

AASB Action Alert

From the Australian Accounting Standards Board

Issue No. 243
27 November 2025

Welcome to the AASB Action Alert

The AASB Board met in public and in private on 20–21 November 2025. At the meeting, the Board made key decisions in relation to:

[Climate-related Financial Disclosures – Amendments to AASB S2](#)

[Not-for-Profit Private Sector Financial Reporting Framework \(Tier 3\)](#)

[Post-implementation Review – AASB 1059 Service Concession Arrangements: Grantors](#)

The Board also discussed the following topics:

[Sustainability Reporting – ISSB Enhancing the SASB Standards](#)

[Public Sector Climate Reporting](#)

[AASB Agenda Consultation](#)

[Service Performance Reporting](#)

[Research Update](#)

Climate-related Financial Disclosures – Amendments to AASB S2

The Board received an update on the ISSB's decision to finalise targeted amendments to IFRS S2 *Climate-related Disclosures* in response to application challenges related to greenhouse gas emissions disclosure requirements. The amendments to IFRS S2 are expected to be finalised by the ISSB in December 2025.

Subject to consideration of the ISSB's final wording, the Board decided to amend AASB S2 *Climate-related Disclosures* consistently with amendments to IFRS S2 in relation to clarifying the:

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AASB Action Alert

Issue No. 243
27 November 2025

- (a) measurement and disclosure of Scope 3 Category 15 greenhouse gas emissions;
- (b) industry-based classification of specific financed emissions disclosures;
- (c) application of jurisdictional relief from using the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004); and
- (d) application of jurisdictional relief for global warming potential values.

The Board also decided:

- (a) to have an effective date for the amendments of periods beginning on or after 1 January 2027 (the same as for the ISSB amendments), with earlier application permitted – this would, for example, permit application of the amendments to periods that end on 31 December 2025;
- (b) to include requirements for entities to adjust comparative information in the first annual reporting period in which the amendments are applied, unless impracticable; and
- (c) that further public consultation is not required before finalising the amendments to AASB S2.

The amendments to AASB S2 are expected to be finalised at the Board's 15 December 2025 meeting and the amending Standard published before the end of the year.

Not-for-Profit Private Sector Financial Reporting Framework (Tier 3)

The Board continued its redeliberations of the proposals exposed in Exposure Draft ED 335 *General Purpose Financial Statements – Not-for-Profit Private Sector Tier 3 Entities*. The Board considered a working draft of a Tier 3 Standard and made the following decisions:

- (a) to more clearly explain the not-for-profit entities to which the Tier 3 Standard is intended to apply, such as charities;
- (b) to align the titles of financial statements in the Tier 3 Standard with those used in AASB 18 *Presentation and Disclosure in Financial Statements*;
- (c) to require an entity that accounts for investments in notable relationship entities to present the same financial statement line items as specified for investments in associates and joint ventures;
- (d) to clarify that an entity discontinues fair value measurement and applies the cost model – which includes impairment as specified in Section 10 – for investments in unlisted equity instruments, including investments in notable relationship entities, and investments in subsidiaries, associates and joint ventures in separate financial statements, when the variability in the range of reasonable fair value measurements is significant and their probabilities cannot be reasonably assessed;

AASB Action Alert

Issue No. 243
27 November 2025

- (e) to require investment property measured under the fair value model to be measured under the cost model in Section 15 until disposal of the investment property if the entity determines that the fair value is not reliably measurable on a continuing basis;
- (f) given the disclosures about significant loans in Section 10 – to delete the requirements in Sections 15 and 16 to disclose the nature and amount of loans for which items of property, plant and equipment and intangible assets are pledged as security;
- (g) to delete the requirement in Section 16 for an entity to disclose the line items in the statement of profit or loss and other comprehensive income (or alternative statements) that include any amortisation of intangible assets;
- (h) to provide an impracticability exemption from the disclosures about contingent liabilities and contingent assets in Section 19 (other than brief descriptions), and to require disclosure when the exemption has been applied;
- (i) to delete the specific disclosures of guarantees and the examples of firm commitments in Section 19;
- (j) to delete Section 22: Borrowing Costs, as the requirements are covered in other sections; and
- (k) to clarify in Section 23 that the loss of service potential of inventories held for distribution is measured by reference to the cost or current replacement cost of the inventories, as appropriate, rather than to the more easily determinable amount.

The Board decided that the effective date of the Tier 3 Standard would be annual reporting periods beginning or after 1 July 2029, with earlier application permitted.

Post-implementation Review – AASB 1059 Service Concession Arrangements: Grantors

The Board completed Step 4 of the Post-implementation Review (PIR) process – consideration of feedback and evidence to determine next steps – for the PIR of AASB 1059 *Service Concession Arrangements: Grantors*.

The Board reviewed a summary of the feedback on Invitation to Comment ITC 49 *Post-implementation Review of AASB 1059 Service Concession Arrangements: Grantors* (September 2022), as well as feedback received through additional targeted outreach conducted in 2025. The Board noted that stakeholders raised concerns about a wide range of aspects of AASB 1059, including:

- (a) the scope and asset control criteria in paragraphs 2 and 5 of AASB 1059;

AASB Action Alert

Issue No. 243
27 November 2025

- (b) scoping into AASB 1059 arrangements where the operator does not provide the service concession asset (i.e. the operator operates and maintains the grantor's existing assets);
- (c) the mandatory use of the cost approach to fair value in AASB 13 *Fair Value Measurement* to measure service concession assets;
- (d) the requirement to recognise intangible assets (e.g. data assets) at fair value when there is no active market for the asset; and
- (e) various matters not specially addressed by AASB 1059, including accounting for additions made to the service concession asset by the operator during the service period, variable consideration and contract modifications.

The Board decided to undertake standard-setting work as a high-priority project to consider developing amendments to AASB 1059 to address stakeholder concerns.

Sustainability Reporting – ISSB Enhancing the SASB Standards

The Board deliberated its response to the two ISSB Exposure Drafts SASB/ED/2025/1 *Proposed Amendments to the SASB Standards* (July 2025) and ISSB/ED/2025/2 *Proposed Amendments to the Industry-based Guidance on Implementing IFRS S2* (July 2025).

The Board decided to submit a comment letter recognising that while industry-based information plays an important role in sustainability-related and climate-related disclosures, the relatively low level of stakeholder engagement with the SASB Standards and industry guidance presents an opportunity for the ISSB to address broader considerations around the structure, positioning and conceptualisation of the SASB Standards. The comment letter will encourage the ISSB to consider how information in the SASB Standards can be made more accessible and visible to a broader range of stakeholders.

Public Sector Climate Reporting

The Board considered the preliminary findings of the Public Sector Climate research project and decided to publish a research report in the first half of 2026. The Board also decided to seek further stakeholder input through the Agenda Consultation process before determining the scope of any standard-setting work. This will include obtaining feedback on:

- (a) the demand for national, State and Territory whole-of-economy climate-related information;
- (b) whether the Board should establish reporting requirements for climate-related policy programs and outcomes; and

AASB Action Alert

Issue No. 243
27 November 2025

- (c) the users of climate-related information and their information needs in relation to local governments and other public sector owners of significant assets.

AASB Agenda Consultation

The Board received an update on the 2027–2031 AASB Agenda Consultation and approved the publication of an Invitation to Comment (ITC). The ITC will seek stakeholder feedback on the Board's Work Plan, including:

- (a) whether any projects on the current Work Plan should be discontinued;
- (b) which projects the Board should prioritise; and
- (c) whether there are any new projects or ideas the Board should begin exploring.

The Work Plan sets out the Board's activities in key areas of external reporting, including financial reporting and sustainability reporting.

The Board also considered a decision-making framework to ensure a consistent and objective assessment of stakeholder feedback during the consultation.

The ITC is expected to be published in December 2025 for a 120-day comment period.

Service Performance Reporting

The Board considered an update on the Service Performance Reporting (SPR) project, including:

- (a) insights from the targeted stakeholder outreach;
- (b) findings and recommendations from the Board-commissioned research on SPR; and
- (c) progress against the project plan.

The Board decided to:

- (a) publish the Board-commissioned research reports in the first half of 2026;
- (b) seek stakeholder feedback through the Agenda Consultation process, including on matters such as the relevance, scope and approach of the project and practical insights that might guide future work; and
- (c) revise the project plan after the completion of the Agenda Consultation, should the Board decide to retain the SPR project in the AASB Work Plan.

AASB Action Alert

Issue No. 243
27 November 2025

Research Update

The Board noted recent and upcoming Research Centre activities, including:

- (a) the 2025 AASB Research Forums, held in Melbourne on 17–19 November;
- (b) progress on the Cash Flow Statements and Related Matters project and the Intangible Assets project;
- (c) progress on the post-implementation review projects;
- (d) the release of the following research reports and working paper:
 - (i) AASB–AUASB Joint Research Report *Preparedness of ASX-listed entities for climate-related reporting and assurance requirements*;
 - (ii) AASB Research Report 25 *Statement of Cash Flows and Related Matters – Australian Listed Entities*;
 - (iii) AASB Research Report 26 *Biodiversity, Ecosystems and Ecosystem Services (BEES) Disclosure Practices: Observations in Australia and Korea*; and
 - (iv) AASB SSRN Working Paper No. 25-06 *Unveiling the Nexus between Financialisation and State Governance: Data Assetisation in China*; and
- (e) recent Dialogue Series sessions: *Segment Reporting: A Case for Reform?* (July 2025), *Goodwill and Impairment – Science, Art or Fantasy?* (September 2025) and *Data as Capital – Rethinking Intangibles in a Digital World* (October 2025). The next session is scheduled for December 2025 and will focus on human capital disclosures.

Recently Approved Documents

Since last reported (Action Alert, 9 October 2025), the Board has not approved any Standards, Exposure Drafts or other proposal documents.

Documents Open for Comment

The following documents are open for comment. AASB submissions to the IASB, the ISSB, the IFRS Interpretations Committee, the IFRS Foundation, the IPSASB and other organisations are published on the AASB website.



AASB Action Alert

Issue No. 243
27 November 2025

Issuer	Document	AASB No.	AASB Due Date	Other Organisation Due Date
AASB	ITC 56 <i>Post-implementation Review of Tier 2 and the Removal of Special Purpose Financial Statements for Certain For-Private Sector Entities and Further Update of Tier 2</i>	ITC 56	22 January 2026	–
AASB	ED 338 <i>Application of AASB 18 and AASB 107 by Superannuation and Not-for-Profit Entities and Operating Cash Flow Reconciliation</i>	ED 338	27 February 2026	–

AASB Board Future Meeting Dates

15 December 2025
5–6 February 2026
19 March 2026
14 May 2026
18–19 June 2026

Next AASB Meeting

The Board is expected to address the following agenda items:

Climate-related Financial Disclosures – amendments to AASB S2