Australian Government
Australian Accounting Standards Board

Feedback Statement

Post-implementation Review

Tier 2 and the Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities



November 2026

What is this document about?

This Feedback Statement summarises the feedback received and evidence gathered as part of the Australian Accounting Standards Board's (AASB) post-implementation review (PIR) of:

(a) AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*; and

(b) AASB 2020-2 *Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities*.

The document outlines stakeholder feedback, evidence gathering and the AASB's assessment of whether the Standards are operating as intended and meeting their original objectives. It also explains the AASB's decisions arising from the PIR and the rationale supporting those decisions.

The AASB expresses its appreciation to all stakeholders who provided feedback through written submissions, outreach activities and targeted engagement. The perspectives received from preparers, auditors, professional bodies, academics, users and representatives across the for-profit, not-for-profit and public sectors contributed significantly to the PIR.

Summary of feedback and AASB decisions

What we heard

The AASB undertook public consultation to gather feedback on AASB 1060 and AASB 2020-2.[1] Stakeholders generally agreed that AASB 1060 better balances user needs and preparer costs and improves on the previous Reduced Disclosure Regime (RDR). They also signalled that AASB 2020-2 has enhanced the consistency, comparability, transparency and enforceability of financial reporting.

While no fundamental concerns were identified regarding the overall effectiveness or efficiency of the Standards, stakeholders highlighted the following matters for ongoing consideration:

- cost-benefit balance for smaller entities;
- application in the public sector;
- potential drafting improvements to AASB 1060; and
- opportunities to enhance transition reliefs and educational materials in future standard-setting projects.

AASB's response

Having considered the feedback received from stakeholders and the evidence gathered through the PIR, the AASB concluded that:

- both AASB 1060 and AASB 2020-2 are operating as intended and are meeting their original objectives effectively and efficiently; and
- the optional transition reliefs available to entities transitioning to AASB 1060 from special purpose financial statements (SPFS) or from Tier 1 or the previous Tier 2 (RDR) general purpose financial statements (GPFS) achieved their intended objectives.

The AASB also decided:

- to continue its existing approach to maintaining AASB 1060 by updating the Standard, as appropriate, when changes are made to Tier 1 disclosure requirements in other Standards; and
- not to take any immediate action in response to other matters raised by stakeholders, including:
    - ongoing concerns about the costs of preparing Tier 2 GPFS for smaller for-profit private sector and public sector entities, which will be monitored through ongoing outreach activities, including the 2027–2031 Agenda Consultation;
    - the application of AASB 1060 in the public sector, which is more appropriately considered as part of the potential Public Sector Financial Reporting Framework project;
    - whether AASB 1060 should include an explicit requirement to disclose individually material items of income and expense, together with drafting improvements, which will

1 Further details on the public consultation process are provided in Appendix A.

be considered as part of the AASB's deliberations on the feedback received in response to Section 2 of ITC 56 (the review of Tier 2 disclosure requirements);[2] and

- feedback on the usefulness of transition reliefs and potential enhancements to future educational materials, which will be considered as part of future projects.

2 ITC 56 comprised two sections: Section 1 – PIR of AASB 1060 and AASB 2020-2 and Section 2 – Review of the AASB 1060 project. This Feedback Statement addresses only Section 1 of ITC 56. See Appendix A for further details.

Background

In 2020, the AASB issued AASB 1060 and AASB 2020-2 as part of broader reforms to the Australian financial reporting framework. Together, these reforms were intended to improve the consistency, comparability, transparency and enforceability of financial reporting while providing an appropriate disclosure framework for entities preparing Tier 2 GPFS.

Removal of special purpose financial statements

For reporting periods beginning on or after 1 July 2021, for-profit private sector entities required by legislation to prepare financial statements that comply with Australian Accounting Standards or accounting standards, and for-profit private sector entities required only by a constituting or other document to prepare financial statements that comply with Australian Accounting Standards – provided that the constituting or other document was created, or last amended in any way, on or after 1 July 2021 were no longer able to prepare SPFS claiming compliance with Australian Accounting Standards.

The AASB issued AASB 2020-2 to address concerns that similar entities could prepare significantly different financial statements while claiming compliance with Australian Accounting Standards. In particular, entities preparing SPFS were not required to apply all the requirements of Australian Accounting Standards and could instead determine which accounting policies and disclosures to apply, often without users being aware of the extent of those departures.

Development of AASB 1060

The AASB recognised that the removal of SPFS could not be implemented in isolation because the transition to GPFS could significantly affect an entity's financial reporting. Accordingly, the decision to remove the ability of certain for-profit private sector entities to prepare SPFS was accompanied by the development of AASB 1060, a simplified Tier 2 disclosure framework for eligible entities.

AASB 1060 was issued following a review of the previous Tier 2 RDR framework. That review found that the RDR framework contained too many disclosure requirements and had not achieved its intended objective. In addition to supporting for-profit private sector entities, AASB 1060 was developed to provide a more appropriate balance between the information needs of users of financial statements and the costs incurred by entities in preparing Tier 2 GPFS.

Detailed feedback and AASB response

This section outlines the feedback received on each topic included in the PIR and explains how that feedback was considered by the AASB in reaching its conclusions and responses. The feedback is presented on an aggregated basis and is intended to reflect the key themes raised by stakeholders rather than attribute views to individual respondents.

To describe the extent of feedback received, this Feedback Statement uses the terms set out in Table 1 below.

Table 1: Terms used to describe the extent of feedback received

Terms used	Extent of response among respondents
Almost all	all except a very small minority
Most	a large majority, with more than a few exceptions
Many	a small majority or a large minority
Some	a small minority, but more than a few
Few	a very small minority

Topic 1: Overall objective and assessment of AASB 2020-2

This topic sought feedback on whether AASB 2020-2 has improved the consistency, comparability, transparency and enforceability of the financial statements of certain for-profit private sector entities by removing their ability to prepare SPFS when compliance with Australian Accounting Standards is required.

Overall conclusion

The AASB concluded overall that AASB 2020-2 has achieved its objective of improving the consistency, comparability, transparency and enforceability of financial statements of affected for-profit private sector entities. The AASB also concluded that transition and ongoing costs were generally in line with expectations and that there are no fundamental concerns regarding the overall effectiveness or efficiency of the Standard.

Feedback received	AASB considerations and responses
Most stakeholders agreed that AASB 2020-2 has largely achieved its objective of improving the consistency, comparability, transparency and enforceability of financial reporting. Stakeholders indicated that removing SPFS reduced self-assessment and preparer–auditor debate, improved comparability across entities and corporate groups, increased transparency and, for many entities, primarily affected disclosures because recognition and measurement requirements were already being applied.	Stakeholder feedback was generally consistent with the evidence obtained through the PIR and supported the original rationale for removing SPFS. The AASB concluded that AASB 2020-2 has improved the consistency, comparability, transparency and enforceability of financial statements of affected entities and has achieved its intended objective.
A few stakeholders questioned whether the benefits of GPFS justify the costs for some smaller entities, particularly where user needs are limited. Concerns included higher compliance burdens, application of complex recognition and measurement requirements, first-time application of multiple Standards, resource constraints and perceived misalignment between accounting requirements and legislative thresholds. Some stakeholders, including individual AFSL holders, considered the costs of preparing GPFS to be punitive, although some feedback suggested these concerns arise primarily from legislative requirements rather than the accounting standards themselves.	The AASB acknowledged the challenges identified by some smaller entities and the feedback regarding legislative and regulatory settings. However, the evidence obtained through the PIR did not indicate fundamental concerns regarding the effectiveness of AASB 2020-2. The AASB decided to continue monitoring these matters through ongoing outreach activities and future Agenda Consultation projects.
Most stakeholders agreed that transitioning from SPFS to GPFS involved significant upfront costs, particularly for smaller and more complex entities. Key cost drivers included additional disclosures, the application of full recognition and measurement	The AASB observed that transition costs varied according to entity size and complexity, which was anticipated during the development of AASB 2020-2. While some entities experienced significant implementation challenges,

Feedback received	AASB considerations and responses
requirements (especially deferred tax and leases), system and process changes and first-time consolidation or equity accounting. Costs varied according to entity complexity, although many stakeholders considered transition costs to be broadly in line with expectations.	particularly where multiple interrelated Standards were applied for the first time, the AASB concluded that transition costs were generally considered to be in line with expectations.
Most stakeholders agreed that ongoing costs are broadly in line with expectations and that preparing GPFS has generally become business-as-usual following implementation. However, a few stakeholders noted continuing cost pressures for smaller entities. A few stakeholders also noted that, in their view, the ongoing cost pressure stem from regulatory overlay and legislative interaction rather than from the accounting standards.	The AASB concluded that ongoing costs are generally in line with expectations, although some smaller entities continue to face challenges in complex areas. No immediate standard-setting action was considered necessary. In response to feedback about disproportionate ongoing costs for smaller entities, the AASB decided to consider any further feedback obtained through general outreach and its Agenda Consultation project in relation to any possible next steps.

Topic 2: Overall objective and assessment of AASB 1060

This topic sought feedback on whether AASB 1060 has achieved an appropriate balance between meeting user needs and the costs for entities preparing Tier 2 GPFS.

Overall conclusion

The AASB concluded overall that AASB 1060 is operating as intended and has achieved an appropriate balance between meeting user needs and preparer costs. The AASB also concluded that both initial and ongoing costs are broadly in line with expectations and that there are no fundamental concerns regarding the overall effectiveness or efficiency of the Standard.

Feedback received	AASB considerations and responses
Most stakeholders agreed that AASB 1060 has largely achieved its objective and represents an improvement over the previous Tier 2 (RDR) framework. Stakeholders considered AASB 1060 to be well received in practice, with simplified and consolidated disclosure requirements that provide an appropriate overall balance between user needs and preparer costs. However, some stakeholders identified areas where disclosures could be improved.	Stakeholder feedback was generally consistent with the evidence obtained through the PIR and indicated that AASB 1060 has achieved an appropriate balance between meeting user needs and minimising preparer costs. Feedback also supported the original rationale for replacing the RDR framework with a simplified and consolidated Tier 2 disclosure framework. Matters relating to the adequacy of specific disclosures are discussed further in Topic 7.
Some stakeholders continued to express concerns regarding the cost-benefit balance of AASB 1060 for smaller entities. Views regarding the effectiveness of AASB 1060 in the public sector were mixed, with some stakeholders considering that the Standard is only partially effective for smaller public sector entities and that the extent of disclosure relief is influenced by jurisdictional requirements.	The AASB acknowledged feedback that the benefits of Tier 2 GPFS may not always be proportionate to the costs incurred by smaller entities in both the private and public sectors. The AASB also observed that AASB 1060 was intended as an interim measure for the public sector pending progress on the potential Public Sector Financial Reporting Framework project. The AASB concluded that matters relating to public sector reporting are more appropriately considered through that project.
Many stakeholders agreed that first-time application costs were broadly in line with expectations. However, costs varied depending on entity complexity and its previous reporting framework. Stakeholders generally considered the transition from Tier 2 (RDR) to AASB 1060 to be straightforward, with most effort focused on updating and restructuring disclosures. Some stakeholders noted that identifying disclosure	The AASB observed that variations in transition costs were expected given differences in entity complexity and prior reporting frameworks. Feedback indicated that, for most entities—particularly those transitioning from RDR—the transition was relatively straightforward. The AASB also acknowledged feedback regarding the challenges of identifying disclosure changes during transition.

Feedback received	AASB considerations and responses
changes was a challenge and that a reconciliation between RDR disclosure requirements and AASB 1060 disclosure requirements would have been helpful.	
Most stakeholders agreed that ongoing costs are broadly in line with expectations and that AASB 1060 has become routine to apply following the transition period. However, some stakeholders noted ongoing concerns for smaller entities. A few stakeholders also cautioned that an increase in ongoing costs may occur if additional *IFRS for SMEs* Accounting Standard disclosure requirements are incorporated into AASB 1060 in the future.	The AASB concluded that ongoing costs are generally in line with expectations, although some challenges remain for smaller entities. The AASB also acknowledged stakeholder concerns regarding potential future amendments to AASB 1060 and will consider these matters as part of the Review of AASB 1060 project and through ongoing outreach and Agenda Consultation activities.

Topic 3: Transition relief for for-profit private sector entities transitioning from SPFS to AASB 1060

This topic sought feedback on the optional transition reliefs that were available to for-profit private sector entities that transitioned from SPFS to AASB 1060.

Overall conclusion

The AASB concluded that the optional transition reliefs achieved their intended objective of reducing transition effort. However, their usefulness in practice was limited because some reliefs were available only to early adopters. The AASB will consider these findings in future standard-setting projects.

Feedback received	AASB considerations and responses
Many stakeholders noted that the usefulness of the transition reliefs was constrained because some reliefs were available only to early adopters. However, stakeholders who applied the reliefs generally considered them helpful in reducing transition effort. Stakeholders also observed that early adoption was not common practice, although some reported extensive use of the reliefs.	The AASB observed that stakeholder feedback was consistent with evidence obtained through the PIR and analysis undertaken by the AASB Research Centre, which indicated that early adoption occurred but was limited. The AASB concluded that the transition reliefs achieved their intended objective of reducing transition effort where applied but would have been more beneficial in practice if they had been available beyond the early adoption period.
Stakeholders reported that the most commonly used reliefs were the relief from restating comparative information and the relief from distinguishing between a change in accounting policy and the correction of a prior period error. Stakeholders also suggested that similar reliefs may be useful in future projects, including the Tier 3 not-for-profit proposals. Some stakeholders noted that certain reliefs were difficult to apply in practice due to interactions with statutory obligations and auditor responsibilities under section 311 of the *Corporations Act 2001*.	The AASB observed that, among entities that utilised the reliefs, relief relating to comparative information was particularly useful in reducing implementation effort. The AASB also acknowledged feedback that the usefulness of some reliefs was affected by statutory and regulatory requirements. Accordingly, the AASB will consider making similar transition reliefs available up to the mandatory application date in future projects and will consider the interaction between proposed reliefs and relevant statutory or regulatory obligations when developing future requirements.

Topic 4: Transition relief for entities transitioning from GPFS to AASB 1060

This topic sought feedback on the optional transition relief that was available to entities that transitioned from GPFS (Tier 1 or Tier 2 (RDR)) to AASB 1060.

Overall conclusion

The AASB concluded that the optional transition relief achieved its intended objective of reducing transition effort. However, its usefulness in practice was limited because it was available only to early adopters. The AASB will consider these findings in future standard-setting projects.

Feedback received	AASB considerations and responses
Stakeholders reported varied use of the optional transition relief when entities transitioned from Tier 1 or Tier 2 (RDR) to AASB 1060. Many stakeholders noted that the relief from providing comparative disclosures where information was not previously required was the most commonly applied relief, particularly by for-profit private sector entities. However, some stakeholders noted that the relief was not used.	The AASB observed that stakeholder feedback was broadly consistent with the feedback obtained through the PIR on the transition reliefs available to entities transitioning from SPFS to AASB 1060. The evidence indicated that use of the relief was generally limited because early adoption was uncommon. However, where applied, the relief reduced transition effort, particularly by avoiding the need to provide certain comparative disclosures.
Some stakeholders noted that the relief had limited application in the public sector.	The AASB acknowledged feedback that regulatory requirements in some cases limited the practical use of the relief, particularly in the public sector. Consistent with Topic 3, the AASB concluded that the relief achieved its intended objective but would have been more beneficial in practice if it had been available beyond the early adoption period. The AASB will consider making similar transition reliefs available up to the mandatory application date in future projects and will consider the interaction between proposed reliefs and statutory or regulatory requirements when developing future requirements.

Topic 5: Education materials

This topic sought feedback on the educational materials relating to the removal of SPFS for certain for-profit private sector entities and the implementation of AASB 1060.

Overall conclusion

The AASB concluded that the educational materials generally supported the implementation of AASB 1060 and AASB 2020-2 and were well received by stakeholders. However, stakeholders also identified opportunities to improve the accessibility, integration and usefulness of educational materials in future projects.

Feedback received	AASB considerations and responses
Most stakeholders expressed strong support for the usefulness of the educational materials, including webinars, fact sheets, key-facts documents and implementation guidance. However, some stakeholders, including some in the public sector, were unaware of the materials and therefore did not use them.	The AASB observed that the educational materials generally achieved their intended objective of supporting implementation. However, feedback also highlighted the importance of improving the visibility and accessibility of educational resources to increase stakeholder awareness and use.
Stakeholders identified opportunities to improve future educational materials. Suggestions included a more integrated approach to guidance, clearer cross-referencing and reconciliation tools across reporting frameworks, additional guidance on the application of AASB 1 *First-time Adoption of Australian Accounting Standards* and incorporating heavily relied upon non-mandatory material into the body of Standards where appropriate.	The AASB acknowledged that educational materials may be more useful when developed as part of a broader and more integrated suite of implementation resources. The AASB also recognised the benefits of providing clearer tools to support transitions between reporting frameworks and additional guidance in areas where stakeholders experience practical implementation challenges.
Some stakeholders suggested earlier engagement with regulators and greater collaboration with industry bodies in developing non-authoritative guidance.	The AASB acknowledged the potential benefits of earlier and more collaborative engagement with regulators and industry bodies when developing educational materials and implementation support. The AASB will remain mindful of this feedback in future projects and will consider opportunities to enhance educational materials to better meet stakeholder needs.

Topic 6: Disclosure of individually material items

This topic sought feedback on whether a specific requirement to disclose individually material items of income and expense is needed in AASB 1060.

Overall conclusion

The AASB concluded that there is no evidence of widespread or systematic issues arising from the absence of an explicit requirement in AASB 1060 to disclose individually material items of income and expense.

Given ongoing developments relating to AASB 18 *Presentation and Disclosure in Financial Statements* and the *IFRS for SMEs* Accounting Standard, the AASB decided to monitor these projects before considering any specific amendments to AASB 1060.

Feedback received	AASB considerations and responses
Most stakeholders indicated that the absence of an explicit requirement to disclose individually material items of income and expense has not led to significant issues in practice. Stakeholders generally considered that existing materiality principles and professional judgement result in appropriate disclosure outcomes.	The AASB observed that stakeholder feedback was consistent with evidence obtained through commissioned research, which did not indicate widespread failure to present individually material line items. The AASB therefore concluded that the absence of an explicit requirement has not resulted in significant practical issues.
Some stakeholders, particularly auditors, identified practical challenges where preparers may be reluctant to provide separate disclosures without a specific requirement, creating audit-efficiency and enforceability concerns. Public sector stakeholders also noted the risk of a narrow interpretation of disclosure requirements by some preparers. Views were mixed on whether an explicit requirement should be introduced. Supporters considered it would improve consistency, enforceability and clarity, while others considered existing materiality and disaggregation principles to be sufficient.	The AASB acknowledged the challenges identified by some stakeholders and the mixed views regarding the need for an explicit disclosure requirement. However, the evidence did not indicate widespread or systematic issues that would warrant immediate amendments to AASB 1060.
Many stakeholders noted that the presentation and disaggregation requirements introduced by AASB 18 and related amendments to the *IFRS for SMEs* Accounting Standard may address concerns regarding the disclosure of individually material items of income and expense.	The AASB acknowledged that possible amendments to AASB 1060 arising from AASB 18 and the updated *IFRS for SMEs* Accounting Standard may address many of the concerns identified by stakeholders. Accordingly, the AASB decided to consider these developments as part of the Review of AASB 1060 project before determining whether any specific amendments to AASB 1060 are necessary.

Topic 7: Adequacy of disclosure requirements

This topic sought feedback on the overall appropriateness of the disclosures required by AASB 1060.

Overall conclusion

The AASB concluded that the disclosure requirements in AASB 1060 remain broadly appropriate and continue to provide an appropriate balance between meeting user needs and reducing disclosure burden.

However, stakeholders identified areas where the clarity, structure and relevance of certain disclosure requirements could be improved. The AASB decided to consider these matters as part of its Review of AASB 1060 project.

Feedback received	AASB considerations and responses
Most stakeholders agreed that AASB 1060 strikes an appropriate balance between providing useful information to users and reducing disclosure burden. Stakeholders generally regarded AASB 1060 as clearer, more proportionate and more practical than the former Tier 2 (RDR) framework.	The AASB concluded that stakeholder feedback supports the view that AASB 1060 remains broadly appropriate and continues to achieve its objective of providing a workable Tier 2 disclosure framework.
Some stakeholders raised concerns that AASB 1060 may not be sufficiently proportionate for smaller for-profit private sector entities, whose user needs may be limited. Stakeholders also identified disclosures that may be sensitive or of limited relevance in some circumstances, including key management personnel disclosures involving only a few individuals, related party disclosures, business combination information for family-owned groups or privately held entities and revenue disaggregation disclosures where only a single revenue stream exists.	The AASB acknowledged feedback that the relevance and cost-benefit of some disclosure requirements may vary depending on the nature, size and circumstances of the reporting entity.
Stakeholders identified opportunities to improve the clarity, structure and navigation of AASB 1060, including the presentation of contract assets, lease payment disclosures, terminology used in the Standard and the organisation of disclosure requirements. Some stakeholders supported updating AASB 1060 to reflect developments such as AASB 18 and amendments to the *IFRS for SMEs* Accounting Standard, while others emphasised the need to assess the cost-benefit of any future amendments and avoid moving AASB 1060 closer to Tier 1 requirements.	The AASB acknowledged that some requirements may lack precision or may be interpreted inconsistently in practice, that certain requirements may be of limited relevance (for example, revenue disclosures), and that there are inconsistencies in disclosures of assets of a similar nature (such as movement schedules). The AASB decided to consider these matters as part of its Review of AASB 1060 project.

Topic 8: Maintaining AASB 1060

This topic sought feedback on the AASB's approach to maintaining AASB 1060.

Overall conclusion

The AASB concluded that its current approach to maintaining AASB 1060 remains appropriate. The AASB will continue updating AASB 1060 when new or amended Australian Accounting Standards or Interpretations are issued, while remaining mindful of stakeholder feedback regarding the frequency, sequencing and practical implications of future amendments.

Feedback received	AASB considerations and responses
Most stakeholders supported the AASB's current approach to maintaining AASB 1060. Stakeholders considered that the approach supports timely alignment between Tier 1 and Tier 2 requirements, provides up-to-date disclosure guidance and allows changes to be implemented through smaller and more manageable updates.	The AASB concluded that stakeholder feedback demonstrates strong and consistent support for the current approach to maintaining AASB 1060. Accordingly, the AASB decided to continue updating AASB 1060 when new or amended Australian Accounting Standards or Interpretations are issued.
Public sector stakeholders generally supported the current approach but cautioned that frequent or ad hoc amendments could increase complexity and implementation burden, particularly given the interim nature of AASB 1060 in the public sector. Stakeholders also noted concerns regarding the removal and possible reintroduction of disclosures over a relatively short period and highlighted the need to consider the interaction between AASB 1060 and IFRS 19 *Subsidiaries without Public Accountability: Disclosures*.	The AASB acknowledged stakeholder support for its current approach to maintaining AASB 1060. The AASB also acknowledged feedback regarding the frequency and sequencing of future amendments, particularly for public sector preparers and entities operating across multiple reporting tiers. The AASB decided to continue its current approach to maintaining AASB 1060. The AASB will consider this feedback when planning future amendments and will consider the implications of IFRS 19 as part of its Review of AASB 1060 project.

Topic 9: Other matters

This topic provided stakeholders with the opportunity to provide feedback on any relevant matters not specifically addressed in Topics 1–8, including the AASB's general matters for comment.

Overall conclusion

The AASB concluded that feedback on other matters did not identify any significant or urgent issues affecting the application of AASB 1060 or AASB 2020-2. While stakeholders raised several matters for ongoing consideration, no immediate standard-setting action was considered necessary.

Feedback received	AASB considerations and responses
Some stakeholders identified ongoing regulatory and legislative challenges affecting smaller for-profit private sector entities, including grandfathering arrangements, fragmented regulatory frameworks and outdated reporting thresholds. Stakeholders also highlighted the importance of ongoing engagement with regulators and noted that these issues may support consideration of a Tier 3 GPFS framework for smaller entities.	The AASB acknowledged the regulatory complexities identified by stakeholders but observed that these matters largely reflect broader legislative and regulatory frameworks rather than deficiencies in AASB 1060 or AASB 2020-2. The AASB noted the importance of ongoing engagement with regulators and will continue to monitor these matters through its general outreach and Agenda Consultation activities.
Many stakeholders reported no significant auditing or assurance challenges. Where challenges were identified, they generally related to determining whether entities were required to prepare GPFS or SPFS during the early stages of implementation. Stakeholders indicated that these challenges diminished over time and that AASB educational materials assisted implementation.	The AASB observed that feedback did not indicate significant or ongoing auditing and assurance issues. Any challenges identified were generally transitional in nature and related to the implementation of AASB 2020-2 rather than the ongoing operation of the Standards.
Most stakeholders considered AASB 1060 and AASB 2020-2 to be in the best interests of the Australian economy, improving consistency, comparability, transparency and enforceability while providing a more appropriate balance between user needs and preparer costs than the previous Tier 2 (RDR) framework. Some public sector stakeholders also questioned whether very small entities required to prepare GPFS are adequately served by AASB 1060 and encouraged the AASB to prioritise work on the broader Public Sector Financial Reporting Framework project.	The AASB observed that stakeholder feedback was broadly supportive of the overall outcomes of AASB 1060 and AASB 2020-2. The AASB acknowledged concerns regarding the suitability of reporting requirements for some smaller entities and noted that public-sector-specific matters are being considered through the potential Public Sector Financial Reporting Framework project. No immediate action was considered necessary.

Appendix A—Public consultation—Invitation to Comment

Consistent with the AASB *Due Process Framework for Setting Standards*, a PIR provides an opportunity for the AASB to assess whether a Standard is operating as intended and meeting its original objectives. The PIR also enables the AASB to understand stakeholders' experiences in applying the requirements in practice and to identify whether any matters warrant further consideration. As part of this process, the AASB undertook a broad range of consultation and evidence-gathering activities to inform its assessment of AASB 1060 and AASB 2020-2.

In September 2025, the AASB published Invitation to Comment (ITC) 56 *Post-implementation Review of Tier 2 and Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities and Further Update of Tier 2* and invited stakeholders to provide feedback by 22 January 2026.[3]

ITC 56 comprised two sections:

Section 1 constituted the PIR of AASB 1060 and AASB 2020-2 and sought feedback on whether those Standards are operating as intended and meeting their original objectives; and

Section 2 formed part of the AASB's Review of AASB 1060 project rather than the PIR and sought feedback on the future direction of AASB 1060, including whether amendments should be made in response to changes to the *IFRS for SMEs* Accounting Standard, AASB 18 and IFRS 19.

This Feedback Statement addresses only Section 1 of ITC 56. Feedback received in response to Section 2 will be considered separately by the AASB as part of its Review of AASB 1060 project.

Section 1 of ITC 56 (the PIR) comprised 15 questions across nine topics covering the overall effectiveness of AASB 1060 and AASB 2020-2, transition reliefs, educational materials, disclosure requirements and the ongoing maintenance of AASB 1060.

Some topics were relevant only to certain for-profit private sector entities that previously prepared SPFS, whereas other topics were relevant to all entities applying AASB 1060.

3 Further detail on the PIR timeline is provided in Appendix C.

Evidence gathering

The AASB sought feedback through a combination of written submissions, outreach activities and targeted stakeholder engagement, which informed the AASB's considerations and responses. In addition, the AASB considered academic research and other evidence to support its assessment of whether AASB 1060 and AASB 2020-2 are operating as intended and meeting their original objectives.

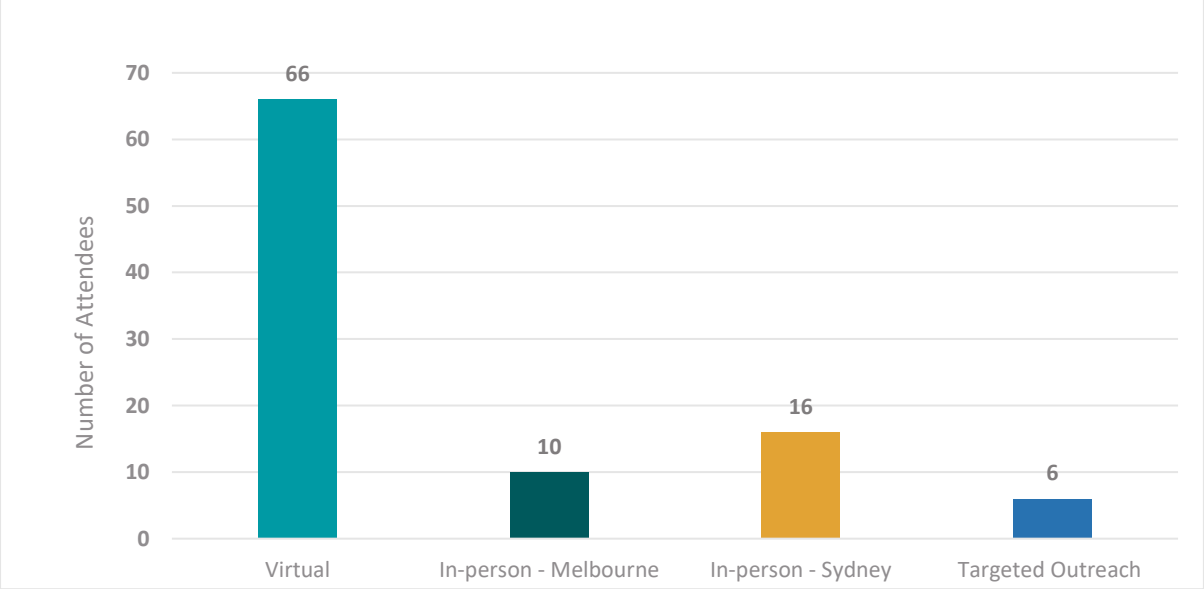
Consultation, outreach and engagement

Following the publication of ITC 56, the AASB undertook a range of activities to support stakeholder participation in the PIR and to obtain feedback on the matters raised in the ITC. Participants represented a broad range of stakeholder groups, including preparers, auditors, professional bodies, academics, users and representatives across the for-profit, not-for-profit and public sectors.

To support stakeholder participation, the AASB published a short webcast explaining the objectives of the PIR and the matters on which feedback was sought.

In addition, the AASB conducted in-person and virtual outreach activities, together with targeted stakeholder engagement, to obtain feedback and better understand stakeholders' experiences in applying AASB 1060 and AASB 2020-2. Figure 1 summarises these activities.

Figure 1: Outreach and stakeholder engagement



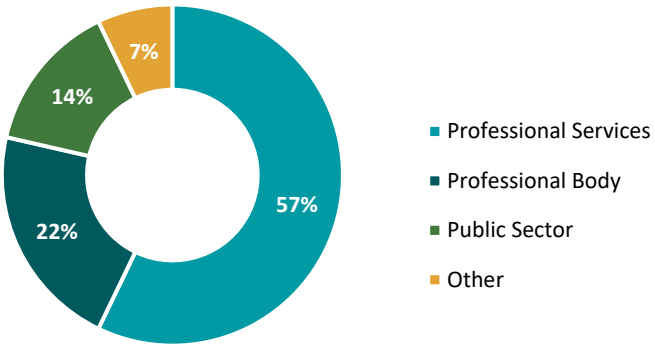
Written submissions

The AASB received 14 written submissions from a broad range of stakeholders, including professional services firms, professional bodies, public sector representatives and an individual stakeholder from the NFP sector.

Table 2: Written submissions received

Stakeholder group	Respondents
Professional services firms	BDO, Deloitte, Ernst & Young, Grant Thornton, KPMG, Moore Australia, Pitcher Partners and PwC
Professional bodies	Chartered Accountants Australia and New Zealand (CA ANZ), CPA Australia and Institute of Public Accountants (IPA)
Public sector representatives	Heads of Treasuries Accounting and Reporting Advisory Committee (HoTARAC) and Australasian Council of Auditors-General (ACAG)
Other stakeholder	Jason Cleasby

Figure 2: Written submissions by stakeholder type



Commissioned research projects

In addition to stakeholder feedback, the AASB considered evidence from commissioned research and analysis undertaken by the AASB Research Centre.

Given the limited available research on the effects of the removal of SPFS and the introduction of AASB 1060 on entities' reporting framework choices, the AASB commissioned two research projects:

Research Project 1, undertaken by Professor Matt Pinnuck and Professor Brad Potter of the University of Melbourne, examined the types of financial statements lodged with the Australian Securities and Investments Commission (ASIC) by large proprietary companies; and

Research Project 2, undertaken by Dr Kevin Thai and Dr Prabashi Dharmasiri of RMIT University, examined the types of financial statements lodged with the Australian Charities and Not-for-profits Commission (ACNC) by medium and large ACNC-regulated charities.

Research Project 1 found a very high level of adoption of AASB 1060 among in-scope large proprietary companies. Research Project 2 found a low-to-moderate level of adoption of AASB 1060 among medium and large ACNC-regulated charities. While adoption of AASB 1060 had increased over time, SPFS remained the most common reporting framework choice for ACNC-regulated charities.

The evidence obtained through commissioned research and additional analysis informed the AASB's deliberations and conclusions. A summary of the findings from the commissioned research projects is provided in Appendix B.

Appendix B—Commissioned research findings and other evidence

The AASB commissioned two independent research projects to examine the effects of the removal of SPFS and the introduction of AASB 1060. The AASB expresses its appreciation to the researchers for their contribution to the evidence base considered as part of this PIR.

Research Project 1: Lodgement of Tier-1 and Tier-2 financial statements by large proprietary companies

Researchers

Professor Matt Pinnuck and Professor Brad Potter (University of Melbourne)

Objective

The research examined the reporting framework choices and disclosure outcomes of large proprietary companies following the introduction of AASB 1060 and AASB 2020-2. Specifically, it sought to:

- document the reporting framework choices of large proprietary companies; and
- provide an exploratory investigation of the quality of Tier 2 reporting under AASB 1060.

Sample

- 609 large proprietary companies
- Reporting year-ends between 30 June 2022 and 30 June 2023

Key findings

Reporting framework choices

Of the 609 large proprietary companies examined:

- 89% reported applying AASB 1060;
- 8% reported applying Tier 1 requirements; and
- 3% reported applying another reporting framework:
  - 2% reported preparing SPFS; and
  - 1% reported preparing Tier 2 (RDR) financial statements.

The research also identified a small number of Tier 2 entities that did not fully disclose their basis of preparation or selected reporting framework.

Presentation and disaggregation of expenses

The research found that nearly all entities presented the minimum line items required in the statement of profit or loss.[4] Fewer than 1% of entities did not present the minimum line items, although most of these entities were holding companies that may not have had transactions requiring those disclosures.

The median number of expense line items disclosed by entities applying AASB 1060 was seven. This was comparable to:

- eight expense line items for Tier 1 large proprietary companies; and
- seven expense line items for Australian listed entities.

The research also found that:

- 50% of entities disclosed between five and nine expense line items;
- 80% of entities disclosed between four and eleven expense line items; and
- entities with lower levels of expense disaggregation were generally holding companies or financing vehicles.

These findings did not indicate that the absence of an explicit requirement in AASB 1060 to disclose individually material items of income and expense had resulted in reduced expense disaggregation.

Disclosure practices

The research found that:

- the median number of notes disclosed by entities applying AASB 1060 was similar to that of Tier 1 entities; and
- the median length of financial statements prepared under AASB 1060 was marginally lower than for Tier 1 entities (29 pages compared with 32 pages).

These findings suggest that AASB 1060 provides some disclosure relief, although the evidence could not conclusively determine the overall extent of disclosure reduction.

4 To assess minimum fundamental disclosures, the researchers examined whether entities disclosed the following line items:
- Revenue and profit or loss line-items in the profit or loss statement;
- Used current/non-current classification in the balance sheet and categories of assets and liabilities such as inventory and property, plant and equipment (PPE); and
- Disclosed accounting policies for revenue and PPE.

Limitations

The research noted that:

- entities may omit disclosures assessed as immaterial;
- the analysis did not:
    - assess the extent of disaggregation within the notes to the financial statements; and
    - consider the disaggregation of income items.

Research Project 2: Lodgement of Tier 1 and Tier 2 financial statements by medium and large ACNC-registered charities

Researchers

Dr Kevin Thai and Dr Prabashi Dharmasiri (RMIT University)

Objective

The research examined the reporting framework choices of medium and large ACNC-registered charities following the introduction of AASB 1060 and provided an overview of the reporting landscape for these entities.[5]

Sample

- 39,034 unique charities included in the ACNC Annual Information Statement dataset
- Reporting periods covering 2021 and 2022

Key findings

Reporting framework choices

Among medium-sized charities:

- 10.7% reported applying AASB 1060 in 2021; and
- 12.4% reported applying AASB 1060 in 2022.

Among large charities:

- 23.9% reported applying AASB 1060 in 2021; and

5 Starting from the 2022 reporting year, registered charities are classified by annual revenue into small (less than $500,000), medium (between $500,000 and $3 million) and large (above $3 million) categories. Prior to the reporting year 2022, the registered charities on the ACNC, based on their annual revenue, were categorised into small (less than $250,000), medium (between $250,000 and $1 million) and large (above $1 million) charities.

- 33.6% reported applying AASB 1060 in 2022.

The findings suggest a low-to-moderate level of adoption of AASB 1060 among medium and large charities. While adoption increased over time, SPFS remained the most common reporting framework choice.

Basis of preparation disclosures

Using a sample of 6,857 annual reports, the research found that approximately:

- one-third of medium-sized charities applying AASB 1060 disclosed this in their basis of preparation; and
- 60% of large charities applying AASB 1060 disclosed this in their basis of preparation.

Verification of reporting framework classifications

A manual verification exercise comparing reporting frameworks disclosed in Auditor's Reports with those self-reported in the ACNC Annual Information Statement identified discrepancies.

For a random sample of 130 medium-sized charities:

- 24% of entities that self-reported applying AASB 1060 were found to be preparing SPFS; and
- 37% of entities that self-reported applying Tier 1 requirements were found to be preparing financial statements under AASB 1060.

The results are broadly consistent with findings from AASB Research Report 11 *Review of Special Purpose Financial Statements: Large and Medium-Sized Australian Charities* (August 2019), which also identified discrepancies between self-reported and actual reporting frameworks. As such, the findings should be interpreted in the context of the limitations associated with self-reported data.

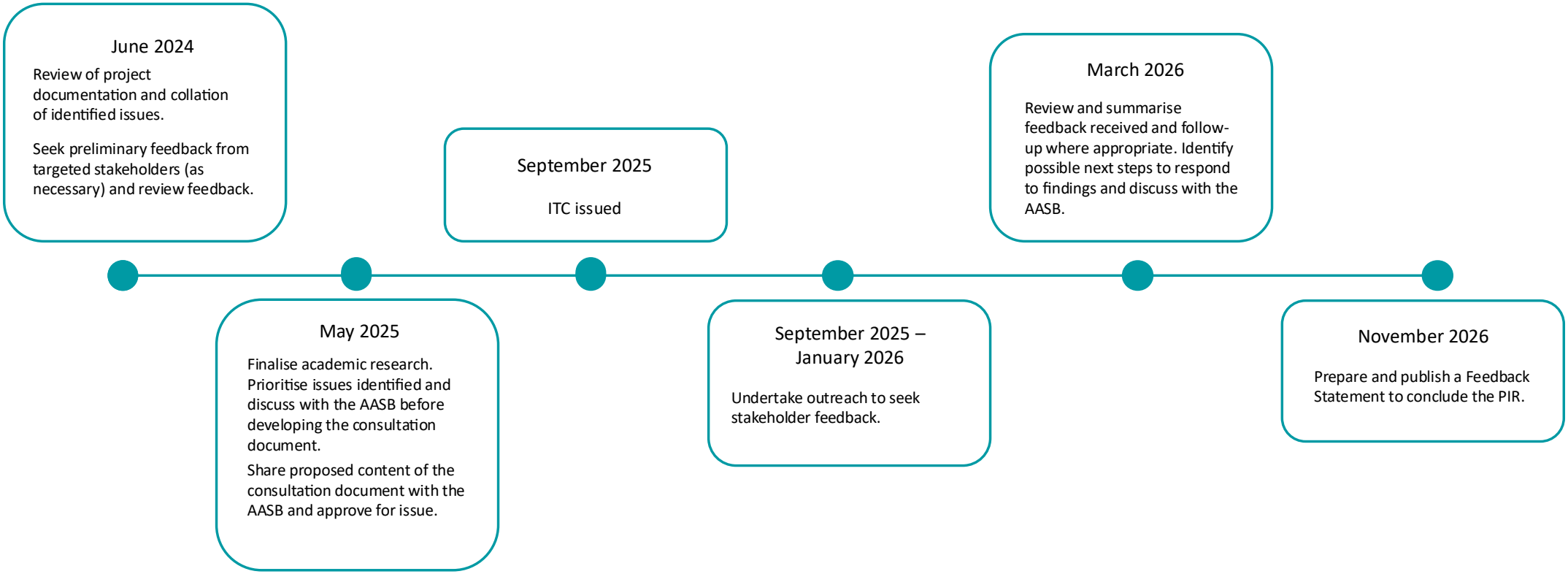
Additional research evidence

As the commissioned research projects did not examine the extent of early adoption or the use of transition relief provided under AASB 1060 and AASB 2020-2, the AASB Research Centre also analysed financial statements lodged with ASIC by proprietary companies with reporting periods ending between 1 January 2021 and 31 December 2021.

The analysis indicated that early adoption was relatively limited, which is consistent with broader observations that early adoption is not common practice in Australia. Among entities that disclosed their previous reporting framework, most entities transitioning to AASB 1060 had previously prepared SPFS. The analysis also found that not all early adopters applied the available transition reliefs. Where reliefs were used, the most common relief was the exemption from presenting comparative information for disclosures not previously required.

These findings provided additional evidence to support stakeholder feedback on the practical use and effectiveness of the transition reliefs and informed the AASB's consideration of Topics 3 and 4 of the PIR.

Appendix C—Timeline of the Post-implementation Review



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Australian Accounting Standards Board

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