



ED 341 Sub 1

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07 August 2026

Dr. Keith Kendall
Chair
Australian Accounting Standards Board
Level 14, 530 Collins Street
Melbourne VIC 3000

Via email: standard@aasb.gov.au

Dear Dr. Kendall

SUBMISSION – EXPOSURE DRAFT 341 – UPDATING AASB 1060 TO ALIGN THE CLASSIFICATION AND PRESENTATION REQUIREMENTS WITH AASB 18

We appreciate the opportunity to provide comment to the Australian Accounting Standards Board (the AASB) on Exposure Draft ED 341 – *Updating AASB 1060 to Align the Classification and Presentation Requirements with AASB 18* (the ED).

Pitcher Partners is an association of independent firms operating from all major cities in Australia. Firms in the Pitcher Partners network are full service firms and we are committed to high ethical standards across all areas of our practice. Our clients come from a wide range of industries and include listed and non-listed disclosing entities, large private businesses, family groups, government entities, not-for-profit entities and small to medium sized enterprises.

We support the proposed amendments to AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* to align its classification and presentation requirements with those of AASB 18 *Presentation and Disclosure in Financial Statements*. We strongly support the need for consistency in the presentation of the primary financial statements across Tier 1 and Tier 2 entities.

However, we believe the mandatory application date of the proposed amendments should be brought forward to apply to annual reporting periods beginning on or after 1 July 2029.

We believe this is appropriate for the following reasons:

1. The period of inconsistency in the presentation of the primary financial statements across Tier 1 and Tier 2 entities would be reduced by 12 months.
2. Assuming that the amending accounting standard is issued prior to 30 June 2027, the issue date of the standard would be 2 years prior to the (brought forward) 1 July 2029 mandatory application date. In our view, this would provide adequate time for impacted entities to prepare for the implementation of the new requirements and would be within the 'typical' timeframe outlined in the *AASB Due Process Framework for Setting Standards*.



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3. The (brought forward) 1 July 2029 mandatory application date would align with the application date of the following recently issued not-for-profit accounting standards:
- AASB 2026-2 *Amendments to Australian Accounting Standards – Extending the Application of the Conceptual Framework and Limiting the Ability of Not-for-Profit Entities to Prepare Special Purpose Financial Statements*; and
 - AASB 1061 *General Purpose Financial Statements – Not-for-Profit Private Sector Tier 3 Entities*

Aligning the application date of the proposed amendments to AASB 1060 with the application date of AASB 2026-2 would streamline the transition from special purpose financial statements to Tier 2 general purpose financial statements for those impacted not-for-profit entities. This would also ensure consistency between Tier 2 not-for-profit entities, as all impacted not-for-profit entities would mandatorily transition to the 'AASB 18' aligned version of AASB 1060 for annual reporting periods beginning on or after 1 July 2029.

Our detailed comments are included in the attached Appendix.

Please contact Mr Darryn Rundell, Director – Technical Standards (03 8610 5574 or darryn.rundell@pitcher.com.au), in relation to any of the matters outlined in this submission.

Yours sincerely



K L Byrne
Partner



Darryn Rundell
Director, Technical Standards

APPENDIX

SPECIFIC MATTERS FOR COMMENT

Question 1

Do you agree that Tier 2 entities should be subject to the same classification and presentation requirements, including aggregation requirements, for the financial statements as Tier 1 entities, except for the current concessions of:

- (a) not having to present a third statement of financial position when the entity has applied an accounting policy retrospectively, made a retrospective restatement of items in the financial statements or reclassified items in its financial statements; and
- (b) the option to present a statement of income and retained earnings in place of a separate statement of comprehensive income and a statement of changes in equity under certain circumstances?

If you disagree, please explain why.

Response:

We agree that Tier 2 entities should be subject to the same classification and presentation requirements, including aggregation requirements, for the financial statements as Tier 1 entities, except for the current concessions regarding the third statement of financial position and the option to present a statement of income and retained earnings.

Question 2

Do you agree with the approach proposed to achieve alignment of the classification and presentation requirements, including the consequential amendments proposed to guidance currently included in AASB 1060?

If you disagree, please explain why.

Response:

We agree with the approach proposed to achieve alignment of the AASB 1060 classification and presentation requirements with those of AASB 18.

Question 3

Do you agree that the transition requirements should be the same as those for AASB 18:

- (a) the amendments should be applied retrospectively;
- (b) entities should disclose a reconciliation for each line item in the statement of profit or loss between the restated amounts and the amounts previously reported for the comparative period, but not for the current period or earlier periods presented. Entities are not required to comply with paragraph 106(b) of AASB 1060; and
- (c) when first applying the amendments, eligible entities may change their elections for measuring an investment in an associate or joint venture from the equity method to fair value through profit or loss (see paragraph BC42)?

If you disagree, please explain why.

Response:

We agree that the transition requirements should be the same as those for AASB 18.

APPENDIX

Question 4

In ED 338, the AASB sought stakeholder feedback on the suitability of applying AASB 18 and the revised AASB 107 *Statement of Cash Flows* requirements to not-for-profit (NFP) private and public sector entities preparing Tier 1 General Purpose Financial Statements (GPFS).

In May 2026, the AASB decided in respect of NFP public sector entities (excluding universities) preparing Tier 1 GPFS to:

- (a) require governments to continue presenting the GPFS of the Whole of Government and the General Government Sector in accordance with the formats specified in AASB 1049 *Whole of Government and General Government Sector Financial Reporting*, rather than the formats required by AASB 18;
- (b) provide accounting policy choices for NFP public sector entities to elect to apply certain AASB 18 requirements – such as the requirements for categorising income and expenses into the operating, investing and financing categories and the requirements for identifying and disclosing information about management-defined performance measures – thereby allowing relevant regulators to continue prescribing presentation formats that best meet users' information needs;
- (c) require NFP public sector entities to apply the AASB 18 requirements on labelling and aggregation;
- (d) permit NFP public sector entities to reconcile cash flows from operating activities to the profit or loss total presented in the statement of profit or loss if the entity does not present the operating profit or loss subtotal; and
- (e) retain the existing accounting policy choice for classifying cash flows from dividends received and interest paid and received, for example as cash flows from operating activities.

Do you agree that the reliefs granted to NFP public sector entities preparing Tier 1 GPFS should also be provided to NFP public sector entities preparing Tier 2 GPFS?

If you disagree with this approach, please explain why.

Response:

We agree that the reliefs granted to NFP public sector entities preparing Tier 1 GPFS should also be provided to NFP public sector entities preparing Tier 2 GPFS.

Question 5

ED 338 did not propose any specific reliefs for NFP private sector entities preparing Tier 1 GPFS but sought feedback on whether applying AASB 18 and the revised AASB 107 requirements is suitable for these entities. Do you agree with the approach that, should the AASB decide, in view of stakeholder feedback, to provide any relief to NFP private sector entities from complying with the new presentation requirements in AASB 18 and AASB 107, the same relief should also be provided to NFP private sector entities preparing Tier 2 GPFS?

If you disagree with this approach, please explain why.

Response:

If the AASB decide, in view of stakeholder feedback, to provide relief to NFP private sector entities from complying with the new presentation requirements in AASB 18 and AASB 107, we agree that the same relief should also be provided to NFP private sector entities preparing Tier 2 GPFS.

APPENDIX

Question 6
Do you have any other comments on the proposals?

Response:

In our view, the mandatory application date of the proposed amendments should be brought forward to apply to annual reporting periods beginning on or after 1 July 2029.

We believe this is appropriate for the following reasons:

1. The period of inconsistency in the presentation of the primary financial statements across Tier 1 and Tier 2 entities would be reduced by 12 months.
2. Assuming that the amending accounting standard is issued prior to 30 June 2027, the issue date of the standard would be 2 years prior to the (brought forward) 1 July 2029 mandatory application date. In our view, this would provide adequate time for impacted entities to prepare for the implementation of the new requirements and would be within the 'typical' timeframe outlined in the *AASB Due Process Framework for Setting Standards*.
3. The (brought forward) 1 July 2029 mandatory application date would align with the application date of the following recently issued not-for-profit accounting standards:
 - *AASB 2026-2 Amendments to Australian Accounting Standards – Extending the Application of the Conceptual Framework and Limiting the Ability of Not-for-Profit Entities to Prepare Special Purpose Financial Statements*; and
 - *AASB 1061 General Purpose Financial Statements – Not-for-Profit Private Sector Tier 3 Entities*

Aligning the application date of the proposed amendments to AASB 1060 with the application date of AASB 2026-2 would streamline the transition from special purpose financial statements to Tier 2 general purpose financial statements for those impacted not-for-profit entities. This would also ensure consistency between Tier 2 not-for-profit entities, as all impacted not-for-profit entities would mandatorily transition to the 'AASB 18' aligned version of AASB 1060 for annual reporting periods beginning on or after 1 July 2029.

APPENDIX

GENERAL MATTERS FOR COMMENT

Questions 7 to 12
7. Have the <i>AASB For-Profit Entity Standard-Setting Framework</i> and the <i>AASB Not-for-Profit Entity Standard-Setting Framework</i> been applied appropriately in developing the proposals in this Exposure Draft? 8. Are there any regulatory issues or other issues arising in the Australian environment that may affect the implementation of the proposals? 9. Do the proposals create any auditing or assurance challenges and, if so, please explain those challenges? 10. Overall, would the proposals result in financial statements that would be useful to users? 11. Are the proposals in the best interests of the Australian economy? 12. Unless already provided in response to specific matters for comment above, what are the costs and benefits of the proposals, whether quantitative (financial or non-financial) or qualitative, and are they appropriate relative to the existing requirements? In relation to quantitative financial costs, the AASB is particularly seeking to know the nature(s) and estimated amount(s) of any expected incremental costs, or cost savings, of the proposals relative to the existing requirements.

Response:

- Question 7: In our view, the *AASB For-Profit Entity Standard-Setting Framework* and the *AASB Not-for-Profit Entity Standard-Setting Framework* have been applied appropriately in developing the proposals.
- Question 8: We are not aware of any regulatory issues or other issues in the Australian environment that may affect the implementation of the proposals.
- Question 9: We have not identified any auditing or assurance related challenges arising from the proposals.
- Question 10: In our view, the proposals will result in financial statements that will be useful to users. We believe it is in the best interests of both preparers and users of financial statements to maintain consistency in the presentation of the primary financial statements across Tier 1 and Tier 2 entities.
- Question 11: In our view, the proposals (which will maintain consistency in the presentation of the primary financial statements across Tier 1 and Tier 2 entities) are in the best interests of the Australian economy.
- Question 12: As outlined in the ED, the primary benefit of the proposals is to maintain consistency in the presentation of the primary financial statements across Tier 1 and Tier 2 entities.
- As always, with amendments to accounting standards, there will be an initial cost of implementation, including the update of financial statements templates. However, once this is done, the ongoing cost should be low.



19 August 2026

Dr Keith Kendall
Chair
Australian Accounting Standards Board
PO Box 204
Collins St West Victoria 8007
AUSTRALIA

Dear Dr Kendall

RE: AASB Exposure Draft ED 341 *Updating AASB 1060 to Align the Classification and Presentation Requirements with AASB 18*

On behalf of the Australasian Council of Auditors-General (ACAG), thank you for the opportunity to comment on AASB Exposure Draft ED 341 *Updating AASB 1060 to Align the Classification and Presentation Requirements with AASB 18*. The views expressed in this submission represent those of all Australian members of ACAG, unless otherwise specified.

ACAG agrees that Tier 2 entities should be subject to the same classification, presentation and aggregation requirements as Tier 1 entities provided that Tier 2 not-for-profit (NFP) public sector entities are provided the same relief as Tier 1 NFP public sector entities.

ACAG supports the proposed approach to align the classification and presentation requirements in AASB 1060 with those in AASB 18. While ACAG supports incorporating these additional requirements into AASB 1060, one jurisdiction recommends including a selection of guidance paragraphs from AASB 18 into the body of AASB 1060 rather than including it in Appendix B, to improve the usability for Tier 2 preparers.

As outlined in ACAG's responses to ITC 56 *Post-implementation Review of Tier 2 and the Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities and Further Update of Tier 2* and, ED 338 *Application of AASB 18 and AASB 107 by Superannuation and Not-for-Profit Entities and Operating Cash Flow Reconciliation*, ACAG considers that a well-grounded and sustainable public sector financial reporting framework remains a priority.

Accordingly, ACAG recommends that the AASB prioritise progression of its broader public sector financial reporting framework project. As part of this work, we recommend the AASB consider:

- whether users of public sector financial statements regard comparability across entities as essential in the primary financial statements and the extent to which it influences their understanding and decision-making; and
- whether additional public-sector-specific amendments to AASB 1060 are necessary.

Given the ongoing work on the public sector application of AASB 18 and the broader public sector financial reporting framework, the incremental approach to updating AASB 1060 may result in the standard requiring a more comprehensive review to ensure its ongoing suitability in the future.

ACAG appreciates the opportunity to comment and trusts you find the attached comments useful.

Yours sincerely

A handwritten signature in dark ink, appearing to read 'Rachael Vagg', is written over a light blue horizontal line.

Rachael Vagg
Chair
ACAG Financial Reporting and Accounting Committee

AASB specific matters for comment

Topic 1 Operating cash flow reconciliation

Question 1. Do you agree that Tier 2 entities should be subject to the same classification and presentation requirements, including aggregation requirements, for the financial statements as Tier 1 entities, except for the current concessions of:

- (a) not having to present a third statement of financial position when the entity has applied an accounting policy retrospectively, made a retrospective restatement of items in the financial statements or reclassified items in its financial statements; and
- (b) the option to present a statement of income and retained earnings in place of a separate statement of comprehensive income and a statement of changes in equity under certain circumstances?

If you disagree, please explain why.

ACAG agrees that Tier 2 entities should be subject to the same classification, presentation and aggregation requirements as Tier 1 entities provided that:

- the current Tier 2 concessions identified in the Exposure Draft are retained
- Tier 2 not-for-profit (NFP) public sector entities are provided the same relief as Tier 1 NFP public sector entities.

Question 2. Do you agree with the approach proposed to achieve alignment of the classification and presentation requirements, including the consequential amendments proposed to guidance currently included in AASB 1060?

If you disagree, please explain why.

ACAG supports the AASB's proposed approach to align the classification and presentation requirements in AASB 1060 with those in AASB 18.

One jurisdiction recommends the AASB consider incorporating the following Appendix B guidance from AASB 18 into the body of AASB 1060 rather than including it in Appendix B, to improve the usability for Tier 2 preparers:

- paragraphs B2-B5, which provide guidance to support the existing requirements in paragraph 22 on materiality
- paragraph B111, which provides a list of statement of financial position line items and would support the proposed requirements in paragraph 44 of AASB 1060
- paragraph B112, which provides guidance on presenting notes in a systematic manner and would support paragraph 92 of AASB 1060. Similar guidance is currently included in paragraph 93 of AASB 1060
- paragraphs B109-B111, which provide guidance relevant to the application of paragraph 36 of AASB 1060.

ACAG found it difficult to identify which AASB 18 requirements are proposed to be incorporated into AASB 1060, which are proposed to be excluded, and which disclosure requirements remain subject to future assessment for inclusion in AASB 1060. For future amendments, it would be helpful if the AASB provides a reconciliation identifying the requirements and guidance proposed to be included or excluded from AASB 1060 and the rationale. This would assist stakeholders in understanding the relationship between AASB 1060 and AASB 18 and determine whether an ongoing reference to AASB 18 is necessary.

Question 3. Do you agree that the transition requirements should be the same as those for AASB 18:

- (a) the amendments should be applied retrospectively;
- (b) entities should disclose a reconciliation for each line item in the statement of profit or loss between the restated amounts and the amounts previously reported for the comparative period, but not for the current period or earlier periods presented. Entities are not required to comply with paragraph 106(b) of AASB 1060; and
- (c) when first applying the amendments, eligible entities may change their elections for measuring an investment in an associate or joint venture from the equity method to fair value through profit or loss (see paragraph BC42)?

If you disagree, please explain why.

ACAG agrees that the transition requirements should be consistent with those for AASB 18.

Question 4. In ED 338, the AASB sought stakeholder feedback on the suitability of applying AASB 18 and the revised AASB 107 Statement of Cash Flows requirements to not-for-profit (NFP) private and public sector entities preparing Tier 1 General Purpose Financial Statements (GPFS).

In May 2026, the AASB decided in respect of NFP public sector entities (excluding universities) preparing Tier 1 GPFS to:

- (a) require governments to continue presenting the GPFS of the Whole of Government and the General Government Sector in accordance with the formats specified in AASB 1049 Whole of Government and General Government Sector Financial Reporting, rather than the formats required by AASB 18;
- (b) provide accounting policy choices for NFP public sector entities to elect to apply certain AASB 18 requirements – such as the requirements for categorising income and expenses into the operating, investing and financing categories and the requirements for identifying and disclosing information about management-defined performance measures – thereby allowing relevant regulators to continue prescribing presentation formats that best meet users' information needs;
- (c) require NFP public sector entities to apply the AASB 18 requirements on labelling and aggregation;
- (d) permit NFP public sector entities to reconcile cash flows from operating activities to the profit or loss total presented in the statement of profit or loss if the entity does not present the operating profit or loss subtotal; and
- (e) retain the existing accounting policy choice for classifying cash flows from dividends received and interest paid and received, for example as cash flows from operating activities.

Do you agree that the reliefs granted to NFP public sector entities preparing Tier 1 GPFS should also be provided to NFP public sector entities preparing Tier 2 GPFS?

If you disagree with this approach, please explain why.



ACAG agrees that Tier 2 NFP public sector entities should be provided the same reliefs as Tier 1 NFP public sector entities. Tier 2 entities should not be subject to more onerous requirements than Tier 1 entities in equivalent circumstances. Providing equivalent relief would also:

- maintain consistency in the presentation of financial statements across Tier 1 and Tier 2 NFP public sector entities
- facilitate consolidation where reporting groups comprise a mix of Tier 1 and Tier 2 NFP public sector entities.

Question 5. ED 338 did not propose any specific reliefs for NFP private sector entities preparing Tier 1 GPFS but sought feedback on whether applying AASB 18 and the revised AASB 107 requirements is suitable for these entities. Do you agree with the approach that, should the AASB decide, in view of stakeholder feedback, to provide any relief to NFP private sector entities from complying with the new presentation requirements in AASB 18 and AASB 107, the same relief should also be provided to NFP private sector entities preparing Tier 2 GPFS?

If you disagree with this approach, please explain why.

ACAG has no specific comments, as this question does not apply to public sector entities.

Question 6. Do you have any other comments on the proposals?

Application date

ACAG recommends the AASB consider whether an earlier application date should be provided for Tier 2 entities. This would help avoid some NFP entities needing to implement financial reporting changes in successive years if they are required to prepare general purpose financial statements for the first time from 1 July 2029 under AASB 2026-2 *Extending the Application of the Conceptual Framework and Limiting the Ability of Not-for-Profit Entities to Prepare Special Purpose Financial Statements*.

From a public sector perspective, the proposed Tier 2 amendments are expected to affect only for-profit (FP) entities as NFP public sector entities are likely to utilise the available exemptions. However, one jurisdiction does not understand the rationale for the approximately three-year gap between the application of AASB 18 by FP public sector Tier 1 entities from 1 January 2027 and the proposed application of the Tier 2 amendments from 2030. In determining the application date, this jurisdiction recommends the AASB consider whether the proposed timing achieves the intended benefits of the amendments for public sector entities, given the almost three-year gap before they become effective. In this regard, on the one hand, the proposals seek to align Tier 2 requirements with those applying to Tier 1 entities and thereby improve consistency and comparability in financial reporting. The proposed application date, however, would result in a prolonged period during which FP public sector Tier 1 and Tier 2 entities apply different reporting requirements, delaying the achievement of this objective. On the other hand, the Public Sector Financial Reporting Framework project may commence or progress during this period and result in further public-sector-specific amendments, meaning the proposed Tier 2 amendments may need to be reconsidered before they take effect.

Application guidance for NFP private sector entities and universities

The Board decided at its 14 May 2026 meeting to develop an exposure draft to provide guidance for NFP private sector entities and universities. ACAG recommends the AASB consider whether any relevant guidance developed from this forthcoming work should also be incorporated into AASB 1060 for Tier 2 entities.



AASB general matters for comment

Question 7. Have the *AASB For-Profit Entity Standard-Setting Framework* and the *AASB Not-for-Profit Entity Standard Setting Framework* been applied appropriately in developing the proposals in this Exposure Draft?

ACAG agrees that the Frameworks have been applied appropriately in developing the proposals.

Question 8. Are there any regulatory or other issues arising in the Australian environment that may affect the implementation of the proposals?

ACAG is not aware of any regulatory or other issues in the Australian environment that would affect implementation of the proposals.

Question 9. Do the proposals create any auditing or assurance challenges and, if so, an explanation of those challenges?

The majority of jurisdictions do not anticipate significant auditing or assurance challenges arising from the proposals. However, one jurisdiction considers that implementation may present some practical challenges for preparers and auditors of FP public sector entities, particularly in the initial years of application. These challenges may include the exercise of judgement in classifying income and expenses into the operating, investing and financing categories, together with the development of any centrally issued guidance and related processes to support consistent application.

Question 10. Overall, would the proposals result in financial statements that would be useful to users?

ACAG considers that aligning Tier 2 classification and presentation requirements with Tier 1 requirements will generally improve consistency and comparability in financial reporting and therefore enhance the usefulness of financial statements for users.

Providing Tier 2 NFP public sector entities with the same reliefs as Tier 1 NFP public sector entities would address concerns previously raised by ACAG regarding the regulatory implications of AASB 18 and the usefulness of requiring NFP public sector entities to classify income and expenses into operating, investing and financing categories. This approach will enable state regulators to prescribe the presentation and classification requirements that best meet the needs of users within their jurisdictions.

Question 11. Are the proposals in the best interests of the Australian economy?

ACAG does not have any specific comments.

Question 12. Unless already provided in response to specific matters for comment above, what are the costs and benefits of the proposals, whether quantitative (financial or non-financial) or qualitative, and are they appropriate relative to the existing requirements?

In relation to quantitative financial costs, the AASB is particularly seeking to know the nature(s) and estimated amount(s) of any expected incremental costs, or cost savings, of the proposals relative to the existing requirements.

ACAG expects the benefits of the proposals, including greater consistency and comparability between Tier 1 and Tier 2 financial statements, to outweigh any potential costs.

Given the reliefs provided to NFP public sector entities, any additional implementation costs incurred by preparers and auditors will be limited to a small number of FP public sector entities. These costs may include updating financial reporting systems, processes, controls, guidance materials and staff training, as well as applying the new classification, presentation, aggregation and labelling requirements.

Dr Keith Kendall
AASB Chair
Australian Accounting Standards Board
PO Box 204
Collins Street West VICTORIA 8007

20 August 2026

Dear Keith,

Exposure Draft 341 (ED) Updating AASB 1060 to Align the Classification and Presentation Requirements with AASB 18

Ernst & Young Australia is pleased to comment on the above Invitation to Comment. We welcome the opportunity to contribute to the future of financial reporting in Australia.

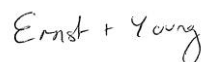
We support the Board's efforts to enhance Tier 2 reporting by entities in Australia. We agree with the continued alignment of presentation and disclosure requirements between Tier 1 and Tier 2 entities.

We encourage the AASB to proceed with the next stage of analysis of Tier 2 financial reporting with a broad objective of clarifying: the impact of the new disclosure requirements of AASB 18 *Presentation and Disclosure in Financial Statements* on Tier 2 reporting, any changes on Tier 2 reporting arising from the latest IFRS for SME's standard and addressing how IFRS 19 *Subsidiaries without Public Accountability: Disclosures* will impact the Australian financial reporting landscape. Ideally these questions will be addressed such that they may be early adopted at the same time as any amendments to AASB 1060 *General Purpose Financial Statements -Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* arising out of this ED, to avoid multiple significant changes within a short period of time.

Our detailed responses to the specific questions raised in the Invitation to Comment are attached.

We would be pleased to discuss our comments further with either yourself or members of your staff. If you wish to do so, please contact Melissa Sim on (02) 9276 9965 or Tony Hanrahan on (03) 9635 4036.

Yours sincerely



Ernst & Young

Specific matters for comment

- 1 Do you agree that Tier 2 entities should be subject to the same classification and presentation requirements, including aggregation requirements, for the financial statements as Tier 1 entities, except for the current concessions of:
- (a) not having to present a third statement of financial position when the entity has applied an accounting policy retrospectively, made a retrospective restatement of items in the financial statements or reclassified items in its financial statements; and
 - (b) the option to present a statement of income and retained earnings in place of a separate statement of comprehensive income and a statement of changes in equity under certain circumstances?

If you disagree, please explain why.

As previously indicated, we disagree with presentation concessions since we consider that classification and presentation requirements to Tier 1 and Tier 2 entities should be the same. Therefore, we continue to disagree with concessions provided to Tier 2 entities.

- 2 Do you agree with the approach proposed to achieve alignment of the classification and presentation requirements, including the consequential amendments proposed to guidance currently included in AASB 1060?

If you disagree, please explain why.

We agree with including the AASB 18 *Presentation and Disclosure in Financial Statements* application guidance in a new Appendix B to AASB 1060 *General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*. We understand the benefits of a 'one stop shop' for all presentation and disclosure requirements and therefore agree with the inclusion of all relevant guidance in the appendix to the Standard.

- 3 Do you agree that the transition requirements should be the same as those for AASB 18:
- (a) the amendments should be applied retrospectively;
 - (b) entities should disclose a reconciliation for each line item in the statement of profit or loss between the restated amounts and the amounts previously reported for the comparative period, but not for the current period or earlier periods presented. Entities are not required to comply with paragraph 106(b) of AASB 1060; and
 - (c) when first applying the amendments, eligible entities may change their elections for measuring an investment in an associate or joint venture from the equity method to fair value through profit or loss (see paragraph BC42)?

If you disagree, please explain why.

In order to maintain consistency in classification and presentation with Tier 1 entities, and between the current and comparative period:

- a) We agree with retrospective application.
- b) We concur with the proposed transition disclosures to achieve consistency with the transition requirements of Appendix C of AASB 18.
- c) We concur with this proposal and consider it necessary to maintain consistency of recognition and measurement with Tier 1 reporters.

- 4 In ED 338, the AASB sought stakeholder feedback on the suitability of applying AASB 18 and the revised AASB 107 *Statement of Cash Flows* requirements to not-for-profit (NFP) private and public sector entities preparing Tier 1 General Purpose Financial Statements (GPFS).

In May 2026, the AASB decided in respect of NFP public sector entities (excluding universities) preparing Tier 1 GPFS to:

- (a) require governments to continue presenting the GPFS of the Whole of Government and the General Government Sector in accordance with the formats specified in AASB 1049 *Whole of Government and General Government Sector Financial Reporting*, rather than the formats required by AASB 18;
- (b) provide accounting policy choices for NFP public sector entities to elect to apply certain AASB 18 requirements – such as the requirements for categorising income and expenses into the operating, investing and financing categories and the requirements for identifying and disclosing information about management-defined performance measures – thereby allowing relevant regulators to continue prescribing presentation formats that best meet users' information needs;
- (c) require NFP public sector entities to apply the AASB 18 requirements on labelling and aggregation;
- (d) permit NFP public sector entities to reconcile cash flows from operating activities to the profit or loss total presented in the statement of profit or loss if the entity does not present the operating profit or loss subtotal; and
- (e) retain the existing accounting policy choice for classifying cash flows from dividends received and interest paid and received, for example as cash flows from operating activities.

Do you agree that the reliefs granted to NFP public sector entities preparing Tier 1 GPFS should also be provided to NFP public sector entities preparing Tier 2 GPFS?

If you disagree with this approach, please explain why.

No comments being provided.

- 5 ED 338 did not propose any specific reliefs for NFP private sector entities preparing Tier 1 GPFS but sought feedback on whether applying AASB 18 and the revised AASB 107 requirements is suitable for these entities. Do you agree with the approach that, should the AASB decide, in view of stakeholder feedback, to provide any relief to NFP private sector entities from complying with the new presentation requirements in AASB 18 and AASB 107, the same relief should also be provided to NFP private sector entities preparing Tier 2 GPFS?

If you disagree with this approach, please explain why.

No comments being provided.

- 6 Do you have any other comments on the proposals?

We encourage the AASB to proceed with the next stage of analysis of Tier 2 financial reporting with a broad objective of clarifying: the impact of the new disclosure requirements of AASB 18 on Tier 2 reporting, any changes on Tier 2 reporting arising from the latest IFRS for SME's standard and addressing how IFRS 19 will impact the Australian financial reporting landscape. Ideally these questions will be addressed such that they may be early adopted at the same time as any amendments to AASB 1060 arising out of this ED, to avoid multiple significant changes within a short period of time.



Monday, 24 August 2026

Dr Keith Kendall
Chair, Australian Accounting Standards Board
PO Box 204
Collins Street West
Victoria 8007

Via website: <https://aasb.gov.au/current-projects/open-for-comment/submit-comment-letter/?id=2885>

Dear Keith

Exposure Draft 341 Updating AASB 1060 to Align the Classification and Presentation Requirements with AASB 18 (ED 341)

Chartered Accountants Australia and New Zealand (CA ANZ) welcomes the opportunity to provide feedback to the AASB on aligning the classification and presentation requirements in AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* (AASB 1060) with AASB 18 *Presentation and Disclosure in Financial Statements* (AASB 18). We make this submission on behalf of our members and in the public interest.

To support our submission, we have consulted with our members and other stakeholders, including attending the AASB roundtable discussions. Effort has been made to consult with the various sectors that will be impacted by these proposed changes, and our submission reflects the feedback we have heard.

Key points

Consistent with the views in our [submission on special purpose reporting reforms and simplified disclosure requirements \(ITC 56\)](#), feedback from our stakeholders continues to indicate that both preparers and users value consistency between Tier 1 and Tier 2 presentation requirements. This ensures that financial statements of all types and entity sizes are as readily understandable and comparable as possible.

We therefore support the approach to aligning AASB 1060 with AASB 18, and the resulting proposed amendments to AASB 1060, set out in ED 341. We also appreciate the fast tracking of these proposals so that Tier 2 entities can adopt them as soon as possible and support the AASB's proposed transition requirements which we agree will facilitate this process.

Finally, we also support consistency of presentation requirements within sectors and agree that if the AASB decides to provide concessions from the AASB 18 requirements to Tier 1

entities in the not-for-profit (NFP) public and private sectors, then the same concessions should also be available to Tier 2 entities in those sectors.

Future directions

While we support the AASB's work to regularly update AASB 1060 for consistency with the Tier 1 requirements, it is important that the AASB keeps in mind the challenges that many preparers face as a result of the current financial reporting framework which imposes Tier 2 reporting on many smaller entities who believe the costs of this reporting outweigh the benefits to their users. We therefore encourage the AASB to be particularly mindful of the cost-benefit concern in developing its proposals for updating AASB 1060 for the additional disclosures required by AASB 18 and the third edition of the IFRS for SMEs Accounting Standard. We also reiterate our call for a Tier 3 standard for the for-profit sector, now that work is complete on the Tier 3 standard for the NFP sector.

Conclusion

Appendix A provides our detailed responses to the specific questions raised in ED 341. Appendix B contains more information about CA ANZ. Should you have any queries about the matters in this submission, or wish to discuss them in further detail, please contact Amir Ghandar at amir.ghandar@charteredaccountantsanz.com.

Yours sincerely,

Geraldine Magarey FCA
Group Executive, Policy and International

Amir Ghandar FCA
Reporting and Assurance Leader

Appendix A

Responses to specific questions

1. **Do you agree that Tier 2 entities should be subject to the same classification and presentation requirements, including aggregation requirements, for the financial statements as Tier 1 entities, except for the current concessions of:**
 - a. **not having to present a third statement of financial position when the entity has applied an accounting policy retrospectively, made a retrospective restatement of items in the financial statements or reclassified items in its financial statements; and**
 - b. **the option to present a statement of income and retained earnings in place of a separate statement of comprehensive income and a statement of changes in equity under certain circumstances?**

If you disagree, please explain why.

Feedback from our stakeholders indicates that both preparers and users value consistency of presentation between Tier 1 and Tier 2 financial statements. We expressed this view in our [submission to AASB ITC 56](#) (Questions 2.1 and 2.2 in Section 2: AASB 1060 update) and therefore appreciate that the AASB has fast tracked the alignment of AASB 1060 with AASB 18. This will make it easier for our stakeholders to apply these important reforms to their Tier 2 financial statements as soon as possible and minimise the transition effort involved in helping users of all types of financial statements understand these improvements.

We also agree that the current Tier 2 presentation concessions referred to in 1(a) and (b) remain important and practical disclosure reliefs for Tier 2 entities, and so should be retained.

2. **Do you agree with the approach proposed to achieve alignment of the classification and presentation requirements, including the consequential amendments proposed to guidance currently included in AASB 1060? If you disagree, please explain why.**

We support the approach that maintains AASB 1060 as a “one stop shop” for Tier 2 entities’ disclosure requirements by incorporating AASB 18 requirements into AASB 1060. This is our preferred approach to the update of AASB 1060 and aligns with the views expressed in our [submission to AASB ITC 56](#) (Question 2.3 in Section 2: AASB 1060 update).

3. **Do you agree that the transition requirements should be the same as those for AASB 18:**
 - a. **the amendments should be applied retrospectively;**

- b. entities should disclose a reconciliation for each line item in the statement of profit or loss between the restated amounts and the amounts previously reported for the comparative period, but not for the current period or earlier periods presented. Entities are not required to comply with paragraph 106(b) of AASB 1060; and**
- c. when first applying the amendments, eligible entities may change their elections for measuring an investment in an associate or joint venture from the equity method to fair value through profit or loss (see paragraph BC42)?**

If you disagree, please explain why.

We support consistency of the transition requirements between Tier 1 and 2 entities to maintain comparability for financial statements during the transition phase. The proposed transition requirements set out in 3(a) and (b) should ensure that necessary changes are clearly communicated to users without incurring excessive costs.

We also support allowing entities to reconsider their accounting policy choices for investments, as set out in 3(c), in order to ensure their choice best reflects their current intentions for that investment.

- 4. In ED 338, the AASB sought stakeholder feedback on the suitability of applying AASB 18 and the revised AASB 107 *Statement of Cash Flows* requirements to not-for-profit (NFP) private and public sector entities preparing Tier 1 General Purpose Financial Statements (GPFS). In May 2026, the AASB decided in respect of NFP public sector entities (excluding universities) preparing Tier 1 GPFS to:**
 - a. require governments to continue presenting the GPFS of the Whole of Government and the General Government Sector in accordance with the formats specified in AASB 1049 *Whole of Government and General Government Sector Financial Reporting*, rather than the formats required by AASB 18;**
 - b. provide accounting policy choices for NFP public sector entities to elect to apply certain AASB 18 requirements – such as the requirements for categorising income and expenses into the operating, investing and financing categories and the requirements for identifying and disclosing information about management-defined performance measures – thereby allowing relevant regulators to continue prescribing presentation formats that best meet users' information needs;**
 - c. require NFP public sector entities to apply the AASB 18 requirements on labelling and aggregation; permit NFP public sector entities to reconcile cash flows from operating activities to the profit or loss total presented in the statement of profit or loss if the entity does not present the operating profit or loss subtotal; and**
 - d. retain the existing accounting policy choice for classifying cash flows from dividends received and interest paid and received, for example as cash flows from operating activities.**

Do you agree that the reliefs granted to NFP public sector entities preparing Tier 1 GPFS should also be provided to NFP public sector entities preparing Tier 2 GPFS? If you disagree with this approach, please explain why.

Our [submission to ED 338](#) supported the relief proposed for Tier 1 entities in ED 338. We agree that the reliefs are also appropriate for use by Tier 2 entities and that it is important that consistency of presentation requirements is maintained between Tier 1 and Tier 2 entities in this sector. Therefore, we also support these relief proposals.

5. ED 338 did not propose any specific reliefs for NFP private sector entities preparing Tier 1 GPFS but sought feedback on whether applying AASB 18 and the revised AASB 107 requirements is suitable for these entities. Do you agree with the approach that, should the AASB decide, in view of stakeholder feedback, to provide any relief to NFP private sector entities from complying with the new presentation requirements in AASB 18 and AASB 107, the same relief should also be provided to NFP private sector entities preparing Tier 2 GPFS?

If you disagree with this approach, please explain why.

Consistent with our [submission to ED 338](#), we support maintaining consistency between Tier 1 and Tier 2 entities where sector specific requirements are introduced.

6. Do you have any other comments on the proposals?

While we support the decisions taken by the AASB around updating AASB 1060 to maintain Tier 1 and Tier 2 alignment, we remain aware that the complexity and constant change of AASB 1060 is becoming an issue for many of the smaller entities that currently fall within its scope due to the current financial reporting framework and legislative thresholds.

As noted in our [submission to AASB ITC 56](#) (Question 2(c) in Section 1: Post-implementation review of AASB 1060 and AASB 2020-2), 75% of respondents to our [2022 IFRS Survey](#) (page 19) agreed that further simplifications to the Tier 2 requirements are required so that the costs of compliance do not outweigh benefits to users. The majority of these were corporate entities and practitioners. With more change to come as AASB 1060 is necessarily updated for the new AASB 18 disclosures and the third edition of the IFRS for SMEs Accounting Standard later in the year, these concerns are likely to increase.

We, therefore, urge the AASB to develop a Tier 3 general purpose financial reporting standard for for-profit entities to rebalance the cost versus benefit of reporting reform. In the meantime, it will be important to ensure that the necessary forthcoming amendments to AASB 1060, referred to above, are carefully tailored to reduce cost-benefit concerns as much as is practically possible.

Concerns about the appropriateness of the disclosures in AASB 1060 also continue to exist within the public sector, a matter we also noted in our [submission to ITC 56](#) (Question 1.1 in Section 2: AASB 1060 update).

Responses to General matters for comment

7. Have the AASB For-Profit Entity Standard-Setting Framework and the AASB Not-for-Profit Entity Standard-Setting Framework been applied appropriately in developing the proposals in this Exposure Draft?

As mentioned in our [submission to ED 338](#), we support the implementation of sector neutral concessions as part of the transition to AASB 18. We agree that the AASB has adequately considered and addressed the sector specific needs of relevant sectors as required by the framework documents referred to above. We also agree that if concessions are made for Tier 1 entities in different sectors, equivalent concessions should be available for Tier 2 entities in those sectors.

8. Are there any regulatory issues or other issues arising in the Australian environment that may affect the implementation of the proposals?

As noted in the cover letter of our [submission to ITC 56](#), there remains concern that the fragmented and complex nature of Australia's financial reporting framework and legislative thresholds means there are some smaller entities that are currently required to prepare Tier 2 financial statements without a clear demonstration of the cost-benefit balance of this level of reporting. Implementing such changes for these entities will incur further transition costs for limited benefit, a concern that supports our view that there remains a place for a Tier 3 standard for the for-profit sector. This would provide proportionate relief from the full recognition and measurement requirements of IFRS Accounting Standards to provide more of a cost-benefit balance.

We, therefore, welcome the [AASB's June decision](#) to monitor the need for the development of a Tier 3 reporting option for the for-profit private sector as part of its work plan and encourage the board to activate and progress this project as quickly as possible.

In addition, as noted in our response to Question 6, we are also aware of concerns within the public sector that using the IFRS for SMEs Accounting Standard as a base for AASB 1060 is not necessarily a useful benchmark for developing disclosures for Tier 2 public sector entities. We, therefore, recommend that the AASB performs further outreach to better understand the public sector perspectives on this topic as part of a wider project to complete framework reform in the public sector.

9. Do the proposals create any auditing or assurance challenges and, if so, please explain those challenges?

We are not aware of any auditing or assurance challenges created by the proposals.

10. Overall, would the proposals result in financial statements that would be useful to users?

We agree that the improvements in reporting that are being proposed in ED 341 will benefit all types of users of financial statements, especially when consistency of presentation between Tier 1 and Tier 2 entities is maintained.

11. Are the proposals in the best interests of the Australian economy?

Yes – in our view the proposals in ED 341 will improve the understandability of the income statement in direct response to user demand for improvement in this area. Maintaining a consistency of presentation between Tier 1 and Tier 2 entities will further improve the communicative value of financial statements, allowing a broader range of users to adapt to the reforms.

12. Unless already provided in response to specific matters for comment above, what are the costs and benefits of the proposals, whether quantitative (financial or non-financial) or qualitative, and are they appropriate relative to the existing requirements? In relation to quantitative financial costs, the AASB is particularly seeking to know the nature(s) and estimated amount(s) of any expected incremental costs, or cost savings, of the proposals relative to the existing requirements.

We agree that the benefits to both preparers and users of the improvements in reporting being proposed in ED 341 due to the importance to both these stakeholders of maintaining consistency of presentation between Tier 1 and Tier 2 financial statements entities would outweigh the costs of transitioning to the new requirements for most of these entities.

Appendix B

About Chartered Accountants Australia and New Zealand

Chartered Accountants Australia and New Zealand (CA ANZ) represents nearly 143,000 financial professionals, supporting them to build value and make a difference to the businesses, organisations and communities in which they work and live.

Around the world, Chartered Accountants are known for their integrity, financial skills, adaptability and the rigour of their professional education and training.

CA ANZ promotes the Chartered Accountant (CA) designation and high ethical standards, delivers world-class services and life-long education to members and advocates for the public good. We protect the reputation of the designation by ensuring members continue to comply with a code of ethics, backed by a robust discipline process. We also monitor Chartered Accountants who offer services directly to the public.

Our flagship CA Program, the pathway to becoming a Chartered Accountant, combines rigorous education with practical experience. Ongoing professional development helps members shape business decisions and remain relevant in a changing world.

We actively engage with governments, regulators and standard setters on behalf of members and the profession to advocate in the public interest. Our thought leadership promotes prosperity in Australia and New Zealand.

Our support of the profession extends to affiliations with international accounting organisations.

We are a member of the International Federation of Accountants and are connected globally through Chartered Accountants Worldwide and the Global Accounting Alliance. Chartered Accountants Worldwide brings together members of 13 chartered accounting institutes to create a community of more than 1.8 million Chartered Accountants and students in more than 190 countries. CA ANZ is a founding member of the Global Accounting Alliance which is made up of 10 leading accounting bodies that together promote quality services, share information and collaborate on important international issues.

We also have a strategic alliance with the Association of Chartered Certified Accountants. The alliance represents more than 870,000 current and next generation accounting professionals across 179 countries and is one of the largest accounting alliances in the world providing the full range of accounting qualifications.



24 August 2026

Dr Keith Kendall
Chair
Australian Accounting Standards Board
PO Box 204
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Submitted via email: standard@asb.gov.au

Dear Dr Kendall

AASB ED 341 Updating AASB 1060 to Align the Classification and Presentation Requirements with AASB 18

The Institute of Public Accountants (IPA) welcomes the opportunity to provide comments on the above Exposure Draft (ED).

In general, IPA supports the proposals in the ED, as it ensures Tier 2 presentation of financial statements is consistent with those of Tier 1.

More specifically, we support the following proposals:

- Tier 2 entities should be subject to the same classification and presentation requirements, including aggregation requirements, for the financial statements as Tier 1 entities, except for the current concessions.
- Approach to align the classification and presentation requirements, including the consequential amendments proposed to guidance currently included in AASB 1060 so that AASB 1060 remains a stand-alone standard.
- Transition requirements should be the same as those for AASB 18 so that the transition benefits for Tier 1 are also available for Tier 2 entities.
- Reliefs granted to Not-for-profit (NFP) public sector entities preparing Tier 1 GPFS to be provided to NFP public sector entities preparing Tier 2 GPFS.
- Relief provided to Tier 1 NFP private sector entities from complying with the new presentation requirements in AASB 18 and AASB 107 should also be available to NFP private sector entities preparing Tier 2 GPFS.
- Application date for Tier 2 of annual period beginning on or after 1 July 2030 with earlier application permitted so that Tier 2 can adopt the revised requirements at the same time as Tier 1 entities. However, Tier 2 entities generally have limited resources and require more time to implement revised requirements and are therefore likely not able to early adopt the revised requirements. This would result in different presentation formats for Tier 1 and Tier 2 reporting for a number of reporting periods.

Our responses to the specific questions in the ED are in Attachment 1.

For any questions relating to this submission, please contact Vicki Stylianou, Group Executive Advocacy and Professional Standards, Institute of Public Accountants at vicki.stylianou@publicaccountants.org.au.

Yours sincerely

[signed V Stylianou]

Vicki Stylianou

Group Executive, Advocacy & Professional Standards

Institute of Public Accountants

Attachment 1 – IPA’s responses to ED 341 specific questions

Specific matters for comment

Q1. Do you agree that Tier 2 entities should be subject to the same classification and presentation requirements, including aggregation requirements, for the financial statements as Tier 1 entities, except for the current concessions of:

- (a) not having to present a third statement of financial position when the entity has applied an accounting policy retrospectively, made a retrospective restatement of items in the financial statements or reclassified items in its financial statements; and**
- (b) the option to present a statement of income and retained earnings in place of a separate statement of comprehensive income and a statement of changes in equity under certain circumstances?**

If you disagree, please explain why.

IPA supports the proposal that Tier 2 entities should be subject to the same classification and presentation requirements, including aggregation requirements, for the financial statements as Tier 1 entities, except for the current concessions. The proposal ensures Tier 2 presentation of financial statements is consistent with that of Tier 1.

Q2. Do you agree with the approach proposed to achieve alignment of the classification and presentation requirements, including the consequential amendments proposed to guidance currently included in AASB 1060?

If you disagree, please explain why.

IPA agrees with the proposed approach to align the classification and presentation requirements, including the consequential amendments proposed to guidance currently included in AASB 1060. We think the proposed approach of incorporating the primary financial statement classification and presentation requirements into AASB 1060, by including the relevant AASB 18 application guidance in a new Appendix B to AASB 1060, ensures that AASB 1060 remains a stand-alone standard. We acknowledge that this increases the volume of AASB 1060. However, we think it is more beneficial for AASB 1060 to be a comprehensive stand-alone standard by incorporating the relevant disclosures and presentations applicable to Tier 2 entities. This is important, as AASB 1060 applies to entities in the small-to-medium enterprise (SME) sector. The proposed approach therefore reduces the need for SME entities, which generally have limited resources to consider numerous Accounting Standards for application.

Q3. Do you agree that the transition requirements should be the same as those for AASB 18:

- (a) the amendments should be applied retrospectively;**
- (b) entities should disclose a reconciliation for each line item in the statement of profit or loss between the restated amounts and the amounts previously reported for the comparative period, but not for the current period or earlier periods presented. Entities are not required to comply with paragraph 106(b) of AASB 1060; and**
- (c) when first applying the amendments, eligible entities may change their elections for measuring an investment in an associate or joint venture from the equity method to fair value through profit or loss (see paragraph BC42)?**

If you disagree, please explain why.

IPA supports the proposed transition requirements should be the same as those for AASB 18. This ensures that the transition benefits for Tier 1 are also available for Tier 2 entities. Additionally, we think this approach permits Tier 2 entities that early apply the revised requirements to have financial statement presentations consistent with those of Tier 1. However, we question the number of Tier 2 entities that will early adopt the revised requirements (refer to our response to Q6 below).

Q4. In ED 338, the AASB sought stakeholder feedback on the suitability of applying AASB 18 and the revised AASB 107 Statement of Cash Flows requirements to not-for-profit (NFP) private and public sector entities preparing Tier 1 General Purpose Financial Statements (GPFS). In May 2026, the AASB decided in respect of NFP public sector entities (excluding universities) preparing Tier 1 GPFS to:

- (a) require governments to continue presenting the GPFS of the Whole of Government and the General Government Sector in accordance with the formats specified in AASB 1049 Whole of Government and General Government Sector Financial Reporting, rather than the formats required by AASB 18;**
- (b) provide accounting policy choices for NFP public sector entities to elect to apply certain AASB 18 requirements – such as the requirements for categorising income and expenses into the operating, investing and financing categories and the requirements for identifying and disclosing information about management-defined performance measures – thereby allowing relevant regulators to continue prescribing presentation formats that best meet users’ information needs;**
- (c) require NFP public sector entities to apply the AASB 18 requirements on labelling and aggregation;**
- (d) permit NFP public sector entities to reconcile cash flows from operating activities to the profit or loss total presented in the statement of profit or loss if the entity does not present the operating profit or loss subtotal; and**
- (e) retain the existing accounting policy choice for classifying cash flows from dividends received and interest paid and received, for example as cash flows from operating activities.**

Do you agree that the reliefs granted to NFP public sector entities preparing Tier 1 GPFS should also be provided to NFP public sector entities preparing Tier 2 GPFS?

If you disagree with this approach, please explain why.

IPA supports the proposed reliefs granted to NFP public sector entities preparing Tier 1 GPFS to be provided to NFP public sector entities preparing Tier 2 GPFS. This ensures the existing presentation formats specified in an accounting standard, such as AASB 1049 continues to apply, instead of using the AASB 18 formats. We also support the proposal to continue permitting NFP public sector entities to have accounting policy choices for certain AASB 18 requirements in categorising income and expenses and classifying cashflows. The accounting policy choices permit the relevant regulators of the sector to continue prescribing presentation formats that best meet users’ information needs.

Q5. ED 338 did not propose any specific reliefs for NFP private sector entities preparing Tier 1 GPFS but sought feedback on whether applying AASB 18 and the revised AASB 107 requirements is suitable for these entities. Do you agree with the approach that, should the AASB decide, in view of stakeholder feedback, to provide any relief to NFP private sector entities from complying with the new presentation requirements in AASB 18 and AASB 107, the same relief should also be provided to NFP private sector entities preparing Tier 2 GPFS?

If you disagree with this approach, please explain why.

IPA is of the view that relief provided to Tier 1 NFP private sector entities from complying with the new presentation requirements in AASB 18 and AASB 107 should also be available to NFP private sector entities preparing Tier 2 GPFS. Additionally, we think the AASB should examine any further simplification to the new presentation requirements, where possible, to reduce the burden of Tier 2 reporting. This could form part of the separate project examining the new disclosure requirements in AASB 18 that are not currently required by AASB 1060.

Q6. Do you have any other comments on the proposals?

IPA supports the proposed application date for Tier 2 of the proposed amendments for annual period beginning on or after 1 July 2030 with earlier application permitted for Tier 2 entities to adopt the revised requirements at the same time as Tier 1 entities. However, Tier 2 entities (in contrast to Tier 1 entities) generally have limited resources and require more time to implement new/revised requirements. Consequently, Tier 2 entities may not be in the position to early adopt the revised requirements. This would result in different presentation formats for Tier 1 and Tier 2 reporting for a number of reporting periods.

The inability of Tier 2 entities to early adopt new requirements was stated in our submission to Invitation to Comment (ITC) 56 *Post-implementation Review of Tier 2 and the Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities and Further Update of Tier 2* (dated 22 January 2026) and reproduced below:

“The **optional transitional relief** was useful for an entity that applied **AASB 1060** early. However, our members in the SME sector did not early adopt AASB 1060 and avail themselves of the transitional relief. This is due to our SME members having limited resources to consider the myriad of Accounting Standards in conjunction with AASB 1060 to assess if they meet the criteria for preparing simplified GPFS under AASB 1060 before the Standard’s application date.” (page 1)

24 August 2026

Dr Keith Kendall
Chair
Australian Accounting Standards Board
Level 20, 500 Collins Street
Melbourne VIC 3000
Australia

Via email: standard@asb.gov.au

Dear Keith,

Exposure Draft ED 341 *Updating AASB 1060 to Align the Classification and Presentation Requirements with AASB 18*

Deloitte welcomes the opportunity to comment on Exposure Draft ED 341 *Updating AASB 1060 to Align the Classification and Presentation Requirements with AASB 18* (“ED 341”).

Overall, we support the Board’s proposal to align AASB 1060 with the classification and presentation requirements in AASB 18 *Presentation and Disclosure in Financial Statements*. We also support the speed with which the project is being progressed. In our view, it is important that entities applying AASB 1060 *General Purpose financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Entities* have the ability to align the presentation of their financial statements with a parent entity reporting under Tier 1 Australian Accounting Standards or IFRS Accounting Standards, where relevant. Without the proposals in ED 341, groups with a mix of Tier 1 Australian Accounting Standards (or IFRS Accounting Standards) and Tier 2 reporters would face significant challenges and cost in maintaining their accounting records.

In addition, consistent presentation between Tiers of reporting enhances understandability and comparability of financial reporting more generally. It also supports transition between Tiers by entities that are considering, for example, an initial public offering (IPO).

We support the proposed effective date of annual periods beginning on or after 1 July 2030, with earlier application permitted. This appears to provide an appropriate transition period for Tier 2 entities while preserving the ability for earlier alignment where that is beneficial.

We also support retaining AASB 1060 as a stand-alone Standard by incorporating the relevant classification and presentation requirements, and related application guidance, into AASB 1060 rather than requiring Tier 2 entities to refer separately to AASB 18.

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Our detailed comments on the questions raised in ED 341 are further outlined in the Appendix.

Please contact me at cwarden@deloitte.com.au if you wish to discuss any of our comments.

Yours sincerely

A handwritten signature in black ink that reads "CWarden". The signature is written in a cursive, flowing style.

Carol Warden

Partner

Appendix – Responses to the specific AASB questions for respondents in ED 341

Question	Response
Specific matters for comment	
1. Do you agree that Tier 2 entities should be subject to the same classification and presentation requirements, including aggregation requirements, for the financial statements as Tier 1 entities, except for the current concessions of: (a) not having to present a third statement of financial position when the entity has applied an accounting policy retrospectively, made a retrospective restatement of items in the financial statements or reclassified items in its financial statements; and (b) the option to present a statement of income and retained earnings in place of a separate statement of comprehensive income and a statement of changes in equity under certain circumstances? If you disagree, please explain why.	Agree
2. Do you agree with the approach proposed to achieve alignment of the classification and presentation requirements, including the consequential amendments proposed to guidance currently included in AASB 1060? If you disagree, please explain why.	Agree
3. Do you agree that the transition requirements should be the same as those for AASB 18: (a) the amendments should be applied retrospectively; (b) entities should disclose a reconciliation for each line item in the statement of profit or loss between the restated amounts and the amounts previously reported for the comparative period, but not for the current period or earlier periods presented. Entities are not required to comply with paragraph 106(b) of AASB 1060; and (c) when first applying the amendments, eligible entities may change their elections for	Agree

Question	Response
measuring an investment in an associate or joint venture from the equity method to fair value through profit or loss (see paragraph BC42)? If you disagree, please explain why.	
4. Do you agree that the reliefs granted to NFP public sector entities preparing Tier 1 GPFS should also be provided to NFP public sector entities preparing Tier 2 GPFS? If you disagree with this approach, please explain why.	Agree
5. Do you agree with the approach that, should the AASB decide, in view of stakeholder feedback, to provide any relief to NFP private sector entities from complying with the new presentation requirements in AASB 18 and AASB 107, the same relief should also be provided to NFP private sector entities preparing Tier 2 GPFS? If you disagree with this approach, please explain why.	Agree
6. Do you have any other comments on the proposals?	No further comments except for those expressed in the cover letter .
General matters for comment	
7. Have the <i>AASB For-Profit Entity Standard-Setting Framework</i> and the <i>AASB Not-for-Profit Entity Standard-Setting Framework</i> been applied appropriately in developing the proposals in this Exposure Draft?	Agree
8. Are there any regulatory issues or other issues arising in the Australian environment that may affect the implementation of the proposals?	We are not aware of any regulatory or other issues.
9. Do the proposals create any auditing or assurance challenges and, if so, please explain those challenges?	We are not aware that the proposals would create any auditing or assurance challenges.

Question	Response
10. Overall, would the proposals result in financial statements that would be useful to users?	Yes
11. Are the proposals in the best interests of the Australian economy?	Yes
12. Unless already provided in response to specific matters for comment above, what are the costs and benefits of the proposals, whether quantitative (financial or non-financial) or qualitative, and are they appropriate relative to the existing requirements? In relation to quantitative financial costs, the AASB is particularly seeking to know the nature(s) and estimated amount(s) of any expected incremental costs, or cost savings, of the proposals relative to the existing requirements.	We do not have a specific estimate of the costs. However, we would anticipate that Tier 2 entities would be subject to a similar amount of effort as Tier 1 entities in terms of implementing AASB 18. However, given the delayed implementation date, this effort may be offset by the available experience and reference materials developed through the Tier 1 implementation journey.



Dr. Keith Kendall
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via submission portal: <https://www.aasb.gov.au/current-projects/open-for-comment/>

24 August 2026

Dear Keith,

RE: ED 341 *Updating AASB 1060 to Align the Classification and Presentation Requirements with AASB 18*

PricewaterhouseCoopers Australia (**PwC**) appreciates the opportunity to comment on the Exposure Draft *341 Updating AASB 1060 to Align the Classification and Presentation Requirements with AASB 18 (ED 341)* issued by the Australian Accounting Standards Board (the **Board**).

We support the proposals outlined in ED 341. We agree that aligning the classification and presentation requirements in AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* with AASB 18 *Presentation and Disclosure in Financial Statements* will provide Tier 1 and Tier 2 entities with a common structure for primary financial statements. This will improve comparability for users and make it easier for entities moving between tiers. ED 341 is consistent with our response to ITC 56, dated 22 January 2026, to update AASB 1060 in a timely manner to avoid prolonged divergence between Tier 1 and Tier 2 performance reporting.

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We also support incorporating the relevant classification and presentation requirements directly into the main body of AASB 1060, preserving AASB 1060 as a practical one-stop shop for Tier 2 preparers and auditors. We agree that any transition requirements mirror those in AASB 18, and that any relief ultimately provided to not-for-profit (NFP) entities preparing Tier 1 general purpose financial statements (GPFS) is extended, where applicable, to NFP entities preparing Tier 2 GPFS.

We recommend that the Board coordinates these amendments with its broader work on AASB 1060, including updates arising from the third edition of the *IFRS for SMEs Accounting Standard*, IFRS 19 *Subsidiaries without Public Accountability: Disclosures*, and the AASB 18 disclosure requirements. This would allow the Board to align the mandatory effective dates of any further changes.

Our detailed responses are set out in the appendix.

We would welcome the opportunity to discuss our submission further or address any questions you may have. Please feel free to contact myself at ashley.s.wood@au.pwc.com or Manuel Kapsis on manuel.kapsis@au.pwc.com.

Yours sincerely,

A handwritten signature in black ink that reads 'Ashley Wood'.

Ashley Wood

Assurance Risk and Quality Leader



Appendix One - Detailed responses to the specific matters for comment

Question 1 — Same classification and presentation requirements for Tier 1 and Tier 2 entities

We support the proposal that Tier 2 entities apply the same classification and presentation requirements as Tier 1 entities, including the aggregation and disaggregation requirements, subject to retaining the existing Tier 2 concessions identified in this ED. Consistent presentation between Tier 1 and Tier 2 entities will enhance comparability and improve the usefulness of financial statements, particularly for users comparing entities across reporting tiers or within groups. It would also limit the changes required for entities transitioning between Tier 2 and Tier 1 reporting frameworks.

Question 2 — Approach to alignment and consequential amendments

We support the Board's proposed approach of incorporating the relevant classification and presentation requirements directly into AASB 1060. This is consistent with our previous response to ITC 56, dated 22 January 2026, that AASB 1060 remain a standalone source of Tier 2 presentation and disclosure requirements. We also support including the relevant AASB 18 application guidance in a new Appendix B, as this would help ensure Tier 2 entities have access to all the relevant guidance within AASB 1060 and reduce the risk of guidance being overlooked.

Question 3 — Transition requirements

We support the proposal that the transition requirements are aligned with those for AASB 18. Retrospective application and a reconciliation of statement of profit or loss line items for the comparative period will support comparability and help users understand the effects of transition. We also support the proposed relief from providing the quantitative information otherwise required by paragraph 106(b) of AASB 1060. However, consistent with our response to ED 338, dated 26 February 2026, we encourage the Board to consider whether additional practical transition relief may be appropriate for smaller Tier 2 entities or NFP entities where retrospective restatement would involve disproportionate cost or effort. For example, relief from full restatement of comparative information or simplified initial application for smaller NFPs. We recommend that any such relief be targeted, without undermining comparability.

Question 4 — Tier 2 NFP public sector reliefs

We support extending the reliefs granted to NFP public sector entities preparing Tier 1 GPFS to NFP public sector entities preparing Tier 2 GPFS. It would be consistent with the objective of Tier 2 reporting entities that they are not subject to more onerous presentation requirements than their Tier 1 counterparts. Providing equivalent relief would promote consistency across the tiers and avoid unnecessary complexity. Consistent with our response to ED 338, dated 26 February 2026, we have not provided detailed comments on presentation matters specific to the NFP public sector.

Question 5 — Tier 2 NFP private sector reliefs

We agree with the proposed approach. If the Board decides, in light of stakeholder feedback, to provide relief to NFP private sector entities from the new presentation requirements in AASB 18 and AASB 107, we think that the same relief would be relevant to NFP private sector entities preparing Tier 2 GPFS. The reasoning is the same as for Question 4.

Question 6 — Other comments

Mandatory application date and coordination with the broader AASB 1060 update

We support the proposed mandatory effective date of annual reporting periods beginning on or after 1 July 2030, with earlier application permitted. That date provides sufficient lead time for Tier 2 entities to implement the changes. Tier 2 entities typically have fewer financial reporting resources than Tier 1 entities, to remap their chart of accounts, redesign their financial statement templates and prepare restated comparatives without diverting disproportionate effort from ordinary reporting cycles.

The proposed date also gives the Board the opportunity to align the effective date of its remaining AASB 1060 work, including the AASB 18 disclosure amendments with the changes arising from the third edition of the *IFRS for SMEs Accounting Standard* and any adoption of IFRS 19. We therefore encourage the Board to coordinate the ED 341 amendments with those workstreams and to adopt 1 July 2030 as the common mandatory effective date for all of them. Where practicable, we recommend that the Board issue a single coordinated package of amendments. This approach would allow Tier 2 entities to plan and implement a single change to their financial statements rather than a series of mandatory



consecutive changes, reducing implementation costs and limiting change fatigue for preparers, auditors and users.

Permitting earlier application complements that approach. It allows entities that wish to adopt the AASB 18 presentation at the same time as Tier 1 entities to do so, including entities within groups whose Tier 1 parent is adopting AASB 18 from 1 January 2027, and it responds to the interest some Tier 2 stakeholders expressed through ITC 56, dated 22 January 2026, in early adoption. To make that option genuinely available, we encourage the Board to finalise the amendments early enough for entities to plan for early application.

Response to the general matters for comment

Question 12 — Costs and benefits of the proposals

We consider the benefits of the proposals outweigh the costs, provided entities have sufficient lead time and future Tier 2 disclosure requirements remain proportionate.

On costs, we expect Tier 2 entities to face many of the same implementation activities as Tier 1 entities applying AASB 18, including updating templates and group reporting packages, remapping the chart of accounts to the new categories, documenting classification judgements, restating comparatives and preparing the transition reconciliation, training finance teams and updating audit methodologies. We cannot estimate a reliable incremental cost, as it will vary with an entity's circumstances, but we expect it to be higher for entities with complex financing or investing activities, or with specified main business activities, and for those using relatively simple AASB 1060 templates today. Entities whose Tier 1 parent has already adopted AASB 18 can be expected to leverage that work at comparatively low cost.

On benefits, alignment will deliver more structured and comparable information about financial performance, reduce diversity in presentation between and within tiers, remove the rework involved in moving from Tier 2 to Tier 1, and allow preparers, auditors and users to work from a single presentation framework. Retaining the existing Tier 2 concessions and the paragraph 106(b) transition relief limits the cost of achieving those benefits.



On balance, we consider the proposals appropriate for a simplified Tier 2 framework, provided entities have adequate lead time between finalisation and mandatory application. Any disclosure amendments need to be calibrated to Tier 2 users, rather than transplanted from AASB 18, with effective dates aligned to these presentation changes so entities can complete a single transition.

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24 August 2026

Dr Keith Kendall FCPA
 Chair
 Australian Accounting Standards Board
 PO Box 204, Collins Street West, Victoria 8007

Via online submission: www.aasb.gov.au

Dear Keith

Exposure Draft 341 - Updating AASB 1060 to Align the Classification and Presentation Requirements with AASB 18

As one of the largest professional accounting bodies in the world, CPA Australia represents the diverse interests of more than 175,000 members working in over 100 jurisdictions and regions around the world, working in diverse roles across public practice, commerce, industry, government and academia throughout Australia and internationally. We provide the following feedback on the Exposure Draft 341 - Updating AASB 1060 to Align the Classification and Presentation Requirements with AASB 18 (the ED).

We note that the ED only considers the classification and presentation requirements for Tier 2 entities and that the new disclosure requirements in AASB 18 including management-defined performance measures, will be considered separately. Overall, we support the proposed alignment of the classification and presentation requirements for Tier 2 entities with AASB 18 *Presentation and Disclosure in Financial Statements* (AASB 18), which we consider will promote greater consistency and comparability between Tier 1 and Tier 2 financial statements.

In our [submission](#) in response to Exposure Draft 338 *Application of AASB 18 and AASB 107 by Superannuation and Not-for-Profit Entities and Operating Cash Flow Reconciliation for entities preparing Tier 1 general purpose financial statements* (ED 338), we expressed support to the application of AASB 18 requirements to Superannuation entities and not-for-profit (NFP) public sector entities, in the context of Tier 1 General Purpose Financial Statements (GPFS) preparation. We expressed conditional support to the application of AASB 18 requirements to NFP private sector entities, universities and for-profit public sector entities, in the context of Tier 1 GPFS. For similar reasons stated in our submission to ED 338, we maintain our support/conditional support where applicable for the same groups of entities, in the context of Tier 2 GPFS.

We encourage the AASB to provide appropriate implementation guidance and illustrative examples and to continue to consider developments relating to the application of AASB 18. We also highlight the need for robust impact and effects analysis and proactive engagement with regulators, particularly where statutory reporting frameworks require smaller entities to prepare Tier 2 GPFS.

In respect of smaller entities that prepare Tier 2 GPFS, we reiterate the comments made in our [submission](#) in response to ITC 56 - *Post-implementation Review of Tier 2 and the Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities and Further Update of Tier 2* (ITC 56), that the AASB

should consider a more nuanced and fit-for-approach for the for-profit private sector that could include a further reporting Standard or framework that involves simplified recognition, measurement and disclosure requirements (a for-profit Tier 3 Standard).

Further detail on our above comments, including our responses are included in the Attachment. If you require further information, please contact me at ram.subramanian@cpaaustralia.com.au.

Yours sincerely

Ram Subramanian FCPA
Financial Reporting Lead
CPA Australia

ATTACHMENT – CPA AUSTRALIA’S RESPONSES

Specific matters for comment

The AASB would particularly value comments on the following:

1) Do you agree that Tier 2 entities should be subject to the same classification and presentation requirements, including aggregation requirements, for the financial statements as Tier 1 entities, except for the current concessions of:

(a) not having to present a third statement of financial position when the entity has applied an accounting policy retrospectively, made a retrospective restatement of items in the financial statements or reclassified items in its financial statements; and

(b) the option to present a statement of income and retained earnings in place of a separate statement of comprehensive income and a statement of changes in equity under certain circumstances?

If you disagree, please explain why.

We agree that Tier 2 entities should generally be subject to the same classification and presentation requirements, including aggregation requirements, as Tier 1 entities, while retaining the existing Tier 2 concessions identified in the proposal.

However, as noted in our cover letter above and in our response to Question 5 below, whilst we offer our overall support to the proposals, we offer conditional support to the proposals around applying the AASB 18 classification and presentation requirements by NFP private sector entities (excluding universities). This conditional support reflects the mixed feedback we received from our stakeholders as part of our outreach on ED 338 and includes a recommendation for a post-implementation review to reassess the costs and benefits of applying the requirements to these entities.

We also consider that alignment with Tier 1 should not preclude the AASB from monitoring the application of the requirements and, through future review processes, considering whether further Tier 2-specific reliefs or simplifications may be appropriate, having regard to user needs, the characteristics of Tier 2 entities and the costs and benefits of the requirements.

Subject to the above and as stated in our previous submissions to ITC 56 and ED 338, and our supplementary [submission](#) on the application of AASB 18 on specific income categorisation requirements by NFP private sector entities, we support replacing the AASB 101 classification and presentation requirements in AASB 1060 with the corresponding AASB 18 requirements, to promote consistency between Tier 1 and Tier 2 entities, including application of the core AASB 18 classification framework to NFP entities.

We recognise that specific NFP reliefs or modifications may be appropriate in certain circumstances and, where such reliefs are provided to Tier 1 NFP entities, equivalent reliefs should also be provided to Tier 2 entities, where applicable.

2) Do you agree with the approach proposed to achieve alignment of the classification and presentation requirements, including the consequential amendments proposed to guidance currently included in AASB 1060?

If you disagree, please explain why.

We agree with the proposed approach. As stated in our submission to ITC 56, we preferred Option A, which is the current approach proposed by the AASB in ED 341. We continue to consider this approach appropriate

as it retains AASB 1060 as a standalone Standard and provides a practical, one-stop source of requirements for Tier 2 entities.

We also support the inclusion of relevant AASB 18 application guidance in AASB 1060, as proposed, to assist Tier 2 entities in applying the classification and presentation requirements consistently. We note that the approach should continue to take account of any NFP-specific modifications or reliefs determined appropriate by the AASB, consistent with our comments in response to Question 1.

3) Do you agree that the transition requirements should be the same as those for AASB 18:

(a) the amendments should be applied retrospectively;

(b) entities should disclose a reconciliation for each line item in the statement of profit or loss between the restated amounts and the amounts previously reported for the comparative period, but not for the current period or earlier periods presented. Entities are not required to comply with paragraph 106(b) of AASB 1060; and

(c) when first applying the amendments, eligible entities may change their elections for measuring an investment in an associate or joint venture from the equity method to fair value through profit or loss (see paragraph BC42)?

If you disagree, please explain why.

We agree with the transition requirements. As these requirements are consistent with the transition requirements already established in AASB 18, we consider retrospective application and the proposed reconciliation requirements appropriate to facilitate comparability between the restated comparative information and amounts previously reported, while the option for eligible entities to change their measurement election for investments in associates and joint ventures provides appropriate flexibility on first applying the amendments. As such we support the proposed transition requirements as they promote consistency between Tier 1 and Tier 2 entities and avoid unnecessary differences in applying the new classification and presentation requirements.

4) In ED 338, the AASB sought stakeholder feedback on the suitability of applying AASB 18 and the revised AASB 107 Statement of Cash Flows requirements to not-for-profit (NFP) private and public sector entities preparing Tier 1 General Purpose Financial Statements (GPFS).

In May 2026, the AASB decided in respect of NFP public sector entities (excluding universities) preparing Tier 1 GPFS to:

(a) require governments to continue presenting the GPFS of the Whole of Government and the General Government Sector in accordance with the formats specified in AASB 1049 Whole of Government and General Government Sector Financial Reporting, rather than the formats required by AASB 18;

(b) provide accounting policy choices for NFP public sector entities to elect to apply certain AASB 18 requirements – such as the requirements for categorising income and expenses into the operating, investing and financing categories and the requirements for identifying and disclosing information about management-defined performance measures – thereby allowing relevant regulators to continue prescribing presentation formats that best meet users' information needs;

(c) require NFP public sector entities to apply the AASB 18 requirements on labelling and aggregation;

(d) permit NFP public sector entities to reconcile cash flows from operating activities to the profit or loss total presented in the statement of profit or loss if the entity does not present the operating profit or loss subtotal; and

(e) retain the existing accounting policy choice for classifying cash flows from dividends received and interest paid and received, for example as cash flows from operating activities.

Do you agree that the reliefs granted to NFP public sector entities preparing Tier 1 GPFS should also be provided to NFP public sector entities preparing Tier 2 GPFS?

If you disagree with this approach, please explain why.

We agree that the reliefs granted to NFP public sector entities preparing Tier 1 GPFS should also be provided to NFP public sector entities preparing Tier 2 GPFS.

As stated in our submission to ED 338, our comments in respect of NFP public sector entities are also relevant to NFP public sector entities preparing Tier 2 GPFS. We therefore support extending the reliefs set out in paragraph 4(a)–(e) to Tier 2 entities, where applicable.

We consider that applying equivalent reliefs to Tier 1 and Tier 2 NFP public sector entities would maintain consistency across the tiers while recognising the particular reporting and regulatory circumstances of NFP public sector entities.

As ED 341 does not specifically address for-profit public sector entities, we presume the AASB has concluded that as the proposals relate to Tier 2 GPFS, this matter is not relevant to for-public sector entities.

5) ED 338 did not propose any specific reliefs for NFP private sector entities preparing Tier 1 GPFS but sought feedback on whether applying AASB 18 and the revised AASB 107 requirements is suitable for these entities. Do you agree with the approach that, should the AASB decide, in view of stakeholder feedback, to provide any relief to NFP private sector entities from complying with the new presentation requirements in AASB 18 and AASB 107, the same relief should also be provided to NFP private sector entities preparing Tier 2 GPFS?

If you disagree with this approach, please explain why.

We agree with the approach. As stated in our submissions to ITC 56, ED 338 and the AASB 18 supplementary consultation, we support applying the core AASB 18 classification framework to NFP entities, including Tier 2 NFP entities. However, as noted in the cover letter above and articulated in more detail in our submission to ED 338, this support is conditional to reflect the mixed feedback we received from stakeholders on the application of AASB 18 requirements to NFP private sector entities preparing Tier 1 GPFS.

We extend the same conditional support to the proposals that relate specifically to the classification and presentation requirements of AASB 18 considered as part of ED 341, for Tier 2 GPFS. This support is conditional on the basis the AASB undertakes a post-implementation review of AASB 18 (and the equivalent requirements in AASB 1060) in due course to ensure the costs of applying these requirements do not exceed the benefits arising.

We also support development and provision of further implementation guidance and illustrative examples to mitigate judgement-driven inconsistencies and counterintuitive presentation outcomes.

Furthermore, where the AASB determines that NFP-specific relief is appropriate for Tier 1 NFP private sector entities, we consider that equivalent relief should also be considered for Tier 2 entities, where applicable. This would maintain consistency between the two tiers while appropriately recognising the circumstances of NFP entities.

6) Do you have any other comments on the proposals?

We have the following additional comments on the proposals.

As stated in our submissions to ED 338 and the AASB 18 supplementary consultation, we consider that additional implementation guidance and illustrative examples would assist entities in applying AASB 18, particularly in the NFP sector where certain requirements may not operate as intuitively. We also encourage the AASB to consider the comparability impacts of the new requirements for universities and NFP private-sector entities.

We also encourage the AASB to continue monitor developments relating to the IFRS Interpretations Committee's consideration of a number of IFRS 18 interpretation and application issues. At the time of preparing this submission, seven IFRS 18-related tentative agenda decisions are open for comment, covering matters including MPMs, classification of income and expenses, specified main business activities, labels of subtotals and presentation of operating expenses.

Given that further agenda decisions or other clarifications relating to IFRS 18 may arise as implementation progresses, we encourage the AASB to consider the implications of those developments when finalising the amendments to AASB 1060. This will help ensure that the Tier 2 requirements remain aligned with the interpretation and application of AASB 18 and reduce the need for subsequent amendments or clarification.

General matters for comment

The AASB would also particularly value comments on the following general matters:

7) Have the AASB For-Profit Entity Standard-Setting Framework and the AASB Not-for-Profit Entity Standard-Setting Framework been applied appropriately in developing the proposals in this Exposure Draft?

As stated in our submissions to ITC 56, ED 338 and the AASB 18 supplementary consultation, we support alignment of the core classification and presentation requirements between Tier 1 and Tier 2 entities, while recognising the particular circumstances of NFP entities. Subject to our comments above in response to Question 5, we consider that the AASB has appropriately considered the needs and circumstances of NFP entities and the effects of the proposals on Tier 2 entities through its consultation on ITC 56 and ED 338, including its consideration of NFP-specific reliefs.

We encourage the AASB to continue to have regard to the specific information needs and circumstances of NFP entities as it finalises the proposals, including any further developments arising from the application of AASB 18 and the outcomes of ED 338.

8) Are there any regulatory issues or other issues arising in the Australian environment that may affect the implementation of the proposals?

As stated in our ITC 56 submission, we highlighted regulatory challenges that may arise where statutory reporting frameworks require smaller entities to prepare full Tier 2 GPFS, including the examples of the Queensland Building and Construction Commission (QBCC) and Victorian building reporting regimes. We recommended stronger impact and effects analysis, proactive engagement with relevant regulators and ongoing monitoring of regulatory frameworks to ensure that changes to AASB 1060 do not create unintended consequences for entities subject to such requirements. As noted in our cover letter, a more holistic solution to the financial reporting needs of smaller for-profit entities may lie in the development of a new for-profit Tier 3 Standard that involves simplified recognition, measurement and disclosure requirements.

Also, as stated in our ED 338 and supplementary consultation submissions, we consider that the application of AASB 18 to NFP entities should take account of their particular regulatory and reporting circumstances. In

particular, where regulators prescribe or influence presentation requirements, the interaction between those requirements and the AASB 18 classification and presentation requirements should be carefully considered.

We also refer to our comments in Question 6 regarding ongoing developments relating to IFRS 18.

9) Do the proposals create any auditing or assurance challenges and, if so, please explain those challenges?

We do not expect the proposals to create significant auditing or assurance challenges. As stated in our ITC 56 submission, we did not identify significant technical auditing or assurance concerns with AASB 1060, with earlier issues primarily arising from misunderstandings of “simplified disclosures” versus “simplified accounting”. We consider that any future challenges are more likely to relate to implementation guidance and the exercise of judgement rather than auditing standards themselves. Clear implementation guidance and illustrative examples would therefore assist preparers and auditors in applying the requirements consistently, particularly during the transition period.

10) Overall, would the proposals result in financial statements that would be useful to users?

Overall, we consider that the proposals would result in financial statements that are useful to users. As stated in our ITC 56 submission, we support aligning the classification and presentation requirements of Tier 2 entities with AASB 18, as this should enhance consistency and comparability between Tier 1 and Tier 2 financial statements. Also as stated in our ED 338 and supplementary consultation submissions, the application of AASB 18 to NFP entities should also take account of their particular circumstances and information needs. We consider that appropriate NFP-specific reliefs, together with clear implementation guidance and illustrative examples, will be important to ensuring that the resulting information is useful and comparable for users.

11) Are the proposals in the best interests of the Australian economy?

12) Unless already provided in response to specific matters for comment above, what are the costs and benefits of the proposals, whether quantitative (financial or non-financial) or qualitative, and are they appropriate relative to the existing requirements? In relation to quantitative financial costs, the AASB is particularly seeking to know the nature(s) and estimated amount(s) of any expected incremental costs, or cost savings, of the proposals relative to the existing requirements.

Subject to our above comments, we consider that, overall, the proposals are in the best interests of the Australian economy and that the benefits are appropriate relative to the associated costs.



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Dr Keith Kendall
Chair
Australian Accounting Standards Board
PO Box 204
Collins Street West VIC 9007

Our ref Submission - ED 341
Contact Heng, Kim (+61 2 9455 9120)

24 August 2026

Dear Dr Kendall,

Exposure draft (ED) 341 - Updating AASB 1060 to Align with AASB 18 Classification and Presentation Requirements

KPMG Australia (KPMG) is pleased to have the opportunity to respond to *ED 341 Updating AASB 1060 to Align the Classification and Presentation Requirements with AASB 18*.

We support the Board's proposal to align the classification and presentation requirements in AASB 1060 with those in AASB 18 *Presentation and Disclosure in Financial Statements*. Consistent requirements for Tier 1 and Tier 2 entities would improve comparability, reduce complexity and make AASB 1060 easier to apply, particularly for entities that report into Tier 1 groups, as they could maintain one reporting system rather than separate systems for Tier 1 and Tier 2 reporting.

We support retaining the existing AASB 1060 concessions and the proposed transition requirements including retrospective application as these strike an appropriate balance between comparability and reporting burden.

We encourage the Board to carefully assess the cost-benefit implications of any future disclosure amendments to AASB 1060.

We have provided detailed responses to questions where we have specific comments in the appendix to this letter.

We would be pleased to discuss our comments with members of the AASB or its staff. If you wish to do so, please contact Anita Pozo-Jones on (02) 9335 7201, or myself on (02) 9455 9120.

Yours sincerely

Kim Heng
Partner
KPMG Australia

We agree with the proposed transition requirements.

- Applying the amendments retrospectively is appropriate given they relate to presentation rather than recognition or measurement. Retrospective application enhances comparability between reporting periods and, together with the proposed reconciliation disclosures, helps users understand how previously reported information has been re-presented under the new requirements. This supports meaningful trend analysis and transparency regarding the impact of the changes.
- We also agree that Tier 2 entities should not be required to provide the reconciliation specified in paragraph 106(b) of AASB 1060 on initial application of the amendments, as this would impose disclosure requirements that are more extensive than those applying to Tier 1 entities under AASB 18.
- We support permitting eligible entities to change their election for measuring investments in associates and joint ventures as this relief is consistent with the transition requirements of AASB 18.

4. In ED 338, the AASB sought stakeholder feedback on the suitability of applying AASB 18 and the revised AASB 107 Statement of Cash Flows requirements to not-for-profit (NFP) private and public sector entities preparing Tier 1 General Purpose Financial Statements (GPFS). In May 2026, the AASB decided in respect of NFP public sector entities (excluding universities) preparing Tier 1 GPFS to:

- a) require governments to continue presenting the GPFS of the Whole of Government and the General Government Sector in accordance with the formats specified in AASB 1049 Whole of Government and General Government Sector Financial Reporting, rather than the formats required by AASB 18;
- b) provide accounting policy choices for NFP public sector entities to elect to apply certain AASB 18 requirements – such as the requirements for categorising income and expenses into the operating, investing and financing categories and the requirements for identifying and disclosing information about management-defined performance measures – thereby allowing relevant regulators to continue prescribing presentation formats that best meet users' information needs;
- c) require NFP public sector entities to apply the AASB 18 requirements on labelling and aggregation;
- d) permit NFP public sector entities to reconcile cash flows from operating activities to the profit or loss total presented in the statement of profit or loss if the entity does not present the operating profit or loss subtotal; and
- e) retain the existing accounting policy choice for classifying cash flows from dividends received and interest paid and received, for example as cash flows from operating activities.

**Do you agree that the reliefs granted to NFP public sector entities preparing Tier 1 GPFS should also be provided to NFP public sector entities preparing Tier 2 GPFS?
If you disagree with this approach, please explain why.**

We agree with the proposed approach as it would promote consistency and comparability between Tier 1 and Tier 2 NFP public sector entities. However, we note that paragraph 4(b) proposes that NFP public sector entities preparing Tier 1 GPFS would have an accounting policy choice to apply AASB 18 requirements relating to the identification and disclosure of management-defined performance measures.

6. Do you have any other comments on the proposals?

Although this ED deals with the alignment of classifications and presentation requirements the Board has indicated that the proposed amendments to the disclosure requirements in AASB 1060 will be considered separately at a later stage. In our submission on ITC 56 we expressed the following views which we continue to support:

- We do not recommend disclosure requirements for MPMs for Tier 2 entities, as these entities lack public accountability and MPMs are not commonly used and are therefore less relevant.
- We urge the Board to critically evaluate the relevance of paragraph 82(b) of AASB 18 which requires a qualitative description of the nature of expenses in each function line item for Tier 2 financial statement users. Tier 2 entities are currently exempt from the equivalent three nature-of-expense disclosures in AASB 101. We therefore do not support extending these requirements through AASB 1060 unless the Board can demonstrate that the benefits justify the additional reporting burden.

We urge the Board to conduct a thorough cost-benefit analysis for any additional disclosure requirements beyond what is currently required under AASB 1060.

General matters for comment

9. Do the proposals create any auditing or assurance challenges and, if so, please explain those challenges?

We do not consider the proposals to create any significant auditing or assurance challenges. As with the first-time adoption of any new accounting standard, some additional audit effort will be required in the year of transition to assess the application of the new requirements and the related transition disclosures. However, as the proposals largely align Tier 2 requirements with those already applicable to Tier 1 entities, we would not expect the audit challenges to be any greater than those encountered on the adoption of AASB 18 by Tier 1 entities.

10. Overall, would the proposals result in financial statements that would be useful to users?

Yes. Aligning the classification and presentation requirements for Tier 2 entities with those applying to Tier 1 entities would improve comparability and consistency of financial statements particularly for users comparing entities across industries or within a group. It would also reduce operational complexity by allowing groups to maintain one reporting framework and system for both Tier 1 and Tier 2 entities.

11. Are the proposals in the best interests of the Australian economy?

Yes. The proposals would promote consistency and comparability in financial reporting and reduce the burden on entities transitioning from Tier 2 to Tier 1 reporting.



28 August 2026
ACNC SUB2026/4

Australian Accounting Standards Board (AASB)

Submitted via email: standard@asb.gov.au

Submission to the AASB Exposure Draft (ED) 341 - Updating AASB 1060 to align with AASB 18 classification and presentation requirements

The Australian Charities and Not-for-profits Commission (ACNC) welcomes the opportunity to comment on Question 5 of ED 341, which asks whether 'not-for-profit private entities' (including charities) should be exempt from proposed amendments to AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*.

The ACNC encourages the AASB to exempt charities from the proposed amendments, as the proposals are based on standards developed for the 'for-profit' sector and do not represent the nature or characteristics of the charity sector.

For the AASB's benefit, this submission provides information on:

- (a) the ACNC, Australia's charity sector and the charities that will be impacted by the proposed amendments, and
- (b) the basis for exempting the charity sector from the proposed amendments.

If you have any questions about this submission, please contact Tim Liu, Director – Reporting, Red Tape Reduction and Corporate Services via tim.liu@acnc.gov.au.

Sincerely,

A handwritten signature in black ink, appearing to read "Nadine", followed by a long horizontal flourish.

Nadine Clode

Acting Commissioner

Australian Charities and Not-for-profits Commission



About the ACNC and Australia's charity sector

1. The ACNC is the national regulator of charities established by the *Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act)*. The objects of the ACNC Act are to:
 - (a) maintain, support and enhance public trust and confidence in the Australian not-for-profit sector
 - (b) support and sustain a robust, vibrant, independent and innovative Australian not-for-profit sector
 - (c) promote the reduction of unnecessary regulatory obligations in the Australian not-for-profit sector.
2. Despite our agency's name and the language of our statutory objects, we do not regulate the wider not-for-profit sector.
3. Currently we have oversight of over 66,000 registered charities.
4. The charity sector is a vital part of Australia's social and economic fabric. Charities deliver services, build community capability and cohesion, complement public services and contribute to the economy. In 2024, charities employed around 11% of the Australian workforce, engaged 3.9 million volunteers, and reported revenue of \$239 billion¹.
5. To be recognised as a charity and registered with the ACNC, an organisation must:
 - (a) be not-for-profit
 - (b) have only charitable purposes that are for the public benefit
 - (c) not have a disqualifying purpose, and
 - (d) not be an individual, a political party or a government agency.²
6. Registration with the ACNC is voluntary but is required for an organisation to be eligible for Commonwealth tax concessions and other government benefits (such as deductible gift recipient status).
7. To maintain registration with the ACNC, charities must comply with annual reporting obligations. This includes submitting Annual Information Statements and, for medium and large charities (except Basic Religious Charities), financial reports. These documents are freely available on the ACNC Charity Register.
8. Each year, we conduct financial reporting reviews to assess the compliance of medium and large charities with ACNC reporting requirements. Based on our most recent review of 250 financial reports for the 2024 reporting period, we estimate that **around 7,300 medium and large charities (43% of all medium and large charities)** will be affected by the proposed amendments.

¹ ACNC, *Australian Charities Report – 12th edition* (2026), < [Australian Charities Report - 12th Edition | ACNC](#) >

² ACNC, *Role of ACNC in deciding charity status*, < [Role of the ACNC in deciding charity status | ACNC](#) >

The basis for exempting the charity sector from the proposed amendments

9. In making our recommendation, the ACNC has reflected on:
- (a) **the need to maintain transparency and public trust and confidence in the charity sector**, which relies on the support of the public, volunteers, donors and government.
 - (b) **the importance of simple, fit-for-purpose and proportionate reporting requirements** that are readily understood and applied by charities of varying sizes and levels of financial capability.
 - (c) **the operating environment for charities**, which continues to be challenging due to increasing demand for services, economic pressures, workforce shortages and the resources required to recruit, support and retain volunteers.
 - (d) **the cumulative impact and pace of regulatory reform (including the AASB's Tier 3 Standards)**, and the extent to which ongoing reporting and compliance changes reduce the capacity of charities to focus on delivering charitable outcomes.
 - (e) **the Australian Government's productivity agenda**, including efforts to reduce unnecessary red tape through a 'tell-us once' approach, eliminating duplicative processes and improving regulatory efficiency.
10. We recommend that charities be exempt from the proposed amendments because any benefits are likely to be outweighed by implementation costs. The proposed amendments:
- (a) **are not designed for the charity sector** - the proposed amendments are based on standards developed for for-profit entities. Charities operate in a different context, existing to pursue charitable purposes and being accountable to donors, beneficiaries, regulators and the public, rather than investors.
 - (b) **use terminology that is not relevant to the charity sector** - terms such as 'profit or loss before financing and income taxes' may be confusing for users of charity financial reports, as charities are generally exempt from income tax. This may lead users to (incorrectly) believe that charities are subject to income tax, reducing the understandability of financial reports.
 - (c) **do not address an identified need** - the ACNC has not identified any evidence or received stakeholder feedback indicating that users of charity financial reports need the additional information outlined in the proposed amendments.