



Changes to Accounting Standards

Relevant to 2024–25 Financial Statements

As at 30 June 2025

Audience

This document is relevant to Chief Financial Officers and officers of Commonwealth entities responsible for preparing 2024–25 financial statements.

At a glance

This document provides an overview of changes to Australian Accounting Standards (AAS) and AAS interpretations that were issued up until 30 June 2025. Entities must consider further AAS issued after this date up until the sign-off date of their financial statements (useful link: [Australian Accounting Standards Board \(AASB\) Latest News](#)).

- Entities are required to assess the impact of these changes on their financial statements and make appropriate disclosures in the 'Overview' note of their financial statements in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* and AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*.
- Under AASB 108 and AASB 1060, entities are required to make:
 - individual disclosures of new AAS that have had, or are expected to have, a material effect on their financial statements; and/or
 - a general statement regarding new AAS that do not have a material effect on their financial statements. The 'Overview' note in the Primary Reporting and Information Management Aid (PRIMA) template provides a suggested format for the disclosure.
- Entities must be able to demonstrate and provide evidence, that they have *considered* the impact of each new AAS. The information provided in this document can be used as a starting point in this process.

Copies of the latest AAS, AAS interpretations and amending pronouncements can be downloaded from the [AASB website](#).

The Commonwealth Climate Disclosure policy requires Commonwealth entities and companies to report their climate risks and opportunities, and actions to manage them. Mandatory climate disclosures in annual reporting are being phased in. Entities should refer to the [Commonwealth Climate Disclosure Policy](#) to determine requirements and timelines applicable to them.

Enquiries about climate disclosure, emissions reporting and the APS Net Zero by 2030 target should be directed to the [Climate Action in Government Operations](#) Unit at climateaction@finance.gov.au.

For further information, please email accountingpolicy@finance.gov.au

Changes to Accounting Standards

Changes applicable to the 2024–25 financial year

New AASB pronouncements and changes to AAS relating to the 2024–25 financial year are provided in [Attachment A – Table A](#). The likely impact of a new or amending accounting standard on a Commonwealth entity's financial statements is indicated with an 'X' in [Attachment A – Table A](#).

Commonwealth entities are required to individually assess the likely impacts of new and/or revised accounting standards, taking into consideration how changes to AAS impact their particular circumstances and business operations. Entities should also consider the impacts of the consequential amendments in the preparation of their 'Overview' note.

Changes applicable to future reporting periods

The new and amending pronouncements relevant to reporting periods beyond the 2024–25 financial year are provided in [Attachment A – Table B](#).

Tier 2 reporting entities are not required to disclose in their entity financial statements the details of new AAS that have been issued but are not yet effective, however entities need to be aware of changes to AAS affecting future years.

Summary of new and amending pronouncements

[Attachment B](#) provides a summary of the potential impact for Commonwealth reporting entities of new and amending pronouncements relating to the 2024–25 and future financial years that is listed in [Attachment A – Table A](#) and [Table B](#).

- Note, the expected application date for new or amending pronouncements for Commonwealth entities subject to the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* (FRR) is usually 1 July of the year in which the pronouncement commences, unless the Finance delegate approves its early adoption.
 - For example, for a pronouncement that applies to reporting periods commencing on or after 1 January 202X, that pronouncement will apply to Commonwealth entities from 1 July 202X.

Early adoption requirements are provided in section 19 of the [Financial Reporting Rule](#).

Attachment A

Table A: 2024–25 Financial Year

New/revised/amending standards and/or new/revised/amended interpretations applicable to the 2024–25 financial year:		Likely impact? ¹	
		Yes	No
New Accounting Standards			
	N/A		
Amending Pronouncements			
AASB 2020-1	Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current	<input type="checkbox"/>	<input checked="" type="checkbox"/>
AASB 2022-5	Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback	<input type="checkbox"/>	<input checked="" type="checkbox"/>
AASB 2022-6	Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants	<input type="checkbox"/>	<input checked="" type="checkbox"/>
AASB 2022-10	Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities	<input checked="" type="checkbox"/>	<input type="checkbox"/>
AASB 2023-1	Amendments to Australian Accounting Standards – Supplier Finance Arrangements	<input type="checkbox"/>	<input checked="" type="checkbox"/>
AASB 2023-3	Amendments to Australian Accounting Standards – Disclosure of Non-current Liabilities with Covenants: Tier 2	<input type="checkbox"/>	<input checked="" type="checkbox"/>
AASB 2024-1	Amendments to Australian Accounting Standards – Supplier Finance Arrangements: Tier 2 Disclosures	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Interpretations (new or amended)			
	N/A		

¹ Items with likely impact marked as 'no' (i.e. an x in the 'No' column) are those items that the Department of Finance would regard as unlikely to have an impact on most public sector entities. However, entities must consider how changes to standards impact on their business operations and take into consideration their particular circumstances. Please note the assessment of 'possible impact' is broader than the requirements of AASB 108.28-31 as it considers issues such as disclosure requirements and the capturing of financial information.

Table B: Future Reporting Periods

New/revised/amending standards and/or interpretations applicable to <u>future reporting periods</u> :		Operative date	Likely impact? ¹	
			Yes	No
New Accounting Standards				
AASB 17 ²	Insurance Contracts	1 Jul 2026	<input type="checkbox"/>	<input checked="" type="checkbox"/>
AASB 18 ³	Presentation and Disclosure in Financial Statements (Appendix D)	1 Jan 2028	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Amending Pronouncements				
AASB 2014-10	Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 Jan 2025	<input type="checkbox"/>	<input checked="" type="checkbox"/>
AASB 2022-9	Amendments to Australian Accounting Standards – Insurance Contracts in the Public Sector	1 Jul 2026	<input type="checkbox"/>	<input checked="" type="checkbox"/>
AASB 2023-5	Amendments to Australian Accounting Standards – Lack of Exchangeability	1 Jan 2025	<input type="checkbox"/>	<input checked="" type="checkbox"/>
AASB 2024-2	Amendments to Australian Accounting Standards – Classification and Measurement of Financial Instruments	1 Jan 2026	<input type="checkbox"/>	<input checked="" type="checkbox"/>
AASB 2024-3	Amendments to Australian Accounting Standards – Annual Improvements Volume 11	1 Jan 2026	<input type="checkbox"/>	<input checked="" type="checkbox"/>
AASB 2024-4	Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128	1 Jan 2028	<input type="checkbox"/>	<input checked="" type="checkbox"/>
AASB 2025-1	Amendments to Australian Accounting Standards – Contracts Referencing Nature-dependent Electricity	1 Jan 2026	<input type="checkbox"/>	<input checked="" type="checkbox"/>
AASB 2025-2	Amendments to Australian Accounting Standards – Classification and Measurement of Financial Instruments: Tier 2 Disclosures	1 Jan 2026	<input type="checkbox"/>	<input checked="" type="checkbox"/>

¹ Items with likely impact marked as 'no' (i.e. an x in the 'No' column) are those items that the Department of Finance would regard as unlikely to have an impact on most public sector entities. However, entities must consider how changes to standards impact on their business operations and take into consideration their particular circumstances. Please note the assessment of 'possible impact' is broader than the requirements of AASB 108.28-31 as it considers issues such as disclosure requirements and the capturing of financial information.

²AASB 17 applies from the 2023–24 reporting period onwards for for-profit entities in the private sector. The AASB has decided to defer the mandatory application date of AASB 17 for public sector entities to the 2026–27 financial year onwards.

³Note that AASB 18 applies to annual reporting periods beginning on or after 1 January 2027 for for-profit entities. However, for not-for-profit public sector entities, the Standard applies to the 2028–29 financial year onwards.

Attachment B

Possible impact for Commonwealth reporting entities due to new Australian Accounting Standards (AAS) effective 2024–25 and future years

Note:

- The table below provides guidance on the possible impacts of AAS for Commonwealth entities. Entities must assess the impact of changes to AAS for their own individual circumstances for all standards/interpretations that are issued up until the date that the financial statements are signed.
- The list does not consider the work that is involved to transition to the new requirements but rather, the possible impacts on the financial statements (for example, the recognition and measurement of items) as per AASB 108.31.
- The entity's expected initial application date is when the accounting standard becomes operative at the beginning of the entity's reporting period (e.g. an effective date of 1 January 202X applies to the period beginning 1 July 202X for 'financial year' reporting entities, and the period beginning 1 January 202X for 'calendar year' reporting entities).
- All AAS applicable to the preparation of the 2024–25 financial reporting period have been reflected in [Resource Management Guide \(RMG\) 125 - Commonwealth Entities Financial Statements Guide](#) and the [Primary reporting and information management aid \(PRIMA\) forms](#) both available on the Department of Finance (Finance) website.

POSSIBLE IMPACT

Minimal

Moderate

High

Accounting Standards	Other standards amended as a consequence	Summary of changes	Possible impact
2024–25 Financial Year			
AASB 2020-1 <i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current</i> (AASB 2020-1)	AASB 101	AASB 2020-1 amends AASB 101 to clarify the classification of liabilities as either current or non-current. For example, a liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. AASB 2020-1 applies to annual periods beginning on or after 1 January 2024.	Minimal
AASB 2022-5 <i>Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback</i> (AASB 2022-5)	AASB 16	AASB 2022-5 amends AASB 16 to add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in AASB 15 <i>Revenue from Contracts with Customers</i> to be accounted for as a sale. This amendment ensures a seller-lessee subsequently measures lease liabilities arising from a leaseback in a way that does not recognise any amount of the gain or loss related to the right of use it retains. AASB 2022-5 applies to annual periods beginning on or after 1 January 2024.	Minimal
AASB 2022-6 <i>Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants</i> (AASB 2022-6)	AASB 101 AASB Practice Statement 2	AASB 2022-6 amends AASB 101 to improve the information an entity provides in its financial statements about liabilities arising from loan arrangements for which the entity's right to defer settlement of those liabilities for at least 12 months after the reporting period is subject to the entity complying with conditions specified in the loan arrangement. An example in AASB Practice Statement 2 is also amended in regard to assessing whether information about covenants is material for disclosure. The amendments in AASB 2022-6 are effective for annual periods beginning on or after 1 January 2024. AASB 2022-6 itself applies to periods beginning on or after 1 January 2023 in order to defer the revised liability classification requirements in AASB 101 from that date for another year.	Minimal

Accounting Standards	Other standards amended as a consequence	Summary of changes	Possible impact
2024–25 Financial Year, continued			
AASB 2022-10 <i>Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-For-Profit Public Sector Entities</i> (AASB 2022-10)	AASB 13	This standard amends AASB 13 <i>Fair Value Measurement</i> 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. This standard also adds implementation advice and relevant 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. AASB 2022-10 applies to annual periods beginning on or after 1 January 2024.	Moderate
AASB 2023-1 <i>Amendments to Australian Accounting Standards – Supplier Finance Arrangements</i> (AASB 2023-1)	AASB 7 AASB 107	AASB 2023-1 amends AASB 7 and AASB 107 to require an entity to provide additional disclosures about its supplier finance arrangements. The amendments require an entity to disclose the terms and conditions of the arrangements, the carrying amount of the liabilities that are part of the arrangements, the carrying amounts of those liabilities for which the suppliers have already received payment from the finance providers, the range of payment due dates and the effect of non-cash changes. AASB 2023-1 applies to annual periods beginning on or after 1 January 2024.	Minimal

Accounting Standards	Other standards amended as a consequence	Summary of changes	Possible impact
2024–25 Financial Year, continued			
AASB 2023-3 <i>Amendments to Australian Accounting Standards – Disclosure of Non-current Liabilities with Covenants: Tier 2</i> (AASB 2023-3)	AASB 1060	<p>AASB 2023-3 amends the Tier 2 reporting requirements in AASB 1060 to be consistent with the Tier 1 reporting requirements amended by AASB 2020-1 and AASB 2022-6. This includes:</p> <ul style="list-style-type: none"> (a) clarifying a liability is non-current if an entity has the right at reporting date to defer settlement of the liability for at least 12 months after the reporting date; (b) clarifying the reference to settlement of a liability by the issue of equity instruments in classifying liabilities; and (c) require disclosure of information to help users understand the risk that non-current liabilities with covenants could become repayable within 12 months. <p>AASB 2023-3 applies to annual periods beginning on or after 1 January 2024.</p>	Minimal
AASB 2024-1 <i>Amendments to Australian Accounting Standards – Supplier Finance Arrangements: Tier 2 Disclosures</i> (AASB 2024-1)	AASB 1060	<p>AASB 2024-1 amends AASB 1060 to require a Tier 2 entity to include in its financial statements the same specific disclosures that AASB 2023-1 requires in the financial statements of Tier 1 entities. Accordingly, Tier 2 entities will be required to disclose the terms and conditions of supplier finance arrangements, the carrying amount of the liabilities that are part of the arrangements, the carrying amounts of those liabilities for which the suppliers have already received payment from the finance providers, the range of payment due dates and the effect of non-cash changes.</p> <p>AASB 2024-1 applies to annual periods beginning on or after 1 January 2024 that end on or after 30 June 2024.</p>	Minimal

Accounting Standards	Other standards amended as a consequence	Summary of changes	Possible impact
<i>Future Reporting Periods</i>			
AASB 17 <i>Insurance Contracts</i> (AASB 17)	AASB 17	<p>AASB 17 will replace AASB 4 <i>Insurance Contracts</i> and AASB 1023 <i>General Insurance Contracts</i>, which currently permits a wide variety of insurance accounting practices. AASB 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.</p> <p>In July 2020, AASB 2020-5 <i>Amendments to Australian Accounting Standards – Insurance Contracts</i> deferred the AASB 17 effective date to 1 January 2023. In December 2022, AASB 2022-8 <i>Amendments to Australian Accounting Standards – Insurance Contracts: Consequential Amendments</i> further deferred the mandatory application date of AASB 17 for <u>public sector entities</u> to annual periods beginning on or after 1 July 2026.</p> <p>Public sector entities are permitted to continue to apply AASB 4 and AASB 1023 to annual periods beginning on or after 1 January 2023 but before 1 July 2026.</p>	Minimal
AASB 18 <i>Presentation and Disclosure in Financial Statements (Appendix D)</i> (AASB 18)	AASB 18	<p>AASB 18 will replace AASB 101 <i>Presentation of Financial Statements</i>. As a result, the requirements in AASB 101 will be:</p> <ul style="list-style-type: none"> a) replaced by new requirements in AASB 18; b) transferred to AASB 18 with only limited wording changes; or c) moved to AASB 108 <i>Basis of Preparation of Financial Statements</i> or AASB 7 <i>Financial Instruments: Disclosures</i> with only limited wording changes. <p>AASB 18 has also introduced changes to AASB 107 <i>Statement of Cash Flows</i>, AASB 133 <i>Earnings per Share</i> and AASB 134 <i>Interim Financial Reporting</i>.</p> <p>For for-profit entities, AASB 18 applies to annual reporting periods beginning on or after 1 January 2027. For not-for-profit public sector entities, AASB 18 applies to annual reporting periods beginning on or after 1 January 2028. Early adoption requires delegate approval as prescribed in the <u>Financial Reporting Rule</u>.</p>	Moderate - High

Accounting Standards	Other standards amended as a consequence	Summary of changes	Possible impact
<i>Future Reporting Periods, continued</i>			
AASB 2014-10 <i>Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> (AASB 2014-10)	AASB 10 AASB 128	<p>AASB 2014-10 amends AASB 10 and AASB 128 to address inconsistencies between AASB 10 and AASB 128 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The two main requirements of the amendment include:</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>The effective date of this amending pronouncement has been deferred to annual periods beginning on or after 1 January 2028 (see AASB 2024-4).</p>	Minimal
AASB 2024-4 <i>Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128</i> (AASB 2024-4)	AASB 10 AASB 128	<p>This Standard defers the mandatory application date of amendments to AASB 10 and AASB 128 that were originally made in AASB 2014-10 <i>Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> so that the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2028 instead of 1 January 2022.</p> <p>Earlier application of this Standard is permitted.</p>	Minimal

Accounting Standards	Other standards amended as a consequence	Summary of changes	Possible impact
<i>Future Reporting Periods, continued</i>			
AASB 2022-9 <i>Amendments to Australian Accounting Standards – Insurance Contracts in the Public Sector</i> (AASB 2022-9)	AASB 17 AASB 1050 AASB 1 AASB 3 AASB 5 AASB 7 AASB 9 AASB 15 AASB 119 AASB 132 AASB 136 AASB 137 AASB 138 AASB 1057 AASB 1058	AASB 2022-9 amends AASB 17 <i>Insurance Contracts</i> to include modifications that apply to public sector entities. AASB 17 will apply to annual periods beginning on or after 1 July 2026. AASB also amends AASB 1050 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> when determining the information to be disclosed about administered captive insurer activities. AASB 2022-9 applies to annual periods beginning on or after 1 July 2026.	Minimal

Accounting Standards	Other standards amended as a consequence	Summary of changes	Possible impact
<i>Future Reporting Periods, continued</i>			
AASB 2023-5 <i>Amendments to Australian Accounting Standards – Lack of Exchangeability</i> (AASB 2023-5)	AASB 1 AASB 121 AASB 1060	<p>AASB 2023-5 amends AASB 121 and AASB 1 to improve the usefulness of information provided to users of financial statements. The amendments require entities to apply a consistent approach to determining whether a currency is exchangeable into another currency and the spot exchange rate to use when it is not exchangeable.</p> <p>AASB 2023-5 amends AASB 121 to extend the exemption from complying with the disclosure requirements of AASB 121 for entities that apply AASB 1060 to ensure Tier 2 entities are not required to comply with the new disclosure requirements in AASB 121 when preparing their Tier 2 financial statements.</p> <p>AASB 2023-5 applies to annual periods beginning on or after 1 January 2025.</p>	Minimal
AASB 2024-2 <i>Amendments to Australian Accounting Standards – Classification and Measurement of Financial Instruments</i> (AASB 2024-2)	AASB 7 AASB 9	<p>AASB 2024-2 amends AASB 7 <i>Financial Instruments: Disclosures</i> and AASB 9 <i>Financial Instruments</i> in relation to the classification and measurement requirements in AASB 9 and related requirements in AASB 7.</p> <p>This Standard amends requirements related to:</p> <ul style="list-style-type: none"> a) settling financial liabilities using an electronic payment system; and b) assessing contractual cash flow characteristics of financial assets with environmental, social and corporate governance (ESG) and similar features. <p>This Standard also amends disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income and adds disclosure requirements for financial instruments with contingent features that do not relate directly to basic lending risks and costs.</p> <p>AASB 2024-2 applies to annual periods beginning on or after 1 January 2026.</p>	Minimal

Accounting Standards	Other standards amended as a consequence	Summary of changes	Possible impact
AASB 2024-3 <i>Amendments to Australian Accounting Standards – Annual Improvements Volume 11</i> (AASB 2024-3)	AASB 1 AASB 7 AASB 9 AASB 10 AASB 107	AASB 2024-3 makes minor amendments to AASB 1 <i>First-time Adoption of Australian Accounting Standards</i> , AASB 7 <i>Financial Instruments: Disclosures</i> , AASB 9 <i>Financial Instruments</i> , AASB 10 <i>Consolidated Financial Statements</i> and AASB 107 <i>Statement of Cash Flows</i> to address inconsistencies or to clarify requirements. The Standard applies to annual periods beginning on or after 1 January 2026.	Minimal
AASB 2025-1 <i>Amendments to Australian Accounting Standards – Contracts Referencing Nature-dependent Electricity</i> (AASB 2025-1)	AASB 7 AASB 9	AASB 2025-1 amends AASB 7 <i>Financial Instruments: Disclosures</i> and AASB 9 <i>Financial Instruments</i> to allow entities to better reflect contracts referencing nature-dependent electricity in the financial statements. The amendments: a) clarify the application of the ‘own-use’ criteria to nature-dependent electricity contracts; b) permit hedge accounting if these contracts are used as hedging instruments; and c) add new disclosure requirements to enable users of financial statements to better understand the effect of these contracts on an entity’s financial performance and cash flows. AASB 2025-1 applies to annual periods beginning on or after 1 January 2026.	Minimal
AASB 2025-2 <i>Amendments to Australian Accounting Standards – Classification and Measurement of Financial Instruments: Tier 2 Disclosures</i> (AASB 2025-2)	AASB 1060	AASB 2025-2 amends AASB 1060 <i>General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities</i> . The amendments require a Tier 2 entity to disclose information related to financial instruments with contractual terms that could change the amount of the contractual cash flows based on the occurrence or non-occurrence of a contingent event. Such an event must not relate directly to changes in basic lending risks and costs. For example, the terms of a financial liability could specify changes in the cash flows if the entity reduces its carbon emissions. AASB 2025-2 applies to annual periods beginning on or after 1 January 2026.	Minimal