Australian Government
Department of Finance

Changes to Accounting Standards Relevant to 2025–26 Financial Statements

As at 30 June 2026

Audience

This document is relevant to Chief Financial Officers and officers of Commonwealth entities responsible for preparing 2025–26 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 2026. 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 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 2025–26 financial year

New AASB pronouncements and changes to AAS relating to the 2025–26 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 2025–26 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 2025–26 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 FRR.

Attachment A

Table A: 2025–26 Financial Year

New Accounting Standards

New/amending standards	Likely impact[1]?
N/A	

Amending Pronouncements

AASB No.	New/amending pronouncement title	Likely impact[1]?
AASB 2023-5	*Amendments to Australian Accounting Standards – Lack of Exchangeability*	No
AASB 2024-4a	*Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128*	No
AASB 2026-1	*Amendments to Australian Accounting Standards – Disclosures about Uncertainties in the Financial Statements*	No

Interpretations (new or amended)

New/amending interpretations	Likely impact[1]?
N/A	

[1] Items with likely impact marked as 'No' 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 Accounting Standards

AASB No.	New/amending standard title	Operative date	Likely impact?[1]
AASB 17[2]	*Insurance Contracts*	1 Jul 2026	No
AASB 18[3]	*Presentation and Disclosure in Financial Statements*	1 Jan 2028	Yes
AASB 1061	*General Purpose Financial Statements – Not-for-Profit Private Sector Tier 3 Entities*	1 Jul 2029	No

Amending Pronouncements

AASB No.	New/amending pronouncement title	Operative date	Likely impact? [1]
AASB 18 (FP) Appendix D	*Amendments to Other Australian Accounting Standards [for for-profit entities]*	1 Jan 2027	No
AASB 18 (NFP/super) Appendix D	*Amendments to Other Australian Accounting Standards [for not-for-profit and superannuation entities]*	1 Jan 2028	Yes
AASB 2014-10	*Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	1 Jan 2028	No
AASB 2022-9	*Amendments to Australian Accounting Standards – Insurance Contracts in the Public Sector*	1 Jul 2026	No
AASB 2024-2	*Amendments to Australian Accounting Standards – Classification and Measurement of Financial Instruments*	1 Jan 2026	No
AASB 2024-3	*Amendments to Australian Accounting Standards – Annual Improvements Volume 11*	1 Jan 2026	No
AASB 2024-4b	*Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128*	1 Jan 2028	No
AASB 2025-1	*Amendments to Australian Accounting Standards – Contracts Referencing Nature-dependent Electricity*	1 Jan 2026	No
AASB 2025-2	*Amendments to Australian Accounting Standards – Classification and Measurement of Financial Instruments: Tier 2 Disclosures*	1 Jan 2026	No

AASB No.	New/amending pronouncement title	Operative date	Likely impact? [1]
AASB 2025-3	*Amendments to Australian Accounting Standards – Contracts Referencing Nature-dependent Electricity: Tier 2 Disclosures -- August 2025*	1 Jan 2026	No
AASB 2025-4	*Amendments to Australian Accounting Standards – Translation to a Hyperinflationary Presentation Currency*	1 Jan 2027	No
AASB 2026-2	*Amendments to Australian Accounting Standards – Extending the Application of the Conceptual Framework and Limiting the Ability of Not-for-Profit Entities to Prepare Special Purpose Financial Statements*	1 Jul 2029	No

[1] Items with likely impact marked as 'No' 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.

[2] AASB 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.

[3] Note 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 2025–26 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 2025–26 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

2025–26 Financial Year

Accounting Standards or Pronouncements	Other standards amended as a consequence	Summary of changes	Possible impact
AASB 2023-5 *Amendments to Australian Accounting Standards – Lack of Exchangeability* (AASB 2023-5)	AASB 1 AASB 121 AASB 1060	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. 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. AASB 2023-5 applies to annual periods beginning on or after 1 January 2025.	Minimal
AASB 2024-4 *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128* (AASB 2024-4a)	AASB 10 AASB 128	This Standard defers the mandatory application date of amendments to AASB 10 and AASB 128 that were originally made in AASB 2014-10 *Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* so that the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2028 instead of 1 January 2025. This Standard applies to annual periods beginning on or after 1 January 2025, being the date from which the amendments to AASB 10 and AASB 128 were previously to apply mandatorily. Earlier application is permitted.	Minimal

Accounting Standards or Pronouncements	Other standards amended as a consequence	Summary of changes	Possible impact
AASB 2026-1 *Amendments to Australian Accounting Standards – Disclosures about Uncertainties in the Financial Statements* (AASB 2026-1)	AASB 136 AASB 137	AASB 2026-1 amends AASB 136 and AASB 137 to add additional illustrative examples to their accompanying guidance. The objective of the new examples is to illustrate how an entity applies the requirements of the Standards to report the effects of uncertainties in its financial statements. In particular, the examples demonstrate: (a) in relation to AASB 136 – how an entity discloses information about the key assumptions it uses to determine the recoverable amounts of assets; and (b) in relation to AASB 137 – how an entity might disclose information about plant decommissioning and site-restoration obligations even if their effect on the carrying amount of the entity's plant decommissioning and site-restoration provision is immaterial. This Standard applies to annual periods beginning on or after 1 July 2025 that end on or after 28 February 2026. Earlier application is permitted.	Minimal – Moderate

Future Reporting Periods

Accounting Standards	Other standards amended as a consequence	Summary of changes	Possible impact
AASB 17 *Insurance Contracts* (AASB 17)	AASB 17	AASB 17 will replace AASB 4 *Insurance Contracts* and AASB 1023 *General Insurance Contracts*, 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. AASB 2022-8 *Amendments to Australian Accounting Standards – Insurance Contracts: Consequential Amendments* further deferred the mandatory application date of AASB 17 for public sector entities to annual periods beginning on or after 1 July 2026. 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.	Minimal
AASB 18 *Presentation and Disclosure in Financial Statements* AASB 18 *(NFP/super) Appendix D Amendments to Other Australian Accounting Standards* (AASB 18)	AASB 18 Various Australian Accounting standards amended in Appendix D	AASB 18 will replace AASB 101 *Presentation of Financial Statements*. As a result, the requirements in AASB 101 will be: a) replaced by new requirements in AASB 18; b) transferred to AASB 18 with only limited wording changes; or c) moved to AASB 108 *Basis of Preparation of Financial Statements* or AASB 7 *Financial Instruments: Disclosures* with only limited wording changes. AASB 18 has also introduced changes to AASB 107 *Statement of Cash Flows*, AASB 133 *Earnings per Share* and AASB 134 *Interim Financial Reporting*. 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 Financial Reporting Rule. Disclosure requirements under Tier 2 will be determined through a separate due process with amendments being made subsequently to AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-For-Profit Tier 2 Entities* as required. The pronouncement, AASB 18 (NFP/super) Appendix D Amendments to Other Australian Accounting Standards, forms part of Appendix D and implements consequential	Moderate - High

Accounting Standards	Other standards amended as a consequence	Summary of changes	Possible impact
		amendments to other AAS to ensure consistency with the AASB 18 framework, including tailored amendments for not-for-profit and superannuation entities.	
AASB 1061 *General Purpose Financial Statements – Not-for-Profit Private Sector Tier 3 Entities* (AASB 1061)	AASB 1061	AASB 1061 sets out new, separate recognition (recording), measurement, presentation and disclosure requirements for a new tier of reporting requirements (Tier 3), which is applicable to certain not-for-profit private sector entities. This Standard has been developed through applying a new approach and principles based on considering preparer costs and the information needs of users of general purpose financial statements to determine the modified recognition, measurement, presentation and disclosure requirements that are appropriate for Tier 3 entities. Tier 3 entities are notfor-profit private sector entities that are not publicly accountable and are not prohibited from applying this Standard by legislation or their constituting document or another document. AASB 1061 applies to annual reporting periods beginning on or after 1 July 2029. Earlier application is permitted.	Minimal
AASB 2014-10 *Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (AASB 2014-10)	AASB 10 AASB 128	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: 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. The effective date of this amending pronouncement has been deferred to annual periods beginning on or after 1 January 2028 (see AASB 2024-4).	Minimal

Accounting Standards	Other standards amended as a consequence	Summary of changes	Possible impact
AASB 2022-9 *Amendments to Australian Accounting Standards – Insurance Contracts in the Public Sector* (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 *Insurance Contracts* to include modifications that apply to public sector entities. AASB 17 will apply to annual periods beginning on or after 1 July 2026. AASB 2022-9 also amends AASB 1050 to provide an accounting policy choice for government departments to apply either AASB 17 or AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* 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**
AASB 2024-2 *Amendments to Australian Accounting Standards – Classification and Measurement of Financial Instruments* (AASB 2024-2)	AASB 7 AASB 9	AASB 2024-2 amends AASB 7 *Financial Instruments: Disclosures* and AASB 9 *Financial Instruments* in relation to the classification and measurement requirements in AASB 9 and related requirements in AASB 7. This Standard amends requirements related to: 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. 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. AASB 2024-2 applies to annual periods beginning on or after 1 January 2026.	Minimal
AASB 2024-3 *Amendments to Australian Accounting Standards – Annual Improvements Volume 11* (AASB 2024-3)	AASB 1 AASB 7 AASB 9 AASB 10 AASB 107	AASB 2024-3 makes minor amendments to AASB 1 *First-time Adoption of Australian Accounting Standards*, AASB 7 *Financial Instruments: Disclosures*, AASB 9 *Financial Instruments*, AASB 10 *Consolidated Financial Statements* and AASB 107 *Statement of Cash Flows* to address inconsistencies or to clarify requirements. The Standard applies to annual periods beginning on or after 1 January 2026.	Minimal
AASB 2024-4 *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128* (AASB 2024-4b)	AASB 10 AASB 128	This Standard defers the mandatory application date of amendments to AASB 10 and AASB 128 that were originally made in AASB 2014-10 *Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* so that the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2028 instead of 1 January 2025. Earlier application of this Standard is permitted.	Minimal

Accounting Standards	**Other standards amended as a consequence**	**Summary of changes**	**Possible impact**
AASB 2025-1 *Amendments to Australian Accounting Standards – Contracts Referencing Nature-dependent Electricity* (AASB 2025-1)	AASB 7 AASB 9	AASB 2025-1 amends AASB 7 *Financial Instruments: Disclosures* and AASB 9 *Financial Instruments* 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 *Amendments to Australian Accounting Standards – Classification and Measurement of Financial Instruments: Tier 2 Disclosures* (AASB 2025-2)	AASB 1060	AASB 2025-2 amends AASB 1060 *General Purpose Financial Statements –Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities.* 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

Accounting Standards	Other standards amended as a consequence	Summary of changes	Possible impact
AASB 2025-3 *Amendments to Australian Accounting Standards – Contracts Referencing Nature-dependent Electricity: Tier 2 Disclosures* (AASB 2025-3)	AASB 1060	AASB 2025-3 amends AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* (March 2020) to require a Tier 2 entity to disclose information about nature-dependent electricity contracts that meet the 'own-use' criteria and are recognised as procurement contracts. This amendment reflects the issuance of AASB 2025-1 Amendments to Australian Accounting Standards – Contracts Referencing Nature-dependent Electricity, which amended AASB 7 Financial Instruments: Disclosures (August 2015) and AASB 9 Financial Instruments (December 2014), and extends some of the new disclosure requirements to Tier 2 entities. AASB 2025-3 applies to annual periods beginning on or after 1 January 2026. Earlier application is permitted.	Minimal
AASB 2025-4 *Amendments to Australian Accounting Standards – Translation to a Hyperinflationary Presentation Currency* (AASB 2025-4)	AASB 121 AASB 129	AASB 2025-4 amends AASB 121 and AASB 129 to clarify the translation procedures for an entity whose presentation currency is that of a hyperinflationary economy, in the following circumstances: (a) the entity's functional currency is that of a non-hyperinflationary economy and it is translating its results and financial position into the currency of a hyperinflationary economy; and (b) the entity is translating into the currency of a hyperinflationary economy the results and financial position of a foreign operation whose functional currency is that of a non-hyperinflationary economy. AASB 2025-4 applies to annual periods beginning on or after 1 January 2027. Earlier application is permitted.	Minimal

Accounting Standards	**Other standards amended as a consequence**	**Summary of changes**	**Possible impact**
AASB 2026-2 *Amendments to Australian Accounting Standards – Extending the Application of the Conceptual Framework and Limiting the Ability of Not-for-Profit Entities to Prepare Special Purpose Financial Statements* (AASB 2026-2)	Conceptual Framework for Financial Reporting and various Australian Accounting Standards	AASB 2026-2 makes amendments to the Conceptual Framework for Financial Reporting (Conceptual Framework) and AASB 1057 Application of Australian Accounting Standards to: (a) extend the application of the Conceptual Framework and Australian Accounting Standards to not-for-profit entities (both private sector and public sector) (b) introduce 'Aus' paragraphs to the Conceptual Framework to add Australian-specific guidance for not-for-profit entities. AASB 2026-2 also consequentially amends AASB 1054 Australian Additional Disclosures to revise the set of not-for-profit private sector entities required to provide specified disclosures in special purpose financial statements, where prepared, and to amend the extent of disclosure required. When the amendments are applicable, some not-for-profit entities might need to prepare general purpose financial statements for the first time. AASB 2026-2 amends AASB 1053 Application of Tiers of Australian Accounting Standards to make transitional relief available for those entities preparing general purpose financial statements complying with Tier 2: Australian Accounting Standards – Simplified Disclosures reporting requirements for the first time. In addition, AASB 2026-2 also makes consequential amendments to various Australian Accounting Standards resulting from the amendments above, and to the Framework for the Preparation and Presentation of Financial Statements, Statement of Accounting Concepts SAC 1 Definition of the Reporting Entity and AASB Practice Statement 2 Making Materiality Judgements. AASB 2026-2 applies to annual periods beginning on or after 1 July 2029. Earlier application is permitted.	Minimal