



TECHNICAL UPDATE

A SUMMARY OF CHANGES TO FINANCIAL
REPORTING REQUIREMENTS APPLICABLE
FOR YEARS ENDING 30 JUNE 2025

June 2025

This Technical Update provides you with an overview of Australian Accounting Standards, Interpretations and IFRIC Agenda decisions issued up to 20 May 2025. It outlines:

- Australian Accounting Standards mandatorily applicable for the first time for years ended 30 June 2025;
- Australian Accounting Standards available for early adoption for years ended 30 June 2025; and
- IFRIC Agenda decisions made during the year.

In addition to ensuring that your Organisation has appropriately applied all the new relevant standards in their financial report, this publication can help you to meet your disclosure obligations under AASB 108 *Accounting Policies, Change in Accounting Estimates and Errors*. Organisations are required to disclose the:

- impact of the initial application of new accounting standards
- potential impact of standards issued but not yet effective

Organisations preparing Tier 2 Simplified Disclosure financial statement do not have to disclose the potential impact of standards issued but not yet effective.

Those new standards and amendments that are shaded, represent those new standards and amendments that have been issued since 1 June 2024.

STANDARDS APPLICABLE FOR THE FIRST TIME FOR 30 JUNE 2025 YEAR ENDS

The following Australian Accounting Standards and amendments are mandatorily applicable for the first time for 30 June 2025 year-ends:

| REFERENCE | TITLE | APPLICABLE FOR REPORTING PERIODS BEGINNING ON OR AFTER |
|--------------------|---|--|
| AASB 2020-1 | Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current <p>This amendment changes AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. The amendments clarify that if a liability is subject to covenants, the organisation may only classify a liability as non-current if it meets the covenant tests as at the reporting date, even if the lender does not test compliance until a later date. The meaning of settlement of a liability is also clarified. This amendment has been further amended by AASB 2022-6 <i>Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants</i> and should be considered together.</p> <p>The mandatory application date of this amendment has been deferred to 1 January 2024. If an entity early adopts this amendment after October 2022, it must also early AASB 2022-6 at the same time.</p> | 1 January 2024 |
| AASB 2022-6 | Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants <p>This amendment changes AASB 101 to clarify the presentation of liabilities in the statement of financial position as current or non-current. It further amends AAS 2020-1 <i>Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current</i> amendments as discussed above.</p> <p>Under these amendments, covenants that are to be complied with after the reporting date do not affect the classification of the debt as current or non-current. Instead, the amendments require the organisation to disclose information about these covenants in the notes.</p> <p>This amendment can be early adopted and if early adopted AASB 2020-1 must be early adopted on or before this amendment.</p> | 1 January 2024 |

| REFERENCE | TITLE | APPLICABLE FOR REPORTING PERIODS BEGINNING ON OR AFTER |
|---------------------|---|--|
| AASB 2023-3 | Amendments to Australian Accounting Standards – Disclosure of Non-current Liabilities with Covenants: Tier 2 <p>This amendment changes AASB 1060 consistently with the changes made to Tier 1 reporting by AASB 2020-1 and AASB 2022-6 regarding the classification of liabilities that are deferrable more than 12 months after the reporting period and is subject to the entity complying with specific conditions (covenants).</p> <p>This amendment is applied retrospectively.</p> | 1 January 2024 |
| AASB 2022-5 | Amendments to Australian Accounting Standards - Lease Liability in a Sale and Leaseback <p>This amendment updates AASB 16 to clarify that the requirements for Right of Use assets and lease liabilities in AASB16 apply to a sale-and-lease back after initial recognition. It also clarifies that the 'lease payments' shall be determined in such a way that the seller-lessee would not recognise any gain or loss that relates to the Right-of-Use asset retained by the seller-lessee.</p> <p>This amendment is applied retrospectively.</p> | 1 January 2024 |
| AASB 2022-10 | Amendments to Australian Accounting Standards – Fair Value Measurement of – Non-financial Assets of Not-for-Profit Public Sector Entities <p>This Standard amends AASB 13 <i>Fair Value Measurement</i>, including adding implementation guidance illustrative examples, for fair value measurements of non-financial assets of not-for-profit public sector entities not held primarily for their ability to generate net cash inflows.</p> | 1 January 2024 |

| REFERENCE | TITLE | APPLICABLE FOR REPORTING PERIODS BEGINNING ON OR AFTER |
|--------------------|--|--|
| AASB 2023-1 | Amendments to Australian Accounting Standards – Supplier Finance Arrangements These amendments to AASB 107 and AASB 7 require entities to provide additional disclosures about their use of supplier financing arrangements and ensure that users have the information to enable them to assess: <ul style="list-style-type: none"> a) how the supplier financing arrangement affects the entity's cash flows and liabilities b) the effect the supplier financing arrangements have on liquidity risk. The AASB 107 disclosures are not required to be provided for the comparative period in the year of adoption. | 1 January 2024 |
| AASB 2024-1 | Amendments to Australian Accounting Standards – Supplier Finance Arrangements: Tier 2 Disclosures This amendment updates AASB 1060 consistently with the amendments made to AASB 107 and AASB 7 per AASB 2023-1 (See above) to require tier 2 entities to provide information regarding their use of supplier finance arrangements. | 1 January 2024¹ |

¹ This amendment is applicable for years beginning on or after 1 January 2024 that end on or after 30 June 2024.

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STANDARDS ISSUED BUT NOT YET EFFECTIVE:

The following standards have been issued by the AASB but are not yet mandatory. They are available for early adoption.

| REFERENCE | TITLE | APPLICABLE FOR REPORTING PERIODS BEGINNING ON OR AFTER |
|--------------------|---|--|
| AASB 2023-5 | Amendments to Australian Accounting Standards – Lack of Exchangeability This amendment updates AASB 121 <i>The Effects of Changes in Foreign Exchange Rates</i> to require entities to apply a consistent approach in assessing whether a currency is exchangeable and how to estimate the exchange rate if it is not. Additional disclosures are also required around how you estimate the exchange rate. There are also consequential amendments to AASB 1. The standard is applied prospectively. | 1 January 2025 |
| AASB 2022-9 | Amendments to Australian Accounting Standards – Insurance Contracts in the Public Sector This standard makes amendments to AASB 17 <i>Insurance Contracts</i> to include modifications for public sector entities to make it more functional in a public sector context. The standard also amends AASB 1050 <i>Administered Items</i> to provide an accounting policy choice for government departments to apply either AASB 17 or AASB 137 <i>Provisions, Contingent Liabilities and Contingent Assets</i> to determine what information to disclose about administered captive insurer activities. This standard also repeals AASB 4 and AASB 1023 and reverses the temporary amendments made to AASB 17 by AASB 2022-8 which provided deferred application of AASB 17 for public sector entities. | 1 July 2026 |

| REFERENCE | TITLE | APPLICABLE FOR REPORTING PERIODS BEGINNING ON OR AFTER |
|--------------------|--|--|
| AASB 2024-2 | Amendments to Australian Accounting Standards - Classification and Measurement of Financial Instruments These amendments updates AASB 9 <i>Financial Instruments</i> and AASB 7 <i>Financial Instruments: Disclosures</i> as a result of the post implementation review of AASB 9. It updates the requirements relating to: <ul style="list-style-type: none"> • timing of derecognition of liabilities when they are settled using an electronic payments system • how to assess contractual cash flow characteristics of financial assets, including those with environmental, social and governance (ESG)-linked features It also amends the disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income and added disclosure requirements for financial instruments with contingent features that do not relate directly to basic lending risks and cost. Whilst the amendment is applied retrospectively with an adjustment to opening retained earnings, the comparative period is not restated for this amendment. | 1 January 2026 |
| AASB 2025-2 | Amendments to Australian Accounting Standards – Classification and Measurement of Financial Instruments: Tier 2 disclosures This amendment updates AASB 1060 consistently with the amendments made to AASB 9 per AASB 2025-1 (See above) to require tier 2 entities to provide disclosures about financial instruments with contingent features that do not directly relate to basic lending risks and costs. However it does not make any amendments relating to investments in equity instruments designated at fair value through other comprehensive income. | 1 January 2026 |

| REFERENCE | TITLE | APPLICABLE FOR REPORTING PERIODS BEGINNING ON OR AFTER |
|-------------|--|--|
| AASB 2024-3 | <p>Amendments to Australian Accounting Standards - Annual Improvements Volume 11</p> <p>The annual improvements make the following minor amendments to the following Australian Accounting Standards:</p> <ul style="list-style-type: none"> • <i>AASB 1 First-time adoption of Australian Accounting Standards</i> minor amendments to the cross references for hedge accounting by first-time adopters • <i>AASB 10 Consolidated Financial Statements</i> to provide additional guidance on determining what constitutes a 'de facto agent'. • <i>AASB 7 Financial Instruments: Disclosures</i> minor wording changes around the need to disclose gains or losses arising on derecognition where a fair value measurement involves unobservable inputs. The implementation guidance accompanying AASB 7 is also updated with regards to disclosures of deferred differences between fair values and transaction prices and guidance on credit risk disclosures. • <i>AASB 9 Financial Instruments</i> two minor amendments clarify how a lessee accounts for the derecognition of a lease receivable when it is extinguished, and amended wording that clarifies trade receivables are recognised at the amount determined applying the requirements of AASB 15 Revenue from Contracts with Customers. • <i>AASB 7 Statement of Cash Flows</i> minor amendments around the term cost in relation to the measurement of investments in associates and joint ventures <p>These amendments are applied retrospectively with the comparative period restated, except for the amendments relating to derecognition of lease liabilities in AASB 9, which only applies to lease derecognised on or after the amendment is adopted.</p> | 1 January 2026 |

| REFERENCE | TITLE | APPLICABLE FOR REPORTING PERIODS BEGINNING ON OR AFTER |
|--------------------|--|--|
| AASB 2025-1 | Amendments to Australian Accounting Standards - Contracts Referencing Nature-dependent Electricity <p>These amendments update AASB 9 <i>Financial Instruments</i> and AASB 7 <i>Financial Instruments: Disclosures</i> to assist entities in better report the financial effects of nature-dependent electricity contracts, which are often structured as power purchase agreements (PPAs). The amendments:</p> <ul style="list-style-type: none"> • clarify the application of the ‘own use exemption’ • permit hedge accounting if these contracts are used for hedging purposes • require additional disclosure requirements as to the financial effects and risks these contracts have on the entity <p>The amendments are applied retrospectively, but prior periods are not required to be restated for the impacts of this standard, with an adjustment to opening retained earnings. The hedging requirements may only be applied prospectively to hedges designated after the amendments are adopted.</p> | 1 January 2026 |
| AASB 18 | Presentation and Disclosures of Financial Statements <p>This standard will replace AASB 101 <i>Presentation of Financial Statements</i>. Whilst many of the requirements have been brought across without amendment, AASB 18 introduces three key changes.</p> <ul style="list-style-type: none"> • The statement of profit or loss will be required to be broken down into three subsections, operating, investing and financing, similar to the layout of the cash flow statement. • Management performance measures, that are used by an entity in other communications, must now be included in a note to the financial statements including a reconciliation to the nearest IFRS equivalent measure. • Additional guidance is provided on how to aggregate and disaggregate information on the face of financial | 1 January 2027 |

| REFERENCE | TITLE | APPLICABLE FOR REPORTING PERIODS BEGINNING ON OR AFTER |
|--------------------|---|---|
| | <p>statements and the notes in order to provide more detailed and useful information to users.</p> <p>The application of AASB 18 will also impact a number of other standards. The most significant of which are:</p> <ul style="list-style-type: none"> • AASB 107 <i>Statement of Cash flows</i>, some changes have been made, including to the classification of dividends and interest to provide consistency with the requirements in AASB 18. • AASB 108 <i>Accounting Policies, Change in Accounting Estimates and Errors</i>, which will change its name to AASB 108 <i>Basis of Preparation of Financial statements</i> and a number of the existing requirements of AASB 101, are transferred without change to AASB 108. | |
| AASB 2024-4 | <p>Amendments to AASB 10 <i>Consolidated Financial Statements</i> and AASB 128 <i>Investments in Associates and Joint Ventures</i> - Sale or contribution of assets between an investor and its associates or joint venture</p> <p>These amendments update AASB 10 and AASB 128 to address an inconsistency between the requirements in AASB 10 and those in AASB 128 (August 2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require:</p> <ul style="list-style-type: none"> a) a full gain or loss to be recognised when a transaction involves a business (whether it is housed in a subsidiary or not); and b) a partial gain or loss to be recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. <p>This Standard also makes editorial corrections to AASB 10.</p> <p>The IASB have deferred this amendment indefinitely, and therefore the AASB will continue to push out the mandatory application date.</p> | 1 January 2028 |

IFRIC PRONOUNCEMENTS

The IFRS Interpretations Committee (IFRIC) is the interpretive body of the IASB Board that assists with supporting the consistent application of the IFRS Accounting Standards. IFRIC did not release any Interpretations this year but did release a number of IFRIC Agenda Decisions.

The IASB has stated that organisations that are required to comply with the requirements of IFRS should also apply with the requirements of IFRIC Agenda Decisions. Whilst these Agenda Decisions do not change the requirements of IFRSs they are supporting explanatory material that clarifies how the requirements of the IFRSs should be applied and are considered to have the same authority as the standards themselves.

IFRIC Agenda Decisions have no mandatory application date and are effective once confirmed by the IASB, however entities are allowed 'sufficient time' to consider and implement the Agenda Decisions. It is expected that this 'sufficient time' should be a matter of months and not years. If your organisation is not able to comply with the requirements of a relevant Agenda Decision issued during the year, you should discuss the implications with your Auditor.

All IFRIC Agenda Decisions should be applied retrospectively as a change in accounting policy in accordance with the requirements of AASB 108 *Accounting Policies, change in estimates and Errors*.

The following is a detailed summary of the IFRIC Agenda Decisions since 1 July 2024. For the full details, refer to the relevant IFRIC Update:

- **Classification of Cash Flows related to Variation Margin Calls on 'Collateralised-to-Market' Contracts (IAS 7 *Statement of Cash Flows*)**
November 2024 IFRIC, confirmed by the IASB February 2025. IFRIC was asked about how an entity presents, in its statement of cash flows, the cash flows related to variation margin call payments made on contracts to purchase or sell commodities at a predetermined price and at a specified time in the future. IFRIC found that this issue was not widespread and concluded that no further action was required.
- **Recognition of Revenue from Tuition Fees (IFRS 15 *Revenue from Contracts with Customers*)**
March 2025 IFRIC, confirmed by the IASB April 2025. IFRIC was asked over what period educational providers recognise their tuition fees, the academic year (approximately 10 months) or the full 12-month year. IFRIC found that there was no diversity in practice, and difference arose from differences in facts and circumstances rather than the application of the principles of IFRS 15. It was concluded that the issue was therefore not widespread and concluded that no further action was necessary.

- Guarantees Issued on Obligations of Other Entities
March 2025 IFRIC, confirmed by the IASB April 2025.

IFRIC was asked how an entity accounts for guarantees that it issues. The fact pattern outlined a number of different guarantees that an entity might issue in relation to the obligations of a joint venture. Rather than conclude on each individual scenario, IFRIC noted that in practice guarantees have varying terms and conditions, but indicated that the following approach should be used to determine the appropriate accounting treatment for guarantees, as judgement will be required. Accounting should be based on the requirements including scoping requirements of the IFRS Accounting standards and should not be determined based on the nature of the entity's business activities.

Consideration should be to the following:

- Is the contract a financial guarantee contract as defined in IFRS 9 *Financial Instruments*? That is 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. A contract that meets the definition of a financial guarantee contract may be in the scope of IFRS 17 *Insurance Contracts* if the entity has previously explicitly stated that it regards such financial guarantee contracts as insurance contracts
- If the contract is not a financial guarantee contract, consider if the contract is an insurance contract in accordance with IFRS 17, also considering the scoping exemptions within the standard.
- If the contract is neither a financial guarantee contract or an insurance contract, consideration should be given to other requirements in IFRS Accounting standards including:
 - IFRS 9 if it is a loan commitment or derivative;
 - IFRS 15 *Revenue from Contracts with Customers* if the counterparty is a customer;
 - IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* only if it gives rise to a provision, contingent liability, or contingent asset not in scope of another standard.

The IFRIC concluded that the scoping guidance in the relevant IFRS Accounting Standards provided adequate guidance to determine how to account for a guarantee that it issues, and no standard setting work was required.

- Recognition of Intangible Assets from Climate-related Expenditure
March 2025 IFRIC, confirmed by the IASB April 2025.

IFRIC was asked whether expenditure on carbon credits and research and development activities relating to innovation programs around carbon reduction met the requirements of IAS 38 *Intangible Assets*. As the IASB has been investigating accounting for pollutant pricing mechanisms and will decide whether to proceed with a project on it at the next agenda consultation, IFRIC did not address the issue with regards to carbon credits. They also found no material diversity in practice regarding the treatment of the research and development expenditure and concluded that no further actions were necessary.

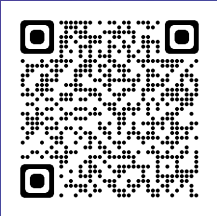


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