

# **Presentation of Financial Statements**

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This compiled Standard applies to annual periods beginning on or after 1 January 2024. Earlier application is permitted for annual periods beginning after 24 July 2014 but before 1 January 2024. It incorporates relevant amendments made up to and including 15 December 2022.

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COMPARISON WITH IAS 1

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Australian Accounting Standard AASB 101 *Presentation of Financial Statements* (as amended) is set out in paragraphs 1 – Aus140.2 and Appendices A and B. All the paragraphs have equal authority. Paragraphs in **bold type** state the main principles. AASB 101 is to be read in the context of other Australian Accounting Standards, including AASB 1048 *Interpretation of Standards*, which identifies the Australian Accounting Interpretations, and AASB 1057 *Application of Australian Accounting Standards*. In the absence of explicit guidance, AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* provides a basis for selecting and applying accounting policies.

## Comparison with IAS 1

AASB 101 *Presentation of Financial Statements* as amended incorporates IAS 1 *Presentation of Financial Statements* as issued and amended by the International Accounting Standards Board (IASB). Australian-specific paragraphs (which are not included in IAS 1) are identified with the prefix “Aus”. Paragraphs that apply only to not-for-profit entities begin by identifying their limited applicability.

### Tier 1

For-profit entities complying with AASB 101 also comply with IAS 1.

Not-for-profit entities’ compliance with IAS 1 will depend on whether any “Aus” paragraphs that specifically apply to not-for-profit entities provide additional guidance or contain applicable requirements that are inconsistent with IAS 1.

AASB 1053 *Application of Tiers of Australian Accounting Standards* explains the two tiers of reporting requirements.

## Accounting Standard AASB 101

The Australian Accounting Standards Board made Accounting Standard AASB 101 *Presentation of Financial Statements* under section 334 of the *Corporations Act 2001* on 24 July 2015.

This compiled version of AASB 101 applies to annual periods beginning on or after 1 January 2024. It incorporates relevant amendments contained in other AASB Standards made by the AASB up to and including 15 December 2022 (see Compilation Details).

## Accounting Standard AASB 101 *Presentation of Financial Statements*

### Objective

- 1 This Standard prescribes the basis for presentation of general purpose financial statements to ensure comparability both with the entity's financial statements of previous periods and with the financial statements of other entities. It sets out overall requirements for the presentation of financial statements, guidelines for their structure and minimum requirements for their content.

AusCF1 AusCF paragraphs and footnotes included in this Standard apply only to:

- (a) not-for-profit entities; and
- (b) for-profit entities that are not applying the *Conceptual Framework for Financial Reporting* (as identified in AASB 1048 *Interpretation of Standards*).

Such entities are referred to as 'AusCF entities'. For AusCF entities, the term 'reporting entity' is defined in AASB 1057 *Application of Australian Accounting Standards* and Statement of Accounting Concepts SAC 1 *Definition of the Reporting Entity* also applies. For-profit entities applying the *Conceptual Framework for Financial Reporting* (as set out in paragraph Aus1.1 of the *Conceptual Framework*) shall not apply AusCF paragraphs or footnotes.

### Scope

- 2 [Deleted by the AASB]
- 3 Other Australian Accounting Standards set out the recognition, measurement and disclosure requirements for specific transactions and other events.
- 4 This Standard does not apply to the structure and content of condensed interim financial statements prepared in accordance with AASB 134 *Interim Financial Reporting*. However, paragraphs 15–35 apply to such financial statements. This Standard applies equally to all entities, including those that present consolidated financial statements in accordance with AASB 10 *Consolidated Financial Statements* and those that present separate financial statements in accordance with AASB 127 *Separate Financial Statements*.
- 5 This Standard uses terminology that is suitable for profit-oriented entities, including public sector business entities. If entities with not-for-profit activities in the private sector or the public sector apply this Standard, they may need to amend the descriptions used for particular line items in the financial statements and for the financial statements themselves.
- 6 Similarly, entities that do not have equity as defined in AASB 132 *Financial Instruments: Presentation* (eg some mutual funds) and entities whose share capital is not equity (eg some co-operative entities) may need to adapt the financial statement presentation of members' or unitholders' interests.

### Definitions

- 7 The following terms are used in this Standard with the meanings specified:  
*Accounting policies* are defined in paragraph 5 of AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*, and the term is used in this Standard with the same meaning.

**General purpose financial statements** (referred to as ‘financial statements’) are those intended to meet the needs of users who are not in a position to require an entity to prepare reports tailored to their particular information needs.

**Impracticable** Applying a requirement is impracticable when the entity cannot apply it after making every reasonable effort to do so.

**International Financial Reporting Standards (IFRSs)** are Standards and Interpretations issued by the International Accounting Standards Board (IASB). They comprise:

- (a) International Financial Reporting Standards;
- (b) International Accounting Standards;
- (c) IFRIC Interpretations; and
- (d) SIC Interpretations.<sup>1</sup>

**Material:**

**Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.**

Materiality depends on the nature or magnitude of information, or both. An entity assesses whether information, either individually or in combination with other information, is material in the context of its financial statements taken as a whole.

Information is obscured if it is communicated in a way that would have a similar effect for primary users of financial statements to omitting or misstating that information. The following are examples of circumstances that may result in material information being obscured:

- (a) information regarding a material item, transaction or other event is disclosed in the financial statements but the language used is vague or unclear;
- (b) information regarding a material item, transaction or other event is scattered throughout the financial statements;
- (c) dissimilar items, transactions or other events are inappropriately aggregated;
- (d) similar items, transactions or other events are inappropriately disaggregated; and
- (e) the understandability of the financial statements is reduced as a result of material information being hidden by immaterial information to the extent that a primary user is unable to determine what information is material.

Assessing whether information could reasonably be expected to influence decisions made by the primary users of a specific reporting entity’s general purpose financial statements requires an entity to consider the characteristics of those users while also considering the entity’s own circumstances.

Many existing and potential investors, lenders and other creditors cannot require reporting entities to provide information directly to them and must rely on general purpose financial statements for much of the financial information they need. Consequently, they are the primary users to whom general purpose financial statements are directed. Financial statements are prepared for users who have a reasonable knowledge of business and economic activities and who review and analyse the information diligently. At times, even well-informed and diligent users may need to seek the aid of an adviser to understand information about complex economic phenomena.

**Notes contain information in addition to that presented in the statement of financial position, statement(s) of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows. Notes provide narrative descriptions or disaggregations of items presented in those statements and information about items that do not qualify for recognition in those statements.**

**Other comprehensive income** comprises items of income and expense (including reclassification adjustments) that are not recognised in profit or loss as required or permitted by other Australian Accounting Standards.

The components of other comprehensive income include:

- (a) changes in revaluation surplus (see AASB 116 *Property, Plant and Equipment* and AASB 138 *Intangible Assets*);

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<sup>1</sup> Definition of IFRSs amended after the name changes introduced by the revised Constitution of the IFRS Foundation in 2010. Interpretations are identified in AASB 1048 *Interpretation of Standards*.

- (b) remeasurements of defined benefit plans (see AASB 119 *Employee Benefits*);
- (c) gains and losses arising from translating the financial statements of a foreign operation (see AASB 121 *The Effects of Changes in Foreign Exchange Rates*);
- (d) gains and losses from investments in equity instruments designated at fair value through other comprehensive income in accordance with paragraph 5.7.5 of AASB 9 *Financial Instruments*;
- (da) gains and losses on financial assets measured at fair value through other comprehensive income in accordance with paragraph 4.1.2A of AASB 9.
- (e) the effective portion of gains and losses on hedging instruments in a cash flow hedge and the gains and losses on hedging instruments that hedge investments in equity instruments measured at fair value through other comprehensive income in accordance with paragraph 5.7.5 of AASB 9 (see Chapter 6 of AASB 9);
- (f) for particular liabilities designated as at fair value through profit or loss, the amount of the change in fair value that is attributable to changes in the liability's credit risk (see paragraph 5.7.7 of AASB 9);
- (g) changes in the value of the time value of options when separating the intrinsic value and time value of an option contract and designating as the hedging instrument only the changes in the intrinsic value (see Chapter 6 of AASB 9);
- (h) changes in the value of the forward elements of forward contracts when separating the forward element and spot element of a forward contract and designating as the hedging instrument only the changes in the spot element, and changes in the value of the foreign currency basis spread of a financial instrument when excluding it from the designation of that financial instrument as the hedging instrument (see Chapter 6 of AASB 9);
- (i) insurance finance income and expenses from contracts issued within the scope of AASB 17 *Insurance Contracts* excluded from profit or loss when total insurance finance income or expenses is disaggregated to include in profit or loss an amount determined by a systematic allocation applying paragraph 88(b) of AASB 17, or by an amount that eliminates accounting mismatches with the finance income or expenses arising on the underlying items, applying paragraph 89(b) of AASB 17; and
- (j) finance income and expenses from reinsurance contracts held excluded from profit or loss when total reinsurance finance income or expenses is disaggregated to include in profit or loss an amount determined by a systematic allocation applying paragraph 88(b) of AASB 17.

**Owners are holders of instruments classified as equity.**

**Profit or loss is the total of income less expenses, excluding the components of other comprehensive income.**

**Reclassification adjustments are amounts reclassified to profit or loss in the current period that were recognised in other comprehensive income in the current or previous periods.**

**Total comprehensive income is the change in equity during a period resulting from transactions and other events, other than those changes resulting from transactions with owners in their capacity as owners.**

Total comprehensive income comprises all components of 'profit or loss' and of 'other comprehensive income'.

8 Although this Standard uses the terms 'other comprehensive income', 'profit or loss' and 'total comprehensive income', an entity may use other terms to describe the totals as long as the meaning is clear. For example, an entity may use the term 'net income' to describe profit or loss.

8A The following terms are described in AASB 132 *Financial Instruments: Presentation* and are used in this Standard with the meaning specified in AASB 132:

- (a) puttable financial instrument classified as an equity instrument (described in paragraphs 16A and 16B of AASB 132)
- (b) an instrument that imposes on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation and is classified as an equity instrument (described in paragraphs 16C and 16D of AASB 132).



## Financial statements

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### Purpose of financial statements

- 9 Financial statements are a structured representation of the financial position and financial performance of an entity. The objective of financial statements is to provide information about the financial position, financial performance and cash flows of an entity that is useful to a wide range of users in making economic decisions. Financial statements also show the results of the management's stewardship of the resources entrusted to it. To meet this objective, financial statements provide information about an entity's:

- (a) assets;
- (b) liabilities;
- (c) equity;
- (d) income and expenses, including gains and losses;
- (e) contributions by and distributions to owners in their capacity as owners; and
- (f) cash flows.

This information, along with other information in the notes, assists users of financial statements in predicting the entity's future cash flows and, in particular, their timing and certainty.

### Complete set of financial statements

- 10 A complete set of financial statements comprises:

- (a) a statement of financial position as at the end of the period;
- (b) a statement of profit or loss and other comprehensive income for the period;
- (c) a statement of changes in equity for the period;
- (d) a statement of cash flows for the period;
- (e) notes, comprising material accounting policy information and other explanatory information;
- (ea) comparative information in respect of the preceding period as specified in paragraphs 38 and 38A; and
- (f) a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements in accordance with paragraphs 40A–40D.

An entity may use titles for the statements other than those used in this Standard. For example, an entity may use the title 'statement of comprehensive income' instead of 'statement of profit or loss and other comprehensive income'.

- 10A An entity may present a single statement of profit or loss and other comprehensive income, with profit or loss and other comprehensive income presented in two sections. The sections shall be presented together, with the profit or loss section presented first followed directly by the other comprehensive income section. An entity may present the profit or loss section in a separate statement of profit or loss. If so, the separate statement of profit or loss shall immediately precede the statement presenting comprehensive income, which shall begin with profit or loss.

- 11 An entity shall present with equal prominence all of the financial statements in a complete set of financial statements.

- 12 [Deleted]

- 13 Many entities present, outside the financial statements, a financial review by management that describes and explains the main features of the entity's financial performance and financial position, and the principal uncertainties it faces. Such a report may include a review of:

- (a) the main factors and influences determining financial performance, including changes in the environment in which the entity operates, the entity's response to those changes and their effect, and the entity's policy for investment to maintain and enhance financial performance, including its dividend policy;
- (b) the entity's sources of funding and its targeted ratio of liabilities to equity; and

- (c) the entity's resources not recognised in the statement of financial position in accordance with Australian Accounting Standards.
- 14 Many entities also present, outside the financial statements, reports and statements such as environmental reports and value added statements, particularly in industries in which environmental factors are significant and when employees are regarded as an important user group. Reports and statements presented outside financial statements are outside the scope of Australian Accounting Standards.

## General features

### Fair presentation and compliance with Standards

- 15 **Financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the *Conceptual Framework for Financial Reporting (Conceptual Framework)*. The application of Australian Accounting Standards, with additional disclosure when necessary, is presumed to result in financial statements that achieve a fair presentation.**
- AusCF15 Notwithstanding paragraph 15, in respect of AusCF entities, financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the Framework.<sup>AusCF2</sup> The application of Australian Accounting Standards, with additional disclosure when necessary, is presumed to result in financial statements that achieve a fair presentation.
- 16 **An entity whose financial statements comply with IFRSs shall make an explicit and unreserved statement of such compliance in the notes. An entity shall not describe financial statements as complying with IFRSs unless they comply with all the requirements of IFRSs.**
- Aus16.1 [Deleted by the AASB]
- Aus16.2 [Deleted by the AASB]
- Aus16.3 Not-for-profit entities need not comply with the paragraph 16 requirement to make an explicit and unreserved statement of compliance with IFRSs.
- 17 In virtually all circumstances, an entity achieves a fair presentation by compliance with applicable Australian Accounting Standards. A fair presentation also requires an entity:
- (a) to select and apply accounting policies in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. AASB 108 sets out a hierarchy of authoritative guidance that management considers in the absence of an Australian Accounting Standard that specifically applies to an item.
  - (b) to present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information.
  - (c) to provide additional disclosures when compliance with the specific requirements in Australian Accounting Standards is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.
- 18 **An entity cannot rectify inappropriate accounting policies either by disclosure of the accounting policies used or by notes or explanatory material.**
- 19 **In the extremely rare circumstances in which management concludes that compliance with a requirement in an Australian Accounting Standard would be so misleading that it would conflict with the objective of financial statements set out in the *Conceptual Framework*, the entity shall depart from that requirement in the manner set out in paragraph 20 if the relevant regulatory framework requires, or otherwise does not prohibit, such a departure.**

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AusCF2 Paragraphs AusCF15–AusCF24 contain references to the objective of financial statements set out in the *Framework for the Preparation and Presentation of Financial Statements* (as identified in AASB 1048). In December 2013 the AASB amended the *Framework*, and thereby replaced the objective of financial statements with the objective of general purpose financial reporting: see Chapter 1 of the *Framework*.

- AusCF19** Notwithstanding paragraph 19, in respect of AusCF entities, in the extremely rare circumstances in which management concludes that compliance with a requirement in an Australian Accounting Standard would be so misleading that it would conflict with the objective of financial statements set out in the *Framework*, the entity shall depart from that requirement in the manner set out in paragraph AusCF20 if the relevant regulatory framework requires, or otherwise does not prohibit, such a departure.
- Aus19.1** In relation to paragraph 19, the following shall not depart from a requirement in an Australian Accounting Standard:
- (a) entities required to prepare financial reports under Part 2M.3 of the Corporations Act;
  - (b) private and public sector not-for-profit entities; and
  - (c) entities applying Australian Accounting Standards – Simplified Disclosures.
- 20** When an entity departs from a requirement of an Australian Accounting Standard in accordance with paragraph 19, it shall disclose:
- (a) that management has concluded that the financial statements present fairly the entity's financial position, financial performance and cash flows;
  - (b) that it has complied with applicable Australian Accounting Standards, except that it has departed from a particular requirement to achieve a fair presentation;
  - (c) the title of the Australian Accounting Standard from which the entity has departed, the nature of the departure, including the treatment that the Australian Accounting Standard would require, the reason why that treatment would be so misleading in the circumstances that it would conflict with the objective of financial statements set out in the *Conceptual Framework*, and the treatment adopted; and
  - (d) for each period presented, the financial effect of the departure on each item in the financial statements that would have been reported in complying with the requirement.
- AusCF20** Notwithstanding paragraph 20, in respect of AusCF entities, when an entity departs from a requirement of an Australian Accounting Standard in accordance with paragraph AusCF19, it shall disclose:
- (a) that management has concluded that the financial statements present fairly the entity's financial position, financial performance and cash flows;
  - (b) that it has complied with applicable Australian Accounting Standards, except that it has departed from a particular requirement to achieve a fair presentation;
  - (c) the title of the Australian Accounting Standard from which the entity has departed, the nature of the departure, including the treatment that the Australian Accounting Standard would require, the reason why that treatment would be so misleading in the circumstances that it would conflict with the objective of financial statements set out in the *Framework*, and the treatment adopted; and
  - (d) for each period presented, the financial effect of the departure on each item in the financial statements that would have been reported in complying with the requirement.
- 21** When an entity has departed from a requirement of an Australian Accounting Standard in a prior period, and that departure affects the amounts recognised in the financial statements for the current period, it shall make the disclosures set out in paragraph 20(c) and (d).
- 22** Paragraph 21 applies, for example, when an entity departed in a prior period from a requirement in an Australian Accounting Standard for the measurement of assets or liabilities and that departure affects the measurement of changes in assets and liabilities recognised in the current period's financial statements.
- 23** In the extremely rare circumstances in which management concludes that compliance with a requirement in an Australian Accounting Standard would be so misleading that it would conflict with the objective of financial statements set out in the *Conceptual Framework*, but the relevant regulatory framework prohibits departure from the requirement, the entity shall, to the maximum extent possible, reduce the perceived misleading aspects of compliance by disclosing:
- (a) the title of the Australian Accounting Standard in question, the nature of the requirement, and the reason why management has concluded that complying with that requirement is so misleading in the circumstances that it conflicts with the objective of financial statements set out in the *Conceptual Framework*; and

- (b) for each period presented, the adjustments to each item in the financial statements that management has concluded would be necessary to achieve a fair presentation.
- AusCF23 Notwithstanding paragraph 23, in respect of AusCF entities, in the extremely rare circumstances in which management concludes that compliance with a requirement in an Australian Accounting Standard would be so misleading that it would conflict with the objective of financial statements set out in the *Framework*, but the relevant regulatory framework prohibits departure from the requirement, the entity shall, to the maximum extent possible, reduce the perceived misleading aspects of compliance by disclosing:
- (a) the title of the Australian Accounting Standard in question, the nature of the requirement, and the reason why management has concluded that complying with that requirement is so misleading in the circumstances that it conflicts with the objective of financial statements set out in the *Framework*; and
- (b) for each period presented, the adjustments to each item in the financial statements that management has concluded would be necessary to achieve a fair presentation.
- 24 For the purpose of paragraphs 19–23, an item of information would conflict with the objective of financial statements when it does not represent faithfully the transactions, other events and conditions that it either purports to represent or could reasonably be expected to represent and, consequently, it would be likely to influence economic decisions made by users of financial statements. When assessing whether complying with a specific requirement in an Australian Accounting Standard would be so misleading that it would conflict with the objective of financial statements set out in the *Conceptual Framework*, management considers:
- (a) why the objective of financial statements is not achieved in the particular circumstances; and
- (b) how the entity's circumstances differ from those of other entities that comply with the requirement. If other entities in similar circumstances comply with the requirement, there is a rebuttable presumption that the entity's compliance with the requirement would not be so misleading that it would conflict with the objective of financial statements set out in the *Conceptual Framework*.
- AusCF24 Notwithstanding paragraph 24, in respect of AusCF entities, for the purpose of paragraphs AusCF19–AusCF23, an item of information would conflict with the objective of financial statements when it does not represent faithfully the transactions, other events and conditions that it either purports to represent or could reasonably be expected to represent and, consequently, it would be likely to influence economic decisions made by users of financial statements. When assessing whether complying with a specific requirement in an Australian Accounting Standard would be so misleading that it would conflict with the objective of financial statements set out in the *Framework*, management considers:
- (a) why the objective of financial statements is not achieved in the particular circumstances; and
- (b) how the entity's circumstances differ from those of other entities that comply with the requirement. If other entities in similar circumstances comply with the requirement, there is a rebuttable presumption that the entity's compliance with the requirement would not be so misleading that it would conflict with the objective of financial statements set out in the *Framework*.

## Going concern

- 25 When preparing financial statements, management shall make an assessment of an entity's ability to continue as a going concern. An entity shall prepare financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so. When management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern, the entity shall disclose those uncertainties. When an entity does not prepare financial statements on a going concern basis, it shall disclose that fact, together with the basis on which it prepared the financial statements and the reason why the entity is not regarded as a going concern.
- 26 In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. The degree of consideration depends on the facts in each case. When an entity has a history of profitable operations and ready access to financial resources, the entity may reach a conclusion that the going concern basis of accounting is appropriate without detailed analysis. In other cases,

management may need to consider a wide range of factors relating to current and expected profitability, debt repayment schedules and potential sources of replacement financing before it can satisfy itself that the going concern basis is appropriate.

## Accrual basis of accounting

- 27 **An entity shall prepare its financial statements, except for cash flow information, using the accrual basis of accounting.**
- 28 When the accrual basis of accounting is used, an entity recognises items as assets, liabilities, equity, income and expenses (the elements of financial statements) when they satisfy the definitions and recognition criteria for those elements in the *Conceptual Framework*.
- AusCF28 Notwithstanding paragraph 28, in respect of AusCF entities, when the accrual basis of accounting is used, an entity recognises items as assets, liabilities, equity, income and expenses (the elements of financial statements) when they satisfy the definitions and recognition criteria for those elements in the Framework.<sup>AusCF3</sup>

## Materiality and aggregation

- 29 **An entity shall present separately each material class of similar items. An entity shall present separately items of a dissimilar nature or function unless they are immaterial.**
- 30 Financial statements result from processing large numbers of transactions or other events that are aggregated into classes according to their nature or function. The final stage in the process of aggregation and classification is the presentation of condensed and classified data, which form line items in the financial statements. If a line item is not individually material, it is aggregated with other items either in those statements or in the notes. An item that is not sufficiently material to warrant separate presentation in those statements may warrant separate presentation in the notes.
- 30A When applying this and other Australian Accounting Standards an entity shall decide, taking into consideration all relevant facts and circumstances, how it aggregates information in the financial statements, which include the notes. An entity shall not reduce the understandability of its financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.
- 31 Some Australian Accounting Standards specify information that is required to be included in the financial statements, which include the notes. An entity need not provide a specific disclosure required by an Australian Accounting Standard if the information resulting from that disclosure is not material. This is the case even if the Australian Accounting Standard contains a list of specific requirements or describes them as minimum requirements. An entity shall also consider whether to provide additional disclosures when compliance with the specific requirements in Australian Accounting Standards is insufficient to enable users of financial statements to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

## Offsetting

- 32 **An entity shall not offset assets and liabilities or income and expenses, unless required or permitted by an Australian Accounting Standard.**
- 33 An entity reports separately both assets and liabilities, and income and expenses. Offsetting in the statement(s) of profit or loss and other comprehensive income or financial position, except when offsetting reflects the substance of the transaction or other event, detracts from the ability of users both to understand the transactions, other events and conditions that have occurred and to assess the entity's future cash flows. Measuring assets net of valuation allowances—for example, obsolescence allowances on inventories and doubtful debts allowances on receivables—is not offsetting.
- 34 AASB 15 *Revenue from Contracts with Customers* requires an entity to measure revenue from contracts with customers at the amount of consideration to which the entity expects to be entitled in exchange for transferring promised goods or services. For example, the amount of revenue recognised reflects any trade discounts and volume rebates the entity allows. An entity undertakes, in the course of its ordinary activities, other transactions that do not generate revenue but are incidental to the main revenue-generating activities. An entity presents the results of such transactions, when this presentation reflects the substance of the

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AusCF3 The *Framework for the Preparation and Presentation of Financial Statements* was amended by the AASB in December 2013.

transaction or other event, by netting any income with related expenses arising on the same transaction. For example:

- (a) an entity presents gains and losses on the disposal of non-current assets, including investments and operating assets, by deducting from the amount of consideration on disposal the carrying amount of the asset and related selling expenses; and
- (b) an entity may net expenditure related to a provision that is recognised in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and reimbursed under a contractual arrangement with a third party (for example, a supplier's warranty agreement) against the related reimbursement.

35 In addition, an entity presents on a net basis gains and losses arising from a group of similar transactions, for example, foreign exchange gains and losses or gains and losses arising on financial instruments held for trading. However, an entity presents such gains and losses separately if they are material.

## **Frequency of reporting**

36 **An entity shall present a complete set of financial statements (including comparative information) at least annually. When an entity changes the end of its reporting period and presents financial statements for a period longer or shorter than one year, an entity shall disclose, in addition to the period covered by the financial statements:**

- (a) **the reason for using a longer or shorter period, and**
- (b) **the fact that amounts presented in the financial statements are not entirely comparable.**

37 Normally, an entity consistently prepares financial statements for a one-year period. However, for practical reasons, some entities prefer to report, for example, for a 52-week period. This Standard does not preclude this practice.

## **Comparative information**

### *Minimum comparative information*

38 **Except when Australian Accounting Standards permit or require otherwise, an entity shall present comparative information in respect of the preceding period for all amounts reported in the current period's financial statements. An entity shall include comparative information for narrative and descriptive information if it is relevant to understanding the current period's financial statements.**

38A **An entity shall present, as a minimum, two statements of financial position, two statements of profit or loss and other comprehensive income, two separate statements of profit or loss (if presented), two statements of cash flows and two statements of changes in equity, and related notes.**

38B In some cases, narrative information provided in the financial statements for the preceding period(s) continues to be relevant in the current period. For example, an entity discloses in the current period details of a legal dispute, the outcome of which was uncertain at the end of the preceding period and is yet to be resolved. Users may benefit from the disclosure of information that the uncertainty existed at the end of the preceding period and from the disclosure of information about the steps that have been taken during the period to resolve the uncertainty.

### *Additional comparative information*

38C An entity may present comparative information in addition to the minimum comparative financial statements required by Australian Accounting Standards, as long as that information is prepared in accordance with Australian Accounting Standards. This comparative information may consist of one or more statements referred to in paragraph 10, but need not comprise a complete set of financial statements. When this is the case, the entity shall present related note information for those additional statements.

38D For example, an entity may present a third statement of profit or loss and other comprehensive income (thereby presenting the current period, the preceding period and one additional comparative period). However, the entity is not required to present a third statement of financial position, a third statement of cash flows or a third statement of changes in equity (ie an additional financial statement comparative). The entity is required to present, in the notes to the financial statements, the comparative information related to that additional statement of profit or loss and other comprehensive income.

39–

40 [Deleted]

*Change in accounting policy, retrospective restatement or reclassification*

**40A** An entity shall present a third statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements required in paragraph 38A if:

- (a) it applies an accounting policy retrospectively, makes a retrospective restatement of items in its financial statements or reclassifies items in its financial statements; and
- (b) the retrospective application, retrospective restatement or the reclassification has a material effect on the information in the statement of financial position at the beginning of the preceding period.

**40B** In the circumstances described in paragraph 40A, an entity shall present three statements of financial position as at:

- (a) the end of the current period;
- (b) the end of the preceding period; and
- (c) the beginning of the preceding period.

**40C** When an entity is required to present an additional statement of financial position in accordance with paragraph 40A, it must disclose the information required by paragraphs 41–44 and AASB 108. However, it need not present the related notes to the opening statement of financial position as at the beginning of the preceding period.

**40D** The date of that opening statement of financial position shall be as at the beginning of the preceding period regardless of whether an entity's financial statements present comparative information for earlier periods (as permitted in paragraph 38C).

**41** If an entity changes the presentation or classification of items in its financial statements, it shall reclassify comparative amounts unless reclassification is impracticable. When an entity reclassifies comparative amounts, it shall disclose (including as at the beginning of the preceding period):

- (a) the nature of the reclassification;
- (b) the amount of each item or class of items that is reclassified; and
- (c) the reason for the reclassification.

**42** When it is impracticable to reclassify comparative amounts, an entity shall disclose:

- (a) the reason for not reclassifying the amounts, and
- (b) the nature of the adjustments that would have been made if the amounts had been reclassified.

**43** Enhancing the inter-period comparability of information assists users in making economic decisions, especially by allowing the assessment of trends in financial information for predictive purposes. In some circumstances, it is impracticable to reclassify comparative information for a particular prior period to achieve comparability with the current period. For example, an entity may not have collected data in the prior period(s) in a way that allows reclassification, and it may be impracticable to recreate the information.

**44** AASB 108 sets out the adjustments to comparative information required when an entity changes an accounting policy or corrects an error.

**Consistency of presentation**

**45** An entity shall retain the presentation and classification of items in the financial statements from one period to the next unless:

- (a) it is apparent, following a significant change in the nature of the entity's operations or a review of its financial statements, that another presentation or classification would be more appropriate having regard to the criteria for the selection and application of accounting policies in AASB 108; or
- (b) an Australian Accounting Standard requires a change in presentation.

**46** For example, a significant acquisition or disposal, or a review of the presentation of the financial statements, might suggest that the financial statements need to be presented differently. An entity changes the presentation of its financial statements only if the changed presentation provides information that is reliable and more relevant to users of the financial statements and the revised structure is likely to continue,

so that comparability is not impaired. When making such changes in presentation, an entity reclassifies its comparative information in accordance with paragraphs 41 and 42.

## Structure and content

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### Introduction

- 47 This Standard requires particular disclosures in the statement of financial position or the statement(s) of profit or loss and other comprehensive income, or in the statement of changes in equity and requires disclosure of other line items either in those statements or in the notes. AASB 107 *Statement of Cash Flows* sets out requirements for the presentation of cash flow information.
- 48 This Standard sometimes uses the term ‘disclosure’ in a broad sense, encompassing items presented in the financial statements. Disclosures are also required by other Australian Accounting Standards. Unless specified to the contrary elsewhere in this Standard or in another Australian Accounting Standard, such disclosures may be made in the financial statements.

### Identification of the financial statements

- 49 **An entity shall clearly identify the financial statements and distinguish them from other information in the same published document.**
- 50 Australian Accounting Standards apply only to financial statements, and not necessarily to other information presented in an annual report, a regulatory filing, or another document. Therefore, it is important that users can distinguish information that is prepared using Australian Accounting Standards from other information that may be useful to users but is not the subject of those requirements.
- 51 **An entity shall clearly identify each financial statement and the notes. In addition, an entity shall display the following information prominently, and repeat it when necessary for the information presented to be understandable:**
- (a) **the name of the reporting entity or other means of identification, and any change in that information from the end of the preceding reporting period;**
  - (b) **whether the financial statements are of an individual entity or a group of entities;**
  - (c) **the date of the end of the reporting period or the period covered by the set of financial statements or notes;**
  - (d) **the presentation currency, as defined in AASB 121; and**
  - (e) **the level of rounding used in presenting amounts in the financial statements.**
- 52 An entity meets the requirements in paragraph 51 by presenting appropriate headings for pages, statements, notes, columns and the like. Judgement is required in determining the best way of presenting such information. For example, when an entity presents the financial statements electronically, separate pages are not always used; an entity then presents the above items to ensure that the information included in the financial statements can be understood.
- 53 An entity often makes financial statements more understandable by presenting information in thousands or millions of units of the presentation currency. This is acceptable as long as the entity discloses the level of rounding and does not omit material information.

### Statement of financial position

#### Information to be presented in the statement of financial position

- 54 **The statement of financial position shall include line items that present the following amounts:**
- (a) **property, plant and equipment;**
  - (b) **investment property;**
  - (c) **intangible assets;**
  - (d) **financial assets (excluding amounts shown under (e), (h) and (i));**
  - (da) **portfolios of contracts within the scope of AASB 17 that are assets, disaggregated as required by paragraph 78 of AASB 17;**



- (e) investments accounted for using the equity method;
  - (f) biological assets within the scope of AASB 141 *Agriculture*;
  - (g) inventories;
  - (h) trade and other receivables;
  - (i) cash and cash equivalents;
  - (j) the total of assets classified as held for sale and assets included in disposal groups classified as held for sale in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*;
  - (k) trade and other payables;
  - (l) provisions;
  - (m) financial liabilities (excluding amounts shown under (k) and (l));
  - (ma) portfolios of contracts within the scope of AASB 17 that are liabilities, disaggregated as required by paragraph 78 of AASB 17;
  - (n) liabilities and assets for current tax, as defined in AASB 112 *Income Taxes*;
  - (o) deferred tax liabilities and deferred tax assets, as defined in AASB 112;
  - (p) liabilities included in disposal groups classified as held for sale in accordance with AASB 5;
  - (q) non-controlling interests, presented within equity; and
  - (r) issued capital and reserves attributable to owners of the parent.
- 55 An entity shall present additional line items (including by disaggregating the line items listed in paragraph 54), headings and subtotals in the statement of financial position when such presentation is relevant to an understanding of the entity's financial position.
- 55A When an entity presents subtotals in accordance with paragraph 55, those subtotals shall:
- (a) be comprised of line items made up of amounts recognised and measured in accordance with Australian Accounting Standards;
  - (b) be presented and labelled in a manner that makes the line items that constitute the subtotal clear and understandable;
  - (c) be consistent from period to period, in accordance with paragraph 45; and
  - (d) not be displayed with more prominence than the subtotals and totals required in Australian Accounting Standards for the statement of financial position.
- 56 When an entity presents current and non-current assets, and current and non-current liabilities, as separate classifications in its statement of financial position, it shall not classify deferred tax assets (liabilities) as current assets (liabilities).
- 57 This Standard does not prescribe the order or format in which an entity presents items. Paragraph 54 simply lists items that are sufficiently different in nature or function to warrant separate presentation in the statement of financial position. In addition:
- (a) line items are included when the size, nature or function of an item or aggregation of similar items is such that separate presentation is relevant to an understanding of the entity's financial position; and
  - (b) the descriptions used and the ordering of items or aggregation of similar items may be amended according to the nature of the entity and its transactions, to provide information that is relevant to an understanding of the entity's financial position. For example, a financial institution may amend the above descriptions to provide information that is relevant to the operations of a financial institution.
- 58 An entity makes the judgement about whether to present additional items separately on the basis of an assessment of:
- (a) the nature and liquidity of assets;
  - (b) the function of assets within the entity; and
  - (c) the amounts, nature and timing of liabilities.

- 59 The use of different measurement bases for different classes of assets suggests that their nature or function differs and, therefore, that an entity presents them as separate line items. For example, different classes of property, plant and equipment can be carried at cost or at revalued amounts in accordance with AASB 116.

### **Current/non-current distinction**

- 60 **An entity shall present current and non-current assets, and current and non-current liabilities, as separate classifications in its statement of financial position in accordance with paragraphs 66–76B except when a presentation based on liquidity provides information that is reliable and more relevant. When that exception applies, an entity shall present all assets and liabilities in order of liquidity.**
- 61 **Whichever method of presentation is adopted, an entity shall disclose the amount expected to be recovered or settled after more than twelve months for each asset and liability line item that combines amounts expected to be recovered or settled:**
- (a) **no more than twelve months after the reporting period, and**
  - (b) **more than twelve months after the reporting period.**
- 62 When an entity supplies goods or services within a clearly identifiable operating cycle, separate classification of current and non-current assets and liabilities in the statement of financial position provides useful information by distinguishing the net assets that are continuously circulating as working capital from those used in the entity's long-term operations. It also highlights assets that are expected to be realised within the current operating cycle, and liabilities that are due for settlement within the same period.
- 63 For some entities, such as financial institutions, a presentation of assets and liabilities in increasing or decreasing order of liquidity provides information that is reliable and more relevant than a current/non-current presentation because the entity does not supply goods or services within a clearly identifiable operating cycle.
- 64 In applying paragraph 60, an entity is permitted to present some of its assets and liabilities using a current/non-current classification and others in order of liquidity when this provides information that is reliable and more relevant. The need for a mixed basis of presentation might arise when an entity has diverse operations.
- 65 Information about expected dates of realisation of assets and liabilities is useful in assessing the liquidity and solvency of an entity. AASB 7 *Financial Instruments: Disclosures* requires disclosure of the maturity dates of financial assets and financial liabilities. Financial assets include trade and other receivables, and financial liabilities include trade and other payables. Information on the expected date of recovery of non-monetary assets such as inventories and expected date of settlement for liabilities such as provisions is also useful, whether assets and liabilities are classified as current or as non-current. For example, an entity discloses the amount of inventories that are expected to be recovered more than twelve months after the reporting period.

### **Current assets**

- 66 **An entity shall classify an asset as current when:**
- (a) **it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;**
  - (b) **it holds the asset primarily for the purpose of trading;**
  - (c) **it expects to realise the asset within twelve months after the reporting period; or**
  - (d) **the asset is cash or a cash equivalent (as defined in AASB 107) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.**
- An entity shall classify all other assets as non-current.**
- 67 This Standard uses the term 'non-current' to include tangible, intangible and financial assets of a long-term nature. It does not prohibit the use of alternative descriptions as long as the meaning is clear.
- 68 The operating cycle of an entity is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. When the entity's normal operating cycle is not clearly identifiable, it is assumed to be twelve months. Current assets include assets (such as inventories and trade receivables) that are sold, consumed or realised as part of the normal operating cycle even when they are not expected to be realised within twelve months after the reporting period. Current assets also include assets held primarily for the purpose of trading (examples include some financial assets that meet the definition of held for trading in AASB 9) and the current portion of non-current financial assets.

## Current liabilities

69 An entity shall classify a liability as current when:

- (a) it expects to settle the liability in its normal operating cycle;
- (b) it holds the liability primarily for the purpose of trading;
- (c) the liability is due to be settled within twelve months after the reporting period; or
- (d) it does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

An entity shall classify all other liabilities as non-current.

### *Normal operating cycle (paragraph 69(a))*

70 Some current liabilities, such as trade payables and some accruals for employee and other operating costs, are part of the working capital used in the entity's normal operating cycle. An entity classifies such operating items as current liabilities even if they are due to be settled more than twelve months after the reporting period. The same normal operating cycle applies to the classification of an entity's assets and liabilities. When the entity's normal operating cycle is not clearly identifiable, it is assumed to be twelve months.

### *Held primarily for the purpose of trading (paragraph 69(b)) or due to be settled within twelve months (paragraph 69(c))*

71 Other current liabilities are not settled as part of the normal operating cycle, but are due for settlement within twelve months after the reporting period or held primarily for the purpose of trading. Examples are some financial liabilities that meet the definition of held for trading in AASB 9, bank overdrafts, and the current portion of non-current financial liabilities, dividends payable, income taxes and other non-trade payables. Financial liabilities that provide financing on a long-term basis (ie are not part of the working capital used in the entity's normal operating cycle) and are not due for settlement within twelve months after the reporting period are non-current liabilities, subject to paragraphs 72A–75.

72 An entity classifies its financial liabilities as current when they are due to be settled within twelve months after the reporting period, even if:

- (a) the original term was for a period longer than twelve months, and
- (b) an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the financial statements are authorised for issue.

### *Right to defer settlement for at least twelve months (paragraph 69(d))*

72A An entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and, as illustrated in paragraphs 72B–75, must exist at the end of the reporting period.

72B An entity's right to defer settlement of a liability arising from a loan arrangement for at least twelve months after the reporting period may be subject to the entity complying with conditions specified in that loan arrangement (hereafter referred to as 'covenants'). For the purposes of applying paragraph 69(d), such covenants:

- (a) affect whether that right exists at the end of the reporting period – as illustrated in paragraphs 74 – 75 – if an entity is required to comply with the covenant on or before the end of the reporting period. Such a covenant affects whether the right exists at the end of the reporting period even if compliance with the covenant is assessed only after the reporting period (for example, a covenant based on the entity's financial position at the end of the reporting period but assessed for compliance only after the reporting period).
- (b) do not affect whether that right exists at the end of the reporting period if an entity is required to comply with the covenant only after the reporting period (for example, a covenant based on the entity's financial position six months after the end of the reporting period).

73 If an entity has the right, at the end of the reporting period, to roll over an obligation for at least twelve months after the reporting period under an existing loan facility, it classifies the obligation as non-current, even if it would otherwise be due within a shorter period. If the entity has no such right, the entity does not consider the potential to refinance the obligation and classifies the obligation as current.

- 74 When an entity breaches a covenant of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand, it classifies the liability as current, even if the lender agreed, after the reporting period and before the authorisation of the financial statements for issue, not to demand payment as a consequence of the breach. An entity classifies the liability as current because, at the end of the reporting period, it does not have the right to defer its settlement for at least twelve months after that date.
- 75 However, an entity classifies the liability as non-current if the lender agreed by the end of the reporting period to provide a period of grace ending at least twelve months after the reporting period, within which the entity can rectify the breach and during which the lender cannot demand immediate repayment.
- 75A Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least twelve months after the reporting period. If a liability meets the criteria in paragraph 69 for classification as non-current, it is classified as non-current even if management intends or expects the entity to settle the liability within twelve months after the reporting period, or even if the entity settles the liability between the end of the reporting period and the date the financial statements are authorised for issue. However, in either of those circumstances, the entity may need to disclose information about the timing of settlement to enable users of its financial statements to understand the impact of the liability on the entity's financial position (see paragraphs 17(c) and 76(d)).
- 76 If the following events occur between the end of the reporting period and the date the financial statements are authorised for issue, those events are disclosed as non-adjusting events in accordance with AASB 110 *Events after the Reporting Period*:
- (a) refinancing on a long- term basis of a liability classified as current (see paragraph 72);
  - (b) rectification of a breach of a long- term loan arrangement classified as current (see paragraph 74);
  - (c) the granting by the lender of a period of grace to rectify a breach of a long- term loan arrangement-classified as current (see paragraph 75); and
  - (d) settlement of a liability classified as non-current (see paragraph 75A).
- 76ZA **In applying paragraphs 69–75, an entity might classify liabilities arising from loan arrangements as non-current when the entity's right to defer settlement of those liabilities is subject to the entity complying with covenants within twelve months after the reporting period (see paragraph 72B(b)). In such situations, the entity shall disclose information in the notes that enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period, including:**
- (a) **information about the covenants (including the nature of the covenants and when the entity is required to comply with them) and the carrying amount of related liabilities.**
  - (b) **facts and circumstances, if any, that indicate the entity may have difficulty complying with the covenants – for example, the entity having acted during or after the reporting period to avoid or mitigate a potential breach. Such facts and circumstances could also include the fact that the entity would not have complied with the covenants if they were to be assessed for compliance based on the entity's circumstances at the end of the reporting period.**

*Settlement (paragraphs 69(a), 69(c) and 69(d))*

- 76A For the purpose of classifying a liability as current or non-current, settlement refers to a transfer to the counterparty that results in the extinguishment of the liability. The transfer could be of:
- (a) cash or other economic resources—for example, goods or services; or
  - (b) the entity's own equity instruments, unless paragraph 76B applies.
- 76B Terms of a liability that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments do not affect its classification as current or non-current if, applying AASB 132 *Financial Instruments: Presentation*, the entity classifies the option as an equity instrument, recognising it separately from the liability as an equity component of a compound financial instrument.

## **Information to be presented either in the statement of financial position or in the notes**

- 77 **An entity shall disclose, either in the statement of financial position or in the notes, further subclassifications of the line items presented, classified in a manner appropriate to the entity's operations.**
- 78 The detail provided in subclassifications depends on the requirements of Australian Accounting Standards and on the size, nature and function of the amounts involved. An entity also uses the factors set out in paragraph 58 to decide the basis of subclassification. The disclosures vary for each item, for example:
- (a) items of property, plant and equipment are disaggregated into classes in accordance with AASB 116;
  - (b) receivables are disaggregated into amounts receivable from trade customers, receivables from related parties, prepayments and other amounts;
  - (c) inventories are disaggregated, in accordance with AASB 102 *Inventories*, into classifications such as merchandise, production supplies, materials, work in progress and finished goods;
  - (d) provisions are disaggregated into provisions for employee benefits and other items; and
  - (e) equity capital and reserves are disaggregated into various classes, such as paid-in capital, share premium and reserves.
- 79 **An entity shall disclose the following, either in the statement of financial position or the statement of changes in equity, or in the notes:**
- (a) **for each class of share capital:**
    - (i) **the number of shares authorised;**
    - (ii) **the number of shares issued and fully paid, and issued but not fully paid;**
    - (iii) **par value per share, or that the shares have no par value;**
    - (iv) **a reconciliation of the number of shares outstanding at the beginning and at the end of the period;**
    - (v) **the rights, preferences and restrictions attaching to that class including restrictions on the distribution of dividends and the repayment of capital;**
    - (vi) **shares in the entity held by the entity or by its subsidiaries or associates; and**
    - (vii) **shares reserved for issue under options and contracts for the sale of shares, including terms and amounts; and**
  - (b) **a description of the nature and purpose of each reserve within equity.**
- 80 **An entity without share capital, such as a partnership or trust, shall disclose information equivalent to that required by paragraph 79(a), showing changes during the period in each category of equity interest, and the rights, preferences and restrictions attaching to each category of equity interest.**
- 80A **If an entity has reclassified**
- (a) **a puttable financial instrument classified as an equity instrument, or**
  - (b) **an instrument that imposes on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation and is classified as an equity instrument**
- between financial liabilities and equity, it shall disclose the amount reclassified into and out of each category (financial liabilities or equity), and the timing and reason for that reclassification.**

## **Statement of profit or loss and other comprehensive income**

- 81 [Deleted]
- 81A **The statement of profit or loss and other comprehensive income (statement of comprehensive income) shall present, in addition to the profit or loss and other comprehensive income sections:**
- (a) **profit or loss;**
  - (b) **total other comprehensive income;**

- (c) comprehensive income for the period, being the total of profit or loss and other comprehensive income.

If an entity presents a separate statement of profit or loss it does not present the profit or loss section in the statement presenting comprehensive income.

**81B** An entity shall present the following items, in addition to the profit or loss and other comprehensive income sections, as allocation of profit or loss and other comprehensive income for the period:

- (a) profit or loss for the period attributable to:
  - (i) non-controlling interests, and
  - (ii) owners of the parent.
- (b) comprehensive income for the period attributable to:
  - (i) non-controlling interests, and
  - (ii) owners of the parent.

If an entity presents profit or loss in a separate statement it shall present (a) in that statement.

### **Information to be presented in the profit or loss section or the statement of profit or loss**

**82** In addition to items required by other Australian Accounting Standards, the profit or loss section or the statement of profit or loss shall include line items that present the following amounts for the period:

- (a) revenue, presenting separately:
  - (i) interest revenue calculated using the effective interest method; and
  - (ii) insurance revenue (see AASB 17);
- (aa) gains and losses arising from the derecognition of financial assets measured at amortised cost;
- (ab) insurance service expenses from contracts issued within the scope of AASB 17 (see AASB 17);
- (ac) income or expenses from reinsurance contracts held (see AASB 17);
- (b) finance costs;
- (ba) impairment losses (including reversals of impairment losses or impairment gains) determined in accordance with Section 5.5 of AASB 9;
- (bb) insurance finance income or expenses from contracts issued within the scope of AASB 17 (see AASB 17);
- (bc) finance income or expenses from reinsurance contracts held (see AASB 17);
- (c) share of the profit or loss of associates and joint ventures accounted for using the equity method;
- (ca) if a financial asset is reclassified out of the amortised cost measurement category so that it is measured at fair value through profit or loss, any gain or loss arising from a difference between the previous amortised cost of the financial asset and its fair value at the reclassification date (as defined in AASB 9);
- (cb) if a financial asset is reclassified out of the fair value through other comprehensive income measurement category so that it is measured at fair value through profit or loss, any cumulative gain or loss previously recognised in other comprehensive income that is reclassified to profit or loss;
- (d) tax expense;
- (e) [deleted]
- (ea) a single amount for the total of discontinued operations (see AASB 5).
- (f)–(i) [deleted]

## Information to be presented in the other comprehensive income section

- 82A The other comprehensive income section shall present line items for the amounts for the period of:
- (a) items of other comprehensive income (excluding amounts in paragraph (b)), classified by nature and grouped into those that, in accordance with other Australian Accounting Standards:
    - (i) will not be reclassified subsequently to profit or loss; and
    - (ii) will be reclassified subsequently to profit or loss when specific conditions are met.
  - (b) the share of the other comprehensive income of associates and joint ventures accounted for using the equity method, separated into the share of items that, in accordance with other Australian Accounting Standards:
    - (i) will not be reclassified subsequently to profit or loss; and
    - (ii) will be reclassified subsequently to profit or loss when specific conditions are met.
- 83–  
84 [Deleted]
- 85 An entity shall present additional line items (including by disaggregating the line items listed in paragraph 82), headings and subtotals in the statement(s) presenting profit or loss and other comprehensive income when such presentation is relevant to an understanding of the entity's financial performance.
- 85A When an entity presents subtotals in accordance with paragraph 85, those subtotals shall:
- (a) be comprised of line items made up of amounts recognised and measured in accordance with Australian Accounting Standards;
  - (b) be presented and labelled in a manner that makes the line items that constitute the subtotal clear and understandable;
  - (c) be consistent from period to period, in accordance with paragraph 45; and
  - (d) not be displayed with more prominence than the subtotals and totals required in Australian Accounting Standards for the statement(s) presenting profit or loss and other comprehensive income.
- 85B An entity shall present the line items in the statement(s) presenting profit or loss and other comprehensive income that reconcile any subtotals presented in accordance with paragraph 85 with the subtotals or totals required in Australian Accounting Standards for such statement(s).
- 86 Because the effects of an entity's various activities, transactions and other events differ in frequency, potential for gain or loss and predictability, disclosing the components of financial performance assists users in understanding the financial performance achieved and in making projections of future financial performance. An entity includes additional line items in the statement(s) presenting profit or loss and other comprehensive income and it amends the descriptions used and the ordering of items when this is necessary to explain the elements of financial performance. An entity considers factors including materiality and the nature and function of the items of income and expense. For example, a financial institution may amend the descriptions to provide information that is relevant to the operations of a financial institution. An entity does not offset income and expense items unless the criteria in paragraph 32 are met.
- 87 An entity shall not present any items of income or expense as extraordinary items, in the statement(s) presenting profit or loss and other comprehensive income or in the notes.

## Profit or loss for the period

- 88 An entity shall recognise all items of income and expense in a period in profit or loss unless an Australian Accounting Standard requires or permits otherwise.
- 89 Some Australian Accounting Standards specify circumstances when an entity recognises particular items outside profit or loss in the current period. AASB 108 specifies two such circumstances: the correction of errors and the effect of changes in accounting policies. Other Australian Accounting Standards require or permit components of other comprehensive income that meet the *Conceptual Framework's* definition of income or expense to be excluded from profit or loss (see paragraph 7).
- AusCF89 Notwithstanding paragraph 89, in respect of AusCF entities, some Australian Accounting Standards specify circumstances when an entity recognises particular items outside profit or loss in the current period. AASB 108 specifies two such circumstances: the correction of errors and

the effect of changes in accounting policies. Other Australian Accounting Standards require or permit components of other comprehensive income that meet the *Framework's*<sup>AusCF4</sup> definition of income or expense to be excluded from profit or loss (see paragraph 7).

## Other comprehensive income for the period

90 **An entity shall disclose the amount of income tax relating to each item of other comprehensive income, including reclassification adjustments, either in the statement of profit or loss and other comprehensive income or in the notes.**

91 An entity may present items of other comprehensive income either:

- (a) net of related tax effects, or
- (b) before related tax effects with one amount shown for the aggregate amount of income tax relating to those items.

If an entity elects alternative (b), it shall allocate the tax between the items that might be reclassified subsequently to the profit or loss section and those that will not be reclassified subsequently to the profit or loss section.

92 **An entity shall disclose reclassification adjustments relating to components of other comprehensive income.**

93 Other Australian Accounting Standards specify whether and when amounts previously recognised in other comprehensive income are reclassified to profit or loss. Such reclassifications are referred to in this Standard as reclassification adjustments. A reclassification adjustment is included with the related component of other comprehensive income in the period that the adjustment is reclassified to profit or loss. These amounts may have been recognised in other comprehensive income as unrealised gains in the current or previous periods. Those unrealised gains must be deducted from other comprehensive income in the period in which the realised gains are reclassified to profit or loss to avoid including them in total comprehensive income twice.

94 An entity may present reclassification adjustments in the statement(s) of profit or loss and other comprehensive income or in the notes. An entity presenting reclassification adjustments in the notes presents the items of other comprehensive income after any related reclassification adjustments.

95 Reclassification adjustments arise, for example, on disposal of a foreign operation (see AASB 121) and when some hedged forecast cash flows affect profit or loss (see paragraph 6.5.11(d) of AASB 9 in relation to cash flow hedges).

96 Reclassification adjustments do not arise on changes in revaluation surplus recognised in accordance with AASB 116 or AASB 138 or on remeasurements of defined benefit plans recognised in accordance with AASB 119. These components are recognised in other comprehensive income and are not reclassified to profit or loss in subsequent periods. Changes in revaluation surplus may be transferred to retained earnings in subsequent periods as the asset is used or when it is derecognised (see AASB 116 and AASB 138). In accordance with AASB 9, reclassification adjustments do not arise if a cash flow hedge or the accounting for the time value of an option (or the forward element of a forward contract or the foreign currency basis spread of a financial instrument) result in amounts that are removed from the cash flow hedge reserve or a separate component of equity, respectively, and included directly in the initial cost or other carrying amount of an asset or a liability. These amounts are directly transferred to assets or liabilities.

## Information to be presented in the statement(s) of profit or loss and other comprehensive income or in the notes

97 **When items of income or expense are material, an entity shall disclose their nature and amount separately.**

98 Circumstances that would give rise to the separate disclosure of items of income and expense include:

- (a) write-downs of inventories to net realisable value or of property, plant and equipment to recoverable amount, as well as reversals of such write-downs;
- (b) restructurings of the activities of an entity and reversals of any provisions for the costs of restructuring;
- (c) disposals of items of property, plant and equipment;

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AusCF4 The *Framework for the Preparation and Presentation of Financial Statements* was amended by the AASB in December 2013.



- (d) disposals of investments;
- (e) discontinued operations;
- (f) litigation settlements; and
- (g) other reversals of provisions.

**99 An entity shall present an analysis of expenses recognised in profit or loss using a classification based on either their nature or their function within the entity, whichever provides information that is reliable and more relevant.**

100 Entities are encouraged to present the analysis in paragraph 99 in the statement(s) presenting profit or loss and other comprehensive income.

101 Expenses are subclassified to highlight components of financial performance that may differ in terms of frequency, potential for gain or loss and predictability. This analysis is provided in one of two forms.

102 The first form of analysis is the 'nature of expense' method. An entity aggregates expenses within profit or loss according to their nature (for example, depreciation, purchases of materials, transport costs, employee benefits and advertising costs), and does not reallocate them among functions within the entity. This method may be simple to apply because no allocations of expenses to functional classifications are necessary. An example of a classification using the nature of expense method is as follows:

Revenue		X
Other income		X
Changes in inventories of finished goods and work in progress	X	
Raw materials and consumables used	X	
Employee benefits expense	X	
Depreciation and amortisation expense	X	
Other expenses	X	
Total expenses		(X)
Profit before tax		X

103 The second form of analysis is the 'function of expense' or 'cost of sales' method and classifies expenses according to their function as part of cost of sales or, for example, the costs of distribution or administrative activities. At a minimum, an entity discloses its cost of sales under this method separately from other expenses. This method can provide more relevant information to users than the classification of expenses by nature, but allocating costs to functions may require arbitrary allocations and involve considerable judgement. An example of a classification using the function of expense method is as follows:

Revenue		X
Cost of sales		(X)
Gross profit		X
Other income		X
Distribution costs		(X)
Administrative expenses		(X)
Other expenses		(X)
Profit before tax		X

**104 An entity classifying expenses by function shall disclose additional information on the nature of expenses, including depreciation and amortisation expense and employee benefits expense.**

105 The choice between the function of expense method and the nature of expense method depends on historical and industry factors and the nature of the entity. Both methods provide an indication of those costs that might vary, directly or indirectly, with the level of sales or production of the entity. Because each method of presentation has merit for different types of entities, this Standard requires management to select the

presentation that is reliable and more relevant. However, because information on the nature of expenses is useful in predicting future cash flows, additional disclosure is required when the function of expense classification is used. In paragraph 104, 'employee benefits' has the same meaning as in AASB 119.

## **Statement of changes in equity**

### **Information to be presented in the statement of changes in equity**

- 106** An entity shall present a statement of changes in equity as required by paragraph 10. The statement of changes in equity includes the following information:
- (a)** total comprehensive income for the period, showing separately the total amounts attributable to owners of the parent and to non-controlling interests;
  - (b)** for each component of equity, the effects of retrospective application or retrospective restatement recognised in accordance with AASB 108; and
  - (c)** [deleted]
  - (d)** for each component of equity, a reconciliation between the carrying amount at the beginning and the end of the period, separately (as a minimum) disclosing changes resulting from:
    - (i)** profit or loss;
    - (ii)** other comprehensive income; and
    - (iii)** transactions with owners in their capacity as owners, showing separately contributions by and distributions to owners and changes in ownership interests in subsidiaries that do not result in a loss of control.

### **Information to be presented in the statement of changes in equity or in the notes**

- 106A** For each component of equity an entity shall present, either in the statement of changes in equity or in the notes, an analysis of other comprehensive income by item (see paragraph 106(d)(ii)).
- 107** An entity shall present, either in the statement of changes in equity or in the notes, the amount of dividends recognised as distributions to owners during the period, and the related amount of dividends per share.
- 108** In paragraph 106, the components of equity include, for example, each class of contributed equity, the accumulated balance of each class of other comprehensive income and retained earnings.
- 109** Changes in an entity's equity between the beginning and the end of the reporting period reflect the increase or decrease in its net assets during the period. Except for changes resulting from transactions with owners in their capacity as owners (such as equity contributions, reacquisitions of the entity's own equity instruments and dividends) and transaction costs directly related to such transactions, the overall change in equity during a period represents the total amount of income and expense, including gains and losses, generated by the entity's activities during that period.
- 110** AASB 108 requires retrospective adjustments to effect changes in accounting policies, to the extent practicable, except when the transition provisions in another Australian Accounting Standard require otherwise. AASB 108 also requires restatements to correct errors to be made retrospectively, to the extent practicable. Retrospective adjustments and retrospective restatements are not changes in equity but they are adjustments to the opening balance of retained earnings, except when an Australian Accounting Standard requires retrospective adjustment of another component of equity. Paragraph 106(b) requires disclosure in the statement of changes in equity of the total adjustment to each component of equity resulting from changes in accounting policies and, separately, from corrections of errors. These adjustments are disclosed for each prior period and the beginning of the period.

## **Statement of cash flows**

- 111** Cash flow information provides users of financial statements with a basis to assess the ability of the entity to generate cash and cash equivalents and the needs of the entity to utilise those cash flows. AASB 107 sets out requirements for the presentation and disclosure of cash flow information.

## Notes

### Structure

112 The notes shall:

- (a) present information about the basis of preparation of the financial statements and the specific accounting policies used in accordance with paragraphs 117–124;
- (b) disclose the information required by Australian Accounting Standards that is not presented elsewhere in the financial statements; and
- (c) provide information that is not presented elsewhere in the financial statements, but is relevant to an understanding of any of them.

113 An entity shall, as far as practicable, present notes in a systematic manner. In determining a systematic manner, the entity shall consider the effect on the understandability and comparability of its financial statements. An entity shall cross-reference each item in the statements of financial position and in the statement(s) of profit or loss and other comprehensive income, and in the statements of changes in equity and of cash flows to any related information in the notes.

114 Examples of systematic ordering or grouping of the notes include:

- (a) giving prominence to the areas of its activities that the entity considers to be most relevant to an understanding of its financial performance and financial position, such as grouping together information about particular operating activities;
- (b) grouping together information about items measured similarly such as assets measured at fair value; or
- (c) following the order of the line items in the statement(s) of profit or loss and other comprehensive income and the statement of financial position, such as:
  - (i) statement of compliance with IFRSs (see paragraph 16);
  - (ii) material accounting policy information (see paragraph 117);
  - (iii) supporting information for items presented in the statements of financial position and in the statement(s) of profit or loss and other comprehensive income, and in the statements of changes in equity and of cash flows, in the order in which each statement and each line item is presented; and
  - (iv) other disclosures, including:
    - (1) contingent liabilities (see AASB 137) and unrecognised contractual commitments; and
    - (2) non-financial disclosures, eg the entity's financial risk management objectives and policies (see AASB 7).

115 [Deleted]

116 An entity may present notes providing information about the basis of preparation of the financial statements and specific accounting policies as a separate section of the financial statements.

### Disclosure of accounting policy information

117 An entity shall disclose material accounting policy information (see paragraph 7). Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

117A Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may nevertheless be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

117B Accounting policy information is expected to be material if users of an entity's financial statements would need it to understand other material information in the financial statements. For example, an entity is likely to consider accounting policy information material to its financial statements if that information relates to material transactions, other events or conditions and:

- (a) the entity changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;
  - (b) the entity chose the accounting policy from one or more options permitted by Australian Accounting Standards—such a situation could arise if the entity chose to measure investment property at historical cost rather than fair value;
  - (c) the accounting policy was developed in accordance with AASB 108 in the absence of an Australian Accounting Standard that specifically applies;
  - (d) the accounting policy relates to an area for which an entity is required to make significant judgements or assumptions in applying an accounting policy, and the entity discloses those judgements or assumptions in accordance with paragraphs 122 and 125; or
  - (e) the accounting required for them is complex and users of the entity's financial statements would otherwise not understand those material transactions, other events or conditions—such a situation could arise if an entity applies more than one Australian Accounting Standard to a class of material transactions.
- 117C Accounting policy information that focuses on how an entity has applied the requirements of the Australian Accounting Standards to its own circumstances provides entity-specific information that is more useful to users of financial statements than standardised information, or information that only duplicates or summarises the requirements of the Standards.
- 117D If an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.
- 117E An entity's conclusion that accounting policy information is immaterial does not affect the related disclosure requirements set out in other Australian Accounting Standards.
- 118–  
121 [Deleted]
- 122 An entity shall disclose, along with material accounting policy information or other notes, the judgements, apart from those involving estimations (see paragraph 125), that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.**
- 123 In the process of applying the entity's accounting policies, management makes various judgements, apart from those involving estimations, that can significantly affect the amounts it recognises in the financial statements. For example, management makes judgements in determining:
- (a) [deleted]
  - (b) when substantially all the significant risks and rewards of ownership of financial assets and, for lessors, assets subject to leases are transferred to other entities;
  - (c) whether, in substance, particular sales of goods are financing arrangements and therefore do not give rise to revenue; and
  - (d) whether the contractual terms of a financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- 124 Some of the disclosures made in accordance with paragraph 122 are required by other Australian Accounting Standards. For example, AASB 12 *Disclosure of Interests in Other Entities* requires an entity to disclose the judgements it has made in determining whether it controls another entity. AASB 140 *Investment Property* requires disclosure of the criteria developed by the entity to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of business, when classification of the property is difficult.

## Sources of estimation uncertainty

- 125 An entity shall disclose information about the assumptions it makes about the future, and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year. In respect of those assets and liabilities, the notes shall include details of:**
- (a) **their nature, and**
  - (b) **their carrying amount as at the end of the reporting period.**
- 126 Determining the carrying amounts of some assets and liabilities requires estimation of the effects of uncertain future events on those assets and liabilities at the end of the reporting period. For example, in the

absence of recently observed market prices, future-oriented estimates are necessary to measure the recoverable amount of classes of property, plant and equipment, the effect of technological obsolescence on inventories, provisions subject to the future outcome of litigation in progress, and long-term employee benefit liabilities such as pension obligations. These estimates involve assumptions about such items as the risk adjustment to cash flows or discount rates, future changes in salaries and future changes in prices affecting other costs.

- 127 The assumptions and other sources of estimation uncertainty disclosed in accordance with paragraph 125 relate to the estimates that require management's most difficult, subjective or complex judgements. As the number of variables and assumptions affecting the possible future resolution of the uncertainties increases, those judgements become more subjective and complex, and the potential for a consequential material adjustment to the carrying amounts of assets and liabilities normally increases accordingly.
- 128 The disclosures in paragraph 125 are not required for assets and liabilities with a significant risk that their carrying amounts might change materially within the next financial year if, at the end of the reporting period, they are measured at fair value based on a quoted price in an active market for an identical asset or liability. Such fair values might change materially within the next financial year but these changes would not arise from assumptions or other sources of estimation uncertainty at the end of the reporting period.
- 129 An entity presents the disclosures in paragraph 125 in a manner that helps users of financial statements to understand the judgements that management makes about the future and about other sources of estimation uncertainty. The nature and extent of the information provided vary according to the nature of the assumption and other circumstances. Examples of the types of disclosures an entity makes are:
- (a) the nature of the assumption or other estimation uncertainty;
  - (b) the sensitivity of carrying amounts to the methods, assumptions and estimates underlying their calculation, including the reasons for the sensitivity;
  - (c) the expected resolution of an uncertainty and the range of reasonably possible outcomes within the next financial year in respect of the carrying amounts of the assets and liabilities affected; and
  - (d) an explanation of changes made to past assumptions concerning those assets and liabilities, if the uncertainty remains unresolved.
- 130 This Standard does not require an entity to disclose budget information or forecasts in making the disclosures in paragraph 125.
- 131 Sometimes it is impracticable to disclose the extent of the possible effects of an assumption or another source of estimation uncertainty at the end of the reporting period. In such cases, the entity discloses that it is reasonably possible, on the basis of existing knowledge, that outcomes within the next financial year that are different from the assumption could require a material adjustment to the carrying amount of the asset or liability affected. In all cases, the entity discloses the nature and carrying amount of the specific asset or liability (or class of assets or liabilities) affected by the assumption.
- 132 The disclosures in paragraph 122 of particular judgements that management made in the process of applying the entity's accounting policies do not relate to the disclosures of sources of estimation uncertainty in paragraph 125.
- 133 Other Australian Accounting Standards require the disclosure of some of the assumptions that would otherwise be required in accordance with paragraph 125. For example, AASB 137 requires disclosure, in specified circumstances, of major assumptions concerning future events affecting classes of provisions. AASB 13 *Fair Value Measurement* requires disclosure of significant assumptions (including the valuation technique(s) and inputs) the entity uses when measuring the fair values of assets and liabilities that are carried at fair value.

## Capital

- 134 **An entity shall disclose information that enables users of its financial statements to evaluate the entity's objectives, policies and processes for managing capital.**
- 135 To comply with paragraph 134, the entity discloses the following:
- (a) qualitative information about its objectives, policies and processes for managing capital, including:
    - (i) a description of what it manages as capital;
    - (ii) when an entity is subject to externally imposed capital requirements, the nature of those requirements and how those requirements are incorporated into the management of capital; and

- (iii) how it is meeting its objectives for managing capital.
- (b) summary quantitative data about what it manages as capital. Some entities regard some financial liabilities (eg some forms of subordinated debt) as part of capital. Other entities regard capital as excluding some components of equity (eg components arising from cash flow hedges).
- (c) any changes in (a) and (b) from the previous period.
- (d) whether during the period it complied with any externally imposed capital requirements to which it is subject.
- (e) when the entity has not complied with such externally imposed capital requirements, the consequences of such non-compliance.

The entity bases these disclosures on the information provided internally to key management personnel.

136 An entity may manage capital in a number of ways and be subject to a number of different capital requirements. For example, a conglomerate may include entities that undertake insurance activities and banking activities and those entities may operate in several jurisdictions. When an aggregate disclosure of capital requirements and how capital is managed would not provide useful information or distorts a financial statement user's understanding of an entity's capital resources, the entity shall disclose separate information for each capital requirement to which the entity is subject.

Aus136.1 [Deleted by the AASB]

AusCFAus136.1 In respect of AusCF entities, an entity that is required to prepare financial reports in accordance with Part 2M.3 of the Corporations Act and that is not a reporting entity need not present the disclosures required by paragraphs 134–136.

Aus136.2 [Deleted by the AASB]

AusCFAus136.2 Notwithstanding paragraph AusCFAus136.1, in respect of AusCF entities, a not-for-profit entity need not present the disclosures required by paragraphs 134–136.

### **Puttable financial instruments classified as equity**

136A For puttable financial instruments classified as equity instruments, an entity shall disclose (to the extent not disclosed elsewhere):

- (a) summary quantitative data about the amount classified as equity;
- (b) its objectives, policies and processes for managing its obligation to repurchase or redeem the instruments when required to do so by the instrument holders, including any changes from the previous period;
- (c) the expected cash outflow on redemption or repurchase of that class of financial instruments; and
- (d) information about how the expected cash outflow on redemption or repurchase was determined.

### **Other disclosures**

137 An entity shall disclose in the notes:

- (a) the amount of dividends proposed or declared before the financial statements were authorised for issue but not recognised as a distribution to owners during the period, and the related amount per share; and
- (b) the amount of any cumulative preference dividends not recognised.

138 An entity shall disclose the following, if not disclosed elsewhere in information published with the financial statements:

- (a) the domicile and legal form of the entity, its country of incorporation and the address of its registered office (or principal place of business, if different from the registered office);
- (b) a description of the nature of the entity's operations and its principal activities;
- (c) the name of the parent and the ultimate parent of the group; and
- (d) if it is a limited life entity, information regarding the length of its life.

## Transition and effective date

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- 139 An entity shall apply this Standard for annual periods beginning on or after 1 January 2018. Earlier application is permitted for periods beginning after 24 July 2014 but before 1 January 2018. If an entity adopts this Standard for an earlier period, it shall disclose that fact.
- 139A–  
139C [Deleted by the AASB]
- 139D [Deleted]
- 139E [Deleted]
- 139F [Deleted by the AASB]
- 139G [Deleted]
- 139H–  
139L [Deleted by the AASB]
- 139M [Deleted]
- 139N AASB 2014-5 *Amendments to Australian Accounting Standards arising from AASB 15*, issued in December 2014, amended paragraph 34 in the previous version of this Standard. An entity shall apply that amendment when it applies AASB 15.
- 139O AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* (as amended), AASB 2014-1 *Amendments to Australian Accounting Standards* and AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)*, amended the previous version of this Standard as follows: amended paragraphs Aus1.8, 7, 68, 71, 82, 93, 95, 96, 106 and 123 and deleted paragraph 139E. Paragraph 139G, added by AASB 2010-7, was deleted by AASB 2014-1. Paragraph 139M, added by AASB 2014-1, was deleted by AASB 2014-7. An entity shall apply those amendments when it applies AASB 9.
- 139P AASB 2015-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101*, issued in January 2015, amended the previous version of this Standard as follows: amended paragraphs Aus1.8, 10, 31, 54–55, 82A, 85, 113–114, 117, 119 and 122, added paragraphs 30A, 55A and 85A–85B and deleted paragraphs 115 and 120. An entity shall apply those amendments for annual periods beginning on or after 1 January 2016. Earlier application is permitted. Entities are not required to disclose the information required by paragraphs 28–30 of AASB 108 in relation to these amendments.
- 139Q AASB 16 *Leases*, issued in February 2016, amended paragraph 123. An entity shall apply that amendment when it applies AASB 16.
- 139R AASB 17, issued in July 2017, amended paragraphs 7, 54 and 82. AASB 2020-5 *Amendments to Australian Accounting Standards – Insurance Contracts*, issued in July 2020, further amended paragraph 54. An entity shall apply those amendments when it applies AASB 17.
- 139S AASB 2019-1 *Amendments to Australian Accounting Standards – References to the Conceptual Framework*, issued in 2019, added AusCF paragraphs, amended paragraphs 15, 19–20, 23–24, 28, 89, Aus7.2 and RDR15.1, and deleted paragraphs Aus136.1 and Aus136.2. An entity shall apply those amendments for annual periods beginning on or after 1 January 2020. Earlier application is permitted if at the same time an entity also applies all other amendments made by AASB 2019-1. An entity shall apply the amendments to AASB 101 retrospectively in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. However, if an entity determines that retrospective application would be impracticable or would involve undue cost or effort, it shall apply the amendments to AASB 101 by reference to paragraphs 23–28, 50–53 and 54F of AASB 108.
- 139T AASB 2018-7 *Amendments to Australian Accounting Standards – Definition of Material*, issued in December 2018, amended paragraph 7 of AASB 101 and paragraph 5 of AASB 108, and deleted paragraph 6 of AASB 108. An entity shall apply those amendments prospectively for annual periods beginning on or after 1 January 2020. Earlier application is permitted. If an entity applies those amendments for an earlier period, it shall disclose that fact.
- 139U AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current*, issued in March 2020 amended paragraphs 69, 73, 74 and 76 and added paragraphs 72A, 75A, 76A and 76B. An entity shall apply those amendments for annual reporting periods beginning on or after 1 January 2024 retrospectively in accordance with AASB 108. Earlier application is permitted. If an entity applies those amendments for an earlier period after the issue of AASB 2022-6 *Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants* (see paragraph 139W), it shall also apply

AASB 2022-6 for that period. If an entity applies AASB 2020-1 for an earlier period, it shall disclose that fact.

- 139V AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates*, issued in March 2021, amended paragraphs 7, 10, 114, 117 and 122, added paragraphs 117A–117E and deleted paragraphs 118, 119 and 121. It also amended AASB Practice Statement 2 *Making Materiality Judgements*. An entity shall apply the amendments to AASB 101 for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted. If an entity applies those amendments for an earlier period, it shall disclose that fact.
- 139W AASB 2022-6, issued in December 2022, amended paragraphs 60, 71, 72A, 74 and 139U and added paragraphs 72B and 76ZA. An entity shall apply:
- (a) the amendment to paragraph 139U immediately on issue of AASB 2022-6.
  - (b) all other amendments for annual reporting periods beginning on or after 1 January 2024 retrospectively in accordance with AASB 108. Earlier application is permitted. If an entity applies these amendments for an earlier period, it shall also apply AASB 2020-1 for that period. If an entity applies AASB 2022-6 for an earlier period, it shall disclose that fact.

## Withdrawal of IAS 1 (revised 2003)

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140 [Deleted by the AASB]

## Commencement of the legislative instrument

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Aus140.1 [Repealed]

## Withdrawal of AASB pronouncements

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Aus140.2 This Standard repeals AASB 101 *Presentation of Financial Statements* issued in September 2007. Despite the repeal, after the time this Standard starts to apply under section 334 of the Corporations Act (either generally or in relation to an individual entity), the repealed Standard continues to apply in relation to any period ending before that time as if the repeal had not occurred.

[Note: When this Standard applies under section 334 of the Corporations Act (either generally or in relation to an individual entity), it supersedes the application of the repealed Standard.]



## Appendix A

### Australian defined terms

*This appendix is an integral part of AASB 101.*

Aus7.1 [Deleted by the AASB]

**Aus7.2** In respect of public sector entities, *local governments*, *governments* and most, if not all, *government departments* are reporting entities:

*government* means the Australian Government, the Government of the Australian Capital Territory, New South Wales, the Northern Territory, Queensland, South Australia, Tasmania, Victoria or Western Australia.

*government department* means a government controlled entity, created pursuant to administrative arrangements or otherwise designated as a government department by the government which controls it.

*local government* means an entity comprising all entities controlled by a governing body elected or appointed pursuant to a Local Government Act or similar legislation.

## **Appendix B**

### **Australian simplified disclosures for Tier 2 entities**

*This appendix is an integral part of the Standard.*

**AusB1**            **This Standard does not apply to entities preparing general purpose financial statements that apply AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*.**

## Compilation details

### Accounting Standard AASB 101 *Presentation of Financial Statements* (as amended)

*Compilation details are not part of AASB 101.*

This compiled Standard applies to annual periods beginning on or after 1 January 2024. It takes into account amendments up to and including 15 December 2022 and was prepared on 6 April 2023 by the staff of the Australian Accounting Standards Board (AASB).

This compilation is not a separate Accounting Standard made by the AASB. Instead, it is a representation of AASB 101 (July 2015) as amended by other Accounting Standards, which are listed in the table below.

### Table of Standards

Standard	Date made	FRL identifier	Commence- ment date	Effective date (annual periods ... on or after ...)	Application, saving or transitional provisions
AASB 101	24 Jul 2015	F2015L01626	31 Dec 2017	(beginning) 1 Jan 2018	see (a) below
AASB 16	23 Feb 2016	F2016L00233	31 Dec 2018	(beginning) 1 Jan 2019	see (b) below
AASB 1058	9 Dec 2016	F2017L00042	31 Dec 2018	(beginning) 1 Jan 2019	see (b) below
AASB 2016-7	9 Dec 2016	F2017L00043	31 Dec 2016	(beginning) 1 Jan 2017	see (c) below
AASB 17	19 Jul 2017	F2017L01184	31 Dec 2022	(beginning) 1 Jan 2023	see (d) below
AASB 2017-5	12 Dec 2017	F2018L00067	31 Dec 2017	(beginning) 1 Jan 2018	see (e) below
AASB 2018-7	18 Dec 2018	F2019L00021	31 Dec 2019	(beginning) 1 Jan 2020	see (f) below
AASB 2019-1	21 May 2019	F2019L00966	31 Dec 2019	(beginning) 1 Jan 2020	see (f) below
AASB 2020-1	5 Mar 2020	F2020L00283	31 Dec 2021	(beginning) 1 Jan 2024	see (g) below
AASB 1060	6 Mar 2020	F2020L00288	30 Jun 2021	(beginning) 1 Jul 2021	see (h) below
AASB 2020-6	10 Aug 2020	F2020L01049	31 Dec 2021	(beginning) 1 Jan 2022	see (i) below
AASB 2021-2	30 Mar 2021	F2021L00471	31 Dec 2022	(beginning) 1 Jan 2023	see (j) below
AASB 2021-7	20 Dec 2021	F2021L01883	31 Dec 2021	(beginning) 1 Jan 2022	see (k) below
AASB 2022-6	15 Dec 2022	F2023L00007	31 Dec 2022	(beginning) 1 Jan 2023	see (l) below

- (a) Entities may elect to apply this Standard to annual periods beginning after 24 July 2014 but before 1 January 2018.
- (b) Entities may elect to apply this Standard to annual periods beginning before 1 January 2019, provided that AASB 15 *Revenue from Contracts with Customers* is also applied to the same period.
- (c) AASB 2016-7 deferred the effective date of AASB 15 (and its consequential amendments in AASB 2014-5) for not-for-profit entities to annual reporting periods beginning on or after 1 January 2019, instead of 1 January 2018. However, earlier application of AASB 101 (2015) incorporating the text that relates to AASB 15 is permitted, provided that AASB 15 is also applied.
- (d) Entities may elect to apply this Standard to annual periods beginning before 1 January 2023, provided that AASB 9 *Financial Instruments* is also applied on or before the date of initial application of AASB 17. (AASB 17 was amended prior to its mandatory application by various amending Standards, including AASB 2022-8 *Amendments to Australian Accounting Standards – Insurance Contracts: Consequential Amendments*, made by the AASB on 15 December 2022.)
- (e) Entities may elect to apply this Standard to annual periods beginning before 1 January 2018.
- (f) Entities may elect to apply this Standard to annual periods beginning before 1 January 2020.
- (g) Entities may elect to apply the amendments set out in this Standard to annual periods beginning before 1 January 2024.
- (h) Entities may elect to apply this Standard to annual periods beginning before 1 July 2021.
- (i) AASB 2020-6 deferred the effective date of the amendments set out in AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current* to annual periods beginning on or after 1 January 2023, instead of 1 January 2022. However, earlier application of those amendments to annual periods beginning before 1 January 2023 is permitted.
- (j) Entities may elect to apply this Standard to annual periods beginning before 1 January 2023.
- (k) Entities may elect to apply this Standard to annual periods beginning before 1 January 2022.
- (l) AASB 2022-6 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date* deferred the effective date of the amendments set out in AASB 2020-6 to annual periods beginning on or after 1 January 2024, instead of 1 January 2023. However, earlier application of those amendments to annual periods beginning before 1 January 2024 is permitted. The deferred requirements were originally set out in AASB 2020-1.

## Table of amendments

Paragraph affected	How affected	By ... [paragraph/page]
AusCF1	added	AASB 2019-1 [page 14]
7	amended amended amended amended	AASB 2018-7 [page 5] AASB 2021-2 [page 5] AASB 2021-7 [29] AASB 17 [page 77]
10	amended	AASB 2021-2 [page 6]
15	amended	AASB 2019-1 [page 14]
AusCF15	added	AASB 2019-1 [page 14]
Aus16.2	deleted	AASB 1058 [page 22]
19-20	amended	AASB 2019-1 [page 14]
Aus19.1	amended	AASB 1060 [page 60]
AusCF19-AusCF20	added	AASB 2019-1 [page 14]
23-24	amended	AASB 2019-1 [page 15]
AusCF23-AusCF24	added	AASB 2019-1 [page 15]
28	amended	AASB 2019-1 [page 16]
AusCF28	added	AASB 2019-1 [page 16]
54	amended	AASB 17 [page 77]
60	amended	AASB 2022-6 [page 6]
69	amended	AASB 2020-1 [page 5]
70 (preceding heading)	added	AASB 2020-1 [page 6]
71 (preceding heading)	added	AASB 2020-1 [page 6]
71	amended	AASB 2022-6 [page 6]
72A (and heading)	added	AASB 2020-1 [page 6]
72A	amended	AASB 2022-6 [page 6]
72B	added	AASB 2022-6 [page 6]
73	amended	AASB 2020-1 [page 6]
74	amended amended	AASB 2020-1 [page 6] AASB 2022-6 [page 6]
75A	added	AASB 2020-1 [page 7]
76	amended	AASB 2020-1 [page 7]
76ZA	added	AASB 2022-6 [page 7]
76A (and heading)	added	AASB 2020-1 [page 7]
76B	added	AASB 2020-1 [page 7]
82	amended	AASB 17 [page 77]
89	amended	AASB 2019-1 [page 16]
AusCF89	added	AASB 2019-1 [page 16]
95	amended	AASB 2017-5 [22]
114	amended	AASB 2021-2 [page 6]
117	amended	AASB 2021-2 [page 6]
117A-117E	added	AASB 2021-2 [page 6]
118-119	deleted	AASB 2021-2 [page 7]
121	deleted	AASB 2021-2 [page 7]
122	amended	AASB 2021-2 [page 7]
123	amended	AASB 16 [page 46]
Aus136.1	amended deleted	AASB 2017-5 [23] AASB 2019-1 [page 17]
AusCFAus136.1	added	AASB 2019-1 [page 17]
Aus136.2	deleted	AASB 2019-1 [page 17]
AusCFAus136.2	added	AASB 2019-1 [page 17]
139D	deleted	AASB 2020-1 [page 7]
139Q	added	AASB 16 [page 46]
139R	added	AASB 17 [page 78]
139S	added	AASB 2019-1 [page 17]
139T	added	AASB 2018-7 [page 6]
139U	added amended amended	AASB 2020-1 [page 7] AASB 2020-6 [page 5] AASB 2022-6 [page 7]
139V	added	AASB 2021-2 [page 7]
139W	added	AASB 2022-6 [page 7]
Aus140.1	repealed	Legislation Act 2003, s. 48D

Paragraph affected	How affected	By ... [paragraph/page]
Appendix A – Aus7.2	amended	AASB 2019-1 [page 17]
Appendix B – RDR15.1	amended	AASB 2019-1 [page 17]
Appendix B – AusCFRDR15.1	added	AASB 2019-1 [page 17]
Appendix B	replaced	AASB 1060 [page 61]

## Deleted IAS 1 text

*Deleted IAS 1 text is not part of AASB 101.*

- 2 An entity shall apply this Standard in preparing and presenting general purpose financial statements in accordance with International Financial Reporting Standards (IFRSs).**
- 139A IAS 27 (as amended in 2008) amended paragraph 106. An entity shall apply that amendment for annual periods beginning on or after 1 July 2009. If an entity applies IAS 27 (amended 2008) for an earlier period, the amendment shall be applied for that earlier period. The amendment shall be applied retrospectively.
- 139B *Puttable Financial Instruments and Obligations Arising on Liquidation* (Amendments to IAS 32 and IAS 1), issued in February 2008, amended paragraph 138 and inserted paragraphs 8A, 80A and 136A. An entity shall apply those amendments for annual periods beginning on or after 1 January 2009. Earlier application is permitted. If an entity applies the amendments for an earlier period, it shall disclose that fact and apply the related amendments to IAS 32, IAS 39, IFRS 7 and IFRIC 2 *Members' Shares in Co-operative Entities and Similar Instruments* at the same time.
- 139C Paragraphs 68 and 71 were amended by *Improvements to IFRSs* issued in May 2008. An entity shall apply those amendments for annual periods beginning on or after 1 January 2009. Earlier application is permitted. If an entity applies the amendments for an earlier period it shall disclose that fact.
- 139F Paragraphs 106 and 107 were amended and paragraph 106A was added by *Improvements to IFRSs* issued in May 2010. An entity shall apply those amendments for annual periods beginning on or after 1 January 2011. Earlier application is permitted.
- 139H IFRS 10 and IFRS 12, issued in May 2011, amended paragraphs 4, 119, 123 and 124. An entity shall apply those amendments when it applies IFRS 10 and IFRS 12.
- 139I IFRS 13, issued in May 2011, amended paragraphs 128 and 133. An entity shall apply those amendments when it applies IFRS 13.
- 139J *Presentation of Items of Other Comprehensive Income* (Amendments to IAS 1), issued in June 2011, amended paragraphs 7, 10, 82, 85–87, 90, 91, 94, 100 and 115, added paragraphs 10A, 81A, 81B and 82A, and deleted paragraphs 12, 81, 83 and 84. An entity shall apply those amendments for annual periods beginning on or after 1 July 2012. Earlier application is permitted. If an entity applies the amendments for an earlier period it shall disclose that fact.
- 139K IAS 19 *Employee Benefits* (as amended in June 2011) amended the definition of 'other comprehensive income' in paragraph 7 and paragraph 96. An entity shall apply those amendments when it applies IAS 19 (as amended in June 2011).
- 139L *Annual Improvements 2009–2011 Cycle*, issued in May 2012, amended paragraphs 10, 38 and 41, deleted paragraphs 39–40 and added paragraphs 38A–38D and 40A–40D. An entity shall apply that amendment retrospectively in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* for annual periods beginning on or after 1 January 2013. Earlier application is permitted. If an entity applies that amendment for an earlier period it shall disclose that fact.
- 140 This Standard supersedes IAS 1 *Presentation of Financial Statements* revised in 2003, as amended in 2005.