Australian Government
Australian Accounting Standards Board

Meeting Notes

Event:	Virtual roundtable discussion on ED 338 regarding the application of AASB 18 for universities
Time:	27 February 2026 from 1.30 p.m. to 3.30 p.m. AEDT

Disclaimer: This document reflects AASB staff views and interpretations of the discussions held at the roundtable and is provided for the AASB's information only. It is intended to summarise the discussion and does not constitute a complete record. The views expressed are those of the participants in their personal or professional capacities and do not necessarily represent the official positions of their organisations. This document does not constitute advice. The AASB expressly disclaims all liability for any loss or damage arising from reliance on any information contained in this document. This document is not to be referred to in a public document without the express prior approval of AASB staff.

Attendance

- For most of the roundtable there were approximately 70 participants.
- At all times there were at least 67 participants in the roundtable.
- Numbers peaked at around 75 participants early in the roundtable.
- Not all attendees participated in answering polling questions.
- A representative from the Commonwealth Department of Education commented during the roundtable that the Department will be using the feedback received during the roundtable to consider if or how the *Financial Reporting Guidelines for Australian Higher Education Providers* might need to be amended if AASB 18 applies to university – to maintain comparability of financial reports across the sector.

NFP representatives at the roundtable

Polling question 1: Please indicate the type of organisation you represent.

Organisations represented:	
Financial statement preparer	28
Auditor	9
Users of financial statements	3
Professional services firm	6
Regulator/policymakers	3
Academic	5
Other	3
Total	**57**

- Regarding the participants who selected other – two explained their entity type as university/higher education provider (HEP) and public sector agency. One did not provide details.

Objectives of financial statements

Polling question 2: Do you agree with adding paras. Aus9.1 and AusB5.1?

	Responses
Agree	22
Agree in principle that modifications to paras. 9 and B5 are needed, but the wording in paras. Aus9.1 and AusB5.1 can be improved	9
Disagree - no modifications are needed to paras. 9 and B5	5
Total number of responses	**36**

Summary of discussion

- No discussion.

Specified main business activities

Polling question 3: Do you consider that universities might have issues in determining whether they invest in specified assets or provide finance to customers as a main business activity?

Multiple options could be chosen by participants – 39 participants in total responded to this question

	Responses
Yes for investing in associates and joint ventures not accounted for applying the equity method	12
No for investing in associates and joint ventures not accounted for applying the equity method	14
Yes for investing in assets that generate a return individually and largely independently of the entity's other resources	19
No for investing in assets that generate a return individually and largely independently of the entity's other resources	12
Yes for providing finance to customers	5
No for providing finance to customers	16

Polling question 3: Do you agree that universities should be required to assess whether they invest in assets or provide finance to customers as a main business activity for the purposes of categorising income and expenses?

	Responses
Agree	16
Disagree	19
Total number of responses	**35**

Summary of discussion

- A participant from a professional services firm raised concerns regarding whether the definition of a main business activity encompasses activities that contribute to an entity's profitability, and questioned if this definition should be interpreted more broadly for universities. Specifically, in relation to research grant funding and its commercialisation, they queried whether these should

be considered main business activities or if a more comprehensive assessment is necessary. The participant also noted the level of judgement required in making such determinations.

- A financial statement preparer built on the previous participant's discussion and emphasised the need for clear guidance on how to distinguish common university revenue streams. If this is not provided, comparability will be impacted. They suggested illustrative examples specific to the university sector would be beneficial. Another financial statement preparer agreed with this.
- A representative from the Commonwealth Department of Education commented that the Department is considering whether examples might be needed to be developed.

Statement of profit or loss presentation

Polling question 4: Do you agree universities should be required to categorise income and expenses into the AASB 18 categories and present related subtotals?

	Responses
Agree	23
Disagree - they should be given an accounting policy choice	26
Total number of responses	**49**

Summary of discussion

- An academic noted that universities are currently operating in an environment where funding models are being reconsidered. One factor under review is the uniqueness of each university's offerings and structure. Since universities differ significantly, greater comparability in financial reporting aids funding decisions.
- The same academic noted complexity involving research and capital grants. From a management reporting perspective, capital grants are often considered abnormal when analysing operations. Additionally, interest on some research grants must be reported and be used for the same purpose as the grant itself. The grant and related interest would typically be classified as operating. The application of AASB 18 as proposed would shift this interest elsewhere, even though it serves the same purpose as the grant itself, creating unnecessary complexity and questionable value for both users of financial statements and internal stakeholders.
- A participant from a professional services firm considered the accounting policy choice option to be broad and that before deciding to use the choice, financial statement preparers should have regard to who their users are and their needs.

Structured summary of expenses

Polling question 5: Do you agree with adding paragraph AusB80.1?

	Response
Agree	25
Agree in principle that paragraph B80 needs NFP modification, but the wording in paragraph AusB80.1 can be improved	9
Disagree - Universities should follow paragraph B80 without modification	1
Total number of responses	**35**

Operating expenses presentation requirements

Polling question 6: Do you agree universities should be required to apply the requirements to present expenses using nature and/or function to provide a useful structured summary?

	Responses
Agree	10
Disagree - I have other suggestions	1
Disagree - they should be permitted to continue presenting expenses by either nature or function to provide reliable and relevant information, consistent with current requirements	21
Total number of responses	**32**

Summary of discussion

- A participant commented that financial statement information is used to look at an entity in the context of the industry as a whole. If universities are allowed to present their expenses by nature and/or function, there will be diversity in practice and the participant was concerned that there will be more requests for information from the government because they will not be able to aggregate the financial statement information in a way to interpret it in the way they need. Comparability is important in this sector.
- A representative from the Commonwealth Department of Education noted the Department would consult widely and act to help achieve comparability. If AASB 18 permits accounting policy choices that might undermine comparability, the Department would be prepared to make those policy choices for the sector as a whole.

Management-defined performance measures (MPMs)

Polling question 7: Do you agree that universities preparing Tier 1 and Tier 2 GPFS should be required to disclose information about MPMs?

	Tier 1	Tier 2
Agree	14	10
Disagree - they should be given an accounting policy choice	24	27
Total number of responses	**38**	**37**

Summary of discussion

- A preparer of financial statements commented that their university is not adverse to disclosing MPMs because underlying results are disclosed in their annual report. However, they would like the Department of Education to provide guidance on how to calculate/adjust the underlying result so there is comparability amongst universities. They would also favour guidance on what might constitute a MPM in the university context – for example, is this about 'core' versus 'non-core' outcomes(?)

Dividends and interest cash flows

Polling question 8: Do you agree that universities should be required to classify dividends and interest cash flows in accordance with the revised AASB 107?

	Responses
Agree	20
Disagree - they should be permitted to continue classifying dividends received and interests paid and received as operating cash flows	19
Total number of responses	**39**

Summary of discussion

- An academic had concerns that the classifications would be arbitrary which they thought is reflected in the even split of poll responses by participants. They answered 'Disagree' because there is benefit in having consistency in classifications between the statement of profit or loss and the statement of cash flows.
- An academic noted the complexity in this area with the example of a research agreement with restricted funds that can only be used for a certain purpose. The research agreement requires the recording of interest earned from funds and allocation to the project activity. If those funds are held in an interest-bearing account, consistency in treatment is crucial. There is a need to avoid separating interest among different areas; for example, research expenses should remain within operating activities, rather than having interest income from those activities classified under investing. This can make things complex, especially since agreements may vary. It's important to consider these factors carefully.

Effective date

Polling question 9A: Regarding universities preparing **Tier 1 GPFS**, do you agree that AASB 18 (and any modifications) should apply to periods beginning on or after 1 January 2028 (earlier application permitted)?

	Responses
Agree	22
Disagree - should apply to periods beginning on or after 1 January 2029 with earlier application permitted	7
Disagree - should provide 3 or more years from the time any modifications are finalised	10
Total number of responses	**39**

Polling question 9B: Regarding universities preparing **Tier 2 GPFS**, if AASB 18 presentation and classification requirements (including any relevant modifications) were to apply to these entities, what would be an appropriate mandatory application date, assuming early adoption is permitted?

	Responses
Periods beginning on or after 1 January 2027	1
Periods beginning on or after 1 January 2028	9
Periods beginning on or after 1 January 2029	11
Provide 3 or more years from the time any modifications to AASB 1060 are finalised	**9**
Total number of responses	**30**