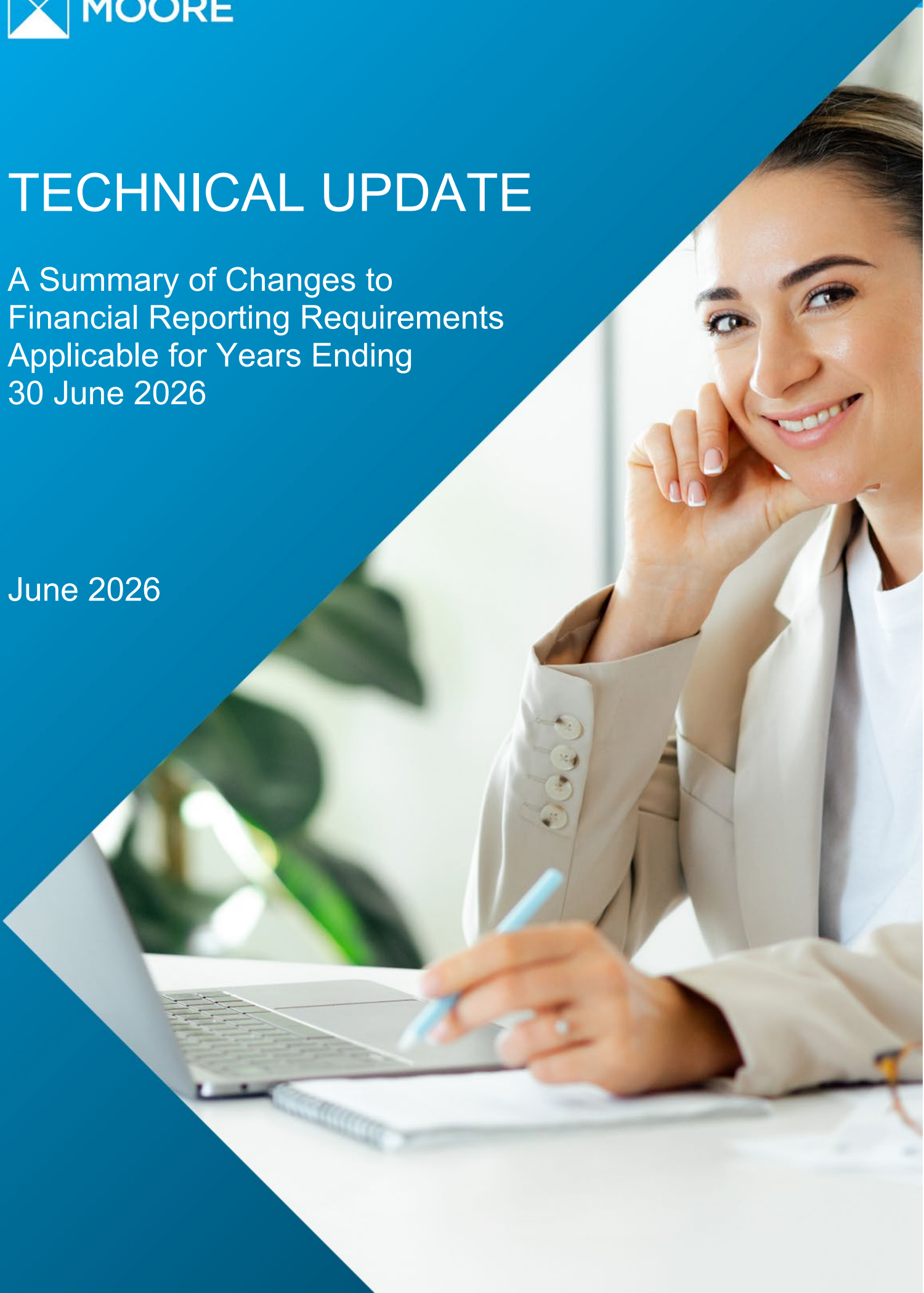




TECHNICAL UPDATE

A Summary of Changes to
Financial Reporting Requirements
Applicable for Years Ending
30 June 2026

June 2026



This Technical Update provides you with an overview of Australian Accounting Standards, Interpretations and IFRIC Agenda decisions issued up to 28 May 2026. It outlines:

- Australian Accounting Standards mandatorily applicable for the first time for years ended 30 June 2026;
- Australian Accounting Standards available for early adoption for years ended 30 June 2026; 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 2025.

STANDARDS APPLICABLE FOR THE FIRST TIME FOR 30 JUNE 2026 YEAR ENDS

The following Australian Accounting Standards and amendments are mandatorily applicable for the first time for 30 June 2026 year-ends:

| REFERENCE | TITLE | APPLICABLE FOR REPORTING PERIODS BEGINNING ON OR AFTER |
|--------------------|---|--|
| AASB 2023-5 | <p>Amendments to Australian Accounting Standards – Lack of Exchangeability</p> <p>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.</p> <p>The standard is applied prospectively.</p> | 1 January 2025 |
| 2026-1 | <p>Amendments to Australian Accounting Standards – Disclosures about Uncertainties in the Financial Statements (AASB 136 & AASB 137)</p> <p>This standard makes amendments to AASB 136 <i>Impairment of Assets</i> and AASB 137 <i>Provisions, Contingent Liabilities and Contingent Assets</i> to incorporate new illustrative examples on how disclosures about uncertainties should be made in the financial statements. The illustrative examples are accompanying but not part of the relevant standard.</p> <p>The IASB has also made amendments to the illustrative examples accompanying (IFRS 7, IFRS 18, IAS 1 and IAS 8), the AASB has not published these amendments, as those illustrative examples or implementation guidance has not been published as part of the Australian equivalent Standards.</p> | |

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 2022-9 | <p>Amendments to Australian Accounting Standards – Insurance Contracts in the Public Sector</p> <p>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.</p> <p>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.</p> | 1 July 2026 |
| AASB 2024-2 | <p>Amendments to Australian Accounting Standards - Classification and Measurement of Financial Instruments</p> <p>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:</p> <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 <p>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.</p> | 1 January 2026 |

| REFERENCE | TITLE | APPLICABLE FOR REPORTING PERIODS BEGINNING ON OR AFTER |
|--------------------|---|--|
| | <p>Whilst the amendment is applied retrospectively with an adjustment to opening retained earnings, the comparative period is not restated for this amendment.</p> | |
| AASB 2025-2 | <p>Amendments to Australian Accounting Standards – Classification and Measurement of Financial Instruments: Tier 2 disclosures</p> <p>This amendment updates AASB 1060 consistently with the amendments made to AASB 9 per AASB 2024-2 (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.</p> | 1 January 2026 |
| 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 | 1 January 2026 |

| REFERENCE | TITLE | APPLICABLE FOR REPORTING PERIODS BEGINNING ON OR AFTER |
|--------------------|---|--|
| | <p>fair values and transaction prices and guidance on credit risk disclosures.</p> <ul style="list-style-type: none"> • <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 <i>AASB 15 Revenue from Contracts with Customers</i>. • <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 <i>AASB 9</i>, which only applies to lease derecognised on or after the amendment is adopted.</p> | |
| AASB 2025-1 | <p>Amendments to Australian Accounting Standards - Contracts Referencing Nature-dependent Electricity</p> <p>These amendments update <i>AASB 9 Financial Instruments</i> and <i>AASB 7 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 |

| REFERENCE | TITLE | APPLICABLE FOR REPORTING PERIODS BEGINNING ON OR AFTER |
|--------------------|---|--|
| AASB 2025-3 | <p>Amendments to Australian Accounting Standards – Contracts Referencing Nature-dependent Electricity: Tier 2 Disclosures</p> <p>This amendment updates AASB 1060 consistently with amendments to AASB 7 and AASB 9 per AASB 2025-1 (See above). It requires Tier 2 entities to disclose information about nature-dependent electricity contracts that meet the ‘own-use’ criteria and are recognised as procurement contracts. Only some of the disclosure requirements added by AASB 2025-1 to AASB 7 for Tier 1 entities are extended to Tier 2 entities.</p> | |
| AASB 18 | <p>Presentation and Disclosures of Financial Statements</p> <p>This standard will replace AASB 101 <i>Presentation of Financial Statements</i>. Whilst many of the requirements have been bought across without amendment. AASB 18 introduces three key changes.</p> <ul style="list-style-type: none"> • The statement of profit of 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 statements and the notes in order to provide more detailed and useful information to users. | <p>1 January 2027/ 1 January 2028¹</p> |

¹ AASB 18 is applicable for for-profit entities from 1 January 2027 and for Not-for-profit entities from 1 January 2028

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| REFERENCE | TITLE | APPLICABLE FOR REPORTING PERIODS BEGINNING ON OR AFTER |
|--------------------|--|--|
| | <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"> • <i>AASB 107 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. • <i>AASB 108 Accounting Policies, Change in Accounting Estimates and Errors</i>, which will change its name to <i>AASB 108 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 2025-4 | <p>Amendments to Australian Accounting Standards – Translation to a Hyperinflationary Presentation Currency</p> <p>These amendments clarify the translation process for an entity whose presentation currency is that of a hyperinflationary economy, where the functional currency is that of a non-hyperinflationary economy.</p> <p>The amendment is applied retrospectively and early adoption is available.</p> | 1 January 2027 |

| REFERENCE | TITLE | APPLICABLE FOR REPORTING PERIODS BEGINNING ON OR AFTER |
|--------------------|---|--|
| 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 2025. For the full details, refer to the relevant IFRIC Update:

- **Embedded Prepayment Option (IFRS 9 *Financial Instruments*)**
November 2025 IFRIC, confirmed by the IASB in January 2026
IFRIC was asked whether when interpreting IFRS 9.B4.3.5(e)(ii) regarding the existence of a prepayment option in a financial liability, whether the reference to 'the entity' should be read as referring to 'the lender' or 'the reporting entity'. The difference in interpretation could have a significant impact on whether the embedded derivative is required to be separated from the host debt instrument. The committee concluded that there was no diversity in practice and that stakeholders read the requirements as referring to the lender and no further guidance was required.
- **Determining and Accounting for Transaction Costs (IFRS 9 *Financial Instruments*)**
November 2025 IFRIC, confirmed by the IASB in January 2026
IFRIC was asked whether costs that are directly attributable to the origination of a financial instrument but are incurred before entering into the contractual arrangement are considered incremental and can be capitalised into the financial instrument. Further to this, it was asked how such costs should be treated in the period between incurring the costs and recognising the associated financial instrument. The Committee found that there was no diversity in practice, that entities still considered these costs incurred up front to be incremental costs, and they are not precluded from being treated as such. The costs are capitalised in the statement of financial position before the financial instrument is entered into typically as a prepayment. It was concluded that no further standard setting work was required.

- **Fair Presentation and Compliance with IFRS Accounting Standards (IAS 1 *Presentation of Financial Statements*) March 2026 IFRIC, confirmed by IASB in April 2026**

IFRIC was asked whether where an entity departs from the requirements of an IFRS Accounting standards whether they still had to comply with the fair presentation requirements. The Board concluded that because this fact pattern arose so infrequently and does not have widespread affect, it was concluded that no further action would be taken.

- **Economic Benefits from Use of a Battery under an Offtake Arrangement (IFRS 16 *Leases*) March 2026 IFRIC, confirmed by the IASB in April 2026**

IFRIC was asked how an entity determines whether a customer has the right to obtain substantially all the benefits from an asset (the application of B9(a) of IFRS 16), given a specific fact pattern involving a battery offtake arrangement.

In the arrangement an electricity retailer has an agreement with the owner of a large scale battery, where owner retains ownership but is obliged to operate it in accordance with the retailers instructions (i.e. when to charge and discharge the battery). Due to the pricing mechanisms in the electricity market, the owner of the battery sells/purchases electricity from the grid at spot prices and then there is a net settlement with the retailer with whom they have agreed a fixed fee for the use of the battery over the contract term.

To determine if there is a lease the question was how to determine if the retailer has substantially all the economic benefits of the battery. In the fact pattern described, IFRIC concluded that the retailer did have that economic benefit because it arose from its ability to store then release power, which the retailer had the exclusive right to determine how and when that would occur. It was noted that this position related to the specific fact pattern described.

- **IFRIC Agenda Decisions relating to IFRS 18, March 2026 IFRIC, confirmed by the IASB in April 2026**

The IFRIC has issued 4 Agenda decisions relating to IFRS 18 *Presentation and Disclosure in Financial Statements*. As IFRS 18 is not yet effective, the details have not been included in this edition, further details will be provided when IFRS 18 is effective. The agenda decisions are:

- Classification of a Foreign Exchange Difference from an Intragroup Monetary Liability (or Asset)
- Assessment of a Specified Main Business Activity for the Purpose of the Separate Financial Statements of a Parent
- Scope of the Requirement to Disclose Expenses by Nature
- Classification of Gains and Losses on a Derivative Managing a Foreign Currency Exposure

- **Updates to IFRIC agenda decisions for IFRS 18**

- ***November 2025 IFRIC, confirmed by the IASB in January 2026***

As a result of the issuance of IFRS 18 *Presentation and Disclosure in Financial Statements*, IFRIC has reconsidered 6 previously issued agenda decisions, and have made minor amendments to the following agenda decisions for consistency with IFRS 18.

- Disclosure of Revenues and Expenses from Reportable Segments (IFRS 8) (July 2024)
- Demand Deposits with Restrictions on Use arising from a Contract with a Third Party (IAS 7) (April 2022)
- Subsequent Expenditure on Biological Assets (IAS 41) (September 2019)
- Disclosure of Changes in Liabilities Arising from Financing Activities (IAS 7) (September 2019)
- Physical Settlement of Contracts to Buy or Sell a Non-financial Item (IFRS 9) (March 2019)
- Normal Operating Cycle (IAS 1) (June 2005)

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