p Australian Government
Australian Accounting Standards Board

Staff Paper

Project:	**AASB 1060 Review**	**Meeting:**	212
Topic:	**Consider potential amendments to AASB 1060 resulting from amendments to *IFRS for SMEs***	**Agenda Item:**	8.2
		Date:	15 April 2025
Contact(s):	Jia Wei jwei@aasb.gov.au Lan Lu llu@aasb.gov.au Helena Simkova hsimkova@aasb.gov.au	**Project Priority:** **Decision-Making:** **Project Status:**	High High Decide on areas for inclusion in the ITC on AASB 1060 review

Objective of this paper

1 The objective of this agenda item is for the Board to:

(a) consider potential amendments to AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* as a result of the issuance of *IFRS for SMEs* Accounting Standards Third Edition (2025 *IFRS for SMEs*); and

(b) decide on questions and areas for inclusion in an Invitations to Comment (ITC) to seek stakeholders' feedback.

Structure of this paper

2 This Staff Paper is set out as follows:

(a) Background (paragraphs 3 to 5);

(b) Substantial amendments to *IFRS for SMEs* – recommended for amending AASB 1060 (paragraph 6);

(c) Substantial amendments to *IFRS for SMEs* – not recommended for amending AASB 1060 (paragraph 7);

(d) Proposed ITC questions and matters for inclusion (paragraphs 8 to 0);

(e) Questions for Board members (paragraph 10);

(f) Appendix A – Amendments to *IFRS for SMEs* with limited effect on AASB 1060 – recommended for amending AASB 1060;

(g) Appendix B – Minor amendments to *IFRS for SMEs* – not recommended for amending AASB 1060;

(h) Appendix C – Changes to 2025 *IFRS for SMEs* defined terms; and

(i) Appendix D – Subjects of amendments in *IFRS for SMEs*.

Background

3 As stated in paragraph BC96 of AASB 1060, the review of disclosure requirements in AASB 1060 should be conducted when *IFRS for SMEs* is updated. The 2025 *IFRS for SMEs* was published in February 2025. Therefore, staff reviewed all amendments made by the IASB and considered whether similar amendments should be made to AASB 1060.

4 *IFRS for SMEs* second review was conducted between 2019 and 2025. Appendix D summarises amendments by section of the *IFRS for SMEs* Accounting Standard. Editorial and minor consequential amendments are only listed for sections with no substantive amendments.

5 Staff have categorised changes in the *IFRS for SMEs* into three types:

Table 1 Amendments to *IFRS for SMEs* and potential effects on AASB 1060

Amendments to *IFRS for SME* and potential effects on AASB 1060	
Substantial change Addition, deletion or substantial change to disclosure requirements	**a) <u>Not resulting in a change of AASB 1060</u>** (i) If the amendment in 2025 *IFRS for SMEs* introduces an R&M requirement, staff recommend not amending AASB 1060. (ii) If the amendment in 2025 *IFRS for SMEs* introduces or modifies a disclosure requirement about R&M options or accounting treatments available in the *IFRS for SMEs* Standard but not in full IFRS Standards, staff recommend not amending AASB 1060. (iii) If the amendment introduces a disclosure requirement that has been already adopted in AASB 1060. These amendments are summarised in <u>Table 3</u>. **b) <u>Potentially resulting in a substantial change of AASB 1060</u>** In all other circumstances, staff recommend amending AASB 1060 to align with the 2025 *IFRS for SMEs.* These amendments are summarised in <u>Table 2</u>.
Minor change or a change with limited effect on AASB 1060	Staff suggest amending AASB 1060 for all changes to *IFRS for SMEs* that do not relate to disclosure requirements listed in category a) above and have only limited effect on AASB 1060. These amendments are summarised in <u>Appendix A</u>.

Amendments to *IFRS for SME* and potential effects on AASB 1060	
Minor change: Minor wording updates, changes to references or relocation of existing requirements Change with limited effect on disclosure	(Minor amendments relating to disclosure category a) above are summarised in Appendix B – no adjustment to AASB 1060 suggested).
Addition or removal of definitions	When AASB 1060 was developed the definitions were aligned with full Australian Accounting Standards (AAS) rather than being based on definitions in *IFRS for SMEs.* Therefore, staff recommend not amending the defined terms in Appendix A of AASB 1060 to align with 2025 *IFRS for SMEs*. Amendments to defined terms in IFRS for SMEs are summarised in Appendix C.

Substantial amendments to *IFRS for SMEs* – recommended for amending AASB 1060

6 The table below lists the substantial changes made by the IASB to *IFRS for SMEs* that staff suggest replicating in AASB 1060.

Table 2 Substantial amendments to *IFRS for SMEs* – recommended for amending AASB 1060

2025 *IFRS for SMEs*	**AASB 1060**
Financial Statement Presentation 3.15A When applying this Standard an entity shall decide, after taking into consideration all the relevant facts and circumstances, how it aggregates information in the financial statements, which include the notes. An entity shall not reduce the understandability of its financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.	No similar guidance in AASB 1060. Staff comments: This amendment replicates amendments made to IAS 1 *Presentation of Financial Statements*/AASB 101 *Presentation of Financial Statements* as a result of the disclosure initiative. This amendment to the full IFRS standard occurred after the second edition of *IFRS for SMEs* (2015 *IFRS for SMEs*), but before the development of AASB 1060; therefore, it was not considered by AASB when the Standard was developed. Whilst staff suggest amending AASB 1060, we acknowledge that detailed guidance on aggregation is provided in AASB 18 *Presentation and Disclosure in Financial Statements (for for-profit entities)* (paragraphs 41- 43). Therefore, the final decision or wording may be subject to the Board's decision on the effects of AASB 18.
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 ~~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 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.~~	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 *IFRS for SMEs* Standard paragraph 3.16] Staff comments: The AASB 1060 wording on material information aligns with the revised wording of materiality when the standard was published. Therefore, there is no need to make further amendments to replicate the first part of paragraph 3.16. However, the guidance on what materiality means (the second part of paragraph 3.16) was part of the definitions in AASB 101 and, as such, included in Appendix A of AASB 1060. However, AASB 18, which replaces AASB 101, includes this guidance in paragraph B2AASB 1 as application guidance. Similar to the above, the final decision on incorporating the materiality guidance into AASB 1060 is subject to the Board's decision on AASB 18 effects on AASB 1060. If the Board decides to align the AASB 1060 'materiality' definition with AASB 18, staff recommend adding the guidance to paragraph 22 of AASB 1060.
Statement of Changes in Equity and Statement of Income and Retained Earnings Information to be disclosed in the notes 6.6 An entity shall disclose in the notes: (a) the amount of dividends proposed or declared before the financial statements were authorised for issue but not recognised as a distribution to owners during the reporting period, and the related amount per share; and	No similar guidance in AASB 1060 Staff comments: This amendment replicates amendments made to IAS 1/AASB 101 as a result of the disclosure initiative. This amendment to the full IFRS standard occurred after 2015 *IFRS for SMEs* but before the development of AASB 1060; therefore, it was not considered by AASB when the Standard was developed AASB 1060. The same disclosure requirement exists in AASB 18 paragraph 132. Staff suggest adding this guidance to AASB 1060 to align with 2025 *IFRS for SMEs*.

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(b) the amount of any cumulative preference dividends not recognised.	
Statement of Cash Flows 7.19A An entity shall disclose a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the statement of cash flows as cash flows from financing activities. The reconciliation shall include: (a) changes from financing cash flows; (b) changes arising from obtaining or losing control of subsidiaries or other businesses; (c) the effect of changes in foreign exchange rates; (d) changes in fair values; and (e) other changes.	No similar requirement in AASB 1060. Staff comments: In 2016 the IASB issued an amendment to IAS 7 *Statement of Cash Flows* that required an entity to disclose more information about changes in the entity's liabilities arising from financing activities. In the second comprehensive review, the IASB decided to introduce a simplified disclosure requirement based on this amendment. Staff suggest adding this disclosure requirement to AASB 1060 to align with 2025 *IFRS for SMEs*.
Consolidated and Separate Financial Statements 9.23B An entity shall disclose the gain or loss, if any, calculated in accordance with paragraphs 9.18–9.19, and: (a) the portion of that gain or loss attributable to measuring any investment retained in the former subsidiary at its fair value at the date control is lost; and (b) the line items in profit or loss in which the gain or loss is recognised (if not presented separately).	No similar requirement in AASB 1060. Staff comments: To align with the 2025 *IFRS for SMEs*, staff suggest adding this requirement to disclose information on losing control of a subsidiary when the entity retains an investment in the former subsidiary. BC9.8 Paragraph 25(b) of IFRS 10 *Consolidated Financial Statements* requires an entity to measure its retained interest in a former subsidiary at fair value at the date control is lost, with any resulting gain or loss recognised in profit or loss. In the second comprehensive review of the Standard, the IASB added requirements to Section 9 based on this paragraph. The IASB added these requirements to make Section 9 consistent with the requirements in Section 19 for an acquisition achieved in stages (step acquisitions). Measuring the investment at fair value reflects the IASB's view that losing control of a subsidiary is a significant economic event.
Accounting Policies, Estimates and Errors 10.14A An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty—that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. Developing accounting estimates involves the use of judgements or assumptions based on the latest available, reliable information.	No similar guidance in AASB 1060. Staff comments: The amendment introduces the definition of 'accounting estimate' to help entities distinguish changes in accounting estimates from changes in accounting policies. Staff suggest amending AASB 1060 to align with the 2025 *IFRS for SMEs*.

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10.14B An entity uses measurement techniques and inputs to develop an accounting estimate. Measurement techniques include estimation techniques (for example, techniques used to measure depreciation for an item of property, plant and equipment, applying Section 17) and valuation techniques (for example, techniques used to measure the fair value of an asset or liability applying Section 12 Fair Value Measurement).	
Changes in accounting estimates	
10.14C An entity may need to change an accounting estimate if changes occur in the circumstances on which the accounting estimate was based or as a result of new information, new developments or more experience.	
10.15 The effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates unless they result from the correction of prior period errors. A change in the measurement basis applied is a change in an accounting policy, and is not a change in an accounting estimate. ~~A change in accounting estimate is an adjustment of the carrying amount of an asset or a liability, or the amount of the periodic consumption of an asset, that results from the assessment of the present status of, and expected future benefits and obligations associated with, assets and liabilities. Changes in accounting estimates result from new information or new developments and, accordingly, are not corrections of errors.~~ When it is difficult to distinguish a change in an accounting policy from a change in an accounting estimate, the change is treated as a change in an accounting estimate.	No similar requirements in AASB 1060. Staff comments: This paragraph was included in the 2015 *IFRS for SMEs* but is absent from AASB 1060 as it was considered to relate to R&M requirement. Considering that IASB added additional guidance to clarify the difference between changes in accounting estimates and changes in accounting policies (paragraphs 10.14A – C of *IFRS for SMEs*) we recommend the Board to reconsider adding this paragraph to AASB 1060.
Financial Instruments 11.43 An entity shall disclose an analysis of the age of trade receivables and other financial assets measured at amortised cost that are past due as at the end of the reporting period, showing separately: (a) the amortised cost of the financial assets before adjusting for any reduction (directly or through the use of an allowance account) for impairment or uncollectability (see paragraph 11.15(d)); and (b) any reduction (directly or through the use of an allowance account) for impairment or uncollectability (see paragraph 11.15(d)). ~~For all financial assets and financial liabilities measured at fair value, the entity shall disclose the basis for determining fair value, for example, quoted market price in an active market or a valuation technique. When a valuation technique is used, the entity shall disclose the assumptions applied in determining fair value for each class of financial assets or financial liabilities. For example, if~~	115 For all financial assets and financial liabilities measured at fair value, the entity shall disclose the basis for determining fair value, for example, quoted market price in an active market or a valuation technique. When a valuation technique is used, the entity shall disclose the assumptions applied in determining fair value for each class of financial assets or financial liabilities. For example, if applicable, an entity discloses information about the assumptions relating to prepayment rates, rates of estimated credit losses, and interest rates or discount rates. [*IFRS for SMEs* Standard paragraph 11.43] Staff comments: 2025 *IFRS for SMEs* has added requirements to disclose an analysis of the age of financial assets and a maturity analysis of financial liabilities. 2025 *IFRS for SMEs* BC11.23: Alongside its decision to retain the incurred loss model in Section 11, the IASB added a requirement for SMEs to disclose an analysis of the age of financial assets measured at amortised cost by reference to due date. IFRS 7 *Financial Instruments: Disclosures* required entities to disclose a similar analysis before the introduction of the expected credit loss model. In the IASB's view, the

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~~applicable, an entity discloses information about the assumptions relating to prepayment rates, rates of estimated credit losses, and interest rates or discount rates.~~	analysis will provide useful information to users of SMEs' financial statements about an SME's exposure to credit risk and expected cash flows. The IASB does not expect the analysis to be costly for SMEs to prepare because a similar analysis would be expected to be provided by most SMEs' reporting systems or prepared for the purpose of managing receivables. Staff suggest adding this disclosure requirement to AASB 1060. Staff also note that the original FV disclosure requirements were relocated to new section 12. Therefore, staff suggest aligning with 2025 *IFRS for SMEs* and relocate the FV disclosure requirements to a new section in AASB 1060.
11.43A An entity shall disclose a maturity analysis for financial liabilities by category (see paragraphs 11.41(d) and (e)). The maturity analysis shall include the remaining contractual maturities. The contractual amounts disclosed in the maturity analysis are the contractual undiscounted cash flows.	
11.43B In preparing the disclosures in paragraphs 11.43–11.43A, an entity shall use time bands considered to be the most useful, for example for paragraph 11.43 the time bands might be: (a) not later than one month; (b) later than one month and not later than three months; (c) later than three months and not later than one year; (d) later than one year and not later than five years; and (e) later than five years.	
Fair Value Measurement 12.28 An entity shall disclose for each class of assets and liabilities measured at fair value in the statement of financial position after initial recognition: (a) the carrying amounts at the end of the reporting period; (b) the level of the fair value hierarchy within which the fair value measurements are categorised in their entirety (Level 1, Level 2 or Level 3); and (c) a description of the valuation technique(s) the entity used for fair value measurements categorised within Level 2 and Level 3 of the fair value hierarchy, and the inputs used in the fair value measurement.	No similar requirements in AASB 1060. Staff comments: Section 12 *Fair Value Measurement* is added. The definition of fair value and the requirements in IFRS 13 *Fair Value Measurements* were clearer and more comprehensive than the definition of fair value and the requirements that had been in 2015 *IFRS for SMEs*. Consequently, the IASB concluded that aligning the Standard with IFRS 13 would lead to greater clarity and consistency when SMEs estimate fair values. In the second edition of the Standard (2015 version), the requirements for measuring fair value were included in the section on basic financial instruments. Other sections of the Standard that require or permit the use of fair value either referred to that section or included guidance about fair value measurement specific to the assets and liabilities an entity is required to measure at fair value. The disclosure requirements related to how fair value was measured were also included in several sections of the Standard. (BC12.4) When the IASB introduced Section 12, it decided to include the requirements for measuring fair value (and related disclosure requirements) in that section. Share-based payment transactions within the scope of Section 26 Share-based Payment use
12.29 For recurring fair value measurements categorised within Level 3 of the fair value hierarchy, an entity shall disclose: (a) total gains or losses for the period recognised in profit or loss, and the line items in profit or loss in which those gains or losses are recognised; and	

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(b) total gains or losses for the period recognised in other comprehensive income, and the line items in other comprehensive income in which those gains or losses are recognised. 12.30 An entity shall determine appropriate classes of assets and liabilities on the basis of: (a) the nature, characteristics and risks of the asset or liability; and (b) the level of the fair value hierarchy within which the fair-value measurement is categorised. 12.31 A class of assets and liabilities will often require greater disaggregation than the line items presented in the statement of financial position. However, an entity shall disclose sufficient information to permit reconciliation to the line items presented in the statement of financial position. 12.32 An entity shall present the quantitative disclosures required by paragraphs 12.28–12.31 in a table unless another format is more useful.	the term 'fair value' with a meaning that differs in some respects from the definition of fair value in Section 12. Consequently, SMEs applying Section 26 measure fair value in accordance with this section, not Section 12. (BC12.5) Staff suggest amending AASB 1060 to align with 2025 *IFRS for SMEs*
Inventories 13.2A The disclosure requirements in this section apply to returns assets classified as inventory (see paragraph 23A.25(c)). Returns assets are recognised and measured in accordance with paragraphs 23A.24–23A.28 and not in accordance with this section.	No similar requirements in AASB 1060. Staff comments: This new paragraph explains that the disclosure requirements in section 13 *Inventories* also apply to 'return assets' that are classified as inventory per 23A.25(c). Staff suggest considering adding a similar reminder in AASB 1060.
Joint Arrangements 15.19 An entity shall disclose the following: (a) the accounting policy it uses for recognising its interests 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 ~~investments~~ in a jointly controlled entity ~~entities, 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 (d) the aggregate amount of its commitments relating to jointly controlled entities ~~joint ventures~~, including its share in the ~~capital~~ commitments that have been incurred jointly with other parties ~~venturers, as well as its share of the capital commitments of the joint ventures themselves~~.	129 An entity shall disclose the following: (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. [Based on *IFRS for SMEs* Standard paragraph 15.19] Staff comments: *IFRS for SMEs* standard is retaining the 'old language' that distinguishes between jointly controlled assets, jointly controlled entities and jointly

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	controlled operations. AASB 11 distinguishes between joint operations and joint ventures. Staff suggest aligning the disclosure requirements with 2025 *IFRS for SMEs* but using the terminology from AASB 11.
Business Combinations and Goodwill 19.38~~25~~ For each business combination that occurs during the reporting period, the acquirer shall disclose: (a) the name and a description of the acquiree; (b) the acquisition date; (c) the percentage of voting-equity instruments acquired; (d) the acquisition-date fair value of the total consideration transferred and a description of the components of that consideration ~~the cost of the combination and a description of the components of that cost~~ (such as cash, equity instruments and debt instruments); (e) for contingent consideration arrangements: (i) the amount recognised as of the acquisition date; (ii) a description of the arrangement and the basis for determining the amount of the payment; and (iii) if applicable, the fact that the acquirer cannot reliably measure the acquisition-date fair value of contingent consideration without undue cost or effort (see paragraph 19.27) and the reasons it would involve undue cost or effort;~~the amounts recognised at the acquisition date for each class of the acquiree's assets, liabilities and contingent liabilities, including goodwill~~ (f) the amounts recognised at the acquisition date for each class of the acquiree's assets and liabilities; (g)~~(f)~~ for a bargain purchase, the amount of any gain ~~excess~~ recognised in profit or loss in accordance with paragraph 19.23~~24~~ and the line item in the statement of comprehensive income (and in the income statement, if presented) in which the gain ~~excess~~ is recognised; (h)~~(g)~~ a qualitative description of the factors that make up the goodwill recognised—for example, ~~such as~~ expected synergies from combining operations of the acquiree and the acquirer, or intangible assets or other items not recognised in accordance with paragraph 19.15~~6~~; and	142 For each business combination during the period, the acquirer shall disclose the following: (a) the names and descriptions of the combining entities or businesses; (b) the acquisition date; (c) the percentage of voting equity instruments acquired; (d) the cost of the combination and a description of the components of that cost (such as cash, equity instruments and debt instruments); (e) the amounts recognised at the acquisition date for each class of the acquiree's assets, liabilities and contingent liabilities, including goodwill; (f) the amount of any excess recognised in profit or loss in accordance with paragraph 34 of AASB 3 *Business Combinations* and the line item in the statement of comprehensive income (and in the statement of profit or loss, if presented) in which the excess is recognised; (g) a qualitative description of the factors that make up the goodwill recognised, such as expected synergies from combining operations of the acquiree and the acquirer, or intangible assets or other items not recognised in accordance with paragraphs 10–14 of AASB 3; and (h) for each business combination in which the acquirer holds less than 100 per cent of the equity interests in the acquiree at the acquisition date, the acquirer shall disclose the amount of the non-controlling interest in the acquiree recognised at the acquisition date and the measurement basis for that amount. [Based on *IFRS for SMEs* Standard paragraph 19.25] Staff comments: Paragraph 19.38 (d) of *IFRS for SMEs* were amended to align the requirements with IFRS 3 *Business Combinations* (2008) that changed the method of accounting for a business combination from the purchase method to the acquisition method (BC19.5). The IASB decided to align Section 19 with the acquisition method. Consequently, Section 19 changed from requiring an entity to determine cost and then allocate that cost to the assets and liabilities assumed to requiring an entity to recognise and

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<u>(i) the information required by paragraph 21.15 for each contingent liability that the acquirer does not recognise in accordance with paragraph 19.18 (because its fair value cannot be measured reliably).</u>	measure assets, liabilities and non-controlling interests, then recognise and measure goodwill. **Staff suggest amending AASB 1060 paragraph 142 (d) accordingly.** Amendments to paragraph 19.38 (e) (f) of *IFRS for SMEs* relate to alignment with IFRS 3. The IASB aligned Section 19 with IFRS 3 (2008) contingent consideration requirements but also introduced a simplification for SMEs. If measuring the fair value of the contingent consideration involves undue cost or effort, SMEs can utilise an exemption and disclose the fact (BC19.17). **Staff suggest replacing AASB 1060 paragraph 142 (e) with 2025 *IFRS for SME* paragraphs 19.38 (e) (i) (ii) and (f)).** AASB 1060 does not include the exemption to measurement as R&M principles are the same as those in full AAS. Therefore, **AASB 1060 will not include paragraph 19.38 (e) (iii) of *IFRS for SMEs*** relating to undue cost and effort disclosure, This disclosure needs to be removed for AASB 1060 as no such exemption exists in full AAS. *IFRS for SMEs* paragraph 19.38 (i) does not exist in AASB 1060. As a result of the *IFRS for SMEs* review, the IASB removed some of the R&M differences and aligned the recognition requirements for contingent liabilities assumed in a business combination with IFRS 3 (2008) BC19.14. Given that the R&M difference has been removed, **staff suggest adding this requirement to AASB 1060.** The changes to paragraphs 19.38 (c) (g) (h) *IFRS for SMEs* are editorial. **Staff suggest aligning relevant paragraphs in AASB 1060 (paragraphs (c)(f)(g)).**
<u>19.41 For each reporting period after the acquisition date until the entity collects, sells or otherwise loses the right to a contingent consideration asset, or until the entity settles a contingent consideration liability or the liability is cancelled or expires, the entity shall disclose for each material business combination and in aggregate for business combinations that are immaterial individually but material collectively:</u> <u>(a) any changes in the recognised amounts of contingent consideration, including any differences arising upon settlement; and</u> <u>(b) the valuation techniques and key model inputs the acquirer used to measure contingent consideration.</u>	No similar requirements in AASB 1060. Staff comments: 2025 *IFRS for SMEs* aligns the requirements relating to contingent consideration and contingent liabilities with IFRS 3 (2008), except for permitting an SME to use the undue cost or effort exemption (2025 *IFRS for SMEs* BC19.17, BC19.14). Staff observed that paragraph 19.41 was derived from IFRS 3 B67(b)(i) and (iii). Staff suggested adding this paragraph to AASB 1060 as these disclosures would offer useful information for Tier 2 entities to understand changes in contingent consideration value.

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Revenue from Contracts with Customers 23.82 An entity shall disaggregate revenue from contracts with customers using categories based on the characteristics of the entity's revenue, contracts or customers that are relevant to an understanding of its financial performance. Examples of categories that might be appropriate include: (a) type of good or services (for example, major product lines); (b) geographical region (for example, country or region); (c) market or type of customer (for example, government and non-government customers); (d) type of contract (for example, fixed-price and time-and-materials contracts); (e) contract duration (for example, short-term and long-term contracts); (f) timing of transfer of goods or services (for example, revenue from goods or services transferred to customers at a point in time and revenue from goods or services transferred over time); and (g) nature of promise (for example, revenue from acting as a principal and revenue from acting as an agent). 23.83 If not otherwise separately presented or disclosed, an entity shall disclose: (a) the opening and closing balances of trade receivables and contract assets separately; and (b) total impairment losses recognised on trade receivables and contract assets during the reporting period by applying Section 11. 23.84 An entity shall disclose: (a) the opening and closing balances of contract liabilities, if not otherwise separately presented or disclosed; and (b) revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period. 23.85 An entity shall disclose information about its promises in contracts with customers, including a description of: (a) when the entity typically fulfils its promises (for example, upon shipment, upon delivery, as services are rendered or upon completion of service);	157 An entity shall disclose: (a) information about its performance obligations in contracts with customers, including a description of when the entity typically satisfies its performance obligations, the significant payment terms, the nature of the goods or services that the entity has promised to transfer, obligations for returns, refunds and other similar obligations and types of warranties and related obligations; and (b) the amount of each category of revenue recognised during the period, disaggregated into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. An entity applies the guidance in AASB 15 *Revenue from Contracts with Customers* paragraphs B87–B89 when selecting the categories to use to disaggregate revenue. [Based on *IFRS for SMEs* Standard paragraph 23.30] 158 For performance obligations that an entity satisfies over time, an entity shall disclose the methods used to recognise revenue (for example, a description of the output methods or input methods used and how those methods are applied). [Based on *IFRS for SMEs* Standard paragraph 23.31] 159 An entity shall disclose the closing balances of contract assets and contract liabilities from contracts with customers, if not otherwise separately presented or disclosed. [Based on *IFRS for SMEs* Standard paragraph 23.32] Staff comments: According to BC23.2, IFRS 15 *Revenue from Contracts with Customers* introduced a more comprehensive and robust model for revenue recognition, measurement and disclosure. This model provides users of financial statements with more useful information about revenue compared with the approach based on IAS 11 *Construction Contracts* and IAS 18 *Revenue*. The IASB decided that aligning Section 23 with IFRS 15 would result in similar improvements to how SMEs account for revenue. The IASB aligned Section 23 with IFRS 15 by fully rewriting the section instead of amending it because this was the most straightforward way to reflect the principles of IFRS 15. Paragraph 23.82: This disclosure is required under AASB 1060 paragraph 157. Paragraph 23.82 also incorporates guidance from IFRS 15 paragraph B87-B89. Paragraph 23.83: These disclosure requirements are similar to the requirements in AASB 1060 paragraph 159, although disclosure of opening balance and impairment losses are not required in AASB 1060 (except for impairment of trade receivables which is required by AASB 1060 paragraph 119(c)).

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(b) the main payment terms (for example, when payment is typically due, whether the contract constitutes a financing transaction, and whether the consideration includes a variable amount); (c) the nature of the goods or services that the entity has promised to transfer to customers, highlighting any promises to arrange for another party to transfer goods or services (that is, if the entity is an agent); (d) obligations for returns, refunds and other similar obligations; and (e) types of warranties and related obligations. 23.86 An entity shall disclose the methods it used to measure its progress towards fulfilment of promises fulfilled over time (for example, a description of the output methods or input methods used and how those methods are applied). 23.87 An entity shall disclose any judgements made that had a significant effect on the amounts the entity recognised in its financial statements when: (a) determining the transaction price; and (b) allocating the transaction price to the promises identified in the contract. 23.88 An entity shall disclose the closing balance of assets arising from the costs of fulfilling a contract (in accordance with paragraph 23.69) by main category of asset (for example, pre-contract costs and set-up costs). 23.89 If an entity chooses to use the option in paragraph 23.37 to not assess whether a contract constitutes a financing transaction, it shall disclose that fact. 23.90 If an entity cannot account for an option to acquire additional goods or services that meets the criteria in paragraph 23A.9(a) as a separate promise without undue cost or effort, the entity shall disclose that fact and the reasons why accounting for the option as a separate promise would involve undue cost or effort.	Paragraph 23.84: These disclosure requirements expand those required by AASB 1060 paragraph 159. Paragraph 23.85: Similar disclosures are required by AASB 1060 paragraph 157. Paragraph 23.86: This disclosure is required by AASB 1060 paragraph 158. Paragraph 23.87: AASB 1060 only covered general requirements to disclosure judgements in AASB 1060 paragraph 96. Paragraph 23.88: New requirement. Paragraphs 23.89 and 23.90: Not relevant as this option does not exist under full IFRS. **Staff suggest amending AASB 1060 by replacing the current revenue section in AASB 1060 with paragraph 23.82-23.88 from 2025 *IFRS for SMEs*. Paragraphs 23.89 and 23.90 should not be included**.
Employee Benefits 28.41 Except for any defined benefit multi-employer or state plan that is accounted for as a defined contribution plan in accordance with paragraph 28.11, and in relation to which paragraph 28.40 requires different disclosures, an ~~An~~ entity shall disclose the following information about defined benefit plans ~~(except for any defined multi-employer benefit plans that are accounted for as a defined contribution plans in accordance with paragraph 28.11, for which the disclosures in paragraph 28.40 apply instead). If an entity has more than one defined benefit plan, these disclosures may be made in total, separately for each plan, or in such groupings as are considered to be the most useful~~:	173 An entity shall disclose the following information about defined benefit plans (except for any defined multi-employer benefit plans that are accounted for as a defined contribution plans in accordance with paragraph 34 of AASB 119, for which the disclosures in paragraph 172 apply instead). If an entity has more than one defined benefit plan, these disclosures may be made in total, separately for each plan, or in such groupings as are considered to be the most useful: (a) a general description of the type of plan, including funding policy; (b) a reconciliation of opening and closing balances of the defined benefit obligation showing separately benefits paid and all other changes;

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(a) a general description of the type of plan, including the funding policy; (b) the entity's accounting policy for recognising actuarial gains and losses (either in profit or loss or as an item of other comprehensive income) and the amount of actuarial gains and losses recognised during the period; (c) if the entity applies ~~uses any of the simplifications in~~ paragraph 28.19 in measuring its defined benefit obligation, it shall disclose: (i) that fact and the reasons why using the projected unit credit method to measure its obligation and cost under defined benefit plans would involve undue cost or effort; and (ii) its assumptions for measuring its obligation. (d) the date of the most recent comprehensive actuarial valuation and, if it was not as of the reporting date, a description of the adjustments that were made to measure the defined benefit obligation at the reporting date; (e) a reconciliation of opening and closing balances of the defined benefit obligation showing separately, when applicable: ~~benefits paid and all other changes;~~ (i) the change in the defined benefit liability arising from employee service rendered during the reporting period; (ii) the interest on the defined benefit obligation during the reporting period; (iii) actuarial gains and losses arising in the reporting period; (iv) the changes resulting from introducing a new plan or changing an existing plan in the reporting period; (i) the benefits paid; and (vi) all other changes; (f) a reconciliation of the opening and closing balances of the fair value of plan assets and of the opening and closing balances of any reimbursement right recognised as an asset, showing separately, when ~~if~~ applicable: (i) contributions; (ii) benefits paid;~~ and~~	(c) a reconciliation of the opening and closing balances of the fair value of plan assets and of the opening and closing balances of any reimbursement right recognised as an asset, showing separately, if applicable: (i) contributions; (ii) benefits paid; and (iii) other changes in plan assets; (d) the total cost relating to defined benefit plans for the period; (e) for each major class of plan assets, which shall include, but is not limited to, equity instruments, debt instruments, property, and all other assets, the percentage or amount that each major class constitutes of the fair value of the total plan assets at the reporting date; (f) the amounts included in the fair value of plan assets for: (i) each class of the entity's own financial instruments; and (ii) any property occupied by, or other assets used by, the entity. (g) the actual return on plan assets; and (h) the principal actuarial assumptions used, including, when applicable: (i) the discount rates; (ii) the expected rates of return on any plan assets for the periods presented in the financial statements; (iii) the expected rates of salary increases; (iv) medical cost trend rates; and (v) any other material actuarial assumptions used. The reconciliations in (b) and (c) need not be presented for prior periods. A subsidiary that recognises and measures employee benefit expense on the basis of a contractual agreement or stated policy for charging the net defined benefit cost or based on their contributions payable for the period (see paragraph 41 of AASB 119), shall, in its separate financial statements, describe the contractual agreement or stated policy for charging the net defined benefit cost or the fact that there is no such policy, and the policy for determining the contributions to be paid by the entity and shall make the disclosures in (a)–(h) for the plan as a whole. The subsidiary can disclose this information by cross-reference to disclosures in another group entity's financial statements if:

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(iia) the return on plan assets and the net change in the fair value of recognised reimbursement rights (see paragraph 28.28) during the reporting period; and (iii) other changes in plan assets;. (g) [deleted] ~~the total cost relating to defined benefit plans for the period, disclosing separately the amounts:~~ ~~(i) recognised in profit or loss as an expense; and~~ ~~(ii) included in the cost of an asset.~~ (h) for each major class of plan assets, which shall include, but is not limited to, equity instruments, debt instruments, property, and all other assets, the percentage or amount that each major class of plan assets constitutes of the fair value of the total plan assets at the reporting date; (i) the amounts included in the fair value of plan assets for: (i) each class of the entity's own financial instruments; and (ii) any property occupied by, or other assets used by, the entity;. (j) [deleted] ~~the actual return on plan assets~~; and (k) the principal actuarial assumptions used, including, when applicable: (i) the discount rates; (ii) the expected rates of return on any plan assets for the periods presented in the financial statements; (iii) the expected rates of salary increases; (iv) medical cost trend rates; and (v) any other material actuarial assumptions used; and~~.~~ (l) the expected contributions to the defined benefit plan for the next annual reporting period. ~~The reconciliations in (e) and (f) need not be presented for prior periods. A subsidiary that recognises and measures employee benefit expense on the basis of a reasonable allocation of the expense recognised for the group (see paragraph 28.38) shall, in its separate financial statements, describe its policy for making the allocation and shall make the disclosures in (a)–(k) for the plan as a whole.~~	(i) that group entity's financial statements separately identify and disclose the information required about the plan; and (j) that group entity's financial statements are available to users of the financial statements on the same terms as the financial statements of the entity and at the same time as, or earlier than, the financial statements of the entity. [Based on *IFRS for SMEs* Standard paragraph 28.41] Staff comments: Section 28 *Employee Benefits* was updated to align it with some aspects of the 2011 modifications to IAS 19 *Employee Benefits*. **Staff suggest amending AASB 1060 to align with paragraph 28.41, except for paragraph 28.41(c)**. Specifically: Editorial changes (see the first paragraph of 28.41 and 28.41(a) (h**)). Staff suggest amending** the first paragraph of AASB 1060 173 and 173 (a) and (e). Paragraph 28.41(c) adds a requirement for an entity that applies the measurement simplification for defined benefit obligations. This relates to a difference in R&M between *IFRS for SMEs* and AASB 1060. Therefore, this disclosure should not be required by AASB 1060. **Staff suggest not to amend AASB 1060**. Paragraph 28.41(e) requires a more detailed reconciliation of the opening and closing balances of a defined benefit obligation. **Staff suggest amending 1 AASB 1060 173 (b)** to align with 2025 *IFRS for SMEs.* Paragraph 28.41(f) requires a more detailed reconciliation of the opening and closing balances of plan assets and any recognised reimbursement rights. **Staff suggest amending AASB 1060 173 (c)** to align with 2025 *IFRS for SMEs*. Paragraph 28.41(g), requiring an entity to disclose the total cost related to defined benefit plans for the period, was removed. **Staff suggest amending AASB 1060 173 (d)** to align with *IFRS for SMEs*. Paragraph 28.41(j), requiring an entity to disclose the actual return on plan assets, was removed. **Staff suggest deleting AASB 1060 173 (g)** to align with 2025 *IFRS for SMEs*. Paragraph 28.41(l) requires an entity to disclose the expected contributions to the defined benefit plan for the next annual reporting period**. Staff suggest adding this paragraph to AASB 1060** to align with 2025 *IFRS for SMEs*. The last paragraph has been deleted. The first sentence of this para is now included in paragraph 28.41A. **Staff suggest amending AASB 1060** to align with 2025 *IFRS for SMEs*.

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28.41B If an entity has more than one defined benefit plan, the disclosures required by paragraph 28.41 may be made in total, separately for each plan, or in such groupings the entity considers to be the most useful.	No similar requirements in AASB 1060. Staff comments: This is a new requirement. Staff suggest adding it to AASB 1060 to align with 2025 *IFRS for SMEs*.
28.41C If an entity participates in a defined benefit plan that is a group plan, it shall disclose: (a) the contractual agreement or stated policy for charging the net defined benefit cost or the fact that there is no such policy; (b) the policy for determining the contribution to be paid by the entity; and (c) if the entity accounts for an allocation of the net defined benefit cost as noted in paragraph 28.38, all the information about the plan as a whole required by paragraph 28.41.	No similar requirements in AASB 1060. Staff comments: Similar requirements can be found in AASB119 *Employee Benefits* paragraph 149(a)(b)(c), however, AASB119 says 'defined benefit plan that shares risks between entities under common control' rather than 'defined benefit plan that is a group plan'. 'group plan' is not used in AASB 119. Staff suggest adding this paragraph, with a change of terminology to align with AASB 119.
28.41D The information required by paragraph 28.41C(c) can be disclosed by cross-reference to disclosures required by these subparagraphs in another group entity's financial statements if: (a) that group entity's financial statements separately identify and disclose the information required about the plan; and (b) that group entity's financial statements are available to users of the financial statements on the same terms as the financial statements of the entity and at the same time as, or earlier than, the financial statements of the entity.	No similar requirements in AASB 1060. Staff comments: Similar requirements can be found in AASB119 paragraph 150. Staff suggest adding this paragraph.
Related Party Disclosures 33.15 If a reporting entity applies the exemption in paragraph 33.11, it shall disclose the following about the transactions and related outstanding balances referred to in paragraph 33.11: (a) the name of the government and the nature of its relationship with the reporting entity (that is, control, joint control or significant influence). (b) the nature and amount of each individually significant transaction. (c) for transactions that are collectively, but not individually, significant, a qualitative or quantitative indication of their extent. Types of transactions include those listed in paragraph 33.12.	No similar requirements in AASB 1060. Staff comments: In the second comprehensive review, the IASB improved the disclosure requirements about related party transactions with government and government-related entities by adding a disclosure requirement from IAS 24 *Related Party Disclosures* to Section 33. Specifically, if an entity applies for the exemption from providing more detailed information about these transactions in paragraph 33.11 of the 2025 *IFRS for SMEs*, the entity is nonetheless required to disclose specified information about those transactions. 2015 IFRS for SMEs did not require entities making use of the exemption to disclose any information about these transactions. The IASB added the disclosure requirement because of feedback that information about related party transactions is important to users of SMEs' financial statements. (2025 *IFRS for SMEs* BC33.3) AASB 1060 includes the same exemption as paragraph 33.11. Staff suggest adding the paragraph to align with 2025 *IFRS for SMEs* requirements.

2025 ***IFRS for SMEs***	**AASB 1060**
Specialised Activities 34.11G An entity shall treat exploration and evaluation assets as a separate class of assets and make the disclosures required by either Section 17 or Section 18 consistent with how the assets are classified.	No similar requirements in AASB 1060. Staff comments: Paragraph 34.11G is a reminder to apply either PPE or intangible asset disclosures, depending on how the exploration assets are classified. This disclosure requirement is based on paragraph 25 in AASB 6 *Exploration for and Evaluation of Mineral Resources*. Staff suggest adding the paragraph to align with 2025 *IFRS for SMEs* requirements.

Substantial amendments to IFRS for SMEs - not recommended for amending AASB 1060

7 The table below lists the substantial changes made by the IASB to *IFRS for SMEs* that staff suggest not replicating in AASB 1060.

Table 3 Substantial amendments to *IFRS for SMEs* – not recommended for amendment of AASB 1060

2025 ***IFRS for SMEs***	**AASB 1060**
Financial Statements Presentation 3.16A An entity shall prepare its financial statements, except for cash flow information, using the accrual basis of accounting. On the accrual basis, items are recognised as assets, liabilities, equity, income or expenses when they satisfy the definitions and recognition criteria for those items.	No similar requirements in AASB 1060. Staff comments: The explanation of the accrual basis of accounting was originally under Section 2 *Concepts and Pervasive Principles* in 2015 *IFRS for SMEs* and represents an R&M requirement. As AASB 1060 does not include R&M requirements, staff suggest not amending AASB 1060.
Accounting Policies, Estimates and Errors 10.11 An entity shall account for ~~changes in accounting policy as follows~~: (a) ~~an entity shall account for~~ a change in accounting policy resulting from a change in the requirements of this Standard in accordance with the transitional provisions, if any, specified in Appendix A of this Standard ~~that amendment~~; and ~~(b) when an entity has elected to follow IAS 39 Financial Instruments: Recognition and Measurement instead of following Section 11 Basic Financial Instruments and Section 12 Other Financial Instrument Issues as permitted by paragraph 11.2, and the requirements of IAS 39 change, the entity shall account for that change in accounting policy in accordance with the transitional provisions, if any, specified in the revised IAS 39; and~~ (b~~c~~) ~~an entity shall account for~~ all other changes in accounting policy **retrospectively** (see paragraph 10.12).	No similar requirements in AASB 1060. Staff comments: AASB 1060. This is an R&M requirement. The Board has already considered this requirement when developing AASB 1060 and made a deliberate decision to exclude it. Therefore, staff suggest not to amend AASB 1060.

2025 *IFRS for SMEs*	AASB 1060
Provisions and Contingencies Disclosures about financial guarantee contracts 21.18 An entity shall disclose for issued financial guarantee contracts in the scope of this section (see paragraph 21.1A): (a) their nature and business purpose; (b) an indication of the uncertainties relating to the amount or timing of any outflow of resources; and (c) the maximum amount the entity could be required to pay if the guarantees are called on.	No similar requirements in AASB 1060. Staff comments: 2025 *IFRS for SMEs* paragraph 21.1A: This section applies to financial guarantee contracts issued at nil consideration when the specified debtor is another entity within the group. The measurement of those guarantees differs from the measurement in full IFRS standards. Other issued financial guarantee contracts are in the scope of Part II of Section 11 *Financial Instruments*. These disclosures relate to an R&M difference between *IFRS for SMEs* and the full IFRS standards. Staff suggest not adding the subheading and the paragraphs to AASB 1060.
21.19 An entity shall also make the disclosures required by Section 33 Related Party Disclosures and, if applicable, the disclosures required by paragraphs 21.14 and 21.15.	
Foreign Currency Translation 30.28 When an entity estimates a spot exchange rate because a currency is not exchangeable into another currency (see paragraph 30.5A), the entity shall disclose: (a) the currency and a description of the restrictions that result in that currency not being exchangeable into the other currency; (b) a description of affected transactions; (c) the carrying amount of affected assets and liabilities; (d) the spot exchange rates used and whether those rates are: (i) observable exchange rates without adjustment (see paragraphs 30A.13–30A.17); or (ii) spot exchange rates estimated using another estimation technique (see paragraph 30A.18); and (e) information about the estimation process, including qualitative and quantitative information about the inputs and assumptions used.	No similar requirements in AASB 1060. Staff comments: Staff do not consider these disclosures to be relevant to the Australian context, as they neither clarify nor reduce existing full IFRS disclosure requirements. Additionally, staff consider the IAS 21 *The Effects of Changes in Foreign Exchange Rates* amendments potentially not relevant to Australian Tier 2 entities. Therefore, staff recommend not to amend AASB 1060 to include disclosures related to lack of exchangeability.

2025 ***IFRS for SMEs***	**AASB 1060**
30.29 <u>When a foreign operation’s functional currency is not exchangeable into an entity’s presentation currency or the presentation currency is not exchangeable into a foreign operation’s functional currency, an entity shall disclose:</u> <u>(a) the name of the foreign operation; whether the foreign operation is a subsidiary, joint arrangement, associate or branch; and its principal place of business;</u> <u>(b) summarised financial information about the foreign operation; and</u> <u>(c) the nature and terms of any contractual arrangements that could require the entity to provide financial support to the foreign operation, including events or circumstances that could expose the entity to a loss.</u>	

Consideration of matters and questions that should be included in the ITC

8 Staff propose to include the following in the ITC document:

(a) summary of substantial amendments to *IFRS for SMEs* that staff suggest replicating in AASB 1060 (Table 2); and

(b) summary of substantial amendments to *IFRS for SMEs* that staff do not suggest replicating in AASB 1060 (Table 3)

Staff propose not to include the following:

(c) summary of amendments to *IFRS for SMEs* that will not substantially change the existing requirements in AASB 1060 (Appendix A);

(d) summary of minor amendments to *IFRS for SMEs* for which staff suggest not to amend AASB 1060 (Appendix B); and

(e) summary of amendments to defined terms in *IFRS for SMEs* (Appendix C).

9 Staff propose the following ITC questions:

> 1) Do you agree with the AASB's recommended changes to amend AASB 1060, as listed in Table X?
>
> If you disagree, which recommendations do you disagree with and what would you suggest instead?
>
> 2) Do you agree with the AASB’s recommendation to not amend AASB 1060 for the changes presented in Table Y?
>
> If you disagree, which recommendations do you disagree with and what would you suggest instead?

10 Subject to the Board agreeing to issue one ITC as per staff paper 8.0, staff will draft a consultation document as per the proposed timeline in paragraph 29 of staff paper 8.1 at this meeting.

> **Question for Board members**
>
> Q1. Do Board members agree with the staff recommendation in paragraph 8 to only include a summary of IFRS for SMEs' substantial amendments in the ITC?
>
> Q2. Do Board members agree with the proposed questions for ITC as suggested in paragraph 9?
>
> Q3. Is there any other content that Board members would like to be included in the ITC pertaining to the 2025 *IFRS for SMEs*?
>
> Q4. Are there any other questions for respondents that Board members would like to include in the ITC pertaining to the 2025 *IFRS for SMEs*?

Appendix A Amendments to *IFRS for SMEs* with limited effect on AASB 1060 – recommended for amending AASB 1060

2025 *IFRS for SMEs*	**AASB 1060**
Financial Statement Presentation 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: (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.	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: (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. [*IFRS for SMEs* Standard paragraph 3.10] Staff comments: Editorial change. Staff recommend amending the wording to align with 2025 *IFRS for SMEs*.
3.17 A complete set of financial statements of an entity shall include all of the following: (a) a statement of financial position as at the reporting date; (b) either: (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. (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. (c) a statement of changes in equity for the reporting period; (d) a statement of cash flows for the reporting period; and (e) notes, comprising material ~~a summary of significant~~ accounting policy information ~~policies~~ and other explanatory information.	25 A complete set of financial statements of an entity shall include all of the following: (a) a statement of financial position as at the reporting date; (b) either: (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 (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; (c) a statement of changes in equity for the reporting period; (d) a statement of cash flows for the reporting period; and (e) notes, comprising material accounting policy information and other explanatory information. [Based on *IFRS for SMEs* Standard paragraph 3.17] Staff comments: Same as above.

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Statement of Financial Position 4.2 ~~As a minimum, the~~ The statement of financial position shall include line items that present the following amounts: (a) cash and cash equivalents; (b) trade and other receivables; (c) financial assets (excluding amounts shown under (a), (b), (j) and (k)); (d) inventories; (e) property, plant and equipment (including bearer plants in the scope of Section 17 *Property, Plant and Equipment*); (ea) investment property carried at cost less accumulated depreciation and impairment; (f) investment property carried at fair value through profit or loss; (g) intangible assets; (h) biological assets in the scope of Section 34 *Specialised Activities* carried at cost less accumulated depreciation and impairment; (i) biological assets in the scope of Section 34 carried at fair value through profit or loss; (j) investments in associates; (k) investments in jointly controlled entities; (l) trade and other payables; (m) financial liabilities (excluding amounts shown under (l) and (p)); (n) liabilities and assets for current tax; (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.	35 As a minimum, the statement of financial position shall include line items that present the following amounts: (a) cash and cash equivalents; (b) trade and other receivables; (c) financial assets (excluding amounts shown under (a), (b), (i) and (j)); (d) inventories; (e) property, plant and equipment; (f) investment property; (g) intangible assets; (h) biological assets; (i) investments in associates; (j) investments in joint ventures; (k) trade and other payables; (l) financial liabilities (excluding amounts shown under (k) and (o)); (m) liabilities and assets for current tax; (n) deferred tax liabilities and deferred tax assets (these shall always be classified as non-current); (o) provisions; (p) non-controlling interests, presented within equity separately from the equity attributable to the owners of the parent; (q) equity attributable to the owners of the parent; (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 *Non-current Assets Held for Sale and Discontinued Operations*; and (s) liabilities included in disposal groups classified as held for sale in accordance with AASB 5. [Based on *IFRS for SMEs* Standard paragraph 4.2] Staff comments: Deletion of the words 'as a minimum': This is an editorial change. Staff recommend amending AASB 1060 to align with 2025 *IFRS for SMEs.*

2025 *IFRS for SMEs*	AASB 1060
	IFRS for SMEs amendment to (h) and (i): Full IFRS do not require separate presentation of investment property carried at cost and investment property carried at fair value, and biological assets carried at cost and biological assets carried at fair value. The *IFRS for SMEs* Standard does. The difference arises because full IFRS Standards provide no exemption for undue cost and effort, so a single measurement model is generally used for all of an entity's investment property and all of its biological assets. Therefore, these amendments should not be replicated in AASB 1060. Staff do not think we need to bring this amendment across because AASB 1060 biological assets section refers to cost and fair value.
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.	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. [*IFRS for SMEs* Standard paragraph 4.3] Staff comments: This amendment replicates amendments made to IAS 1/AASB 101 as a result of the disclosure initiative. This amendment to the full IFRS standard occurred after the 2015 *IFRS for SMEs*, but before the development of AASB 1060; therefore, it was not considered by AASB when the Standard was developed. As AASB 101 will be replaced by AASB 18, which contains more detailed guidance on disaggregation (see AASB 18 paragraphs 41- 43), the final decision or wording may be subject to the Board's decision on the effects of AASB 18.
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: (a) property, plant and equipment in classifications appropriate to the entity; (b) trade and other receivables showing separately amounts <u>receivable</u> ~~due~~ from related parties, <u>and receivabl</u>e ~~amounts due~~ from other parties ~~and receivables arising from accrued income not yet billed~~; (c) inventories, showing separately amounts of inventories: (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	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: (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: (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

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(f) classes of equity, such as paid-in capital, share premium, retained earnings and items of income and expense that, as permitted or required by this Standard, are recognised in other comprehensive income and presented separately in equity.	(f) classes of equity, such as paid-in capital, share premium, retained earnings and items of income and expense that, as required by Australian Accounting Standards, are recognised in other comprehensive income and presented separately in equity. [Based on *IFRS for SMEs* Standard paragraph 4.11] Staff comments: Addition of the words ‘as permitted or’: This is an editorial change. Staff recommend amending AASB 1060 to align with 2025 *IFRS for SMEs*. Other amendments: In AASB 1060, we replaced ‘receivables arising from accrued income not yet billed’ with ‘contract assets’ to use language consistent with AASB 15. We also softened the language to align with AASB 101, by inserting the words ‘classified in a manner ... for example’. AASB Staff recommend aligning with 2025 *IFRS for SMEs* and also removing the reference to contract assets, since disclosure of contract assets will now be required in Section 22 *Liabilities and Equity*.
Statement of Comprehensive Income and Income Statement 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: (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 (b) four types of other comprehensive income are recognised as part of total comprehensive income, outside of profit or loss, when they arise: (i) some **gains** ~~gains~~ and **losses** ~~losses~~ arising on translating the financial statements of a foreign operation (see Section 30 Foreign Currency Translation); (ii) some actuarial gains and losses (see Section 28 Employee Benefits); (iii) some changes in fair values of hedging instruments (see Part II of Section 11 ~~12~~ Other Financial Instrument Issues); and	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: (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 (b) items of other comprehensive income are recognised as part of total comprehensive income, outside of profit or loss, when they arise. [Based on *IFRS for SMEs* Standard paragraph 5.4] Staff comments: Changing words from ‘arise’ to ‘identified’: The accounting treatment for error correction is the same in both the 2025 *IFRS for SMEs* Section 10 *Accounting Policies, Estimates and Errors*, and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. Errors are corrected upon discovery or identification, but the correction is applied retrospectively. Staff recommend amending AASB 1060 to align with 2025 *IFRS for SMEs*. Other amendments: AASB 1060 does not have an equivalent to those sections. Staff recommend not to amend AASB 1060.

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(iv) changes in the revaluation surplus for property, plant and equipment measured in accordance with the revaluation model (see Section 17 Property, Plant and Equipment).	
5.5 ~~As a minimum, an~~ An entity shall include, in the statement of comprehensive income, line items that present the following amounts for the period: (a) revenue. (b) finance costs. (c) share of the profit or loss of investments in associates (see Section 14 Investments in Associates) and jointly controlled entities (see Section 15 ~~Investments in~~ Joint Arrangements ~~Ventures)~~ 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: (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 Impairment of Assets), 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: (i) will not be reclassified subsequently to profit or loss—ie those in paragraph 5.4(b)(i)–(ii) and (iv); and (ii) will be reclassified subsequently to profit or loss when specific conditions are met—ie those in paragraph 5.4(b)(iii). (h) share of the other comprehensive income of associates and jointly controlled entities accounted for using ~~by~~ the equity method. (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).	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: (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 *Investments in Associates and Joint Ventures*); (d) tax expense; (e) a single amount for the total of: (i) discontinued operations (see AASB 5 Non-current Assets Held for Sale and Discontinued Operations); 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: (i) will not be reclassified subsequently to profit or loss; and (ii) will be reclassified subsequently to profit or loss when specific conditions are met; (h) share of the other comprehensive income of associates and joint ventures accounted for by the equity method; and (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). [Based on *IFRS for SMEs* Standard paragraph 5.5]

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	Staff comments: Deletion of the words ‘as a minimum’ and replacing ‘by’ with ‘using’: These are editorial changes. Staff recommend amending AASB 1060 to align with 2025 *IFRS for SMEs*. Amendment to (c): Staff do not think we need to amend AASB 1060 as the changes are only to the reference to the standard.
5.11 An entity shall provide ~~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. Analysis by nature of expense (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. Analysis by function of expense (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.	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. *Analysis by nature of expense* (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. *Analysis by function of expense* (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. [Based on *IFRS for SMEs* Standard paragraph 5.11] Staff comments: Replacing ‘present’ with ‘provide’: This is an editorial change. Staff recommend amending AASB 1060 to align with 2025 *IFRS for SMEs*. The definition of ‘classification’ is not in AASB 1060 Appendix A Defined terms. AASB18 defined ‘classification’ as ‘The sorting of assets, liabilities, equity, income, expenses and cash flows based on shared characteristics’. 2025 *IFRS for SMEs* defined ‘classification’ as ‘The sorting of assets, liabilities, equity, income or expenses on the basis of shared characteristics for presentation and disclosure purposes’. Staff suggest aligning AASB 1060 with the AASB 18 definition of ‘classification’ However, the decision to include this definition is contingent upon the Board’s decision regarding the incorporation of AASB 18 into AASB 1060. Refer to AP 8.3.

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Statement of Cash Flows 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: (a) cash payments to acquire **property, plant and equipment** (including self-constructed property, plant and equipment), **intangible assets** and other long-term assets; (b) cash receipts from sales of property, plant and equipment, intangibles and other long-term assets; (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); (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); (e) cash advances and loans made to other parties; (f) cash receipts from the repayment of advances and loans made to other parties; (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 (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. When a contract is accounted for as a hedge (see Part II of Section 11 ~~12~~ *Other Financial Instrument Issues*), an entity shall classify the cash flows of the contract in the same manner as the cash flows of the item being hedged.	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: (a) cash payments to acquire property, plant and equipment (including self-constructed property, plant and equipment), intangible assets and other long-term assets; (b) cash receipts from sales of property, plant and equipment, intangibles and other long-term assets; (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); (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); (e) cash advances and loans made to other parties; (f) cash receipts from the repayment of advances and loans made to other parties; (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 (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. When a contract is accounted for as a hedge (see AASB 9 *Financial Instruments* and AASB 139 *Financial Instruments: Recognition and Measurement*), an entity shall classify the cash flows of the contract in the same manner as the cash flows of the item being hedged. [*IFRS for SMEs* Standard paragraph 7.5] Staff comments: *IFRS for SMEs* 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'. Staff suggest aligning with AASB 18.
7.8 Under the indirect method, the net cash flow from operating activities is determined by adjusting profit or loss for the effects of: (a) changes during the period in inventories and operating receivables and payables;	71 Under the indirect method, the net cash flow from operating activities is determined by adjusting profit or loss for the effects of: (a) changes during the period in inventories and operating receivables and payables;

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(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, and undistributed profits of **associates ~~and non-controlling interests~~**; and (c) all other items for which the cash effects relate to investing or financing.	(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. [*IFRS for SMEs* Standard paragraph 7.8] Staff comments: Staff suggest deleting reference to undistributed profits from non-controlling interests, as that would align with the wording in 2025 *IFRS for SMEs* and AASB 107 *Statement of Cash Flows*.
Changes in liabilities arising from financing activities	No similar heading in AASB 1060. Staff comments: Staff suggest aligning with 2025 *IFRS for SMEs*.
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 factoring arrangements. Examples of arrangements that are not supplier finance arrangements include: (a) arrangements that are solely credit enhancements for an entity (such as financial guarantees including letters of credit used as guarantees); and (b) instruments used by an entity to settle directly with a supplier the amounts owed (such as 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).	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 instruments used by the entity to settle directly with a supplier the amounts owed (for example, credit cards) are not supplier finance arrangements. Staff comments: Supplier finance disclosures have been already 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. However, the *IFRS for SMEs* presents examples of arrangements that are not supplier finance arrangements differently. Staff recommend amending this paragraph to align with 2025 *IFRS for SMEs*.
7.19C An entity shall disclose in aggregate for its supplier finance arrangements: (a) the key terms and conditions of the arrangements (for example, 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. (b) as at the beginning and end of the reporting period:	87B An entity shall disclose in aggregate for its supplier finance arrangements: (a) the terms and conditions of the arrangements (for example, extended payment terms and security or guarantees provided). However, an entity shall

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(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. (ii) 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, that fact shall be stated. (iii) 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 explanatory information about those ranges or divide them into narrower ranges. (c) 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 a circumstance, the entity might not have reported any cash inflow from financing activities, in which case the outcome is a non cash change in liabilities arising from financing activities.	disclose separately the terms and conditions of arrangements that have dissimilar terms and conditions; (b) as at the beginning of and the end of the reporting period: (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; (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 (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 (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 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). Staff comments: 2025 *IFRS for SMEs* provides additional examples. Staff recommends amending this paragraph to align with 2025 *IFRS for SMEs*.
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 with ~~to~~ the equivalent items reported ~~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.	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. [*IFRS for SMEs* Standard paragraph 7.20] Staff comments: Editorial change. Staff recommend amending the wording to align with 2025 *IFRS for SMEs*.

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Notes to the Financial Statements 8.6 An entity shall disclose, along with material ~~in the summary of significant~~ accounting policy information ~~policies~~ or other notes, the judgements, apart from those involving estimations (see paragraph 8.7), that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements. Examples of judgements that an entity might be required to disclose include those made in determining: (a) that the entity has, or does not have, control of another entity; and (b) that the entity has joint control of an arrangement or significant influence over another entity.	96 An entity shall disclose, in the material accounting policy information or other notes, the judgements, apart from those involving estimations (see paragraph 97), that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements. [Based on *IFRS for SMEs* Standard paragraph 8.6] Staff comments: 2025 *IFRS for SMEs* provides additional examples. 2025 *IFRS for SMEs* BC8.2: 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 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. Staff recommend amending this paragraph to align with 2025 *IFRS for SMEs*.
Consolidated and Separate Financial Statements 9.23 The following disclosures shall be made in consolidated financial statements: (a) the fact that the financial statements are consolidated financial statements; (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;~~ (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 (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.	104 The following disclosures shall be made in consolidated financial statements: (a) the fact that the statements are consolidated financial statements; (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; (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 (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. [*IFRS for SMEs* Standard paragraph 9.23] Staff comments: The removed disclosure is now covered by the example of judgements in paragraph 8.6. Therefore, no need to repeat here. Staff recommend amending this paragraph to align with 2025 *IFRS for SMEs*.
9.27 When a parent, an investor in an associate or an investor ~~a venturer~~ with an interest in a jointly controlled entity prepares separate financial statements, those separate financial statements shall disclose: (a) that the statements are separate financial statements; ~~and~~	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: (a) that the statements are separate financial statements; and

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(b) a description of the methods used to account for the investments in subsidiaries, jointly controlled entities and associates; <u>and</u>~~,~~ <u>(c) either:</u> <u>(i) the consolidated financial statements or other financial statements to which they relate; or</u> <u>(ii) if the entity has elected not to prepare consolidated financial statements in accordance with paragraph 9.3, the name and principal place of business (and country of incorporation, if different) of the entity whose consolidated financial statements comply with full IFRS Accounting Standards or with this Standard.</u> ~~and shall identify the consolidated financial statements or other primary financial statements to which they relate.~~	(b) a description of the methods used to account for the investments in subsidiaries, joint ventures and associates, and shall identify the consolidated financial statements or other primary financial statements to which they relate. [*IFRS for SMEs* Standard paragraph 9.27] Staff comments: Staff suggest changing 'venturer' to 'investor' and adding requirement in (c) to AASB 1060 to align with 2025 *IFRS for SMEs*. This additional requirement does not represent a substantial change as it only discloses information already available to the entity.
Accounting Policies, Estimates and Errors <u>Accounting</u> ~~Changes in accounting~~ estimates	No similar heading in AASB 1060. Staff comments: This is the subheading before 2025 *IFRS for SMEs* paragraph 10.14A. Staff suggest adding the subheading to align with the 2025 *IFRS for SMEs*.
Section 11 ~~*Basic*~~ *Financial Instruments*	No similar heading in AASB 1060. Staff comments: 2025 *IFRS for SMEs* has combined the section about basic financial instruments and other financial instrument issues to create a new section. Staff suggest amending AASB 1060 to align with 2025 *IFRS for SMEs.*
<u>Transferred financial assets that do not qualify for derecognition</u> ~~Derecognition~~	No similar heading in AASB 1060. Staff comments: This is the subheading before 2025 *IFRS for SMEs* paragraph 11.45. Staff suggest adding the subheading to align with the 2025 *IFRS for SMEs*.
Investments in Associates 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 <u>its investment</u> ~~investments~~ in <u>an associate</u> ~~associates~~ <u>if a market price for the investment is quoted and the entity accounts</u> ~~accounted~~ for <u>the associate</u> 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 *IFRS for SMEs* Standard paragraph 14.12] Staff comments: Editorial change. Staff suggest aligning with the 2025 *IFRS for SMEs*.

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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. [*IFRS for SMEs* Standard paragraph 14.13] Staff comments: Same as 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. [*IFRS for SMEs* Standard paragraph 14.14] Staff comments: Same as 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 *IFRS for SMEs* Standard paragraph 14.15] Staff comments: Same as above.
Joint Arrangements 15.20 For jointly controlled entities accounted for using ~~in accordance with~~ the equity method, the party ~~venturer~~ shall also make the disclosures required by paragraph 14.14 for equity method investments.	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. [*IFRS for SMEs* Standard paragraph 15.20] Staff comments: Same as above.
15.21 For jointly controlled entities accounted for using ~~in accordance with~~ the fair value model, the party ~~venturer~~ shall make the disclosures required in Section 12 ~~by paragraphs 11.41–11.44~~. If a party ~~venturer~~ 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 involve undue cost or effort and the carrying amount of investments in jointly controlled entities accounted for under the cost model.	131 For joint ventures accounted for in accordance with AASB 9, the venturer shall make the disclosures required by paragraphs 113–115. [Based on *IFRS for SMEs* Standard paragraph 15.21] Staff comments: Same as above.
Investment Property 16.10 An entity shall disclose the following for all investment property accounted for at fair value through profit or loss (paragraph 16.7): (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	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 *Investment Property*): (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

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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: (i) additions, disclosing separately those additions resulting from acquisitions through business combinations; (ii) net gains **~~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. This reconciliation need not be presented for prior periods.	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: (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. This reconciliation need not be presented for prior periods. [*IFRS for SMEs* Standard paragraph 16.10] Staff comments: 2025 *IFRS for SMEs* relocate to the new Section 12 of the requirement to disclose information about fair value measurements. Staff suggest amending AASB 1060 accordingly. 2025 *IFRS for SMEs* remove the definition of ‘gain’. AASB 1060 does not define ‘gain’. Therefore, no similar amendment in AASB 1060 is required.
Property, Plant and Equipment 17.33 If items of property, plant and equipment are stated at revalued amounts, an entity shall disclose the following: (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~~;	136 If items of property, plant and equipment are stated at revalued amounts, an entity shall disclose the following: (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

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(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.	(d) the revaluation surplus, indicating the change for the period and any restrictions on the distribution of the balance to shareholders. [Based on *IFRS for SMEs* Standard paragraph 17.33] Staff comments: 2025 *IFRS for SMEs* relocate to the new Section 12 of the requirement to disclose information about fair value measurements. Staff suggest amending AASB 1060 accordingly.
Business Combinations and Goodwill 19.39~~26~~ 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: (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. ~~This reconciliation need not be presented for prior periods.~~	143 An acquirer shall disclose a reconciliation of the carrying amount of goodwill at the beginning and end of the reporting period, showing separately: (a) changes arising from new business combinations; (b) impairment losses; (c) disposals of previously acquired businesses; and (d) other changes. This reconciliation need not be presented for prior periods. [Based on *IFRS for SMEs* Standard paragraph 19.26] Staff comments: The amendments align the wording closely to IFRS 3 *Business Combinations*. Therefore, staff recommend amending AASB 1060 to align with 2025 *IFRS for SMEs*.
19.40 The reconciliation set out in paragraph 19.39 need not be presented for prior periods.	No similar requirements in AASB 1060. Staff comments: This was the last sentence of the paragraph. Staff suggest amending AASB 1060 to align with 2025 *IFRS for SMEs*.
Employee Benefits 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 ~~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.	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. [*IFRS for SMEs* Standard paragraph 28.40] Staff comments: Editorial change. Staff suggest aligning with the 2025 *IFRS for SMEs*.

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28.41A The reconciliations in 28.41(e) and 28.41(f) need not be presented for prior periods.	Similar requirements exist in AASB 1060. Staff comments: This requirement is included in paragraph 173 in AASB 1060. Staff suggest aligning the structure of AASB 1060 with 2025 *IFRS for SMEs*.
28.41E When required by Section 21, an entity discloses information about contingent liabilities arising from post-employment benefit obligations.	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. [*IFRS for SMEs* Standard paragraph 28.44] Staff comments: Paragraph 28.44 has been edited and relocated to paragraph 28.41E. Staff suggest aligning with 2025 *IFRS for SMEs*.
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 Provisions and Contingencies requires an entity to disclose information about its contingent liabilities unless the possibility of an outflow in settlement is remote.~~	
Related Party Disclosures Disclosure of controlling party ~~parent-subsidiary~~ relationships	No similar subheading in AASB 1060. Staff comments: For alignment with the 2025 *IFRS for SMEs*, staff suggest adding the subheading.
33.7A An entity that obtains key management personnel services from another entity (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.	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. 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. Staff comments: The requirements were included in paragraphs 195 and 196 of AASB 1060. Staff suggest aligning with 2025 *IFRS for SMEs*.
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: (a) the amount of the transactions; (b) the amount of outstanding balances, including commitments and: (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.	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: (a) the amount of the transactions; (b) the amount of outstanding balances and: (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;

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(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. 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.	(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. 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. [*IFRS for SMEs* Standard paragraph 33.9] Staff comments: When AASB 1060 was developed, the Board has considered whether it is necessary to add 'commitments' to paragraph 198(b); however, decided not to. Staff suggest revisiting this decision to align with 2025 *IFRS for SMEs*.
33.11 An entity is exempt from the disclosure requirements of paragraph 33.9 <u>in relation to related party transactions and outstanding balances, including commitments, with</u>: (a) a <u>**government**</u> ~~state (a national, regional or local government)~~ that has control, joint control or significant influence over the reporting entity; and (b) another entity that is a related party because the same <u>government</u> ~~state~~ has control, joint control or significant influence over both the reporting entity and the other entity. ~~However, the entity must still disclose a parent-subsidiary relationship as required by paragraph 33.5.~~	200 An entity is exempt from the disclosure requirements of paragraph 198 in relation to: (a) a state (a national, regional or local government) that has control, joint control or significant influence over the reporting entity; and (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. However, the entity must still disclose a parent-subsidiary relationship as required by paragraph 192. [*IFRS for SMEs* Standard paragraph 33.11] Staff comments: Defining '**government**' will result in no change to AASB 1060 as the standard has been already defined in AASB 1060. The deleted sentence is only a reminder. Staff suggest aligning with the 2025 *IFRS for SMEs*.
33.12 The following are examples of transactions that shall be disclosed if they are with a related party: (a) purchases or sales of goods (finished or unfinished); (b) purchases or sales of property and other assets; (c) rendering or receiving of services; (d) leases; (e) transfers of research and development; (f) transfers under licence agreements;	201 The following are examples of transactions that shall be disclosed if they are with a related party: (a) purchases or sales of goods (finished or unfinished); (b) purchases or sales of property and other assets; (c) rendering or receiving of services; (d) leases; (e) transfers of research and development; (f) transfers under licence agreements;

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(g) transfers under finance arrangements (including loans and equity contributions in cash or in kind); (h) provision of guarantees or collateral; <u>(ha) commitments to do something if a particular event occurs or does not occur in the future;</u> (i) settlement of liabilities on behalf of the entity or by the entity on behalf of another party; and (j) participation by a parent or subsidiary in a defined benefit plan that shares risks between group entities.	(g) transfers under finance arrangements (including loans and equity contributions in cash or in kind); (h) provision of guarantees or collateral; (i) settlement of liabilities on behalf of the entity or by the entity on behalf of another party; (j) participation by a parent or subsidiary in a defined benefit plan that shares risks between group entities; and (k) commitments to do something if a particular event occurs, or does not occur in the future, including executory contracts[32] (recognised or unrecognised). [Based on *IFRS for SMEs* Standard paragraph 33.12] [32] AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* 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. Staff comments: 2025 *IFRS for SMEs* add paragraph 33.12(ha). AASB 1060 has added this paragraph as paragraph 201(k). Staff suggest aligning the order to 2025 *IFRS for SMEs*.
Specialised Activities 34.7 An entity shall disclose the following with respect to its biological assets measured at fair value: (a) a description of each class of its biological assets. (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.~~ (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: (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;	204 An entity shall disclose the following with respect to its biological assets measured at fair value: (a) a description of each class of its biological assets. (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. (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: (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

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(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. This reconciliation need not be presented for prior periods.	of a foreign operation into the presentation currency of the reporting entity; and (vi) other changes. This reconciliation need not be presented for prior periods. [*IFRS for* SMEs Standard paragraph 34.7] Staff comments: The disclosures in paragraph 204(b) will be covered by the new paragraphs added in section 12 (paragraphs 12.28-12.32). Staff suggest relocating the paragraph to align with the 2025 *IFRS for SMEs*.

Appendix B Minor amendments to *IFRS for SMEs* – not recommended for amending AASB 1060

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Financial Statement Presentation 3.1 This section explains fair presentation of financial statements, what compliance with the *IFRS for SMEs* Accounting Standard requires and what a complete set of financial statements ~~is~~.	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. [*IFRS for SMEs* Standard paragraph 3.1] Staff comments: The change was made as a consequence of changes to IFRS terminology to distinguish between Accounting Standards and Sustainability Standards. AASB 1060 has already referred to 'Accounting Standard'.
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 *Concepts and Pervasive Principles*: (a) the application of the *IFRS for SMEs* Accounting 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 SMEs. (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). 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.	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 *Conceptual Framework for Financial Reporting*: (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. (b) As explained in paragraph 13 of AASB 1053, this Standard does not apply to an entity with public accountability. 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 *IFRS for SMEs* Standard paragraph 3.2] Staff comments: Same as above.
3.3 An entity whose financial statements comply with the *IFRS for SMEs* Accounting Standard shall make an explicit and unreserved statement of such compliance in the notes. Financial statements shall not be described as complying with the *IFRS for SMEs* Accounting Standard unless they comply with all the requirements of this Standard.	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 *IFRS for SMEs* Standard paragraph 3.3]

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	Staff comments: Same as above.
3.5 When an entity departs from a requirement of this Standard in accordance with paragraph 3.4, it shall disclose the following: (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 *IFRS for SMEs* <u>Accounting Standard</u>, 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 *IFRS for SMEs* <u>Accounting Standard</u> 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.	No similar requirements in AASB 1060. Staff comments: This paragraph was included in the 2015 *IFRS for SMEs*, but is absent from AASB 1060. The Board has already considered this and made a deliberate decision to exclude it. AASB 1060 BC57: The prohibition to depart from a requirement in an Australian Accounting Standard 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 *IFRS for SMEs* Standard have been deleted, as they are not relevant to entities applying this Standard. Staff recommend not amending AASB 1060.
3.11 An entity shall retain the presentation and <u>**classification**</u> ~~classification~~ of items in the financial statements from one period to the next unless: (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 *Accounting Policies, Estimates and Errors*; or (b) this Standard requires a change in presentation.	17 An entity shall retain the presentation and classification of items in the financial statements from one period to the next unless: (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 *Accounting Policies, Changes in Accounting Estimates and Errors*; or (b) Australian Accounting Standards – Simplified Disclosures require a change in presentation. [*IFRS for SMEs Standard* paragraph 3.11] Staff comments: The definition of 'classification' is not in AASB 1060 Appendix A Defined terms. AASB18 defined 'classification' as 'The sorting of assets, liabilities, equity, income, expenses and cash flows based on shared characteristics'. 2025 *IFRS for SMEs* defined 'classification' as 'The sorting of assets, liabilities, equity, income or expenses on the basis of shared characteristics for presentation and disclosure purposes'. As AASB 1060 does not use bold font for defined terms, staff suggest not amending the standard.

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Statement of Financial Position 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).	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). [*IFRS for SMEs* Standard paragraph 4.4] Staff comments: Same as above.
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: (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 (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.	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: (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 (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. [*IFRS for SMEs* Standard paragraph 4.9] Staff comments: The definition of 'aggregation' is not in AASB 1060 Appendix A Defined terms. AASB18 defined 'aggregation' as 'The adding together of assets, liabilities, equity, income, expenses or cash flows that share characteristics and are included in the same classification.'. 2025 *IFRS for SMEs* defined 'aggregation' as 'The adding together of assets, liabilities, equity, income or expenses that have shared characteristics and are included in the same classification'. As AASB 1060 does not use bold font for defined terms, staff suggest not amending the standard.
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: (a) a description of the asset(s) or the group of assets and liabilities;	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: (a) a description of the asset(s) or the group of assets and liabilities; and

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(b) a description of the facts and circumstances of the sale ~~or plan~~; and (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.	(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. [Based on *IFRS for SMEs* Standard paragraph 4.14] Staff comments: When developing AASB 1060, we aligned the presentation requirements with AASB 5. As a consequence, we also amended the relevant disclosures to align more closely with AASB 5.
Statement of Cash Flows 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: (a) cash receipts from the sale of goods and the rendering of services; (b) cash receipts from royalties, fees, commissions and other revenue; (c) cash payments to suppliers for goods and services; (d) cash payments to and on behalf of employees; (e) cash payments or refunds of income tax, unless they can be specifically identified with financing and investing activities; and (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. Some transactions, such as the sale of an item of plant by a manufacturing entity, may give rise to a **gain** ~~gain~~ or loss that is included in profit or loss. However, the cash flows relating to such transactions are cash flows from investing activities.	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: (a) cash receipts from the sale of goods and the rendering of services; (b) cash receipts from royalties, fees, commissions and other revenue; (c) cash payments to suppliers for goods and services; (d) cash payments to and on behalf of employees; (e) cash payments or refunds of income tax, unless they can be specifically identified with financing and investing activities; and (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. 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. [*IFRS for SMEs* Standard paragraph 7.4] Staff comments: AASB 1060 does not define 'gain'. As AASB 1060 does not use bold font for defined terms, staff suggest not amending the standard.
Notes to the Financial Statements 8.4 An entity normally presents the notes in the following order: (a) a statement that the financial statements have been prepared in compliance with the *IFRS for SMEs* Accounting Standard (see paragraph 3.3); (b) material accounting policy information ~~a summary of significant accounting policies applied~~ (see paragraph 8.5);	93 Examples of systematic ordering or grouping of the notes include: (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; (b) grouping together information about items measured similarly such as assets measured at fair value; or

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(c) supporting information for items presented in the financial statements, in the sequence in which each statement and each line item is presented; and (d) any other disclosures.	(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: (i) statement of compliance with Australian Accounting Standards – Simplified Disclosures (see paragraph 10); (ii) material accounting policy information (see paragraph 95); (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 (iv) other disclosures, including: (1) contingent liabilities (see paragraph 154) and unrecognised contractual commitments; and (2) non-financial disclosures. [Based on *IFRS for SMEs* Standard paragraph 8.4] Staff comments: 2025 *IFRS for SMEs* changed a summary of significant accounting policies applied' to 'material accounting policy information' to align with full IFRS standards. AASB 1060 include wording that is already consistent with changes made to full IFRS standards as a result of the disclosure initiative. Therefore, staff do not suggest amending AASB 1060.
8.5 An entity shall disclose 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. ~~the following in the summary of significant accounting policies:~~ ~~(a) the measurement basis (or bases) used in preparing the financial statements; and~~ ~~(b) the other accounting policies used that are relevant to an understanding of the financial statements.~~	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. [Based on *IFRS for SMEs* Standard paragraph 8.5] Staff comments: AASB 1060 has already included this requirement. Therefore, no further amendment is required.
Consolidated and Separate Financial Statements 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	No similar requirements in AASB 1060.

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consolidated (see paragraphs 9.3A–9.3C) at the reporting date, in total, either in the statement of financial position or in the notes.	Staff comments: This paragraph was included in 2015 *IFRS for SMEs*, but is absent from AASB 1060. The Board has already considered this and made a deliberate decision to exclude it. Therefore, no further amendment is required.
Accounting Policies, Estimates and Errors 10.1 This section provides guidance for selecting and applying the accounting policies used in preparing financial statements. It also covers changes in ~~changes in~~ accounting estimates and corrections of errors in prior period financial statements.	No similar requirements in AASB 1060. Staff comments: Same as above.
10.5 In making the judgement described in paragraph 10.4, management shall refer to, and consider the applicability of, the following sources in descending order: (a) the requirements and guidance in this Standard dealing with similar and related issues; and (b) the definitions, recognition criteria and **measurement** ~~measurement~~ concepts for assets, liabilities, income and expenses and the pervasive principles in Section 2 *Concepts and Pervasive Principles*.	No similar requirements in AASB 1060. Staff comments: Same as above.
10.6 In making the judgement described in paragraph 10.4, management may also consider the requirements and guidance in full IFRS Accounting Standards dealing with similar and related issues.	No similar requirements in AASB 1060. Staff comments: Same as above.
10.10 If this Standard allows a choice of accounting treatment (including the **measurement basis** ~~measurement basis~~) for a specified transaction or other event or condition and an entity changes its previous choice, that is a change in accounting policy.	No similar requirements in AASB 1060. Staff comments: Same as above.
Financial Instruments 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 Part II of Section 11~~12~~) will not have any financial liabilities measured at fair value through profit or loss and hence will not need to provide such disclosures.	No similar requirements in AASB 1060. Staff comments: Same as above.
11.40 In accordance with paragraph 8.5, 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.~~, in the summary of significant~~ ~~**accounting policies**, the measurement basis (or bases) used for financial~~	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 *IFRS for SMEs* Standard paragraph 11.40]

<table>
<tr><th>2025 IFRS for SMEs</th><th>AASB 1060</th></tr>
<tr><td>~~instruments and the other accounting policies used for financial instruments that are relevant to an understanding of the **financial statements**.~~</td><td>Staff comments: AASB 1060 has already adopted this requirement. Therefore, no further amendment is needed.</td></tr>
<tr><td>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:
(a) financial assets measured at fair value through profit or loss (paragraph 11.14(c)(i) and paragraphs <u>11.54</u> ~~12.8 and 12.9~~);
(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</u> ~~12.8 and 12.9~~);
(d) financial liabilities measured at fair value through profit or loss (paragraphs <u>11.54</u> ~~12.8 and 12.9~~);
(e) financial liabilities measured at amortised cost (paragraph 11.14(a)); and
(f) loan commitments measured at cost less impairment (paragraph 11.14(b)).</td><td>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:
(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
(e) financial assets measured at fair value through other comprehensive income, showing separately:
(i) financial assets that are measured at fair value through other comprehensive income in accordance with paragraph 4.1.2A of AASB 9; and
(ii) investments in equity instruments designated as such upon initial recognition in accordance with paragraph 5.7.5 of AASB 9.
[Based on IFRS for SMEs Standard paragraph 11.41]
Staff comments: 2025 IFRS for SMEs only change references to paragraphs. Therefore, no further amendment is required.</td></tr>
<tr><td>11.48 An entity shall disclose the following items of income, expense, <u>**gains**</u> ~~gains~~ or losses:
(a) income, expense, gains or losses, including changes in fair value, recognised on:
(i) financial assets measured at fair value through profit or loss;
(ii) financial liabilities measured at fair value through profit or loss;
(iii) financial assets measured at amortised cost; and
(iv) financial liabilities measured at amortised cost.
(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.</td><td>119 An entity shall disclose the following items of income, expense, gains or losses:
(a) income, expense, gains or losses, including changes in fair value, recognised on:
(i) financial assets measured at fair value through profit or loss;
(ii) financial liabilities measured at fair value through profit or loss;
(iii) financial assets measured at amortised cost;
(iv) financial liabilities measured at amortised cost;
(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</td></tr>
</table>

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	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 *IFRS for SMEs* Standard paragraph 11.48] Staff comments: AASB 1060 does not define 'gain' and does not use bold font for defined terms. Therefore, no further amendment is required.
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.	No similar requirements in AASB 1060. Staff comments: This paragraph was included in the 2015 *IFRS for SMEs*, but is absent from AASB 1060. The Board has already considered this and made a deliberate decision to exclude it. Therefore, no further amendment is required.
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~~: (a) a description of the hedge; (b) a description of the financial instruments designated as hedging instruments and their fair values at the reporting date; and (c) the nature of the risks being hedged, including a description of the hedged item.	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; (b) a description of the financial instruments designated as hedging instruments and their fair values at the reporting date; and (c) the nature of the risks being hedged, including a description of the hedged item. [Based on *IFRS for SMEs Standard* paragraph 12.27] Staff comments: 2025 *IFRS for SMEs* only changed reference to paragraphs. There is no impact of AASB 1060.
11.74~~12.28~~ If an entity uses hedge accounting for a hedge of fixed interest rate risk or commodity price risk of a commodity held (paragraphs 11.65–11.68~~12.19–12.22~~) it shall disclose the following: (a) the amount of the change in fair value of the hedging instrument recognised in profit or loss for the period; and	121 For fair value hedges, the entity shall disclose the following: (a) the amount of the change in fair value of the hedging instrument recognised in profit or loss for the period; and

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(b) the amount of the change in fair value of the hedged item recognised in profit or loss for the period.	(b) the amount of the change in fair value of the hedged item recognised in profit or loss for the period. [Based on *IFRS for SMEs* Standard paragraph 12.28] Staff comments: Same as above.
11.75~~12.29~~ 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 11.69–11.71~~12.23–12.25~~), it shall disclose the following: (a) the periods when the cash flows are expected to occur and when they are expected to affect profit or loss; (b) a description of any forecast transaction for which hedge accounting had previously been used, but which is no longer expected to occur; (c) the amount of the change in fair value of the hedging instrument that was recognised in other comprehensive income during the period (paragraph 11.69~~12.23~~); (d) the amount that was reclassified to profit or loss for the period (paragraphs 11.69~~12.23~~ and 11.71~~12.25~~); and (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~~).	122 For cash flow hedges and hedges of a net investment in a foreign operation, an entity shall disclose the following: (a) the periods when the cash flows are expected to occur and when they are expected to affect profit or loss; (b) a description of any forecast transaction for which hedge accounting had previously been used, but which is no longer expected to occur; (c) the amount of the change in fair value of the hedging instrument that was recognised in other comprehensive income during the period; (d) the amount that was reclassified to profit or loss for the period; and (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. [Based on *IFRS for SMEs* Standard paragraph 12.29] Staff comments: Same as above.
Property, Plant and Equipment 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: (a) the measurement ~~**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	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: (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 (e) a reconciliation of the carrying amount at the beginning and end of the reporting period, showing separately:

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(e) a reconciliation of the carrying amount at the beginning and end of the reporting period showing separately: (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. This reconciliation need not be presented for prior periods.	(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 *Property, Plant and Equipment*1AASB 116 and from impairment losses recognised or reversed in other comprehensive income in accordance with AASB 136 *Impairment of Assets*; (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. This reconciliation need not be presented for prior periods. [Based on *IFRS for SMEs* Standard paragraph 17.31] Staff comments: 2025 *IFRS for SMEs* removed the definition of 'measurement'. AASB 1060 does not define 'measurement'. Therefore, no further amendment is required.
Intangible Assets other than Goodwill 18.27 An entity shall disclose the following for each class of intangible assets: (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; (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 (e) a reconciliation of the carrying amount at the beginning and end of the reporting period showing separately:	137 An entity shall disclose the following for each class of intangible assets: (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; (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 (e) a reconciliation of the carrying amount at the beginning and end of the reporting period, showing separately:

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(i) additions; (ii) disposals; (iii) acquisitions through business combinations; (iv) amortisation; (v) impairment losses recognised or reversed in profit or loss in accordance with Section 27; and (vi) other changes. This reconciliation need not be presented for prior periods.	(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 *Intangible Assets*1AASB 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. This reconciliation need not be presented for prior periods. [Based on *IFRS for SMEs* Standard paragraph 18.27] 138 An entity shall also disclose: (a) a description, the carrying amount and remaining amortisation period of any individual intangible asset that is material to the entity's financial statements; (b) for intangible assets acquired by way of a government grant and initially recognised at fair value (see paragraph 44 of AASB 138): (i) the fair value initially recognised for these assets; and (ii) their carrying amounts; (c) the existence and carrying amounts of intangible assets to which the entity has restricted title or that are pledged as security for liabilities; and (d) the amount of contractual commitments for the acquisition of intangible assets. [*IFRS for SMEs* Standard *paragraph* 18.28] Staff comments: 2025 *IFRS for SMEs* added a reference to Section 27. AASB 1060 has already referred to AASB 136. Therefore, no further amendment is required.

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Government Grants 24.7 ~~For the purpose of the disclosure required by paragraph 24.6(c),~~ 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.~~	No similar requirements in AASB 1060. Staff comments: This paragraph was included in the 2015 *IFRS for SMEs*, but is absent from AASB 1060. The Board has already considered this and made a deliberate decision to exclude it. Therefore, no further amendment is required.
Impairment of Assets 27.33 An entity shall disclose the information required by paragraph 27.32 for each of the following classes of asset: (a) inventories; (b) property, plant and equipment (including investment property accounted for by the cost method); (c) goodwill; (d) intangible assets other than goodwill; (e) investments in associates; and (f) investments in jointly controlled entities ~~joint ventures~~.	170 An entity shall disclose the information required by paragraph 169 for each of the following classes of asset: (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. [Based on *IFRS for SMEs Standard* paragraph 27.33] Staff comments: *IFRS for SMEs* retains the terminology from IFRS 11 before it was updated that distinguishes between jointly controlled assets, entities, and operations. AASB 1060 used the updated terminology from AASB 11 that distinguishes between joint operations and joint ventures. Staff suggest not amending AASB 1060 as the existing wording is still relevant.
Income Tax 29.39 An entity shall disclose separately the major components of tax expense (income). Such components of tax expense (income) may include: (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;	177 An entity shall disclose separately the major components of tax expense (income). Such components of tax expense (income) may include: (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;

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(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; (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 (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 ~~*Accounting Policies, Estimates and Errors*~~, because they cannot be accounted for retrospectively.	(f) adjustments to deferred tax expense (income) arising from a change in the tax status of the entity or its shareholders; (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 *Income Taxes*; and (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. [*IFRS for SMEs* Standard *paragraph* 29.39] Staff comments: 2025 *IFRS for SMEs* only deleted the heading of Section 10 in the paragraph. There is no impact on AASB 1060.
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.~~	No similar requirements in AASB 1060. Staff comments: Disclosure reflected R&M difference that has been removed. No impact on AASB 1060.
Foreign Currency Translation 30.25 An entity shall disclose the following: (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 ~~*Basic*~~ *Financial Instruments* and ~~Section 12~~; and (b) the amount of exchange differences arising during the period and classified in a separate component of equity at the end of the period.	180 An entity shall disclose the following: (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 (b) the amount of exchange differences arising during the period and classified in a separate component of equity at the end of the period. [*IFRS for SMEs Standard* paragraph 30.25] Staff comments: 2025 *IFRS for SMEs* only changed references to sections. There is no impact on AASB 1060.
Related Party Disclosures 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)~~: (a) a person or a close member of that person's family is related to a reporting entity if that person:	No similar requirements in AASB 1AASB 1060. Staff comments: This paragraph was included in the 2015 *IFRS for SMEs*, but is absent from AASB 1060. The Board has already considered this and made a deliberate decision to exclude it. Therefore, no further amendment is required.

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(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. (b) an entity is related to a reporting entity if any of the following conditions applies: (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).	
33.4 In the context of this Standard, the following are not necessarily related parties: (a) two entities simply because they have a director or other member of key management personnel in common; (b) two parties ~~venturers~~ simply because they share joint control over a jointly controlled entity ~~joint venture~~;	191 In the context of this Standard, the following are not necessarily related parties: (a) two entities simply because they have a director or other member of key management personnel in common; (b) two venturers simply because they share joint control over a joint venture;

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(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): (i) providers of finance; (ii) trade unions; (iii) public utilities; or (iv) government departments and agencies. (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.	(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): (i) providers of finance; (ii) trade unions; (iii) public utilities; or (iv) government departments and agencies; and (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. [*IFRS for SMEs* Standard paragraph 33.4] Staff comments: *IFRS for SMEs* retains the terminology from IFRS 11 before it was updated that distinguishes between jointly controlled assets, entities, and operations. AASB 1060 used the updated terminology from AASB 11 that distinguishes between joint operations and joint ventures. Staff suggest not amending AASB 1060 as the existing wording is still relevant.
Transition to the IFRS for SMEs Accounting Standard 35.12A An entity that has applied the *IFRS for SMEs* <u>Accounting Standard</u> in a previous period, as described in paragraph 35.2, shall disclose: (a) the reason it stopped applying the *IFRS for SMEs* <u>Accounting Standard</u>; (b) the reason it is resuming the application of the *IFRS for SMEs* <u>Accounting Standard</u>; and (c) whether it has applied this section or has applied the *IFRS for SMEs* <u>Accounting Standard</u> retrospectively in accordance with Section 10.	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: (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 *First-time Adoption of Australian Accounting Standards* AASB 1 or has applied Australian Accounting Standards – Simplified Disclosures retrospectively in accordance with AASB 108. [Based on *IFRS for SMEs* Standard paragraph 35.12A] Staff comments: Change made as consequence of changes to IFRS terminology, to distinguish between Accounting Standards and Sustainability Standards. AASB 1060 already refers to ‘Accounting Standard’.

Appendix C Changes to 2025 *IFRS for SMEs* defined terms

When AASB 1060 was developed the definitions were aligned with full AAS rather than being based on definitions in *IFRS for SMEs*, the below table that present changes to definitions in *IFRS for SMEs* is for information only.

Terms	**IFRS for SME (amendment only) appendix**
accounting estimates	Monetary amounts in financial statements that are subject to measurement uncertainty.
accrual basis of accounting	~~The effects of transactions and other events are recognised when they occur (and not as cash or its equivalent is received or paid) and they are recorded in the accounting records and reported in the financial statements of the periods to which they relate.~~
acquiree	The business or businesses that the acquirer obtains control of in a business combination.
acquirer	The entity that obtains control of the acquiree.
aggregation	The adding together of assets, liabilities, equity, income or expenses that have shared characteristics and are included in the same classification.
asset	A present economic resource controlled by the entity as a result of past events. ~~and from which future economic benefits are expected to flow to the entity.~~
associate	An entity, including an unincorporated entity such as a partnership, over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint arrangement ~~venture~~.
bearer plant	A bearer plant is a living plant that: (a) is used in the production or supply of agricultural produce; (b) is expected to bear produce for more than one period; and (c) has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.
business	An integrated set of activities and assets that is capable of being conducted and managed for the purpose of ~~providing~~: (a) providing goods or services to customers; ~~a return to investors; or~~ (b) generating investment income (such as dividends or interest); ~~or lower costs or other economic benefits directly and proportionately to policyholders or participants.~~ (c) generating other income from ordinary activities. ~~A business generally consists of inputs, processes applied to those inputs, and resulting outputs that are, or will be, used to generate revenues. If goodwill is present in a transferred set of activities and assets, the transferred set shall be presumed to be a business.~~

Terms	IFRS for SME (amendment only) appendix
business combination	A transaction or other event in which an acquirer obtains control of one or more businesses. Transactions sometimes referred to as 'true mergers' or 'mergers of equals' are also business combinations as that term is used in this Standard. ~~The bringing together of separate entities or businesses into one reporting entity.~~
carrying amount	The amount at which an asset, a ~~or~~ liability or equity is recognised in the statement of financial position.
change in accounting estimate	~~An adjustment of the carrying amount of an asset or a liability, or the amount of the periodic consumption of an asset, that results from the assessment of the present status of, and expected future benefits and obligations associated with, assets and liabilities. Changes in accounting estimates result from new information or new developments and, accordingly, are not corrections of errors.~~
classification	The sorting of assets, liabilities, equity, income or expenses on the basis of shared characteristics for presentation and disclosure purposes.
closing rate	The spot exchange rate at the end of the reporting period.
combined financial statements	Financial statements of a reporting entity that comprises two or more entities that are not all linked by a parent–subsidiary relationship.
construction contract	~~A contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.~~
contingent consideration	Usually, an obligation of the acquirer to transfer additional assets or equity interests to the former owners of an acquiree as part of the exchange for control of the acquiree if specified future events occur or conditions are met. However, contingent consideration also may give the acquirer the right to the return of previously transferred consideration if specified conditions are met.
contract	An agreement between two or more parties that creates enforceable rights and obligations.
contract asset	An entity's right to consideration in exchange for goods or services that the entity has transferred to a customer when that right is conditioned on something other than the passage of time (for example, the entity's future performance).
contract liability	An entity's obligation to transfer goods or services to a customer for which the entity has received consideration (or the amount is due) from the customer.
control (of an entity)	An investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. ~~The power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.~~
customer	A party that has contracted with an entity to obtain goods or services that are an output of the entity's ordinary activities in exchange for consideration.
date of transition to the *IFRS for SMEs* Accounting Standard	The beginning of the earliest period for which an entity presents full comparative information under the *IFRS for SMEs* Accounting Standard in its first financial statements that comply with the *IFRS for SMEs* Accounting Standard.

Terms	IFRS for SME (amendment only) appendix
defined benefit liability	The ~~present value of the~~ defined benefit obligation at the reporting date minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.
defined benefit obligation ~~(present value of)~~	The present value~~, without deducting any plan assets,~~ of an entity's obligations under defined benefit plans ~~expected future payments required to settle the obligation resulting from employee service in the current and prior periods.~~
disaggregation	The removal of all or part of a ~~previously~~ recognised asset or liability from an entity's statement of financial position.
dividends	Distributions of profits to holders of equity instruments in proportion to their holdings of a particular class of capital.
economic resource	A right that has the potential to produce economic benefits.
enhancing qualitative characteristic	A qualitative characteristic that makes useful information more useful. The enhancing qualitative characteristics are comparability, verifiability, timeliness and understandability.
equity claim	A claim on the residual interest in the assets of an entity after deducting all its liabilities.
executory contract	A contract, or a portion of a contract, that is equally unperformed—neither party has fulfilled any of its obligations, or both parties have partially fulfilled their obligations to an equal extent.
existence uncertainty	Uncertainty about whether an asset or liability exists.
expenses	Decreases in assets ~~economic benefits during the reporting period in the form of outflows or depletions of assets~~ or increases in ~~incurrences of~~ liabilities that result in decreases in equity, other than those relating to distributions to holders of equity claims ~~owners~~.
fair value	The price that would be received to sell ~~amount for which~~ an asset ~~could be exchanged~~, ~~or paid to transfer~~ a liability ~~settled or an equity instrument granted could be exchanged~~, in an orderly transaction between market participants at the measurement date ~~knowledgeable, willing parties in an arm's length transaction~~.
fair value less costs to sell	~~The amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.~~
financial guarantee contract	A contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.
first-time adopter of the *IFRS for SMEs* Accounting Standard	An entity that presents its first annual financial statements that conform to the *IFRS for SMEs* Accounting Standard, regardless of whether its previous accounting framework was full IFRS Accounting Standards or another set of accounting standards.

Terms	IFRS for SME (amendment only) appendix
foreign operation	An entity that is a subsidiary, associate, joint arrangement ~~venture~~ or branch of a reporting entity, the activities of which are based or conducted in a country or currency other than those of the reporting entity.
fundamental qualitative characteristic	A qualitative characteristic that financial information must possess to be useful to the primary users of general purpose financial statements. The fundamental qualitative characteristics are relevance and faithful representation.
full IFRS	~~International Financial Reporting Standards (IFRS) other than the *IFRS for SMEs*.~~
full IFRS Accounting Standards	Standards and Interpretations issued by the International Accounting Standards Board (IASB). They comprise: (a) International Financial Reporting Standards; (b) International Accounting Standards; (c) IFRIC Interpretations; and (d) SIC Interpretations.
gains	~~Increases in economic benefits that meet the definition of income but are not revenue.~~
general purpose financial statements	Financial reports that provide information about the reporting entity's assets, liabilities, equity, income and expenses. ~~Financial statements directed to the general financial information needs of a wide range of users who are not in a position to demand reports tailored to meet their particular information needs.~~
goodwill	An asset representing the future ~~Future~~ economic benefits arising from other assets acquired in a business combination that are not ~~capable of being~~ individually identified and separately recognised.
government	Government, government agencies and similar bodies whether local, national or international.
hedged item	For the purpose of special hedge accounting by SMEs under Part II of Section 11 ~~12 of this Standard~~, a hedged item is: (a) interest rate risk of a debt instrument measured at amortised cost; (b) foreign exchange or interest rate risk in a firm commitment or a highly probable forecast transaction; (c) price risk of a commodity that it holds or in a firm commitment or highly probable forecast transaction to purchase or sell a commodity; or (d) foreign exchange risk in a net investment in a foreign operation.
hedging instrument	For the purpose of special hedge accounting by SMEs under Part II of Section 11 ~~12 of this Standard~~, a hedging instrument is a financial instrument that meets all of the following terms and conditions: (a) it is an interest rate swap, a foreign currency swap, a foreign currency forward exchange contract or a commodity forward exchange contract that is expected to be highly effective in offsetting a risk identified in paragraph 11.63~~12.17~~ that is designated as the hedged risk; (b) it involves a party external to the reporting entity (ie external to the group, segment or individual entity being reported on); (c) its notional amount is equal to the designated amount of the principal or notional amount of the hedged item;

Terms	IFRS for SME (amendment only) appendix
	(d) it has a specified maturity date not later than: (i) the maturity of the financial instrument being hedged; (ii) the expected settlement of the commodity purchase or sale commitment; or (iii) the occurrence of the highly probable forecast foreign currency or commodity transaction being hedged. (e) it has no prepayment, early termination or extension features. ~~An~~ entity ~~that chooses to apply IAS 39 in accounting for financial instruments shall apply the definition of hedging instrument in that standard instead of this definition.~~
highest and best use	The use of a non-financial asset by market participants that would maximise the value of the asset or the group of assets and liabilities (for example, a business) within which the asset would be used.
imputed rate of interest	~~The more clearly determinable of either:~~ ~~(a) the prevailing rate for a similar instrument of an issuer with a similar credit rating; or~~ ~~(b) a rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.~~
income	Increases in assets, ~~economic benefits during the reporting period in the form of inflows or enhancements of assets~~ or decreases in ~~of~~ liabilities, that result in increases in equity, other than those relating to contributions from holders of equity claims ~~owners~~.
income tax	All domestic and foreign taxes that are based on taxable profits. Income tax also includes taxes, such as withholding taxes, that are payable by a subsidiary, associate or joint arrangement ~~venture~~ on distributions to the reporting entity.
International Financial Reporting Standards (IFRS)	~~Standards adopted by the International Accounting Standards Board (IASB). They comprise:~~ ~~(a) International Financial Reporting Standards;~~ ~~(b) International Accounting Standards; and~~ ~~(c) Interpretations developed by the International Financial Reporting Interpretations Committee (IFRIC) or the former Standing Interpretations Committee (SIC).~~
joint control	The contractually agreed sharing of control of an arrangement ~~over an economic activity~~. It exists only when the ~~strategic financial and operating~~ decisions about the relevant activities ~~relating to the activity~~ require the unanimous consent of the parties sharing control ~~(the venturers)~~.
joint arrangement ~~venture~~	An ~~A contractual~~ arrangement of which ~~whereby~~ two or more parties have ~~undertake an economic activity that is subject to~~ joint control. Joint arrangements ~~ventures~~ can take the form of jointly controlled operations, jointly controlled assets, or jointly controlled entities.
jointly controlled entity	A joint arrangement ~~venture~~ that involves the establishment of a corporation, partnership or other entity in which each party ~~venturer~~ has an interest. The entity operates in the same way as other entities, except that an ~~a contractual~~ arrangement between the parties ~~venturers~~ establishes joint control ~~over the economic activity of the entity~~.

Terms	IFRS for SME (amendment only) appendix
liability	A present obligation of the entity~~ to transfer an economic resource as a result of~~ ~~arising from~~ past events~~, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits~~.
market participants	Buyers and sellers in the principal (or most advantageous) market for the asset or liability that have all of the following characteristics: (a) they are independent of each other, that is, they are not related parties as defined in Section 33; (b) they are knowledgeable, having a reasonable understanding about the asset or liability and the transaction using all available information; (c) they are able to enter into a transaction for the asset or liability; and (d) they are willing to enter into a transaction for the asset or liability, that is, they are motivated but not forced or otherwise compelled to do so.
market vesting condition	A performance condition upon which the exercise price, vesting or exercisability of an equity instrument depends that is related to the market price (or value) of the entity’s equity instruments (or the equity instruments of another entity in the same group), such as: (a) attaining a specified share price or a specified amount of intrinsic value of a share option;~~,~~ or (b) achieving a specified target that is based on the market price (or value) of the entity’s equity instruments (or the equity instruments of another entity in the same group) relative to an index of market prices of equity instruments of other entities. A market vesting condition requires the counterparty to complete a specified period of service (that is, a service condition); the service requirement can be explicit or implicit.
material	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. ~~Omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions of users taken on the basis of the financial statements. Materiality depends on the size and nature 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.~~
measure	The result of applying a measurement basis to an asset or liability and related income and expenses.
measurement	~~The process of determining the monetary amounts at which the elements of the financial statements are to be recognised and carried in the statement of financial position and statement of comprehensive income.~~
measurement basis	An identified feature—for example, historical cost, fair value or fulfilment value—of an item being measured.
measurement uncertainty	Uncertainty that arises when monetary amounts in financial reports cannot be observed directly and must instead be estimated.
most advantageous market	The market that maximises the amount that would be received to sell the asset or minimises the amount that would be paid to transfer the liability, after taking into account transaction costs and transport costs.

Terms	IFRS for SME (amendment only) appendix
objective of financial statements	To provide financial information about ~~the financial position, performance and cash flows of~~ an entity that is useful to existing and potential investors, lenders and other creditors in making decisions relating to providing resources to the entity. ~~for economic decision-making by a broad range of users who are not in a position to demand reports tailored to meet their particular information needs.~~
observable inputs	Inputs that are developed using market data, such as publicly available information about actual events or transactions, and that reflect the assumptions that market participants would use when pricing the asset or liability.
offsetting	Grouping an asset and liability that are recognised and measured as separate units of account into a single net amount in the statement of financial position.
orderly transaction	A transaction that assumes exposure to the market for a period before the measurement date to allow for marketing activities that are usual and customary for transactions involving such assets or liabilities; it is not a forced transaction (for example, a forced liquidation or distress sale).
ordinary share	An equity instrument that is subordinate to all other classes of equity instruments.
outcome uncertainty	Uncertainty about the amount or timing of any inflow or outflow of economic benefits that will result from an asset or liability.
performance condition (of a share-based payment arrangement)	A vesting condition that requires: (a) the counterparty to complete a specified period of service (that is, a service condition); the service requirement can be explicit or implicit; and (b) specified performance target(s) to be met while the counterparty is rendering the service required in (a). The period of achieving the performance target(s): (a) shall not extend beyond the end of the service period; and (b) may start before the service period on the condition that the commencement date of the performance target is not substantially before the commencement of the service period. A performance target is defined by reference to: (a) the entity's own operations (or activities) or the operations or activities of another entity in the same group (that is, a non-market vesting condition); or (b) the price (or value) of the entity's equity instruments or the equity instruments of another entity in the same group (including shares and share options) (that is, a market vesting condition). A performance target might relate either to the performance of the entity as a whole or to some part of the entity (or part of the group), such as a division or an individual employee.
potential to produce economic benefits	Within an economic resource, a feature that already exists and that, in at least one circumstance, would produce for the entity economic benefits beyond those available to all other parties.
primary users	Existing and potential investors, lenders and other creditors.

Terms	IFRS for SME (amendment only) appendix
principal market	The market with the greatest volume and level of activity for the asset or liability.
promise (in a contract with a customer)	An obligation to transfer a good or service (or bundle of goods or services) that is distinct.
prospective application (of a change in accounting policy)	~~Applying the new accounting policy to transactions, other events and conditions occurring after the date as at which the policy is changed.~~
prudence	The exercise of caution when making judgements under conditions of uncertainty. The exercise of prudence means that assets and income are not overstated and liabilities and expenses are not understated. Equally, the exercise of prudence does not allow for the understatement of assets or income or the overstatement of liabilities or expenses. ~~The inclusion of a degree of caution in the exercise of the judgements needed in making the estimates required under conditions of uncertainty, such that assets or income are not overstated and liabilities or expenses are not understated.~~
public accountability	An entity has public accountability if: (a) its debt or equity instruments are traded in a public market or it is in the process of issuing such instruments for trading in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets); or (b) it holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses (for example, banks, credit unions, insurance companies, securities brokers/dealers, mutual funds and investment banks often meet this second criterion).
recognition	The process of capturing for inclusion ~~incorporating~~ in the statement of financial position or the statement(s) ~~statement~~ of financial performance ~~comprehensive income~~ an item that meets the definition of one of the elements of financial statements—an asset, a liability, equity, income or expenses. Recognition involves depicting the item in one of those statements—either alone or in aggregation with other items—in words and by a monetary amount, and including that amount in one or more totals in that statement. ~~expense and that satisfies the following criteria:~~ ~~(a) it is probable that any future economic benefit associated with the item will flow to or from the entity; and~~ ~~(b) the item has a cost or value that can be measured with reliability.~~
related party	A related party is a person or entity that is related to the entity that is preparing its financial statements (the reporting entity): (a) a person or a close member of that person's family is related to a reporting entity if that person: (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. (b) an entity is related to a reporting entity if any of the following conditions applies: (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).

Terms	IFRS for SME (amendment only) appendix
	(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).
relevance	~~The quality of information that allows it to influence the economic decisions of users by helping them evaluate past, present or future events or confirming, or correcting, their past evaluations.~~
relevant activities (of an investee)	The activities that significantly affect the investee's returns.
reporting entity	An entity that is required, or chooses, to prepare general purpose financial statements.
revenue	Income arising in the course of an entity's ordinary activities. ~~The gross inflow of economic benefits during the period arising in the course of the ordinary activities of an entity when those inflows result in increases in equity, other than increases relating to contributions from equity participants.~~
service condition	A vesting condition that requires the counterparty to complete a specified period of service during which services are provided to the entity. If the counterparty, regardless of the reason, ceases to provide service during the vesting period, it has failed to satisfy the condition. A service condition does not require a performance target to be met.
severe hyperinflation	The currency of a hyperinflationary economy is subject to severe hyperinflation if it has both of the following characteristics: (a) a reliable general price index is not available to all entities with transactions and balances in the currency; and (b) ~~exchangeability between~~ the currency is not exchangeable into ~~and~~ a relatively stable foreign currency ~~does not exist~~. Exchangeability is assessed in accordance with Section 30.
state	~~A national, regional or local government.~~
subsidiary	An entity~~, including an unincorporated entity such as a partnership,~~ that is controlled by another entity ~~(known as the parent)~~.
termination benefits	Employee benefits provided in exchange for the termination of an employee's employment ~~payable~~ as a result of either:

Terms	IFRS for SME (amendment only) appendix
	(a) an entity’s decision to terminate an employee’s employment before the normal retirement date; or (b) an employee’s decision to accept an offer of benefits ~~voluntary redundancy~~ in exchange for the termination of employment ~~those benefits~~.
timeliness	Having information available to decision-makers in time to be capable of influencing their decisions. ~~Providing the information in financial statements within the decision time frame.~~
transaction costs ~~(financial instruments)~~	The costs to sell an asset or transfer a liability in the principal (or most advantageous) market for the asset or liability that are directly attributable to the disposal of the asset or the transfer of the liability and meet both of the following criteria: (a) they result directly from and are essential to that transaction; and (b) they would not have been incurred by the entity had the decision to sell the asset or transfer the liability not been made. ~~Incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.~~
transaction price (for a contract with a customer)	The amount of consideration an entity expects to be entitled to in exchange for transferring goods or services promised to a customer, excluding amounts the entity has collected on behalf of third parties.
understandability	Classifying, characterising and presenting information clearly and concisely makes it understandable. ~~The quality of information in a way that makes it comprehensible by users who have a reasonable knowledge of business and economic activities and accounting and a willingness to study the information with reasonable diligence.~~
unit of account	The right or the group of rights, the obligation or the group of obligations, or the group of rights and obligations, to which recognition criteria and measurement concepts are applied.
unobservable inputs	Inputs for which market data are not available and that are developed using the best information available about the assumptions that market participants would use when pricing the asset or liability.
venturer	~~A party to a joint venture that has joint control over that joint venture.~~
vesting condition~~s~~	A condition that determines ~~The conditions that determine~~ whether the entity receives the services that entitle the counterparty to receive cash, other assets or equity instruments of the entity, under a share-based payment arrangement. A vesting condition is ~~Vesting conditions are~~ either a service condition ~~conditions~~ or a performance condition ~~conditions~~. ~~Service conditions require the counterparty to complete a specified period of service. Performance conditions require the counterparty to complete a specified period of service and specified performance targets to be met (such as a specified increase in the entity’s profit over a specified period of time). A performance condition might include a market vesting condition.~~

Appendix D Subjects of amendments in *IFRS for SMEs*

Section	Subject of amendment
Preface to the *IFRS for SMEs* Accounting Standard	1. Section revised to reflect updates to the *Preface to the IFRS Accounting Standards*, revised in 2025.
	2. Clarification of the authority of appendices in the Standard.
Section 1 *Small and Medium-sized Entities*	3. Clarification of the definition of 'public accountability.
Section 2 *Concepts and Pervasive Principles*	4. Section revised to align with the 2018 *Conceptual Framework*.
Section 3 *Financial Statement Presentation*	5. Clarification of the requirements relating to materiality, order of the notes, subtotals, accounting policies and disaggregation.
	6. Clarification of the definition of 'material' and its application.
	7. Relocation of the description of the accrual basis of accounting from Section 2 *Concepts and Pervasive Principles* to this section.
	8. Amendment to require entities to disclose 'material accounting policy information' instead of 'significant accounting policies'.
Section 4 *Statement of Financial Position*	9. Amendment to require the disaggregation of line items in the statement of financial position when such presentation is relevant to an understanding of an entity's financial position.
	10. Removal of the requirement to disaggregate trade and other receivables to separately show receivables arising from accrued income not yet billed as a consequence of the revised Section 23 *Revenue from Contracts with Customers*.
Section 5 *Statement of Comprehensive Income and Income Statement*	11. Editorial amendments only.
Section 6 *Statement of Changes in Equity and Statement of Income and Retained Earnings*	12. Addition of a requirement to disclose the amount of dividends proposed (or declared) before the financial statements were authorised for issue but not recognised as a distribution to owners during the period, and the amount per share; and the amount of any cumulative preference dividends not recognised.
Section 7 *Statement of Cash Flows*	13. Addition of a requirement to disclose a reconciliation of changes in liabilities arising from financing activities, including changes arising from cash flows and non-cash flows.
	14. Addition of requirements to disclose information about supplier finance arrangements.
Section 8 *Notes to the Financial Statements*	15. Amendments to require entities to disclose 'material accounting policy information' instead of 'significant accounting policies'.
	16. Addition of examples of the types of judgements management might make in the process of applying the SME's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.
Section 9 *Consolidated and Separate Financial Statements*	17. Amendment to the definition of 'control' and clarification of the application of the rebuttable presumption.

18. Amendments to set out requirements when a parent loses control of a subsidiary and to require entities to measure any retained interest in a former subsidiary at its fair value at the date control is lost.

19. Relocation of requirements on changes in a parent's controlling interest in a subsidiary from Section 22 *Liabilities and Equity* to this section.

20. Removal of the requirement to disclose the basis for concluding that control exists when the parent does not own more than half of the voting power in the other entity.

21. Addition of a requirement to disclose information on losing control of a subsidiary if the entity retains an interest in the former subsidiary.

22. Amendment to specify that a parent that is exempt in accordance with paragraph 9.3 from preparing consolidated financial statements is permitted to present separate financial statements as its only financial statements.

23. Amendment to require additional information for an entity that prepares separate financial statements.

Section 10 *Accounting Policies, Estimates and Errors*

24. Consequential amendments arising from the removal of the option to apply the recognition and measurement requirements of IAS 39 *Financial Instruments: Recognition and Measurement* that was previously in Sections 11 and 12.

25. Amendment to introduce the definition of 'accounting estimate' to help entities distinguish changes in accounting estimates from changes in accounting policies.

Section 11
Financial Instruments

26. Removal of the option for an entity to apply the recognition and measurement requirements of IAS 39.

27. Amendment to exclude from the scope of this section financial guarantee contracts issued at nil consideration when the specified debtor is another entity within the group, and also clarify that other issued financial guarantee contracts are in the scope of this section.

28. Clarification that debt instruments that have prepayment features with negative compensation payments can still meet the criteria to be measured at amortised cost.

29. Addition of a supplementary principle for classifying debt instruments based on their contractual cash flow characteristics.

30. Clarification of the reclassification requirements for financial instruments.

31. Consequential amendments to initial measurement requirements in this section arising from the revised Section 23 .

32. Relocation to this section of the requirements in the previous Section 23 *Revenue* on the recognition of revenue from dividends.

33. Relocation to the new Section 12 *Fair Value Measurement* of the requirements for estimating fair value and disclosing information about fair value measurements.

34. Addition of requirements to disclose an analysis of the age of financial assets and a maturity analysis of financial liabilities.

35. Relocation of the requirements in the previous Section 12 *Other Financial Instrument Issues* to a separate part of this section (Part II *Other Financial Instrument Issues*).

	36.	Consequential amendment to the scope of this section for contracts for contingent consideration in a business combination arising from the revised Section 19 *Business Combinations and Goodwill.*
Section 12 *Fair Value Measurement*	37.	A new section that sets out the requirements for measuring fair value and disclosing information about fair value measurements.
Section 13 *Inventories*	38.	Consequential amendments to this section arising from the revised Section 23.
Section 14 *Investments in Associates*	39.	Clarification of the treatment of long-term interests in an associate or jointly controlled entity that form part of the entity's net investment in an associate or jointly controlled entity.
Section 15 *Joint Arrangements*	40.	Replacement of the term 'joint venture' with 'joint arrangement'.
	41.	Amendment of the definition of 'joint control' to align it with the definition of 'control' in Section 9 *Consolidated and Separate Financial Statements.*
	42.	Amendments to require an entity that does not have joint control of a joint arrangement to account for its interest based on the type of arrangement.
	43.	Removal of the requirement for entities to disclose their share of the capital commitments of joint ventures.
Section 16 *Investment Property*	44.	Clarification that determining whether a transaction meets both the definition of 'business combination' and 'investment property' requires separate application of this section and Section 19.
	45.	Clarification that an entity shall transfer a property to, or from, investment property only when there is evidence of a change in use.
	46.	Relocation to the new Section 12 of the requirement to disclose information about fair value measurements.
Section 17 *Property, Plant and Equipment*	47.	Amendment to include bearer plants that are separately measurable without undue cost or effort within the scope of this section.
	48.	Clarification of the factors considered in determining the useful life of an asset stating that expected future reductions in the selling price of an item produced using the asset could indicate the expectation of technical or commercial obsolescence of that asset.
	49.	Clarification that a depreciation method based on revenue is not appropriate.
	50.	Consequential amendments arising from the revised Section 23.
	51.	Relocation to the new Section 12 of the requirement to disclose information about fair value measurements.
Section 18 *Intangible Assets other than Goodwill*	52.	Clarification of the definition of 'asset' used in this section.
	53.	Addition of a rebuttable presumption that amortisation methods based on revenue are not appropriate, with details of the limited circumstances in which the presumption may be rebutted.
Section 19	54.	Section revised to align with IFRS 3 (2008) *Business Combinations* and subsequent amendments, including *Definition of*

Business Combinations and Goodwill	*a Business* (2018) and *Reference to the Conceptual Framework* (2020).
Section 20 *Leases*	55. Editorial amendments only.
Section 21 *Provisions and Contingencies*	56. Clarification of the definition of ‘liability’ used in this section.
	57. Removal of requirements relating to contingent consideration in a business combination from the scope of this section as a consequence of the revised Section 19.
	58. Amendment to include financial guarantee contracts issued at nil consideration when the specified debtor is another entity within the group within the scope of this section and specify additional disclosures.
	59. Relocation of the guidance on restructuring costs from the Appendix to this section and the addition of examples.
	60. Removal of the example on customer refunds from the Appendix to this section as a consequence of the revised Section 23.
Section 22 *Liabilities and Equity*	61. Removal of contracts for contingent consideration in a business combination from the scope exclusions of this section as a consequence of the revised Section 19.
	62. Addition of a relief from presenting the amount receivable as an offset to equity when equity instruments are issued before the receipt of cash or other resources when laws or regulations prohibit such presentation.
	63. Relocation of the requirements on transactions in shares of a consolidated subsidiary to Section 9.
Section 23 *Revenue from Contracts with Customers*	64. Section revised to align with IFRS 15 *Revenue from Contracts with Customers*.
Section 24 *Government Grants*	65. Editorial amendments only.
Section 25 *Borrowing Costs*	66. Editorial amendments only.
Section 26 *Share-based Payment*	67. Amendments to specify which transactions that occur when businesses or entities restructure their equity, or combine or form a jointly controlled entity, are included or excluded from the scope of this section.
	68. Clarification of the definition of ‘fair value’ used in this section.
	69. Clarification of whether requirements apply only to share based payment transactions with employees and others providing similar services.
	70. Clarification of the definition of ‘vesting conditions’ by separately defining a ‘performance condition’ and a ‘service condition’.
	71. Addition of requirements on the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments.
	72. Addition of requirements on the classification of share-based payment transactions with a net settlement feature for withholding tax obligations.

Section 27 *Impairment of Assets*	73.	Consequential amendments to this section arising from the new Section 12 and the revised Section 23.
Section 28 *Employee Benefits*	74.	Clarification that an entity is required to assess the depth of the market for high quality corporate bonds at a currency level.
	75.	Clarification that an entity using the measurement simplification for its defined benefit obligation measures the obligation at the current termination amount, assuming all the entity's employees terminate their employment at the reporting date.
	76.	Amendments to align the requirements on the timing of the recognition of termination benefits with the requirements on the recognition of restructuring costs in the scope of Section 21 *Provisions and Contingencies*.
	77.	Addition of a requirement for an entity that applies the measurement simplification for its defined benefit obligation to disclose its assumptions for measuring its obligation.
	78.	Amendment to require a more detailed reconciliation of the opening and closing balances of a defined benefit obligation.
	79.	Amendment to require a more detailed reconciliation of the opening and closing balances of plan assets and any recognised reimbursement rights.
	80.	Removal of the requirement to disclose the total cost related to defined benefit plans for the period.
	81.	Addition of a requirement to disclose the expected contributions to the defined benefit plan for the next annual reporting period.
	82.	Addition of a requirement for an entity that recognises and measures employee benefit expense on the basis of a reasonable allocation of the expense recognised for the group to disclose its contribution towards the group plan.
	83.	Addition of an option for an entity that recognises and measures employee benefit expense on the basis of a reasonable allocation of the expense recognised for the group to disclose information about the group plan by cross-reference to the financial statements of another group entity if specific criteria are met.
	84.	Addition of a requirement to disclose information about contingent liabilities arising from post-employment benefit obligations if required by Section 21.
Section 29 *Income Tax*	85.	Clarification of the requirements for when a deferred tax asset is recognised for unrealised losses.
	86.	Addition of requirements on how to reflect the effects of uncertainty in the accounting for income taxes.
	87.	Amendments to the requirements for offsetting income tax assets and liabilities.
Section 30 *Foreign Currency Translation*	88.	Addition of requirements to apply a consistent approach to assessing whether a currency is exchangeable into another currency, and to determining the exchange rate to use and the disclosures to provide.
	89.	Addition of a requirement for determining the exchange rate to use in transactions that involve advance consideration paid or received in a foreign currency.
Section 31 *Hyperinflation*	90.	Editorial amendments only.

Section 32 *Events after the End of the Reporting Period*	91.	Not amended.
Section 33 *Related Party Disclosures*	92.	Amendment of the heading related to the disclosure of controlling party relationships.
	93.	Addition of a requirement to disclose amounts incurred by an entity for the provision of key management services that are provided by a separate management entity.
	94.	Clarification of the requirement to disclose information about commitments between an entity and its related parties.
	95.	Replacement of the term ‘state’ with ‘government’.
	96.	Addition of commitments as an example of a related party transaction.
	97.	Addition of a disclosure requirement for an entity that applies the exemption from disclosing information about the entity’s relationship, and transactions, with government-related entities.
Section 34 *Specialised Activities*	98.	Addition of a requirement to account for bearer plants that, at initial recognition, can be measured separately without undue cost or effort, in accordance with Section 17 *Property, Plant and Equipment.*
	99.	Removal of requirements on fair value measurement as a consequence of the new Section 12.
	100.	Relocation to the new Section 12 of the requirement to disclose information about the fair value measurement of biological assets.
	101.	Addition of a requirement to treat exploration and evaluation assets as a separate class of assets and make the disclosures required by either Section 17 or Section 18 *Intangible Assets other than Goodwill*.
Section 35 *Transition to the* IFRS for SMEs *Accounting Standard*	102.	Addition of an exception to the retrospective application of the Standard on first-time adoption for contracts with customers completed before the date of transition.
	103.	Addition of an option permitting first-time adopters to apply Section 23 retrospectively or prospectively, in accordance with the transitional requirements for the revised Section 23.