



Project:	Application of AASB 18 <i>Presentation and Disclosure in Financial Statements</i>	Meeting:	AASB 1 May 2025 (M212)
Topic:	Applying AASB 18 to NFP public sector entities, NFP private sector entities and superannuation entities preparing Tier 1 GPFS	Agenda Item:	5.0
		Date of paper:	15 April 2025
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		Decision-Making:	High
		Project Status:	Decide on the standard-setting response

Objective of this agenda item

- 1 In view of the introduction of AASB 18 *Presentation and Disclosure in Financial Statements*, the objectives of this agenda item are for the Board to:
 - (a) **note** the process undertaken by staff in stakeholder consultations (paragraphs 9–12 below);
 - (b) **consider** stakeholder feedback from targeted outreach; and
 - (c) **decide the extent of any further standard-setting work** necessary to specify how AASB 18 should be applied by the following entities in preparing their Tier 1 general purpose financial statements (GPFS):
 - (i) not-for-profit (NFP) public sector entities, including entities classified as Whole of Government (WoG) and General Government Sector (GGS) in accordance with AASB 1049 *Whole of Government and General Government Sector Financial Reporting* and local government entities (Agenda Paper 5.1);
 - (ii) NFP private sector entities (Agenda Paper 5.2); and
 - (iii) superannuation entities applying AASB 1056 *Superannuation Entities* (Agenda Paper 5.3).

Attachments

- 2 In addition to this Cover Memo, there are three papers in the combined pack for which decisions are requested from Board members. They are:

Agenda Paper 5.1	NFP public sector entities preparing Tier 1 GPFS
Agenda Paper 5.2	NFP private sector entities preparing Tier 1 GPFS
Agenda Paper 5.3	Superannuation entities.

- 3 Several supporting materials are included as **Board-only** papers in the supplementary folder for the Board's reference. They are:

Agenda Paper 5.4	Questionnaire used for consultation with public sector stakeholders and written responses received
Agenda Paper 5.5	Questionnaire used for consultation with NFP private sector stakeholders relating to Tier1 GPFS and written responses received
Agenda Paper 5.6	Questionnaire used for consultation with superannuation entity stakeholders and written responses received.

Background

- 4 When issuing AASB 18, the Board gave preliminary consideration to the suitability of AASB 18 for all types of entities preparing Tier 1 GPFS and noted there might be concerns among NFP private and public sector entities and superannuation entities that need to be addressed. The AASB decided to:¹
- (a) make AASB 18 applicable to for-profit entities preparing Tier 1 GPFS, other than superannuation entities, for annual periods beginning on or after 1 January 2027;
 - (b) make AASB 18 applicable to NFP private and public sector entities preparing Tier 1 GPFS, WoG and GGS, and superannuation entities for annual periods beginning on or after 1 January 2028 and to commence, as soon as feasible, further outreach with stakeholders on applying AASB 18 to these entities; and
 - (c) depending on the outcomes of the outreach, consider making modifications to AASB 18 for application by those entities mentioned in (b).
- 5 Accordingly, staff undertook targeted consultations with key stakeholders in the abovementioned sectors. Paragraphs 9–12 outline the process undertaken by staff in stakeholder consultations.

Next steps

- 6 The targeted consultation stage is intended to be a first step for the Board to gain insights into the issues that might need to be the subject of further work.
- 7 As discussed in Agenda Papers 5.1–5.3, stakeholder feedback indicates a need to undertake further work. Staff recommend proceeding to develop an Exposure Draft(s) to seek wider public comment on how AASB 18 should be applied by the entities mentioned in paragraph 1 and how Accounting Standards might be modified to clarify the financial statement presentation requirements for these entities.
- 8 As part of any future work to develop Exposure Draft(s), staff will assess how the Board's decisions in this Agenda Item might have flow-on effects on the cash flow statements of these entities. This is because AASB 18 has amended AASB 107 *Statement of Cash Flows* to require different cash flow classifications for interests and dividends received and paid.

Process undertaken in stakeholder consultations

- 9 When effective, AASB 18 will replace AASB 101 *Presentation of Financial Statements*. The main changes introduced by AASB 18 can be summarised as falling within the following four topics.

1 As stated in paragraphs BC5 and BC6 to AASB 18.

- (a) Assessment of main business activities and the presentation of the statement of profit or loss
 - (b) Presenting operating expenses
 - (c) The roles of the primary financial statements and the notes, and aggregation and disaggregation
 - (d) Management-defined performance measures.
- 10 Feedback from selected stakeholders was sought on each topic. For each of the three stakeholder groups (NFP public sector, NFP private sector and superannuation), staff prepared a questionnaire that included, for each topic:
- (a) a high-level summary of the requirements in AASB 18, or a summary of the differences between AASB 101 and AASB 18 (where relevant); and
 - (b) questions to stakeholders.
- 11 The questionnaires used for consultation with stakeholders are included in the supplementary folder for the Board's reference.

Nature of feedback requested from stakeholders

- 12 In accordance with paragraph 30 of the [AASB Not-for-Profit Entity Standard-Setting Framework](#) and paragraph 38 of the [For-Profit Entity Standard-Setting Framework](#) (relevant for superannuation entities), for each topic noted in paragraph 9, stakeholders were asked to provide input on:
- (a) whether the AASB 18 requirements would be relevant or useful for users of financial statements in their sector;
 - (b) whether there are any sector-specific reasons for modifying the requirement or warrant additional guidance; and
 - (c) the benefits against the cost and effort associated with applying the AASB 18 requirements.