



Cover Memo

Project:	Updating AASB 1060 to Align with AASB 18 Classification and Presentation Requirements	Meeting:	AASB October 2026 (M223)
Topic:	Maintaining Alignment Between Tier 1 And Tier 2 Presentation Requirements	Agenda Item:	3.0
		Date of this agenda paper:	15 October 2026
Contact(s):	Hang Tran htran@asb.gov.au Mikhail Bhatia mbhatia@asb.gov.au Lan Lu llu@asb.gov.au	Project Priority:	High
		Decision-Making:	High
		Project Status:	Consider stakeholder feedback on ED 341 and decide next steps towards finalising amendments (pre-ballot draft included)

Objective of this agenda item

- The objectives of this agenda item are for the Board to:
 - consider** stakeholder feedback obtained in response to [ED 341](#);
 - consider** staff analysis and recommendations on whether to make an amending Standard that updates AASB 1060 to align with the AASB 18 classification and presentation requirements;
 - consider** a pre-ballot draft of *AASB 2026-X Amendments to Australian Accounting Standards – Tier 2 Classification and Presentation* and the draft Explanatory Statement accompanying the pre-ballot draft; and
 - if appropriate, **vote** on the ballot draft of the amending Standard and **approve** the draft Explanatory Statement accompanying the ballot draft.
- [Appendix A](#) outlines the abbreviations used in this Cover Memo and Agenda Papers 3.1–3.9

Attachments

- In addition to this Cover Memo, the following papers are included in the main pack for Board discussion and decisions at the October 2026 meeting:
 - Agenda paper 3.1 Maintaining Alignment Between Tier 1 and Tier 2 Presentation Requirements: Feedback Analysis and Recommendations
 - Agenda paper 3.2 Pre-ballot draft of *AASB 2026-X Amendments to Australian Accounting Standards – Tier 2 Classification and Presentation* [Clean version]

- (c) Agenda paper 3.3 Draft Explanatory Statement accompanying the pre-ballot draft of AASB 2026-X
- 4 Included in the supporting materials pack are the following documents:
- (a) Agenda paper 3.4 Summary of Board Decisions
 - (b) Agenda paper 3.5 Detailed Feedback Summary on ED 341
 - (c) Agenda paper 3.6 Pre-ballot draft of AASB 2026-X *Amendments to Australian Accounting Standards – Tier 2 Classification and Presentation* [With track changes showing changes made to ED 341]
 - (d) Agenda paper 3.7 Assessment of Impact Analysis Requirements – Proposed Standard AASB 2026-X *Amendments to Australian Accounting Standards – Tier 2 Classification and Presentation* **[Board only]**
 - (e) Agenda paper 3.8 Comment Letters Received on ED 341
 - (f) Agenda paper 3.9 Collation of Survey Responses

Background

- 5 AASB 1060 was issued by the AASB in March 2020, replacing the previous Reduced Disclosure Requirements framework. It introduced a simplified disclosure regime for Tier 2 entities – entities without public accountability that are nonetheless required to (or elect to) prepare general purpose financial statements but do not aim to comply with all of the disclosure requirements in AAS. In developing AASB 1060 in 2020, as a general rule, the presentation requirements of full AAS have been retained, and the Board noted that it did not intend to make any changes to the presentation requirements or accounting treatments available under AAS (See AASB 1060 paragraph BC47).
- 6 Currently, AASB 101 sets out presentation requirements for entities preparing Tier 1 GPFS. The presentation requirements in AASB 1060 are largely aligned with those in AASB 101, except for two presentation concessions¹ adopted from the *IFRS for SMEs Accounting Standard*.
- 7 In June 2024, the AASB issued AASB 18 to replace AASB 101. AASB 18 introduces new classification, presentation requirements and new disclosure requirements. This means when AASB 18 becomes effective², without amendments in AASB 1060, the presentation requirements for Tier 1 and Tier 2 entities will no longer be aligned.
- 8 In September 2025, the AASB issued consultation document [ITC 56](#) as part of its post-implementation review of AASB 1060 and its consideration of potential amendments arising from recent developments in Australian and international accounting standards. ITC 56 had

1 These concessions are:

- (a) an entity is not required to present a third statement of financial position when it applies an accounting policy retrospectively, makes a retrospective restatement of items in its financial statements or reclassifies items in its financial statements; and
- (b) an entity is permitted to present a statement of income and retained earnings in place of a statement of comprehensive income and a statement of changes in equity if the only changes to its equity during the periods for which financial statements are presented arise from profit or loss, payment of dividends, corrections of prior period errors and changes in accounting policy.

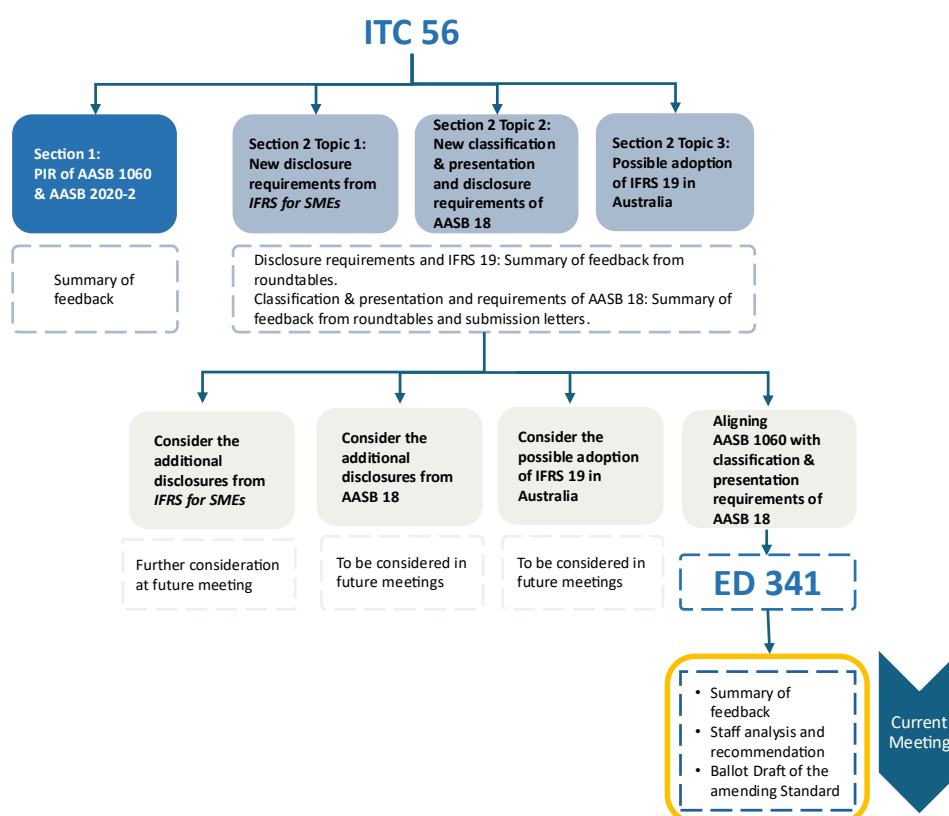
2 AASB 18 is effective for annual reporting periods beginning on or after 1 January 2027 for for-profit entities (other than superannuation entities applying AASB 1056 *Superannuation Entities*) preparing Tier 1 general purpose financial statements, with earlier application permitted. For not-for-profit private sector entities, not-for-profit public sector entities and superannuation entities applying AASB 1056, AASB 18 applies to annual reporting periods beginning on or after 1 January 2028. Earlier application is also permitted for these entities.

two distinct sections – Section 1: PIR of AASB 1060 and AASB 2020-2 and Section 2: AASB 1060 Update.

- 9 Section 2 of ITC 56 invited comments on potential amendments to AASB 1060 in response to recent updates of the international and domestic Accounting Standards. This section considered:
- (a) **Topic 1:** Potential amendments to AASB 1060 based on the third edition of the IFRS for SMEs Accounting Standard;
 - (b) **Topic 2:** Potential effects of AASB 18 Presentation and Disclosure in Financial Statements on AASB 1060; and
 - (c) **Topic 3:** Disclosure requirements in IFRS 19 Subsidiaries without Public Accountability: Disclosures.

This agenda item focuses **only** on the classification and presentation requirements considered as part of Topic 2 in Section 2 of ITC 56

Flowchart of the project – Items considered in ITC 56



- 10 Feedback received from stakeholders through the ITC 56 consultation provided strong support for aligning the presentation requirements of Tier 1 and Tier 2 entities. Some stakeholders also encouraged the AASB to prioritise the presentation amendments to AASB 1060 so that some Tier 2 entities could apply the new presentation requirements at the same time as Tier 1 entities.
- 11 In [February 2026](#) meeting, the Board decided to fast-track the alignment of AASB 1060's classification and presentation requirements with those in AASB 18. Consequently, Section 2 Topic 2 of ITC 56 is being progressed through two separate workstreams: one focused on the

classification and presentation requirements arising from AASB 18, which is considered in this agenda item; and the other focused on the new disclosure requirements introduced by AASB 18, which will be considered alongside Topics 1 and 3 of Section 2 of ITC 56 at a future meeting.

- 12 At its [March 2026](#) meeting, the Board decided to issue an exposure draft proposing amendments to incorporate the relevant classification and presentation requirements from AASB 18 into the main body of AASB 1060 and include the relevant application guidance from AASB 18 Appendix B in a new Appendix B to AASB 1060. The Board also approved a 90-day comment period. At its [June 2026](#) meeting, the Board subsequently decided to reduce the comment period to 60 days (further details of the Board's decisions are provided in Agenda Paper 3.4).
- 13 In June 2026, the AASB issued [ED 341](#) with comments due by 24 August 2026. The Exposure Draft's principal proposal is to amend AASB 1060 to maintain alignment between the Tier 1 and Tier 2 classification and presentation requirements. It also seeks stakeholder feedback on whether any presentation reliefs provided to Tier 1 entities should be extended to Tier 2 entities of the same sector.

Feedback from ED 341, staff analysis and recommendations

- 14 Agenda Paper 3.1 summarises the key feedback received through stakeholder outreach on ED 341 and sets out staff's analysis and recommendations on the matters raised. Overall, stakeholders expressed strong support for maintaining alignment between the Tier 1 and Tier 2 classification and presentation requirements and for extending to Tier 2 entities the same presentation reliefs available to Tier 1 entities of the same sector.
- 15 At a high level, staff recommends proceeding with the proposals in ED 341, including extending to Tier 2 NFP public sector entities the same presentation reliefs provided for Tier 1 NFP public sector entities,³ and retaining the proposed application date of 1 July 2030, with early application permitted. The Board will be asked to consider the stakeholder feedback and staff analysis and decide whether to proceed with these recommendations.

Proceeding with finalising amendments

- 16 In light of the strong stakeholder support for maintaining alignment between the Tier 1 and Tier 2 classification and presentation requirements, and feedback that the amendments be made available in time for Tier 2 entities wishing to apply the new requirements concurrently with Tier 1 entities, staff has prepared:
 - (a) pre-ballot draft of AASB 2026-X *Amendments to Australian Accounting Standards – Tier 2 Classification and Presentation* for the Board's consideration and, if appropriate, voting (Agenda Paper 3.2); and
 - (b) draft Explanatory Statement accompanying the pre-ballot draft of AASB 2026-X for the Board's consideration and, if appropriate, approving (Agenda Paper 3.3).
- 17 To assist Board members' review of the pre-ballot draft, staff provided a marked-up version of the pre-ballot draft showing changes made to ED 341 in the supporting materials pack (Agenda Paper 3.6).
- 18 Before an amending Standard can be issued, the AASB is required to assess whether a formal Impact Analysis under the Australian Government Impact Analysis Framework (July 2026) is

3 AASB 2026-4, issued in August 2026, provided presentation reliefs only to Tier 1 NFP public sector entities. Accordingly, those reliefs are proposed to be extended only to Tier 2 NFP public sector entities.

required. Staff assessed the proposal to issue AASB 2026-X *Amendments to Australian Accounting Standards – Tier 2 Classification and Presentation* and concluded that a formal Impact Analysis is not required (Agenda Paper 3.7 [Board only]).

- 19 Subject to the Board deciding to proceed with finalising the Tier 2 classification and presentation requirements, Board members will be asked to make the following decisions in relation to the pre-ballot draft of AASB 2026-X and the accompanying draft Explanatory Statement:

Question for Board members

AASB 2026-X

- Q1 Do Board members have any comments on the Pre-ballot Draft of AASB 2026-X, including the draft Basis for Conclusions?
- Q2 Do Board members vote in favour of making AASB 2026-X, as set out in the Pre-ballot Draft (Agenda Paper 3.2) or with such amendments as the Board might decide?

Explanatory Statement accompanying AASB 2026-X

- Q3 Do Board members have any comments on the draft Explanatory Statement accompanying the Ballot Draft of AASB 2026-X?
- Q4 Do Board members vote in favour of approving the Explanatory Statement, as set out in the draft Explanatory Statement (Agenda Paper 3.3) or with such amendments as the Board might decide?

Appendix A: Abbreviations

The following table includes the abbreviations used in this Cover Memo and Agenda Papers 3.1–3.9.

AAS	Australian Accounting Standards
AASB 18	<i>AASB 18 Presentation and Disclosure in Financial Statements</i>
AASB 101	<i>AASB 101 Presentation of Financial Statements</i>
AASB 107	<i>AASB 107 Statement of Cash Flows</i>
AASB 1056	<i>AASB 1056 Superannuation Entities</i>
AASB 1058	<i>AASB 1058 Income of Not-for-Profit Entities</i>
AASB 1060	<i>AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities</i>
AASB 1060 (18)	The future AASB 1060 with the AASB 18-based presentation requirements
AASB 1060 (101)	The current AASB 1060 with the AASB 101-based presentation requirements
AASB 1061	<i>AASB 1061 General Purpose Financial Statements – Not-for-Profit Private Sector Tier 3 Entities</i>
AASB 2026-2	<i>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</i>
AASB 2026-4	<i>AASB 2026-4 Amendments to Australian Accounting Standards – Application of AASB 18 and AASB 107 by Superannuation and Not-for-Profit Entities and Operating Cash Flow Reconciliation</i>
ED 338	<i>ED 338 Application of AASB 18 and AASB 107 by Superannuation and Not-for-Profit Entities and Operating Cash Flow Reconciliation</i>
ED 341	<i>ED 341 Updating AASB 1060 to Align with AASB 18 Classification and Presentation Requirements</i>
GMC	General Matters for Comment as set out in ED 341
GPFS	General Purpose Financial Statement
IFRS 19	<i>IFRS 19 Subsidiaries without Public Accountability: Disclosures</i>
ITC 56	<i>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</i>
NFP	Not-for-Profit
SMC	Specific Matters for Comment as set out in ED 341