



Project:	Application of AASB 18 and AASB 107 by Superannuation Entities and Not-for-profit Entities	Meeting:	AASB June 2026 (M221)
Topic:	Consider ED 338 feedback	Agenda Item:	8.0
		Date:	2 June 2026
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		Decision-Making:	High
		Project Status:	Consider ED 338 feedback

Objective of this agenda item

- [ED 338](#) included 31 Specific Matters for Comment and six General Matters for Comment, which staff have grouped into nine overarching topics for ease of reference.
- At its May 2026 meeting, the Board considered stakeholder feedback on four of the nine topics. The objectives of this agenda item are for the Board to:
 - consider** stakeholder feedback on the remaining topics and **decide** whether to proceed with or modify the ED 338 proposals;
 - consider** sweep issues and **decide** whether any action is needed; and
 - consider** staff's proposed timeline for completing the project.
- [Appendix A](#) outlines the abbreviations used in this Cover Memo and Agenda Papers 8.1–8.7.
- The Board's decisions at its May 2026 meeting on the four topics are summarised in [Appendix B](#) for reference.
- The agenda papers presented at the May 2026 meeting provide useful context for this meeting. Hyperlinks to these papers are included in [Appendix C](#). In particular, [Agenda Paper 3.1](#) summarises the outreach activities undertaken in relation to ED 338.

Topics addressed in this agenda item (papers for this item)

- The following table sets out the topics to be discussed at this meeting, the relevant agenda paper and a summary of staff recommendations.

Topic [ED question numbers]	Paper	Summary of staff recommendations
<p>Topic 5: Operating cash flow reconciliation with respect to for-profit entities preparing Tier 1 GPFS [SMCs 1–2]</p>	8.1	<p>Proceed with the ED proposals to modify AASB 1054.16 and AASB 1039.21, with some refinements.</p> <p>Insert a new paragraph Aus11.1 in AASB 18 to clarify that an entity not classifying income and expenses into the operating, investing, financing categories in its statement of profit or loss may use the term ‘operating profit or loss’ as the label for a subtotal that does not meet the definition of that term in AASB 18 Appendix A, provided the label faithfully represents the characteristics of the items included in the subtotal.</p>
<p>Topic 6: NFP guidance regarding users of GPFS [SMCs 12–13 & 18–19]</p>	8.2	<p>Proceed with the ED proposals to include paragraphs Aus9.1, AusB5.1 and Aus80.1 in AASB 18.</p> <p>Include in the Basis for Conclusions to the Standard examples of common line items that might provide a useful structure summary of an NFP entity’s income, expenses, assets and liabilities.</p>
<p>Topic 7: Editorial amendments to AASB 1049 <i>Whole of Government and General Government Sector Financial Reporting</i> arising from the FRC’s PIR of the Standard [SMCs 27–28]</p>	8.3	<p>Proceed with the ED proposals to make editorial amendments to the following paragraphs in AASB 1049 to align terminologies with recent Accounting Standards: paragraphs 14(f), 14(g) and 31(a)(ii).</p>
<p>Topic 8: General Matters for Comment [GMCs 32–37]</p>	8.4	<p>No action be taken in respect to the feedback on the general matters for comment.</p>
<p>Topic 9: Effective date [SMCs 11, 15, 24]</p>	8.5	<p>Proceed with the ED proposal to require superannuation entities and NFP entities to apply AASB 18, including the modifications agreed by the Board, for periods beginning on or after 1 January 2028, with earlier application permitted.</p> <p>Include an SMC in the forthcoming Exposure Draft – that would clarify the income and expense categorisation requirements – to provide NFP private sector entity and university stakeholders another opportunity to consider the effective date of AASB 18.</p>
<p>Sweep issues Issue 1: Comments from a stakeholder regarding a perceived lack of transparency in reporting by superannuation entities.</p>	8.6	<p>No action be taken. Staff plan to pass on relevant feedback to APRA and ASIC.</p>

Topic [ED question numbers]	Paper	Summary of staff recommendations
Issue 2: Comments from a stakeholder about requiring universities to classify operating expenses by function to separate expenses associated with teaching and research activities		No action be taken.
Issue 3: The NFP public sector entities that would be permitted to apply the proposed relief from certain AASB 18 requirements		Remove the specific categories of NFP public sector entities listed in paragraph BC49 of ED 338 and instead inserting new Aus paragraphs in AASB 18 and AASB 107 to clarify that the reliefs apply to all NFP public sector entities, except universities.
Issue 4: Clarify how AASB 18.75(a)(ii) and AASB 18.83 would operate when an NFP public sector entity does not categorise expenses in the AASB 18 categories		<p>Review the paragraphs cross-referenced in the proposed paragraph Aus46.1 to determine whether additional references (e.g., paragraph 83) should be included.</p> <p>Clarify in the Basis for Conclusions that the relevant AASB 18 disclosure requirements relating to expenses apply irrespective of whether an NFP public sector entity elects to categorise income and expenses into operating, investing and financing categories.</p>

- 7 Agenda Paper 8.7 sets out the next steps and staff's proposed timeline for completing the project.
- 8 Agenda Paper 8.8, in the supplementary folder, is the *Financial Statement Guidelines for Australian Higher Education Providers for the 2025 financial period*, published by the Australian Government Department of Education **(Board only)**

Appendix A: Abbreviations

The following table outlines the abbreviations used in this Cover Memo and Agenda Papers 8.1–8.7.

AASB 18	AASB 18 <i>Presentation and Disclosure in Financial Statements</i>
AASB 107	AASB 107 <i>Statement of Cash Flows</i>
AASB 1039	AASB 1039 <i>Concise Financial Reports</i>
AASB 1049	AASB 1049 <i>Whole of Government and General Government Sector Financial Reporting</i>
AASB 1054	AASB 1054 <i>Australian Additional Disclosures</i>
AASB 1055	AASB 1055 <i>Budgetary Reporting</i>
AASB 1056	AASB 1056 <i>Superannuation Entities</i>
AASB 1058	AASB 1058 <i>Income of Not-for-Profit Entities</i>
AASB 1060	AASB 1060 <i>General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities</i>
ACAG	The Australasian Council of Auditors-General
ED 338	ED 338 <i>Application of AASB 18 and AASB 107 by Superannuation and Not-for-Profit Entities and Operating Cash Flow Reconciliation</i>
GMC	General Matters for Comment as set out in ED 338
GPFS	General purpose financial statements
HoTARAC	The Heads of Treasuries Accounting and Reporting Advisory Committee
IFRS 18	IFRS 18 <i>Presentation and Disclosure in Financial Statements</i>
ITC 56	ITC 56 <i>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</i>
MPM	Management-defined performance measure, as defined in AASB 18
NFP	Not-for-profit
PIR	Post-implementation Review
Revised AASB 107	AASB 107 <i>Statement of Cash Flows</i> after incorporating changes made by AASB 18
SMC	Specific Matters for Comment as set out in ED 338

Appendix B: The Board's decisions at its May 2026 meeting

B1 The Board's decisions at its May 2026 meeting on the four topics are summarised below.

Topic 1: Application of AASB 18 and AASB 107 by superannuation entities [SMCs 3–10]

B2 The Board decided to:

- (a) require superannuation entities applying AASB 1056 to present primary financial statements in accordance with that Standard, rather than the presentation formats in AASB 18, including identifying the statement of changes in member benefits as a primary financial statement and classifying and presenting income and expenses in accordance with AASB 1056;
- (b) require superannuation entities to apply the AASB 18 requirements on labelling, aggregation and management-defined performance measures;
- (c) require superannuation entities to reconcile cash flows from operating activities to the profit or loss total presented in the statement of profit or loss; and
- (d) retain the existing accounting policy choice for classifying cash flows from dividends received and interest paid and received, for example as cash flows from operating activities.

Topic 2: Application of AASB 18 and AASB 107 by NFP public sector entities (excluding universities) [SMCs 16–17, 20–23, 25–26]

B3 The Board decided to:

- (a) require governments to continue presenting the GPFS of the Whole of Government and the General Government Sector in accordance with the formats specified in AASB 1049, rather than the formats required by AASB 18;
- (b) provide accounting policy choices for NFP public sector entities to elect to apply certain AASB 18 requirements – such as the requirements for categorising income and expenses into the operating, investing and financing categories and the requirements for identifying and disclosing information about management-defined performance measures – thereby allowing relevant regulators to continue prescribing presentation formats that best meet users' information needs;
- (c) require NFP public sector entities to apply the AASB 18 requirements on labelling and aggregation;
- (d) permit NFP public sector entities to reconcile cash flows from operating activities to the profit or loss total presented in the statement of profit or loss if it does not present the operating profit or loss subtotal; and
- (e) retain the existing accounting policy choice for classifying cash flows from dividends received and interest paid and received, for example as cash flows from operating activities.

Topic 3: Application of AASB 18 and AASB 107 by NFP private sector entities and universities [SMC 14]

B4 The Board decided to proceed to develop an Exposure Draft to address the following matters:

- (a) how the income and expense categorisation requirements in AASB 18 should be applied to NFP private sector entities and universities, including how income recognised under AASB 1058 should be categorised; and
- (b) whether, and in what circumstances, NFP private sector entities or universities might be considered to be investing in assets or providing financing as a specified main business activity.

Topic 4: Application of AASB 18 and AASB 107 by for-profit public sector entities [SMCs 29–31]

B5 The Board decided to require for-profit public sector entities to apply AASB 18 and the revised AASB 107 without modification.

Amendments to Australian Accounting Standards

B6 To give effect to the above decisions regarding superannuation entities and NFP public sector entities, the Board agreed to add the following paragraphs (as proposed in ED 338, with refinements):

- (a) AASB 18 – paragraphs Aus23.1, Aus46.1, Aus78.1, Aus117.1 and AusB8.1;
- (b) AASB 107 – paragraphs Aus6.1 and Aus34D.1; and
- (b) AASB 1056 – paragraphs 10A, 12A and 22A.

Appendix C: Hyperlinks to May 2026 meeting agenda papers

The relevant May 2026 meeting agenda papers can be accessed by clicking on the below hyperlinks.

- [Agenda Paper 3.1](#) Project background
- [Agenda Paper 3.2](#) Application of AASB 18 and AASB 107 by superannuation entities
- [Agenda Paper 3.3](#) Application of AASB 18 and AASB 107 by NFP public sector entities (excluding universities)
- [Agenda Paper 3.4](#) Application of AASB 18 and AASB 107 by NFP private sector entities and universities
- [Agenda Paper 3.5](#) Application of AASB 18 and AASB 107 by for-profit public sector entities
- [Agenda Paper 3.6](#) Comment letters received on ED 338
- [Agenda Paper 3.7](#) Notes of the 18 February 2026 virtual roundtable
- [Agenda Paper 3.8](#) Notes of the 27 February 2026 virtual roundtable
- [Agenda Paper 3.9](#) Notes of the 16 April 2026 virtual roundtable
- [Agenda Paper 3.10](#) Consultation document and comment letters relating to the additional consultation on the application of the AASB 18 statement of profit or loss presentation requirements by NFP private sector entities and universities
- [Agenda Paper 3.11](#) Collation of survey responses