



<b>Project:</b>	Presentation and Disclosure in Financial Statements by Superannuation and Not-for-Profit Entities	<b>Meeting:</b>	AASB October 2025 (M215)
<b>Topic:</b>	Consider draft Exposure Draft	<b>Agenda Item:</b>	7.0
		<b>Date of paper:</b>	19 September 2025
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		<b>Decision-Making:</b>	High
		<b>Project Status:</b>	Drafting Exposure Draft

## Objective of this agenda item

- 1 In respect to the application of AASB 18 *Presentation and Disclosures in Financial Statements* by superannuation and not-for-profit (NFP) entities preparing Tier 1 general purpose financial statements (GPFS), the objectives of this agenda item are for the Board to:
  - (a) **consider** a draft Exposure Draft (ED); and if appropriate, **approve** publishing the ED (Agenda Paper 7.1);
  - (b) **note** an update on a follow-up matter relating to convergence difference between Generally Accepted Accounting Principles (GAAP) and Government Finance Statistics (GFS) regarding concessionary loans (Agenda Paper 7.2);
  - (c) **decide** the next steps for finalising publication of the ED (Agenda Paper 7.2);
  - (d) **decide** the comment period for the ED (Agenda Paper 7.2); and
  - (e) **consider** a proposed timeline for completing the project (Agenda Paper 7.2).

## Attachments

- 2 In addition to this Cover Memo, there are two papers for this agenda item:

Agenda Paper 7.1	Draft ED 33X <i>Operating Cash Flow Reconciliation and Application of AASB 18 and AASB 107 by Superannuation and Not-for-Profit Entities</i>
Agenda Paper 7.2	Proposed next steps and timeline.

## Background

- 3 In [June 2024](#), when issuing AASB 18, the Board decided to undertake further work to consider how AASB 18 should be applied by superannuation and not-for-profit (NFP) entities. The Board deferred the application date of AASB 18 for these entities until annual periods beginning on or after 1 January 2028, instead of 1 January 2027, to allow time for due process for any amendments to AASB 18 or other relevant Standards that the Board might make.
- 4 In the first half of 2025, staff undertook targeted outreach with key stakeholders. The Board considered stakeholder feedback at its May and July 2025 meetings and decided to develop an ED to propose modifying AASB 18 and related Standards for application by superannuation and NFP entities. Accordingly, staff have prepared a draft ED for the Board's consideration at this meeting, which is presented as Agenda Paper 7.1. The objectives of this meeting are for the Board to decide the content of the ED and the next steps for finalising the ED for publication.
- 5 At its [August 2025 meeting](#), the Board considered the recommendations made in the Report to the Financial Reporting Council (FRC) from the FRC's independent Post-implementation Review (PIR) of AASB 1049 *Whole of Government and General Government Sector Financial Reporting* and AASB 1055 *Budgetary Reporting* relating to whole of government and general government sector (GGs) financial statements. The Board:
  - (a) decided to propose editorial changes to AASB 1049 as part of the ED, which have been reflected in Agenda Paper 7.1; and
  - (b) asked staff to undertake further work to determine whether AASB 1049.31(b)(iii) would require amendment, relating to the convergence difference between GAAP and GFS regarding concessionary loans. An update on this matter is provided in Agenda Paper 7.2.
- 6 The [Appendix](#) to this Cover Memo summarises the Board's decisions made at its May, July and August 2025 meetings and how the decisions have been reflected in Agenda Paper 7.1, for the Board's information.

## Appendix: Summary of Board decisions and development of draft ED

A1 The draft ED presented as Agenda Paper 7.1 proposes amendments to:

- (a) AASB 18 and AASB 107 *Statement of Cash Flows* to relieve superannuation entities and NFP public sector entities preparing Tier 1 GPFS from certain requirements;
- (b) AASB 18 to clarify how certain principles should be applied by NFP entities in the private and public sectors;
- (c) AASB 1049 to align certain terminology with that used in recent Australian Accounting Standards;
- (d) AASB 1056 *Superannuation Entities* to facilitate application of AASB 18 and AASB 107 by superannuation entities; and
- (e) AASB 1054 *Australian Additional Disclosures* and AASB 1039 *Concise Financial Reports* for consistency with AASB 107 in respect of relevant entities preparing Tier 1 GPFS, including relevant for-profit private sector entities.

A2 The following table summarises the Board’s decisions made at its May, July and August 2025 meetings and how the decisions have been reflected in the draft ED, including the modifications proposed in the ED, the relevant Specific Matters for Comment (SMC) and paragraph references to the draft Basis for Conclusions (BC).

Board decision	Modified paragraphs/ new paragraphs proposed in draft ED	SMC question(s)	BC paragraph(s)
<b>Regarding the starting point to use for the reconciliation of the net cash flow from operating activities</b>			
Require entities, other than superannuation and NFP public sector entities, to use the ‘operating profit or loss’ subtotal (as defined in AASB 18) as the starting point to align with the indirect method set out in the revised AASB 107.	AASB 1039 – to amend paragraph 21 AASB 1054 – to add subparagraph (a) in paragraph 16	Q1 and Q2	BC94–BC96
Permit superannuation and NFP public sector entities to use the ‘profit or loss’ subtotal as the starting point, consistent with the Board’s decision that these entities would not be required to present an ‘operating profit or loss’ subtotal.	AASB 107 – to add paragraph Aus20.2 and amend paragraph Aus20.3 AASB 1054 – to add subparagraph (b) in paragraph 16	Q7 – superannuation entities Q22 – NFP public sector entities	BC33–BC34 – superannuation entities BC69–BC70 – NFP public sector entities
<b>Proposed modifications specific to superannuation entities</b>			
Retain the existing AASB 1056 requirements for the presentation of the statement of profit or loss and operating expenses, and the statement of changes in member benefits.	<b>Line items to be presented in the primary financial statements:</b> AASB 18 – to add paragraph Aus23.1(a) and AusB8.1(a) <b>Statement of profit or loss presentation:</b> AASB 18 – to add paragraph Aus46.1(a) AASB 1056 – to add paragraph 10A	Q3 and Q4	BC16–BC23

<b>Board decision</b>	<b>Modified paragraphs/ new paragraphs proposed in draft ED</b>	<b>SMC question(s)</b>	<b>BC paragraph(s)</b>
Retain the existing AASB 1056 requirements for presenting expenses in the statement of profit or loss.	AASB 18 – to add paragraph Aus78.1(a) AASB 1056 – to add paragraph 22A	Q5	BC24–BC27
Retain the current policy choice for classifying dividends received and interest paid and received for superannuation entities.	AASB 107 – to add paragraphs Aus6.1 and Aus34D.1.	Q6	BC28–BC32
Specify in AASB 1056 that the statement of changes in member benefits is a ‘primary financial statement’ for the purposes of a superannuation entity’s GPFS.	AASB 1056 – to add paragraph 12A	Q8	BC35–BC36
The aggregation and disaggregation principles in AASB 18 are to be applied in addition to the specific disaggregation requirements in AASB 1056.	N/A	Q9	BC37–BC38
Management-defined performance measures (MPM) disclosure requirements of AASB 18 are to be applied without superannuation specific modification.	N/A	Q10	BC39–BC40
<b><i>NFP guidance on certain AASB 18 principles</i></b>			
In respect to NFP entities in both the private and public sector, to undertake work to: (a) consider the best approach to providing further clarity on the objective of financial statements for NFP entities, particularly in view of the changes to the Conceptual Framework proposed in ED 334; and (b) consider whether the criterion outlined in AASB 18.B80(a) would require modification or guidance.	AASB 18 – to add paragraphs Aus9.1, AusB5.1 and AusB80.1	Q12 and Q13 – NFP private sector entities and universities Q18 and Q19 – NFP public sector entities	BC41–BC42
<b><i>NFP private sector entities and universities</i></b>			
Other than any NFP guidance on certain AASB 18 principles that the Board might develop, NFP private sector entities and universities preparing Tier 1 GPFS should be required to apply AASB 18 and the revised AASB 107 without modification. Seek general input on the suitability of applying AASB 18 to NFP private sector entities and universities Tier 1 GPFS.	N/A	Q14	BC43–BC46
<b><i>NFP public sector entities, including governments</i></b>			
Permit NFP public sector entities to continue presenting the statement of profit or loss using existing formats. These entities would not be required to categorise income and expense into the operating, investing and financing categories.	AASB 18 – to add paragraph Aus46.1(b)	Q16	BC50–BC54
Retain the existing requirements for presenting expenses in the statement of profit or loss.	AASB 18 – to add paragraph Aus78.1(b)	Q17	BC55–BC58

<b>Board decision</b>	<b>Modified paragraphs/ new paragraphs proposed in draft ED</b>	<b>SMC question(s)</b>	<b>BC paragraph(s)</b>
Exempt NFP public sector entities from identifying and disclosing information about MPMs. MPM disclosure requirements could be applied voluntarily if considered useful to users of these entities' GPFS.	AASB 18 – to add paragraph Aus117.1	Q20	BC59–BC61
Retain the current policy choice for classifying dividends received and interest paid and received for NFP public sector entities.	AASB 107 – to add paragraphs Aus6.1 and Aus34D.1	Q21	BC62–BC68
The aggregation and disaggregation principles in AASB 18 are to be applied without modifications.	N/A	Q23	BC71–BC74
<b><i>Additional modifications relating to the whole of government and GGS financial statements and amendments to AASB 1049 in response to the FRC's independent PIR of AASB 1049</i></b>			
Retain the existing requirements for the presentation of the statement of profit or loss and operating expenses in AASB 1049.	In addition to the proposals applicable to NFP public sector entities, in respect to line items to be presented in the primary financial statements: AASB 18 – to add paragraphs Aus23.1(b) and AusB8.1(b)	Q26	BC75–BC78
To consider potential modifications to the following paragraphs: (a) AASB 1049.14(f) relating to the classification of cash flows from dividends paid as a result of the revised requirements of AASB 107; and (b) editorial changes to AASB 1049.14(g) and 31(a)(ii) to align terminology with recent Accounting Standards – AASB 1058 <i>Income of Not-for-Profit Entities</i> and AASB 9.	AASB 1049 – to amend paragraphs 14(f), 14(g) and 31(a)(iii)	Q27 and Q28	BC85
Seek further stakeholder input on whether there is a public-sector-specific reason to not require a statement of changes in equity in whole of government or GGS financial statements.	N/A	Q25 (in the context of NFP public sector entities in general)	BC86
Clarify that the AASB 18 requirements relating to MPMs do not apply to key fiscal aggregates.	N/A	N/A	BC61 and BC87
The standard-setting responses relating to other recommendations noted in the report to the FRC.	N/A	N/A	BC88–BC91
<b><i>For-profit public sector entities</i></b>			
In respect to for-profit public sector entities, the requirements in the revised AASB 107 should be applied without modification. The ED would seek input from stakeholders on the costs and benefits of applying the revised AASB 107.	N/A	Q29–Q31	BC92–BC93