

**AASB Standard**

**AASB 2024-3**  
September 2024

# **Amendments to Australian Accounting Standards – Annual Improvements Volume 11**

**[AASB 1, AASB 7, AASB 9, AASB 10 & AASB 107]**



**Australian Government**

**Australian Accounting  
Standards Board**

## Obtaining a copy of this Accounting Standard

This Standard is available on the AASB website: [www.aasb.gov.au](http://www.aasb.gov.au).

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**AVAILABLE ON THE AASB WEBSITE**  
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Australian Accounting Standard AASB 2024-3 *Amendments to Australian Accounting Standards – Annual Improvements Volume 11* is set out on pages 5–9. All the paragraphs have equal authority.

## Preface

### Standards amended by AASB 2024-3

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This Standard makes amendments to:

- (a) AASB 1 *First-time Adoption of Australian Accounting Standards* (July 2015);
- (b) AASB 7 *Financial Instruments: Disclosures* (August 2015);
- (c) AASB 9 *Financial Instruments* (December 2014);
- (d) AASB 10 *Consolidated Financial Statements* (July 2015); and
- (e) AASB 107 *Statement of Cash Flows* (August 2015).

These amendments arise from the issuance of International Financial Reporting Standard *Annual Improvements to IFRS Accounting Standards – Volume 11* by the International Accounting Standards Board in July 2024.

### Main features of this Standard

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#### Main requirements

This Standard amends:

- (a) AASB 1 to improve consistency between paragraphs B5–B6 of AASB 1 and the requirements for hedge accounting in AASB 9 and improve the understandability of AASB 1;
- (b) AASB 7 to:
  - (i) replace a cross-reference in paragraph B38 of AASB 7 to a deleted AASB 7 paragraph with a reference to AASB 13 *Fair Value Measurement*; and
  - (ii) improve consistency in the language used in AASB 7 with the language used in AASB 13;
- (c) AASB 9 to:
  - (i) clarify how a lessee accounts for the derecognition of a lease liability when it is extinguished; and
  - (ii) address an inconsistency between paragraph 5.1.3 of AASB 9 and the requirements in AASB 15 *Revenue from Contracts with Customers* in relation to the term ‘transaction price’;
- (d) AASB 10 to amend paragraph B74 in relation to determining de facto agents of an entity; and
- (e) AASB 107 to replace the term ‘cost method’ with ‘at cost’ as the term is no longer defined in Australian Accounting Standards.

#### Application date

This Standard applies to annual periods beginning on or after 1 January 2026. Earlier application of the amendments to individual Standards is permitted.

## Accounting Standard AASB 2024-3

The Australian Accounting Standards Board makes Accounting Standard AASB 2024-3 *Amendments to Australian Accounting Standards – Annual Improvements Volume 11* under section 334 of the *Corporations Act 2001*.

Dated 5 September 2024

Keith Kendall  
Chair – AASB

## Accounting Standard AASB 2024-3 *Amendments to Australian Accounting Standards – Annual Improvements Volume 11*

### Objective

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This Standard amends:

- (a) AASB 1 *First-time Adoption of Australian Accounting Standards* (July 2015);
- (b) AASB 7 *Financial Instruments: Disclosures* (August 2015);
- (c) AASB 9 *Financial Instruments* (December 2014);
- (d) AASB 10 *Consolidated Financial Statements* (July 2015); and
- (e) AASB 107 *Statement of Cash Flows* (August 2015);

as a consequence of the issuance of International Financial Reporting Standard *Annual Improvements to IFRS Standards – Volume 11* by the International Accounting Standards Board in July 2024.

### Application

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The amendments set out in this Standard apply to entities and financial statements in accordance with the application of the other Standards set out in AASB 1057 *Application of Australian Accounting Standards*.

This Standard applies to annual periods beginning on or after 1 January 2026. The amendments to individual Standards may be applied earlier, separately from the amendments to the other Standards.

This Standard uses underlining, striking out and other typographical material to identify some of the amendments to a Standard, in order to make the amendments more understandable. However, the amendments made by this Standard do not include that underlining, striking out or other typographical material. Ellipses (...) are used to help provide the context within which amendments are made and also to indicate text that is not amended.

### Amendments to AASB 1

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Paragraph 39AK is added. For ease of reading, this paragraph has not been underlined.

### Effective date

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- ...
- 39AK AASB 2024-3 *Amendments to Australian Accounting Standards – Annual Improvements Volume 11*, issued in September 2024, amended paragraphs B5–B6. An entity shall apply those amendments for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted. If an entity applies those amendments for an earlier period, it shall disclose that fact.

## Appendix B

### Exceptions to the retrospective application of other Australian Accounting Standards

Paragraphs B5–B6 are amended. New text is underlined and deleted text is struck through.

#### Hedge accounting

...

- B5 An entity shall not reflect in its opening Australian-Accounting-Standards statement of financial position a hedging relationship of a type that does not qualify for hedge accounting in accordance with AASB 9 (for example, many hedging relationships where the hedging instrument is a stand-alone written option or a net written option; or where the hedged item is a net position in a cash flow hedge for another risk than foreign currency risk) (see paragraph 6.4.1(a) of AASB 9). However, if an entity designated a net position as a hedged item in accordance with previous GAAP, it may designate as a hedged item in accordance with Australian Accounting Standards an individual item within that net position, or a net position if that meets the requirements in paragraph 6.6.1 of AASB 9, provided that it does so no later than the date of transition to Australian Accounting Standards.
- B6 If, before the date of transition to Australian Accounting Standards, an entity had designated a transaction as a hedge but the hedge does not meet the qualifying criteria conditions for hedge accounting in paragraph 6.4.1(b)–(c) of AASB 9, the entity shall apply paragraphs 6.5.6 and 6.5.7 of AASB 9 to discontinue hedge accounting. Transactions entered into before the date of transition to Australian Accounting Standards shall not be retrospectively designated as hedges.

#### Amendments to AASB 7

Paragraph 44NN is added. For ease of reading, this paragraph has not been underlined.

#### Effective date and transition

...

- 44NN AASB 2024-3 *Amendments to Australian Accounting Standards – Annual Improvements Volume 11*, issued in September 2024, amended paragraph B38. An entity shall apply those amendments for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted. If an entity applies those amendments for an earlier period, it shall disclose that fact.

## Appendix B

### Application guidance

Paragraph B38 is amended. New text is underlined and deleted text is struck through.

#### Derecognition (paragraphs 42C–42H)

...

#### Gain or loss on derecognition (paragraph 42G(a))

- B38 Paragraph 42G(a) requires an entity to disclose the gain or loss on derecognition relating to financial assets in which the entity has continuing involvement. The entity shall disclose if a gain or loss on derecognition arose because the fair values of the components of the previously recognised asset (ie the interest in the asset derecognised and the interest retained by the entity) were different from the fair value of the previously

recognised asset as a whole. In that situation, the entity shall also disclose whether the fair value measurements included significant unobservable inputs ~~that were not based on observable market data~~, as described in paragraphs 72–73 of AASB 13 ~~paragraph 27A~~.

## Amendments to AASB 9

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### Chapter 2 Scope

Paragraph 2.1 is amended. New text is underlined and deleted text is struck through.

- 2.1 This Standard shall be applied by all entities to all types of financial instruments except:
- (a) ...
  - (b) **rights and obligations under leases to which AASB 16 *Leases* applies. However:**
    - (i) **finance lease receivables (ie net investments in finance leases) and operating lease receivables recognised by a lessor are subject to the derecognition and impairment requirements of this Standard;**
    - (ii) **lease liabilities recognised by a lessee are subject to the derecognition requirements in paragraphs paragraph 3.3.1 and 3.3.3 of this Standard; and**
    - (iii) ...

### Chapter 5 Measurement

Paragraph 5.1.3 is amended. New text is underlined and deleted text is struck through.

#### 5.1 Initial measurement

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- ...
- 5.1.3 Despite the requirement in paragraph 5.1.1, at initial recognition, an entity shall measure trade receivables at the amount determined by applying their transaction price (as defined in AASB 15) if the trade receivables do not contain a significant financing component in accordance with AASB 15 (or when the entity applies the practical expedient in accordance with paragraph 63 of AASB 15).

### Chapter 7 Effective date and transition

Paragraphs 7.1.14 and 7.2.50 and the subheading before paragraph 7.2.50 are added. For ease of reading, these paragraphs and the subheading have not been underlined.

#### 7.1 Effective date

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- ...
- 7.1.14 AASB 2024-3 *Amendments to Australian Accounting Standards – Annual Improvements Volume 11*, issued in September 2024, amended paragraph 2.1(b)(ii), paragraph 5.1.3 and Appendix A. An entity shall apply those amendments for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted. If an entity applies those amendments for an earlier period, it shall disclose that fact.

## 7.2 Transition

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...

### Transition for *Annual Improvements Volume 11*

7.2.50 An entity shall apply the amendment to paragraph 2.1(b)(ii) made by AASB 2024-3 *Amendments to Australian Accounting Standards – Annual Improvements Volume 11* to lease liabilities that are extinguished on or after the beginning of the annual reporting period in which the entity first applies that amendment.

## Appendix A Defined terms

The last paragraph of Appendix A is amended. New text is underlined and deleted text is struck through. Footnotes to the text are not reproduced.

...

The following terms are defined in paragraph 11 of AASB 132, Appendix A of AASB 7, or Appendix A of AASB 13 ~~or Appendix A of AASB 15~~ and are used in this Standard with the meanings specified in AASB 132, AASB 7, or AASB 13 ~~or AASB 15~~:

- (a) credit risk;<sup>4</sup>
- (b) equity instrument;
- (c) fair value;
- (d) financial asset;
- (e) financial instrument; and
- (f) financial liability;<sup>5</sup>
- (g) ~~transaction price.~~

## Amendments to AASB 10

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Paragraph B74 is amended. New text is underlined and deleted text is struck through.

## Assessing control

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...

### Relationship with other parties

...

B74 Such a relationship need not involve a contractual arrangement. A party is a de facto agent when the investor has, ~~or those that direct the activities of the investor have,~~ the ability to direct that party to act on the investor's behalf. A party might also be a de facto agent when those that direct the activities of the investor have the ability to direct that party to act on the investor's behalf. ~~In these circumstances, the~~ The investor shall consider its de facto agent's decision-making rights and its indirect exposure, or rights, to variable returns through the de facto agent together with its own when assessing control of an investee.



## Appendix C

### Effective date and transition

Paragraph C1E is added. For ease of reading, this paragraph has not been underlined.

### Effective date

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- ...
- C1E AASB 2024-3 *Amendments to Australian Accounting Standards – Annual Improvements Volume 11*, issued in September 2024, amended paragraph B74. An entity shall apply those amendments for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted. If an entity applies those amendments for an earlier period, it shall disclose that fact.

### Amendments to AASB 107

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Paragraph 37 is amended. New text is underlined and deleted text is struck through.

### Investments in subsidiaries, associates and joint ventures

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- 37 When accounting for an investment in an associate, a joint venture or a subsidiary accounted for by use of the equity method or ~~at cost method~~, an investor restricts its reporting in the statement of cash flows to the cash flows between itself and the investee, for example, to dividends and advances.

Paragraph 65 is added. For ease of reading, this paragraph has not been underlined.

### Effective date and transition

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- ...
- 65 AASB 2024-3 *Amendments to Australian Accounting Standards – Annual Improvements Volume 11*, issued in September 2024, amended paragraph 37. An entity shall apply that amendment for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted. If an entity applies that amendment for an earlier period, it shall disclose that fact.

### Commencement of the legislative instrument

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For legal purposes, this legislative instrument commences on 31 December 2025.