



Project:	n/a	Meeting	AASB February 2026 (M218)
Topic:	Documents open for comment to other organisations	Agenda Item:	8.1
		Date of the Agenda Paper:	15 January 2026
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		Decision-Making:	Low
		Project Status:	n/a

Objective of this paper

- 1 The objective of this paper is to:
 - (a) **inform** the Board about consultative documents already issued or to be issued by other international standard-setting bodies; and
 - (b) ask the Board to **decide** which consultative documents to provide feedback/comments on.

Reasons for bringing this paper to the Board

- 2 The Board's strategy is to influence the work of the International Accounting Standards Board (IASB), the International Sustainability Standards Board (ISSB), the International Public Sector Accounting Standards Board (IPSASB) and other relevant international organisations with a goal of having the principles in the Standards issued by these organisations aligned, where relevant and possible.
- 3 Historically, the Board has decided which consultation documents to comment on based on factors such as the relevance and importance of the consultation to the AASB's projects and strategies, the potential impact of the proposals on Australian constituents and the priority of projects as decided by the Board. This agenda paper will assist the Board in deciding which consultation documents it should comment on.
- 4 Appendix A provides a summary of documents open for comment that the Board has previously considered.

Documents currently open for comment

- 5 The IFRS Interpretations Committee and IPSASB currently have documents open for comment that have not been previously considered by the Board.

IASB and ISSB documents currently open for comment – decision needed from the Board as to whether to comment or to take other action

Originating organisation	Document	Date of release	AOSSG input	Comments due	Staff recommendation for AASB approach

IFRS Interpretations Committee's Tentative Agenda Decisions currently open for comment – decision needed from the Board as to whether to comment or to take other action

Originating organisation	Document	Date of release	AOSSG input	Comments due	Staff recommendation for AASB approach
IFRS IC	Tentative Agenda Decision: Classification of Gains and Losses on a Derivative Managing a Foreign Currency Exposure	8 December 2025		6 February 2026	<p>The IFRS IC received a request about how to classify gains or losses on a derivative (a forward contract) instrument under IFRS 18 when the derivative is used to manage foreign currency risk of a net liability but is not designated as a hedging instrument.</p> <p>The fact pattern describes a parent entity that consolidates subsidiaries with loans (assets and liabilities) denominated in a foreign currency (FC), resulting in a net liability in FC. This net FC exposure is managed at the parent level by a forward contract with a third party. Hedge accounting under IFRS 9 <i>Financial Instruments</i> is not applied. The question was how the gains or losses from the external derivative should be classified under IFRS 18 in the consolidated financial statements.</p>

Originating organisation	Document	Date of release	AOSSG input	Comments due	Staff recommendation for AASB approach
					<p>The IFRS IC observed that an entity first needs to identify the risk(s) a derivative is used to manage. Doing so enables the entity to determine the categories in profit or loss that are affected by that risk and the resulting classification of gains or losses on that derivative.</p> <p>In this fact pattern, the external derivative manages only the foreign currency risk of the net <u>liability</u> exposure (not the gross exposures). As such, the IFRS IC concluded that gains or losses on the external derivative are required to be classified in the <u>financing</u> category.</p> <p>Staff recommendation</p> <p>Staff consider that the IFRS IC’s conclusion is reasonable and provides adequate guidance. Therefore, staff recommend not to comment on the IFRS IC TAD.</p> <p>Q1 Does the Board agree with the staff recommendation not to comment on the Tentative Agenda Decision Classification of Gains and Losses on a Derivative Managing a Foreign Currency Exposure?</p>
IFRS IC	Tentative Agenda Decision: Presentation of Taxes or Other Charges that are Not Income Taxes within the Scope of IAS 12 Income Taxes (IFRS 18)	8 December 2025		6 February 2026	<p>The IFRS IC discussed whether an entity applying IFRS 18 can present taxes or other charges not within the scope of IAS 12 <i>Income Taxes</i> in either:</p> <ul style="list-style-type: none"> the line item “income tax expense or income” required by IFRS 18 paragraph 75(a)(iv); or the income taxes category of the statement of profit or loss.

Originating organisation	Document	Date of release	AOSSG input	Comments due	Staff recommendation for AASB approach
					<p>Paragraph 67 of IFRS 18 requires the “income tax expense or income” line item to include only amounts within the scope of IAS 12 and related FX differences</p> <p>Applying IFRS 18, the IFRS IC concluded that an entity is <u>not permitted</u> to present taxes or other charges that are not income taxes within the scope of IAS 12. Entities may, however, present additional line items or subtotals in a primary financial statement if necessary for clarity, in accordance with paragraph 24 of IFRS 18.</p> <p>Staff recommendation</p> <p>Staff did not observe similar issues in Australia. In addition, staff consider the IFRS IC’s conclusion reasonable and therefore staff recommend not to comment on the IFRS IC TAD.</p> <p>Q2 Does the Board agree with the staff recommendation, not to comment on the Tentative Agenda Decision Presentation of Taxes or Other Charges that are Not Income Taxes within the Scope of IAS 12 Income Taxes (IFRS 18)?</p>
IFRS IC	Tentative Agenda Decision: Scope of the Requirement to Disclose Expenses by Nature (IFRS 18)	8 December 2025		6 February 2026	The IFRS IC received a request about the scope of the requirements in paragraph 83 of IFRS 18, which requires an entity that presents one or more line items comprising expenses classified by function in the operating category of the statement of profit or loss to also disclose, in a single note, the total and the amount included in each line item for depreciation, amortisation, employee benefits, impairment of non-financial assets (and reversals) and write-downs of inventories (and reversals).

Originating organisation	Document	Date of release	AOSSG input	Comments due	Staff recommendation for AASB approach
					<p>The request asks whether the requirements in paragraph 83 of IFRS 18 also apply when an entity presents <u>any expense by function</u> in the operating category of the statement of profit or loss (i.e. amounts required by IFRS 9 and IFRS 17 <i>Insurance Contracts</i>).</p> <p>The IFRS IC observed that paragraph 83 contains no exceptions or exclusions. Therefore, <u>paragraph 83 applies whenever any line item comprising expenses classified by function</u> is presented in the operating category, including those presented under IFRS 9 and IFRS 17.</p> <p>Staff recommendation</p> <p>Staff consider that the IFRS IC's conclusion is reasonable and provides adequate guidance. Therefore, staff recommend not to comment on the IFRS IC TAD.</p>
					<p>Q3 Does the Board agree with the staff recommendation, not to comment on the Tentative Agenda Decision Scope of the Requirement to Disclose Expenses by Nature (IFRS 18)?</p>
IFRS IC	Tentative Agenda Decision: Assessment of a Specified Main Business Activity for the purposes of the Separate Financial Statements of a Parent (IFRS 18)	8 December 2025		6 February 2026	<p>The IFRS IC received a request about how a parent applying IFRS 18 determines, for its separate financial statements, whether it has a specified main business activity—specifically, investing in unconsolidated subsidiaries.</p> <p>The fact pattern describes an ultimate parent entity that holds investments in subsidiaries, makes decisions regarding the management, acquisition, and disposal of those subsidiaries, and distributes returns on those investments to shareholders. In its</p>

Originating organisation	Document	Date of release	AOSSG input	Comments due	Staff recommendation for AASB approach
					<p>separate financial statements, investments in subsidiaries are measured at cost under IAS 27.</p> <p>In accordance with paragraph 55 of IFRS 18, an entity can have a main business activity of investing in unconsolidated subsidiaries. In the fact pattern, the parent has no substantive business activity apart from holding and managing investments in subsidiaries and distributing returns from those investments. In those circumstances, concluding that investing in unconsolidated subsidiaries is not a main business activity for the parent would result in the parent not having any main business activity, which would be inconsistent with the IASB's rationale underlying the requirements of the Standard.</p> <p>The IFRS IC concluded that the parent, for the purposes of its separate financial statements, has a specified main business activity of investing in unconsolidated subsidiaries. Consequently, the parent is required to classify the income and expenses from its investments in unconsolidated subsidiaries in the <u>operating category</u> of its statement of profit or loss</p> <p>Staff recommendation</p> <p>Staff consider that the IFRS IC's conclusion is appropriate. Therefore, staff recommend not to comment on the IFRS IC TAD.</p> <p>Q4 Does the Board agree with the staff recommendation, not to comment on the Tentative Agenda Decision Assessment of a Specified Main Business Activity for the purposes of the Separate Financial Statements of a Parent (IFRS 18)?</p>

Originating organisation	Document	Date of release	AOSSG input	Comments due	Staff recommendation for AASB approach
IFRS IC	Tentative Agenda Decision: Updates to Committee's agenda decisions for IFRS 18 [November 2025]	8 December 2025		6 February 2026	<p>The IFRS IC proposes additional updates to two of the nine agenda decisions for which it had previously proposed updates. The two agenda decisions are:</p> <ul style="list-style-type: none"> • Presentation of payments on non-income taxes (IAS 1 <i>Presentation of Financial Statements</i>); and • Classification of tonnage taxes (IAS 12 <i>Income Taxes</i>). <p>The proposes additional updates are to replace references to IAS 1 with references to IFRS 18. The IFRS IC only asks for feedback about the proposed updates and not other aspects of these agenda decisions.</p> <p>Staff recommendation</p> <p>AASB staff reviewed the proposed updates and are of the view that replacing IAS 1 references with IFRS 18 references in the two agenda decisions are appropriate. Therefore, staff recommend not to comment on the IFRS IC TAD.</p> <p>Q5 Does the Board agree with the staff recommendation, not to comment on the Tentative Agenda Decision Updates to Committee's agenda decisions for IFRS 18 [November 2025]?</p>
IFRS IC	Tentative Agenda Decision: Fair Presentation and Compliance with IFRS Accounting Standards	8 December 2025		6 February 2026	<p>The IFRS IC received a request about the application of the requirements in paragraphs 15 – 24 of IAS 1 <i>Presentation of Financial Statements</i> [paragraphs 6A – 6J of IAS 8 <i>Basis of Preparation of Financial Statements</i>] relating to fair presentation and compliance with IFRS Accounting Standards.</p>

Originating organisation	Document	Date of release	AOSSG input	Comments due	Staff recommendation for AASB approach
	(IAS 1)				<p>The fact pattern described an entity applying paragraph 19 of IAS 1 [paragraph 6E of IAS 8] departing from a requirement in an IFRS Accounting Standard. The request asks whether the entity is nonetheless required to comply with the requirement for fair presentation in paragraph 15 of IAS 1 [paragraph 6A of IAS 8].</p> <p>The IFRS IC concluded that the matter described in the request does not have widespread effect, and therefore decided not to add a standard-setting project to the IASB's work plan.</p> <p>Staff recommendation</p> <p>In Australia, most entities are not allowed a departure from a requirement in an Australian Accounting Standard. Paragraph Aus19.1 of AASB 101 states:</p> <p><i>In relation to paragraph 19, the following shall not depart from a requirement in an Australian Accounting Standard:</i></p> <ul style="list-style-type: none"> (a) <i>entities required to prepare financial reports under Part 2M.3 of the Corporations Act;</i> (b) <i>private and public sector not-for-profit entities; and</i> (c) <i>entities applying Australian Accounting Standards – Simplified Disclosures.</i> <p>As the TAD has a limited relevance for the Australian entities, staff recommend not commenting on the IFRS IC TAD.</p>
					<p>Q6 Does the Board agree with the staff recommendation, not to comment on the Tentative Agenda Decision Fair Presentation and Compliance with IFRS Accounting Standards (IAS 1)?</p>

IPSASB documents currently open for comment – decision needed from the Board as to whether to comment or to take other action

Originating organisation	Document	Date of release	Comments due	Staff recommendation for AASB approach

Other relevant documents currently open for comment – decision needed from the Board as to whether to comment or to take other action

Originating organisation	Document	Date of release	Comments due	Staff recommendation for AASB approach

Forthcoming documents for comment – decision needed from the Board as to whether to comment or to take other action

Originating organisation	Document	Expected date of release	Expected comment date	Staff recommendation for AASB approach
IASB	Amendments to the Fair Value Option (IAS 28)	February 2026	60 days from the date of publication	<p>The IASB will propose narrow-scope amendments to clarify that ‘similar entities’ in paragraphs 18–19 of IAS 28 <i>Investments in Associates and Joint Ventures</i> that can be measured at fair value would include entities that invest in associates and joint ventures as a main business activity. The exposure draft is expected to be issued in February 2026 with a 60-day comment period.</p> <p>This project is conducted because stakeholders (particularly those in the insurance industry) reported diversity in practice in how they interpret the scope of investments to which the fair value option in paragraphs 18–19 of IAS 28 applies.</p> <p>Staff propose to reach out to the members of the former AASB Insurance TRG (including representatives from the Insurance Council of Australia). Subject to the</p>

Originating organisation	Document	Expected date of release	Expected comment date	Staff recommendation for AASB approach
				feedback received, staff recommend commenting on the ED.
				Q7 Do Board members agree with the staff recommendation to comment on the forthcoming Amendments to the Fair Value Option (IAS 28) ED, subject to feedback from stakeholders?
IPSASB	Exposure Draft ED 94 <i>Linkages Between IPSAS Standards and the Government Finance Statistics Manual 2014 (Amendments to IPSAS 22)</i>	Q1 2026	Four months from the date of publication	<p>IPSASB ED 94 will propose adding non-authoritative implementation guidance to IPSAS 22 <i>Disclosure of Financial Information about the General Government Sector</i>. The guidance will discuss accounting policy options that allow IPSAS Standards-based accounting data to be useful for reporting under the Government Finance Statistics (GFS) Manual 2014.</p> <p>Staff recommend the Board not to comment on IPSASB ED 94, for the following reasons:</p> <ul style="list-style-type: none"> • Australian jurisdictions do not apply IPSAS 22. Instead, they apply AASB 1049 <i>Whole of Government and General Government Sector Financial Reporting</i>; • the International Monetary Fund is updating the GFS Manual, with completion expected in 2027-28; and • at its August 2025 meeting, the Board decided to consider the forthcoming Australian GFS Manual, to be issued by the Australian Bureau of Statistics (ABS), before making any changes to AASB 1049 – other than aligning certain terminology with recent Australian Accounting Standards, as proposed in ED 338 Application of AASB 18 and AASB 107 by Superannuation and Not-for-Profit Entities and Operating Cash Flow Reconciliation.
				Q8 Do Board members agree with the staff recommendation to not comment on IPSASB ED 94?

Appendix A

Current and forthcoming documents open for comment – decisions already made by the Board at previous meetings

Originating organisation	Document	Date of release	Comments due	Summary
IPSASB	Work Program Consultation 2024–2028	16 October 2025	4 May 2026	<p>The IPSASB is seeking stakeholder input on which financial reporting, post-implementation review and sustainability reporting projects the IPSASB should prioritise for the remainder of its 2024–2028 strategic period.</p> <p>At its October 2025 meeting, the Board decided not to comment on the IPSASB Work Program Consultation.</p>
IASB	Exposure Draft on Risk Mitigation Accounting	December 2025	31 July 2026	<p>The International Accounting Standards Board (IASB) has published the Exposure Draft <i>Risk Mitigation Accounting</i>, proposing to amend IFRS 9 <i>Financial Instruments</i> and IFRS 7 <i>Financial Instruments: Disclosures</i>. The IASB is proposing a new risk mitigation accounting model for companies managing repricing on a net basis. Entities would be required to disclose their strategy for managing repricing risk and the effects of their risk management activities.</p> <p>The IASB is also seeking feedback on the proposed withdrawal of IAS 39 <i>Financial Instruments: Recognition and Measurement</i>.</p> <p>The Board has already decided to comment on this ED in the past. The Australian equivalent of the ED was issued in December 2025 (AASB ED339).</p>