nevertheless an investment entity.</p>   |
| IFRS 12   | 83 When an entity becomes, or ceases to be, an investment entity, it shall disclose the change of investment entity status and the reasons for the change. In addition, an entity that becomes an investment entity shall disclose the effect of the change of status on the financial statements for the period presented, including: <ul style="list-style-type: none"> <li>(a) the total fair value, as of the date of change of status, of the subsidiaries that cease to be consolidated;</li> <li>(b) the total gain or loss, if any, calculated in accordance with paragraph B101 of IFRS 10; and</li> <li>(c) the line item(s) in profit or loss in which the gain or loss is recognised (if not presented separately).</li> </ul> |



| Table 2.3.1 – Additional disclosures in IFRS 19 |  |
|---|--|
| IFRS 19 Subheading                              | Paragraph extracts from IFRS 19 (as amended to August 2025)  |
| IFRS 12   | <b>Interests in unconsolidated subsidiaries (investment entities)</b><br>84 An investment entity that, in accordance with IFRS 10, is required to apply the exception to consolidation and instead account for its investment in a subsidiary at fair value through profit or loss shall disclose that fact.   |
| IFRS 12   | 85 An investment entity shall disclose:<br>(a) the nature and extent of any significant restrictions (for example, resulting from borrowing arrangements, regulatory requirements or contractual arrangements) on the ability of an unconsolidated subsidiary to transfer funds to the investment entity in the form of cash dividends or to repay loans or advances made to the unconsolidated subsidiary by the investment entity; and<br>...  |
| IFRS 12   | 90 An investment entity need not provide the disclosures required by paragraphs 88–89.<br><b>Explanatory note:</b> Paragraph 90 provides an exemption for certain disclosures that would otherwise be required for investments in associates and joint ventures. AASB 1060 does not provide such an exemption, as the majority of investment entities will be publicly accountable and therefore not able to apply the Standard (AASB 1060 paragraph BC63).  |
| IFRS 12   | <b>Interests in unconsolidated structured entities</b><br>92 If during the reporting period an entity has, without having a contractual obligation to do so, provided financial or other support to an unconsolidated structured entity in which it previously had or currently has an interest (for example, purchasing assets of, or instruments issued by, the structured entity), the entity shall disclose:<br>(a) the type and amount of support provided, including situations in which the entity assisted the structured entity in obtaining financial support; and<br>(b) the reasons for providing the support. |
| IFRS 12   | 93 An entity shall disclose any current intentions to provide financial or other support to an unconsolidated structured entity, including intentions to assist the structured entity in obtaining financial support.  |
| IFRS 12   | 94 An investment entity need not provide the disclosures required by paragraphs 92–93 for an unconsolidated structured entity that it controls and for which it presents the disclosures required by paragraphs 84–87.   |
| IFRS 13   | 96 If an entity makes an accounting policy decision to use the exception in paragraph 48 of IFRS 13, it shall disclose that fact.  |
| IFRS 14   | <b>Explanatory notes:</b> As per paragraph BC88 to AASB 1060, AASB 1060 excluded AASB 14 because it would only be relevant for entities that have recognised regulatory deferral account balances under their current accounting policy (e.g. where the entity prepared special purpose financial statements without complying   |

| Table 2.3.1 – Additional disclosures in IFRS 19 |   |
|---|---|
| IFRS 19 Subheading                              | Paragraph extracts from IFRS 19 (as amended to August 2025)   |
|   | <p>with the R&amp;M of full AAS). The AASB's decision also is consistent with IASB's view that it should not incorporate the requirements of IFRS 14 as part of the 2015 and 2025 <i>IFRS for SMEs Accounting Standard</i>.</p> <p><b>Explanation of activities subject to rate regulation</b></p> <p>98 An entity shall disclose, for each type of rate-regulated activity:</p> <ul style="list-style-type: none"> <li>(a) a brief description of the nature and extent of the rate-regulated activity and the nature of the regulatory rate-setting process; and</li> <li>(b) the identity of the rate regulator(s). If the rate regulator is a related party (as defined in IAS 24 <i>Related Party Disclosures</i>), the entity shall disclose that fact, together with an explanation of how it is related.</li> </ul> <p>99 The disclosures required by paragraph 98 shall be given in the financial statements either directly in the notes or incorporated by cross-reference from the financial statements to some other statement, such as a management commentary or risk report, that is available to users of the financial statements on the same terms as the financial statements and at the same time. If the information is not included in the financial statements directly or incorporated by cross-reference, the financial statements are incomplete.</p> <p><b>Explanation of recognised amounts</b></p> <p>100 An entity shall disclose the basis on which regulatory deferral account balances are recognised and derecognised and how they are measured initially and subsequently, including how regulatory deferral account balances are assessed for recoverability and how any impairment loss is allocated.</p> <p>101 For each type of rate-regulated activity, an entity shall disclose, for each class of regulatory deferral account balance, a reconciliation of the carrying amount at the beginning and the end of the reporting period in a table, unless another format is more appropriate. The entity shall apply judgement in deciding the level of detail necessary (see paragraphs 28–29 of IFRS 14 <i>Regulatory Deferral Accounts</i>), but these components would usually be relevant:</p> <ul style="list-style-type: none"> <li>(a) the amounts that have been recognised in the current period in the statement of financial position as regulatory deferral account balances;</li> <li>(b) the amounts that have been recognised in the statement(s) of profit or loss and other comprehensive income relating to balances that have been recovered (sometimes described as amortised) or reversed in the current period; and</li> <li>(c) other amounts, separately identified, that affected the regulatory deferral account balances, such as impairments, items acquired or assumed in a business combination, items disposed of, or the effects of changes in foreign exchange rates or discount rates.</li> </ul> <p>102 When an entity concludes that a regulatory deferral account balance is no longer fully recoverable or reversible, it shall disclose that fact, the reason why it is not recoverable or reversible and the amount by which the regulatory deferral account balance has been reduced.</p> |
| IFRS 15   | <p>104 In addition, an entity shall disclose sufficient information to enable users of financial statements to understand the relationship between the disclosure of disaggregated revenue (in accordance with paragraph 103) and revenue information that is disclosed for each reportable segment, if the entity applies IFRS 8.</p> <p><b>Explanatory notes:</b> As AASB 1060 does not require Tier 2 entities to disclose segment information, AASB 1060 does not have a specific requirement to disclose the relationship between the disclosure of disaggregated revenue and revenue information in each reportable segment. Instead, AASB 1060 refers entities back to AASB 8 <i>Operating Segments</i> if they opt to apply AASB 8, as stated in paragraph 33 of AASB 1060.</p>   |

| Table 2.3.1 – Additional disclosures in IFRS 19 |  |
|---|--|
| IFRS 19 Subheading                              | Paragraph extracts from IFRS 19 (as amended to August 2025)  |
| IFRS 15   | <p><b>Transaction price allocated to the remaining performance obligations</b></p> <p>108 An entity shall disclose:</p> <ul style="list-style-type: none"> <li>(a) the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as of the end of the reporting period; and</li> <li>(b) an explanation of when the entity expects to recognise as revenue the amount disclosed in accordance with (a), which the entity shall disclose: <ul style="list-style-type: none"> <li>(i) on a quantitative basis using the time bands that would be most appropriate for the duration of the remaining performance obligations; or</li> <li>(ii) by using qualitative information.</li> </ul> </li> </ul>  |
| IFRS 15   | <p>109 As a practical expedient, an entity need not disclose the information in paragraph 108 for a performance obligation if either of the following conditions is met:</p> <ul style="list-style-type: none"> <li>(a) the performance obligation is part of a contract that has an original expected duration of one year or less; or</li> <li>(b) the entity recognises revenue from the satisfaction of the performance obligation in accordance with paragraph B16 of IFRS 15.</li> </ul>   |
| IFRS 15   | <p><i>Determining the transaction price and the amounts allocated to performance obligations</i></p> <p>112 An entity shall disclose information about the methods, inputs and assumptions used for assessing whether an estimate of variable consideration is constrained.</p>  |
| IFRS 18   | <p><b>Explanatory notes on IFRS 18/AASB 18:</b> IFRS 19 includes IFRS 18 disclosure requirements in the main body of the IFRS 19 Standard and IAS 1 <i>Presentation of Financial Statements</i> disclosure requirements in IFRS 19 Appendix B ‘Disclosure requirements if an entity applies IFRS 19 before applying IFRS 18’. However, as IFRS 19 is a pure disclosure Standard, the presentation requirements (that is, requirements regarding the presentation of the primary financial statements) in IFRS 18/IAS 1 and IAS 7 <i>Statement of Cash Flows</i> continue to apply to entities that apply IFRS 19. In contrast, AASB 1060 also includes the presentation requirements from AASB 101 and AASB 107 such that entities applying AASB 1060 are not required to apply AASB 101 and AASB 107.</p> <p>AASB 1060 is not yet updated to include AASB 18, nor is the IASB’s third edition of the <i>IFRS for SMEs</i> Accounting Standard released in February 2025. As part of this ITC, the AASB is seeking stakeholder feedback on whether to update AASB 1060 for changes made by AASB 18, ahead of the IASB’s <i>IFRS for SMEs</i> Accounting Standard, please see Section 2, Topic 2 of this ITC, and whether AASB 1060 should continue including the presentation requirements from AASB 18, or be changed to a pure disclosure Standard, similar to IFRS 19.</p> <p>131 When an entity is required to present a third statement of financial position applying paragraph 37 of IFRS 18, it shall disclose the information required by paragraphs 129–130, 178–181 and 186. However, it need not provide the related notes to the statement of financial position as at the beginning of the preceding period.</p> |

| Table 2.3.1 – Additional disclosures in IFRS 19 |   |
|---|---|
| IFRS 19 Subheading                              | Paragraph extracts from IFRS 19 (as amended to August 2025)   |
|   | <b>Explanatory notes:</b> Paragraph 131 of IFRS 19 refers to a third statement of financial position, which is not required in AASB 1060. This is one of the significant presentation differences between AASB 1060 and the full Australian Accounting Standards (AAS). The concession to not require a third statement of financial position is consistent with the IASB's <i>IFRS for SMEs</i> Accounting Standard.   |
| IFRS 18   | <p><b>Statement of profit or loss</b></p> <p><i>Entities with specified main business activities</i></p> <p>132 If an entity:</p> <ul style="list-style-type: none"> <li>(a) invests in assets as a main business activity, it shall disclose that fact.</li> <li>(b) provides financing to customers as a main business activity, it shall disclose that fact.</li> <li>(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 of IFRS 18), it shall disclose: <ul style="list-style-type: none"> <li>(i) the fact that the outcome of the assessment has changed and the date of the change.</li> <li>(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.</li> </ul> </li> </ul>   |
| IFRS 18   | <p><i>Presentation and disclosure of expenses classified in the operating category</i></p> <p>133 An entity that presents one or more line items comprising expenses classified by function in the operating category of the statement of profit or loss shall also disclose in a single note:</p> <ul style="list-style-type: none"> <li>(a) the total for each of: <ul style="list-style-type: none"> <li>(i) depreciation, comprising the amounts required to be disclosed by paragraphs 115(a), 200(e)(vii) and 271(d)(iv);</li> <li>(ii) amortisation, comprising the amount required to be disclosed by paragraph 263(e)(vi);</li> <li>(iii) employee benefits, comprising the amount for employee benefits recognised by an entity applying IAS 19 <i>Employee Benefits</i> and the amount for services received from employees recognised by an entity applying IFRS 2 <i>Share-based Payment</i>;</li> <li>(iv) impairment losses and reversals of impairment losses, comprising the amounts required to be disclosed by paragraph 250(a)–(b); and (v) write-downs and reversals of write-downs of inventories, comprising the amounts required to be disclosed by paragraph 164(d)–(e); and</li> </ul> </li> <li>(b) for each total listed in (a)(i)–(v): <ul style="list-style-type: none"> <li>(i) the amount related to each line item in the operating category (see paragraph 136); and</li> </ul> </li> </ul> |

| Table 2.3.1 – Additional disclosures in IFRS 19 |   |
|---|---|
| IFRS 19 Subheading                              | Paragraph extracts from IFRS 19 (as amended to August 2025)   |
|   | (ii) a list of any line items outside the operating category that also include amounts relating to the total.   |
| IFRS 18   | <p>134 Paragraph 41 of IFRS 18 requires an entity to disaggregate items to provide material information. However, an entity that applies paragraph 133 is exempt from disclosing:</p> <ul style="list-style-type: none"> <li>(a) in relation to function line items presented in the operating category of the statement of profit or loss—disaggregated information about the amounts of nature expenses included in each line item, beyond the amounts specified in paragraph 133; and</li> <li>(b) in relation to nature expenses specifically required by an IFRS Accounting Standard to be disclosed in the notes—disaggregated information about the amounts of the expenses included in each function line item presented in the operating category of the statement of profit or loss, beyond the amounts specified in paragraph 133.</li> </ul>  |
| IFRS 18   | 135 The exemption in paragraph 134 relates to disaggregation of operating expenses. However, it does not exempt an entity from applying specific disclosure requirements relating to those expenses in this Standard.   |
| IFRS 18   | <p><i>Use of characteristics of nature and function</i></p> <p>136 An entity will either present expenses by nature, or applying paragraph 133, disclose some expenses by nature. The amounts presented or disclosed 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:</p> <ul style="list-style-type: none"> <li>(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 IAS 2 <i>Inventories</i>, an entity might present a line item for changes in inventories of finished goods and work in progress.</li> <li>(b) discloses, applying paragraph 133(b), amounts that are not the amounts recognised as an expense in the period, the entity shall give a qualitative explanation of that fact, identifying the assets involved.</li> </ul>  |
| IFRS 18   | <p><b>Disclosure requirements in IFRS 18 that remain applicable</b></p> <p>163 An entity shall apply the disclosure requirements in paragraphs 19, 20, 28, 41, 42, 43, 82, 90, 92, B8, B11, B14, B26(b) and B28 of IFRS 18. If an entity has management-defined performance measures as identified in paragraphs 117–120 of IFRS 18, it shall also provide the disclosures required by paragraphs 121–125, B132 and B134–B142 of IFRS 18.</p> <p><b>[Taken from IFRS 18]</b></p> <p>41 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 IFRS Accounting Standards, an entity shall (see paragraphs B16–B23):</p> <ul style="list-style-type: none"> <li>(a) classify and aggregate assets, liabilities, equity, income, expenses or cash flows into items based on shared characteristics;</li> </ul> |

**Table 2.3.1 – Additional disclosures in IFRS 19**

| IFRS 19 Subheading | Paragraph extracts from IFRS 19 (as amended to August 2025)  |
|--------------------|--|
|                    | <p>(b) disaggregate items based on characteristics that are not shared;</p> <p>(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 16);</p> <p>(d) aggregate or disaggregate items to disclose information in the notes that fulfils the role of the notes in providing material information (see paragraph 17); and (e) ensure that aggregation and disaggregation in the financial statements do not obscure material information (see paragraph B3).</p> <p>42 Applying the principles in paragraph 41, an entity shall disaggregate items whenever the resulting information is material. If, applying paragraph 41(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.</p> <p>43 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.</p> <p>82 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:</p> <p>(a) 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 IAS 2 <i>Inventories</i>.</p> <p>(b) disclose a qualitative description of the nature of expenses included in each function line item.</p> <p>92 An entity disclosing reclassification adjustments in the notes shall present in the statement presenting comprehensive income the items of other comprehensive income after any related reclassification adjustments.</p> <p>B8 Paragraph 23 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 IFRS Accounting Standards. For example, an entity need not present a line item listed in paragraph 75 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 103 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 75 and 103, it shall disclose the items in the notes if the resulting information is material (see paragraph 42).</p> <p>B14 An entity may provide comparative information in addition to the comparative information required by IFRS Accounting Standards, as long as that information is prepared in accordance with IFRS Accounting Standards. This additional comparative information may consist of one or more of the primary financial statements referred to in paragraph 10, but need not comprise a complete set of financial statements. When this is the case, the entity shall disclose in the notes information for those additional primary financial statements.</p> |

**Table 2.3.1 – Additional disclosures in IFRS 19**

| IFRS 19 Subheading | Paragraph extracts from IFRS 19 (as amended to August 2025)  |
|--------------------|--|
|                    | <p>B26 If an entity cannot find a more informative label than ‘other’:</p> <ul style="list-style-type: none"> <li>(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: <ul style="list-style-type: none"> <li>(i) an explanation that no items for which information would be material are included in the amount; or</li> <li>(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.</li> </ul> </li> </ul> <p>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 47–68. However, an entity shall disclose such gains and losses separately in the notes if doing so provides material information.</p> <p><b>Disclosure of management-defined performance measures</b></p> <p>121 The objective of the disclosures for management-defined performance measures is for an entity to provide information to help a user of financial statements understand:</p> <ul style="list-style-type: none"> <li>(a) the aspect of financial performance that, in management’s view, is communicated by a management-defined performance measure; and</li> <li>(b) how the management-defined performance measure compares with the measures defined by IFRS Accounting Standards.</li> </ul> <p>122 An entity shall disclose information about all measures that meet the definition of management-defined performance measures in paragraph 117 in a single note (see paragraphs B132–B133). This note shall include a statement that the management-defined performance measures provide management’s view of an aspect of the financial performance of the entity as a whole and are not necessarily comparable with measures sharing similar labels or descriptions provided by other entities.</p> <p>123 An entity shall label and describe each management-defined performance measure in a clear and understandable manner that does not mislead users of financial statements (see paragraphs B134–B135). For each management-defined performance measure, the entity shall disclose:</p> <ul style="list-style-type: none"> <li>(a) a description of the aspect of financial performance that, in management’s view, is communicated by the management-defined performance measure. This description shall include explanations of why, in management’s view, the management-defined performance measure provides useful information about the entity’s financial performance.</li> <li>(b) how the management-defined performance measure is calculated.</li> <li>(c) a reconciliation between the management-defined performance measure and the most directly comparable subtotal listed in paragraph 118 or total or subtotal specifically required to be presented or disclosed by IFRS Accounting Standards (see paragraphs B136–B140).</li> </ul> |

**Table 2.3.1 – Additional disclosures in IFRS 19**

| IFRS 19 Subheading | Paragraph extracts from IFRS 19 (as amended to August 2025)   |
|--------------------|---|
|                    | <p>(d) the income tax effect (determined by applying paragraph B141) and the effect on non-controlling interests for each item disclosed in the reconciliation required by (c).</p> <p>(e) a description of how the entity applies paragraph B141 to determine the income tax effect required by (d).</p> <p>124 If an entity changes how it calculates a management-defined performance measure, adds a new management-defined performance measure, ceases using a previously disclosed management-defined performance measure or changes how it determines the income tax effects of the reconciling items required by paragraph 123(d), it shall disclose:</p> <p>(a) an explanation that enables users of financial statements to understand the change, addition or cessation and its effects.</p> <p>(b) the reasons for the change, addition or cessation.</p> <p>(c) restated comparative information to reflect the change, addition or cessation unless it is impracticable to do so. An entity's selection of a management-defined performance measure is not an accounting policy choice. Nonetheless, in assessing whether restating the comparative information is impracticable, an entity shall apply the requirements in paragraphs 50–53 of IAS 8.</p> <p>125 If an entity does not disclose the restated comparative information required by paragraph 124(c) because it is impracticable to do so, it shall disclose that fact.</p> <p>B132 Paragraph 122 requires an entity to include in a single note all information about management-defined performance measures required by paragraphs 121–125. If an entity also discloses other information in that note, the information in the note shall be labelled in a way that clearly distinguishes the information required by paragraphs 121–125 from the other information.</p> <p>B134 Paragraph 123 requires an entity to label and describe its management-defined performance measures in a clear and understandable manner that does not mislead users of financial statements. To provide such a description, an entity shall disclose information that enables a user of financial statements to understand the items of income or expense included and excluded from the subtotal. Therefore, an entity shall:</p> <p>(a) label and describe the measure in a way that faithfully represents its characteristics in accordance with paragraph 43 (see paragraph B135); and</p> <p>(b) provide information specific to management-defined performance measures—that is:</p> <p>(i) if the entity has calculated the measure other than by using the accounting policies it used for items in the statement(s) of financial performance, the entity shall state that fact and the calculations it has used for the measure; and</p> <p>(ii) if, in addition, the calculation of the measure differs from accounting policies required or permitted by IFRS Accounting Standards, the entity shall state that additional fact and, if necessary, an explanation of the meaning of terms it uses (see paragraph B135(b)).</p> <p>B135 To label and describe the measure in a way that faithfully represents its characteristics, an entity shall:</p> <p>(a) label the measure in a way that represents the characteristics of the subtotal (for example, using the label 'operating profit before non-recurring expenses' only for a subtotal that excludes from operating profit all expenses identified by the entity as non-recurring); and</p> |



**Table 2.3.1 – Additional disclosures in IFRS 19**

| IFRS 19 Subheading | Paragraph extracts from IFRS 19 (as amended to August 2025)  |
|--------------------|--|
|                    | <p>(b) explain the meaning of terms it uses in its descriptions that are necessary to understand the aspect of financial performance being communicated (for example, explaining how the entity defines ‘non-recurring expenses’).</p> <p>B136 Paragraph 123(c) requires an entity to reconcile each management-defined performance measure to the most directly comparable subtotal listed in paragraph 118 or total or subtotal specifically required to be presented or disclosed by IFRS Accounting Standards. For example, an entity that discloses in the notes a management-defined performance measure of adjusted operating profit or loss shall reconcile that measure to operating profit or loss. In aggregating or disaggregating the reconciling items disclosed, an entity shall apply the requirements in paragraphs 41–43.</p> <p>B137 For each reconciling item, an entity shall disclose:</p> <p>(a) the amount(s) related to each line item in the statement(s) of financial performance; and</p> <p>(b) a description of how the item is calculated and contributes to the management-defined performance measure providing useful information (see paragraphs B138–B140), if necessary to provide the information required by paragraphs 123(a) and 123(b).</p> <p>B138 The description required in paragraph B137(b) is required if there is more than one reconciling item and each item is calculated using a different method or contributes to providing useful information in a different way. For example, an entity might exclude from a management-defined performance measure several items of expense, some because they were identified as outside management’s control and others because they were identified as non-recurring. In such cases, disclosure of which items contributed to which type of adjustment would be required to explain how the management-defined performance measure provides useful information.</p> <p>B139 A single explanation might apply to more than one item or might apply to all reconciling items collectively. For example, an entity might exclude several items of income or expense in calculating a management-defined performance measure based on an entity-specific application of ‘non-recurring’. In such a case, a single explanation that includes the entity’s definition of ‘non-recurring’ that applies to all reconciling items might satisfy the requirement in paragraph B137(b).</p> <p>B140 Applying paragraph 123(c), an entity is permitted to reconcile a management-defined performance measure to a total or subtotal that is not presented in the statement(s) of financial performance. In such cases, an entity:</p> <p>(a) shall reconcile that total or subtotal to the most directly comparable total or subtotal presented in the statement(s) of financial performance; and</p> <p>(b) is not required to disclose the information required by paragraphs 123(d) and 123(e) for the reconciliation in (a).</p> <p>B141 An entity is required by paragraph 123(d) to disclose the income tax effect for each item disclosed in the reconciliation between a management-defined performance measure and the most directly comparable subtotal listed in paragraph 118 or total or subtotal specifically required to be presented or disclosed by IFRS Accounting Standards. An entity shall determine the income tax effect required by paragraph 123(d) by calculating the income tax effects of the underlying transaction(s):</p> <p>(a) at the statutory tax rate(s) applicable to the transaction(s) in the tax jurisdiction(s) concerned;</p> <p>(b) based on a reasonable pro rata allocation of the current and deferred tax of the entity in the tax jurisdiction(s) concerned; or</p> <p>(c) by using another method that achieves a more appropriate allocation in the circumstances.</p> |

| Table 2.3.1 – Additional disclosures in IFRS 19 |   |
|---|---|
| IFRS 19 Subheading                              | Paragraph extracts from IFRS 19 (as amended to August 2025)   |
|   | B142 If, applying paragraph B141, an entity uses more than one method to calculate the income tax effects of reconciling items, it shall disclose how it determined the tax effects for each reconciling item.  |
| IAS 7   | 170 In view of the variety of cash management practices and banking arrangements around the world and in order to comply with IAS 8, an entity shall disclose the policy which it adopts in determining the composition of cash and cash equivalents.   |
| IAS 8   | <p><b>Accounting policies</b></p> <p><i>Fair presentation and compliance with IFRS Accounting Standards</i></p> <p>173 When an entity departs from a requirement of an IFRS Accounting Standard in accordance with paragraph 6E of IAS 8, it shall disclose:</p> <ul style="list-style-type: none"> <li>(a) that management has concluded that the financial statements present fairly the entity’s financial position, financial performance and cash flows;</li> <li>(b) that it has complied with applicable IFRS Accounting Standards, except that it has departed from a particular requirement to achieve a fair presentation;</li> <li>(c) the title of the IFRS Accounting Standard from which the entity has departed, the nature of the departure, including the treatment that the IFRS Accounting Standard would require, the reason why that treatment would be so misleading in the circumstances that it would conflict with the objective of financial statements set out in the Conceptual Framework for Financial Reporting (Conceptual Framework), and the treatment adopted; and</li> <li>(d) for each period presented, the financial effect of the departure on each item in the financial statements that would have been reported in complying with the requirement.</li> </ul> <p><b>Explanatory notes:</b> AASB 1060 does not have equivalent disclosure requirements, as Tier 2 entities are not permitted to depart from a requirement in an Australian Accounting Standard, including AASB 1060 (see paragraph 12 of AASB 1060).</p> |
| IAS 8   | 174 When an entity has departed from a requirement of an IFRS Accounting Standard in a prior reporting period, and that departure affects the amounts recognised in the financial statements for the current period, it shall make the disclosures set out in paragraph 173(c)–173(d).  |
| IAS 8   | <p>180 When an entity has not applied a new IFRS Accounting Standard that has been issued but is not yet effective, the entity shall disclose:</p> <ul style="list-style-type: none"> <li>(a) this fact; and</li> <li>(b) known or reasonably estimable information relevant to assessing the possible effect that applying the new IFRS Accounting Standard will have on the entity’s financial statements in the period of initial application.</li> </ul>  |
| IAS 8   | <p>181 In complying with paragraph 180, an entity considers disclosing:</p> <ul style="list-style-type: none"> <li>(a) the title of the new IFRS Accounting Standard;</li> </ul>  |

| Table 2.3.1 – Additional disclosures in IFRS 19 |   |
|---|---|
| IFRS 19 Subheading                              | Paragraph extracts from IFRS 19 (as amended to August 2025)   |
|   | <ul style="list-style-type: none"> <li>(b) the nature of the impending change or changes in accounting policy;</li> <li>(c) the date by which application of the IFRS Accounting Standard is required;</li> <li>(d) the date as at which it plans to apply the IFRS Accounting Standard initially; and</li> <li>(e) either: <ul style="list-style-type: none"> <li>(i) a discussion of the impact that initial application of the IFRS Accounting Standard is expected to have on the entity's financial statements; or</li> <li>(ii) if that impact is not known or reasonably estimable, a statement to that effect.</li> </ul> </li> </ul>   |
| IAS 8   | 185 If the amount of the effect in future periods is not disclosed because estimating it is impracticable, an entity shall disclose that fact.  |
| IAS 19  | 211 An entity shall disclose: <ul style="list-style-type: none"> <li>(a) a description of any funding arrangements and funding policy that affect future contributions; and</li> <li>(b) the expected contributions to the plan for the next annual reporting period.</li> </ul>  |
| IAS 27  | 239 When an investment entity that is a parent (other than a parent covered by paragraph 238) prepares, in accordance with paragraph 8A of IAS 27 <i>Separate Financial Statements</i> , separate financial statements as its only financial statements, it shall disclose that fact. The investment entity shall also present the disclosures relating to investment entities required by paragraphs 82–94.  |
| IAS 34  | <b>Explanatory notes on IAS 34 <i>Interim Financial Reporting</i>/AASB 134:</b> As per paragraph BC88(d) to AASB 1060, AASB 1060 is intended to be used in the preparation of annual general purpose financial statements. Tier 2 entities wishing to prepare an interim financial report will need to apply AASB 134 in full, see paragraph 33 of AASB 1060. The IAS 34 disclosure requirements (paragraphs 243 to 249) in IFRS 19 would therefore need to be compared with AASB 134. However, as Tier 2 entities are not required to prepare interim reports, this has been omitted from the ITC.   |
| IAS 36  | 252 An entity shall disclose, for a cash-generating unit for which an impairment loss has been recognised or reversed during the period: <ul style="list-style-type: none"> <li>(a) a description of the cash-generating unit (such as whether it is a product line, a plant, a business operation, a geographical area, or a reportable segment as defined in IFRS 8); and</li> <li>(b) if the aggregation of assets for identifying the cash-generating unit has changed since the previous estimate of the cash-generating unit's recoverable amount (if any), a description of the current and former way of aggregating assets and the reasons for changing the way the cash-generating unit is identified.</li> </ul> |
| IAS 36  | 253 If, in accordance with paragraph 84 of IAS 36, any portion of the goodwill acquired in a business combination during the period has not been allocated to a cash-generating unit (group of units) at the end of the reporting period, the amount of the unallocated goodwill shall be disclosed together with the reasons why that amount remains unallocated.  |

**Table 2.3.1 – Additional disclosures in IFRS 19**

| IFRS 19 Subheading | Paragraph extracts from IFRS 19 (as amended to August 2025)  |
|--------------------|--|
| IAS 36             | <p>254 An entity shall disclose, for each cash-generating unit (group of units) for which the carrying amount of goodwill or intangible assets with indefinite useful lives allocated to that unit (group of units) is significant in comparison with the entity's total carrying amount of goodwill or intangible assets with indefinite useful lives:</p> <ul style="list-style-type: none"> <li>(a) the carrying amount of goodwill allocated to the unit (group of units).</li> <li>(b) the carrying amount of intangible assets with indefinite useful lives allocated to the unit (group of units).</li> <li>(c) the basis on which the unit's (group of units') recoverable amount has been determined (that is, value in use or fair value less costs of disposal).</li> <li>(d) if the unit's (group of units') recoverable amount is based on value in use: <ul style="list-style-type: none"> <li>(i) each key assumption on which management has based its cash flow projections for the period covered by the most recent budgets or forecasts. Key assumptions are those to which the unit's (group of units') recoverable amount is most sensitive.</li> <li>(ii) the growth rate used to extrapolate cash flow projections beyond the period covered by the most recent budgets or forecasts, and the justification for using any growth rate that exceeds the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market to which the unit (group of units) is dedicated.</li> <li>(iii) the discount rate(s) applied to the cash flow projections.</li> </ul> </li> <li>(e) if the unit's (group of units') recoverable amount is based on fair value less costs of disposal, the valuation technique(s) used to measure fair value less costs of disposal. An entity is not required to provide the disclosures required by paragraphs 95–97. If fair value less costs of disposal is not measured using a quoted price for an identical unit (group of units), an entity shall disclose: <ul style="list-style-type: none"> <li>(i) each key assumption on which management has based its determination of fair value less costs of disposal. Key assumptions are those to which the unit's (group of units') recoverable amount is most sensitive.</li> <li>(ii) the level of the fair value hierarchy (see IFRS 13) within which the fair value measurement is categorised in its entirety (without giving regard to the observability of costs of disposal).</li> </ul> </li> <li>(f) if fair value less costs of disposal is measured using discounted cash flow projections: <ul style="list-style-type: none"> <li>(i) the growth rate used to extrapolate cash flow projections; and</li> <li>(ii) the discount rate(s) applied to the cash flow projections.</li> </ul> </li> </ul> |
| IAS 36             | <p>255 If some or all of the carrying amount of goodwill or intangible assets with indefinite useful lives is allocated to multiple cash-generating units (groups of units), and the amount so allocated to each unit (group of units) is not significant in comparison with the entity's total carrying amount of goodwill or intangible assets with indefinite useful lives, that fact shall be disclosed, together with the aggregate carrying amount of goodwill or intangible assets with indefinite useful lives allocated to those units (groups of units). In addition, if the recoverable amounts of any of those units (groups of units) are based on the same key assumption(s) and the aggregate carrying amount of goodwill or intangible assets with indefinite useful lives allocated to them is significant</p>  |

| Table 2.3.1 – Additional disclosures in IFRS 19 |  |
|---|--|
| IFRS 19 Subheading                              | Paragraph extracts from IFRS 19 (as amended to August 2025)  |
|   | <p>in comparison with the entity's total carrying amount of goodwill or intangible assets with indefinite useful lives, an entity shall disclose that fact, together with:</p> <ul style="list-style-type: none"> <li>(a) the aggregate carrying amount of goodwill allocated to those units (groups of units);</li> <li>(b) the aggregate carrying amount of intangible assets with indefinite useful lives allocated to those units (groups of units); and</li> <li>(c) a description of the key assumption(s).</li> </ul>   |
| IAS 36  | <p>256 The most recent detailed calculation made in a preceding period of the recoverable amount of a cash-generating unit (group of units) may, in accordance with paragraph 24 of IAS 36 or paragraph 99 of IAS 36, be carried forward and used in the impairment test for that unit (group of units) in the current period, provided specified criteria are met. When this is the case, the information for that unit (group of units) that is incorporated into the disclosures required by paragraphs 254–255 relates to the carried forward calculation of recoverable amount.</p>   |
| IAS 41  | <p><b>Government grants</b></p> <p>275 An entity shall disclose the following related to agricultural activity covered by IAS 41:</p> <ul style="list-style-type: none"> <li>(a) the nature and extent of government grants recognised in the financial statements; and</li> <li>(b) unfulfilled conditions and other contingencies attaching to government grants that have not been recognised in profit or loss.</li> </ul>   |
| IAS 1<br>(Appendix B of IFRS 19)                | <p><b>Explanatory notes on IAS 1/AASB 101:</b> If an entity elects to apply IFRS 19 for a reporting period earlier than the reporting period in which it first applies IFRS 18, it shall apply paragraphs B2–B19 of Appendix B instead of paragraphs 128–163 (under the subheading IFRS 18 <i>Presentation and Disclosure in Financial Statements</i>), 173–177 and 182–183 (under the subheading IAS 8 <i>Basis of Preparation of Financial Statements</i>). The IAS 1 disclosure requirements in IFRS 19 can be compared to the equivalent disclosure requirements in AASB 1060, as AASB 1060 has not yet been updated to reflect the AASB 18 requirements. In Section 1, Topic 2 of this ITC, the AASB is seeking stakeholder feedback on whether and how to update AASB 1060 for AASB 18, ahead of the IASB's next review of the <i>IFRS for SMEs Accounting Standard</i>.</p> <p><b>Fair presentation and compliance with IFRS Accounting Standards</b></p> <p>B2 When an entity departs from a requirement of an IFRS Accounting Standard in accordance with paragraph 19 of IAS 1, it shall disclose:</p> <ul style="list-style-type: none"> <li>(a) that management has concluded that the financial statements present fairly the entity's financial position, financial performance and cash flows;</li> <li>(b) that it has complied with applicable IFRS Accounting Standards, except that it has departed from a particular requirement to achieve a fair presentation;</li> <li>(c) the title of the IFRS Accounting Standard from which the entity has departed; the nature of the departure, including the treatment that the IFRS Accounting Standard would require; the reason why that treatment would be so misleading in the circumstances that it would conflict with the objective of financial statements set out in the Conceptual Framework for Financial Reporting (Conceptual Framework) and the treatment adopted; and</li> </ul> |

| Table 2.3.1 – Additional disclosures in IFRS 19 |  |         |   |               |            |              |   |
|---|--|---------|---|---------------|------------|--------------|---|
| IFRS 19 Subheading                              | Paragraph extracts from IFRS 19 (as amended to August 2025)  |         |   |               |            |              |   |
|   | <p>(d) for each period presented, the financial effect of the departure on each item in the financial statements that would have been reported in complying with the requirement.</p> <p><b>Explanatory notes:</b> As per paragraph 12 of AASB 1060, AASB 1060 does not permit entities to depart from a requirement in an Australian Accounting Standard. Therefore, AASB 1060 does not have a paragraph that is equivalent to paragraph B2 of IFRS 19.</p>   |         |   |               |            |              |   |
| IAS 1<br>(Appendix B of IFRS 19)                | <p>B3 When an entity has departed from a requirement of an IFRS Accounting Standard in a prior reporting period, and that departure affects the amounts recognised in the financial statements for the current period, it shall make the disclosures set out in paragraph B2(c) and B2(d).</p>   |         |   |               |            |              |   |
| IAS 1<br>(Appendix B of IFRS 19)                | <p><b>Change in accounting policy, retrospective restatement or reclassification</b></p> <p>B5 When an entity is required to present an additional statement of financial position in accordance with paragraph 40A of IAS 1, it must disclose the information required by paragraphs B6–B7, 178–181 and 186. However, it need not present the related notes to the opening statement of financial position as at the beginning of the preceding period.</p> <p><b>Explanatory notes:</b> Paragraph B5 of IFRS 19 refers to a third Statement of Financial Position, which is not required in AASB 1060. This is one of the significant presentation differences between AASB 1060 and the full AAS. The concession to not require a third Statement of Financial Position is consistent with the IASB's <i>IFRS for SMEs</i> Accounting Standard.</p>   |         |   |               |            |              |   |
| IAS 1<br>(Appendix B of IFRS 19)                | <p><b>Disclosure requirements in IAS 1 that remain applicable</b></p> <p>B19 An entity shall apply the disclosure requirements in paragraphs 15, 17(c), 25, 31, 36, 51, 53, 92, 94, 99, 103, 106(d), 110, 112 and 113 of IAS 1.</p> <p><b>[Taken from IAS 1]</b></p> <p>92 An entity shall disclose reclassification adjustments relating to components of other comprehensive income.</p> <p>94 An entity may present reclassification adjustments in the statement(s) of profit or loss and other comprehensive income or in the notes. An entity presenting reclassification adjustments in the notes presents the items of other comprehensive income after any related reclassification adjustments.</p> <p>103 The second form of analysis is the 'function of expense' or 'cost of sales' method and classifies expenses 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. This method can provide more relevant information to users than the classification of expenses by nature, but allocating costs to functions may require arbitrary allocations and involve considerable judgement. An example of a classification using the function of expense method is as follows:</p> <table> <tr> <td>Revenue</td><td>X</td></tr> <tr> <td>Cost of sales</td><td><u>(X)</u></td></tr> <tr> <td>Gross profit</td><td>X</td></tr> </table> | Revenue | X | Cost of sales | <u>(X)</u> | Gross profit | X |
| Revenue   | X  |         |   |               |            |              |   |
| Cost of sales                                   | <u>(X)</u>   |         |   |               |            |              |   |
| Gross profit                                    | X  |         |   |               |            |              |   |

| Table 2.3.1 – Additional disclosures in IFRS 19 |  |            |
|---|--|------------|
| IFRS 19 Subheading                              | Paragraph extracts from IFRS 19 (as amended to August 2025)  |            |
|   | Other income   | X          |
|   | Distribution costs   | (X)        |
|   | Administrative expenses  | (X)        |
|   | Other expenses   | <u>(X)</u> |
|   | Profit before tax  | <u>X</u>   |
|   | <p>110 IAS 8 requires retrospective adjustments to effect changes in accounting policies, to the extent practicable, except when the transition provisions in another IFRS require otherwise. IAS 8 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 an IFRS requires retrospective adjustment of another component of equity. Paragraph 106(b) requires disclosure in the statement of changes in equity of the total adjustment to each component of equity resulting from changes in accounting policies and, separately, from corrections of errors. These adjustments are disclosed for each prior period and the beginning of the period.</p> <p><b>Explanatory notes:</b> Paragraphs 103 and 110 of AASB 101 was considered as guidance, as explained in paragraph BC55 to AASB 1060.</p> |            |

## Comparison between AASB 1060 and IFRS 19 – Different disclosures

Table 2.3.2 shows the IFRS 19 disclosure requirements for which similar, but not identical, disclosure requirements were identified in AASB 1060. Explanatory notes in blue text summarise the differences between the requirements. The table also highlights where disclosures might be added or updated as a result of the AASB's *IFRS for SMEs* review, but where differences will remain even if those changes are made.

Within the specific paragraphs, the red text highlights requirements in IFRS 19 that do not have an equivalent in AASB 1060, and vice versa. Green text shows differences in otherwise similar requirements.

| Table 2.3.2 – Different disclosures       |   |  |
|---|---|--|
| IFRS 19 Subheadings                       | IFRS 19 (as amended to August 2025)   | AASB 1060  |
| Compliance with IFRS Accounting Standards | <p>20 An entity whose financial statements comply with IFRS Accounting Standards and the requirements in this Standard shall make an explicit and unreserved statement of such compliance in the notes. An entity that applies this Standard shall, as part of that unreserved statement, state that it has applied this Standard. An entity applying this Standard shall not describe financial statements as complying with IFRS Accounting Standards unless the entity complies with the requirements in this Standard and all applicable requirements in other IFRS Accounting Standards.</p> | <p>10 An entity whose financial statements comply with the recognition and measurement requirements in Australian Accounting Standards, the presentation requirements in those Standards as modified by this Standard, and the disclosure requirements in this Standard shall make an explicit and unreserved statement of such compliance in the notes. Financial statements shall not be described as complying with Australian Accounting Standards – Simplified Disclosures unless they comply with all of these requirements.</p> <p><b>Explanatory notes:</b> The requirement to make an explicit and unreserved statement of compliance is the same, but the content of the statement differs depending on which Accounting Standard the financial statements comply with.</p>  |
| IFRS 1                                    | <p><b>Explanation of transition to IFRS Accounting Standards</b></p> <p>21 An entity shall explain how the transition from previous GAAP to IFRS Accounting Standards affected its reported financial position, financial performance and cash flows.</p>   | <p>Explanation of transition to Australian Accounting Standards – Simplified Disclosures</p> <p>208 An entity shall explain how the transition from its previous financial reporting framework to Australian Accounting Standards – Simplified Disclosures affected its reported financial position, financial performance and cash flows. [<i>IFRS for SMEs</i> Standard paragraph 35.12]</p> <p><b>Explanatory notes:</b> AASB1060 requires the disclosure associated with switching to Australian Accounting Standards – Simplified Disclosures (which is specifically AASB 1060). IFRS 19 requires disclosure associated with switching to IFRS Accounting Standards (i.e. not switching to IFRS 19 specifically). However, both disclosures focus on explaining how the transition affected the entity's financial position, performance and cash flows (i.e. as a result of different accounting policies) and are essentially the same.</p> |



| Table 2.3.2 – Different disclosures |  |  |
|-------------------------------------|--|--|
| IFRS 19 Subheadings                 | IFRS 19 (as amended to August 2025)  | AASB 1060  |
| IFRS 1                              | <p>22 An entity that has applied IFRS Accounting Standards in a previous period, as described in paragraph 4A of IFRS 1, shall disclose:</p> <ul style="list-style-type: none"> <li>(a) the reason it stopped applying IFRS Accounting Standards; and</li> <li>(b) the reason it is resuming the application of IFRS Accounting Standards.</li> </ul> <p>23 When an entity, in accordance with paragraph 4A of IFRS 1, does not elect to apply IFRS 1, the entity shall <b>explain the reasons for electing to apply IFRS Accounting Standards as if it had never stopped applying IFRS Accounting Standards.</b></p> <p>[Taken from IFRS 1]</p> <p>4A Notwithstanding the requirements in paragraphs 2 and 3, an entity that has applied IFRSs in a previous reporting period, but whose most recent previous annual financial statements did not contain an explicit and unreserved statement of compliance with IFRS Accounting Standards, must either apply this IFRS or else apply IFRSs retrospectively in accordance with IAS 8 <i>Basis of Preparation of Financial Statements</i> as if the entity had never stopped applying IFRSs</p> | <p>207 If an entity is resuming the application of Tier 2 reporting requirements in accordance with AASB 1053 paragraph 19B(e), it shall provide the disclosures required by paragraphs 209(a) and (b), but need not provide the other disclosures set out in this section.</p> <p>209 An entity that has applied Australian Accounting Standards or IFRSs in a previous period, as described in paragraph 4A of AASB 1, shall disclose:</p> <ul style="list-style-type: none"> <li>(a) the reason it stopped applying Australian Accounting Standards or IFRSs;</li> <li>(b) the reason it is resuming the application of Australian Accounting Standards or IFRSs; and</li> <li>(c) <b>whether it has applied AASB 1 or has applied Australian Accounting Standards – Simplified Disclosures retrospectively in accordance with AASB 108.</b></li> </ul> <p><b>Explanatory notes:</b> For entities described in paragraph 4A of IFRS 1 / AASB 1, they have the choice of applying IFRS 1/AASB 1 or IAS 8/AASB 108 <i>Basis of Preparation of Financial Statements</i>. However, if a Tier 2 entity is resuming the application of Tier 2 reporting requirements, including AASB 1060, and has applied all applicable R&amp;M requirements in the previous reporting period, it is not permitted to apply AASB 1 (AASB 1053 paragraph 19B(e)). Therefore, the entity is not required to provide the disclosure in paragraph 209(c).</p> <p>In contrast, paragraph 23 of IFRS 19 requires entities that elected not to use IFRS 1 to disclose the reasons for electing to apply IFRS Accounting Standards as if they had never stopped applying IFRS Accounting Standards regardless of whether the entity has complied with all applicable R&amp;M requirements in the previous period.</p> |
| IFRS 1                              | <p>Reconciliations</p> <p>24 To comply with paragraph 21, an entity's first IFRS financial statements shall include:</p> <ul style="list-style-type: none"> <li>(a) reconciliations of its equity reported in accordance with previous GAAP to its equity in accordance with IFRS Accounting Standards for both: <ul style="list-style-type: none"> <li>(i) the date of transition to IFRSs; and</li> <li>(ii) the end of the latest period presented in the entity's most recent annual financial statements in accordance with previous GAAP.</li> </ul> </li> </ul>   | <p>Reconciliations</p> <p>210 An entity's first financial statements prepared using Australian Accounting Standards – Simplified Disclosures shall include:</p> <ul style="list-style-type: none"> <li>(a) <b>a description of the nature of each change in accounting policy;</b></li> <li>(b) reconciliations of its equity determined in accordance with its previous financial reporting framework to its equity determined in accordance with Australian Accounting Standards – Simplified Disclosures for both of the following dates: <ul style="list-style-type: none"> <li>(i) the date of transition to Australian Accounting Standards – Simplified Disclosures; and</li> </ul> </li> </ul>   |

| Table 2.3.2 – Different disclosures |   |  |
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| IFRS 19 Subheadings                 | IFRS 19 (as amended to August 2025)   | AASB 1060  |
|                                     | <p>(b) a reconciliation to its <b>total comprehensive income</b> in accordance with IFRS Accounting Standards for the latest period in the entity's most recent annual financial statements. <b>The starting point for that reconciliation shall be total comprehensive income in accordance with previous GAAP for the same period</b> or, if an entity did not report such a total, profit or loss under previous GAAP.</p>   | <p>(ii) the end of the latest period presented in the entity's most recent annual financial statements determined in accordance with its previous financial reporting framework; and</p> <p>(c) a reconciliation of the <b>profit or loss determined</b> in accordance with its previous financial reporting framework for the latest period in the entity's most recent annual financial statements to its profit or loss determined in accordance with Australian Accounting Standards – Simplified Disclosures for the same period</p> <p><b>Explanatory notes:</b> AASB 1060 requires more disclosure to describe the nature of each change in accounting policy.</p> <p>AASB 1060 requires a reconciliation of the entity's profit or loss between the previous and new financial reporting framework. Whereas IFRS 19 requires a reconciliation of the entity's total comprehensive income, starting with the total comprehensive income under the previous framework. IFRS 19 only allows the entity to start with its profit or loss under the previous framework if the entity did not report a total comprehensive income.</p> |
| IFRS 2                              | <p>32 An entity shall disclose information that enables users of the financial statements to understand how the fair value of the goods or services received, or the fair value of the equity instruments granted, during the reporting period was determined.</p>  | <p>165 <b>For equity-settled share-based payment arrangements</b>, an entity shall disclose information about how it measured the fair value of goods or services received or the value of the equity instruments granted. <b>If a valuation methodology was used, the entity shall disclose the method and its reason for choosing it.</b></p> <p>166 For cash-settled share-based payment arrangements, an entity shall disclose information about how the liability was measured.</p> <p><b>Explanatory notes:</b> For equity-settled share-based payment, AASB 1060's requirement to disclose the reason for choosing a particular valuation method is in addition to what is required under IFRS 19. IFRS 19 does not differentiate between cash versus equity settled.</p>   |
| IFRS 3                              | <p>35 The acquirer shall disclose, for each business combination that occurs during the reporting period:</p> <ul style="list-style-type: none"> <li>(a) the name and description of the acquiree;</li> <li>(b) the acquisition date;</li> <li>(c) the percentage of voting equity interests acquired;</li> <li>(d) a qualitative description of the factors that make up the goodwill recognised, such as expected synergies from combining operations of</li> </ul> | <p>142 For each business combination during the period, the acquirer shall disclose the following:</p> <ul style="list-style-type: none"> <li>(a) the names and descriptions of the combining entities or businesses;</li> <li>(b) the acquisition date;</li> <li>(c) the percentage of voting equity instruments acquired;</li> <li>(d) the cost of the combination and a description of the components of that cost (such as cash, equity instruments and debt instruments);</li> </ul>  |

| Table 2.3.2 – Different disclosures |  |  |
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| IFRS 19 Subheadings                 | IFRS 19 (as amended to August 2025)  | AASB 1060  |
|                                     | <p>the acquiree and the acquirer, intangible assets that do not qualify for separate recognition or other factors;</p> <p>(e) the acquisition-date fair value of the total consideration transferred and description of the components of that consideration, such as:</p> <p>(i) cash;</p> <p>(ii) other tangible or intangible assets, including a business or subsidiary of the acquirer;</p> <p>(iii) liabilities incurred, for example, a liability for contingent consideration; and</p> <p>(iv) equity interests of the acquirer;</p> <p>(f) for contingent consideration arrangements and indemnification assets:</p> <p>(i) the amount recognised as of the acquisition date; and</p> <p>(ii) a description of the arrangement and the basis for determining the amount of the payment;</p> <p>(g) the amounts recognised as of the acquisition date for each class of assets acquired and liabilities assumed;</p> <p>(h) if a contingent liability is not recognised because its fair value cannot be measured reliably, the information required by paragraph 259;</p> <p>(i) in a bargain purchase, the amount of any gain recognised in accordance with paragraph 34 of IFRS 3 <i>Business Combinations</i> and the line item in the statement of comprehensive income in which the gain is recognised; and</p> <p>(j) for each business combination in which the acquirer holds less than 100 per cent of the equity interests in the acquiree at the acquisition date:</p> <p>(i) the amount of non-controlling interest in the acquiree recognised at the acquisition date and the measurement basis for that amount; and</p> | <p>(e) the amounts recognised at the acquisition date for each class of the acquiree's assets, liabilities and contingent liabilities, including goodwill;</p> <p>(f) the amount of any excess recognised in profit or loss in accordance with paragraph 34 of AASB 3 <i>Business Combinations</i> and the line item in the statement of comprehensive income (and in the statement of profit or loss, if presented) in which the excess is recognised;</p> <p>(g) a qualitative description of the factors that make up the goodwill recognised, such as expected synergies from combining operations of the acquiree and the acquirer, or intangible assets or other items not recognised in accordance with paragraphs 10–14 of AASB 3; and</p> <p>(h) for each business combination in which the acquirer holds less than 100 per cent of the equity interests in the acquiree at the acquisition date, the acquirer shall disclose the amount of the non-controlling interest in the acquiree recognised at the acquisition date and the measurement basis for that amount.</p> <p>[Based on <i>IFRS for SMEs</i> Standard paragraph 19.25]</p> <p><b>Explanatory notes:</b> IFRS 19 requires more disclosures for:</p> <ul style="list-style-type: none"> <li>contingent consideration arrangements;</li> <li>indemnification assets and contingent liability for each business combination; and</li> <li>the valuation technique(s) and significant inputs used to measure the fair value of each non-controlling interest in an acquiree.</li> </ul> <p>The 2025 <i>IFRS for SMEs</i> Accounting Standard re-numbered paragraph 19.25 to paragraph 19.38, which includes new paragraphs 19.38 (e)(i) and 19.38 (e)(ii) that state:</p> <p>(e) for contingent consideration arrangements:</p> <p>(i) the amount recognised as of the acquisition date;</p> <p>(ii) a description of the arrangement and the basis for determining the amount of the payment; and</p> <p>The AASB recommends updating AASB 1060 to align with the 2025 <i>IFRS for SMEs</i> Accounting Standard as proposed in Section 2, Topic 1 of this ITC.</p> |

| Table 2.3.2 – Different disclosures |   |  |
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| IFRS 19 Subheadings                 | IFRS 19 (as amended to August 2025)   | AASB 1060  |
|                                     | (ii) for each non-controlling interest in an acquiree measured at fair value, the valuation technique(s) and significant inputs used to measure that value.   | <p>Even with the amendments in the <i>IFRS for SMEs</i> Accounting Standard, there is still a difference in IFRS 19 that requires more disclosures for:</p> <ul style="list-style-type: none"> <li>indemnification assets and contingent liability for each business combination; and</li> <li>the valuation technique(s) and significant inputs used to measure the fair value of each non-controlling interest in an acquiree.</li> </ul>  |
| IFRS 3                              | <p>37 The acquirer shall disclose a reconciliation (comparative information is not required) of the carrying amount of goodwill at the beginning and end of the reporting period showing separately:</p> <ul style="list-style-type: none"> <li>(a) additional goodwill recognised during the reporting period, except goodwill included in a disposal group that, on acquisition, meets the criteria to be classified as held for sale in accordance with IFRS 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i>;</li> <li>(b) goodwill included in a disposal group classified as held for sale in accordance with IFRS 5 and goodwill derecognised during the reporting period without having previously been included in a disposal group classified as held for sale;</li> <li>(c) impairment losses recognised during the reporting period in accordance with IAS 36 <i>Impairment of Assets</i>; and</li> <li>(d) any other changes in the carrying amount during the reporting period.</li> </ul> | <p>For all business combinations</p> <p>143 An acquirer shall disclose a reconciliation of the carrying amount of goodwill at the beginning and end of the reporting period, showing separately:</p> <ul style="list-style-type: none"> <li>(a) changes arising from new business combinations;</li> <li>(b) impairment losses;</li> <li>(c) disposals of previously acquired businesses; and</li> <li>(d) other changes.</li> </ul> <p>This reconciliation need not be presented for prior periods.</p> <p><b>Explanatory notes:</b> IFRS 19 requires a further breakdown of goodwill that is included in a disposal group classified as held for sale in accordance with IFRS 5.</p>   |
| IFRS 5                              | <p>38 An entity shall disclose, in the notes in the reporting period in which a non-current asset (or disposal group) has been either classified as held for sale or sold:</p> <ul style="list-style-type: none"> <li>(a) a description of the non-current asset (or disposal group);</li> <li>(b) a description of the facts and circumstances of the sale, or leading to the expected disposal, and the expected manner and timing of that disposal; and</li> <li>(c) if applicable, the reportable segment in which the non-current asset (or disposal group) is presented in accordance with IFRS 8.</li> </ul>   | <p>47 If, at the reporting date, an entity has any assets classified as held for sale, or assets and liabilities that are included in a disposal group that is classified as held for sale, the entity shall disclose the following information:</p> <ul style="list-style-type: none"> <li>(a) a description of the asset(s) or the group of assets and liabilities;</li> <li>(b) a description of the facts and circumstances of the sale, or leading to the expected disposal, and the expected manner and timing of that disposal.</li> </ul> <p><b>Explanatory notes:</b> IFRS 19 requires more disclosures for:</p> <ul style="list-style-type: none"> <li>(a) non-current assets and disposal groups that are either classified as held for sale or sold. AASB 1060 requires only requires disclosures for assets or disposal groups that are classified as held for sale; and</li> </ul> |

| Table 2.3.2 – Different disclosures |  |  |
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| IFRS 19 Subheadings                 | IFRS 19 (as amended to August 2025)  | AASB 1060  |
|                                     |  | (b) reportable segment of the disposal group, if applicable. AASB 1060 does not address the presentation of segment information (AASB 8 <i>Operating Segments</i> ), as AASB 8 is not mandatory for Tier 2 entities without public accountability.   |
| IFRS 7                              | <p>Categories of financial assets and financial liabilities</p> <p>44 The carrying amounts of each of the following categories, as specified in IFRS 9 <i>Financial Instruments</i>, shall either be presented in the statement of financial position or disclosed in the notes:</p> <ul style="list-style-type: none"> <li>(a) financial assets measured at fair value through profit or loss;</li> <li>(b) financial liabilities at fair value through profit or loss, <b>showing separately:</b> <ul style="list-style-type: none"> <li>(i) those designated as such upon initial recognition in accordance with paragraph 4.2.2 of IFRS 9 or subsequently in accordance with paragraph 6.7.1 of IFRS 9; and</li> <li>(ii) those that meet the definition of held for trading in IFRS 9;</li> </ul> </li> <li>(c) financial assets measured at amortised cost;</li> <li>(d) financial liabilities measured at amortised cost; and</li> <li>(e) financial assets measured at fair value through other comprehensive income, showing separately: <ul style="list-style-type: none"> <li>(i) financial assets that are measured at fair value through other comprehensive income in accordance with paragraph 4.1.2A of IFRS 9; and</li> <li>(ii) investments in equity instruments designated as such upon initial recognition in accordance with paragraph 5.7.5 of IFRS 9.</li> </ul> </li> </ul> | <p>Statement of financial position—categories of financial assets and financial liabilities</p> <p>113 An entity shall disclose the carrying amounts of each of the following categories of financial assets and financial liabilities at the reporting date, in total, either in the statement of financial position or in the notes:</p> <ul style="list-style-type: none"> <li>(a) financial assets measured at fair value through profit or loss;</li> <li>(b) financial assets measured at amortised cost;</li> <li>(c) financial liabilities measured at fair value through profit or loss;</li> <li>(d) financial liabilities measured at amortised cost; and</li> <li>(e) financial assets measured at fair value through other comprehensive income, showing separately: <ul style="list-style-type: none"> <li>(i) financial assets that are measured at fair value through other comprehensive income in accordance with paragraph 4.1.2A of AASB 9; and</li> <li>(ii) investments in equity instruments designated as such upon initial recognition in accordance with paragraph 5.7.5 of AASB 9.</li> </ul> </li> </ul> <p><b>Explanatory notes:</b> IFRS 19 requires entities to further disaggregate financial liabilities at fair value through profit or loss into sub-types.</p> |
| IFRS 7                              | <p>56 An entity shall either present, subject to the presentation requirements in IFRS 18, these items of income, expense, gains or losses in the statement of comprehensive income or disclose them in the notes:</p> <ul style="list-style-type: none"> <li>(a) <b>net gains or net losses</b> on:</li> </ul>  | <p>119 An entity shall disclose the following items of income, expense, gains or losses:</p> <ul style="list-style-type: none"> <li>(a) <b>income, expense, gains or losses</b>, including <b>changes</b> in fair value, recognised on: <ul style="list-style-type: none"> <li>(i) financial assets measured at fair value through profit or loss;</li> <li>(ii) financial liabilities measured at fair value through profit or loss;</li> </ul> </li> </ul>   |

| Table 2.3.2 – Different disclosures |   |  |
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| IFRS 19 Subheadings                 | IFRS 19 (as amended to August 2025)   | AASB 1060  |
|                                     | <ul style="list-style-type: none"> <li>(i) financial assets or financial liabilities measured at fair value through profit or loss;</li> <li>(ii) financial liabilities measured at amortised cost;</li> <li>(iii) financial assets measured at amortised cost;</li> <li>(iv) investments in equity instruments designated at fair value through other comprehensive income in accordance with paragraph 5.7.5 of IFRS 9; and</li> <li>(v) financial assets measured at fair value through other comprehensive income in accordance with paragraph 4.1.2A of IFRS 9, showing separately the amount of gain or loss recognised in other comprehensive income during the reporting period, and the amount reclassified upon derecognition from accumulated other comprehensive income to profit or loss for the period;</li> </ul> <p>(b) total interest revenue and total interest expense (calculated using the effective interest method) for financial assets that are measured at amortised cost or that are measured at fair value through other comprehensive income in accordance with paragraph 4.1.2A of IFRS 9, or financial liabilities that are not measured at fair value through profit or loss; and</p> <p>(c) fee income and expense (other than amounts included in determining the effective interest rate) arising from:</p> <ul style="list-style-type: none"> <li>(i) financial assets and financial liabilities that are not measured at fair value through profit or loss; and</li> <li>(ii) trust and other fiduciary activities that result in the holding or investing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions.</li> </ul> | <ul style="list-style-type: none"> <li>(iv) financial liabilities measured at amortised cost;</li> <li>(iii) financial assets measured at amortised cost;</li> <li>(v) investments in equity instruments designated at fair value through other comprehensive income in accordance with paragraph 5.7.5 of AASB 9; and</li> <li>(vi) financial assets measured at fair value through other comprehensive income in accordance with paragraph 4.1.2A of AASB 9, showing separately the amount of gain or loss recognised in other comprehensive income during the period and the amount reclassified upon derecognition from accumulated other comprehensive income to profit or loss for the period;</li> </ul> <p>(b) total interest income and total interest expense (calculated using the effective interest method) for financial assets or financial liabilities that are not measured at fair value through profit or loss; and</p> <p>(c) the amount of any impairment loss for each class of financial asset. [Based on <i>IFRS for SMEs</i> Standard paragraph 11.48]</p> <p><b>Explanatory notes:</b> IFRS 19 requires disclosure of net gains or net losses on financial assets and financial liabilities measured at fair value through profit or loss (FVTPL), whereas AASB 1060 refers to income, expenses, gains and losses and changes in fair value, and lists financial assets and financial liabilities measured at FVTPL as separate items. IFRS 19 requires more disclosures for fee income and expenses.</p> <p>AASB 1060 requires disclosure of the amount of any impairment loss for each class of financial asset. While IFRS 19 includes a requirement to disclose the impairment loss for receivables and contract asset in the IFRS 15 <i>Revenue from Contracts with Customers</i> section of IFRS 19, AASB 1060 is broader by covering all impairment losses.</p> |
| IFRS 7                              | <p>58 An entity shall disclose separately, for each category of risk exposures that it decides to hedge and for which hedge accounting is applied, a description of:</p> <ul style="list-style-type: none"> <li>(a) the hedging instruments that are used (and how they are used) to hedge risk exposures; and</li> </ul>   | <p>120 An entity shall disclose the following separately for each category of risk exposures that it decides to hedge and for which hedge accounting is applied:</p> <ul style="list-style-type: none"> <li>(a) a description of the hedge;</li> </ul>   |

| Table 2.3.2 – Different disclosures |   |  |
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| IFRS 19 Subheadings                 | IFRS 19 (as amended to August 2025)   | AASB 1060  |
|                                     | <p>(b) how the entity determines the economic relationship between the hedged item and the hedging instrument for the purpose of assessing hedge effectiveness.</p>   | <p>(b) a description of the financial instruments designated as hedging instruments and their fair values at the reporting date; and</p> <p>(c) the nature of the risks being hedged, including a description of the hedged item.</p> <p><b>Explanatory notes:</b> IFRS 19 requires more disclosures to describe how hedging instruments are used to hedge risk exposures and how the entity determines the economic relations between the hedged item and the hedging instrument.</p>   |
| IFRS 7                              | <p>60 An entity shall disclose, in a table, these amounts related to items designated as hedging instruments separately by risk category for each type of hedge (fair value hedge, cash flow hedge or hedge of a net investment in a foreign operation):</p> <p>(a) the carrying amount of the hedging instruments (financial assets separately from financial liabilities);</p> <p>(b) the line item in the statement of financial position that includes the hedging instrument;</p> <p>(c) the change in fair value of the hedging instrument used as the basis for recognising hedge ineffectiveness for the period; and</p> <p>(d) the nominal amounts (including quantities such as tonnes or cubic metres) of the hedging instruments.</p> | <p>120 An entity shall disclose the following separately for each category of risk exposures that it decides to hedge and for which hedge accounting is applied:</p> <p>...</p> <p>(b) a description of the financial instruments designated as hedging instruments and their fair values at the reporting date; and</p> <p>...</p> <p>121 For fair value hedges, the entity shall disclose the following:</p> <p>(a) the amount of the change in fair value of the hedging instrument recognised in profit or loss for the period; and</p> <p>...</p> <p><b>Explanatory notes:</b> IFRS 19 requires more detailed disclosures about the hedging instruments used.</p> |
| IFRS 7                              | <p>61 An entity shall disclose, in a table, these amounts related to hedged items separately by risk category for the types of hedges as follows:</p> <p>(a) for fair value hedges:</p> <p>(i) the carrying amount of the hedged item recognised in the statement of financial position (presenting assets separately from liabilities);</p> <p>(ii) the accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item recognised in the statement of financial position (presenting assets separately from liabilities);</p>  | <p>121 For fair value hedges, the entity shall disclose the following:</p> <p>...</p> <p>(b) the amount of the change in fair value of the hedged item recognised in profit or loss for the period.</p> <p>122 For cash flow hedges and hedges of a net investment in a foreign operation, an entity shall disclose the following:</p> <p>(a) the periods when the cash flows are expected to occur and when they are expected to affect profit or loss;</p>   |

| Table 2.3.2 – Different disclosures |  |   |
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| IFRS 19 Subheadings                 | IFRS 19 (as amended to August 2025)  | AASB 1060   |
|                                     | <ul style="list-style-type: none"> <li>(iii) the line item in the statement of financial position that includes the hedged item; and</li> <li>(iv) the change in value of the hedged item used as the basis for recognising hedge ineffectiveness for the period.</li> <li>(b) for cash flow hedges and hedges of a net investment in a foreign operation: the change in value of the hedged item used as the basis for recognising hedge ineffectiveness for the period (for cash flow hedges, this is the change in value used to determine the recognised hedge ineffectiveness in accordance with paragraph 6.5.11(c) of IFRS 9).</li> </ul>   | <ul style="list-style-type: none"> <li>(b) a description of any forecast transaction for which hedge accounting had previously been used, but which is no longer expected to occur;</li> <li>(c) the amount of the change in fair value of the hedging instrument that was recognised in other comprehensive income during the period;</li> <li>(e) the amount of any excess of the cumulative change in fair value of the hedging instrument over the cumulative change in the fair value of the expected cash flows that was recognised in profit or loss for the period.</li> <li>(d) the amount that was reclassified to profit or loss for the period; and</li> <li>(e) the amount of any excess of the cumulative change in fair value of the hedging instrument over the cumulative change in the fair value of the expected cash flows that was recognised in profit or loss for the period.</li> </ul> |
| 62                                  | <p>An entity shall disclose, in a table, these amounts separately by risk category for the types of hedges:</p> <ul style="list-style-type: none"> <li>(a) for fair value hedges: hedge ineffectiveness—the difference between the hedging gains or losses of the hedging instrument and the hedged item—recognised in profit or loss (or other comprehensive income for hedges of an equity instrument for which an entity has elected to present changes in fair value in other comprehensive income in accordance with paragraph 5.7.5 of IFRS 9).</li> <li>(b) for cash flow hedges and hedges of a net investment in a foreign operation: <ul style="list-style-type: none"> <li>(i) hedging gains or losses of the reporting period that were recognised in other comprehensive income;</li> <li>(ii) hedge ineffectiveness recognised in profit or loss; and</li> <li>(iii) the amount reclassified from the cash flow hedge reserve or the foreign currency translation reserve into profit or loss as a reclassification adjustment (see IFRS 18)—differentiating between amounts for which hedge accounting had previously been used, but for which the hedged future cash flows are no longer expected to occur, and amounts that have been transferred because the hedged item has affected profit or loss.</li> </ul> </li> </ul> | <p><b>Explanatory notes:</b> The hedging disclosures in AASB 1060 are simplified consistent with the disclosures required in the <i>IFRS for SMEs</i> Accounting Standard. In contrast, IFRS 19 requires more detailed information about the entity's hedging instruments and hedged items.</p>   |



| Table 2.3.2 – Different disclosures   |  |  |
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| IFRS 19 Subheadings   | IFRS 19 (as amended to August 2025)  | AASB 1060  |
| IFRS 7<br><br>(Added to IFRS 19 from the IASB's amending Standard - <i>Contracts referencing nature-dependent electricity</i> ) | <p><b>Contracts referencing nature-dependent electricity</b></p> <p>64A An entity shall disclose in a single note in its financial statements information about its contracts referencing nature-dependent electricity that meet the criteria set out in paragraph 5B of IFRS 7. An entity shall disclose:</p> <ul style="list-style-type: none"> <li>(a) information about contractual features that expose the entity to: <ul style="list-style-type: none"> <li>(i) variability in the underlying amount of electricity (see paragraph 2.3A of IFRS 9); and</li> <li>(ii) risk that the entity would be required to buy electricity during a delivery interval in which the entity cannot use the electricity (see paragraph B2.7 of IFRS 9).</li> </ul> </li> <li>(b) information about unrecognised commitments arising from the contracts, as at the reporting date, including: <ul style="list-style-type: none"> <li>(i) the estimated future cash flows from buying electricity under these contracts. The entity shall apply its judgement when identifying the appropriate time bands within which to disclose the estimated future cash flows.</li> <li>(ii) qualitative information about how the entity assesses whether a contract might become onerous (see IAS 37 <i>Provisions, Contingent Liabilities and Contingent Assets</i>), including the assumptions the entity uses in making this assessment.</li> </ul> </li> <li>(c) qualitative and quantitative information about effects on the entity's financial performance for the reporting period. The disclosure is based on the information that is applicable to the reporting period the entity used to assess whether it has been a net purchaser of electricity (see paragraph B2.8 of IFRS 9). An entity shall disclose information for the reporting period about: <ul style="list-style-type: none"> <li>(i) the costs arising from purchases of electricity made under the contracts, disclosing separately how much of the purchased electricity was unused at the time of delivery;</li> <li>(ii) the proceeds arising from sales of unused electricity; and</li> </ul> </li> </ul> | <p><b>Contracts referencing nature-dependent electricity</b></p> <p>122A Contracts referencing nature-dependent electricity are contracts that expose an entity to variability in the underlying amount of electricity because the source of electricity generation depends on uncontrollable natural conditions (for example, the weather). Contracts referencing nature-dependent electricity include both contracts to buy or sell nature-dependent electricity and financial instruments that reference such electricity. For contracts to buy nature-dependent electricity that are outside the scope of AASB 9 in accordance with paragraphs B2.7–B2.8 of AASB 9, an entity shall disclose in a single note in its financial statements:</p> <ul style="list-style-type: none"> <li>(e) information about contractual features that expose the entity to: <ul style="list-style-type: none"> <li>(i) variability in the underlying amount of electricity; and</li> <li>(ii) the risk that the entity would be required to buy electricity during a delivery interval in which the entity cannot use the electricity (see paragraph B2.7 of AASB 9);</li> </ul> </li> <li>(f) qualitative information about how the entity assesses whether a contract might become onerous (see AASB 137 <i>Provisions, Contingent Liabilities and Contingent Assets</i>), including the assumptions the entity uses in making this assessment; and</li> <li>(g) qualitative information about the effects on the entity's financial performance for the reporting period.</li> </ul> <p><b>Explanatory notes:</b> In August 2025, the AASB issued AASB 2025-3 <i>Contracts Referencing Nature-dependent Electricity: Tier 2 Disclosures</i>. AASB 2025-3 added the disclosures above for contracts referencing nature-dependent electricity to AASB 1060, this is less than the disclosures required under AASB 7 and IFRS 19. The red text in the column on the left indicates additional disclosures that are not required under AASB 1060.</p> |

| Table 2.3.2 – Different disclosures |  |   |
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| IFRS 19 Subheadings                 | IFRS 19 (as amended to August 2025)  | AASB 1060   |
|                                     | <p>(iii) the costs arising from purchases of electricity made to offset sales of unused electricity.</p> <p>64B An entity shall disaggregate, for its contracts that meet the criteria set out in paragraph 5C of IFRS 7, the amounts the entity discloses, by risk category, related to items designated as hedging instruments in accordance with paragraph 60.</p> <p>64C If an entity discloses information about other contracts referencing nature-dependent electricity as described in paragraph 5D of IFRS 7 (including those contracts described in paragraph 64B of this Standard) in other notes in its financial statements, the entity shall include cross-references to those notes in the single note required by paragraph 64A.</p> |   |
| IFRS 7                              | <p>72 An entity shall disclose:</p> <p>(a) a maturity analysis for non-derivative financial liabilities (including issued financial guarantee contracts) that shows the remaining contractual maturities.</p> <p>(b) a maturity analysis for derivative financial liabilities. The maturity analysis shall include the remaining contractual maturities for those derivative financial liabilities for which contractual maturities are essential for an understanding of the timing of the cash flows (see paragraph B11B of IFRS 7).</p> <p>(c) a description of how it manages the liquidity risk inherent in (a) and (b).</p>  | <p><b>Explanatory notes:</b> The AASB recommends amending AASB 1060 to include paragraph 11.43A of the 2025 <i>IFRS for SMEs</i> Accounting Standard, as proposed in Section 2, Topic 1 of this ITC. Paragraph 11.43A states:</p> <p><i>An entity shall disclose a maturity analysis for financial liabilities by category (see paragraphs 11.41(d) and (e)). The maturity analysis shall include the remaining contractual maturities. The contractual amounts disclosed in the maturity analysis are the contractual undiscounted cash flows.</i></p> <p>The 2025 <i>IFRS for SMEs</i> Accounting Standard does not differentiate derivative and non-derivative financial liabilities; and does not require a description of how the entity manages the liquidity risk inherent in its financial liabilities. The disclosure of a maturity analysis applies to:</p> <ul style="list-style-type: none"> <li>financial liabilities measured at fair value through profit or loss (paragraph 11.41(d)) and</li> <li>financial liabilities measured at amortised cost respectively (paragraphs 11.41(e)).</li> </ul> <p>Even with the potential amendment to AASB 1060, there will remain some differences between IFRS 19 and AASB 1060.</p> |
| IFRS 12                             | <p>74 Paragraphs 5–6 of IFRS 12 <i>Disclosure of Interests in Other Entities</i> set out the scope of IFRS 12, that is, the interests in other entities to which the disclosure requirements in IFRS 12 apply. An entity applying this Standard shall apply paragraphs 5–6 of IFRS 12 to determine the scope of the disclosure requirements in paragraphs 75–94 of this Standard. However:</p>   | <p><b>Explanatory notes:</b> The AASB replaced AASB 12 in its entirety with the corresponding requirements in AASB 1060:</p> <p>(a) Consolidated and Separate Financial Statements (AASB 12): paragraphs 104 and 105;</p> <p>(b) Investments in Associates (AASB 12): paragraphs 125–128; and</p> <p>(c) Investments in Joint Ventures (AASB 12): paragraphs 129–131.</p>   |

| Table 2.3.2 – Different disclosures |  |   |
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| IFRS 19 Subheadings                 | IFRS 19 (as amended to August 2025)  | AASB 1060   |
|                                     | <p>(a) the reference in paragraph 5(b) of IFRS 12 to joint arrangements (that is, joint operations or joint ventures) shall be read by the entity as referring only to joint ventures;</p> <p>(b) the phrase ‘except as described in paragraph B17’ in paragraph 5A of IFRS 12 shall be read as ‘except for the disclosures required by paragraph 89 of this Standard’;</p> <p>(c) the reference in paragraph 6(b)(i) of IFRS 12 to the disclosure requirements in paragraphs 24–31 of IFRS 12 shall be read as referring to paragraphs 92–94 of this Standard; and</p> <p>75 An entity shall disclose information separately for interests in:</p> <p>(a) subsidiaries;</p> <p>(b) joint ventures;</p> <p>(c) associates; and</p> <p>(d) <b>unconsolidated structured entities.</b></p> | <p>Entities applying AASB 1060 do not need to comply with AASB 12.</p> <p>IFRS 19 explicitly includes unconsolidated structured entities, whereas AASB 1060 does not.</p>   |
|                                     | <p>77 An entity shall disclose significant restrictions (for example, statutory, contractual and regulatory restrictions) on its ability to <b>access or use the assets and settle the liabilities of the group</b>, such as:</p> <p>(a) those that restrict the ability of a parent or its subsidiaries to transfer cash or other assets <b>to (or from) other entities within the group</b>; and</p> <p>(b) guarantees or other requirements that may restrict dividends and other capital distributions being paid, or loans and advances being made or repaid, <b>to (or from) other entities within the group.</b></p>  | <p>104 The following disclosures shall be made in consolidated financial statements:</p> <p>...</p> <p>(d) the nature and extent of any significant restrictions (for example resulting from borrowing arrangements or regulatory requirements) on the ability of subsidiaries to <b>transfer funds to the parent</b> in the form of cash dividends or to repay loans.</p> <p><b>Explanatory notes:</b> IFRS 19 relates to transfers to (and from) other entities within the group, while AASB 1060 only applies to transfers to the parent. The disclosures in AASB 1060 are simplified in line with the <i>IFRS for SMEs Accounting Standard</i>.</p> |

| Table 2.3.2 – Different disclosures |  |   |
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| IFRS 19 Subheadings                 | IFRS 19 (as amended to August 2025)  | AASB 1060   |
| IFRS 12                             | <p>79 If during the reporting period a parent or any of its subsidiaries has, without having a contractual obligation to do so, provided financial or other support to a consolidated structured entity (for example, purchasing assets of or instruments issued by the structured entity), the entity shall disclose:</p> <p>(a) the type and amount of support provided, including situations in which the parent or its subsidiaries assisted the structured entity in obtaining financial support; and</p> <p>(b) the reasons for providing the support.</p> | <p>201 The following are examples of transactions that shall be disclosed if they are with a related party:</p> <p>(i) settlement of liabilities on behalf of the entity or by the entity on behalf of another party;</p> <p><b>Explanatory notes:</b> Paragraph 201 of AASB 1060 and paragraph 234 of IFRS 19 generally require the disclosure of transactions with any related party and list the settlement of liabilities on behalf of related party as a type of transaction that would require disclosure. IFRS 19 has additional requirements that apply specifically to consolidated structured entities and require disclosure of any type of support (financial or other).</p>  |
|                                     | <p>85 An investment entity shall disclose:</p> <p>...</p> <p>(b) any current commitments or intentions to provide financial or other support to an unconsolidated subsidiary, including commitments or intentions to assist the subsidiary in obtaining financial support.</p>   | <p>201: The following are examples of transactions that shall be disclosed if they are with a related party:</p> <p>...</p> <p>(h) provision of guarantees or collateral;</p> <p>(i) settlement of liabilities on behalf of the entity or by the entity on behalf of another party;</p> <p>...</p> <p>(k) commitments to do something if a particular event occurs, or does not occur in the future, including executory contracts (recognised or unrecognised).</p> <p><b>Explanatory notes:</b> Paragraph 201 of AASB 1060 and paragraph 234 of IFRS 19 generally require the disclosure of transactions with any related party. IFRS 19 has additional requirements that apply specifically to unconsolidated subsidiaries and require the disclosure of commitments or intentions to provide financial support.</p> |
|                                     | <p>86 If, during the reporting period, an investment entity or any of its subsidiaries has, without having a contractual obligation to do so, provided financial or other support to an unconsolidated subsidiary (for example, purchasing assets</p>  | <p>201 The following are examples of transactions that shall be disclosed if they are with a related party:</p> <p>...</p>  |

| Table 2.3.2 – Different disclosures |  |  |
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| IFRS 19 Subheadings                 | IFRS 19 (as amended to August 2025)  | AASB 1060  |
|                                     | <p>of, or instruments issued by, the subsidiary or assisting the subsidiary in obtaining financial support), the entity shall disclose:</p> <p>(a) the type and amount of support provided to each unconsolidated subsidiary; and</p> <p>(b) the reasons for providing the support.</p>  | <p>(i) settlement of liabilities on behalf of the entity or by the entity on behalf of another party;</p> <p>...</p> <p><b>Explanatory notes:</b> Paragraph 201 of AASB 1060 and paragraph 234 of IFRS 19 generally require the disclosure of transactions with any related party. IFRS 19 has additional requirements that apply specifically to investment entities or any of its subsidiaries providing support to an unconsolidated subsidiary and require the disclosure of type, amount and reasons for providing the support.</p>   |
|                                     | <p>87 An investment entity shall disclose the terms of any contractual arrangements that could require the entity or its unconsolidated subsidiaries to provide financial support to an unconsolidated, controlled, structured entity, including events or circumstances that could expose the reporting entity to a loss (for example, liquidity arrangements or credit rating triggers associated with obligations to purchase assets of the structured entity or to provide financial support).</p>                     | <p>201 The following are examples of transactions that shall be disclosed if they are with a related party:</p> <p>...</p> <p>(g) transfers under finance arrangements (including loans and equity contributions in cash or in kind);</p> <p>...</p> <p>(k) commitments to do something if a particular event occurs, or does not occur in the future, including executory contracts (recognised or unrecognised).</p> <p><b>Explanatory notes:</b> Paragraph 201 of AASB 1060 and paragraph 234 of IFRS 19 generally require the disclosure of transactions with any related party. IFRS 19 has additional requirements that apply specifically to entity or its unconsolidated subsidiaries providing financial support to an unconsolidated, controlled, structured entity and require the disclosure of the terms of any contractual arrangements.</p> |
| IFRS 12                             | <p><b>Interests in joint ventures and associates</b></p> <p>88 An entity shall disclose, for each joint venture and associate that is material to the reporting entity:</p> <p>(a) whether the investment in the joint venture or associate is measured using the equity method or at fair value; and</p> <p>(b) if the joint venture or associate is accounted for using the equity method, the fair value of its investment in the joint venture or associate, if there is a quoted market price for the investment.</p> | <p>125 An entity shall disclose the following:</p> <p>(a) material accounting policy information for investments in associates;</p> <p>...</p> <p>(c) the fair value of investments in associates accounted for using the equity method for which there are published price quotations. [Based on <i>IFRS for SMEs</i> Standard paragraph 14.12]</p>   |

| Table 2.3.2 – Different disclosures |   |   |
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| IFRS 19 Subheadings                 | IFRS 19 (as amended to August 2025)   | AASB 1060   |
|                                     |   | <p>129 An entity shall disclose the following:</p> <p>(a) <b>material accounting policy information</b> for recognising its interests in joint ventures;</p> <p>...</p> <p>(c) the fair value of investments in joint ventures accounted for using the equity method for which there are published price quotations; and ...</p> <p>[Based on <i>IFRS for SMEs</i> Standard paragraph 15.19]</p> <p><b>Explanatory notes:</b> AASB 1060 generally requires disclosure of accounting policies, whereas IFRS 19 is more specific in requiring the disclosure of whether the equity method or fair value method is used. The difference is a result of the <i>IFRS for SMEs</i> Accounting Standard permitting more options to account for investments in associates and joint ventures than the full IFRS Accounting Standards/AAS. However, the resulting disclosure will be the same.</p> <p>The 2025 <i>IFRS for SMEs</i> Accounting Standard made amendments to paragraph 14.12(c), which now states:</p> <p>(c) <i>the fair value of its investment in an associate if a market price for the investment is quoted and the entity accounts for the associate using the equity method.</i></p> <p>The AASB recommends updating AASB 1060 to align with the 2025 <i>IFRS for SMEs</i> Accounting Standard. This would also align the wording more closely with IFRS 19.</p> <p>The 2025 <i>IFRS for SMEs</i> Accounting Standard made equivalent amendments to paragraph 15.19 for investments in jointly controlled entities. The AASB recommends updating AASB 1060 to align with the 2025 <i>IFRS for SMEs</i> Accounting Standard, but using AASB 11 terminology, as proposed in Section 2, Topic 1 of this ITC.</p> |
| IFRS 12                             | <p>89 An entity shall disclose, in aggregate, the <b>carrying amount</b> of its interests in joint ventures or associates accounted for using the <b>equity method</b>. ...</p> | <p>125 An entity shall disclose the following: ...</p> <p>(b) the <b>carrying amount</b> of investments in associates (see paragraph 35(i)); and</p> <p>...</p> <p>129 An entity shall disclose the following: ...</p> <p>(b) the <b>carrying amount</b> of investments in joint ventures (see paragraph 35(j));</p> <p>...</p>   |

| Table 2.3.2 – Different disclosures |   |  |
|-------------------------------------|---|--|
| IFRS 19 Subheadings                 | IFRS 19 (as amended to August 2025)   | AASB 1060  |
|                                     |   | <p><b>Explanatory notes:</b> AASB 1060 requires the disclosure of the carrying amount of investments in associates and investments in joint ventures, and does not distinguish between investments accounted for at fair value and using the equity method. IFRS 19 only requires disclosure of the carrying amount of interests in joint ventures or associates accounted for using the equity method.</p>  |
| IFRS 15                             | <p><b>Contract balances</b></p> <p>105 An entity shall disclose:</p> <ul style="list-style-type: none"> <li>(a) the <b>opening</b> and closing balances of receivables, contract assets and contract liabilities from contracts with customers, if not otherwise separately presented or disclosed;</li> <li>(b) <b>revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period; and</b></li> <li>(c) <b>revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods (for example, changes in transaction price).</b></li> </ul> | <p>159 An entity shall disclose the closing balances of contract assets and contract liabilities from contracts with customers, if not otherwise separately presented or disclosed.</p> <p><b>Explanatory notes:</b> IFRS 19 requires additional disclosures including:</p> <ul style="list-style-type: none"> <li>• the opening balance of receivables, contract assets and contract liabilities from contracts with customers</li> <li>• revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period; and</li> <li>• revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods.</li> </ul> <p>The AASB recommends amending AASB 1060 by replacing the current revenue section in AASB 1060 (paragraphs 157–159) with paragraph 23.82–23.89 from the 2025 <i>IFRS for SMEs</i> Accounting Standard, as proposed in Section 2, Topic 1 of this ITC. Paragraph 23.87 states:</p> <p><i>An entity shall disclose:</i></p> <ul style="list-style-type: none"> <li>(a) <i>the opening and closing balances of contract liabilities, if not otherwise separately presented or disclosed; and</i></li> <li>(b) <i>revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period.</i></li> </ul> <p>With the potential amendments to AASB 1060, there will still be an additional disclosure in IFRS 19 relating to revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods (paragraph 105(c)).</p> |
| IFRS 15                             | <p><b>Performance obligations</b></p> <p>107 An entity shall disclose information about its performance obligations in contracts with customers, including a description of:</p> <ul style="list-style-type: none"> <li>(a) when the entity typically satisfies its performance obligations (for example, upon shipment, upon delivery, as services are rendered or</li> </ul>  | <p><b>General disclosures about revenue</b></p> <p>157 An entity shall disclose:</p> <ul style="list-style-type: none"> <li>(a) information about its performance obligations in contracts with customers, including a description of when the entity typically satisfies its performance obligations, the significant payment terms, <b>the nature of the goods or services that</b></li> </ul>   |

| Table 2.3.2 – Different disclosures |   |   |
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| IFRS 19 Subheadings                 | IFRS 19 (as amended to August 2025)   | AASB 1060   |
|                                     | <p>upon completion of service), <b>including when performance obligations are satisfied in a bill-and-hold arrangement;</b></p> <p>(b) the significant payment terms (for example, when payment is typically due, whether the contract has a significant financing component, whether the consideration amount is variable and whether the estimate of variable consideration is typically constrained in accordance with paragraphs 56–58 of IFRS 15 <i>Revenue from Contracts with Customers</i>);</p> <p>(c) obligations for returns, refunds and other similar obligations; and</p> <p>(d) types of warranties and related obligations.</p> | <p><b>the entity has promised to transfer</b>, obligations for returns, refunds and other similar obligations and types of warranties and related obligations; and</p> <p>...</p> <p>[Based on <i>IFRS for SMEs</i> Standard paragraph 23.30]</p> <p><b>Explanatory notes:</b> IFRS 19 does not require disclosure of the nature of the goods or services that the entity has promised to transfer, whereas AASB 1060 covers all of the disclosures that required by paragraph 119 of IFRS 15/<i>Revenue from Contracts with Customers</i>.</p> <p>The 2025 <i>IFRS for SMEs</i> Accounting Standard now also includes these disclosures, in paragraph 23.85(c),</p> <p>The AASB recommends amending AASB 1060 by replacing the current revenue section in AASB 1060 (paragraphs 157–159) with paragraph 23.82–23.89 from the 2025 <i>IFRS for SMEs</i> Accounting Standard, as proposed in Section 2, Topic 1 of this ITC. Paragraph 23.85 states:</p> <p><i>An entity shall disclose information about its promises in contracts with customers, including a description of:</i></p> <p>(a) <i>when the entity typically fulfils its promises (for example, upon shipment, upon delivery, as services are rendered or upon completion of service);</i></p> <p>(b) <i>the main payment terms (for example, when payment is typically due, whether the contract constitutes a financing transaction, and whether the consideration includes a variable amount);</i></p> <p>(c) <i>the nature of the goods or services that the entity has promised to transfer to customers, highlighting any promises to arrange for another party to transfer goods or services (that is, if the entity is an agent);</i></p> <p>(d) <i>obligations for returns, refunds and other similar obligations; and</i></p> <p>(e) <i>types of warranties and related obligations.</i></p> <p>With the potential replacement to AASB 1060, there will remain the following differences:</p> <ul style="list-style-type: none"> <li>the 2025 <i>IFRS for SMEs</i> Accounting Standard requires entities to disclose the nature of the goods or services that the entity has promised to transfer; and</li> </ul> |



| Table 2.3.2 – Different disclosures |   |   |
|-------------------------------------|---|---|
| IFRS 19 Subheadings                 | IFRS 19 (as amended to August 2025)   | AASB 1060   |
|                                     |   | <ul style="list-style-type: none"> <li>IFRS 19 explicitly requires disclosure of when performance obligations are satisfied in a bill-and-hold arrangement</li> </ul>   |
| IFRS 15                             | <p><b>Significant judgements in the application of IFRS 15</b></p> <p>110 An entity shall disclose the judgements, and changes in the judgements, made in applying IFRS 15 that significantly affect the determination of the amount and timing of revenue from contracts with customers.</p>   | <p>No similar requirement in AASB 1060.</p> <p><b>Explanatory notes:</b> The AASB recommends amending AASB 1060 by replacing the current revenue section in AASB 1060 (paragraphs 157–159) with paragraph 23.82–23.89 from the 2025 <i>IFRS for SMEs</i> Accounting Standard, as proposed in Section 2, Topic 1 of this ITC. Paragraph 23.87 states:</p> <p><i>An entity shall disclose any judgements it has made that had a significant effect on the amounts it recognised in its financial statements when:</i></p> <p>(a) <i>determining the transaction price; and</i></p> <p>(b) <i>allocating the transaction price to the promises identified in the contract.</i></p> <p>With the potential replacement to AASB 1060, there will remain some small differences:</p> <ul style="list-style-type: none"> <li>IFRS 19 specifically addresses the timing of revenue; and</li> <li>the 2025 <i>IFRS for SMEs</i> Accounting Standard requires disclosure of the judgements made when allocating the transaction price to the promises identified in the contract.</li> </ul> |
| IFRS 15                             | <p><b>Assets recognised from the costs to obtain or fulfil a contract with a customer</b></p> <p>113 An entity shall disclose:</p> <p>(a) the closing balances of assets recognised from the costs incurred to obtain or fulfil a contract with a customer (in accordance with paragraph 91 or 95 of IFRS 15), by main category of asset (for example, costs to obtain contracts with customers, pre-contract costs and setup costs); and</p> <p>(b) the amount of amortisation and any impairment losses recognised in the reporting period.</p> | <p>No similar requirement in AASB 1060.</p> <p><b>Explanatory notes:</b> The AASB recommends amending AASB 1060 by replacing the current revenue section in AASB 1060 (paragraphs 157–159) with paragraph 23.82–23.89 from the 2025 <i>IFRS for SMEs</i> Accounting Standard, as proposed in Section 2, Topic 1 of this ITC. Paragraph 23.88 states:</p> <p><i>An entity shall disclose the closing balance of assets arising from the costs of fulfilling a contract (in accordance with paragraph 23.69) by main category of asset (for example, pre-contract costs and set-up costs).</i></p> <p>With the potential amendment to AASB 1060, there will remain a difference as IFRS 19 also requires entities to disclose the amount of amortisation and any impairment losses recognised in the reporting period.</p>  |

| Table 2.3.2 – Different disclosures |   |   |
|-------------------------------------|---|---|
| IFRS 19 Subheadings                 | IFRS 19 (as amended to August 2025)   | AASB 1060   |
| IFRS 15                             | <p><b>Practical expedients</b></p> <p>114 If an entity elects to use the practical expedient in either paragraph 63 of IFRS 15 (about the existence of a significant financing component) or paragraph 94 of IFRS 15 (about the incremental costs of obtaining a contract), the entity shall disclose that fact.</p>  | <p>No similar requirement in AASB 1060.</p> <p><b>Explanatory notes:</b> Paragraph 114 of IFRS 19 is the same disclosure requirement as paragraph 129 of IFRS 15.</p> <p>The 2025 <i>IFRS for SMEs</i> Accounting Standard amended Section 23 <i>Revenue from Contracts with Customers</i>. The new paragraph 23.89 states:</p> <p><i>If an entity chooses to use the option in paragraph 23.38 to not assess whether a contract constitutes a financing transaction, it shall disclose that fact.</i></p> <p>If AASB 1060 is updated to align with the 2025 <i>IFRS for SMEs</i> Accounting Standard, there will still be a difference as entities applying IFSR 19 will also be required to disclose whether they use the practical expedient in paragraph 94 of AASB 15 relating to the incremental costs of obtaining a contract.</p>   |
| IFRS 16                             | <p><b>Lessees</b></p> <p>115 A lessee shall disclose the following amounts for the reporting period:</p> <ul style="list-style-type: none"> <li>(a) depreciation charge for right-of-use assets by class of underlying asset.</li> <li>(b) interest expense on lease liabilities.</li> <li>(c) the expense relating to short-term leases accounted for applying paragraph 6 of IFRS 16 <i>Leases</i>. This expense need not include the expense relating to leases with a lease term of one month or less.</li> <li>(d) the expense relating to leases of low-value assets accounted for applying paragraph 6 of IFRS 16. This expense shall not include the expense relating to short-term leases of low-value assets included in (c).</li> <li>(e) the expense relating to variable lease payments not included in the measurement of lease liabilities.</li> <li>(f) total cash outflow for leases.</li> <li>(g) additions to right-of-use assets.</li> <li>(h) gains or losses arising from sale and leaseback transactions.</li> </ul> | <p>145 In addition, the requirements for disclosure about assets in accordance with paragraphs 134(e)(i) and (vii) and 136 apply to lessees for the right-of-use assets.</p> <p>134 An entity shall disclose the following for each class of property, plant and equipment determined in accordance with paragraph 44(a) and separately for investment property carried at cost less accumulated depreciation and impairment:</p> <p>...</p> <ul style="list-style-type: none"> <li>(e) a reconciliation of the carrying amount at the beginning and end of the reporting period, showing separately: <ul style="list-style-type: none"> <li>(i) additions;</li> <li>...</li> <li>(vii) depreciation; and</li> </ul> </li> </ul> <p>...</p> <p>144 A lessee shall make the following disclosures for leases:</p> <ul style="list-style-type: none"> <li>(a) for each class of underlying asset, the net carrying amount of the right-of-use asset at the end of the reporting period;</li> </ul> <p>...</p> |

| Table 2.3.2 – Different disclosures |   |   |
|-------------------------------------|---|---|
| IFRS 19 Subheadings                 | IFRS 19 (as amended to August 2025)   | AASB 1060   |
|                                     | (i) the carrying amount of right-of-use assets at the end of the reporting period by class of underlying asset.   | <p>146 A lessee shall make the following disclosures for short-term leases and leases of low-value assets that are not recognised as right-of-use assets under the exemption in paragraph 6 of AASB 16 <i>Leases</i>:</p> <p>(a) lease payments recognised as an expense.</p> <p>...</p> <p><b>Explanatory notes:</b> IFRS 19 has additional disclosures that are absent from AASB 1060, including:</p> <ul style="list-style-type: none"> <li>• interest expense on lease liabilities;</li> <li>• the expense relating to variable lease payments not included in the measurement of lease liabilities;</li> <li>• total cash outflow for leases; and</li> <li>• gains or losses arising from sale and leaseback transactions.</li> </ul> <p>In addition, IFRS 19 requires a separate disclosure of expense for short-term leases and low-value leases, whereas AASB 1060 allows disclosure as one aggregate amount.</p>   |
| IFRS 16                             | 117 If right-of-use assets meet the definition of investment property, a lessee shall apply the disclosure requirements in IAS 40 <i>Investment Property</i> . In that case, a lessee is not required to provide the disclosures in paragraph 115(a), 115(g) or 115(i) for those right-of-use assets. | <p>Investment Property at Fair Value</p> <p>133 In accordance with the section covering Leases, the owner of an investment property provides lessors' disclosures about leases into which it has entered. A lessee that holds a right-of-use asset that is an investment property provides lessees' disclosures as required by that section for any leases into which it has entered. [Based on <i>IFRS for SMEs</i> Standard paragraph 16.11]</p> <p><b>Explanatory notes:</b> IFRS 19 refers to the disclosure requirements for right-of-use (ROU) assets that meet the definition of investment property and exempts the entity from the following specified disclosures in paragraph 115:</p> <ul style="list-style-type: none"> <li>• depreciation charge for ROU assets by class of underlying asset;</li> <li>• additions to ROU assets; and</li> <li>• the carrying amount of ROU assets at the end of the reporting period by class of underlying asset.</li> </ul> <p>This exemption is the same as the exemption provided under full IFRS in paragraph 57 of IFRS 16 <i>Leases</i>.</p> <p>Entities reporting under AASB 1060 must provide the leasing disclosures (paragraphs 144–152) in addition to those required for investment property (paragraphs 132–136). The disclosure</p> |

| Table 2.3.2 – Different disclosures |   |  |
|-------------------------------------|---|--|
| IFRS 19 Subheadings                 | IFRS 19 (as amended to August 2025)   | AASB 1060  |
|                                     |   | requirements for leases in AASB 1060 do not require the disclosure of depreciation charges nor additions to the ROU asset, but do require disclosure of the carrying amount of the ROU assets by class of underlying asset. As such, the disclosures in AASB 1060 exceed those required under IFRS 19 in respect of the last aspect.   |
| IFRS 16                             | 119 A lessee shall disclose a maturity analysis of lease liabilities applying paragraph 72 separately from the maturity analyses of other financial liabilities.  | <p>144 A lessee shall make the following disclosures for leases:</p> <p>...</p> <p>(b) the total of future lease payments at the end of the reporting period, for each of the following periods:</p> <p>(i) not later than one year;</p> <p>(ii) later than one year and not later than five years; and</p> <p>(iii) later than five years;</p> <p><b>Explanatory notes:</b> AASB 1060 is more specific with the time bands.</p>   |
| IFRS 16                             | <p>120 A lessee shall disclose qualitative or quantitative information about:</p> <p>(a) the nature of the lessee's leasing activities;</p> <p>(b) future cash outflows to which the lessee is potentially exposed that are not reflected in the measurement of lease liabilities, including exposure arising from:</p> <p>(i) variable lease payments;</p> <p>(ii) extension options and termination options;</p> <p>(iii) residual value guarantees; and</p> <p>(iv) leases not yet commenced to which the lessee is committed;</p> <p>(c) restrictions or covenants imposed by leases; and</p> <p>(d) sale and leaseback transactions.</p> | <p>144 A lessee shall make the following disclosures for leases:</p> <p>...</p> <p>(c) a general description of the lessee's significant leasing arrangements including, for example, information about variable lease payments, extension and termination options, residual value guarantees, subleases and restrictions imposed by lease arrangements.</p> <p>150 Disclosure requirements for lessees and lessors apply equally to sale and leaseback transactions. The required description of significant leasing arrangements includes description of unique or unusual provisions of the agreement or terms of the sale and leaseback transactions.</p> <p><b>Explanatory notes:</b> IFRS 19 is more specific in describing the disclosure requirements, whereas AASB 1060 contains general wording and provides examples.</p> |

| Table 2.3.2 – Different disclosures |   |  |
|-------------------------------------|---|--|
| IFRS 19 Subheadings                 | IFRS 19 (as amended to August 2025)   | AASB 1060  |
| IFRS 16                             | <p>121 A lessor shall disclose qualitative or quantitative information about:</p> <ul style="list-style-type: none"> <li>(a) the nature of the lessor’s leasing activities.</li> <li>(b) how the lessor manages the risk associated with any rights it retains in underlying assets. In particular, a lessor shall disclose its risk management strategy for the rights it retains in underlying assets, including any means by which the lessor reduces that risk. Such means may include, for example, buy-back agreements, residual value guarantees or variable lease payments for use in excess of specified limits.</li> </ul>  | <p>147 A lessor shall make the following disclosures for <b>finance leases</b>:</p> <p>...</p> <ul style="list-style-type: none"> <li>(f) a general description of the lessor’s significant leasing arrangements, including, for example, information about variable lease payments, renewal or purchase options and escalation clauses, subleases, and restrictions imposed by lease arrangements.</li> </ul> <p>148 A lessor shall disclose the following for <b>operating leases</b>:</p> <p>...</p> <ul style="list-style-type: none"> <li>(c) a general description of the lessor’s significant leasing arrangements, including, for example, information about variable lease payments, renewal or purchase options and escalation clauses and restrictions imposed by lease arrangements.</li> </ul> <p><b>Explanatory notes:</b> The qualitative or quantitative information about the nature of the lessor's leasing activities and information about risk management (including residual value guarantees, etc.) that must be disclosed under IFRS 19 is similar to the information required by paragraphs 147 and 148 of AASB 1060.</p> |
| IFRS 16                             | <p><i>Finance leases</i></p> <p>122 A lessor shall disclose:</p> <ul style="list-style-type: none"> <li>(a) a maturity analysis of the lease payments receivable, showing the <b>undiscounted lease payments</b> to be received: <ul style="list-style-type: none"> <li>(i) no later than one year from the reporting date;</li> <li>(ii) later than one year and up to five years from the reporting date; and</li> <li>(iii) later than five years from the reporting date; and</li> </ul> </li> <li>(b) a reconciliation between the undiscounted lease payments and the net investment in the lease. The reconciliation shall identify the unearned finance income relating to the lease payments receivable and any discounted unguaranteed residual value.</li> </ul> | <p>147 A lessor shall make the following disclosures for finance leases:</p> <ul style="list-style-type: none"> <li>(a) In addition, a lessor shall disclose the gross investment in the lease and the present value of lease payments receivable at the end of the reporting period, for each of the following periods: <ul style="list-style-type: none"> <li>(i) not later than one year;</li> <li>(ii) later than one year and not later than five years; and</li> <li>(iii) later than five years;</li> </ul> </li> <li>(b) unearned finance income;</li> <li>(c) the unguaranteed residual values accruing to the benefit of the lessor;</li> <li>(d) the loss allowance for uncollectable lease payments receivable;</li> <li>(e) income relating to variable lease payments not included in the measurement of the net investment in the lease; and</li> </ul>   |

| Table 2.3.2 – Different disclosures |  |   |
|-------------------------------------|--|---|
| IFRS 19 Subheadings                 | IFRS 19 (as amended to August 2025)  | AASB 1060   |
|                                     | <p><i>Nature and extent of risks arising from financial instruments</i></p> <p>66 To explain the changes in the loss allowance ... an entity shall provide, in a table, by class of financial instrument, a <b>reconciliation from the opening balance to the closing balance</b> of the loss allowance, showing separately the changes during the reporting period for:</p> <p>...</p> <p>(b) the loss allowance measured at an amount equal to the lifetime expected credit losses for</p> <p>(iii) trade receivables, contract assets or lease receivables</p> <p>...</p> | <p>(f) a general description of the lessor's significant leasing arrangements, including, for example, information about variable lease payments, renewal or purchase options and escalation clauses, subleases, and restrictions imposed by lease arrangements.</p> <p>[Based on <i>IFRS for SMEs</i> Standard paragraph 20.23]</p> <p><b>Explanatory notes:</b> AASB 1060 requires disclosure of maturity analysis for both gross investment in lease and present value of lease payments receivables, whereas IFRS 19 (and IFRS 16) only require disclosure of maturity for undiscounted lease payments. AASB 1060 requires disclosure of the closing balance of the loss allowance for uncollectable lease payments. IFRS 19 requires a reconciliation of the loss allowance for trade receivables, contract assets or lease receivables from opening to closing balance.</p> |
| IFRS 16                             | <p>Operating leases</p> <p>124 A lessor shall disclose a maturity analysis of lease payments, showing the undiscounted lease payments to be received:</p> <p>(a) no later than one year from the reporting date;</p> <p>(b) later than one year and up to five years from the reporting date; and</p> <p>(c) later than five years from the reporting date.</p>  | <p>148 A lessor shall disclose the following for operating leases:</p> <p>(a) the future lease payments under <b>non-cancellable</b> operating leases for each of the following periods:</p> <p>(i) not later than one year;</p> <p>(ii) later than one year and not later than five years; and</p> <p>(iii) later than five years;</p> <p><b>Explanatory notes:</b> AASB1060 refer to 'non-cancellable', IFRS19 does not.</p>  |
| IFRS 18                             | <p>130 When it is impracticable to reclassify comparative amounts, an entity shall disclose:</p> <p>(a) the reason for not reclassifying the amounts; and</p> <p>(b) <b>the nature of the adjustments that would have been made if the amounts had been reclassified.</b></p>  | <p>19 If it is impracticable to reclassify comparative amounts, an entity shall disclose why reclassification was not practicable.</p> <p><b>Explanatory notes:</b> IFRS 19 also requires disclosure of the nature of the adjustments that would have been made if the amounts had been reclassified.</p>   |
| IAS 7                               | <p>168 An entity shall disclose in aggregate for its supplier finance arrangements:</p> <p>...</p> <p>(b) as at the beginning and end of the reporting period:</p>   | <p>87B An entity shall disclose in aggregate for its supplier finance arrangements:</p> <p>...</p> <p>(b) as at the beginning of and the end of the reporting period:</p>   |

| Table 2.3.2 – Different disclosures |  |   |
|-------------------------------------|--|---|
| IFRS 19 Subheadings                 | IFRS 19 (as amended to August 2025)  | AASB 1060   |
|                                     | <p>(i) the carrying amounts, and associated line items presented in the entity's statement of financial position, of the financial liabilities that are part of a supplier finance arrangement.</p> <p>(ii) the carrying amounts, and associated line items, of the financial liabilities disclosed under (i) for which suppliers have already received payment from the finance providers.</p> <p>...</p>   | <p>(i) the carrying amounts, and associated line items presented in the entity's statement of financial position, of the financial liabilities that are part of a supplier finance arrangement;</p> <p>(ii) the carrying amounts, and associated line items, of the financial liabilities disclosed under (i) for which suppliers have already received payment from the finance providers; and</p> <p>(iii) the range of payment due dates (for example, 30–40 days after the invoice date) for both the financial liabilities disclosed under (i) and comparable trade payables that are not part of a supplier finance arrangement. Comparable trade payables are, for example, trade payables of the entity within the same line of business or jurisdiction as the financial liabilities disclosed under (i). If ranges of payment due dates are wide, an entity shall disclose explanatory information about those ranges or disclose additional ranges (for example, stratified ranges); and</p> <p>...</p> <p><b>Explanatory notes:</b> The above extract of paragraph 87B of AASB 1060 is taken from <a href="#">AASB 2025-2 Amendments to Australian Accounting Standards – Classification and Measurement of Financial Instruments: Tier 2 Disclosures</a>, which amended AASB 1060 to renumber the supplier finance arrangement disclosures (previously in paragraphs 119A–119C) to paragraphs 87A–87C.</p> <p>AASB 1060 requires additional disclosures regarding the range of payment due dates for both the financial liabilities it has disclosed in accordance with paragraph 87B(b)(i) and the comparable trade payables that are not part of a supplier finance arrangement.</p> <p>These disclosures were removed from IFRS 19 by the August 2025 Amendments. See Appendix 2.1A in Section 2, Topic 1 of this ITC for changes recommended to align the disclosures in AASB 1060 paragraph 87B(b)(ii) and (c) with those in the 2025 <i>IFRS for SMEs Accounting Standard</i>.</p> |
| IAS 8                               | <p>177 An entity shall disclose, along with its material accounting policy information or other notes, the judgements, apart from those involving estimations (see paragraph 182), that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements. <b>Examples of judgements that an entity may be required to disclose include how management determines:</b></p> | <p>96 An entity shall disclose, in the material accounting policy information or other notes, the judgements, apart from those involving estimations (see paragraph 97), that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.</p>  |

| Table 2.3.2 – Different disclosures |  |  |
|-------------------------------------|--|--|
| IFRS 19 Subheadings                 | IFRS 19 (as amended to August 2025)  | AASB 1060  |
|                                     | <ul style="list-style-type: none"> <li>(a) appropriate classes of assets and liabilities for which disclosures about fair value measurements are provided;</li> <li>(b) that the entity has control of another entity;</li> <li>(c) that the entity has joint control of an arrangement or significant influence over another entity;</li> <li>(d) the type of joint arrangement (that is, a joint operation or joint venture) when the arrangement has been structured through a separate vehicle; and</li> <li>(e) that the entity is an investment entity.</li> </ul>   | <p><b>Explanatory notes:</b> AASB 1060 refers to AASB 101 for guidance, which includes examples of judgements.</p> <p>The IASB amended paragraph 8.6 of the 2025 <i>IFRS for SMEs</i> Accounting Standard and added three example items that match with paragraphs 177(a)–177(c) of IFRS 19. The AASB recommends amending AASB 1060 to align with paragraph 8.6 of the 2025 <i>IFRS for SMEs</i> Accounting Standard, as proposed in Section 2, Topic 1 of this ITC. Paragraph 8.6 states:</p> <p><i>An entity shall disclose, along with material accounting policy information or other notes, the judgements, apart from those involving estimations (see paragraph 8.7), that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements. Examples of judgements that an entity might be required to disclose include those made in determining:</i></p> <ul style="list-style-type: none"> <li>(a) appropriate classes of assets and liabilities in accordance with paragraph 12.30 for which disclosures about fair value measurements are provided;</li> <li>(b) that the entity has control of another entity; and</li> <li>(c) that the entity has joint control of an arrangement or significant influence over another entity.</li> </ul> <p>If AASB 1060 is amended, the example items that remain different would only be paragraphs 177(d) and 177(e) of IFRS 19.</p> |
| IAS 8                               | <p><b>Disclosure of changes in accounting policies</b></p> <p>178 When initial application of an IFRS Accounting Standard has an effect on the current period or any prior reporting period, would have such an effect except that it is impracticable to determine the amount of the adjustment, or might have an effect on future periods, an entity shall disclose (financial statements for subsequent periods need not repeat these disclosures):</p> <ul style="list-style-type: none"> <li>(a) the title of the IFRS Accounting Standard;</li> <li>(b) when applicable, that the change in accounting policy is made in accordance with its transitional provisions;</li> <li>(c) the nature of the change in accounting policy;</li> <li>(d) when applicable, a description of the transitional provisions;</li> </ul> | <p><b>Disclosure of a change in accounting policy</b></p> <p>106 Subject to paragraph 107, when initial application of an Australian Accounting Standard has an effect on the current period or any prior period, or might have an effect on future periods, an entity shall disclose the following:</p> <ul style="list-style-type: none"> <li>(a) the nature of the change in accounting policy;</li> <li>(b) for the current period and each prior period presented, to the extent practicable, the amount of the adjustment for each financial statement line item affected;</li> <li>(c) the amount of the adjustment relating to periods before those presented, to the extent practicable; and</li> <li>(d) an explanation if it is impracticable to determine the amounts to be disclosed in (b) or (c).</li> </ul>  |



| Table 2.3.2 – Different disclosures |   |   |
|-------------------------------------|---|---|
| IFRS 19 Subheadings                 | IFRS 19 (as amended to August 2025)   | AASB 1060   |
|                                     | <p>(e) when applicable, the transitional provisions that might have an effect on future periods;</p> <p>(f) for the current period and each prior period presented, to the extent practicable, the amount of the adjustment:</p> <p>(i) for each financial statement line item affected; and</p> <p>(ii) if IAS 33 applies to the entity for basic and diluted earnings per share;</p> <p>(g) the amount of the adjustment relating to periods before those presented, to the extent practicable; and</p> <p>(h) if retrospective application required by paragraph 19(a) or 19(b) of IAS 8 is impracticable for a particular prior period, or for periods before those presented, the circumstances that led to the existence of that condition and a description of how and from when the change in accounting policy has been applied.</p> | <p>107 Where an entity has selected a transition option under another Standard and there are specific transition disclosure requirements in that Standard, the entity shall apply the full transition disclosure requirements in that Standard instead of the requirements in paragraph 106.</p> <p><b>Explanatory notes:</b> IFRS 19 requires more disclosures including:</p> <ul style="list-style-type: none"> <li>the title of the IFRS Accounting Standard;</li> <li>when applicable, that the change in accounting policy is made in accordance with its transitional provisions, a description of the transitional provisions and (if applicable) their impact on future periods.</li> </ul> <p>If retrospective application is impracticable, AASB 1060 requires an explanation of that fact, but IFRS 19 requires more specific disclosure of the circumstances and how and from when the change has been applied.</p> <p>AASB 1060 refers back to full IFRS disclosures in certain circumstances where an entity has applied a transition option. IFRS 19 will be amended at the same time as the other standards (see for example the recent changes made to IFRS 7 <i>Financial Instruments: Disclosures</i> and IFRS 9 <i>Financial Instruments</i> for contracts referencing nature-dependent electricity).</p> <p>AASB 1060 does not address earnings per share (AASB 133 <i>Earnings per Share</i>). An entity making such disclosures shall apply the relevant Standards in preparing and presenting the information (as per paragraph 33 of AASB 1060).</p> |
| IAS 8                               | <p>179 When a voluntary change in accounting policy has an effect on the current reporting period or any prior period, would have an effect on that period except that it is impracticable to determine the amount of the adjustment, or might have an effect on future periods, an entity shall disclose (financial statements for subsequent periods need not repeat these disclosures):</p> <p>(a) the nature of the change in accounting policy;</p> <p>(b) the reasons why applying the new accounting policy provides reliable and more relevant information;</p> <p>(c) for the current period and each prior period presented, to the extent practicable, the amount of the adjustment:</p> <p>(i) for each financial statement line item affected; and</p>   | <p>108 When a voluntary change in accounting policy has an effect on the current period or any prior period, an entity shall disclose the following:</p> <p>(a) the nature of the change in accounting policy;</p> <p>(b) the reasons why applying the new accounting policy provides reliable and more relevant information;</p> <p>(c) to the extent practicable, the amount of the adjustment for each financial statement line item affected, shown separately:</p> <p>(i) for the current period;</p> <p>(ii) for each prior period presented; and</p> <p>(iii) in the aggregate for periods before those presented; and</p>   |

| Table 2.3.2 – Different disclosures |   |  |
|-------------------------------------|---|--|
| IFRS 19 Subheadings                 | IFRS 19 (as amended to August 2025)   | AASB 1060  |
|                                     | <p>(ii) if IAS 33 applies to the entity, for basic and diluted earnings per share;</p> <p>(d) the amount of the adjustment relating to periods before those presented, to the extent practicable; and</p> <p>(e) if retrospective application is impracticable for a particular prior period, or for periods before those presented, the circumstances that led to the existence of that condition and a description of how and from when the change in accounting policy has been applied.</p>   | <p>(d) an explanation if it is impracticable to determine the amounts to be disclosed in (c). Financial statements of subsequent periods need not repeat these disclosures.</p> <p><b>Explanatory notes:</b> If retrospective application is impracticable, AASB 1060 requires an explanation of that fact, but IFRS 19 requires more specific disclosure of the circumstances and how and from when the change has been applied.</p> <p>AASB 1060 does not address earnings per share (AASB 133 <i>Earnings per Share</i>). An entity making such disclosures shall apply the relevant Standards in preparing and presenting the information (as per paragraph 33 of AASB 1060).</p>  |
| IAS 8                               | <p><b>Errors</b></p> <p>186 In applying paragraph 42 of IAS 8, an entity shall disclose (financial statements for subsequent periods need not repeat these disclosures):</p> <p>(a) the nature of the prior period error;</p> <p>(b) for each prior period presented, to the extent practicable, the amount of the correction:</p> <p>(i) for each financial statement line item affected; and</p> <p>(ii) if IAS 33 applies to the entity, for basic and diluted earnings per share;</p> <p>(c) the amount of the correction at the beginning of the earliest prior period presented; and</p> <p>(d) if retrospective restatement is impracticable for a particular prior period, the circumstances that led to the existence of that condition and a description of how and from when the error has been corrected.</p> | <p><b>Disclosure of prior period errors</b></p> <p>110 An entity shall disclose the following about prior period errors:</p> <p>(a) the nature of the prior period error;</p> <p>(b) for each prior period presented, to the extent practicable, the amount of the correction for each financial statement line item affected;</p> <p>(c) to the extent practicable, the amount of the correction at the beginning of the earliest prior period presented; and</p> <p>(d) an explanation if it is not practicable to determine the amounts to be disclosed in (b) or (c).</p> <p>Financial statements of subsequent periods need not repeat these disclosures.</p> <p><b>Explanatory notes:</b> If retrospective application is impracticable, AASB 1060 requires an explanation of that fact. IFRS 19 is more specific and requires the disclosure of circumstances and how and from when the error has been corrected.</p> <p>AASB 1060 does not address earnings per share (AASB 133). An entity making such disclosures shall apply the relevant Standards in preparing and presenting the information (as per paragraph 33 of AASB 1060).</p> |
| IAS 10                              | <p>191 Examples of non-adjusting events after the reporting period that would generally result in disclosure include:</p> <p>(a) a major business combination after the reporting period or disposing of a major subsidiary;</p>  | <p>188 The following are examples of non-adjusting events after the end of the reporting period that would generally result in disclosure; the disclosures will reflect information that becomes known after the end of the reporting period but before the financial statements are authorised for issue:</p>   |

| Table 2.3.2 – Different disclosures |   |   |
|-------------------------------------|---|---|
| IFRS 19 Subheadings                 | IFRS 19 (as amended to August 2025)   | AASB 1060   |
|                                     | <ul style="list-style-type: none"> <li>(b) announcing a plan to discontinue an operation;</li> <li>(c) major purchases of assets, classification of assets as held for sale in accordance with IFRS 5, other disposals of assets, or expropriation of major assets by government;</li> <li>(d) the destruction of a major production plant by a fire after the reporting period;</li> <li>(e) announcing, or commencing the implementation of, a major restructuring (see IAS 37 <i>Provisions, Contingent Liabilities and Contingent Assets</i>);</li> <li>(f) major <b>ordinary share</b> transactions and potential <b>ordinary share</b> transactions after the reporting period;</li> <li>(g) abnormally large changes after the reporting period in asset prices or foreign exchange rates;</li> <li>(h) changes in tax rates or tax laws enacted or announced after the reporting period that have a significant effect on current and deferred tax assets and liabilities (see IAS 12);</li> <li>(i) entering into significant commitments or contingent liabilities, for example, by issuing significant guarantees; and</li> <li>(j) commencement of major litigation arising solely out of events that occurred after the reporting period.</li> </ul> | <p>...</p> <p>(f) issues or repurchases of an entity's <b>debt or equity</b> instruments;</p> <p>...</p> <p><b>Explanatory notes:</b> IFRS 19's list of examples includes only ordinary shares (equity), however AASB 1060's list of examples includes both debt and equity instruments. Note that both paragraphs are only example lists.</p>  |
| IAS 12                              | <p>192 An entity shall disclose separately the major components of tax expense (income).</p> <p>193 Components of tax expense (income) may include:</p> <ul style="list-style-type: none"> <li>(a) current tax expense (income);</li> <li>(b) any adjustments recognised in the period for current tax of prior periods;</li> <li>(c) the amount of deferred tax expense (income) relating to the origination and reversal of temporary differences;</li> </ul>   | <p>177 An entity shall disclose separately the major components of tax expense (income). Such components of tax expense (income) may include:</p> <ul style="list-style-type: none"> <li>(a) current tax expense (income);</li> <li>(b) any adjustments recognised in the period for current tax of prior periods;</li> <li>(c) the amount of deferred tax expense (income) relating to the origination and reversal of temporary differences;</li> <li>(d) the amount of deferred tax expense (income) relating to changes in tax rates or the imposition of new taxes;</li> </ul> |

| Table 2.3.2 – Different disclosures |  |  |
|-------------------------------------|--|--|
| IFRS 19 Subheadings                 | IFRS 19 (as amended to August 2025)  | AASB 1060  |
|                                     | <p>(d) the amount of deferred tax expense (income) relating to changes in tax rates or the imposition of new taxes;</p> <p>(e) the amount of the benefit arising from a previously unrecognised tax loss, tax credit or temporary difference of a prior period that is <b>used to reduce current tax expense</b>;</p> <p>(f) the amount of the benefit from a previously unrecognised tax loss, tax credit or temporary difference of a prior period that is <b>used to reduce deferred tax expense</b>;</p> <p>(g) deferred tax expense arising from the write-down, or reversal of a previous write-down, of a deferred tax asset in accordance with paragraph 56 of IAS 12; and</p> <p>(h) the amount of tax expense (income) relating to those changes in accounting policies and errors that are included in profit or loss in accordance with IAS 8, because they cannot be accounted for retrospectively.</p> | <p>(e) the amount of the benefit arising from a previously unrecognised tax loss, tax credit or temporary difference of a prior period that is <b>used to reduce tax expense</b>;</p> <p>(f) <b>adjustments to deferred tax expense (income) arising from a change in the tax status of the entity or its shareholders</b>;</p> <p>(g) deferred tax expense (income) arising from the write-down, or reversal of a previous write-down, of a deferred tax asset in accordance with paragraph 56 of AASB 112 <i>Income Taxes</i>; and</p> <p>(h) the amount of tax expense (income) relating to those changes in accounting policies and errors that are included in profit or loss in accordance with AASB 108, because they cannot be accounted for retrospectively. [<i>IFRS for SMEs</i> Standard paragraph 29.39]</p> <p>188 The following are examples of non-adjusting events after the end of the reporting period that would generally result in disclosure; the disclosures will reflect information that becomes known after the end of the reporting period but before the financial statements are authorised for issue:</p> <p><b>Explanatory notes:</b> Although IFRS 19 does not specifically mention “adjustments to deferred tax expense (income) arising from a change in the tax status of the entity or its shareholders”, the main requirement is to disclose major components of tax expense. Both, IFRS 19 and AASB 1060 only list examples of what might need to be disclosed.</p> <p>If an entity had to remeasure its tax balances because of a change in tax status and this had major effect on the entity’s tax expense, disclosure would be required under both Standards.</p> <p>IFRS 19 further distinguishes between the impact of recognising previously unrecognised deferred tax assets on current and deferred tax expense, whereas AASB 1060 only refers to the impact on overall tax expense.</p> |
| IAS 12                              | <p>199 In periods in which Pillar Two legislation is <b>enacted or substantively enacted but not yet in effect</b>, an entity shall disclose qualitative and quantitative information about its exposure to Pillar Two income taxes at the end of the reporting period. This information does not have to reflect all the specific requirements of the Pillar Two legislation and can be provided in the form of an indicative range. To the extent information is not known or reasonably</p>   | <p>176 An entity shall disclose information that enables users of its financial statements to evaluate the nature and financial effect of the current and deferred tax consequences of recognised transactions and other events (including <b>enactment or substantive enactment</b> of tax rates and tax laws, such as Pillar Two legislation). [Based on <i>IFRS for SMEs</i> Standard paragraph 29.38]</p>  |

| Table 2.3.2 – Different disclosures |  |   |
|-------------------------------------|--|---|
| IFRS 19 Subheadings                 | IFRS 19 (as amended to August 2025)  | AASB 1060   |
|                                     | estimable, an entity shall instead disclose a statement to that effect and disclose information about the entity's progress in assessing its exposure.   | <b>Explanatory notes:</b> IFRS 19 specifically requires disclosure of qualitative and quantitative information about the entity's exposure to Pillar Two legislation for periods before the legislation becomes effective. AASB 1060 only has a general requirement to disclose information about the nature and financial effect of the enactment or substantive enactment of Pillar Two tax legislation.  |
| IAS 16                              | <p>200 An entity shall disclose, for each class of property, plant and equipment:</p> <ul style="list-style-type: none"> <li>(a) the measurement bases used for determining the gross carrying amount;</li> <li>(b) the depreciation methods used;</li> <li>(c) the useful lives or the depreciation rates used;</li> <li>(d) the gross carrying amount and the accumulated depreciation (aggregated with accumulated impairment losses) at the beginning and end of the reporting period; and</li> <li>(e) a reconciliation (comparative information is not required) of the carrying amount at the beginning and end of the period showing: <ul style="list-style-type: none"> <li>(i) additions;</li> <li>(ii) assets classified as held for sale or included in a disposal group classified as held for sale in accordance with IFRS 5 and other disposals;</li> <li>(iii) acquisitions through business combinations;</li> <li>(iv) increases or decreases resulting from revaluations under paragraphs 31, 39 and 40 of IAS 16, and from impairment losses recognised or reversed in other comprehensive income in accordance with IAS 36;</li> <li>(v) impairment losses recognised in profit or loss in accordance with IAS 36;</li> <li>(vi) impairment losses reversed in profit or loss in accordance with IAS 36;</li> <li>(vii) depreciation; and</li> <li>(viii) other changes.</li> </ul> </li> </ul> | <p>134 An entity shall disclose the following for each class of property, plant and equipment determined in accordance with paragraph 44(a) and separately for investment property carried at cost less accumulated depreciation and impairment:</p> <ul style="list-style-type: none"> <li>(a) the measurement bases used for determining the gross carrying amount;</li> <li>(b) the depreciation methods used;</li> <li>(c) the useful lives or the depreciation rates used;</li> <li>(d) the gross carrying amount and the accumulated depreciation (aggregated with accumulated impairment losses) at the beginning and end of the reporting period; and</li> <li>(e) a reconciliation of the carrying amount at the beginning and end of the reporting period, showing separately: <ul style="list-style-type: none"> <li>(i) additions;</li> <li>(ii) assets classified as held for sale or included in a disposal group classified as held for sale in accordance with AASB 5 and other disposals;</li> <li>(iii) acquisitions through business combinations;</li> <li>(iv) increases or decreases resulting from revaluations under AASB 116 and from impairment losses recognised or reversed in other comprehensive income in accordance with AASB 136 <i>Impairment of Assets</i>;</li> <li>(v) transfers to and from investment property carried at fair value through profit or loss (see paragraph 57 of AASB 140);</li> <li>(vi) impairment losses recognised or reversed in profit or loss in accordance with AASB 136;</li> <li>(vii) depreciation; and</li> <li>(viii) other changes.</li> </ul> </li> </ul> |

| Table 2.3.2 – Different disclosures |   |  |
|-------------------------------------|---|--|
| IFRS 19 Subheadings                 | IFRS 19 (as amended to August 2025)   | AASB 1060  |
|                                     |   | <p>This reconciliation need not be presented for prior periods.</p> <p>[Based on <i>IFRS for SMEs</i> Standard paragraph 17.31]</p> <p><b>Explanatory notes:</b> IFRS 19 does not have the requirement for “to transfers to and from investment property carried at fair value through profit or loss”; which means these amounts will be included in “other changes” under IFRS 19.</p> <p>AASB 1060 does not require separate disclosure of impairment losses recognised and impairment losses reversed in profit or loss, but permits disclosing them in one line item.</p>   |
| IAS 16                              | <p>202 If items of property, plant and equipment are stated at revalued amounts, an entity shall disclose, in addition to the disclosures required by paragraphs 95–97:</p> <ul style="list-style-type: none"> <li>(a) the effective date of the revaluation;</li> <li>(b) whether an independent valuer was involved;</li> <li>(c) <b>for each revalued class of property, plant and equipment, the carrying amount that would have been recognised had the assets been carried under the cost model; and</b></li> <li>(d) the revaluation surplus, indicating the change for the period and any restrictions on the distribution of the balance to shareholders.</li> </ul> | <p>136 If items of property, plant and equipment are stated at revalued amounts, an entity shall disclose the following:</p> <ul style="list-style-type: none"> <li>(a) the effective date of the revaluation;</li> <li>(b) whether an independent valuer was involved;</li> <li>(c) the <b>methods and significant assumptions</b> applied in estimating the items’ fair values; and</li> <li>(d) the revaluation surplus, indicating the change for the period and any restrictions on the distribution of the balance to shareholders.</li> </ul> <p><b>Explanatory notes:</b> For each revalued class of property, plant and equipment, IFRS 19 has an additional requirement to disclose the carrying amount that would have been recognised had the assets been carried under the cost model.</p> <p>See Appendix 2.3.A below for details on the potential removal of paragraph 136(c) of AASB 1060 to align with the IASB’s removal of paragraph 17.33(c) in the 2025 <i>IFRS for SMEs</i> Accounting Standard.</p> |
| IAS 19                              | <p><i>Defined benefit plans that share risks between entities under common control</i></p> <p>213 If an entity participates in a defined benefit plan that shares risks between entities under common control, it shall disclose:</p> <ul style="list-style-type: none"> <li>(a) the contractual agreement or stated policy for charging the net defined benefit cost or the fact that there is no such policy;</li> <li>(b) the policy for determining the contribution to be paid by the entity;</li> </ul>   | <p>173 ...</p> <p>A subsidiary that recognises and measures employee benefit expense on the basis of a contractual agreement or stated policy for charging the net defined benefit cost or based on their contributions payable for the period (see paragraph 41 of AASB 119), shall, in its separate financial statements, describe the contractual agreement or stated policy for charging the net defined benefit cost or the fact that there is no such policy, and the policy for determining the contributions to be paid by the entity and shall make the disclosures in (a)–(h) for the plan as a whole. ...</p>   |

| Table 2.3.2 – Different disclosures |  |   |
|-------------------------------------|--|---|
| IFRS 19 Subheadings                 | IFRS 19 (as amended to August 2025)  | AASB 1060   |
|                                     | <p>(c) if the entity accounts for an allocation of the net defined benefit cost as noted in paragraph 41 of IAS 19, all the information about the plan as a whole required by paragraphs 204–211; and</p> <p>(d) if the entity accounts for the contribution payable for the period as noted in paragraph 41 of IAS 19, the information about the plan as a whole required by paragraphs 205 and 208–211.</p>  | <p><b>Explanatory notes:</b> IFRS 19 requires an entity to disclose the reconciliation required by paragraphs 206 and 207 only when there is a contractual agreement or stated policy for charging net defined benefit cost to individual group entities where those cost are measured in accordance with the principles in AASB 119. The reconciliation is not required if the expense recognised by the individual group entities is based on the entity’s contributions payable for the period.</p> <p>AASB 1060 requires the same disclosures regardless of the contractual agreement or stated policy for charging the cost (paragraphs 173 (a)–(h) of AASB 1060, which includes the disclosure of reconciliations as required in paragraphs 213(b) and (c) of IFRS 19).</p> |
| IAS 21                              | <p>218 An entity shall disclose:</p> <p>(a) the amount of exchange differences recognised in profit or loss except for those arising on financial instruments measured at fair value through profit or loss in accordance with IFRS 9; and</p> <p>(b) net exchange differences recognised in other comprehensive income and accumulated in a separate component of equity, and a reconciliation of the amount of such exchange differences at the beginning and end of the reporting period.</p>   | <p>180 An entity shall disclose the following:</p> <p>(a) the amount of exchange differences recognised in profit or loss during the period, except for those arising on financial instruments measured at fair value through profit or loss in accordance with AASB 9; and</p> <p>(b) the amount of exchange differences arising during the period and classified in a separate component of equity at the end of the period.</p> <p><b>Explanatory notes:</b> IFRS 19 requires additional disclosure for a reconciliation.</p>  |
| IAS 23                              | <p>225 An entity shall disclose:</p> <p>(a) the amount of borrowing costs capitalised during the reporting period; and</p> <p>(b) the capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation.</p>   | <p>162 An entity shall disclose the amount of borrowing costs capitalised during the period.</p> <p><b>Explanatory notes:</b> IFRS 19 requires additional disclosure of the capitalisation rate.</p>  |
| IAS 24                              | <p>226 Relationships between a parent and its subsidiaries shall be disclosed irrespective of whether there have been transactions between them. An entity shall disclose:</p> <p>(a) the name of its parent and, if different, the ultimate controlling party; and</p> <p>(b) the name of the ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards, as required by paragraph 7(c) and which results in the entity being eligible to apply this Standard.</p> | <p><b>Disclosure of parent-subsidiary relationships</b></p> <p>192 Relationships between a parent and its subsidiaries shall be disclosed irrespective of whether there have been related party transactions. An entity shall disclose the name of its parent and, if different, the ultimate controlling party. If neither the entity’s parent nor the ultimate controlling party produces financial statements available for public use, the name of the next most senior parent that does so (if any) shall also be disclosed.</p> <p><b>Explanatory notes:</b> Different wording reflects the different scope of the Standards.</p>   |

| Table 2.3.2 – Different disclosures |   |  |
|-------------------------------------|---|--|
| IFRS 19 Subheadings                 | IFRS 19 (as amended to August 2025)   | AASB 1060  |
| IAS 24                              | <p>231 The disclosures required by paragraph 230 shall be made separately for:</p> <ul style="list-style-type: none"> <li>(a) the parent;</li> <li>(b) entities with joint control of, or significant influence over, the entity;</li> <li>(c) subsidiaries;</li> <li>(d) associates;</li> <li>(e) joint ventures in which the entity is a joint venturer;</li> <li>(f) key management personnel of the entity or its parent; and</li> <li>(g) other related parties.</li> </ul>  | <p>199 An entity shall make the disclosures required by paragraph 198 separately for each of the following categories:</p> <ul style="list-style-type: none"> <li>(a) entities with control, joint control or significant influence over the entity;</li> <li>(b) entities over which the entity has control, joint control or significant influence;</li> <li>(c) key management personnel of the entity or its parent (in the aggregate); and</li> <li>(d) other related parties. [<i>IFRS for SMEs</i> Standard paragraph 33.10]</li> </ul> <p><b>Explanatory notes:</b> AASB 1060 has fewer mandatory categories for these disclosures.</p>  |
| IAS 24                              | <p>234 Examples of transactions that are disclosed if they are with a related party include:</p> <ul style="list-style-type: none"> <li>(a) purchases or sales of goods (finished or unfinished);</li> <li>(b) purchases or sales of property and other assets;</li> <li>(c) the rendering or receiving of services;</li> <li>(d) leases;</li> <li>(e) transfers of research and development;</li> <li>(f) transfers under licence agreements;</li> <li>(g) transfers under finance arrangements (including loans and equity contributions in cash or in kind);</li> <li>(h) provision of guarantees or collateral; and</li> <li>(i) settlement of liabilities on behalf of the entity or by the entity on behalf of that related party.</li> </ul> | <p>201 The following are examples of transactions that shall be disclosed if they are with a related party:</p> <ul style="list-style-type: none"> <li>(a) purchases or sales of goods (finished or unfinished);</li> <li>(b) purchases or sales of property and other assets;</li> <li>(c) rendering or receiving of services;</li> <li>(d) leases;</li> <li>(e) transfers of research and development;</li> <li>(f) transfers under licence agreements;</li> <li>(g) transfers under finance arrangements (including loans and equity contributions in cash or in kind);</li> <li>(h) provision of guarantees or collateral;</li> <li>(i) settlement of liabilities on behalf of the entity or by the entity on behalf of another party;</li> <li>(j) participation by a parent or subsidiary in a defined benefit plan that shares risks between group entities; and</li> <li>(k) commitments to do something if a particular event occurs, or does not occur in the future, including executory contracts (recognised or unrecognised).</li> </ul> |



| Table 2.3.2 – Different disclosures |  |   |
|-------------------------------------|--|---|
| IFRS 19 Subheadings                 | IFRS 19 (as amended to August 2025)  | AASB 1060   |
|                                     |  | <p>[Based on <i>IFRS for SMEs</i> Standard paragraph 33.12]</p> <p><b>Explanatory notes:</b> Both paragraphs are examples of transactions; AASB 1060 contains a longer list than IFRS 19.</p>   |
| IAS 29                              | <p>241 An entity shall disclose:</p> <ul style="list-style-type: none"> <li>(a) the fact that the financial statements and the corresponding figures for previous periods have been restated for the changes in the general purchasing power of the functional currency and, as a result, are stated in terms of the measuring unit current at the end of the reporting period; and</li> <li>(b) the identity and level of the price index at the end of the reporting period and the movement in the index during the current and the previous reporting period.</li> </ul> | <p>183 An entity to which AASB 129 <i>Financial Reporting in Hyperinflationary Economies</i> applies shall disclose the following:</p> <ul style="list-style-type: none"> <li>(a) the fact that financial statements and other prior period data have been restated for changes in the general purchasing power of the functional currency;</li> <li>(b) the identity and level of the price index at the reporting date and changes during the current reporting period and the previous reporting period; and</li> <li>(c) <b>the amount of gain or loss on monetary items.</b></li> </ul> <p>[<i>IFRS for SMEs</i> Standard paragraph 31.15]</p> <p><b>Explanatory notes:</b> AASB 1060 requires the additional disclosure of the amount of gain or loss on monetary items.</p>  |
| IAS 36                              | <p>251 A class of assets is a grouping of assets of similar nature and use in an entity's operations.</p>  | <p>170 An entity shall disclose the information required by paragraph 169 for each of the following classes of asset:</p> <ul style="list-style-type: none"> <li>(a) property, plant and equipment;</li> <li>(b) investment property accounted for by the cost method;</li> <li>(c) goodwill;</li> <li>(d) intangible assets other than goodwill;</li> <li>(e) investments in associates; and</li> <li>(f) investments in joint ventures.</li> </ul> <p>[Based on <i>IFRS for SMEs</i> Standard paragraph 27.33]</p> <p><b>Explanatory notes:</b> Both Standards require similar disclosures for each class of assets. AASB 1060 provides a list of asset classes, whereas paragraph 251 of IFRS 19 describes a class of assets being a "grouping of assets of similar nature". The AASB notes that the requirements in IFRS 19 could require a more disaggregated asset grouping, because the term "grouping of assets</p> |

| Table 2.3.2 – Different disclosures |   |   |
|-------------------------------------|---|---|
| IFRS 19 Subheadings                 | IFRS 19 (as amended to August 2025)   | AASB 1060   |
|                                     |   | of a similar nature" is also used in AASB 116 paragraph 37, and that paragraph provides examples of separate classes being land, land and buildings, machinery, ships etc.  |
| IAS 37                              | <p>258 An entity shall also disclose, for each class of provision (comparative information is not required):</p> <ul style="list-style-type: none"> <li>(a) a brief description of the nature of the obligation and the expected timing of any resulting outflows of economic benefits.</li> <li>(b) an indication of the uncertainties about the amount or timing of those outflows. <i>Where necessary to provide adequate information, an entity shall disclose the major assumptions made concerning future events, as addressed in paragraph 48 of IAS 37.</i></li> <li>(c) the amount of any expected reimbursement, stating the amount of any asset that has been recognised for that expected reimbursement.</li> </ul> | <p>153 For each class of provision, an entity shall disclose all of the following:</p> <ul style="list-style-type: none"> <li>...</li> <li>(b) a brief description of the nature of the obligation and the expected amount and timing of any resulting payments;</li> <li>(c) an indication of the uncertainties about the amount or timing of those outflows; and</li> <li>(d) the amount of any expected reimbursement, stating the amount of any asset that has been recognised for that expected reimbursement.</li> </ul> <p>Comparative information for prior periods is not required.</p> <p><b>Explanatory notes:</b> IFRS 19 requires additional disclosures about the major assumptions made concerning future events, where this is necessary to provide adequate information.</p> |
| IAS 38                              | <p>263 An entity shall disclose, for each class of intangible assets, distinguishing between internally generated intangible assets and other intangible assets:</p> <ul style="list-style-type: none"> <li>...</li> <li>(e) a reconciliation (comparative information is not required) of the carrying amount at the beginning and end of the period showing: <ul style="list-style-type: none"> <li>(i) additions, <i>indicating separately those from internal development, those acquired separately, and those acquired through business combinations;</i></li> </ul> </li> <li>...</li> </ul>   | <p>137 An entity shall disclose the following for each class of intangible assets:</p> <ul style="list-style-type: none"> <li>...</li> <li>(e) a reconciliation of the carrying amount at the beginning and end of the reporting period, showing separately: <ul style="list-style-type: none"> <li>(i) additions;</li> </ul> </li> <li>...</li> </ul> <p>This reconciliation need not be presented for prior periods.</p> <p><b>Explanatory notes:</b> IFRS 19 requires separate disclosure of additions to intangible assets from internal development, those acquired separately, and those acquired through business combinations. In contrast, AASB 1060 permits additions to be shown as one aggregated amount.</p>   |
| IAS 38                              | <p>264 An entity shall also disclose:</p> <ul style="list-style-type: none"> <li>...</li> <li>(c) for intangible assets acquired by way of a government grant and initially recognised at fair value (see paragraph 44 of IAS 38):</li> </ul>   | <p>138 An entity shall also disclose:</p> <ul style="list-style-type: none"> <li>...</li> <li>(b) for intangible assets acquired by way of a government grant and initially recognised at fair value (see paragraph 44 of AASB 138):</li> </ul>   |

| Table 2.3.2 – Different disclosures |  |  |
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| IFRS 19 Subheadings                 | IFRS 19 (as amended to August 2025)  | AASB 1060  |
|                                     | <ul style="list-style-type: none"> <li>(i) the fair value initially recognised for these assets;</li> <li>(ii) their carrying amounts; and</li> <li>(iii) whether they are measured after recognition under the cost model or the revaluation model.</li> </ul> <p>...</p>   | <ul style="list-style-type: none"> <li>(i) the fair value initially recognised for these assets;</li> <li>(ii) their carrying amounts</li> </ul> <p>...</p> <p><b>Explanatory notes:</b> IFRS 19 requires additional disclosures of whether intangible assets acquired by way of a government grant are measured after recognition under the cost model or the revaluation model.</p>  |
| IAS 38                              | <p>265 If intangible assets are accounted for at revalued amounts, an entity shall disclose:</p> <ul style="list-style-type: none"> <li>(a) by class of intangible assets: <ul style="list-style-type: none"> <li>(i) the effective date of the revaluation;</li> <li>(ii) the carrying amount of revalued intangible assets; and</li> <li>(iii) the carrying amount that would have been recognised had the revalued class of intangible assets been measured after recognition using the cost model in paragraph 74 of IAS 38; and</li> </ul> </li> <li>(b) the amount of the revaluation surplus that relates to intangible assets at the beginning and end of the reporting period, indicating the changes during the period and any restrictions on the distribution of the balance to shareholders.</li> </ul> | <p>140 If items of intangible assets are stated at revalued amounts, an entity shall disclose the following:</p> <ul style="list-style-type: none"> <li>(a) the effective date of the revaluation;</li> </ul> <p>...</p> <ul style="list-style-type: none"> <li>(d) the revaluation surplus, indicating the change for the period and any restrictions on the balance distribution to shareholders.</li> </ul> <p><b>Explanatory notes:</b> IFRS 19 requires additional disclosures of the carrying amount of revalued intangible assets and the carrying amount that would have been recognised under the cost model. It further requires disclosure of the revaluation surplus both at the beginning and end of the reporting period and specifies that the disclosures must be made by class of intangible assets. AASB 1060 does not have such requirements.</p>   |
| IAS 40                              | <p>268 An entity shall disclose:</p> <ul style="list-style-type: none"> <li>(a) whether it applies the fair value model or the cost model.</li> <li>(b) the extent to which the fair value of investment property (as measured or disclosed in the financial statements) is based on a valuation by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued. If there has been no such valuation, that fact shall be disclosed.</li> <li>(c) the cumulative change in fair value recognised in profit or loss on a sale of investment property from a pool of assets in which the cost model is</li> </ul>   | <p>132 An entity shall disclose the following for all investment property accounted for at fair value through profit or loss (paragraph 33 of AASB 140 <i>Investment Property</i>):</p> <ul style="list-style-type: none"> <li>(a) the methods and significant assumptions applied in determining the fair value of investment property;</li> <li>(b) the extent to which the fair value of investment property (as measured or disclosed in the financial statements) is based on a valuation by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and class of the investment property being valued. If there has been no such valuation, that fact shall be disclosed;</li> <li>(c) the existence and amounts of restrictions on the realisability of investment property or the remittance of income and proceeds of disposal;</li> </ul> |

| Table 2.3.2 – Different disclosures |  |  |
|-------------------------------------|--|--|
| IFRS 19 Subheadings                 | IFRS 19 (as amended to August 2025)  | AASB 1060  |
|                                     | <p>used into a pool in which the fair value model is used (see paragraph 32C of IAS 40).</p> <p>(d) the existence and amounts of restrictions on the realisability of investment property or the remittance of income and proceeds of disposal.</p> <p>(e) contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.</p>  | <p>(d) contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements; and</p> <p>... [IFRS for SMEs Standard paragraph 16.10]</p> <p><b>Explanatory notes:</b> IFRS 19 requires additional disclosures of the cumulative change in fair value recognised in profit or loss on a sale of investment property from a pool of assets in which the cost model is used into a pool in which the fair value model is used.</p> <p>See Appendix 2.3.A below for details on the potential removal of paragraph 132(a) of AASB 1060 to align with the IASB's removal of paragraph 16.10(a) in the 2025 <i>IFRS for SMEs</i> Accounting Standard.</p>  |
| IAS 40                              | <p><b>Fair value model</b></p> <p>269 In addition to the disclosures required by paragraph 268, an entity that applies the fair value model in paragraphs 33–55 of IAS 40 shall disclose a reconciliation (comparative information is not required) between the carrying amounts of investment property at the beginning and end of the reporting period, showing:</p> <p>(a) additions;</p> <p>(b) acquisitions through business combinations;</p> <p>(c) assets classified as held for sale or included in a disposal group classified as held for sale in accordance with IFRS 5 and other disposals;</p> <p>(d) net gains or losses from fair value adjustments;</p> <p>(e) transfers to and from inventories and owner-occupied property; and</p> <p>(f) other changes.</p> | <p>132 An entity shall disclose the following for all investment property accounted for at fair value through profit or loss (paragraph 33 of AASB 140 <i>Investment Property</i>):</p> <p>...</p> <p>(e) a reconciliation between the carrying amounts of investment property at the beginning and end of the period, showing separately:</p> <p>(i) additions, disclosing separately those additions resulting from acquisitions through business combinations;</p> <p>(ii) net gains or losses from fair value adjustments;</p> <p>(iii) transfers to and from investment property carried at cost less accumulated depreciation and impairment (see paragraph 57 of AASB 140);</p> <p>(iv) transfers to and from inventories and owner-occupied property; and</p> <p>(v) other changes.</p> <p>This reconciliation need not be presented for prior periods. [IFRS for SMEs Standard paragraph 16.10]</p> <p><b>Explanatory notes:</b> For a reconciliation between the carrying amounts of investment property under the fair value model:</p> |

| Table 2.3.2 – Different disclosures |  |  |
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| IFRS 19 Subheadings                 | IFRS 19 (as amended to August 2025)  | AASB 1060  |
|                                     |  | <ul style="list-style-type: none"> <li>IFRS 19 specifically requires disclosures of assets classified as held for sale or included in a disposal group classified as held for sale, whereas AASB 1060 does not, meaning that this would be grouped into “other changes”; and</li> <li>AASB 1060 requires the disclosure of transfers to and from investment property carried at cost less accumulated depreciation and impairment, whereas IFRS 19 does not, meaning that this would be grouped into “other changes”.</li> </ul>   |
| IAS 40                              | <p>270 In the exceptional cases referred to in paragraph 53 of IAS 40, when an entity measures investment property using the cost model in IAS 16 or in accordance with IFRS 16, the reconciliation required by paragraph 269 shall disclose amounts relating to that investment property separately from amounts relating to other investment property. In addition, an entity shall disclose:</p> <ul style="list-style-type: none"> <li>(a) a description of the investment property; and</li> <li>(b) an explanation of why fair value cannot be measured reliably.</li> </ul> | <p>135 An entity shall also disclose the following:</p> <p>...</p> <ul style="list-style-type: none"> <li>(c) if an entity has investment property whose fair value cannot be measured reliably, it shall disclose that fact and the reasons why fair value cannot be measured reliably for those items of investment property.</li> </ul> <p><b>Explanatory notes:</b> IFRS 19 covers all investment property, regardless of whether measured at cost or at fair value, in one section. Paragraph 270 of IFRS 19 accordingly differentiates between investment property at cost and investment property at fair value and requires separate and additional disclosures.</p> <p>AASB 1060 addresses the disclosure requirements for property, plant and equipment and investment property at cost in the same section in paragraphs 134 to 136 of AASB 1060. The reconciliation requirements for investment property at cost are included in paragraph 134(e) of AASB 1060; and the reconciliation requirements for investment property at fair value are covered in paragraph 132(e) of AASB 1060. For investment property at cost, AASB 1060 does not have an explicit requirement to disclose a description of the investment property.</p> |
| IAS 40                              | <p><b>Cost model</b></p> <p>271 In addition to the disclosures required by paragraph 268, an entity that applies the cost model in paragraph 56 of IAS 40 shall disclose:</p> <p>...</p> <ul style="list-style-type: none"> <li>(d) a reconciliation (comparative information is not required) of the carrying amount of investment property at the beginning and end of the period, showing: <ul style="list-style-type: none"> <li>(i) additions;</li> </ul> </li> </ul>   | <p>134 An entity shall disclose the following for each class of property, plant and equipment determined in accordance with paragraph 44(a) and separately for investment property carried at cost less accumulated depreciation and impairment:</p> <p>...</p> <ul style="list-style-type: none"> <li>(e) a reconciliation of the carrying amount at the beginning and end of the reporting period, showing separately: <ul style="list-style-type: none"> <li>(i) additions;</li> <li>(ii) assets classified as held for sale or included in a disposal group classified as held for sale in accordance with AASB 5 and other disposals;</li> </ul> </li> </ul>  |

| Table 2.3.2 – Different disclosures |   |  |
|-------------------------------------|---|--|
| IFRS 19 Subheadings                 | IFRS 19 (as amended to August 2025)   | AASB 1060  |
|                                     | <ul style="list-style-type: none"> <li>(ii) acquisitions through business combinations;</li> <li>(iii) assets classified as held for sale or included in a disposal group classified as held for sale in accordance with IFRS 5 and other disposals;</li> <li>(iv) depreciation;</li> <li>(v) the amount of impairment losses recognised, and the amount of impairment losses reversed, during the period in accordance with IAS 36;</li> <li>(vi) transfers to and from inventories and owner-occupied property; and</li> <li>(vii) other changes.</li> </ul> <p>(e) the fair value of investment property. In the exceptional cases described in paragraph 53 of IAS 40, when an entity cannot measure the fair value of the investment property reliably, it shall disclose:</p> <ul style="list-style-type: none"> <li>(i) a description of the investment property;</li> <li>(ii) an explanation of why fair value cannot be measured reliably; and</li> <li>(iii) if possible, the range of estimates within which fair value is highly likely to lie.</li> </ul> | <ul style="list-style-type: none"> <li>(iii) acquisitions through business combinations;</li> <li>(iv) increases or decreases resulting from revaluations under AASB 116 and from impairment losses recognised or reversed in other comprehensive income in accordance with AASB 136 <i>Impairment of Assets</i>;</li> <li>(v) transfers to and from investment property carried at fair value through profit or loss (see paragraph 57 of AASB 140);</li> <li>(vi) impairment losses recognised or reversed in profit or loss in accordance with AASB 136;</li> <li>(vii) depreciation; and</li> <li>(viii) other changes.</li> </ul> <p>This reconciliation need not be presented for prior periods.</p> <p>135 An entity shall also disclose the following:</p> <p>...</p> <ul style="list-style-type: none"> <li>(c) if an entity has investment property whose fair value cannot be measured reliably, it shall disclose that fact and the reasons why fair value cannot be measured reliably for those items of investment property.</li> </ul> <p><b>Explanatory notes:</b> For a reconciliation between the carrying amounts of investment property under the cost model:</p> <ul style="list-style-type: none"> <li>• IFRS 19 explicitly requires the separate disclosure of transfers to and from inventories and owner-occupied property; whereas AASB 1060 does not, meaning that this would be grouped into “other changes”; and</li> <li>• AASB 1060 explicitly requires the separate disclosure of transfers to and from investment property carried at fair value through profit or loss; whereas IFRS 19 does not, meaning that this would be grouped into “other changes”.</li> </ul> <p>Where an entity chooses to apply the cost model as per paragraph 56 of IAS 40 <i>Investment Properties</i>, IFRS 19 requires the disclosure of the fair value of investment property. AASB 1060 does not have an equivalent disclosure requirement.</p> <p>When the investment property whose fair value cannot be measured reliably, IFRS 19 requires additional disclosures of:</p> |

| Table 2.3.2 – Different disclosures |  |  |
|-------------------------------------|--|--|
| IFRS 19 Subheadings                 | IFRS 19 (as amended to August 2025)  | AASB 1060  |
|                                     |  | <ul style="list-style-type: none"> <li>a description of the investment property; and</li> <li>if possible, the range of estimates within which fair value is highly likely to lie.</li> </ul>  |
| IAS 41                              | <p>273 An entity shall disclose a reconciliation (comparative information is not required) of changes in the carrying amount of biological assets between the beginning and the end of the current reporting period. The reconciliation shall include:</p> <ul style="list-style-type: none"> <li>(a) the gain or loss arising from changes in fair value less costs to sell;</li> <li>(b) increases due to purchases;</li> <li>(c) decreases attributable to sales and biological assets classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with IFRS 5;</li> <li>(d) decreases due to harvest;</li> <li>(e) increases resulting from business combinations;</li> <li>(f) net exchange differences arising on the translation of financial statements into a different presentation currency, and on the translation of a foreign operation into the presentation currency of the reporting entity; and</li> <li>(g) other changes.</li> </ul> | <p><b>Disclosures – fair value model</b></p> <p>204 An entity shall disclose the following with respect to its biological assets measured at fair value:</p> <p>...</p> <ul style="list-style-type: none"> <li>(c) a reconciliation of changes in the carrying amount of biological assets between the beginning and the end of the current period. The reconciliation shall include: <ul style="list-style-type: none"> <li>(i) the gain or loss arising from changes in fair value less costs to sell;</li> <li>(ii) increases resulting from purchases;</li> <li>(iii) decreases resulting from harvest;</li> <li>(iv) increases resulting from business combinations;</li> <li>(v) net exchange differences arising on the translation of financial statements into a different presentation currency and on the translation of a foreign operation into the presentation currency of the reporting entity; and</li> <li>(vi) other changes.</li> </ul> </li> </ul> <p>This reconciliation need not be presented for prior periods.</p> <p><b>Explanatory notes:</b> For a reconciliation of changes in the carrying amount of biological assets, IFRS 19 requires additional disclosure of decreases attributable to sales and biological assets classified as held for sale (or included in a disposal group that is classified as held for sale). Whereas AASB 1060 does not have this explicit requirement, meaning that this would be grouped into “other changes”.</p> |
| IAS 1<br>(Appendix B of IFRS 19)    | <p>B7 When it is impracticable to reclassify comparative amounts, an entity shall disclose:</p> <ul style="list-style-type: none"> <li>(a) the reason for not reclassifying the amounts; and</li> <li>(b) the nature of the adjustments that would have been made if the amounts had been reclassified.</li> </ul>   | <p>19 If it is impracticable to reclassify comparative amounts, an entity shall disclose why reclassification was not practicable.</p> <p><b>Explanatory notes:</b> IFRS 19 requires the additional disclosure of the nature of the adjustments that would have been made if the amounts had been reclassified.</p>  |

Table 2.3.2 – Different disclosures

| IFRS 19 Subheadings              | IFRS 19 (as amended to August 2025)  | AASB 1060   |
|----------------------------------|--|---|
| IAS 1<br>(Appendix B of IFRS 19) | <p>B9 An entity shall either present in the statement of financial position or <b>disclose in the notes further subclassifications of these line items:</b></p> <ul style="list-style-type: none"> <li>(a) items of property, plant and equipment are disaggregated into classes in accordance with IAS 16 <i>Property, Plant and Equipment</i>;</li> <li>(b) receivables are disaggregated into amounts receivable from trade customers, receivables from related parties, prepayments and other amounts;</li> <li>(c) inventories are disaggregated, in accordance with IAS 2 <i>Inventories</i>, into classifications such as merchandise, production supplies, materials, work in progress and finished goods;</li> <li>(d) trade payables are disaggregated, in accordance with IAS 7 <i>Statement of Cash Flows</i>, to provide separately the amounts of those payables that are part of supplier finance arrangements;</li> <li>(e) provisions are disaggregated into provisions for employee benefits and other items; and</li> <li>(f) equity capital and reserves are disaggregated into various classes, such as paid-in capital, share premium and reserves.</li> </ul> | <p>44 An entity shall disclose, either in the statement of financial position or in the notes, further subclassifications of the line items presented, classified in a manner appropriate to the entity's operation. This includes for <b>example:</b></p> <ul style="list-style-type: none"> <li>(a) property, plant and equipment in classifications appropriate to the entity;</li> <li>(b) trade and other receivables showing separately amounts due from related parties, amounts due from other parties and <b>contract assets from contracts with customers</b>;</li> <li>(c) inventories, showing separately amounts of inventories: <ul style="list-style-type: none"> <li>(i) held for sale in the ordinary course of business;</li> <li>(ii) in the process of production for such sale; and</li> <li>(iii) in the form of materials or supplies to be consumed in the production process or in the rendering of services.</li> </ul> </li> <li>(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;</li> <li>(e) provisions for employee benefits and other provisions; and</li> <li>(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.</li> </ul> <p>[Based on <i>IFRS for SMEs</i> Standard paragraph 4.11]</p> <p><b>Explanatory notes:</b> IFRS 19 appears to require subclassification into the line items listed in paragraph B9. In contrast, AASB 1060 (and AASB 101) simply lists examples of subclassifications.</p> <p>Also note the slightly different wording on each item listed in paragraph B9 of IFRS 19 and paragraph 44 of AASB 1060. For example, contract assets from customers, which are different to amounts receivable.</p> |
| IAS 1<br>(Appendix B of IFRS 19) | <p>B10 An entity shall either present in the statement of financial position or the statement of changes in equity, or disclose in the notes:</p> <p>...</p>   | <p>45 An entity with share capital shall disclose the following, either in the statement of financial position or in the notes:</p> <p>...</p>  |



| Table 2.3.2 – Different disclosures |   |  |
|-------------------------------------|---|--|
| IFRS 19 Subheadings                 | IFRS 19 (as amended to August 2025)   | AASB 1060  |
|                                     | (b) a description of the nature and <b>purpose</b> of each reserve within equity.   | (b) a description of each reserve within equity.<br><b>Explanatory notes:</b> Disclosure of purpose of each reserve is not required under AASB 1060.   |
| IAS 1<br>(Appendix B of IFRS 19)    | B12 An entity shall either present in the statement of changes in equity or in the notes the amount of dividends recognised as distributions to owners during the period (in aggregate or per share), <b>separately for ordinary shares and other shares</b> .  | 60 The statement of changes in equity presents an entity's profit or loss for a reporting period, other comprehensive income for the period, the effects of changes in accounting policies and corrections of errors recognised in the period and the amounts of investments by, and dividends and other distributions to, owners in their capacity as owners during the period.<br><b>Explanatory notes:</b> Paragraph 60 of AASB 1060 has some similarities to paragraph B12 of IFRS 19. AASB 1060 only requires disclosure of dividends and other distributions to owners, but not separately for ordinary shares and other shares. |
| IAS 1<br>(Appendix B of IFRS 19)    | B14 An entity shall disclose, along with material accounting policy information or other notes, the judgements, apart from those involving estimations (see paragraph B15), that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements. <b>Examples of judgements that an entity may be required to disclose include those determining:</b><br><br>(a) appropriate classes of assets and liabilities for which disclosures about fair value measurements are provided;<br>(b) that the entity has control of another entity;<br>(c) that the entity has joint control of an arrangement or significant influence over another entity;<br>(d) the type of joint arrangement (that is, a joint operation or joint venture) when the arrangement has been structured through a separate vehicle; and<br>(e) that the entity is an investment entity. | 96 An entity shall disclose, in the material accounting policy information or other notes, the judgements, apart from those involving estimations (see paragraph 97), that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.<br><b>Explanatory notes:</b> Examples of judgements not included in AASB 1060 as they are considered guidance, as explained in paragraph BC55 to AASB 1060.  |
| IAS 1<br>(Appendix B of IFRS 19)    | <b>Disclosure requirements in IAS 1 that remain applicable</b><br>B19 An entity shall apply the disclosure requirements in paragraphs 15, 17(c), 25, 31, 36, 51, 53, 92, 94, 99, 103, 106(d), 110, 112 and 113 of IAS 1.  | 61 The statement of changes in equity includes the following information:<br><br>...<br><br>(c) for each component of equity, a reconciliation between the carrying amount at the beginning and the end of the period, separately disclosing changes resulting from:   |

| Table 2.3.2 – Different disclosures |   |   |
|-------------------------------------|---|---|
| IFRS 19 Subheadings                 | IFRS 19 (as amended to August 2025)   | AASB 1060   |
|                                     | <p><b>[Taken from IAS 1]</b></p> <p>106 An entity shall present a statement of changes in equity as required by paragraph 10. The statement of changes in equity includes the following information:</p> <p>...</p> <p>(d) for each component of equity, a reconciliation between the carrying amount at the beginning and the end of the period, separately (as a minimum) disclosing changes resulting from:</p> <ul style="list-style-type: none"> <li>(i) profit or loss;</li> <li>(ii) other comprehensive income; and</li> <li>(iii) transactions with owners in their capacity as owners, showing separately contributions by and distributions to owners and changes in ownership interests in subsidiaries that do not result in a loss of control.</li> </ul> | <ul style="list-style-type: none"> <li>(i) profit or loss;</li> <li>(ii) other comprehensive income; and</li> <li>(iii) the amounts of investments by, and dividends and other distributions to, owners in their capacity as owners, showing separately issues of shares, treasury share transactions, dividends and other distributions to owners and changes in ownership interests in subsidiaries that do not result in a loss of control.</li> </ul> <p><b>Explanatory notes:</b> Note the slightly different wording of item listed in paragraph 106(d)(iii) of IAS 1 and paragraph 61(c)(iii) of AASB 1060. AASB 1060 appears to require more disaggregated information.</p> |

## Appendix 2.3.A IFRS 19 disclosure requirements that are not in AASB 1060 but could be included as a result of the *IFRS for SMEs* review

Table 2.3.3 shows IFRS 19 disclosure requirements that currently are not included in AASB 1060 but which could be included in AASB 1060 based on the review of disclosure requirements in the *IFRS for SMEs* Accounting Standard in Section 2, Topic 1 of this ITC. If those changes are made, there would be no further difference between IFRS 19 and AASB 1060 in relation to those disclosure requirements.

| Table 2.3.3 – IFRS 19 disclosure requirements that are not in AASB 1060 but could be included as a result of the <i>IFRS for SMEs</i> review |  |   |
|--|--|---|
| IFRS 19 Subheading   | IFRS 19 (as amended to August 2025)  | AASB 1060   |
| IFRS 13  | <p>95 An entity shall disclose, for each class of assets and liabilities (see paragraph 94 of IFRS 13 for information on determining appropriate classes of assets and liabilities) measured at fair value (including measurements based on fair value within the scope of IFRS 13) in the statement of financial position after initial recognition:</p> <ul style="list-style-type: none"> <li>(a) for recurring and non-recurring fair value measurements, the fair value measurement at the end of the reporting period;</li> <li>(b) for recurring and non-recurring fair value measurements, the level of the fair value hierarchy within which the fair value measurements are categorised in their entirety (Level 1, 2 or 3);</li> <li>(c) for recurring and non-recurring fair value measurements categorised within Level 2 and Level 3 of the fair value hierarchy, a description of the valuation technique(s) and of the inputs used in the fair value measurement; and</li> <li>(d) for recurring fair value measurements categorised within Level 3 of the fair value hierarchy: <ul style="list-style-type: none"> <li>(i) total gains or losses for the period recognised in profit or loss, and the line item(s) in profit or loss in which those gains or losses are recognised; and</li> <li>(ii) total gains or losses for the period recognised in other comprehensive income, and the line item(s) in other comprehensive income in which those gains or losses are recognised.</li> </ul> </li> </ul> | <p><b>Basic Financial Instruments</b></p> <p>115 For all financial assets and financial liabilities measured at fair value, the entity shall disclose the <b>basis for determining fair value</b>, for example, quoted market price in an active market or a valuation technique. When a valuation technique is used, the entity shall <b>disclose the assumptions applied</b> in determining fair value for each class of financial assets or financial liabilities. For example, if applicable, an entity discloses information about the assumptions relating to prepayment rates, rates of estimated credit losses, and interest rates or discount rates. [<i>IFRS for SMEs</i> Standard paragraph 11.43]</p> <p><b>Investment Property at Fair Value</b></p> <p>132 An entity shall disclose the following for all investment property accounted for at fair value through profit or loss (paragraph 33 of AASB 140 <i>Investment Property</i>):</p> <ul style="list-style-type: none"> <li>(a) the <b>methods and significant assumptions applied</b> in determining the fair value of investment property;</li> </ul> <p>...</p> <p>[<i>IFRS for SMEs</i> Standard paragraph 16.10]</p> <p><b>Property, Plant and Equipment and Investment Property at Cost</b></p> <p>136 If items of property, plant and equipment are stated at revalued amounts, an entity shall disclose the following:</p> <p>...</p> <ul style="list-style-type: none"> <li>(c) the <b>methods and significant assumptions applied</b> in estimating the items' fair values; and</li> </ul> <p>... [Based on <i>IFRS for SMEs</i> Standard paragraph 17.33]</p> |

| Table 2.3.3 – IFRS 19 disclosure requirements that are not in AASB 1060 but could be included as a result of the <i>IFRS for SMEs</i> review |                                     |  |
|--|-------------------------------------|--|
| IFRS 19 Subheading   | IFRS 19 (as amended to August 2025) | AASB 1060  |
|  |                                     | <p><b>Biological Assets</b></p> <p>204 An entity shall disclose the following with respect to its biological assets measured at fair value:</p> <p>...</p> <p>(b) the methods and significant assumptions applied in determining the fair value of each category of agricultural produce at the point of harvest and each category of biological assets.</p> <p>... [<i>IFRS for SMEs</i> Standard paragraph 34.7]</p> <p><b>Intangible Assets other than Goodwill</b></p> <p>140 If items of intangible assets are stated at revalued amounts, an entity shall disclose the following:</p> <p>...</p> <p>(c) the methods and significant assumptions applied in estimating the items' fair values; and</p> <p>...</p> <p><b>Explanatory notes:</b> AASB 1060 does not have disclosure requirements corresponding to AASB 13 <i>Fair Value</i>. Instead, for the various asset types where fair value could be used, AASB 1060 has specific disclosure requirements to disclose the methods and significant assumptions applied.</p> <p>The 2025 <i>IFRS for SMEs</i> Accounting Standard introduced Section 12 <i>Fair Value Measurement</i>, and removed the specific requirements from paragraphs 11.43, 16.10(a), 17.33(c) and 34.7(c). The new disclosure requirements for assets and liabilities measured at fair value are in section 12, paragraphs 12.28 to 12.31. The AASB recommends updating AASB 1060 to align with the 2025 <i>IFRS for SMEs</i> Accounting Standard, which would mean the removal of paragraphs 115, 132(a), 136(c), 204(b) and 140(c) of AASB 1060. Refer to Section 2, Topic 1 of this ITC for more information on the AASB's proposal to align AASB 1060 with the 2025 <i>IFRS for SMEs</i> Accounting Standard Section 12 <i>Fair Value Measurement</i>.</p> <p>If AASB 1060 is updated, then there will be no difference between paragraph 95 of IFRS 19 and the AASB 1060 equivalent of paragraphs 12.28 to 12.31 of the 2025 <i>IFRS for SMEs</i> Accounting Standard.</p> |

| Table 2.3.3 – IFRS 19 disclosure requirements that are not in AASB 1060 but could be included as a result of the <i>IFRS for SMEs</i> review |  |  |
|--|--|--|
| IFRS 19 Subheading   | IFRS 19 (as amended to August 2025)  | AASB 1060  |
| IFRS 13  | 97 An entity shall present the quantitative disclosures required by paragraph 95 in a table unless another format is more appropriate.   | <p>No similar requirement in AASB 1060.</p> <p><b>Explanatory notes:</b> The 2025 <i>IFRS for SMEs</i> Accounting Standard introduced Section 12 for Fair Value, paragraph 12.32 states:</p> <p><i>An entity shall present the quantitative disclosures required by paragraphs 12.28–12.31 in a table unless another format would be more useful.</i></p> <p>The AASB recommends updating AASB1060 to align with the 2025 <i>IFRS for SMEs</i> Accounting Standard.</p> <p>If AASB 1060 is updated, then the requirement to present quantitative disclosures in a table in paragraph 97 of IFRS 19 will match the AASB 1060 equivalent of paragraph 12.32.</p>   |
| IFRS 15  | 106 Unless presented separately in the statement of comprehensive income in accordance with other IFRS Accounting Standards, an entity shall disclose any impairment losses recognised for the reporting period (in accordance with IFRS 9) on any receivables or contract assets arising from an entity’s contracts with customers, which the entity shall disclose separately from impairment losses from other contracts. | <p>No similar requirement in AASB 1060.</p> <p><b>Explanatory notes:</b> The 2025 <i>IFRS for SMEs</i> Accounting Standard amended Section 23 <i>Revenue from Contracts with Customers</i>. The new subparagraph 23.83(b) states:</p> <p><i>If not otherwise separately presented or disclosed, an entity shall disclose:</i></p> <p>...</p> <p>(b) total impairment losses recognised on trade receivables and contract assets during the reporting period by applying Section 11.</p> <p>The AASB recommends amending AASB 1060 by replacing the current revenue section in AASB 1060 with paragraphs 23.82 to 23.88 from the 2025 <i>IFRS for SMEs</i> Accounting Standard, as proposed in Section 2, Topic 1 of this ITC.</p> <p>If AASB 1060 is updated, then the disclosure requirement in paragraph 106 of IFRS 19 will match the AASB 1060 equivalent of subparagraph 23.83(b) from the 2025 <i>IFRS for SMEs</i> Accounting Standard.</p> |
| IFRS 18  | 162 An entity shall disclose in the notes:<br><br>(a) the amount of dividends proposed or declared before the financial statements were authorised for issue but not recognised as a distribution to owners during the reporting period, and the related amount per share; and   | <p>No similar requirement in AASB 1060.</p> <p><b>Explanatory notes:</b> The AASB recommends amending AASB 1060 to include paragraph 6.6 of the 2025 <i>IFRS for SMEs</i> Accounting Standard, as proposed in Section 2, Topic 1 of this ITC. Paragraph 6.6 states:</p> <p><i>An entity shall disclose in the notes:</i></p>   |

| Table 2.3.3 – IFRS 19 disclosure requirements that are not in AASB 1060 but could be included as a result of the <i>IFRS for SMEs</i> review |  |   |
|--|--|---|
| IFRS 19 Subheading   | IFRS 19 (as amended to August 2025)  | AASB 1060   |
|  | (b) the amount of any cumulative preference dividends not recognised.  | <p>(a) <i>the amount of dividends proposed or declared before the financial statements were authorised for issue but not recognised as a distribution to owners during the reporting period, and the related amount per share; and</i></p> <p>(b) <i>the amount of any cumulative preference dividends not recognised.</i></p> <p>If AASB 1060 is updated, then the disclosure requirements in IFRS 19 and AASB 1060 will be the same.</p>  |
| IAS 7  | <p><b>Changes in liabilities arising from financing activities</b></p> <p>166 An entity shall disclose a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities, including:</p> <ul style="list-style-type: none"> <li>(a) changes from financing cash flows;</li> <li>(b) changes arising from obtaining or losing control of subsidiaries or other businesses;</li> <li>(c) the effect of changes in foreign exchange rates;</li> <li>(d) changes in fair values; and</li> <li>(e) other changes.</li> </ul> | <p>No similar requirement in AASB 1060.</p> <p><b>Explanatory notes:</b> The AASB recommends amending AASB 1060 to include paragraph 7.19A of the 2025 <i>IFRS for SMEs</i> Accounting Standard, as proposed in Section 2, Topic 1 of this ITC. Paragraph 7.19A states:</p> <p><i>An entity shall disclose a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the statement of cash flows as cash flows from financing activities. The reconciliation shall include:</i></p> <ul style="list-style-type: none"> <li>(a) <i>changes from financing cash flows;</i></li> <li>(b) <i>changes arising from obtaining or losing control of subsidiaries or other businesses;</i></li> <li>(c) <i>the effect of changes in foreign exchange rates;</i></li> <li>(d) <i>changes in fair values; and</i></li> <li>(e) <i>other changes.</i></li> </ul> <p>If AASB 1060 is updated, then the disclosure requirement in paragraph 166 of IFRS 19 will match the AASB 1060 equivalent of paragraph 7.19A from the 2025 <i>IFRS for SMEs</i> Accounting Standard.</p> |
| IAS 19   | <p><b>Post-employment benefits: defined benefit plans</b></p> <p>204 An entity shall assess whether all or some disclosures required by paragraphs 205–215 should be <i>disaggregated to distinguish plans or groups of plans with materially different risks.</i></p>   | <p>173 An entity shall disclose the following information about defined benefit plans (except for any defined multi-employer benefit plans that are accounted for as a defined contribution plans in accordance with paragraph 34 of AASB 119, for which the disclosures in paragraph 172 apply instead). If an entity has more than one defined benefit plan, these disclosures may be made in total, separately for each plan, or in such <i>groupings as are considered to be the most useful:</i></p>   |

**Table 2.3.3 – IFRS 19 disclosure requirements that are not in AASB 1060 but could be included as a result of the *IFRS for SMEs* review**

| IFRS 19 Subheading | IFRS 19 (as amended to August 2025)   | AASB 1060   |
|--------------------|---|---|
|                    | <p>206 An entity shall provide a reconciliation (comparative information is not required) from the opening balance to the closing balance for each of the following, if applicable:</p> <ul style="list-style-type: none"> <li>(a) the net defined benefit liability (asset), showing separate reconciliations for: <ul style="list-style-type: none"> <li>(i) plan assets; and</li> <li>(ii) the present value of the defined benefit obligation; and</li> </ul> </li> <li>(b) any reimbursement rights.</li> </ul> <p>207 Each reconciliation listed in paragraph 206 shall show, if applicable:</p> <ul style="list-style-type: none"> <li>(a) <b>current service cost</b>;</li> <li>(b) <b>interest income or expense</b>;</li> <li>(c) <b>remeasurements of the net defined benefit liability (asset), showing separately the return on plan assets, excluding amounts included in interest in (b)</b>;</li> <li>(d) <b>past service cost</b>;</li> <li>(e) contributions to the plan; and</li> <li>(f) payments from the plan.</li> </ul> | <p>...</p> <ul style="list-style-type: none"> <li>(b) a reconciliation of opening and closing balances of the defined benefit obligation showing separately benefits paid and <b>all other changes</b>;</li> <li>(c) a reconciliation of the opening and closing balances of the fair value of plan assets and of the opening and closing balances of any reimbursement right recognised as an asset, showing separately, if applicable: <ul style="list-style-type: none"> <li>(i) contributions;</li> <li>(ii) benefits paid; and</li> <li>(iii) <b>other changes in plan assets</b>;</li> </ul> </li> <li>(d) the <b>total cost</b> relating to defined benefit plans for the period;</li> </ul> <p>...</p> <ul style="list-style-type: none"> <li>(g) the <b>actual return on plan assets</b>; and</li> </ul> <p>...</p> <p>The reconciliations in (b) and (c) need not be presented for prior periods. ...</p> <p>[Based on <i>IFRS for SMEs</i> Standard paragraph 28.41]</p> <p><b>Explanatory notes:</b> IFRS 19 requires more details to be disclosed in the reconciliation of the defined benefit liability and plan assets, whereas AASB 1060 permits disclosure of an aggregate ‘total cost’ (rather than current and past service cost) and ‘other changes’. IFRS 19 further requires entities to disaggregate the disclosures to distinguish plans or groups of plans with materially different risks, which is more specific than the requirement of disclosing most useful groupings.</p> <p>The IASB amended paragraph 28.41 of the <i>IFRS for SMEs</i> Accounting Standard in its third edition. As a result, the AASB proposes various updates to paragraph 173 of AASB 1060. The relevant paragraphs affected by these proposals are:</p> <ul style="list-style-type: none"> <li>• amend paragraph 173(b) of AASB 1060 to align with paragraph 28.41(e) of the 2025 <i>IFRS for SMEs</i> Accounting Standard – but using the terminology from AASB 119 due to the R&amp;M differences between AAS and the <i>IFRS for SMEs</i> Accounting Standard;</li> <li>• amend paragraph 173(c) of AASB 1060 to align with paragraph 28.41(f) of the 2025 <i>IFRS for SMEs</i> Accounting Standard; and</li> </ul> |

| Table 2.3.3 – IFRS 19 disclosure requirements that are not in AASB 1060 but could be included as a result of the <i>IFRS for SMEs</i> review |                                     |  |
|--|-------------------------------------|--|
| IFRS 19 Subheading   | IFRS 19 (as amended to August 2025) | AASB 1060  |
|  |                                     | <ul style="list-style-type: none"> <li>delete paragraphs 173(d) and (g) to align with deletion of paragraphs 28.41(g) and (j) of the 2025 <i>IFRS for SMEs</i> Accounting Standard.</li> </ul> <p>Partial extract of paragraph 28.41 of the 2025 <i>IFRS for SMEs</i> Accounting Standard:</p> <p><i>Except for any defined benefit multi-employer or state plan that is accounted for as a defined contribution plan in accordance with paragraph 28.11 (and to which paragraph 28.40 applies), an entity shall disclose the following information about defined benefit plans:</i></p> <p>...</p> <p>(e) <i>a reconciliation of opening and closing balances of the defined benefit obligation showing separately, if applicable:</i></p> <p>(i) <i>the change in the defined benefit liability arising from employee service rendered during the reporting period;</i></p> <p>(ii) <i>the interest on the defined benefit obligation during the reporting period;</i></p> <p>(iii) <i>actuarial gains and losses arising in the reporting period;</i></p> <p>(iv) <i>the changes resulting from introducing a new plan or changing an existing plan in the reporting period;</i></p> <p>(v) <i>the benefits paid; and</i></p> <p>(vi) <i>all other changes;</i></p> <p>(f) <i>a reconciliation of the opening and closing balances of the plan assets and of the opening and closing balances of any reimbursement right recognised as an asset, showing separately, when applicable:</i></p> <p>(i) <i>contributions;</i></p> <p>(ii) <i>benefits paid;</i></p> <p>(iia) <i>the return on plan assets and the net change in the fair value of recognised reimbursement rights (see paragraph 28.28) during the reporting period; and</i></p> <p>(iii) <i>other changes in plan assets;</i></p> <p>(g) <i>[deleted]</i></p> |



**Table 2.3.3 – IFRS 19 disclosure requirements that are not in AASB 1060 but could be included as a result of the *IFRS for SMEs* review**

| IFRS 19 Subheading | IFRS 19 (as amended to August 2025)  | AASB 1060   |
|--------------------|--|---|
|                    |  | <p>...</p> <p>(j) <i>[deleted]</i></p> <p>...</p> <p>For the full list of proposed updates to paragraph 173 of AASB 1060 as result of the amendments made in the 2025 <i>IFRS for SMEs</i> Accounting Standard, refer to Section 2, Topic 1 of this ITC.</p> <p>If AASB 1060 is updated, then the disclosure requirements in paragraphs 206 and 207 of IFRS 19 will be largely the same as the AASB 1060 equivalent of paragraph 28.41 from the 2025 <i>IFRS for SMEs</i> Accounting Standard, except for subparagraph 107(c) of IFRS 19 which requires the disclosure of the return on plan assets, excluding amounts included in interest income.</p>                                       |
| IAS 19             | 215 Where required by paragraphs 259 and 261–262, an entity shall disclose information about contingent liabilities arising from post-employment benefit obligations.  | <p>No similar requirement in AASB 1060.</p> <p><b>Explanatory notes:</b> The AASB recommends amending AASB 1060 to include paragraph 28.41E of the 2025 <i>IFRS for SMEs</i> Accounting Standard, as proposed in Section 2, Topic 1 of this ITC. Paragraph 28.41E state:</p> <p><i>If required by Section 21, an entity discloses information about contingent liabilities arising from post-employment benefit obligations.</i></p> <p>If AASB 1060 is updated, then the disclosure requirements in paragraph 215 of IFRS 19 will be the same as the AASB 1060 equivalent of paragraph 28.41E from the 2025 <i>IFRS for SMEs</i> Accounting Standard.</p>                                    |
| IAS 21             | <p><b>Disclosure when a currency is not exchangeable</b></p> <p>221 When an entity estimates a spot exchange rate because a currency is not exchangeable into another currency (see paragraph 19A of IAS 21), the entity shall disclose the information required by paragraphs 223–224.</p> <p>222 [Deleted]</p> <p>223 An entity shall disclose:</p> <p>(a) the currency and a description of the restrictions that result in that currency not being exchangeable into the other currency;</p> | <p>No similar requirement in AASB 1060.</p> <p><b>Explanatory notes:</b> The AASB recommends amending AASB 1060 to include paragraphs 30.28 and 30.29 of the 2025 <i>IFRS for SMEs</i> Accounting Standard, as proposed in Section 2, Topic 1 of this ITC. Paragraphs 30.28 and 30.29 state:</p> <p><i>30.28 When an entity estimates a spot exchange rate because a currency is not exchangeable into another currency (see paragraph 30.5A), the entity shall disclose:</i></p> <p>(a) <i>the currency and a description of the restrictions that result in that currency not being exchangeable into the other currency;</i></p> <p>(b) <i>a description of affected transactions;</i></p> |

**Table 2.3.3 – IFRS 19 disclosure requirements that are not in AASB 1060 but could be included as a result of the *IFRS for SMEs* review**

| IFRS 19 Subheading | IFRS 19 (as amended to August 2025)  | AASB 1060   |
|--------------------|--|---|
|                    | <p>(b) a description of affected transactions;</p> <p>(c) the carrying amount of affected assets and liabilities;</p> <p>(d) the spot exchange rates used and whether those rates are:</p> <p>(i) observable exchange rates without adjustment (see paragraphs A12–A16 of IAS 21); or</p> <p>(ii) spot exchange rates estimated using another estimation technique (see paragraph A17 of IAS 21);</p> <p>(e) a description of any estimation technique the entity has used, and qualitative and quantitative information about the inputs and assumptions used in that estimation technique; and</p> <p>(f) <b>qualitative information about each type of risk to which the entity is exposed because the currency is not exchangeable into the other currency, and the nature and carrying amount of assets and liabilities exposed to each type of risk.</b></p> <p>224 When a foreign operation’s functional currency is not exchangeable into the presentation currency or, if applicable, the presentation currency is not exchangeable into a foreign operation’s functional currency, an entity shall also disclose:</p> <p>(a) the name of the foreign operation; whether the foreign operation is a subsidiary, joint operation, joint venture, associate or branch; and its principal place of business;</p> <p>(b) summarised financial information about the foreign operation; and</p> <p>(c) the nature and terms of any contractual arrangements that could require the entity to provide financial support to the foreign operation, including events or circumstances that could expose the entity to a loss.</p> | <p>(c) <i>the carrying amount of affected assets and liabilities;</i></p> <p>(d) <i>the spot exchange rates used and whether those rates are:</i></p> <p>(i) <i>observable exchange rates without adjustment (see paragraphs 30A.13–30A.17); or</i></p> <p>(ii) <i>spot exchange rates estimated using another estimation technique (see paragraph 30A.18); and</i></p> <p>(e) <i>information about the estimation process, including qualitative and quantitative information about the inputs and assumptions used.</i></p> <p>30.29 <i>When a foreign operation’s functional currency is not exchangeable into an entity’s presentation currency or the presentation currency is not exchangeable into a foreign operation’s functional currency, an entity shall disclose:</i></p> <p>(a) <i>the name of the foreign operation;</i></p> <p>(b) <i>whether the foreign operation is a subsidiary, jointly controlled entity, associate or branch;</i></p> <p>(c) <i>the foreign operation’s principal place of business;</i></p> <p>(d) <i>summarised financial information about the foreign operation; and</i></p> <p>(e) <i>the nature and terms of any contractual arrangements that could require the entity to provide financial support to the foreign operation, including events or circumstances that could expose the entity to a loss.</i></p> <p>With the exception of subparagraph 223(f) of IFRS 19, the disclosure requirement in paragraphs 221 to 224 of IFRS 19 will match the updated AASB 1060’s equivalent of paragraphs 30.28 and 30.29 from the 2025 <i>IFRS for SMEs</i> Accounting Standard.</p> |
| IAS 24             | <p>230 If an entity has had related party transactions during the reporting periods covered by the financial statements, it shall disclose the nature of the related party relationship as well as information about those transactions and outstanding balances, including commitments, necessary for users to understand the potential effect of the</p>   | <p>198 If an entity has related party transactions, it shall disclose the nature of the related party relationship as well as information about the transactions, outstanding balances and commitments necessary for an understanding of the potential effect of the relationship on the financial statements. Those disclosure requirements are in addition to the requirements</p>  |

**Table 2.3.3 – IFRS 19 disclosure requirements that are not in AASB 1060 but could be included as a result of the *IFRS for SMEs* review**

| IFRS 19 Subheading | IFRS 19 (as amended to August 2025)   | AASB 1060  |
|--------------------|---|--|
|                    | <p>relationship on the financial statements. These disclosure requirements are in addition to paragraph 227. At a minimum, disclosures shall include:</p> <ul style="list-style-type: none"> <li>(a) the amount of the transactions;</li> <li>(b) the amount of outstanding balances, including commitments, and: <ul style="list-style-type: none"> <li>(i) their terms and conditions, including whether they are secured and the nature of the consideration to be provided in settlement; and</li> <li>(ii) details of any guarantees given or received;</li> </ul> </li> <li>(c) provisions for doubtful debts related to the amount of outstanding balances; and</li> <li>(d) the expense recognised during the period in respect of bad or doubtful debts due from related parties.</li> </ul> | <p>in paragraph 194 to disclose key management personnel compensation. At a minimum, disclosures shall include:</p> <p>...</p> <ul style="list-style-type: none"> <li>(b) the amount of outstanding balances and: <ul style="list-style-type: none"> <li>(i) their terms and conditions, including whether they are secured and the nature of the consideration to be provided in settlement; and</li> <li>(ii) details of any guarantees given or received;</li> </ul> </li> </ul> <p>...</p> <p>Such transactions could include purchases, sales or transfers of goods or services; leases; guarantees; and settlements by the entity on behalf of the related party or vice versa. [<i>IFRS for SMEs</i> Standard paragraph 33.9]</p> <p><b>Explanatory notes:</b> AASB 1060 is missing the reference to “commitments”. <i>IFRS for SMEs</i> paragraph 33.9(b) has been amended in the 2025 <i>IFRS for SMEs</i> Accounting Standard to include “commitments”, which now states:</p> <ul style="list-style-type: none"> <li>(b) <i>the amount of outstanding balances, including commitments and:</i> <ul style="list-style-type: none"> <li>(i) <i>their terms and conditions, including whether they are secured and the nature of the consideration to be provided in settlement; and</i></li> <li>(ii) <i>details of any guarantees given or received.</i></li> </ul> </li> </ul> <p>The AASB suggests amending AASB 1060 to align with the third edition of the <i>IFRS for SMEs</i> Accounting Standard.</p> <p>If AASB 1060 is updated, then the disclosure requirements in paragraph 230 of IFRS 19 will be the same as the AASB 1060 equivalent of paragraph 33.9(b) from the 2025 <i>IFRS for SMEs</i> Accounting Standard.</p> |
| IAS 24             | <p>233 If an entity applies the exemption in paragraph 232, it shall disclose the following about the transactions and related outstanding balances referred to in paragraph 232:</p> <ul style="list-style-type: none"> <li>(a) the name of the government and the nature of its relationship with the reporting entity (control, joint control or significant influence).</li> </ul>  | <p>200 An entity is exempt from the disclosure requirements of paragraph 198 in relation to:</p> <ul style="list-style-type: none"> <li>(a) a state (a national, regional or local government) that has control, joint control or significant influence over the reporting entity; and</li> <li>(b) another entity that is a related party because the same state has control, joint control or significant influence over both the reporting entity and the other entity.</li> </ul>  |

**Table 2.3.3 – IFRS 19 disclosure requirements that are not in AASB 1060 but could be included as a result of the *IFRS for SMEs* review**

| IFRS 19 Subheading | IFRS 19 (as amended to August 2025)   | AASB 1060  |
|--------------------|---|--|
|                    | <p>(b) the following information in sufficient detail to enable users of the entity's financial statements to understand the effect of related party transactions on its financial statements:</p> <p>(i) the nature and amount of each individually significant transaction.</p> <p>(ii) for other transactions that are collectively, but not individually, significant, a qualitative or quantitative indication of their extent. Types of transactions include those listed in paragraph 234.</p>   | <p>However, the entity must still disclose a parent-subsidiary relationship as required by paragraph 192. [<i>IFRS for SMEs</i> Standard paragraph 33.11]</p> <p><b>Explanatory notes:</b> AASB 1060 only requires disclosure of a parent-subsidiary relationship (i.e. only where the government controls the entity). IFRS 19 also requires disclosures where there is joint control or significant influence.</p> <p>The third edition of the <i>IFRS for SMEs</i> Accounting Standard added a new paragraph 33.15 that aligns with paragraph 233 of IFRS 19. The AASB suggests amending AASB 1060 to align with the 2025 <i>IFRS for SMEs</i> Accounting Standard, as proposed in Section 2, Topic 1 of this ITC.</p> <p>If AASB 1060 is updated, then the disclosure requirements in paragraph 233 of IFRS 19 will be the same as the AASB 1060 equivalent of paragraph 33.15 from the 2025 <i>IFRS for SMEs</i> Accounting Standard.</p>   |
| IAS 27             | <p>238 When a parent, in accordance with paragraph 4(a) of IFRS 10, elects not to prepare consolidated financial statements and instead prepares separate financial statements, it shall disclose in those separate financial statements:</p> <p>(a) the fact that the financial statements are separate financial statements; that the exemption from consolidation has been used; the name and principal place of business (and country of incorporation, if different) of the entity whose consolidated financial statements that comply with IFRS Accounting Standards have been produced for public use; and the address where those consolidated financial statements are obtainable; and</p> <p>(b) a description of the method used to account for its investments in subsidiaries, joint ventures and associates.</p> <p>240 When a parent (other than a parent covered by paragraphs 238–239) or an investor with joint control of, or significant influence over, an investee prepares separate financial statements, the parent or investor shall identify the financial statements prepared in accordance with IFRS 10, IFRS 11 <i>Joint Arrangements</i> or IAS 28 <i>Investments in Associates and Joint Ventures</i> to which they relate. The parent or investor shall also disclose in its separate financial statements:</p> | <p>105 When a parent, an investor in an associate or a venturer with an interest in a joint venture prepares separate financial statements, those separate financial statements shall disclose:</p> <p>(a) that the statements are separate financial statements; and</p> <p>(b) a description of the methods used to account for the investments in subsidiaries, joint ventures and associates,</p> <p>and shall identify the consolidated financial statements or other primary financial statements to which they relate. [<i>IFRS for SMEs</i> Standard paragraph 9.27]</p> <p><b>Explanatory notes:</b> IFRS 19 has two separate disclosure requirements:</p> <ol style="list-style-type: none"> <li>1 for separate financial statements that are prepared because the parent entity applies relief from preparing consolidated financial statements; and</li> <li>2 for separate financial statements that are prepared in addition to consolidated financial statements.</li> </ol> <p>AASB 1060 currently do not distinguish between the two sets of circumstances.</p> <p>The 2025 <i>IFRS for SMEs</i> Accounting Standard added subparagraph (c) to paragraph 9.27 which requires different disclosures about the consolidated financial statements.</p> <p>(c) either:</p> <ol style="list-style-type: none"> <li>(i) the consolidated financial statements or other financial statements to which they relate; or</li> </ol> |

| Table 2.3.3 – IFRS 19 disclosure requirements that are not in AASB 1060 but could be included as a result of the <i>IFRS for SMEs</i> review |   |  |
|--|---|--|
| IFRS 19 Subheading   | IFRS 19 (as amended to August 2025)   | AASB 1060  |
|  | <ul style="list-style-type: none"> <li>(a) the fact that the statements are separate financial statements; and</li> <li>(b) a description of the method used to account for its investments in subsidiaries, joint ventures and associates.</li> </ul>  | <p>(ii) <i>if the entity has elected not to prepare consolidated financial statements in accordance with paragraph 9.3, the name and principal place of business (and country of incorporation, if different) of the entity whose consolidated financial statements comply with full IFRS Accounting Standards or with this Standard.</i></p> <p>The AASB recommends updating AASB 1060 to align to the <i>IFRS for SMEs</i> Accounting Standard.</p> <p>If those changes are made, the only difference that would remain is the disclosure in paragraph 238 of IFRS 19 of the address where the consolidated financial statements are obtainable, which would not be required under AASB 1060.</p>  |
| IAS 1<br>(Appendix B of IFRS 19)   | <p><b>Other disclosures</b></p> <p>B17 An entity shall disclose in the notes:</p> <ul style="list-style-type: none"> <li>(a) the amount of dividends proposed or declared before the financial statements were authorised for issue but not recognised as a distribution to owners during the period, and the related amount per share; and</li> <li>(b) the amount of any cumulative preference dividends not recognised.</li> </ul> | <p>No similar requirement in AASB 1060.</p> <p><b>Explanatory notes:</b> Paragraph B17 of IFRS 19 (IAS 1 disclosure requirement) is the same as paragraph 162 of IFRS 19 (IFRS 18 disclosure requirement). The AASB recommends amending AASB 1060 to include paragraph 6.6 of the 2025 <i>IFRS for SMEs</i> Accounting Standard, as proposed in Section 2, Topic 1 of this ITC. Paragraph 6.6 states:</p> <p><i>An entity shall disclose in the notes:</i></p> <ul style="list-style-type: none"> <li>(a) <i>the amount of dividends proposed or declared before the financial statements were authorised for issue but not recognised as a distribution to owners during the reporting period, and the related amount per share; and</i></li> <li>(b) <i>the amount of any cumulative preference dividends not recognised.</i></li> </ul> <p>If AASB 1060 is updated, then the disclosure requirements in IFRS 19 and AASB 1060 will be the same.</p> |

## Appendix 2.3.B AASB 1060 disclosure requirements that are not in IFRS 19

Table 2.3.4 presents the disclosure requirements that are currently in AASB 1060 but not in IFRS 19.

| Table 2.3.4 – AASB 1060 disclosure requirements that are not in IFRS 19 (as amended to August 2025) |   |
|---|---|
| AASB 1060 Subheading  | AASB 1060   |
| Notes to the Financial Statements   | <p>Audit fees</p> <p>98 An entity shall disclose fees to each auditor or reviewer, including any network firm, separately for:</p> <ul style="list-style-type: none"> <li>(a) the audit or review of the financial statements; and</li> <li>(b) all other services performed during the reporting period.</li> </ul>  |
|   | <p>99 For paragraph 98, an entity shall describe the nature of other services.</p>  |
|   | <p>Imputation credits</p> <p>100 The term ‘imputation credits’ is used in paragraphs 101-103 to also mean ‘franking credits’. The disclosures required by paragraphs 101 and 103 shall be made separately in respect of any New Zealand imputation credits and any Australian imputation credits."</p>  |
|   | <p>101 An entity shall disclose the amount of imputation credits available for use in subsequent reporting periods.</p>   |
|   | <p>102 For the purposes of determining the amount required to be disclosed in accordance with paragraph 101, entities may have:</p> <ul style="list-style-type: none"> <li>(a) imputation credits that will arise from the payment of the amount of the provision for income tax;</li> <li>(b) imputation debits that will arise from the payment of dividends recognised as a liability at the reporting date; and</li> <li>(c) imputation credits that will arise from the receipt of dividends recognised as receivables at the reporting date.</li> </ul> |
|   | <p>103 Where there are different classes of investors with different entitlements to imputation credits, disclosures shall be made about the nature of those entitlements for each class where this is relevant to an understanding of them.</p>  |
| Consolidated and Separate Financial Statements  | <p>Disclosures in consolidated financial statements</p> <p>104 The following disclosures shall be made in consolidated financial statements:</p> <p>...</p>   |

| Table 2.3.4 – AASB 1060 disclosure requirements that are not in IFRS 19 (as amended to August 2025) |  |
|---|--|
| AASB 1060 Subheading  | AASB 1060  |
|   | <p>(b) the basis for concluding that control exists when the parent does not own, directly or indirectly through subsidiaries, more than half of the voting power;</p> <p>...</p>  |
| Accounting Policies, Estimates and Errors   | <p>107A In the reporting period in which an entity first applies AASB 2020-8 <i>Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2</i>, the entity is not required to disclose the information that would otherwise be required by paragraph 106(b) in respect of the accounting policy changes made in applying AASB 2020-8.</p> <p><b>Explanatory notes:</b> This exemption is no longer relevant, but included for completeness.</p>  |
| Investments in Associates   | <p>126 For investments in associates accounted for by the cost model, an investor shall disclose the amount of dividends and other distributions recognised as income. [<i>IFRS for SMEs</i> Standard paragraph 14.13]</p>   |
| Intangible Assets other than Goodwill   | <p>140 If items of intangible assets are stated at revalued amounts, an entity shall disclose the following:</p> <p>...</p> <p>(b) whether an independent valuer was involved;</p> <p>...</p>  |
| Leases  | <p>146A If a lessee applies the practical expedient in paragraph 46A of AASB 16, the lessee shall disclose:</p> <p>(a) that it has applied the practical expedient to all rent concessions that meet the conditions in AASB 16 paragraph 46B or, if not applied to all such rent concessions, information about the nature of the contracts to which it has applied the practical expedient (see AASB 16 paragraph 2); and</p> <p>(b) the amount recognised in profit or loss for the reporting period to reflect changes in lease payments that arise from rent concessions to which the lessee has applied the practical expedient in AASB 16 paragraph 46A.</p> <p>In the reporting period in which a lessee first applies the practical expedient in AASB 16 paragraph 46A, the lessee is not required to disclose the information that would otherwise be required by paragraph 106(b) in respect of the accounting policy changes made in applying the practical expedient.</p> <p><b>Explanatory notes:</b> Covid-specific exemption that is no longer relevant, but included for completeness.</p> |
| Employee Benefits   | <p>Disclosures about termination benefits</p> <p>174 For each category of termination benefits that an entity provides to its employees, the entity shall disclose the nature of the benefit, the amount of its obligation and the extent of funding at the reporting date. [<i>IFRS for SMEs</i> Standard paragraph 28.43]</p>  |

| Table 2.3.4 – AASB 1060 disclosure requirements that are not in IFRS 19 (as amended to August 2025) |  |
|---|--|
| AASB 1060 Subheading  | AASB 1060  |
|   | <p>175 When there is uncertainty about the number of employees who will accept an offer of termination benefits, a contingent liability exists. The section covering Provisions and Contingencies requires an entity to disclose information about its contingent liabilities unless the possibility of an outflow in settlement is remote. [<i>IFRS for SMEs</i> Standard paragraph 28.44].</p> <p><b>Explanatory notes:</b> In the 2025 <i>IFRS for SMEs</i> Accounting Standard, paragraph 28.44 has been deleted. The AASB suggests amending AASB 1060 to align with the third edition, as proposed in Section 2, Topic 1 of this ITC.</p> |
| Hyperinflation  | <p>184 An entity that applies AASB 129 shall also disclose whether the financial statements are based on a historical cost approach or a current cost approach.</p>  |



## Appendix 2.3.C Paragraphs in the introduction section of IFRS 19 that are not in AASB 1060

Table 2.3.5 includes the paragraphs in the introduction section of IFRS 19 that are not in AASB 1060.

| Table 2.3.5 – Paragraphs in the introduction section of IFRS 19 that are not in AASB 1060 |  |
|---|--|
| IFRS 19 Subheading  | Paragraph extract from IFRS 19 (as amended to August 2025)   |
| <b>Objective</b>  | 1 IFRS 19 <i>Subsidiaries without Public Accountability: Disclosures</i> specifies the disclosure requirements an entity is permitted to apply instead of the disclosure requirements in other IFRS Accounting Standards.  |
|   | <b>Meeting the objective</b>   |
|   | 2 An entity electing to apply this Standard applies the requirements in other IFRS Accounting Standards, except for the disclosure requirements. Instead, the entity applies the requirements in this Standard.  |
|   | 3 Therefore, unless specified otherwise (see paragraph 4), an entity applying this Standard need not apply the disclosure requirements in other IFRS Accounting Standards nor apply any statements about, or references to, those disclosure requirements. For example, paragraph 35 of IAS 12 <i>Income Taxes</i> contains requirements about the criteria for recognising a deferred tax asset arising from the carry forward of unused tax losses and tax credits. The paragraph ends with ‘in such circumstances, paragraph 82 requires disclosure of the amount of the deferred tax asset and the nature of the evidence supporting its recognition’. An entity that applies this Standard would not apply paragraph 82 of IAS 12. Such an entity need not apply the statement at the end of paragraph 35 of IAS 12 about paragraph 82. |
|   | 4 Notwithstanding paragraphs 2–3:  |
|   | <ul style="list-style-type: none"> <li>(a) disclosure requirements in other IFRS Accounting Standards that remain applicable to an entity applying this Standard are specified in this Standard.</li> <li>(b) if an entity applying this Standard applies IFRS 8 <i>Operating Segments</i>, IFRS 17 <i>Insurance Contracts</i> or IAS 33 <i>Earnings per Share</i>, it shall apply all the disclosure requirements in those Standards.</li> <li>(c) a new or amended IFRS Accounting Standard may include disclosure requirements about an entity’s transition to that Standard. Any relief available to an entity applying this Standard from disclosure requirements about the entity’s transition to that new or amended Standard will be set out in the new or amended IFRS Accounting Standard.</li> </ul>                              |
| <b>Scope</b>  | 5 In accordance with paragraph 19 of IFRS 18 <i>Presentation and Disclosure in Financial Statements</i> , an entity applying this Standard need not provide a specific disclosure required by this Standard if the information resulting from that disclosure would not be material.   |
|   | 6 An entity shall consider whether to provide additional disclosures when compliance with the specific requirements in this Standard is insufficient to enable users of financial statements to understand the effect of transactions and other events and conditions on the entity’s financial position and financial performance.  |
|   | 7 An entity may elect to apply this Standard in its consolidated, separate or individual financial statements if, and only if, at the end of the reporting period:   |

**Table 2.3.5 – Paragraphs in the introduction section of IFRS 19 that are not in AASB 1060**

| IFRS 19 Subheading   | Paragraph extract from IFRS 19 (as amended to August 2025)   |
|--|--|
|  | <p>(a) it is a subsidiary;</p> <p>(b) it does not have public accountability (see paragraphs 11–12); and</p> <p>(c) it has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.</p> <p>8 A ‘subsidiary’ and a ‘group’ are defined in Appendix A of IFRS 10 <i>Consolidated Financial Statements</i>.</p> <p>9 An intermediate parent assesses its eligibility to apply this Standard in its separate financial statements, regardless of whether other group entities, or the group as a whole, have public accountability.</p> <p>10 An intermediate parent that does not have public accountability and meets the other eligibility conditions in paragraph 7 may apply this Standard in its separate financial statements even if it does not apply this Standard in its consolidated financial statements.</p> <p>11 An entity has public accountability if:</p> <p>(a) its debt or equity instruments are traded in a public market or it is in the process of issuing such instruments for trading in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets); or</p> <p>(b) it holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses (for example, banks, credit unions, insurance companies, securities brokers/dealers, mutual funds and investment banks often meet this second criterion).</p> <p>12 Some entities may hold assets in a fiduciary capacity for a broad group of outsiders because they hold and manage financial resources entrusted to them by clients, customers or members not involved in the management of the entity. However, if they do so for reasons incidental to a primary business (as, for example, may be the case for travel or real estate agents, schools, charitable organisations, co-operative enterprises requiring a nominal membership deposit, and sellers that receive payment in advance of delivery of goods or services such as utility companies), that does not make them publicly accountable.</p> |
| <b>Electing or revoking an election to apply this Standard</b> | <p>13 An entity that elects to apply this Standard in one reporting period may later revoke that election. An entity may elect to apply this Standard more than once—for example, an entity that applied this Standard in a prior period but not in the immediately preceding period may elect to apply this Standard in the current period.</p> <p>15 An entity that applied this Standard in the preceding reporting period—but elects not to (or is no longer eligible to) apply it in the current period and continues applying IFRS Accounting Standards—shall provide comparative information with respect to the preceding period for all amounts reported in the current period’s financial statements, unless another IFRS Accounting Standard permits or requires otherwise. The entity shall include comparative information for narrative and descriptive information if it is necessary for an understanding of the current period’s financial statements. The fact that this Standard did not require the disclosure of amounts in the preceding period for some items that are disclosed in the current period is not a reason to omit comparative information for these items.</p> <p>16 The requirements for changes in accounting policies in IAS 8 <i>Basis of Preparation of Financial Statements</i> do not apply to electing or revoking an election to apply this Standard.</p>   |

| Table 2.3.5 – Paragraphs in the introduction section of IFRS 19 that are not in AASB 1060                          |   |
|--|---|
| IFRS 19 Subheading   | Paragraph extract from IFRS 19 (as amended to August 2025)  |
| <b>Interaction with IFRS 1</b><br><b><i>First-time Adoption of International Financial Reporting Standards</i></b> | 17 An entity applies IFRS 1 <i>First-time Adoption of International Financial Reporting Standards</i> when it prepares its first IFRS financial statements, or when it is permitted to do so applying paragraph 4A of IFRS 1. An entity that applies this Standard when it prepares its first IFRS financial statements shall apply the disclosure requirements in paragraphs 21–30 of this Standard instead of the disclosure requirements in paragraphs 23–33 of IFRS 1.                      |
|  | 18 Electing or revoking an election to apply this Standard does not, on its own, result in an entity meeting the definition of a first-time adopter of IFRS Accounting Standards in IFRS 1. For example, an entity that applied IFRS Accounting Standards, but not this Standard, in the immediately preceding reporting period and that applies this Standard in the current period is not a first-time adopter of IFRS Accounting Standards and shall not apply IFRS 1 in the current period. |
|  | 19 Similarly, an entity revoking the election to apply this Standard in the current reporting period does not apply IFRS 1 in the current period if, in the immediately preceding period, it provided an explicit and unreserved statement of compliance with IFRS Accounting Standards as required by paragraph 20.  |