

Appendix 2.1.A Amendments to the *IFRS for SMEs* Accounting Standard with limited effect – recommendations for amending AASB 1060

This table lists amendments made in the 2025 *IFRS for SMEs* Accounting Standard that will have only a limited effect on AASB 1060, generally because they are editorial in nature. However, to retain alignment with the *IFRS for SMEs* Accounting Standard, the AASB will propose making equivalent amendments to AASB 1060. This table will not be included in the ITC document. However, it will be included in the Exposure Draft of proposed amendments to AASB 1060, which will be issued for comment provided stakeholders support retaining AASB 1060 and the approach to updating it outlined in this part of the ITC.

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<p><i>Financial Statement Presentation</i></p> <p>3.1 This section explains fair presentation of financial statements, what compliance with the <i>IFRS for SMEs Accounting Standard</i> requires and what <u>comprises</u> a complete set of financial statements is.</p>	<p>8 This section explains fair presentation of financial statements, what compliance with Australian Accounting Standards, including this Standard, requires and what a complete set of financial statements is. [<i>IFRS for SMEs</i> Standard paragraph 3.1]</p> <p>Explanatory notes</p> <p>The IFRS terminology has been changed to distinguish between Accounting Standards and Sustainability Standards. AASB 1060 has already referred to ‘Accounting Standard’, therefore no further change is proposed.</p> <p>The other changes are editorial changes. AASB proposes amending AASB 1060 to align with the 2025 <i>IFRS for SMEs</i> Accounting Standard.</p>
<p>3.2 Financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in Section 2 <i>Concepts and Pervasive Principles</i>:</p> <p>(a) the application of the <i>IFRS for SMEs Accounting Standard</i>, with additional disclosure when necessary, is presumed to result in financial statements that achieve a fair presentation of the financial position, financial performance and cash flows of SMEs.</p> <p>(b) as explained in paragraph 1.5, the application of this Standard by an entity with public accountability does not result in a fair presentation in accordance with this Standard (see paragraph 1.5).</p>	<p>9 Financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the <i>Conceptual Framework for Financial Reporting</i>:</p> <p>(a) The application of the recognition and measurement requirements in Australian Accounting Standards and the disclosures in this Standard, with additional disclosure when necessary, is presumed to result in financial statements that achieve a fair presentation of the financial position, financial performance and cash flows of Tier 2 entities.</p> <p>(b) As explained in paragraph 13 of AASB 1053, this Standard does not apply to an entity with public accountability.</p>

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<p>The additional disclosures referred to in (a) are necessary when compliance with the specific <i>requirements</i> in this Standard is insufficient to enable users to understand the effect of particular transactions, other events and conditions on the entity's financial position and financial performance.</p>	<p>The additional disclosures referred to in (a) are necessary when compliance with the specific requirements in this Standard is insufficient to enable users to understand the effect of particular transactions, other events and conditions on the entity's financial position and financial performance. [Based on <i>IFRS for SMEs</i> Standard paragraph 3.2]</p> <p>Explanatory notes</p> <p>The IFRS terminology has been changed to distinguish between Accounting Standards and Sustainability Standards. AASB 1060 has already referred to 'Accounting Standard', therefore no further change is proposed.</p> <p>The other changes are editorial changes. AASB proposes amending AASB 1060 to align with the 2025 <i>IFRS for SMEs</i> Accounting Standard.</p>
<p>3.10 An entity shall present a complete set of financial statements (including comparative information– see paragraph 3.14) at least annually. When the end of an entity's reporting period changes and the annual financial statements are presented for a period longer or shorter than one year, the entity shall disclose the following:</p> <ul style="list-style-type: none"> (a) that fact; (b) the reason for using a longer or shorter period; and (c) the fact that comparative amounts presented in the financial statements (including the related notes) are not entirely comparable. 	<p>16 An entity shall present a complete set of financial statements (including comparative information – see paragraph 20) at least annually. When the end of an entity's reporting period changes and the annual financial statements are presented for a period longer or shorter than one year, the entity shall disclose the following:</p> <ul style="list-style-type: none"> (a) that fact; (b) the reason for using a longer or shorter period; and (c) the fact that comparative amounts presented in the financial statements (including the related notes) are not entirely comparable. <p>[<i>IFRS for SMEs</i> Standard paragraph 3.10]</p> <p>Explanatory notes</p> <p>Editorial change. AASB proposes amending the wording to align with the 2025 <i>IFRS for SMEs</i> Accounting Standard.</p>
<p>3.16 Information is Omissions or misstatements of items are material if omitting, misstating or obscuring it they could, individually or collectively, reasonably be expected to influence the economic decisions that the primary users of users of general purpose financial statements make made on the basis of those the financial statements, which provide financial information about a specific reporting entity. Materiality depends on the size and 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</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>Appendix A Defined terms:</p> <p>Material:</p>

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<p>statements taken as a whole, of the omission or misstatement judged in the surrounding circumstances. The size or nature of the item, or a combination of both, could be the determining factor.</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> <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"> (a) information regarding a material item, transaction or other event is disclosed in the financial statements but the language used is vague or unclear; (b) information regarding a material item, transaction or other event is scattered throughout the financial statements; (c) dissimilar items, transactions or other events are inappropriately aggregated; (d) similar items, transactions or other events are inappropriately disaggregated; and (e) the understandability of the financial statements is reduced as a result of material information being hidden by immaterial information to the extent that a primary user is unable to determine what information is material. <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</p>

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	<p>may need to seek the aid of an adviser to understand information about complex economic phenomena.</p> <p>Explanatory notes</p> <p>The materiality definition in AASB 1060 was already aligned with the revised materiality definition in AASB 101/IAS 1 when the standard was published. Therefore, there is no need to make further amendments to replicate the first part of paragraph 3.16.</p> <p>The guidance on what materiality means (the second part of paragraph 3.16) was part of the definitions in AASB 101 and, as such, is currently included in AASB 1060 Appendix A, together with further commentary.</p> <p>The AASB notes that AASB 18, which replaces AASB 101, includes this guidance in paragraphs B2–B5 as application guidance. The final decision on incorporating any of the guidance provided in Appendix B of AASB 18 into AASB 1060 is subject to the AASB's decision on how to align AASB 1060 with the changes introduced by AASB 18. Proposed changes to align with AASB 18 are discussed in Section 2, Topic 2 of ITC 56. If the definition is removed from AASB 1060, the AASB proposes amending the wording of paragraph 22 in AASB 1060 to align with the 2025 <i>IFRS for SMEs</i> Accounting Standard.</p>
<p>3.17 A complete set of financial statements of an entity shall include all of the following:</p> <p>(a) a statement of financial position as at the reporting date;</p> <p>(b) either:</p> <p>(i) a single statement of comprehensive income for the reporting period displaying all items of income and expense recognised during the period including those items recognised in determining profit or loss (which is a subtotal in the statement of comprehensive income) and items of other comprehensive income.</p> <p>(ii) a separate income statement and a separate statement of comprehensive income. If the an entity chooses to present both an income statement and a statement of comprehensive income, the statement of comprehensive income begins with profit or loss and then displays the items of other comprehensive income.</p>	<p>25 A complete set of financial statements of an entity shall include all of the following:</p> <p>(a) a statement of financial position as at the reporting date;</p> <p>(b) either:</p> <p>(i) a single statement of profit or loss and other comprehensive income for the reporting period displaying all items of income and expense recognised during the period including those items recognised in determining profit or loss (which is a subtotal in the statement of comprehensive income) and items of other comprehensive income; or</p> <p>(ii) a separate statement of profit or loss and a separate statement of comprehensive income. If an entity chooses to present both a statement of profit or loss and a statement of comprehensive income, the statement of comprehensive income begins with profit or loss and then displays the items of other comprehensive income;</p> <p>(c) a statement of changes in equity for the reporting period;</p>

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<p>(c) a statement of changes in equity for the reporting period;</p> <p>(d) a statement of cash flows for the reporting period; and</p> <p>(e) notes, comprising <u>material</u> a summary of significant accounting <u>policy information</u> policies and other explanatory information.</p>	<p>(d) a statement of cash flows for the reporting period; and</p> <p>(e) notes, comprising material accounting policy information and other explanatory information.</p> <p>[Based on <i>IFRS for SMEs Standard</i> paragraph 3.17]</p> <p>Explanatory notes</p> <p>The 2025 <i>IFRS for SMEs</i> Accounting Standard changed ‘a summary of significant accounting policies’ to ‘material accounting policy information’ to align with the full IFRS Accounting Standards. AASB 1060 includes wording that is already consistent with changes made to the full IFRS Accounting Standards as a result of the disclosure initiative. Therefore, no changes are required.</p> <p>Replacing ‘an’ with ‘the’ is an editorial change. AASB proposes amending the wording to align with the 2025 <i>IFRS for SMEs</i> Accounting Standard.</p>
<p><i>Statement of Financial Position</i></p> <p>4.2 As a minimum, the The statement of financial position shall include line items that present the following amounts:</p> <p>(a) cash and cash equivalents;</p> <p>(b) trade and other receivables;</p> <p>(c) financial assets (excluding amounts shown under (a), (b), (j) and (k));</p> <p>(d) inventories;</p> <p>(e) property, plant and equipment <u>(including bearer plants in the scope of Section 17 <i>Property, Plant and Equipment</i>)</u>;</p> <p>(ea) investment property carried at cost less accumulated depreciation and impairment;</p> <p>(f) investment property carried at fair value through profit or loss;</p> <p>(g) intangible assets;</p> <p>(h) biological assets <u>in the scope of Section 34 <i>Specialised Activities</i></u> carried at cost less accumulated depreciation and impairment;</p>	<p>35 As a minimum, the statement of financial position shall include line items that present the following amounts:</p> <p>(a) cash and cash equivalents;</p> <p>(b) trade and other receivables;</p> <p>(c) financial assets (excluding amounts shown under (a), (b), (i) and (j));</p> <p>(d) inventories;</p> <p>(e) property, plant and equipment;</p> <p>(f) investment property;</p> <p>(g) intangible assets;</p> <p>(h) biological assets;</p> <p>(i) investments in associates;</p> <p>(j) investments in joint ventures;</p> <p>(k) trade and other payables;</p> <p>(l) financial liabilities (excluding amounts shown under (k) and (o));</p> <p>(m) liabilities and assets for current tax;</p>



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(i)	biological assets <u>in the scope of Section 34</u> carried at fair value through profit or loss;	(n)	deferred tax liabilities and deferred tax assets (these shall always be classified as non-current);
(j)	investments in associates ;	(o)	provisions;
(k)	investments in jointly controlled entities ;	(p)	non-controlling interests, presented within equity separately from the equity attributable to the owners of the parent;
(l)	trade and other payables;	(q)	equity attributable to the owners of the parent;
(m)	financial liabilities (excluding amounts shown under (l) and (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
(n)	liabilities and assets for current tax ;	(s)	liabilities included in disposal groups classified as held for sale in accordance with AASB 5.
(o)	deferred tax liabilities and deferred tax assets (these shall always be classified as non-current);		
(p)	provisions ;		
(q)	non-controlling interest , presented within equity separately from the equity attributable to the owners of the parent ; and		
(r)	equity attributable to the owners of the parent.		
			[Based on <i>IFRS for SMEs</i> Standard paragraph 4.2]
			Explanatory notes
			Deletion of the words ‘as a minimum’: This is an editorial change. AASB proposes amending AASB 1060 to align with the 2025 <i>IFRS for SMEs</i> Accounting Standard.
			The <i>IFRS for SMEs</i> Accounting Standard amendment to (e): In 2014, the IASB amended IAS 16 <i>Property, Plant and Equipment</i> and IAS 41 <i>Agriculture</i> to treat bearer plants like property, plant and equipment. During the second comprehensive review, the IASB decided to align with the full IFRS Accounting Standards but included an exemption for undue cost or effort. AASB proposes amending AASB 1060 paragraph 35(e) to align with the 2025 <i>IFRS for SMEs</i> Accounting Standard paragraph 4.2(e), but not to replicate the amendments to (h) and (i) on the basis that those are a result of the undue cost and effort exemption that is not available under the full IFRS Accounting Standards.
			The AASB notes that the line items required to be included in the statement of financial position under AASB 18 paragraph 103 also include portfolio contracts from AASB 17 <i>Insurance Contracts</i> which are not mentioned in the current version of AASB 1060 and the <i>IFRS for SMEs</i> Accounting Standard. The final decision on mandatory statement of financial position line items is subject to the AASB’s decision on how to align AASB 1060 with the changes introduced by AASB 18. Proposed changes to align with AASB 18 are discussed in Section 2, Topic 2 of ITC 56.

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<p>4.3 An entity shall present additional line items (<u>including by disaggregating the line items listed in paragraph 4.2</u>), headings and subtotals in the statement of financial position when such presentation is relevant to an understanding of the entity's financial position.</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>Explanatory notes</p> <p>This amendment replicates amendments made to IAS 1/AASB 101 as a result of the disclosure initiative. This amendment to the full <i>IFRS Accounting Standards</i> occurred after the 2015 <i>IFRS for SMEs Accounting Standard</i>, but before the development of AASB 1060; therefore, it was not considered by AASB when the Standard was developed. AASB proposes amending AASB 1060 to align with the 2025 <i>IFRS for SMEs Accounting Standard</i>.</p> <p>However, the AASB notes that AASB 18 paragraphs 41–43 contain more detailed guidance on disaggregation. Proposed changes to align with AASB 18 are discussed in Section 2, Topic 2 of ITC 56.</p>
<p>4.11 An entity shall disclose, either in the statement of financial position or in the notes, the following subclassifications of the line items presented:</p> <ul style="list-style-type: none"> (a) property, plant and equipment in classifications appropriate to the entity; (b) trade and other receivables showing separately amounts <u>receivable due</u> from related parties, <u>and receivable amounts due</u> from other parties <u>and receivables arising from accrued income not yet billed</u>; (c) inventories, showing separately amounts of inventories: <ul style="list-style-type: none"> (i) held for sale in the ordinary course of business; (ii) in the process of production for such sale; and (iii) in the form of materials or supplies to be consumed in the production process or in the rendering of services. (d) trade and other payables, showing separately amounts payable to trade suppliers, payable to related parties, deferred income and accruals; (e) provisions for employee benefits and other provisions; and (f) classes of equity, such as paid-in capital, share premium, retained earnings and items of income income and expense that, as <u>permitted or</u> 	<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"> (a) property, plant and equipment in classifications appropriate to the entity; (b) trade and other receivables showing separately amounts due from related parties, amounts due from other parties and contract assets from contracts with customers; (c) inventories, showing separately amounts of inventories: <ul style="list-style-type: none"> (i) held for sale in the ordinary course of business; (ii) in the process of production for such sale; and (iii) in the form of materials or supplies to be consumed in the production process or in the rendering of services. (d) trade and other payables, showing separately amounts payable to trade suppliers, amounts payable to related parties, contract liabilities from contracts with customers and accruals; (e) provisions for employee benefits and other provisions; and (f) classes of equity, such as paid-in capital, share premium, retained earnings and items of income and expense that, as required by Australian Accounting

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<p>required by this Standard, are recognised in other comprehensive income and presented separately in equity.</p>	<p>Standards, are recognised in other comprehensive income and presented separately in equity.</p> <p>[Based on <i>IFRS for SMEs</i> Standard paragraph 4.11]</p> <p>Explanatory notes</p> <p>Addition of the words ‘as permitted or’: This is an editorial change. AASB proposes amending AASB 1060 to align with the 2025 <i>IFRS for SMEs</i> Accounting Standard.</p> <p>Other amendments: In AASB 1060, the AASB replaced ‘receivables arising from accrued income not yet billed’ with ‘contract assets’ to use language consistent with AASB 15. The AASB also softened the language to align with AASB 101, by inserting the words ‘classified in a manner ... for example’. The AASB proposes aligning with the 2025 <i>IFRS for SMEs</i> Accounting Standard and also removing the reference to contract assets and contract liabilities, since disclosure of contract assets and contract liabilities will now be required in Section 23 <i>Revenue from Contracts with Customers</i>.</p> <p>However, the AASB notes that the list of examples has been moved to paragraph B111 of in AASB 18, meaning that it is now considered application guidance. The final decision on the inclusion of these examples is subject to the AASB’s decision on how to align AASB 1060 with the changes introduced by AASB 18. Proposed changes to align with AASB 18 are discussed in Section 2, Topic 2 of ITC 56.</p>
<p><i>Statement of Comprehensive Income and Income Statement</i></p> <p>5.4 Under the single-statement approach, the statement of comprehensive income shall include all items of income and expense recognised in a period unless this Standard requires otherwise. This Standard provides different treatment for the following circumstances:</p> <p>(a) the effects of corrections of errors and changes in accounting policies are presented as retrospective adjustments of prior periods instead of as part of profit or loss in the period in which they are identified arise (see Section 10); and</p> <p>(b) four types of other comprehensive income are recognised as part of total comprehensive income, outside of profit or loss, when they arise:</p> <p>(i) some gains gains and losses losses arising on translating the financial statements of a foreign operation (see Section 30 <i>Foreign Currency Translation</i>);</p>	<p>51 Under the single-statement approach, the statement of profit or loss and other comprehensive income shall include all items of income and expense recognised in a period unless other Australian Accounting Standards require otherwise. Australian Accounting Standards provide different treatment for the following circumstances:</p> <p>(a) the effects of corrections of errors and changes in accounting policies are presented as retrospective adjustments of prior periods instead of as part of profit or loss in the period in which they arise (see AASB 108); and</p> <p>(b) items of other comprehensive income are recognised as part of total comprehensive income, outside of profit or loss, when they arise.</p> <p>[Based on <i>IFRS for SMEs</i> Standard paragraph 5.4]</p> <p>Explanatory notes</p> <p>Changing words from ‘arise’ to ‘identified’: The accounting treatment for error correction is the same in both the 2025 <i>IFRS for SMEs</i> Accounting Standard Section 10 <i>Accounting Policies, Estimates and Errors</i> and AASB 108 <i>Accounting Policies, Changes in Accounting Estimates</i></p>

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<ul style="list-style-type: none"> (ii) some actuarial gains and losses (see Section 28 <i>Employee Benefits</i>); (iii) some changes in fair values of hedging instruments (see <u>Part II of Section 11 12 Other Financial Instruments Issues</u>); and (iv) changes in the revaluation surplus for property, plant and equipment measured in accordance with the revaluation model (see Section 17 <i>Property, Plant and Equipment</i>). 	<p><i>and Errors</i>. Errors are corrected upon discovery or identification, but the correction is applied retrospectively. The AASB proposes amending AASB 1060 to align with the 2025 <i>IFRS for SMEs</i> Accounting Standard.</p> <p>Other amendments: AASB 1060 does not specifically lists types of other comprehensive income in paragraph 51. This is because the <i>IFRS for SMEs</i> Accounting Standard has only four items of other comprehensive income. The full IFRS Accounting Standards have a much longer list of other comprehensive income (AASB 101 paragraph 7). This list is included in Appendix A of AASB 1060. The AASB proposes not to amend AASB 1060.</p>
<p>5.5 As a minimum, an entity shall include, in the statement of comprehensive income, line items that present the following amounts for the period:</p> <ul style="list-style-type: none"> (a) revenue. (b) finance costs. (c) share of the profit or loss of investments in associates (see Section 14 <i>Investments in Associates</i>) and jointly controlled entities (see Section 15 <i>Investments in Joint Arrangements Ventures</i>) accounted for using the equity method. (d) tax expense excluding tax allocated to items (e), (g) and (h) (see paragraph 29.35). (e) a single amount comprising the total of: <ul style="list-style-type: none"> (i) the post-tax profit or loss of a discontinued operation; and (ii) the post-tax gain or loss attributable to an impairment, or reversal of an impairment, of the assets in the discontinued operation (see Section 27 <i>Impairment of Assets</i>), 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. (f) profit or loss (if an entity has no items of other comprehensive income, this line need not be presented). (g) each item of other comprehensive income (see paragraph 5.4(b)) classified by nature (excluding amounts in (h)). Such items shall be grouped into those that, in accordance with this Standard: 	<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> <ul style="list-style-type: none"> (a) revenue; (b) finance costs; (c) share of the profit or loss of investments in associates and joint ventures accounted for using the equity method (see AASB 128 <i>Investments in Associates and Joint Ventures</i>); (d) tax expense; (e) a single amount for the total of: <ul style="list-style-type: none"> (i) discontinued operations (see AASB 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i>); and (ii) the post-tax gain or loss attributable to an impairment, or reversal of an impairment, of the assets in the discontinued operation (see AASB 5), both at the time and subsequent to being classified as a discontinued operation and to the disposal of the net assets constituting the discontinued operation; (f) profit or loss (if an entity has no items of other comprehensive income, this line need not be presented); (g) each item of other comprehensive income (see paragraph 51(b)) classified by nature (excluding amounts in (h)). Such items shall be grouped into those that, in accordance with other Australian Accounting Standards:

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<p>(i) will not be reclassified subsequently to profit or loss—ie those in paragraph 5.4(b)(i)–(ii) and (iv); and</p> <p>(ii) will be reclassified subsequently to profit or loss when specific conditions are met—ie those in paragraph 5.4(b)(iii).</p> <p>(h) share of the other comprehensive income of associates and jointly controlled entities accounted for <u>using</u> by the equity method.</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>(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>[Based on <i>IFRS for SMEs</i> Standard paragraph 5.5]</p> <p>Explanatory notes</p> <p>Replacing ‘by’ with ‘using’: This is an editorial change. The AASB proposes amending AASB 1060 to align with the 2025 <i>IFRS for SMEs</i> Accounting Standard.</p> <p>Amendment to (c): No change required, as the amendment relates to references to the title of the section. AASB 1060 needs to refer to the equivalent accounting standard (AASB 128), the title of which has not changed.</p> <p>However, the AASB notes that AASB 18 expands the list of line items and subtotals required to be presented in the statement of profit or loss and the statement presenting comprehensive income (paragraphs 69–75, 77, 86, 88 and 89). The final decision on this list is subject to the AASB’s decision on how to align AASB 1060 with the changes introduced by AASB 18. Proposed changes to align with AASB 18 are discussed in Section 2, Topic 2 of ITC 56.</p>
<p>5.8 Under this Standard, the effects of corrections of errors and changes in accounting policies are presented as retrospective adjustments of prior periods instead of as part of profit or loss in the period in which they <u>are identified</u> arise (see Section 10).</p>	<p>55 Under AASB 108, the effects of corrections of errors and changes in accounting policies are presented as retrospective adjustments of prior periods instead of as part of profit or loss in the period in which they arise. [<i>IFRS for SMEs</i> Standard paragraph 5.8]</p> <p>Explanatory notes</p> <p>Editorial change. AASB proposes aligning with the 2025 <i>IFRS for SMEs</i> Accounting Standard.</p>
<p><i>Statement of Cash Flows</i></p> <p>7.5 Investing activities are the acquisition and disposal of long-term assets and other investments not included in cash equivalents. Examples of cash flows arising from investing activities are:</p>	<p>68 Investing activities are the acquisition and disposal of long-term assets and other investments not included in cash equivalents. Examples of cash flows arising from investing activities are:</p>



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<p>(a) cash payments to acquire property, plant and equipment (including self-constructed property, plant and equipment), intangible assets and other long-term assets;</p> <p>(b) cash receipts from sales of property, plant and equipment, intangibles and other long-term assets;</p> <p>(c) cash payments to acquire equity or debt instruments of other entities and interests in joint ventures (other than payments for those instruments classified as cash equivalents or held for dealing or trading);</p> <p>(d) cash receipts from sales of equity or debt instruments of other entities and interests in joint ventures (other than receipts for those instruments classified as cash equivalents or held for dealing or trading);</p> <p>(e) cash advances and loans made to other parties;</p> <p>(f) cash receipts from the repayment of advances and loans made to other parties;</p> <p>(g) cash payments for futures contracts, forward contracts, option contracts and swap contracts, except when the contracts are held for dealing or trading, or the payments are classified as financing activities; and</p> <p>(h) cash receipts from futures contracts, forward contracts, option contracts and swap contracts, except when the contracts are held for dealing or trading, or the receipts are classified as financing activities.</p> <p>When a contract is accounted for as a hedge (see <u>Part II of Section 11</u> 12 <i>Other Financial Instruments Issues</i>), an entity shall classify the cash flows of the contract in the same manner as the cash flows of the item being hedged.</p>	<p>(a) cash payments to acquire property, plant and equipment (including self-constructed property, plant and equipment), intangible assets and other long-term assets;</p> <p>(b) cash receipts from sales of property, plant and equipment, intangibles and other long-term assets;</p> <p>(c) cash payments to acquire equity or debt instruments of other entities and interests in joint ventures (other than payments for those instruments classified as cash equivalents or held for dealing or trading);</p> <p>(d) cash receipts from sales of equity or debt instruments of other entities and interests in joint ventures (other than receipts for those instruments classified as cash equivalents or held for dealing or trading);</p> <p>(e) cash advances and loans made to other parties;</p> <p>(f) cash receipts from the repayment of advances and loans made to other parties;</p> <p>(g) cash payments for futures contracts, forward contracts, option contracts and swap contracts, except when the contracts are held for dealing or trading, or the payments are classified as financing activities; and</p> <p>(h) cash receipts from futures contracts, forward contracts, option contracts and swap contracts, except when the contracts are held for dealing or trading, or the receipts are classified as financing activities.</p> <p>When a contract is accounted for as a hedge (see AASB 9 <i>Financial Instruments</i> and AASB 139 <i>Financial Instruments: Recognition and Measurement</i>), an entity shall classify the cash flows of the contract in the same manner as the cash flows of the item being hedged.</p> <p>[<i>IFRS for SMEs</i> Standard paragraph 7.5]</p> <p>Explanatory notes</p> <p>The <i>IFRS for SMEs</i> Accounting Standard removes the separate reference to ‘joint ventures’, implying that they are included within other entities. AASB 18 clarifies this by explicitly stating the requirement as ‘other entities, including interests in associates and joint ventures’. The AASB proposes aligning with AASB 18.</p>

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<p>7.8 Under the indirect method, the net cash flow from operating activities is determined by adjusting profit or loss for the effects of:</p> <ul style="list-style-type: none"> (a) changes during the period in inventories and operating receivables and payables; (b) non-cash items such as depreciation, provisions, deferred tax, accrued income (expenses) not yet received (paid) in cash, unrealised foreign currency gains and losses, <u>and</u> undistributed profits of associates and non-controlling interests; and (c) all other items for which the cash effects relate to investing or financing. 	<p>71 Under the indirect method, the net cash flow from operating activities is determined by adjusting profit or loss for the effects of:</p> <ul style="list-style-type: none"> (a) changes during the period in inventories and operating receivables and payables; (b) non-cash items such as depreciation, provisions, deferred tax, accrued income (expenses) not yet received (paid) in cash, unrealised foreign currency gains and losses, undistributed profits of associates and non-controlling interests; and (c) all other items for which the cash effects relate to investing or financing. <p>[<i>IFRS for SMEs</i> Standard paragraph 7.8]</p> <p>Explanatory notes</p> <p>AASB proposes deleting reference to undistributed profits from non-controlling interests, to align with the wording in the 2025 <i>IFRS for SMEs</i> Accounting Standard and AASB 107.</p>
<p>7.11 An entity shall record cash flows arising from transactions in a foreign currency in the entity's functional currency by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the cash flow. Paragraph 30.19 explains when an exchange rate that approximates the actual rate can be used.</p>	<p>79 An entity shall record cash flows arising from transactions in a foreign currency in the entity's functional currency by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the cash flow. Paragraph 40 in AASB 121 explains when an exchange rate that approximates the actual rate can be used. [<i>IFRS for SMEs</i> Standard paragraph 7.11]</p> <p>Explanatory notes</p> <p>The last sentence of paragraph 7.11 has been relocated to paragraph 7.12A. AASB proposes aligning with the 2025 <i>IFRS for SMEs</i> Accounting Standard.</p>
<p>7.12A Paragraph 30.19 explains when an exchange rate that approximates the actual rate can be used.</p>	
<p><u>Supplier finance arrangements</u></p> <p>7.19B Supplier finance arrangements are characterised by one or more finance providers offering to pay amounts an entity owes its suppliers and the entity agreeing to pay according to the terms and conditions of the arrangements at the same date as, or a date later than, suppliers are paid. These arrangements provide the entity with extended payment terms, or the entity's suppliers with early payment terms, compared to the related invoice payment due date. Supplier finance arrangements are often referred to as 'supply chain finance', 'payables finance' or 'reverse</p>	<p>87A Supplier finance arrangements are characterised by one or more finance providers offering to pay amounts an entity owes its suppliers and the entity agreeing to pay according to the terms and conditions of the arrangements at the same date as, or a date later than, suppliers are paid. These arrangements provide the entity with extended payment terms, or the entity's suppliers with early payment terms, compared to the related invoice payment due date. Supplier finance arrangements are often referred to as supply chain finance, payables finance or reverse factoring arrangements. Arrangements that are solely credit enhancements for the entity (for example, financial guarantees including letters of credit used as guarantees) or</p>

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<p><u>factoring arrangements</u>'. Examples of arrangements that are not supplier finance arrangements include:</p> <p>(a) <u>arrangements that are solely credit enhancements for an entity (for example, financial guarantees including letters of credit used as guarantees); and</u></p> <p>(b) <u>instruments used by an entity to settle directly with a supplier the amounts owed (for example, a situation in which an entity uses a credit card to settle the amount owed to a supplier and then has an obligation to pay the issuing bank instead).</u></p>	<p>instruments used by the entity to settle directly with a supplier the amounts owed (for example, credit cards) are not supplier finance arrangements.</p> <p>Explanatory notes</p> <p>Supplier finance disclosures have already been added to AASB 1060 under the financial instruments section by AASB 2024-1 and relocated to the cash flows statement section by AASB 2025-2.</p> <p>However, the <i>IFRS for SMEs</i> Accounting Standard presents examples of arrangements that are not supplier finance arrangements differently. The AASB proposes amending this paragraph to align with the 2025 <i>IFRS for SMEs</i> Accounting Standard.</p>
<p>7.19C An entity shall disclose in aggregate for its supplier finance arrangements:</p> <p>(a) <u>the key terms and conditions of the arrangements (for example, terms and conditions related to the interest rate, fees charged, extended payment terms and security or guarantees provided). However, an entity shall disclose separately the terms and conditions of arrangements that have dissimilar key terms and conditions.</u></p> <p>(b) <u>as at the beginning and end of the reporting period:</u></p> <p>(i) <u>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.</u></p> <p>(ii) <u>the carrying amounts, and associated line items, of the financial liabilities disclosed in accordance with (i) for which suppliers have already received payment from the finance providers, unless it is impracticable to do so. If it is impracticable to make this disclosure, the entity shall state that fact.</u></p> <p>(iii) <u>the range of payment due dates (for example, 30–40 days after the invoice date) for both the financial liabilities disclosed in accordance with (i) and comparable trade payables that are not part of the supplier finance arrangement. Comparable trade payables are, for example, the entity's trade payables within the same line of business or jurisdiction as the financial liabilities disclosed in accordance with (i). If ranges of payment due dates are wide, an entity shall disclose</u></p>	<p>87B An entity shall disclose in aggregate for its supplier finance arrangements:</p> <p>(a) the terms and conditions of the arrangements (for example, extended payment terms and security or guarantees provided). However, an entity shall disclose separately the terms and conditions of arrangements that have dissimilar terms and conditions;</p> <p>(b) as at the beginning of and the end of the reporting period:</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>(c) the type and effect of non-cash changes in the carrying amounts of the financial liabilities disclosed under (b)(i). Examples of non-cash changes</p>



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<p><u>explanatory information about those ranges or divide them into narrower ranges.</u></p> <p>(c) <u>the type and effect of non-cash changes in the carrying amounts of the financial liabilities disclosed in accordance with (b)(i). These non-cash changes include the effect of business combinations, exchange differences and other transactions that do not require the use of cash or cash equivalents (see paragraph 7.18). For example, an entity that buys goods and services from suppliers would typically classify the cash outflows to settle amounts owed to its suppliers as cash outflows from operating activities. If the entity owes its suppliers an amount that becomes part of a supplier finance arrangement, the entity—having considered the terms and conditions of the arrangement—might classify the cash outflow to settle the amount owed as a cash flow from financing activities. In such circumstances, the entity might not have reported any cash inflow from financing activities, in which case the outcome would be a non-cash change in liabilities arising from financing activities.</u></p>	<p>include the effect of business combinations, exchange differences or other transactions that do not require the use of cash or cash equivalents (see paragraph 86).</p> <p>Explanatory notes</p> <p>The 2025 <i>IFRS for SMEs</i> Accounting Standard provides relief from disclosing the amounts already paid to the supplier if that disclosure is impracticable. In addition, it also provides additional examples of non-cash changes. The AASB proposes amending this paragraph to align with the 2025 <i>IFRS for SMEs</i> Accounting Standard.</p>
<p>7.20 An entity shall disclose present the components of cash and cash equivalents and shall present a reconciliation of the amounts presented in the statement of cash flows <u>with to the equivalent items reported presented in the statement of financial position statement of financial position</u>. However, an entity is not required to present this reconciliation if the amount of cash and cash equivalents presented in the statement of cash flows is identical to the amount similarly described in the statement of financial position.</p>	<p>88 An entity shall present the components of cash and cash equivalents and shall present a reconciliation of the amounts presented in the statement of cash flows to the equivalent items presented in the statement of financial position. However, an entity is not required to present this reconciliation if the amount of cash and cash equivalents presented in the statement of cash flows is identical to the amount similarly described in the statement of financial position. [<i>IFRS for SMEs</i> Standard paragraph 7.20]</p> <p>Explanatory notes</p> <p>Editorial change. The AASB proposes amending this paragraph to align with the 2025 <i>IFRS for SMEs</i> Accounting Standard.</p>
<p><i>Notes to the Financial Statements</i></p> <p>8.6 An entity shall disclose, <u>along with material in the summary of significant accounting policy information policies</u> 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. <u>Examples of judgements that an entity might be required to disclose include those made in determining:</u></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. [Based on <i>IFRS for SMEs</i> Standard paragraph 8.6]</p> <p>Explanatory notes</p> <p>As mentioned above, the 2025 <i>IFRS for SMEs</i> Accounting Standard changed 'the summary of significant accounting policies' to 'material accounting policy information' to align with the full</p>



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<p>(a) appropriate classes of assets and liabilities in accordance with paragraph 12.30 for which disclosures about fair value measurements are provided;</p> <p>(b) that the entity has control of another entity; and</p> <p>(c) that the entity has joint control of an arrangement or significant influence over another entity.</p>	<p>IFRS Accounting Standards. AASB 1060 includes wording that is already consistent with changes made to the full IFRS Accounting Standards as a result of the disclosure initiative. Therefore, no changes need to be made to AASB 1060 in this respect.</p> <p>However, the 2025 <i>IFRS for SMEs</i> Accounting Standard provides additional examples of judgements that should be disclosed. The 2025 <i>IFRS for SMEs</i> Accounting Standard paragraph BC8.2 states: In the second comprehensive review, the IASB amended paragraph 8.6 of the Standard to add examples of judgements an entity might disclose in accordance with that paragraph. Alongside this amendment, the IASB deleted requirements to disclose information about judgements from several other sections of the Standard. These amendments were intended to make the disclosure requirements about judgements easier to apply and to improve information about judgements in entities' financial statements.</p> <p>AASB proposes amending paragraph 96 to align with the 2025 <i>IFRS for SMEs</i> Accounting Standard.</p>
<p><i>Consolidated and Separate Financial Statements</i></p> <p>9.23 The following disclosures shall be made in consolidated financial statements:</p> <p>(a) the fact that the <u>financial</u> statements are consolidated financial statements;</p> <p>(b) [deleted] 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>(c) any difference in the reporting date of the financial statements of the parent and its subsidiaries used in the preparation of the consolidated financial statements; and</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 transfer funds to the parent in the form of cash dividends or to repay loans.</p>	<p>104 The following disclosures shall be made in consolidated financial statements:</p> <p>(a) the fact that the statements are consolidated financial statements;</p> <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>(c) any difference in the reporting date of the financial statements of the parent and its subsidiaries used in the preparation of the consolidated financial statements; and</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 transfer funds to the parent in the form of cash dividends or to repay loans.</p> <p>[<i>IFRS for SMEs</i> Standard paragraph 9.23]</p> <p>Explanatory notes</p> <p>The removed disclosure is now included among the examples of judgement that are required to be disclosed by paragraph 8.6(b) – see analysis above. Therefore, there is no need to repeat it here. The addition of the word 'financial' is an editorial change. The AASB proposes amending this paragraph to align with the 2025 <i>IFRS for SMEs</i> Accounting Standard.</p>

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<p>9.27 When an entity a parent, an investor in an associate or a venturer with an interest in a jointly controlled entity 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, jointly controlled entities and associates; and;</p> <p>(c) <u>either:</u></p> <p style="padding-left: 40px;">(i) <u>the consolidated financial statements or other financial statements to which they relate; or</u></p> <p style="padding-left: 40px;">(ii) <u>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, if the entity has chosen not to prepare consolidated financial statements in accordance with paragraph 9.3.</u></p> <p>and shall identify the consolidated financial statements or other primary financial statements to which they relate.</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.</p> <p>[<i>IFRS for SMEs</i> Standard paragraph 9.27]</p> <p>Explanatory notes</p> <p>AASB proposes amending the first sentence and adding requirement in (c) to AASB 1060 to align with the 2025 <i>IFRS for SMEs</i> Accounting Standard. This additional requirement does not represent a substantive change as it only discloses information that should be already available to the entity.</p>
<p><i>Accounting Policies, Estimates and Errors</i></p> <p>Disclosure of a change in accounting estimates <u>estimate</u></p>	<p>Disclosure of a change in estimate</p> <p>Explanatory notes</p> <p>This is the subheading before AASB 1060 paragraph 109. AASB proposes amending the subheading to align with the 2025 <i>IFRS for SMEs</i> Accounting Standard.</p>
<p><i>Financial Instruments</i></p> <p>Section 11 Basic Financial Instruments</p>	<p>Basic Financial Instruments (subheading before paragraph 111)</p> <p>Other Financial Instrument Issues – Hedging Disclosures (subheading before paragraph 120)</p> <p>Explanatory notes</p> <p>The 2025 <i>IFRS for SMEs</i> Accounting Standard has combined the section about basic financial instruments and other financial instrument issues to create a new section. The AASB proposes amending AASB 1060 to align with the 2025 <i>IFRS for SMEs</i> Accounting Standard.</p>

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Transferred financial assets that do not qualify for derecognition Derecognition	Derecognition Explanatory notes This is the subheading before AASB 1060 paragraph 116. The AASB proposes revising the subheading to align with the 2025 <i>IFRS for SMEs</i> Accounting Standard.
<i>Investments in Associates</i> 14.12 An entity shall disclose the following: (a) its accounting policy for investments in associates; (b) the carrying amount of investments in associates (see paragraph 4.2(j)); and (c) the fair value of its investment investments in an associate associates if a market price for the investment is quoted and the entity accounts accounted for the associate using the equity method for which there are published price quotations.	125 An entity shall disclose the following: (a) material accounting policy information for investments in associates; (b) the carrying amount of investments in associates (see paragraph 35(i)); and (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] Explanatory notes Editorial change. AASB proposes aligning paragraph 125 (c) with the 2025 <i>IFRS for SMEs</i> Accounting Standard.
14.13 For investments in associates accounted for using by the cost model, an investor shall disclose the amount of dividends and other distributions recognised as income.	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] Explanatory notes: Same as paragraph 125(c) above.
14.14 For investments in associates accounted for using by the equity method, an investor shall disclose separately its share of the profit or loss of such associates and its share of any discontinued operations of such associates.	127 For investments in associates accounted for by the equity method, an investor shall disclose separately its share of the profit or loss of such associates and its share of any discontinued operations of such associates. [<i>IFRS for SMEs</i> Standard paragraph 14.14] Explanatory notes: Same as paragraph 125(c) above.
14.15 For investments in associates accounted for using by the fair value model, an investor shall make the disclosures required in Section 12 by paragraphs 11.41–11.44 . If an investor applies the undue cost or effort exemption in paragraph 14.10 for any associates it shall disclose that fact, the reasons why fair value measurement would involve undue cost or effort and the carrying amount of investments in associates accounted for under the cost model.	128 For investments in associates accounted for in accordance with AASB 9, an investor shall make the disclosures required by paragraphs 113–115. [Based on <i>IFRS for SMEs</i> Standard paragraph 14.15] Explanatory notes The wording change reflect the change made in paragraph 125(c) above. The reference to

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	paragraphs 113–115 remains the same, as AASB 1060 does not use section numbers.
<p><i>Joint Arrangements</i></p> <p>15.19 An entity shall disclose the following:</p> <ul style="list-style-type: none"> (a) the accounting policy it uses for recognising its investments <u>interests</u> in jointly controlled entities; (b) the carrying amount of investments in jointly controlled entities (see paragraph 4.2(k)); (c) the fair value of its investment <u>investments</u> in a jointly controlled entity <u>entities</u>, <u>if a market price for the investment is quoted and the entity accounts accounted for the jointly controlled entity using the equity method for which there are published price quotations; and</u> (d) the aggregate amount of its commitments relating to <u>jointly controlled entities</u> joint ventures, including its share in the capital commitments that have been incurred jointly with other parties <u>venturers</u>, as well as its share of the capital commitments of the joint ventures themselves. 	<p>129 An entity shall disclose the following:</p> <ul style="list-style-type: none"> (a) material accounting policy information for recognising its interests in joint ventures; (b) the carrying amount of investments in joint ventures (see paragraph 35(j)); (c) the fair value of investments in joint ventures accounted for using the equity method for which there are published price quotations; and (d) the aggregate amount of its commitments relating to joint ventures, including its share in the capital commitments that have been incurred jointly with other venturers, as well as its share of the capital commitments of the joint ventures themselves. <p>[Based on <i>IFRS for SMEs</i> Standard paragraph 15.19]</p> <p>Explanatory notes</p> <p>The <i>IFRS for SMEs</i> Accounting Standard continues to distinguish between jointly controlled assets, jointly controlled entities and jointly controlled operations and this is also reflected in the associated disclosures. In contrast, AASB 11 distinguishes between joint operations and joint ventures.</p> <p>AASB proposes aligning the disclosure requirements in paragraph 129 with the editorial changes made in the 2025 <i>IFRS for SMEs</i> Accounting Standard, but retaining the terminology from AASB 11.</p>
<p>15.20 For jointly controlled entities accounted for using in accordance with the equity method, the a party that has joint control <u>venturer</u> shall also make the disclosures required by paragraph 14.14 for equity method investments.</p>	<p>130 For joint ventures accounted for in accordance with the equity method, the venturer shall also make the disclosures required by paragraph 127 for equity method investments. [<i>IFRS for SMEs</i> Standard paragraph 15.20]</p> <p>Explanatory notes: Same as for paragraph 129 above.</p>
<p>15.21 For jointly controlled entities accounted for using in accordance with the fair value model, the a party that has joint control <u>venturer</u> shall make the disclosures required in Section 12 by paragraphs 11.41–11.44. If a party <u>venturer</u> applies the undue cost or effort exemption in paragraph 15.15 for any jointly controlled entity it shall disclose that fact, the reasons why fair value measurement would</p>	<p>131 For joint ventures accounted for in accordance with AASB 9, the venturer shall make the disclosures required by paragraphs 113–115. [Based on <i>IFRS for SMEs</i> Standard paragraph 15.21]</p> <p>Explanatory notes</p>

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involve undue cost or effort and the carrying amount of investments in jointly controlled entities accounted for under the cost model.	Same as for paragraph 129 above. The second sentence in paragraph 15.21 refers to an exemption that is not available under AAS and hence is not included in the equivalent paragraph 131 in AASB 1060.
<p><i>Investment Property</i></p> <p>16.10 An entity shall disclose the following for all investment property accounted for at fair value through profit or loss (paragraph 16.7):</p> <ul style="list-style-type: none"> (a) [deleted] the methods and significant assumptions applied in determining the fair value of investment property. (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. (c) the existence and amounts of restrictions on the realisability of investment property or the remittance of income and proceeds of disposal. (d) contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements. (e) a reconciliation between the carrying amounts of investment property at the beginning and end of the period, showing separately: <ul style="list-style-type: none"> (i) additions, disclosing separately those additions resulting from acquisitions through <u>business combinations</u> business combinations; (ii) net <u>gains</u> gains or losses from fair value adjustments; (iii) transfers to and from investment property carried at cost less accumulated depreciation and impairment (see paragraph 16.8); (iv) transfers to and from inventories and owner-occupied property; and (v) other changes. 	<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"> (a) the methods and significant assumptions applied in determining the fair value of investment property; (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; (c) the existence and amounts of restrictions on the realisability of investment property or the remittance of income and proceeds of disposal; (d) contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements; and (e) a reconciliation between the carrying amounts of investment property at the beginning and end of the period, showing separately: <ul style="list-style-type: none"> (i) additions, disclosing separately those additions resulting from acquisitions through business combinations; (ii) net gains or losses from fair value adjustments; (iii) transfers to and from investment property carried at cost less accumulated depreciation and impairment (see paragraph 57 of AASB 140); (iv) transfers to and from inventories and owner-occupied property; and (v) other changes. <p>This reconciliation need not be presented for prior periods. [<i>IFRS for SMEs</i> Standard paragraph 16.10]</p>



Appendix 2.1.A – Amendments to the <i>IFRS for SMEs</i> Accounting Standard with limited effect – recommendations for amending AASB 1060	
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This reconciliation need not be presented for prior periods.	<p>Explanatory notes</p> <p>The 2025 <i>IFRS for SMEs</i> Accounting Standard has relocated the requirement to disclose information about fair value measurements to the new Section 12. The AASB proposes amending AASB 1060 accordingly.</p> <p>The 2025 <i>IFRS for SMEs</i> Accounting Standard has further removed the definitions of ‘business combinations’ and ‘gain’. AASB 1060 does not define ‘business combinations’ and ‘gain’. In addition, AASB 1060 does not use bold font for defined terms. Therefore, these changes will not be reflected in AASB 1060.</p> <p>In addition to the edits identified as a result of changes made to the <i>IFRS for SMEs</i> Accounting Standard, the AASB further noted that the disclosure in paragraph 132(e)(iii) is a reflection of R&M differences between the full IFRS and the <i>IFRS for SMEs</i> Accounting Standard, and as a consequence there is no equivalent disclosure required under the full IFRS Accounting standard. Paragraph 132(e)(iii) should therefore be removed from AASB 1060. For the same reasons, paragraph 134(e)(v) should also be deleted from AASB 1060.</p>
<p><i>Property, Plant and Equipment</i></p> <p>17.33 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"> (a) the effective date of the revaluation; (b) whether an independent valuer was involved; (c) [deleted] the methods and significant assumptions applied in estimating the items’ fair values; (d) 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 (e) the revaluation surplus, indicating the change for the period and any restrictions on the distribution of the balance to shareholders. 	<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"> (a) the effective date of the revaluation; (b) whether an independent valuer was involved; (c) the methods and significant assumptions applied in estimating the items’ fair values; and (d) the revaluation surplus, indicating the change for the period and any restrictions on the distribution of the balance to shareholders. <p>[Based on <i>IFRS for SMEs</i> Standard paragraph 17.33]</p> <p>Explanatory notes</p> <p>The 2025 <i>IFRS for SMEs</i> Accounting Standard has relocated the requirement to disclose information about fair value measurements to the new Section 12. The AASB proposes amending AASB 1060 accordingly.</p>

Appendix 2.1.A – Amendments to the <i>IFRS for SMEs</i> Accounting Standard with limited effect – recommendations for amending AASB 1060	
2025 <i>IFRS for SMEs</i> Accounting Standard	AASB 1060
<p><i>Business Combinations and Goodwill</i></p> <p>19.3926 An acquirer shall disclose the useful lives used to amortise for goodwill and a reconciliation of the carrying amount of goodwill at the beginning and end of the reporting period. The acquirer shall disclose showing separately:</p> <ul style="list-style-type: none"> (a) additional goodwill it recognised during the reporting period changes arising from new business combinations; (b) impairment losses it recognised during the reporting period in accordance with Section 27; (c) goodwill relating to disposals of previously acquired businesses the acquirer derecognised during the reporting period; and (d) other changes. <p>This reconciliation need not be presented for prior periods.</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"> (a) changes arising from new business combinations; (b) impairment losses; (c) disposals of previously acquired businesses; and (d) other changes. <p>This reconciliation need not be presented for prior periods.</p> <p>[Based on <i>IFRS for SMEs</i> Standard paragraph 19.26]</p> <p>Explanatory notes</p> <p>The amendments align the wording closely to IFRS 3 <i>Business Combinations</i>. Therefore, the AASB proposes amending AASB 1060 to align with the 2025 <i>IFRS for SMEs</i> Accounting Standard but not referring to amortisation of goodwill, as this is not permitted under AAS.</p> <p>New paragraph 19.40 was the last sentence of the 2015 <i>IFRS for SMEs</i> Accounting Standard paragraph 19.39. AASB proposes amending AASB 1060 to align with the 2025 <i>IFRS for SMEs</i> Accounting Standard.</p>
<p>19.40 The reconciliation set out in paragraph 19.39 need not be presented for prior periods.</p>	
<p><i>Impairment of Assets</i></p> <p>27.33 An entity shall disclose the information required by paragraph 27.32 for each of the following classes of asset:</p> <ul style="list-style-type: none"> (a) inventories; (b) property, plant and equipment (including investment property accounted for by the cost model method); (c) goodwill; (d) intangible assets other than goodwill; (e) investments in associates; and (f) investments in jointly controlled entities joint ventures. 	<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"> (a) property, plant and equipment; (b) investment property accounted for by the cost method; (c) goodwill; (d) intangible assets other than goodwill; (e) investments in associates; and (f) investments in joint ventures. <p>[Based on <i>IFRS for SMEs</i> Standard paragraph 27.33]</p> <p>Explanatory notes</p> <p>The <i>IFRS for SMEs</i> Accounting Standard continues to distinguish between jointly controlled assets, entities and operations. AASB 1060 uses the terminology from AASB 11 which</p>

Appendix 2.1.A – Amendments to the <i>IFRS for SMEs</i> Accounting Standard with limited effect – recommendations for amending AASB 1060	
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	<p>distinguishes between joint operations and joint ventures. The AASB proposes not to amend AASB 1060 as the existing wording is still appropriate.</p> <p>Changing from ‘method’ to ‘model’, is an editorial change. The AASB proposes aligning with the 2025 <i>IFRS for SMEs</i> Accounting Standard.</p>
<p><i>Employee Benefits</i></p> <p>28.40 An entity shall disclose the amount recognised in profit or loss as an expense for defined contribution plans. If an entity treats a defined benefit multi-employer or state plan as a defined contribution plan because sufficient information for defined benefit accounting is not available to use defined benefit accounting (see paragraph 28.11) it shall disclose the fact that the plan is a defined benefit plan and the reason why it is being accounted for as a defined contribution plan, along with any available information about the plan’s surplus or deficit and the implications, if any, for the entity.</p>	<p>172 An entity shall disclose the amount recognised in profit or loss as an expense for defined contribution plans. If an entity treats a defined benefit multi-employer plan as a defined contribution plan because sufficient information is not available to use defined benefit accounting (see paragraph 34 of AASB 119), it shall disclose the fact that it is a defined benefit plan and the reason why it is being accounted for as a defined contribution plan, along with any available information about the plan’s surplus or deficit and the implications, if any, for the entity. [<i>IFRS for SMEs</i> Standard paragraph 28.40]</p> <p>Explanatory notes</p> <p>Editorial change. The AASB proposes aligning with the 2025 <i>IFRS for SMEs</i> Accounting Standard.</p>
<p>28.41E <u>If required by Section 21, an entity discloses information about contingent liabilities arising from post-employment benefit obligations.</u></p>	<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>Explanatory notes:</p> <p>The IASB has aligned the <i>IFRS for SMEs</i> Accounting Standard with the full IFRS Accounting Standards (IAS 19) by adding a reminder to disclose information about contingent liabilities arising from post-employment benefit obligations and removing the reference to contingent liabilities for termination benefits. The AASB proposes to align with the 2025 <i>IFRS for SMEs</i> Accounting Standard.</p>
<p>28.44 [Deleted] When there is uncertainty about the number of employees who will accept an offer of termination benefits, a contingent liability exists. Section 21 <i>Provisions and Contingencies</i> requires an entity to disclose information about its contingent liabilities unless the possibility of an outflow in settlement is remote.</p>	
<p><i>Related Party Disclosures</i></p> <p>Disclosure of <u>controlling party</u> parent-subsidary relationships</p>	<p>Disclosure of parent-subsidary relationships</p> <p>Explanatory notes</p> <p>Editorial change. The AASB proposes aligning with the 2025 <i>IFRS for SMEs</i> Accounting Standard.</p>

Appendix 2.1.A – Amendments to the <i>IFRS for SMEs</i> Accounting Standard with limited effect – recommendations for amending AASB 1060	
2025 <i>IFRS for SMEs</i> Accounting Standard	AASB 1060
<p>33.7A An entity that obtains key management personnel services from another entity <u>(management entity) is not required to make any disclosure that might otherwise be required by paragraph 33.7 in relation to the compensation paid or payable by the management entity to the management entity's employees or directors. However, the amounts incurred by an entity for the provision by a separate management entity of such services shall be disclosed.</u></p>	<p>195 If an entity obtains key management personnel services from another entity (the 'management entity'), the entity is not required to apply the requirements in paragraph 194 to the compensation paid or payable by the management entity to the management entity's employees or directors.</p> <p>196 Amounts incurred by the entity for the provision of key management personnel services that are provided by a separate management entity shall be disclosed.</p> <p>Explanatory notes</p> <p>The requirements were included in AASB 1060 paragraphs 195 and 196. The AASB proposes aligning the wording with the 2025 <i>IFRS for SMEs</i> Accounting Standard.</p>
<p>33.9 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 in paragraph 33.7 to disclose key management personnel compensation. At a minimum, disclosures shall include:</p> <ul style="list-style-type: none"> (a) the amount of the transactions; (b) the amount of outstanding balances, <u>including commitments</u> and: <ul style="list-style-type: none"> (i) their terms and conditions, including whether they are secured and the nature of the consideration to be provided in settlement; and (ii) details of any guarantees given or received. (c) provisions for uncollectable receivables related to the amount of outstanding balances; and (d) the expense recognised during the period in respect of bad or doubtful debts due from related parties. <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.</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 in paragraph 194 to disclose key management personnel compensation. At a minimum, disclosures shall include:</p> <ul style="list-style-type: none"> (a) the amount of the transactions; (b) the amount of outstanding balances and: <ul style="list-style-type: none"> (i) their terms and conditions, including whether they are secured and the nature of the consideration to be provided in settlement; and (ii) details of any guarantees given or received; (c) provisions for uncollectable receivables related to the amount of outstanding balances; and (d) the expense recognised during the period in respect of bad or doubtful debts due from related parties. <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>Explanatory notes</p> <p>When AASB 1060 was developed, the AASB noted that AASB 124 <i>Related Party Disclosures</i> paragraph 18(b) uses the words 'outstanding balances, including commitments'. At its March</p>

Appendix 2.1.A – Amendments to the <i>IFRS for SMEs</i> Accounting Standard with limited effect – recommendations for amending AASB 1060	
2025 <i>IFRS for SMEs</i> Accounting Standard	AASB 1060
	<p>2020 Board meeting, the AASB considered whether to add ‘including commitments’ to AASB 1060 paragraph 198(b) but decided against it, as the first sentence of paragraph 198 already refers to commitments. Additionally, the AASB included commitments as a separate item in the list of examples in paragraph 201. Based on this, the AASB did not see the need for further clarification. However, since the <i>IFRS for SMEs</i> Accounting Standard has made this editorial change, the AASB proposes aligning with the 2025 <i>IFRS for SMEs</i> Accounting Standard.</p>
<p>33.11 An entity is exempt from the disclosure requirements of paragraph 33.9 in relation to related party transactions and outstanding balances, including <u>commitments</u>, with:</p> <p>(a) a government state (a national, regional or local government) that has control, joint control or significant influence over the reporting entity; and</p> <p>(b) another entity that is a related party because the same <u>government state</u> has control, joint control or significant influence over both the reporting entity and the other entity.</p> <p>However, the entity must still disclose a parent subsidiary relationship as required by paragraph 33.5.</p>	<p>200 An entity is exempt from the disclosure requirements of paragraph 198 in relation to:</p> <p>(a) a state (a national, regional or local government) that has control, joint control or significant influence over the reporting entity; and</p> <p>(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.</p> <p>However, the entity must still disclose a parent-subsidary relationship as required by paragraph 192. [<i>IFRS for SMEs</i> Standard paragraph 33.11]</p> <p>Explanatory notes</p> <p>The first edit is editorial and the AASB proposes to make the same edit to AASB 1060 paragraph 200.</p> <p>The word ‘government’ is now defined in the 2025 <i>IFRS for SMEs</i> Accounting Standard. AASB 1060 already has this definition in Appendix A. The AASB therefore proposes revising the wording in paragraph 200(a) in line with the changes made to paragraph 33.11(a) to reflect this.</p> <p>The deleted sentence is only a reminder, which is superseded by the disclosures in the 2025 <i>IFRS for SMEs</i> Accounting Standard paragraph 33.15. The AASB proposes aligning with the 2025 <i>IFRS for SMEs</i> Accounting Standard.</p>
<p>33.12 The following are examples of transactions that shall be disclosed if they are with a related party:</p> <p>(a) purchases or sales of goods (finished or unfinished);</p> <p>(b) purchases or sales of property and other assets;</p> <p>(c) rendering or receiving of services;</p>	<p>201 The following are examples of transactions that shall be disclosed if they are with a related party:</p> <p>(a) purchases or sales of goods (finished or unfinished);</p> <p>(b) purchases or sales of property and other assets;</p> <p>(c) rendering or receiving of services;</p>

Appendix 2.1.A – Amendments to the <i>IFRS for SMEs</i> Accounting Standard with limited effect – recommendations for amending AASB 1060	
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<p>(d) leases;</p> <p>(e) transfers of research and development;</p> <p>(f) transfers under licence agreements;</p> <p>(g) transfers under finance arrangements (including loans and equity contributions in cash or in kind);</p> <p>(h) provision of guarantees or collateral;</p> <p><u>(ha) commitments to do something if a particular event occurs or does not occur in the future;</u></p> <p>(i) settlement of liabilities on behalf of the entity or by the entity on behalf of another party; and</p> <p>(j) participation by a parent or subsidiary in a defined benefit plan that shares risks between group entities.</p>	<p>(d) leases;</p> <p>(e) transfers of research and development;</p> <p>(f) transfers under licence agreements;</p> <p>(g) transfers under finance arrangements (including loans and equity contributions in cash or in kind);</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>(j) participation by a parent or subsidiary in a defined benefit plan that shares risks between group entities; and</p> <p>(k) commitments to do something if a particular event occurs, or does not occur in the future, including executory contracts³² (recognised or unrecognised).</p> <p>[Based on <i>IFRS for SMEs</i> Standard paragraph 33.12]</p> <p>³² AASB 137 <i>Provisions, Contingent Liabilities and Contingent Assets</i> defines executory contracts as contracts under which neither party has performed any of its obligations or both parties have partially performed their obligations to an equal extent.</p> <p>Explanatory notes</p> <p>The 2025 <i>IFRS for SMEs</i> Accounting Standard adds paragraph 33.12(ha). AASB 1060 has added this paragraph as paragraph 201(k). The AASB proposes aligning the order of the examples with the 2025 <i>IFRS for SMEs</i> Accounting Standard.</p>
<p><i>Specialised Activities</i></p> <p>34.7 An entity shall disclose the following with respect to its biological assets measured at fair value:</p> <p>(a) a description of each class of its biological assets.</p> <p>(b) [deleted] 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>204 An entity shall disclose the following with respect to its biological assets measured at fair value:</p> <p>(a) a description of each class of its biological assets.</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>



Appendix 2.1.A – Amendments to the <i>IFRS for SMEs</i> Accounting Standard with limited effect – recommendations for amending AASB 1060	
2025 <i>IFRS for SMEs</i> Accounting Standard	AASB 1060
<p>(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:</p> <ul style="list-style-type: none"> (i) the gain gain or loss arising from changes in fair value less costs to sell; (ii) increases resulting from purchases; (iii) decreases resulting from harvest; (iv) increases resulting from business combinations; (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 reporting entity; and (vi) other changes. <p>This reconciliation need not be presented for prior periods.</p>	<p>(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:</p> <ul style="list-style-type: none"> (i) the gain or loss arising from changes in fair value less costs to sell; (ii) increases resulting from purchases; (iii) decreases resulting from harvest; (iv) increases resulting from business combinations; (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 (vi) other changes. <p>This reconciliation need not be presented for prior periods. [<i>IFRS for SMEs</i> Standard paragraph 34.7]</p> <p>Explanatory notes</p> <p>The disclosures in paragraph 204(b) will be covered by the new paragraphs added in section 12 (paragraphs 12.28–12.32). The AASB proposes deleting paragraph 204(b) to align with the 2025 <i>IFRS for SMEs</i> Accounting Standard.</p>

Appendix 2.1.B Amendments to the *IFRS for SMEs* Accounting Standard with limited effect – recommendations for not amending AASB 1060

The following table lists amendments made in the 2025 *IFRS for SMEs* Accounting Standard which do not need to be incorporated in AASB 1060.

Appendix 2.1.B – Amendments to the <i>IFRS for SMEs</i> Accounting Standard with limited effect – recommendations for not amending AASB 1060	
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<p><i>Financial Statement Presentation</i></p> <p>3.3 An entity whose financial statements comply with the <i>IFRS for SMEs Accounting Standard</i> shall make an explicit and unreserved statement of such compliance in the notes. Financial statements shall not be described as complying with the <i>IFRS for SMEs Accounting Standard</i> unless they comply with all the requirements of this Standard.</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. [Based on <i>IFRS for SMEs</i> Standard paragraph 3.3]</p> <p>Explanatory notes</p> <p>The change was made as a consequence of changes to the IFRS terminology to distinguish between Accounting Standards and Sustainability Standards. AASB 1060 already refers to ‘Accounting Standard’.</p>
<p>3.5 When an entity departs from a requirement of this Standard in accordance with paragraph 3.4, it shall disclose the following:</p> <ul style="list-style-type: none"> (a) that management has concluded that the financial statements present fairly the entity’s financial position, financial performance and cash flows; (b) that it has complied with the <i>IFRS for SMEs Accounting Standard</i>, except that it has departed from a particular requirement to achieve a fair presentation; and (c) the nature of the departure, including the treatment that the <i>IFRS for SMEs Accounting Standard</i> 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 Section 2 and the treatment adopted. 	<p>No similar requirements in AASB 1060.</p> <p>Explanatory notes</p> <p>This paragraph was included in the 2015 <i>IFRS for SMEs</i> Accounting Standard, but is absent from AASB 1060. The AASB has already considered this and made a deliberate decision to exclude it.</p> <p>AASB 1060 paragraph BC57: The prohibition to depart from a requirement in AAS reflects Australian-specific circumstances which are also relevant to Tier 2 entities and hence need to be included. Paragraphs 3.4, 3.5 and 3.6 of the <i>IFRS for SMEs</i> Accounting Standard have been deleted, as they are not relevant to entities applying this Standard. The AASB proposes not amending AASB 1060.</p>

Appendix 2.1.B – Amendments to the <i>IFRS for SMEs</i> Accounting Standard with limited effect – recommendations for not amending AASB 1060	
2025 <i>IFRS for SMEs</i> Accounting Standard	AASB 1060
<p>3.11 An entity shall retain the presentation and classification classification of items in the financial statements from one period to the next unless:</p> <p>(a) it is apparent, following a significant change in the nature of the entity's operations or a review of its financial statements, that another presentation or classification would be more appropriate having regard to the criteria for the selection and application of accounting policies in Section 10 <i>Accounting Policies, Estimates and Errors</i>; or</p> <p>(b) this Standard requires a change in presentation.</p>	<p>17 An entity shall retain the presentation and classification of items in the financial statements from one period to the next unless:</p> <p>(a) it is apparent, following a significant change in the nature of the entity's operations or a review of its financial statements, that another presentation or classification would be more appropriate having regard to the criteria for the selection and application of accounting policies in AASB 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>; or</p> <p>(b) Australian Accounting Standards – Simplified Disclosures require a change in presentation.</p> <p>[<i>IFRS for SMEs</i> Standard paragraph 3.11]</p> <p>Explanatory notes</p> <p>The only change relates to the bolding of the term 'classification', which is now included in the definitions section of the <i>IFRS for SMEs</i> Accounting Standard. As explained in footnote 2 of ITC 56, the defined terms in AASB 1060 Appendix A are not based on the <i>IFRS for SMEs</i> Accounting Standard but are based on AASB 101, which is replaced by AASB 18.</p> <p>While AASB 18 has a definition of 'classification', which is largely aligned with the new definition in the <i>IFRS for SMEs</i> Accounting Standard, the question of whether to update the definitions in AASB 1060 with those in AASB 18 is discussed in Section 2, Topic 2 of ITC 56.</p>
<p><i>Statement of Financial Position</i></p> <p>4.4 An entity shall present current and non-current assets, and current and non-current liabilities, as separate classifications classifications in its statement of financial position in accordance with paragraphs 4.5–4.8, except when a presentation based on liquidity provides information that is reliable and more relevant. When that exception applies, all assets and liabilities shall be presented in order of approximate liquidity (ascending or descending).</p>	<p>37 An entity shall present current and non-current assets, and current and non-current liabilities, as separate classifications in its statement of financial position in accordance with paragraphs 38–41, except when a presentation based on liquidity provides information that is reliable and more relevant. When that exception applies, all assets and liabilities shall be presented in order of approximate liquidity (ascending or descending). [<i>IFRS for SMEs</i> Standard paragraph 4.4]</p> <p>Explanatory notes: Same as above.</p>
<p>4.9 This Standard does not prescribe the sequence or format in which items are to be presented. Paragraph 4.2 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>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>



Appendix 2.1.B – Amendments to the <i>IFRS for SMEs</i> Accounting Standard with limited effect – recommendations for not amending AASB 1060	
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<p>(a) line items are included when the size, nature or function of an item or aggregation 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 transactions, to provide information that is relevant to an understanding of the entity's financial position.</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 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>Explanatory notes</p> <p>The only change relates to the bolding of the term 'aggregation', which is now included in the definitions section of the <i>IFRS for SMEs</i> Accounting Standard. As noted previously, the AASB 1060 disclosure requirement is based on AASB 101. AASB 18, which will replace AASB 101, contains the definition of 'aggregation'. Potential effects of AASB 18 on AASB 1060 are discussed in Section 2, Topic 2 of ITC 56.</p>
<p>4.14 If, at the reporting date, an entity has a binding sale agreement for a major disposal of assets, or a group of assets and liabilities, the entity shall disclose the following information:</p> <p>(a) a description of the asset(s) or the group of assets and liabilities;</p> <p>(b) a description of the facts and circumstances of the sale or plan; and</p> <p>(c) the carrying amount of the assets or, if the disposal involves a group of assets and liabilities, the carrying amounts of those assets and liabilities.</p>	<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> <p>(a) a description of the asset(s) or the group of assets and liabilities; and</p> <p>(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.</p> <p>[Based on <i>IFRS for SMEs</i> Standard paragraph 4.14]</p> <p>Explanatory notes</p> <p>When developing AASB 1060, the presentation requirements were aligned with AASB 5. As a consequence, the relevant disclosures were amended to align more closely with AASB 5.</p>
<p><i>Statement of Comprehensive Income and Income Statement</i></p> <p>5.11 An entity shall present an analysis of expenses using a classification 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>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>

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<p>Analysis by nature of expense</p> <p>(a) Under this method of classification, expenses are aggregated in the statement of 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>Analysis by function of expense</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><i>Analysis by nature of expense</i></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>Explanatory notes</p> <p>The only change relates to the bolding of the term ‘classification’, which is now included in the definitions section of the <i>IFRS for SMEs</i> Accounting Standard. As noted previously, the AASB 1060 disclosure requirement is based on AASB 101. AASB 18, which will replace AASB 101, contains the definition of ‘classification’. Potential effects of AASB 18 on AASB 1060 are discussed in Section 2, Topic 2 of ITC 56.</p> <p>Additionally, 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) in the statement of profit or loss, whereas AASB 1060 permitted entities to disclose an analysis of expenses by either nature or function in the notes.</p>
<p><i>Statement of Cash Flows</i></p> <p>7.4 Operating activities are the principal revenue-producing activities of the entity. Consequently, cash flows from operating activities generally result from the transactions and other events and conditions that enter into the determination of profit or loss. Examples of cash flows from operating activities are:</p> <p>(a) cash receipts from the sale of goods and the rendering of services;</p> <p>(b) cash receipts from royalties, fees, commissions and other revenue;</p> <p>(c) cash payments to suppliers for goods and services;</p>	<p>67 Operating activities are the principal revenue-producing activities of the entity. Consequently, cash flows from operating activities generally result from the transactions and other events and conditions that enter into the determination of profit or loss. Examples of cash flows from operating activities are:</p> <p>(a) cash receipts from the sale of goods and the rendering of services;</p> <p>(b) cash receipts from royalties, fees, commissions and other revenue;</p> <p>(c) cash payments to suppliers for goods and services;</p> <p>(d) cash payments to and on behalf of employees;</p>

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<p>(d) cash payments to and on behalf of employees;</p> <p>(e) cash payments or refunds of income tax, unless they can be specifically identified with financing and investing activities; and</p> <p>(f) cash receipts and payments from investments, loans and other contracts held for dealing or trading purposes, which are similar to inventory acquired specifically for resale.</p> <p>Some transactions, such as the sale of an item of plant by a manufacturing entity, may give rise to a <u>gain</u> gain or loss that is included in profit or loss. However, the cash flows relating to such transactions are cash flows from investing activities.</p>	<p>(e) cash payments or refunds of income tax, unless they can be specifically identified with financing and investing activities; and</p> <p>(f) cash receipts and payments from investments, loans and other contracts held for dealing or trading purposes, which are similar to inventory acquired specifically for resale.</p> <p>Some transactions, such as the sale of an item of plant by a manufacturing entity, may give rise to a gain or loss that is included in profit or loss. However, the cash flows relating to such transactions are cash flows from investing activities. [<i>IFRS for SMEs</i> Standard paragraph 7.4]</p> <p>Explanatory notes</p> <p>AASB 1060 does not define ‘gain’. As AASB 1060 does not use bold font for defined terms, the AASB proposes not amending the Standard.</p>
<p><i>Notes to the Financial Statements</i></p> <p>8.4 An entity normally presents the notes in the following order:</p> <p>(a) a statement that the financial statements have been prepared in compliance with the <i>IFRS for SMEs Accounting Standard</i> (see paragraph 3.3);</p> <p>(b) material accounting policy information a summary of significant accounting policies applied (see paragraph 8.5);</p> <p>(c) supporting information for items presented in the financial statements, in the sequence in which each statement and each line item is presented; and</p> <p>(d) any other disclosures.</p>	<p>93 Examples of systematic ordering or grouping of the notes include:</p> <p>(a) giving prominence to the areas of its activities that the entity considers to be most relevant to an understanding of its financial performance and financial position, such as grouping together information about particular operating activities;</p> <p>(b) grouping together information about items measured similarly such as assets measured at fair value; or</p> <p>(c) following the order of the line items in the statement(s) of profit or loss and other comprehensive income and the statement of financial position, such as:</p> <p>(i) statement of compliance with Australian Accounting Standards – Simplified Disclosures (see paragraph 10);</p> <p>(ii) material accounting policy information (see paragraph 95);</p> <p>(iii) supporting information for items presented in the statements of financial position and in the statement(s) of profit or loss and other comprehensive income, and in the statements of changes in equity and of cash flows, in the order in which each statement and each line item is presented; and</p>



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	<p>(iv) other disclosures, including:</p> <p>(1) contingent liabilities (see paragraph 154) and unrecognised contractual commitments; and</p> <p>(2) non-financial disclosures.</p> <p>[Based on <i>IFRS for SMEs</i> Standard paragraph 8.4]</p> <p>Explanatory notes</p> <p>When developing AASB 1060, the AASB decided not to make any changes to the presentation requirements in full AAS. Accordingly, it adopted the guidance on the presentation of information in the notes from paragraph 114 of AASB 101. The AASB proposes not to amend AASB 1060 as the existing wording is still appropriate. However, the AASB notes that this guidance appears as application guidance in paragraph B112 of AASB 18. Potential effects of AASB 18 on AASB 1060 are discussed in Section 2, Topic 2 of ITC 56.</p> <p>The 2025 <i>IFRS for SMEs</i> Accounting Standard changed ‘a summary of significant accounting policies applied’ to ‘material accounting policy information’ to align with the full IFRS Accounting Standards. AASB 1060 includes wording that is already consistent with changes made to the full IFRS Accounting Standards as a result of the disclosure initiative. Therefore, no further amendment is required.</p>
<p>8.5 An entity shall disclose <u>material accounting policy information. Accounting policy information is material if, when considered together with other information included in the entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.</u> the following in the summary of significant accounting policies:</p> <p>(a) the measurement basis (or bases) used in preparing the financial statements; and</p> <p>(b) the other accounting policies used that are relevant to an understanding of the financial statements.</p>	<p>95 An entity shall disclose material accounting policy information (see Appendix A). Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.</p> <p>[Based on <i>IFRS for SMEs</i> Standard paragraph 8.5]</p> <p>Explanatory notes</p> <p>AASB 1060 has already included this requirement. Therefore, no further amendment is required.</p>
<p><i>Consolidated and Separate Financial Statements</i></p> <p>9.23A In addition to the disclosure requirements in Section 11, a parent entity shall disclose the carrying amount of investments in subsidiaries that are not consolidated</p>	<p>No similar requirements in AASB 1060.</p>

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(see paragraphs 9.3A–9.3C) at the reporting date, in total, either in the statement of financial position or in the notes .	<p>Explanatory notes</p> <p>This disclosure was included in the 2015 <i>IFRS for SMEs</i> Accounting Standard. It relates to subsidiaries that are not consolidated because they are acquired and are held with the intention of selling or disposing of within one year from the acquisition date. There is no such exemption under AAS, which means that the disclosure is not relevant for entities applying AAS and was excluded from AASB 1060 on that basis. Therefore, no further amendment is required.</p>
<p><i>Financial Instruments</i></p> <p>11.39 The following disclosures make reference to disclosures for financial liabilities measured at fair value through profit or loss. Entities that have only basic financial instruments (and therefore do not apply <u>Part II</u> of Section 1142) will not have any financial liabilities measured at fair value through profit or loss and hence will not need to provide such disclosures.</p>	<p>111 The disclosures required in this Section apply to all financial instruments within the scope of AASB 9. In addition, if the entity uses hedge accounting, it shall make the additional disclosures in paragraphs 120–122.</p> <p>Explanatory notes</p> <p>The equivalent paragraph in AASB 1060 is paragraph 111. However, the wording in AASB 1060 was adapted to reflect the differences in R&M and the terminology used in the <i>IFRS for SMEs</i> Accounting Standard. No further amendments are needed.</p>
<p>11.40 In accordance with paragraph 8.5, an entity shall disclose material accounting policy information. <u>Information about the measurement basis (or bases) for financial instruments used in preparing the financial statements is expected to be material accounting policy information.</u>, in the summary of significant accounting policies, the measurement basis (or bases) used for financial instruments and the other accounting policies used for financial instruments that are relevant to an understanding of the financial statements.</p>	<p>112 In accordance with paragraph 95, an entity shall disclose material accounting policy information. Information about the measurement basis (or bases) for financial instruments used in preparing the financial statements is expected to be material accounting policy information. [Based on <i>IFRS for SMEs</i> Standard paragraph 11.40]</p> <p>Explanatory notes</p> <p>AASB 1060 has already made those changes. Therefore, no further amendments are needed.</p>
<p>11.41 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"> (a) financial assets measured at fair value through profit or loss (paragraph 11.14(c)(i) and paragraphs <u>11.54 12.8 and 12.9</u>); (b) financial assets that are debt instruments measured at amortised cost (paragraph 11.14(a)); (c) financial assets that are equity instruments measured at cost less impairment (paragraph 11.14(c)(ii) and paragraphs <u>11.54 12.8 and 12.9</u>); 	<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"> (a) financial assets measured at fair value through profit or loss; (b) financial assets measured at amortised cost; (c) financial liabilities measured at fair value through profit or loss; (d) financial liabilities measured at amortised cost; and

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<p>(d) financial liabilities measured at fair value through profit or loss (paragraphs 11.54 12.8 and 12.9);</p> <p>(e) financial liabilities measured at amortised cost (paragraph 11.14(a)); and</p> <p>(f) loan commitments measured at cost less impairment (paragraph 11.14(b)).</p>	<p>(e) financial assets measured at fair value through other comprehensive income, showing separately:</p> <p>(i) financial assets that are measured at fair value through other comprehensive income in accordance with paragraph 4.1.2A of AASB 9; and</p> <p>(ii) investments in equity instruments designated as such upon initial recognition in accordance with paragraph 5.7.5 of AASB 9.</p> <p>[Based on <i>IFRS for SMEs</i> Standard paragraph 11.41]</p> <p>Explanatory notes</p> <p>The 2025 <i>IFRS for SMEs Accounting Standard</i> only changes references to paragraphs that deal with recognition and measurement requirements. AASB 1060 refers to equivalent paragraphs in AASB 9 where relevant. Therefore, no further amendment is required.</p>
<p>11.44 If a reliable measure measure of fair value is no longer available, or is not available without undue cost or effort when such an exemption is provided, for any financial instruments that would otherwise be required to be measured at fair value through profit or loss in accordance with this Standard, the entity shall disclose that fact, the carrying amount of those financial instruments and, if an undue cost or effort exemption has been used, the reasons why a reliable fair value measurement would involve undue cost or effort.</p>	<p>No similar requirements in AASB 1060.</p> <p>Explanatory notes</p> <p>This paragraph was included in the 2015 <i>IFRS for SMEs Accounting Standard</i>, but is absent from AASB 1060. It relates to an R&M difference (undue cost or effort exemption) that is not available under AAS. On that basis, the disclosure was excluded from AASB 1060 when it was first developed. Therefore, no further amendments are required.</p>
<p>11.48 An entity shall disclose the following items of income, expense, gains gains or losses:</p> <p>(a) income, expense, gains or losses, including changes in fair value, recognised on:</p> <p>(i) financial assets measured at fair value through profit or loss;</p> <p>(ii) financial liabilities measured at fair value through profit or loss;</p> <p>(iii) financial assets measured at amortised cost; and</p> <p>(iv) financial liabilities measured at amortised cost.</p>	<p>119 An entity shall disclose the following items of income, expense, gains or losses:</p> <p>(a) income, expense, gains or losses, including changes in fair value, recognised on:</p> <p>(i) financial assets measured at fair value through profit or loss;</p> <p>(ii) financial liabilities measured at fair value through profit or loss;</p> <p>(iii) financial assets measured at amortised cost;</p> <p>(iv) financial liabilities measured at amortised cost;</p>



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(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	(c) the amount of any impairment loss for each class of financial asset.	(v) investments in equity instruments designated at fair value through other comprehensive income in accordance with paragraph 5.7.5 of AASB 9; and	
		(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;	
		(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	
		(c) the amount of any impairment loss for each class of financial asset.	
		[Based on <i>IFRS for SMEs</i> Standard paragraph 11.48]	
		Explanatory notes AASB 1060 does not define ‘gain’ and does not use bold font for defined terms. Therefore, no further amendment is required. The differences in (a)(v) and (vi) are due to different categories of financial instruments in AASB 9 as compared to the <i>IFRS for SMEs</i> Accounting Standard (reflecting R&M differences).	
11.72 12.26	An entity applying Part II of Section 11 this section shall make all of the disclosures required in Part I of Section 11 incorporating in those disclosures financial instruments that are within the scope of Part II of Section 11 this section as well as those within the scope of Part I of Section 11. In addition, if the entity uses hedge accounting, it shall make the additional disclosures in paragraphs 11.73– 11.75 12.27– 12.29 .	Explanatory notes Same as paragraph 11.39 above.	
11.73 12.27	An entity shall disclose the following separately for hedges of each of the four types of risks described in paragraph 11.63 12.17 :	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:
(a)	a description of the hedge;	(a)	a description of the hedge;



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<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) 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>[Based on <i>IFRS for SMEs Standard</i> paragraph 12.27]</p> <p>Explanatory notes</p> <p>The 2025 <i>IFRS for SMEs</i> Accounting Standard only changed reference to paragraphs within the 2025 <i>IFRS for SMEs</i> Accounting Standard. There is no impact on AASB 1060.</p>
<p>11.7412.28 If an entity uses hedge accounting for a hedge of fixed interest rate risk or commodity price risk of a commodity held (paragraphs 11.65–11.6812.19–12.22) it 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>(b) the amount of the change in fair value of the hedged item recognised in profit or loss for the period.</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>(b) the amount of the change in fair value of the hedged item recognised in profit or loss for the period.</p> <p>[Based on <i>IFRS for SMEs Standard</i> paragraph 12.28]</p> <p>Explanatory notes: Same as above.</p>
<p>11.7512.29 If an entity uses hedge accounting for a hedge of variable interest rate risk, foreign exchange risk, commodity price risk in a firm commitment or highly probable forecast transaction or a net investment in a foreign operation (paragraphs 11.69–11.7112.23–12.25), it 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> <p>(b) a description of any forecast transaction for which hedge accounting had previously been used, but which is no longer expected to occur;</p> <p>(c) the amount of the change in fair value of the hedging instrument that was recognised in other comprehensive income during the period (paragraph 11.6912.23);</p> <p>(d) the amount that was reclassified to profit or loss for the period (paragraphs 11.6912.23 and 11.7112.25); and</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> <p>(b) a description of any forecast transaction for which hedge accounting had previously been used, but which is no longer expected to occur;</p> <p>(c) the amount of the change in fair value of the hedging instrument that was recognised in other comprehensive income during the period;</p> <p>(d) the amount that was reclassified to profit or loss for the period; and</p> <p>(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.</p> <p>[Based on <i>IFRS for SMEs Standard</i> paragraph 12.29]</p>

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(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 (paragraph 11.69 12.23).	Explanatory notes: Same as above.
<p><i>Inventories</i></p> <p>13.22 An entity shall disclose the following:</p> <ul style="list-style-type: none"> (a) the accounting policies adopted in measuring inventories, including the cost formula used; (b) the total carrying amount of inventories and the carrying amount in classifications classifications appropriate to the entity; (c) the amount of inventories recognised as an expense during the period; (d) impairment losses recognised or reversed in profit or loss in accordance with Section 27 <i>Impairment of Assets</i>; and (e) the total carrying amount of inventories pledged as security for liabilities. 	<p>123 An entity shall disclose the following:</p> <ul style="list-style-type: none"> (a) material accounting policy information about the measurement of inventories, including the cost formula used; (b) the total carrying amount of inventories and the carrying amount in classifications appropriate to the entity; (c) the amount of inventories recognised as an expense during the period; (d) impairment losses recognised or reversed in profit or loss in accordance with AASB 102 <i>Inventories</i>; and (e) the total carrying amount of inventories pledged as security for liabilities. <p>[Based on <i>IFRS for SMEs</i> Standard paragraph 13.22]</p> <p>Explanatory notes</p> <p>The only change relates to the bolding of the term ‘classification’, which is now included in the definitions section of the <i>IFRS for SMEs</i> Accounting Standard. As noted previously, the AASB 1060 disclosure requirement is based on AASB 101. AASB 18, which will replace AASB 101, contains the definition of ‘classification’. Potential effects of AASB 18 on AASB 1060 are discussed in Section 2, Topic 2 of ITC 56.</p>
<p><i>Property, Plant and Equipment</i></p> <p>17.31 An entity shall disclose the following for each class of property, plant and equipment determined in accordance with paragraph 4.11(a) and separately for investment property carried at cost less accumulated depreciation and impairment:</p> <ul style="list-style-type: none"> (a) the measurementmeasurement bases used for determining the gross carrying amount; (b) the depreciation methods used; (c) the useful lives or the depreciation rates used; 	<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"> (a) the measurement bases used for determining the gross carrying amount; (b) the depreciation methods used; (c) the useful lives or the depreciation rates used; (d) the gross carrying amount and the accumulated depreciation (aggregated with accumulated impairment losses) at the beginning and end of the reporting period; and

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<p>(d) the gross carrying amount and the accumulated depreciation (aggregated with accumulated impairment losses) at the beginning and end of the reporting period; and</p> <p>(e) a reconciliation of the carrying amount at the beginning and end of the reporting period showing separately:</p> <ul style="list-style-type: none"> (i) additions; (ii) disposals; (iii) acquisitions through business combinations; (iv) increases or decreases resulting from revaluations under paragraphs 17.15B–17.15D and from impairment losses recognised or reversed in other comprehensive income in accordance with Section 27; (v) transfers to and from investment property carried at fair value through profit or loss (see paragraph 16.8); (vi) impairment losses recognised or reversed in profit or loss in accordance with Section 27; (vii) depreciation; and (viii) other changes. <p>This reconciliation need not be presented for prior periods.</p>	<p>(e) a reconciliation of the carrying amount at the beginning and end of the reporting period, showing separately:</p> <ul style="list-style-type: none"> (i) additions; (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; (iii) acquisitions through business combinations; (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>; (v) transfers to and from investment property carried at fair value through profit or loss (see paragraph 57 of AASB 140); (vi) impairment losses recognised or reversed in profit or loss in accordance with AASB 136; (vii) depreciation; and (viii) other changes. <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>Explanatory notes</p> <p>The 2025 <i>IFRS for SMEs</i> Accounting Standard removed the definition of ‘measurement’. AASB 1060 does not define ‘measurement’ and does not use bold font for defined terms. Therefore, no further amendment is required.</p>
<p><i>Intangible Assets other than Goodwill</i></p> <p>18.27 An entity shall disclose the following for each class of intangible assets:</p> <ul style="list-style-type: none"> (a) the useful lives or the amortisation rates used; (b) the amortisation methods used; 	<p>137 An entity shall disclose the following for each class of intangible assets:</p> <ul style="list-style-type: none"> (a) the useful lives or the amortisation rates used; (b) the amortisation methods used; (c) the gross carrying amount and any accumulated amortisation (aggregated with accumulated impairment losses) at the beginning and end of the reporting period;

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<p>(c) the gross carrying amount and any accumulated amortisation (aggregated with accumulated impairment losses) at the beginning and end of the reporting period;</p> <p>(d) the line item(s) in the statement of comprehensive income (and in the income statement, if presented) in which any amortisation of intangible assets is included; and</p> <p>(e) a reconciliation of the carrying amount at the beginning and end of the reporting period showing separately:</p> <ul style="list-style-type: none"> (i) additions; (ii) disposals; (iii) acquisitions through business combinations; (iv) amortisation; (v) impairment losses <u>recognised or reversed in profit or loss in accordance with Section 27</u>; and (vi) other changes. <p>This reconciliation need not be presented for prior periods.</p>	<p>(d) the line item(s) in the statement of profit or loss and other comprehensive income (if presented), the statement of profit or loss and the statement of comprehensive income (if presented), or the combined statement of income and retained earnings (if presented) in which any amortisation of intangible assets is included; and</p> <p>(e) a reconciliation of the carrying amount at the beginning and end of the reporting period, showing separately:</p> <ul style="list-style-type: none"> (i) additions; (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; (iii) acquisitions through business combinations; (iv) increases or decreases resulting from revaluations under AASB 138 and from impairment losses recognised or reversed in other comprehensive income in accordance with AASB 136; (v) amortisation; (vi) impairment losses recognised or reversed in profit or loss in accordance with AASB 136; and (vii) other changes. <p>This reconciliation need not be presented for prior periods.</p> <p>[Based on <i>IFRS for SMEs</i> Standard paragraph 18.27]</p> <p>Explanatory notes</p> <p>The 2025 <i>IFRS for SMEs</i> Accounting Standard added a reference to Section 27. AASB 1060 has already referred to AASB 136. Therefore, no further amendment is required.</p>

Appendix 2.1.B – Amendments to the <i>IFRS for SMEs</i> Accounting Standard with limited effect – recommendations for not amending AASB 1060	
2025 <i>IFRS for SMEs</i> Accounting Standard	AASB 1060
<p><i>Government Grants</i></p> <p>24.7 For the purpose of the disclosure required by paragraph 24.6(e), Government government assistance is action by government designed to provide an economic benefit specific to an entity or range of entities qualifying under specified criteria. For the purpose of the disclosure required by paragraph 24.6(c), examples Examples include free technical or marketing advice and the provision of guarantees and loans at nil or low interest rates.</p>	<p>No similar requirements in AASB 1060.</p> <p>Explanatory notes</p> <p>This paragraph was included in the 2015 <i>IFRS for SMEs</i> Accounting Standard, but is absent from AASB 1060. The AASB has already considered this and made a deliberate decision to exclude it, as the same guidance is included in AASB 120 paragraph 3 which continues to apply to Tier 2 entities per AASB 120 paragraph AusA1. Therefore, no further amendment is required.</p>
<p><i>Employee Benefits</i></p> <p>Disclosures about other long-term <u>employee</u> benefits</p> <p>28.42 For each category of other long-term <u>employee</u> 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.</p>	<p>No similar requirements in AASB 1060.</p> <p>Explanatory notes</p> <p>Paragraph 28.42 and the subheading above it were included in the 2015 <i>IFRS for SMEs</i> Accounting Standard, but were excluded from AASB 1060, as those disclosures had been removed from the full IFRS Accounting Standards after the first edition of the <i>IFRS for SMEs</i> Accounting Standard was issued (see paragraph BC71 of AASB 1060). Therefore, no further amendment is required.</p>
<p><i>Income Tax</i></p> <p>29.39 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"> (a) current tax expense (income); (b) any adjustments recognised in the period for current tax of prior periods; (c) the amount of deferred tax expense (income) relating to the origination and reversal of temporary differences; (d) the amount of deferred tax expense (income) relating to changes in tax rates or the imposition of new taxes; (e) the amount of the benefit arising from a previously unrecognised tax loss, tax credit or temporary difference of a prior period that is used to reduce tax expense; (f) adjustments to deferred tax expense (income) arising from a change in the tax status of the entity or its shareholders; 	<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"> (a) current tax expense (income); (b) any adjustments recognised in the period for current tax of prior periods; (c) the amount of deferred tax expense (income) relating to the origination and reversal of temporary differences; (d) the amount of deferred tax expense (income) relating to changes in tax rates or the imposition of new taxes; (e) the amount of the benefit arising from a previously unrecognised tax loss, tax credit or temporary difference of a prior period that is used to reduce tax expense; (f) adjustments to deferred tax expense (income) arising from a change in the tax status of the entity or its shareholders;



Appendix 2.1.B – Amendments to the <i>IFRS for SMEs</i> Accounting Standard with limited effect – recommendations for not amending AASB 1060	
2025 <i>IFRS for SMEs</i> Accounting Standard	AASB 1060
<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 29.31; 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 Section 10 <i>Accounting Policies, Estimates and Errors</i>, because they cannot be accounted for retrospectively.</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.</p> <p>[<i>IFRS for SMEs</i> Standard paragraph 29.39]</p> <p>Explanatory notes</p> <p>The 2025 <i>IFRS for SMEs</i> Accounting Standard only deleted the heading of Section 10 in the paragraph. There is no impact on AASB 1060.</p>
<p>29.41 [Deleted] If an entity does not offset tax assets and liabilities in accordance with paragraph 29.37 because it is unable to demonstrate without undue cost or effort that it plans to settle them on a net basis or realise them simultaneously, the entity shall disclose the amounts that have not been offset and the reasons why applying the requirement would involve undue cost or effort.</p>	<p>No similar requirements in AASB 1060.</p> <p>Explanatory notes</p> <p>Disclosure reflected an R&M difference that has been removed. No impact on AASB 1060.</p>
<p><i>Foreign Currency Translation</i></p> <p>30.25 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 Section 11 <i>Basic Financial Instruments</i> and Section 12; 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>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>[<i>IFRS for SMEs</i> Standard paragraph 30.25]</p> <p>Explanatory notes</p> <p>The 2025 <i>IFRS for SMEs</i> Accounting Standard only changed references to sections. There is no impact on AASB 1060.</p>
<p><i>Related Party Disclosures</i></p> <p>33.2 A related party is a person or entity that is related to the reporting entity entity that is preparing its financial statements (the reporting entity):</p>	<p>This definition is in AASB 1060 Appendix A as follows:</p> <p>Related party disclosures</p>



Appendix 2.1.B – Amendments to the <i>IFRS for SMEs</i> Accounting Standard with limited effect – recommendations for not amending AASB 1060	
2025 <i>IFRS for SMEs</i> Accounting Standard	AASB 1060
<p>(a) a person or a close member of that person's family close member of that person's family is related to a reporting entity if that person:</p> <ul style="list-style-type: none"> (i) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity; (ii) has control or joint control over the reporting entity; or (iii) has significant influence over the reporting entity. <p>(b) an entity is related to a reporting entity if any of the following conditions applies:</p> <ul style="list-style-type: none"> (i) the entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others). (ii) one entity is an associate or jointly controlled entity joint venture of the other entity (or an associate or jointly controlled entity joint venture of a member of a group of which the other entity is a member). (iii) both entities are jointly controlled entities joint ventures of the same third entity. (iv) one entity is a jointly controlled entity joint venture of a third entity and the other entity is an associate of the third entity. (v) the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity. (vi) the entity is controlled or jointly controlled by a person identified in (a). (vii) the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity. (viii) a person identified in (a)(ii) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity). 	<p>A related party is a person or entity that is related to the entity that is preparing its financial statements (the reporting entity):</p> <p>(a) a person or a close member of that person's family is related to a reporting entity if that person:</p> <ul style="list-style-type: none"> (i) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity; (ii) has control or joint control over the reporting entity; or (iii) has significant influence over the reporting entity. <p>(b) an entity is related to a reporting entity if any of the following conditions applies:</p> <ul style="list-style-type: none"> (i) the entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others). (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member). (iii) both entities are joint ventures of the same third entity. (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity. (v) the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity. (vi) the entity is controlled or jointly controlled by a person identified in (a). (vii) the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Appendix 2.1.B – Amendments to the <i>IFRS for SMEs</i> Accounting Standard with limited effect – recommendations for not amending AASB 1060	
2025 <i>IFRS for SMEs</i> Accounting Standard	AASB 1060
	<p>(viii) a person identified in (a)(ii) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).</p> <p>Explanatory notes</p> <p>The definition of a related party in AASB 1060 has been adopted directly from AASB 124 (paragraph 9). The AASB proposes maintaining this definition without any modifications.</p>
<p>33.4 In the context of this Standard, the following are not necessarily related parties:</p> <p>(a) two entities simply because they have a director or other member of key management personnel in common;</p> <p>(b) two parties-venturers simply because they share joint control over a jointly controlled entity-joint venture;</p> <p>(c) any of the following simply by virtue of their normal dealings with an entity (even though they may affect the freedom of action of an entity or participate in its decision-making process):</p> <p>(i) providers of finance;</p> <p>(ii) trade unions;</p> <p>(iii) public utilities; or</p> <p>(iv) government departments and agencies.</p> <p>(d) a customer, supplier, franchisor, distributor or general agent with whom an entity transacts a significant volume of business, merely by virtue of the resulting economic dependence.</p>	<p>191 In the context of this Standard, the following are not necessarily related parties:</p> <p>(a) two entities simply because they have a director or other member of key management personnel in common;</p> <p>(b) two venturers simply because they share joint control over a joint venture;</p> <p>(c) any of the following simply by virtue of their normal dealings with an entity (even though they may affect the freedom of action of an entity or participate in its decision-making process):</p> <p>(i) providers of finance;</p> <p>(ii) trade unions;</p> <p>(iii) public utilities; or</p> <p>(iv) government departments and agencies; and</p> <p>(d) a customer, supplier, franchisor, distributor or general agent with whom an entity transacts a significant volume of business, merely by virtue of the resulting economic dependence.</p> <p>[<i>IFRS for SMEs</i> Standard paragraph 33.4]</p> <p>Explanatory notes</p> <p>The <i>IFRS for SMEs</i> Accounting Standard continues to distinguish between jointly controlled assets, entities and operations. AASB 1060 uses the updated terminology from AASB 11 that distinguishes between joint operations and joint ventures. The AASB proposes not amending AASB 1060 as the existing wording continues to be appropriate for Tier 2 entities.</p>

Appendix 2.1.B – Amendments to the <i>IFRS for SMEs Accounting Standard</i> with limited effect – recommendations for not amending AASB 1060	
2025 <i>IFRS for SMEs Accounting Standard</i>	AASB 1060
<p><i>Transition to the IFRS for SMEs Accounting Standard</i></p> <p>Explanation of transition to the <i>IFRS for SMEs Accounting Standard</i></p>	<p>Explanation of transition to Australian Accounting Standards – Simplified Disclosures</p> <p>Explanatory notes</p> <p>Change made as consequence of changes to the IFRS terminology, to distinguish between Accounting Standards and Sustainability Standards. AASB 1060 already refers to ‘Accounting Standard’.</p>
<p>35.12A An entity that has applied the <i>IFRS for SMEs Accounting Standard</i> in a previous period, as described in paragraph 35.2, shall disclose:</p> <ul style="list-style-type: none"> (a) the reason it stopped applying the <i>IFRS for SMEs Accounting Standard</i>; (b) the reason it is resuming the application of the <i>IFRS for SMEs Accounting Standard</i>; and (c) whether it has applied this section or has applied the <i>IFRS for SMEs Accounting Standard</i> retrospectively in accordance with Section 10. 	<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"> (a) the reason it stopped applying Australian Accounting Standards or IFRSs; (b) the reason it is resuming the application of Australian Accounting Standards or IFRSs; and (c) whether it has applied AASB 1 <i>First-time Adoption of Australian Accounting Standards</i> AASB 1 or has applied Australian Accounting Standards – Simplified Disclosures retrospectively in accordance with AASB 108. <p>[Based on <i>IFRS for SMEs</i> Standard paragraph 35.12A]</p> <p>Explanatory notes: Same as above.</p>

Appendix 2.2.D Editorial amendments to AASB 1060 to align with AASB 18 terminology and paragraph references

Subject to the decision to update AASB 1060 to incorporate the new AASB 18 classification and presentation requirements, Table 2.2.D lists the proposed editorial amendments to AASB 1060 to align with AASB 18 terminology and references to the application guidance paragraphs in Appendix B of AASB 18.

Table 2.2.D – Editorial amendments to AASB 1060 to align with AASB 18 terminology and paragraph references	
AASB 18 paragraphs	AASB 1060 paragraphs
<p>11 The statements listed in paragraphs 10(a)–10(d) (and their comparative information) are referred to as the primary financial statements. An entity may use titles for the statements other than those used in this Standard. For example, an entity may use the title ‘balance sheet’ instead of ‘statement of financial position’. In addition, although this Standard uses terms such as ‘other comprehensive income’, ‘profit or loss’ and ‘total comprehensive income’, an entity may use other terms to label the totals, subtotals and line items required by this Standard as long as they are labelled in a way that faithfully represents the characteristics of the items, as required by paragraph 43. For example, an entity may use the term ‘net income’ to label ‘profit or loss’.</p>	<p>30 An entity may use titles for the financial statements other than those used in this Standard as long as they are not misleading. [<i>IFRS for SMEs</i> Standard paragraph 3.22]</p> <p>Explanatory notes: To clarify what is considered as ‘primary financial statements’ under the new AASB 18 terminology, AASB proposes to add the first sentence of paragraph 11 of AASB 18 to paragraph 30 of AASB 1060 as its first sentence.</p>
<p>12 An entity shall present its statement(s) of financial performance as either:</p> <p>(a) a single statement of profit or loss and other comprehensive income, with profit or loss and other comprehensive income presented in two sections – if this option is chosen, an entity shall present the profit or loss section first followed directly by the other comprehensive income section; or</p> <p>(b) a statement of profit or loss and a separate statement presenting comprehensive income that shall begin with profit or loss – if this option is chosen, the statement of profit or loss shall immediately precede the statement presenting comprehensive income.</p>	<p>49 An entity shall present its total comprehensive income for a period either:</p> <p>(a) in a single statement of profit or loss and other comprehensive income, in which case the statement of comprehensive income presents all items of income and expense recognised in the period; or</p> <p>(b) in two statements—a statement of profit or loss and a statement of comprehensive income—in which case the statement of profit or loss presents all items of income and expense recognised in the period except those that are recognised in total comprehensive income outside of profit or loss as permitted or required by other Australian Accounting Standards.</p> <p>[<i>IFRS for SMEs</i> Standard paragraph 5.2]</p> <p>Explanatory notes: To align with full AAS terminology, the AASB proposes to amend paragraph 49(a) of AASB 1060 from ‘statement of comprehensive income’ to ‘statement of profit or loss and other comprehensive income’. The AASB further proposes adding comments to paragraphs 49 (a) and (b) which confirm that the profit or loss section of the</p>

Table 2.2.D – Editorial amendments to AASB 1060 to align with AASB 18 terminology and paragraph references	
AASB 18 paragraphs	AASB 1060 paragraphs
	single statement and the separate statement of profit or loss shall be presented first, before the other comprehensive income section/the statement presenting comprehensive income.
14 An entity shall present each of the primary financial statements with equal prominence in a complete set of financial statements.	29 In a complete set of financial statements, an entity shall present each financial statement with equal prominence. [<i>IFRS for SMEs</i> Standard paragraph 3.21] Explanatory notes: To align with the new AASB 18 terminology, the AASB proposes to amend ‘financial statement’ to ‘primary financial statement’ in paragraph 29 of AASB 1060.
19 Some Australian Accounting Standards specify information that is required to be presented in the primary financial statements or disclosed in the notes. An entity need not provide a specific presentation or disclosure required by Australian Accounting Standards if the information resulting from that presentation or disclosure is not material. This is the case even if Australian Accounting Standards contain a list of specific requirements or describe them as minimum requirements.	23 This Standard specifies information that is required to be included in the financial statements , which include the notes. An entity need not provide a specific disclosure if the information resulting from that disclosure is not material. This is the case even if this Standard contains a list of specific requirements or describes them as minimum requirements. Explanatory notes: To align with the new AASB 18 terminology, the AASB proposes to amend ‘financial statements’ to ‘primary financial statements’ in paragraph 23 of AASB 1060.
25 An entity shall clearly identify the financial statements and distinguish them from other information in the same published document (see paragraph B10). 26 Australian Accounting Standards apply only to financial statements, and not necessarily to other information provided in an annual report, a regulatory filing or another document. Therefore, it is important that users of financial statements can distinguish information that is prepared using Australian Accounting Standards from other information that may be useful to users but is not the subject of those requirements. 27 An entity shall clearly identify each primary financial statement and the notes. In addition, an entity shall disclose prominently, and repeat when necessary for the information provided to be understandable: (a) the name of the reporting entity or other means of identification, and any change in that information from the end of the preceding reporting period; (b) whether the financial statements are of an individual entity or a group of entities; (c) the date of the end of the reporting period or the period covered by the financial statements;	31 An entity shall clearly identify each of the financial statements and the notes and distinguish them from other information in the same document. In addition, an entity shall display the following information prominently and repeat it when necessary for an understanding of the information presented: (a) the name of the reporting entity and any change in its name since the end of the preceding reporting period; (b) whether the financial statements cover the individual entity or a group of entities; (c) the date of the end of the reporting period and the period covered by the financial statements; (d) the presentation currency, as defined in AASB 121 <i>The Effects of Changes in Foreign Exchange Rates</i> ; and (e) the level of rounding, if any, used in presenting amounts in the financial statements. [<i>IFRS for SMEs</i> Standard paragraph 3.23]

Table 2.2.D – Editorial amendments to AASB 1060 to align with AASB 18 terminology and paragraph references	
AASB 18 paragraphs	AASB 1060 paragraphs
<p>(d) the presentation currency, as defined in AASB 121 <i>The Effects of Changes in Foreign Exchange Rates</i>; and</p> <p>(e) the level of rounding used for the amounts in the financial statements (see paragraph B11).</p>	<p>Explanatory notes: To align with the new AASB 18 terminology and structure, the AASB proposes to update paragraph 31 of AASB 1060 with the following:</p> <ul style="list-style-type: none"> • amend ‘financial statements’ to ‘primary financial statements’; • replace ‘display’ with ‘disclose’; • add reference to paragraph B10 of AASB 18 at the end of the first sentence; and • add reference to paragraph B11 of AASB 18 at the end of the paragraph. <p>The AASB further proposes adding AASB 18 paragraph 26 to AASB 1060 as new paragraph 31A, on the basis that this paragraph is part of the presentation requirements in the main body of AASB 18.</p>
<p>30 An entity shall retain the presentation, disclosure and classification of items in the financial statements from one reporting period to the next unless:</p> <p>(a) It is apparent, following a significant change in the nature of the entity’s operations or a review of its financial statements, that another presentation, disclosure or classification would be more appropriate having regard to the criteria for selecting and applying accounting policies in AASB 108 <i>Basis of Preparation of Financial Statements</i> (see paragraph B12); or</p> <p>(b) An Australian Accounting Standard requires a change in presentation, disclosure or classification.</p>	<p>17 An entity shall retain the presentation and classification of items in the financial statements from one period to the next unless:</p> <p>(a) It is apparent, following a significant change in the nature of the entity’s operations or a review of its financial statements, that another presentation or classification would be more appropriate having regard to the criteria for the selection and application of accounting policies in AASB 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>; or</p> <p>(b) Australian Accounting Standards – Simplified Disclosures require a change in presentation. [<i>IFRS for SMEs</i> Standard paragraph 3.11].</p> <p>Explanatory notes: To align with the new AASB 18 terminology and structure, the AASB proposes to update paragraph 17 of AASB 1060 by adding:</p> <ul style="list-style-type: none"> • ‘disclosure’ in the first sentence and in paragraph 17(a); • a reference to paragraph B12 of AASB 18 at the end of paragraph 17(a); and • ‘disclosure or classification’ at the end of the paragraph 17(b).
<p>31 Except when Australian Accounting Standards permit or require otherwise, an entity shall provide comparative information (that is, information for the preceding reporting period) for all amounts reported in the current period’s financial statements. An entity shall include comparative information for narrative and descriptive information if it is necessary for an understanding of the current period’s financial statements (see paragraph B13).</p>	<p>20 Except when this Standard permits or requires otherwise, an entity shall disclose comparative information in respect of the previous comparable period for all amounts presented in the current period’s financial statements. An entity shall include comparative information for narrative and descriptive information when it is relevant to an understanding of the current period’s financial statements. [<i>IFRS for SMEs</i> Standard paragraph 3.14]</p>

Table 2.2.D – Editorial amendments to AASB 1060 to align with AASB 18 terminology and paragraph references	
AASB 18 paragraphs	AASB 1060 paragraphs
	Explanatory notes: To align with the new AASB 18 structure, the AASB proposes to add a reference to paragraph B13 of AASB 18 at the end paragraph 31 of AASB 1060.
<p>33 If an entity changes the presentation, disclosure or classification of items in its financial statements, it shall reclassify comparative amounts unless reclassification is impracticable. When an entity reclassifies comparative amounts, it shall disclose (including as at the beginning of the preceding period):</p> <ul style="list-style-type: none"> (a) the nature of the reclassification; (b) the amount of each item or class of items that is reclassified; and (c) the reason for the reclassification. 	<p>18 When the presentation or classification of items in the financial statements is changed, an entity shall reclassify comparative amounts unless the reclassification is impracticable. When comparative amounts are reclassified, an entity shall disclose the following:</p> <ul style="list-style-type: none"> (a) the nature of the reclassification; (b) the amount of each item or class of items that is reclassified; and (c) the reason for the reclassification. [<i>IFRS for SMEs</i> Standard paragraph 3.12] <p>Explanatory notes: To align with the new AASB 18 terminology, the AASB proposes to update paragraph 18 of AASB 1060 by adding ‘disclosure’ in the first sentence.</p>
<p>44 An entity shall not offset assets and liabilities or income and expenses, unless required or permitted by an Australian Accounting Standard (see paragraphs B27–B28).</p>	<p>24 An entity shall not offset assets and liabilities or income and expenses, unless required or permitted by an Australian Accounting Standard.</p> <p>Explanatory notes: To align with the new AASB 18 structure, the AASB proposes to add a reference to paragraphs B2 and B28 of AASB 18 at the end of paragraph 44 of AASB 1060.</p>
<p>76 An entity shall present in the statement of profit or loss (outside all the categories described in paragraph 47) an allocation of profit or loss for the reporting period attributable to:</p> <ul style="list-style-type: none"> (a) non-controlling interests; and (b) owners of the parent. <p>87 An entity shall present an allocation of comprehensive income for the reporting period attributable to:</p> <ul style="list-style-type: none"> (a) non-controlling interests; and (b) owners of the parent. 	<p>53 An entity shall disclose separately the following items in the statement(s) presenting profit or loss and other comprehensive income as allocations for the period:</p> <ul style="list-style-type: none"> (a) profit or loss for the period attributable to: <ul style="list-style-type: none"> (i) non-controlling interests; and (ii) owners of the parent; and (b) total comprehensive income for the period attributable to: <ul style="list-style-type: none"> (i) non-controlling interests; and (ii) owners of the parent. <p>[<i>IFRS for SMEs</i> Standard paragraph 5.6]</p> <p>Explanatory notes: To align with the new AASB 18 terminology, the AASB proposes to update the lead in sentence in paragraph 53 of AASB 1060 by replacing ‘disclosure’ with ‘present’.</p>

Table 2.2.D – Editorial amendments to AASB 1060 to align with AASB 18 terminology and paragraph references	
AASB 18 paragraphs	AASB 1060 paragraphs
<p>96 An entity shall present current and non-current assets, and current and non-current liabilities, as separate classifications in its statement of financial position in accordance with paragraphs 99–102 except when a presentation based on liquidity provides a more useful structured summary. When that exception applies, an entity shall present all assets and liabilities in order of liquidity (see paragraphs B90–B93).</p>	<p>37 An entity shall present current and non-current assets, and current and non-current liabilities, as separate classifications in its statement of financial position in accordance with paragraphs 38–41, except when a presentation based on liquidity provides information that is reliable and more relevant. When that exception applies, all assets and liabilities shall be presented in order of approximate liquidity (ascending or descending). [<i>IFRS for SMEs</i> Standard paragraph 4.4]</p> <p>Explanatory notes: To align with the new AASB 18 terminology, the AASB proposes to update paragraph 37 of AASB 1060 by:</p> <ul style="list-style-type: none"> replacing ‘information that is reliable and more relevant’ with ‘a more useful structured summary’; and adding a reference to paragraphs B90–B93 of AASB 18 at the end of the paragraph.
<p>99 An entity shall classify an asset as current when (see paragraphs B94–B95):</p> <ul style="list-style-type: none"> (a) it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle; (b) it holds the asset primarily for the purpose of trading; (c) it expects to realise the asset within 12 months after the reporting period; or (d) the asset is cash or a cash equivalent (as defined in AASB 107), unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. <p>100 An entity shall classify all assets other than those specified in paragraph 99 as non-current.</p>	<p>38 An entity shall classify an asset as current when:</p> <ul style="list-style-type: none"> (a) it expects to realise the asset, or intends to sell or consume it, in the entity’s normal operating cycle; (b) it holds the asset primarily for the purpose of trading; (c) it expects to realise the asset within twelve months after the reporting date; or (d) the asset is cash or a cash equivalent, unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date. [<i>IFRS for SMEs</i> Standard paragraph 4.5] <p>39 An entity shall classify all other assets as non-current. When the entity’s normal operating cycle is not clearly identifiable, its duration is assumed to be twelve months. [<i>IFRS for SMEs</i> Standard paragraph 4.6]</p> <p>Explanatory notes: To align with the new AASB 18 structure, the AASB proposes to add a reference to paragraphs B94 and B95 of AASB 18 at the end of the lead in sentence in paragraph 38 of AASB 1060 and to delete the second sentence from paragraph 39, as this is now covered in paragraph B95 of AASB 18.</p>



Table 2.2.D – Editorial amendments to AASB 1060 to align with AASB 18 terminology and paragraph references	
AASB 18 paragraphs	AASB 1060 paragraphs
<p>101 An entity shall classify a liability as current when:</p> <ul style="list-style-type: none"> (a) it expects to settle the liability in its normal operating cycle (see paragraphs B96 and B107–B108); (b) it holds the liability primarily for the purpose of trading (see paragraph B97); (c) the liability is due to be settled within 12 months after the reporting period (see paragraphs B97–B98 and B107–B108); or (d) it does not have the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period (see paragraphs B99–B108). 	<p>40 An entity shall classify a liability as current when:</p> <ul style="list-style-type: none"> (a) it expects to settle the liability in the entity’s normal operating cycle; (b) it holds the liability primarily for the purpose of trading; (c) the liability is due to be settled within twelve months after the reporting date; or (d) the entity does not have the right at the reporting date to defer settlement of the liability for at least twelve months after the reporting date. [Based on <i>IFRS for SMEs</i> Standard paragraph 4.7] <p>Explanatory notes: To align with the new AASB 18 structure, the AASB proposes to amend paragraph 40 of AASB 1060 by adding a reference to:</p> <ul style="list-style-type: none"> • paragraphs B96, B107 and B108 of AASB 18 at the end of paragraph 40(a); • paragraph B97 of AASB 18 at the end of paragraph 40(b); • paragraphs B97 and B98 and B107–B108 of AASB 18 at the end of paragraph 40(c); and • paragraphs B99–B108 of AASB 18 at the end of paragraph 40(d).
<p>Notes</p> <p>Structure</p> <p>113 An entity shall disclose in the notes:</p> <ul style="list-style-type: none"> (a) information about the basis of preparation of the financial statements (see paragraphs 6A–6N of AASB 108) and the specific accounting policies used (see paragraphs 27A–27I of AASB 108); (b) information required by Australian Accounting Standards that is not presented in the primary financial statements; and (c) other information that is not presented in the primary financial statements, but is necessary for an understanding of any of them (see paragraph 20). 	<p>91 The notes shall:</p> <ul style="list-style-type: none"> (a) present information about the basis of preparation of the financial statements and the specific accounting policies used, in accordance with paragraphs 95–97; (b) disclose the information required by this Standard that is not presented elsewhere in the financial statements; and (c) provide information that is not presented elsewhere in the financial statements but is relevant to an understanding of any of them. <p>[<i>IFRS for SMEs</i> Standard paragraph 8.2]</p> <p>Explanatory notes: To align with new AASB 18 terminology, the AASB proposes to amend paragraph 113(a) of AASB 1060 by replacing ‘present’ with ‘disclose’.</p>

Table 2.2.D – Editorial amendments to AASB 1060 to align with AASB 18 terminology and paragraph references	
AASB 18 paragraphs	AASB 1060 paragraphs
<p>114 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. 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.</p>	<p>92 An entity shall, as far as practicable, present the notes in a systematic manner. An entity shall cross-reference each item in the financial statements to any related information in the notes. <i>[IFRS for SMEs Standard paragraph 8.3]</i></p> <p>Explanatory notes: The last sentence of paragraph 114 of AASB 18 is a new disclosure requirement. The AASB is not proposing to add this to AASB 1060 as part of the AASB 18 alignment for classification and presentation requirements. The AASB is seeking feedback on whether this additional disclosure should be included in AASB 1060; refer to question 2.6(b) in ITC 56.</p> <p>However, the AASB recommends updating paragraph 92 of AASB 1060 by adding a reference to paragraph B112 of AASB 18 at the end of the first sentence.</p> <p>Additionally, the AASB is proposing to remove paragraph 93 of AASB 1060 as this paragraph is the same as paragraph B112 in AASB 18.</p>
<p>115 An entity may disclose notes providing information about the basis of preparation of the financial statements and specific accounting policies used in a separate section of the financial statements.</p>	<p>116 An entity may present notes providing information about the basis of preparation of the financial statements and specific accounting policies as a separate section of the financial statements.</p> <p>Explanatory notes: To align with new AASB 18 terminology, the AASB proposes to amend paragraph 116 of AASB 1060 by replacing ‘present’ with ‘disclose’.</p>
<p>Other disclosures</p> <p>130 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>(a) for each class of share capital:</p> <p>(i) the number of shares authorised;</p> <p>(ii) the number of shares issued and fully paid, and issued but not fully paid;</p> <p>(iii) par value per share, or a statement that the shares have no par value;</p> <p>(iv) a reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period;</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>(a) for each class of share capital:</p> <p>(i) the number of shares authorised;</p> <p>(ii) the number of shares issued and fully paid, and issued but not fully paid;</p> <p>(iii) par value per share or that the shares have no par value;</p> <p>(iv) a reconciliation of the number of shares outstanding at the beginning and at the end of the period. This reconciliation need not be presented for prior periods;</p>



Table 2.2.D – Editorial amendments to AASB 1060 to align with AASB 18 terminology and paragraph references	
AASB 18 paragraphs	AASB 1060 paragraphs
<p>(v) the rights, preferences and restrictions attaching to that class, including restrictions on the distribution of dividends and the repayment of capital;</p> <p>(vi) shares in the entity held by the entity or by its subsidiaries or associates; and</p> <p>(vii) shares reserved for issue under options and contracts for the sale of shares, including terms and amounts; and</p> <p>(b) a description of the nature and purpose of each reserve within equity.</p>	<p>(v) the rights, preferences and restrictions attaching to that class including restrictions on the distribution of dividends and the repayment of capital;</p> <p>(vi) shares in the entity held by the entity or by its subsidiaries or associates; and</p> <p>(vii) shares reserved for issue under options and contracts for the sale of shares, including the terms and amounts; and</p> <p>(b) a description of each reserve within equity. [IFRS for SMEs Standard paragraph 4.12]</p> <p>Explanatory notes: To align with new AASB 18 terminology and presentation requirements, the AASB proposes to amend the lead-in sentence in paragraph 116 of AASB 1060 by:</p> <ul style="list-style-type: none"> • removing ‘disclose the following, ’; • adding ‘present’ in front of ‘in the statement of financial position’; and • adding ‘disclose’ in front of ‘in the notes’.