



Project:	Review of AASB 1060 – Amending disclosure requirements in AASB 1060	Meeting:	AASB June 2026 (M221)
Topic:	Detailed feedback summary on potential amendments to AASB 1060 based on the third edition of the <i>IFRS for SMEs</i> Accounting Standard	Agenda Item:	4.2
		Date:	2 June 2026
Contact(s):	Lan Lu llu@asb.gov.au Hang Tran htran@asb.gov.au Helena Simkova hsimkova@asb.gov.au	Project Priority:	Medium
		Decision-Making:	Low
		Project Status:	Update the Board on the consolidated summary of feedback

Objective of this paper

- 1 The objective of this paper is to provide the Board with the consolidated detailed summary of feedback received from submissions and other outreach activities in response to questions in Topic 1, Section 2 of [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*, which discusses potential amendments to AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* resulting from the updates in the third edition of the *IFRS for SMEs* Accounting Standard. The feedback from the roundtables was considered by the Board at the February meeting (See [Agenda Paper 3.1 M218](#)). However, the common themes from the roundtables were included for the completeness.
- 2 This paper supports Agenda Paper 4.1 and does not contain any questions for the Board.

Structure of this paper

- 3 The paper is structured as follows:
 - (a) [Overview](#): Overview of outreach activities performed and profile of responding stakeholders (paragraphs 4 to 5).
 - (b) [Part A](#): Comments on the AASB’s proposed approach for assessing amendments to AASB 1060 arising from updates to the *IFRS for SMEs* Accounting Standards (paragraphs 6 to 18).
 - (c) [Part B](#): Comments on changes to the *IFRS for SMEs* Accounting Standard recommended for inclusion in AASB 1060 (paragraphs 19 to 50).
 - (d) [Part C](#): Comments on changes to the *IFRS for SMEs* Accounting Standard not recommended for inclusion in AASB 1060 (paragraphs 51 to 56).

Overview

Table 1: Overview of outreach activities and stakeholders' profile

Outreach activities	Number of stakeholders	Profile of stakeholders (where possible)
Roundtables (November 2025)	Approximately 76 stakeholders over three sessions	<ul style="list-style-type: none"> • Session 1: In-person roundtable in Melbourne (10), mainly practitioners; • Session 2: In-person roundtable in Sydney (16), mainly practitioners, academics and public sector representatives; and • Session 3: Virtual roundtable via Zoom (approximately 50).
Written submissions (October 2025 – January 2026)	13 ¹	<ul style="list-style-type: none"> • Eight professional service firms: Pitcher Partners, Moore Australia, EY, KPMG, BDO, PwC, Grant Thornton, Deloitte; • Three professional bodies: IPA, CA ANZ, CPA Australia; • A group of auditor-generals: The Australasian Council of Auditors General (ACAG); and • A treasury department: The Heads of Treasury Accounting and Reporting Advisory Committee (HoTARAC).
Targeted outreach with users of Tier 2 financial statements ² (November 2025 – May 2026)	8	<ul style="list-style-type: none"> • Four regulators covering for profit and not-for-profit sectors; • Representative from a large Australian bank (credit division); • Representative from a superannuation entity (investment division); • An investment research company (credit rating division); and • A professional member body for commercial and consumer credit management professional.
Other targeted outreach (November 2025 – current)	3	These included meetings with an audit partner, an accounting expert within an audit office, and a professional service firm.
Email feedback (December 2025 – February 2026)	2	Other feedback was received from two stakeholders via email

- 4 A detailed summary of feedback from the three AASB roundtable sessions was presented to the Board at the February 2026 meeting (See [Agenda Paper 3.1 M218](#)). To consolidate the full scope of feedback on ITC 56 Section 2 in this agenda paper, common themes from the roundtable discussion are provided alongside feedback received through written submissions and other outreach activities.

-
- 1 A total of 14 submissions were received for ITC 56. However, one submission related solely to the Not-for-Profit Private Sector Tier 3 Framework and is therefore outside the scope of ITC 56. Feedback from that submission was provided to the Board at the March 2026 Board meeting (See [Agenda Paper 3.0 M219](#), paragraphs 6-7). Accordingly, this agenda paper considers only 13 submissions. Submissions could be accessed via the [AASB Website](#).
- 2 Targeted outreach with users of Tier 2 financial statements mainly focused on their perspectives of the proposed additional disclosures in Table 2.1.1 (Question 1.2 of ITC 56) and did not address the full scope of the Invitation to Comment. For Topic 1, some users only provided high-level feedback expressing general agreement with Table 2.1.1, while other users offered more detailed views, identifying the specific type of disclosures they considered most useful.

- 5 Not all respondents commented on all questions in Topic 1, Section 2 of ITC 56. To ensure consistent and proportionate language when summarising stakeholder views, this guide defines commonly used quantifiers—such as ‘some,’ ‘many,’ and ‘most’—based on the number of stakeholders involved. Because the number of respondents differs from topic to topic, what qualifies as “most” or “many” can vary accordingly. The quantifier table below explains how these terms have generally been applied across all topics.

Table 2: Quantifier usage guide for stakeholder references

Term	Suggested Definition	Example Usage
A few	10% to < 30% stakeholders	“A few preparers commented ...”
Some	30% to < 50% stakeholders	“Some stakeholders observed. ”
Many	50% to < 80% stakeholders	“Many stakeholders raised concerns ...”
Most	80% to < 100% stakeholders	“Most stakeholders supported ...”
All	100% stakeholders	“All stakeholders agreed ...”

Part A: AASB’s proposed approach for assessing amendments to AASB 1060 arising from changes to the *IFRS for SMEs Accounting Standards*

- 6 ITC 56 proposed that where recognition and measurement (R&M) of *IFRS for SMEs* do not differ from full standards, AASB 1060 should align with *IFRS for SMEs* unless:
- the amendments relate to guidance from the Standards that have not been fully replaced by AASB 1060. Those amendments should be considered on a case-by-case basis; or
 - the amendments relate to presentation and classification requirements from AASB 101 *Presentation of Financial Statements*, which is being replaced by new requirements in AASB 18 *Presentation and Disclosure in Financial Statements*. The AASB proposed in Topic 2 of the ITC 56 to align the guidance to the new requirements in AASB 18.
- 7 ITC 56 included the following question to stakeholders:

1.1 Do you agree with the AASB’s proposed approach for assessing whether to amend AASB 1060 in relation to amendments made by the IASB to the *IFRS for SMEs Accounting Standard*?

If you disagree, with which aspects of the proposed approach do you disagree and what alternatives would you suggest instead?

- 8 For detailed feedback from three roundtables, see [Agenda Paper 3.1 M218](#), paragraphs A4-A7. In summary, feedback from the roundtables indicated that most respondents generally agreed with the approach proposed in ITC 56 for aligning the disclosure requirements of AASB 1060 with *IFRS for SMEs Accounting Standard*. However, some participants suggested considering the needs of local users before adding new disclosures to AASB 1060, rather than automatic alignment with *IFRS for SMEs Accounting Standard*.
- 9 All 13 comment letters received provided feedback on Question 1.1. The feedback from submissions relating to the AASB’s approach for assessing whether to amend AASB 1060 to align with the amendments made by the IASB to the *IFRS for SMEs Accounting Standard* indicated that:

- (a) six respondents agreed with the alignment;
 - (b) three respondents partially agreed, noting that while the approach is suitable for the private for-profit and not-for-profit sectors, it may not be appropriate for the public sector; and
 - (c) four respondents disagreed with the alignment.
- 10 Staff also received additional feedback from five stakeholders from practice and public sector, in which three stakeholders expressed some concerns.
- 11 Key issues raised by stakeholders, who did not agree or agreed only partially with the approach, are presented below.

Sector-specific considerations in aligning AASB 1060 with IFRS for SMEs (for for-profit, not-for-profit and public sectors)

- 12 Four stakeholders (including three written submissions) commented specifically on the suitability of the AASB's approach for entities in private and public sectors. These stakeholders questioned the usefulness of aligning AASB 1060 to *IFRS for SMEs* to public sector entities.
- (a) Two professional bodies were of the view that using *IFRS for SMEs* to update AASB 1060 works well for private for-profit and not-for-profit sector entities, noting the *IFRS for SMEs* Accounting Standard provides a useful global benchmark and updating AASB 1060 accordingly ensures that Australian disclosures are aligned with global best practice. However, the *IFRS for SMEs* does not necessarily provide a useful benchmark for the public sector entities.
 - (b) One of these stakeholders noted that additional disclosures proposed for inclusion in AASB 1060 (as outlined in ITC 56) arising from the third edition of the *IFRS for SMEs* Standard could undermine the rationale of reducing disclosure burden that prompted many NFP public sector entities to adopt Tier 2 reporting.
 - (c) Three respondents suggested to conduct further research and outreach with public sector stakeholders to address their concern and identify a suitable way forward.
 - (d) Three respondents suggested that prioritising the public sector financial reporting project is warranted to ensure applicability of AASB 1060 to public sector entities remain relevant.
 - (e) One professional body specifically suggested the AASB revisits the conceptual basis of using the *IFRS for SMEs* Standard as a starting point for the disclosures in AASB 1060 to ensure its appropriateness within the Australian public sector context.

Suitability of using the IFRS for SMEs as a baseline

- 13 Eight stakeholders (including five written submissions) noted additional concerns regarding the approach of using *IFRS for SMEs* as a base for the ongoing maintenance of AASB 1060. Four of these stakeholders suggested the Board to further assess the appropriateness and relevance of the approach in the Australian context, user needs and cost-benefit analysis, noting that unlike to *IFRS for SMEs*, AASB 1060 applies to both for profit and NFP entities.
- 14 While acknowledging the benefit of using the *IFRS for SMEs* as a base in the "original development" of AASB 1060, three professional service firms cautioned against automatically aligning AASB 1060 with subsequently issued *IFRS for SMEs* Accounting Standards, unless there is an evidence that the users' needs or economic situation have changed since the Board's original deliberations of requirements in AASB 1060 as this may introduce

unnecessary changes without observable user or regulatory benefits, and undermine the simplicity and understandability of AASB 1060.

- 15 A stakeholder questioned whether *IFRS for SMEs* is an appropriate base for the AASB's consideration, given that *IFRS for SMEs* provides for alternative recognition and measurement principles. The stakeholder stated that although ITC 56 demonstrated that disclosures particular to the alternative recognition and measurement principles can be removed, it may not follow that the quantum of disclosures more generally necessary for an alternative recognition and measurement framework are required for the IFRS-based framework adopted in Australia. The stakeholder was of the view that a fundamental consideration of what disclosures are fit-for-purpose for users of the intended applicants of Tier 2 in Australia should be made so that the degree of usage of *IFRS for SMEs* as a base could be determined.
- 16 Three stakeholders did not support adding new disclosures as AASB 1060 currently provides a good balance for Tier 2 disclosures with no apparent demand for change.
- 17 One stakeholder and a professional body noted a support for smaller, more frequent updates when new Australian Accounting Standards are issued. They emphasised the importance of clear communication, indicating that reminders when changes become applicable, rather than only when they are released, would be beneficial.
- 18 Two stakeholders suggested that alignment should be restricted to specific situations:
 - (a) Considering aligning to the *IFRS for SMEs* Accounting Standard for disclosure changes not previously considered by the Board:
 - (i) exclude updates to disclosure requirements resulting from aligning the R&M requirements in *IFRS for SMEs* Accounting Standard to full standards as similar amendments have already been considered; and
 - (ii) exclude disclosure requirements that the AASB specifically considered in the development of AASB 1060 but decided not to incorporate them (e.g. maturity of financial instruments).
 - (b) Limiting the alignment of AASB 1060 with the *IFRS for SMEs* to the changes that do not result in additional disclosures in AASB 1060.

Part B: Changes to the *IFRS for SMEs* Accounting Standard recommended for inclusion in AASB 1060

- 19 ITC 56 Table 2.1.1 outlined specific proposed amendments to AASB 1060, which were based on the updates to *IFRS for SMEs* Accounting Standard. ITC 56 included the following question to stakeholders:

1.2 Do you agree with the AASB's recommendations for amendments to AASB 1060, as listed in Table 2.1.1?
If you disagree, with which recommendations do you disagree and what would you suggest instead?

- 20 All 13 comment letters received provided feedback on Question 1.2. Staff also received feedback from additional 12 stakeholders (including eight users).

Overall feedback on the appropriateness of the proposed amendments

- 21 Overall, six respondents via submissions agreed with the AASB's recommendations for amendments to AASB 1060 as listed in Table 2.1.1. of ITC 56. Given the extensive amendments proposed for AASB 1060, a professional body suggested to develop educational materials (e.g. key fact summaries, webinars) to support users of the updated AASB 1060 in understanding and applying the changes.
- 22 Seven submissions along with four additional stakeholders raised some concerns about specific disclosures. While four of these stakeholders indicated that the appropriateness of the proposed amendments depends on factors such as entity size, sector, the nature of each disclosure, and whether the disclosure has previously been considered by the Board, other three stakeholders disagreed with amending AASB 1060 noting that the proposed disclosures are excessive for Tier 2 entities and do not represent a significant benefit for users to justify the associated compliance costs.
- 23 Eight users expressed a general view that most of the proposed disclosures are useful and important. Of the eight users, four users only provided high-level feedback expressing general agreement with Table 2.1.1 and noted the general topics (e.g. revenue and trade receivables) that are particularly important to their work. The remaining four users offered more detailed views and, where possible, identified the specific types of disclosures they found most useful, feedback gathered from these four users are included in the Table 3.

Detailed feedback on each proposed amendment

- 24 Detailed feedback from submissions and other outreach activities on the specific proposed disclosures in ITC 56 is presented in Table 3 below. Detailed feedback from targeted outreach with four users is in blue text.

Table 3: Staff's summary of proposed amendments in ITC 56 and stakeholder feedback

Item	Staff's summary of substantive amendments to the 2025 IFRS for SMEs Accounting Standard which are recommended for amending AASB 1060 in ITC 56 ³	Stakeholder feedback
<p><i>Financial Statement Presentation</i></p>	<p>2025 IFRS for SMEs Accounting Standard added a new paragraph 3.15A, replicating amendments made to IAS 1/ AASB 101 Presentation of Financial Statements as a result of the disclosure initiative, which were made after the finalisation of second edition of IFRS for SMEs Accounting Standard.</p> <p><u>3.15A When applying this Standard an entity shall decide, after taking into consideration all the relevant facts and circumstances, how it aggregates information in the financial statements, which include the notes. An entity shall not reduce the understandability of its financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.</u></p> <p>ITC 56 proposed amending AASB 1060 to align with this amendment.</p>	<p>25 Three submissions noted further feedback regarding proposed amendments to financial statement presentation:</p> <p>(a) A stakeholder generally agreed with adding the overarching presentation principles, noting that these do not introduce additional substantive requirements.</p> <p>(b) Two professional service firms disagreed with the amendment and encouraged the Board to consider the alignment to AASB 18 rather than based on AASB 101.</p> <p>26 Overall, users' feedback expressed strong support for greater disaggregation of information, particularly in relation to revenue, expenses, financial assets and liabilities, and fair value. No users were opposed to tightening the language on the principles of aggregation and disaggregation.</p> <p>27 In the forthcoming Exposure Draft (ED), which proposes aligning AASB 1060's presentation and classification requirements with those in AASB 18, the AASB intends to replace the existing aggregation requirements in AASB 1060 with the paragraphs from AASB 18 relating to the principles of aggregation and disaggregation. If the proposal in the ED is finalised without changes, paragraph 3.15A of the 2025 IFRS for SMEs would no longer need to be incorporated into AASB 1060.</p>

3 Please note that this section provides the AASB staff's summary of the proposed disclosures for the purpose of this agenda paper. It does not necessarily represent the full set of proposed disclosure requirements. The complete proposed disclosures are outlined in Table 2.1.1 of [ITC 56](#) (See pp.38- 51). Paragraph numbers in this column refer to the paragraph numbers of the substantive amendments to the 2025 IFRS for SMEs Accounting Standard.

Item	Staff's summary of substantive amendments to the 2025 IFRS for SMEs Accounting Standard which are recommended for amending AASB 1060 in ITC 56 ³	Stakeholder feedback
<p><i>Statement of Changes in Equity and Statement of Income and Retained Earnings</i></p>	<p>2025 IFRS for SMEs Accounting Standard added a new paragraph 6.6 relating to the disclosure of dividends:</p> <p><u>6.6 An entity shall disclose in the notes:</u></p> <p>(a) <u>the amount of dividends proposed or declared before the financial statements were authorised for issue but not recognised as a distribution to owners during the reporting period, and the amount per share; and</u></p> <p>(b) <u>the amount of any cumulative preference dividends not recognised.</u></p> <p>ITC 56 proposed amending AASB 1060 to align with this amendment.</p>	<p>28 Two submissions noted further feedback regarding proposed amendments to statement of changes in equity and statement of income and retained earnings:</p> <p>(a) A professional service firm supported the proposed amendment given it has not been specifically considered by the AASB before.</p> <p>(b) Another professional service firm did not support the amendment. They noted while this is a simple disclosure to include and would not be overly burdensome to Tier 2 entities, if the Board cannot clearly identify the relevance of this disclosure in the Australian environment, there is no reason for including these disclosures.</p> <p>29 Three users found these disclosure requirements useful for understanding capital structure and projecting cash flows. Disclosing dividend that are not yet recognised helps users assess future financial position, balance sheet impacts, and the entity's ability to service debt.</p>
<p><i>Statement of Cash Flows</i></p>	<p>2025 IFRS for SMEs Accounting Standard added a new paragraph 7.19A, introducing a simplified disclosure which is based on amendments made to IAS 7 <i>Statement of Cash Flows</i>/ AASB 107 relating to changes in liabilities arising from financing activities.</p> <p><u>7.19A An entity shall disclose a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the statement of cash flows as cash flows from financing activities. An entity shall include in the reconciliation:</u></p> <p>(a) <u>changes from financing cash flows;</u></p> <p>(b) <u>changes arising from obtaining or losing control of subsidiaries or other businesses;</u></p>	<p>30 Five submissions disagreed with the proposed amendment to statement of cash flows:</p> <p>(a) Feedback from those stakeholders indicated these requirements are unlikely to provide useful information, were not required under the former RDR framework and are likely to be less useful to users given experience in the usefulness of these disclosures provided by entities preparing GPFS-Tier 1.</p> <p>(b) One of these stakeholders noted the requirement went beyond the original objective and positioning of the AASB 1060 Tier 2 requirements.</p> <p>(c) Another stakeholder further emphasised that they were not aware of sufficient evidence that would justify including the reconciliation taking</p>

Item	Staff's summary of substantive amendments to the 2025 IFRS for SMEs Accounting Standard which are recommended for amending AASB 1060 in ITC 56 ³	Stakeholder feedback
	<p>(c) <u>the effect of changes in foreign exchange rates;</u> (d) <u>changes in fair values; and</u> (e) <u>other changes.</u></p> <p>ITC 56 proposed amending AASB 1060 to align with this amendment.</p>	<p>into account that the AASB considered but rejected including this disclosure requirement in developing AASB 1060.</p> <p>(d) A professional service firm requested a further cost-benefit assessment.</p> <p>31 Four users strongly supported detailed cash flow disclosures, including reconciliation of liabilities and movements such as fair value, foreign exchange, and acquisitions, because they are critical for assessing liquidity, understanding the link between profit and cash flow, and evaluating the entity's ability to service debt and meet commitments.</p>
<p><i>Consolidated and Separate Financial Statements</i></p>	<p>2025 IFRS for SMEs Accounting Standard added a new paragraph 9.23B relating the disclosure of the gain or loss.</p> <p>9.23B <u>An entity shall disclose the gain or loss, if any, calculated in accordance with paragraphs 9.18–9.19, and:</u></p> <p>(a) <u>the portion of that gain or loss attributable to measuring any interest retained in the former subsidiary at its fair value at the date control is lost; and</u> (b) <u>the line items in profit or loss in which the gain or loss is recognised (if not presented separately).</u></p> <p>ITC 56 proposed amending AASB 1060 to align with this amendment.</p>	<p>32 Four submissions noted further views regarding proposed amendments to consolidated and separate financial statements:</p> <p>(a) A stakeholder noted that they did not consider there are sufficient changes to R&M requirements to justify reconsidering the disclosure requirements developed by the AASB in AASB 1060 without obtaining further evidence justifying such a change.</p> <p>(b) Two other professional service firms questioned the basis on which the AASB changed its position regarding the requirement to disclose gain or loss relating to a retained interest in a former subsidiary. They noted that that under the Australian Reporting regime, the gain or loss on disposal has always been calculated in the manner that <i>IFRS for SMEs</i> now requires, and the Board has previously concluded under both the AASB 1060 and the previous RDR model that this disclosure was not required.</p> <p>(c) Another stakeholder was of the view that this proposed amendment is unlikely to materially affect Tier 2 public sector entities.</p> <p>33 Three users indicated that, in most cases, these disclosures are of low importance and not always critical. In contrast, another user elaborated that, in some circumstances, the usefulness of these disclosure requirements</p>

Item	Staff's summary of substantive amendments to the 2025 IFRS for SMEs Accounting Standard which are recommended for amending AASB 1060 in ITC 56 ³	Stakeholder feedback
		depends on materiality and context of the transaction. Information about gains or losses arising from disposals or loss of control can be useful, particularly for unlisted investments.
<i>Financial Instruments</i>	<p>Please note that this section only captures <u>staff's condensed summary</u> of the actual requirements.</p> <p>2025 IFRS for SMEs Accounting Standard:</p> <ul style="list-style-type: none"> • Added new disclosure requirements for financial assets measured at amortised costs, requiring entities to disclose an analysis of the age, by reference to due date, showing separately: <ul style="list-style-type: none"> ○ the amortised cost of the financial assets before adjusting for any reduction (directly or by using an allowance account) for impairment or uncollectability; and ○ any reduction (directly or by using an allowance account) for impairment or uncollectability. • Added new disclosure requirements for disclosing maturity analysis for financial liabilities by category. The maturity analysis shall include the remaining contractual maturities. The contractual amounts disclosed in the maturity analysis are the contractual undiscounted cash flows. • Required that an entity shall use time bands it considers to be the most useful in preparing the disclosures for financial assets and liabilities above. <p>ITC 56 proposed aligning with the 2025 IFRS for SMEs Accounting Standard. Detailed proposed disclosure requirements regarding financial instruments are outlined in Table 2.1.1 of ITC 56 (See p.40).</p>	<p>34 Six submissions noted further views regarding proposed amendments to financial instruments.</p> <p>(a) A stakeholder noted the analysis of the age, by reference to due date, of trade receivables and other financial assets measured at amortised cost went beyond the original objective and positioning of the AASB 1060 Tier 2 requirements and therefore require further cost-benefit consideration of the amendment.</p> <p>(b) Another professional service firm noted that the Board had previously specifically considered this requirement during the development of AASB 1060 but decided not to incorporate it. Currently, there isn't sufficient evidence to justify a change to the previous decision.</p> <p>(c) Two professional service firms highlighted that they do not consider there has been any change in circumstances, which warrants the disclosure amendments regarding the maturity analysis of liabilities and the aging of debtors.</p> <p>(d) A stakeholder shared a view that the disclosure would not add to the usefulness of financial statements.</p> <p>(e) On the other hand, a stakeholder noted that the suitability of these disclosure requirements depends on the specific context of different Australian states, including the nature and size of the entities to which Tier 2 is applied in each state:</p> <p>(i) They supported the inclusion of a maturity analysis for financial liabilities, noting the importance of liquidity information in enhancing users' understanding of short-term cash flows and obligations. Burden is not significant on entities with only short-</p>

Item	Staff's summary of substantive amendments to the 2025 IFRS for SMEs Accounting Standard which are recommended for amending AASB 1060 in ITC 56 ³	Stakeholder feedback
		<p>term obligations. The stakeholder, however, did not recommend overly prescriptive guidance (e.g. examples and detailed time bands)</p> <p>(ii) Disclosure on ageing analysis and related disclosures on impairment and collectability may be relevant for entities with substantial financial asset balances where recoverability may be a challenge.</p> <p>35 A professional service firm indicated that their clients often struggle with financial instruments disclosures (e.g., derivatives) and would likely find it challenging if additional disclosure requirements are introduced. In addition, another firm was of the view that the added disclosures are not meaningful.</p> <p>36 General feedback from users indicated that information about trade receivables age and financial liabilities maturities is very important to users. Four users expressed strong support for the disclosure of maturity analyses of liabilities and ageing of receivables disclosures, particularly when presented in time bands, as this information is essential for assessing liquidity, repayment behaviour, refinancing risk, and collection patterns, and is often requested separately in practice.</p>
Fair Value (FV) Measurement	<p>Please note that this section only captures <u>staff's condensed summary</u> of the actual requirements.</p> <ul style="list-style-type: none"> • 2025 IFRS for SMEs Accounting Standard introduced a new Section 12, in which it determined the scope of the disclosures relating fair value measurement. • The newly added disclosure requirements for assets and liabilities measured at FV include the following: <ul style="list-style-type: none"> ○ the carrying amounts at the end of the reporting date; the fair value hierarchy level within which the fair value measurements are categorised (Level 1, level 2, level 3) and a 	<p>37 Seven submissions noted further views regarding proposed amendments to fair value measurement.</p> <p>(a) Three professional service firms questioned whether any change in circumstances has arisen in the Australian market to warrant this disclosure as AASB 13 and the fair value hierarchy existed at the time that AASB 1060 was created. These stakeholders shared a view that the ITC did not clearly justify (apart from the fact that the amendments were made to the updated IFRS for SMEs) why the AASB is revisiting decisions made when developing AASB 1060.</p> <p>(b) Another professional service firm stated that the details of fair value measurements (IFRS for SMEs paragraphs 12.28 to 12.32) go beyond</p>

Item	Staff's summary of substantive amendments to the 2025 IFRS for SMEs Accounting Standard which are recommended for amending AASB 1060 in ITC 56 ³	Stakeholder feedback
	<p>description of the valuation techniques (used for Level 2 and level 3 measurements) and the inputs used in the fair value measurements;</p> <ul style="list-style-type: none"> ○ for recurring fair value measurements within Level 3, disclosing total gains or losses recognised in income statement and other comprehensive income; and ○ disclose sufficient information to permit reconciliation of the asset class to the line items presented in balance sheet; and present quantitative information in a table unless another format is more useful. <p>ITC 56 proposed to align with disclosure requirement in 2025 IFRS for SMEs Accounting Standard.</p> <ul style="list-style-type: none"> ● Consequentially, ITC 56 proposed to remove some sections as these are now either covered by the disclosures in the new section on fair values or are no longer relevant: <ul style="list-style-type: none"> ○ paragraph 132(a) relating to investment property; ○ paragraph 136(c)⁴ relating to property, plant and equipment; ○ paragraph 204(b) relating to biological assets; ○ paragraph 140(c), which relates to fair value disclosures for intangible assets; and ○ paragraph 140(b), which requires disclosure of whether an independent valuer was involved in determining fair value. 	<p>the original objective and positioning of (the AASB 1060) Tier 2 requirements in the Australian financial reporting environment and require further cost-benefit assessment.</p> <ul style="list-style-type: none"> (c) Another professional service firm further noted that the proposed disclosure significantly increases the reporting burden for Tier 2 reporters. (d) A stakeholder was of the view that the disclosure would not add to the usefulness of financial statements. (e) Another firm, however, acknowledged that disclosure on level 3 fair value measurement is likely material for users to understand significant fluctuations in the scenario where companies are regularly entering into more complex transactions such as power purchase agreements (this may result in level 3 financial instruments). (f) On the other hand, a stakeholder noted that the suitability of these disclosure requirements depends on the specific context of different Australian states, including the nature and size of the entities to which Tier 2 is applied in each state: <ul style="list-style-type: none"> (i) Disclosure may be appropriate for larger Tier 2 entities with significant or complex asset bases and more complex valuation techniques as these disclosures can provide useful insight into the level of judgment applied and the degree of estimation uncertainty.

4 There was an editorial error in ITC 56 (p.42). Paragraph 135(c) relating to property, plant and equipment should have been referenced as paragraph 136(c) (The correct paragraph states: If items of property, plant and equipment are stated at revalued amounts, an entity shall disclose the methods and significant assumptions applied in estimating the items' fair value).

Item	Staff's summary of substantive amendments to the 2025 IFRS for SMEs Accounting Standard which are recommended for amending AASB 1060 in ITC 56 ³	Stakeholder feedback
	<p>Detailed proposed disclosure requirements regarding fair value measurement are outlined in Table 2.1.1 of ITC 56 (See pp.41-42).</p>	<p>(ii) In contrast, disclosure may impose an unnecessary burden on smaller public sector entities with assets subject to less complex valuations.</p> <p>The stakeholder supported retaining relevant existing disclosures – such as identifying whether valuations are performed by an independent valuer for investment property and PPE. If additional fair value hierarchy disclosures are adopted, the stakeholder recommended ensuring consistency with the Australian-specific requirements in AASB 13.</p> <p>38 Two users indicated that the proposed disclosures are important for investors, particularly the information about Level 2 and Level 3 inputs and valuation techniques, noting that these disclosures support their assessment processes and improve comparability across entities. In contrast, two users noted that some credit institutions may find them less important.</p>
<p><i>Business Combinations and Goodwill</i></p>	<p>Please note that this section only captures <u>staff's condensed summary</u> of the actual requirements.</p> <ul style="list-style-type: none"> 2025 IFRS for SMEs Accounting Standard revised paragraph 19.38(d), changing from requiring an entity to disclose “ the cost of the combination and a description of the components of that cost”, to requiring an entity to disclose “the acquisition-date fair value of the total consideration transferred and a description of the components of that consideration”. This resulted from the change in the method of accounting for a business combination from the purchase method to the acquisition method by the IASB. 2025 IFRS for SMEs Accounting Standard added new disclosure requirements for contingent consideration arrangement including amount recognised at the acquisition date and a description of the arrangement and how the payment amount is determined. 	<p>39 Five submissions suggested the Board to conduct further assessment to the proposed amendment to business combinations and goodwill. The suggested assessment focuses on user’s needs and the relevance of these requirements to Australian tier 2 entities to provide further evidence justifying for the change:</p> <p>(a) A stakeholder acknowledged seeing some benefits around disclosure of contingent consideration but would like to understand evidence the Board has to require it.</p> <p>(b) Another professional service firm specified that the proposed requirement goes beyond the original objective and positioning of the AASB 1060 Tier 2 requirements in the Australian financial reporting environment and require further cost-benefit assessment.</p>

Item	Staff's summary of substantive amendments to the 2025 IFRS for SMEs Accounting Standard which are recommended for amending AASB 1060 in ITC 56 ³	Stakeholder feedback
	<p>ITC 56 proposed to align with the disclosure requirements for contingent consideration arrangements.</p> <ul style="list-style-type: none"> • The 2025 IFRS for SMEs Accounting Standard newly required an entity to disclose each contingent liability that the acquirer does not recognise. • 2025 IFRS for SMEs Accounting Standard added new disclosure requirements for reporting after the acquisition date, requiring an entity to disclose any changes in the recognised amounts of contingent consideration, the valuation techniques and key model inputs for each material business combination and in aggregate for business combinations that are immaterial individually but material collectively. <p>ITC 56 proposed to include these new disclosure requirements in AASB 1060</p> <p>Detailed proposed disclosure requirements regarding business combination and goodwill are outlined in Table 2.1.1 of ITC 56 (See pp.42-43).</p>	<p>40 Four users found added disclosure requirements such as contingent consideration and post-acquisition performance useful because they provide insight into the expected benefits and risks of acquisitions.</p>
<i>Revenue from Contracts with Customers</i>	<p>Please note that this section only captures <u>staff's condensed summary</u> of the actual requirements.</p> <ul style="list-style-type: none"> • 2025 IFRS for SMEs Accounting Standard aligned with IFRS 15 <i>Revenue from Contracts with Customers</i> by fully rewriting the section with simplified requirements for SMEs, requiring an entity to: <ul style="list-style-type: none"> ○ disaggregate revenue from contracts with customers by categories; 	<p>41 Five submissions noted further views regarding proposed amendments to revenue from contract with customers.</p> <ul style="list-style-type: none"> (a) A stakeholder disagreed with the amendment, highlighting the minor amendments proposed to align wording with <i>IFRS for SMEs</i> appears an unnecessary change that could create confusion for no additional benefit to users and did not consider it is appropriate to include additional disclosures as current disclosure are already sufficient or excessive. (b) Another stakeholder stated the proposals largely represent refinements to what is already covered or expected under the overarching disclosure principles in AASB 1060 with only substantive

Item	Staff's summary of substantive amendments to the 2025 IFRS for SMEs Accounting Standard which are recommended for amending AASB 1060 in ITC 56 ³	Stakeholder feedback
	<ul style="list-style-type: none"> ○ disclose balances of trade receivables, contract assets, and contract liabilities, along with related impairment losses on those assets and revenue recognised from contract liabilities; ○ disclose information about promises in contracts; timing of fulfilment, payment terms, obligations and warranties, methods used to measure progress towards promises' fulfilment; judgement; closing balance of assets arising from the costs of fulfilling a contract by main category of asset; and ○ disclose if an entity chooses not to separately account for interest revenue separately from revenue from contracts with customers. <p>ITC 56 proposed amending AASB 1060 by replacing the current revenue section in AASB 1060 with requirements from the 2025 IFRS for SMEs Accounting Standard.</p> <ul style="list-style-type: none"> ● 2025 IFRS for SMEs Accounting Standard paragraph 23.90 required an entity, who cannot account for an option to acquire additional goods or services as a separate promise without undue cost or effort, to disclose that fact and the reasons. <p>ITC 56 proposed not including this requirement as this is reflecting an R&M difference.</p> <p>Detailed proposed disclosure requirements regarding revenue from contract with customers are outlined in Table 2.1.1 of ITC 56 (See pp.45-46).</p>	<p>addition being paragraph 23.84(b) (revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period). While some feedback from their members indicated there is no clear evidence of user information gap to expand Tier 2 requirements, other members acknowledged revenue and income are significant to operations of some Tier 2 public sector entities and providing clearer or more structured disclosures may assist users.</p> <p>(c) Two stakeholders suggested that further evidence and cost-benefit assessment are needed to justify for the alignment to the IFRS for SMEs.</p> <p>(d) A stakeholder highlighted it is particularly necessary to include rationale for adding new disclosures given they are new additions and AASB has already included relevant disclosures from AASB 15 Revenue from contracts with customers when developing AASB 1060.</p> <p>42 General feedback is that revenue is very important to users. Three users commented that the disaggregation of revenue and contract balance disclosures are useful because they support understanding of performance and cash flow generation, although some users focus more on overall revenue trends and may request further detail separately where needed. One user elaborated that they preferred the wording in the 2025 IFRS for SMEs, noting that the disclosure requirements more clearly indicate the details that need to be disclosed.</p>
Employee Benefits	Please note that this section only captures <u>staff's condensed summary</u> of the actual requirements.	43 Three submissions noted further views regarding proposed amendments to employee benefits.

Item	Staff's summary of substantive amendments to the 2025 IFRS for SMEs Accounting Standard which are recommended for amending AASB 1060 in ITC 56 ³	Stakeholder feedback
	<p>2025 IFRS for SMEs Accounting Standard updated Section 28 <i>Employee Benefits</i> to align it with some aspects of the 2011 modifications to IAS 19 <i>Employee Benefits</i>.</p> <ul style="list-style-type: none"> • 2025 IFRS for SMEs Accounting Standard added a requirement for an entity that applies the measurement simplification for defined benefit obligations. ITC 56 proposed not to align with this requirement as this relates to a difference in R&M between the IFRS for SMEs Accounting Standard and the full IFRS Accounting Standard. • 2025 IFRS for SMEs Accounting Standard added the requirement of a more detailed reconciliation of the opening and closing balances of a defined benefit obligation. ITC 56 proposed amending AASB 1060 to align with the 2025 IFRS for SMEs Accounting Standard, but aligning terminology to reflect the full IFRS requirements (for example, replacing 'interest on the defined benefit obligation' with 'interest income or expense' and 'actuarial gains and losses' with 'remeasurements') • 2025 IFRS for SMEs Accounting Standard: <ul style="list-style-type: none"> ○ Added the requirement of a more detailed reconciliation of the opening and closing balances of plan assets and any recognised reimbursement rights; ○ Removed the requirement for an entity to disclose the total cost related to defined benefit plans for the period and the actual return on plan assets; and ○ Added the requirement for an entity to disclose the expected contributions to the defined benefit plan for the next annual reporting period. 	<ul style="list-style-type: none"> (a) A professional service firm supported the AASB proposing to amend AASB 1060 for this requirement given it has not been specifically considered by the AASB before. (b) A stakeholder (members association) presented a mixed view from their members on the necessity of include this disclosure and therefore require further assessment of user needs and the relevance to public sector Tier 2. (c) Another professional service firm acknowledged that while it would be unlikely to be burdensome for Tier 2 entities due to the limited number of defined benefit plans in Australia. However, these requirements existed in AASB 119 when AASB 1060 was created and their inclusion now cannot be justified by any change in circumstances in the Australian environment. As time passes, defined benefit schemes become less prevalent. Therefore, arguably there is less need for these disclosures than there was previously. <p>44 Three users commented that generally, these disclosures are considered to be of low relevance because defined benefit arrangements are less common in the Australian private sector and are generally not a focus for credit analysis. However, where such arrangements exist, users noted that these disclosures are useful because they provide insight into future obligations and risks.</p>

Item	Staff's summary of substantive amendments to the 2025 IFRS for SMEs Accounting Standard which are recommended for amending AASB 1060 in ITC 56 ³	Stakeholder feedback
	<p>ITC 56 proposed amending AASB 1060 to align with these requirements.</p> <ul style="list-style-type: none"> • 2025 IFRS for SMEs Accounting Standard added additional four new paragraphs: <ul style="list-style-type: none"> ○ Clarified that the reconciliation of the opening and closing balances of a defined benefit obligations, plan assets and any recognised reimbursement rights are not required to be presented for prior periods; ○ Permitted an entity which has more than one defined benefit plans to choose how to present the required disclosures (either in total, separately for each plan or in groups); and ○ Required an entity to disclose further details if it participates in a defined benefit plan that is a group plan; and clarified when cross-referenced disclosures are permitted. <p>ITC 56 proposed amending AASB 1060 to align with these requirements from the 2025 IFRS for SMEs Accounting Standard but with change in terminology (relating to the term “group plan”) to reflect the AASB 119 requirement.</p> <p>Detailed proposed disclosure requirements regarding employee benefits are outlined in Table 2.1.1 of ITC 56 (See pp.46-50).</p>	
Foreign Currency Translation	<p>Please note that this section only captures <u>staff's condensed summary</u> of the actual requirements.</p> <p>2025 IFRS for SMEs Accounting Standard:</p> <ul style="list-style-type: none"> • added a new paragraph 30.28, requiring that when an entity estimates a spot exchange rate as a currency lacks exchangeability, the entity shall disclose the currency and nature 	<p>45 Four submissions noted further views regarding proposed amendments to foreign currency translation:</p> <p>(a) Three stakeholders questioned the reason why there is a change in the Board decision as the Board already considered the requirements in October 2023 and concluded they are not relevant for Tier 2 entities. As the AASB 2023-5 has only just become effective for years ended 30</p>

Item	Staff's summary of substantive amendments to the 2025 IFRS for SMEs Accounting Standard which are recommended for amending AASB 1060 in ITC 56 ³	Stakeholder feedback
	<p>of restrictions, affected transactions, carrying amount of affected assets and liabilities, spot rates used, estimation inputs and assumptions.</p> <ul style="list-style-type: none"> added a new paragraph 30.29, requiring that when a foreign operation's functional currency cannot be exchanged with the entity's presentation currency (or vice versa), the entity shall disclose the foreign operation's name, type, principal place of business, summarised financial information, nature and terms of any contractual arrangements that could require the entity to provide financial support to the foreign operation. <p>ITC 56 proposed aligning AASB 1060 with the 2025 IFRS for SMEs Accounting Standard.</p> <p>Detailed proposed disclosure requirements regarding foreign currency translation are outlined in Table 2.1.1 of ITC 56 (See pp.50-51).</p>	<p>June 2025 for the first time, further amendments should be based on the user needs for this disclosure.</p> <p>(b) One of the stakeholders further noted that proposing this change conflicts with the approach suggested in the ITC 56 that explains "the AASB proposes to amend AASB 1060 to align with the IFRS for SMEs Accounting Standard, unless equivalent amendments have already been made based on previous amendments to the full IFRS Accounting Standards and AAS".</p> <p>(c) In contrast, a stakeholder from a public sector supported the proposed disclosure as it provides useful information for users but expected to have minimal impact on most public sector Tier 2 entities given the limited relevance of foreign currency activities in this context.</p> <p>46 Three users considered these disclosures to be of low relevance for most Australian Tier 2 entities, as situations involving non-exchangeable currencies are relatively rare, but noted they can be useful when applicable. One user noted foreign exchange risk exposure disclosures support their credit assessment process and could improve comparability across rated entities.</p>
Related Party Disclosures	<p>2025 IFRS for SMEs Accounting Standard added a new paragraph 33.15</p> <p><u>33.15 If a reporting entity applies the exemption in paragraph 33.11, it shall disclose the following about the transactions and related outstanding balances referred to in paragraph 33.11:</u></p> <p>(a) <u>the name of the government and the nature of its relationship with the reporting entity (that is, control, joint control or significant influence).</u></p> <p>(b) <u>the nature and amount of each individually significant transaction.</u></p> <p>(c) <u>for transactions that are collectively, but not individually, significant, a qualitative or quantitative</u></p>	<p>47 Three submissions noted further views regarding proposed amendments to related party disclosures:</p> <p>(a) A professional service firm supported the AASB proposing to amend AASB 1060 for this requirement given it has not been specifically considered by the AASB before.</p> <p>(b) Another professional service firm was not supportive of these additional disclosures being added. They believed that as there were neither changes to these equivalent requirements in AASB 124 nor changes in circumstances since AASB 1060 was issued, the Board's conclusion about not adding these requirements for Tier 2 entities is still adequate.</p>

Item	Staff's summary of substantive amendments to the 2025 IFRS for SMEs Accounting Standard which are recommended for amending AASB 1060 in ITC 56 ³	Stakeholder feedback
	<p style="text-align: center;"><u>indication of their extent. Types of transactions include those listed in paragraph 33.12.</u></p> <p>ITC 56 proposed adding the paragraph to align with the 2025 IFRS for SMEs Accounting Standard requirements.</p>	<p>(c) An auditor's association noted members expressed mixed views about the disclosure requirements. Some members indicated the proposal adds little value for public sector Tier 2 entities as the transactions of greatest interest in the public sector are generally not those occurring between government entities, while others view enhanced related party disclosures as important for smaller entities given the range of relationships that may exist. The stakeholder emphasised that any proposed changes should be first assessed against existing public sector-specific guidance in AASB 124 to ensure that amendments to AASB 1060 are appropriately aligned and do not duplicate or conflict with current requirement.</p> <p>48 Two users were of the view that the related party disclosures regarding government entities is conceptually appropriate, as they provide transparency and support compliance, but are often of limited practical relevance and not a key focus area for analysis compared to more detailed information such as intercompany loan arrangements. One user commented that governance and counterparty risk disclosures support their credit assessment process and could improve comparability across rated entities</p>
<p><i>Specialised Activities (Exploration and evaluation assets)</i></p>	<p>2025 IFRS for SMEs Accounting Standard added new paragraph 34.11G</p> <p><u>34.11G An entity shall treat exploration and evaluation assets as a separate class of assets and make the disclosures required by either Section 17 or Section 18 consistent with how the assets are classified.</u></p> <p>ITC 56 proposed adding the paragraph to align with the 2025 IFRS for SMEs Accounting Standard requirements.</p>	<p>49 Three submissions commented that this disclosure requirement may have a limited value or applicability to Tier 2 entities and likely will not result in a significant change in practice.</p> <p>50 Users expressed mixed views. One investor considered these disclosures useful in relevant industries because they help assess whether capitalised costs are likely to generate future economic benefits or represent sunk costs. One user highlighted that sector-specific disclosures support their credit assessment processes and could improve comparability across rated entities. In contrast, two credit users noted that exploration and evaluation assets are not widely applicable and are of limited relevance for many Tier 2 entities.</p>

Part C: Changes to the *IFRS for SMEs Accounting Standard* not recommended for inclusion in AASB 1060

51 ITC 56 also considered some changes to the *IFRS for SMEs Accounting Standard* which are not recommended for inclusion in AASB 1060. These include amendments made by the IASB to the *IFRS for SMEs Accounting Standard*:

- (a) relating to R&M requirements without affecting disclosures;
- (b) introducing or modifying disclosure requirements relating to R&M options or treatments in the *IFRS for SMEs Accounting Standard* that are not available in the full IFRS Accounting Standards (and therefore AAS);
- (c) introducing or modifying disclosure requirements relating to R&M principles in the *IFRS for SMEs Accounting Standard* that are significantly different from those in the full IFRS Accounting Standards (and therefore AAS).

52 Table 2.1.2 of ITC 56 outlined substantive amendments where no changes to AASB 1060 are proposed in relation to three following items:

- (a) Financial Statement Presentation;
- (b) Inventories; and
- (c) Provisions and Contingencies.

53 ITC 56 included the following question to stakeholders:

1.3 Do you agree with the AASB's recommendations not to amend AASB 1060 for the changes presented in Table 2.1.2 (which starts on page 52)?
If you disagree, with which recommendations do you disagree and what would you suggest instead?

54 Feedback on Question 1.3 mainly originates from submission letters.

55 Of the 13 comment letters received, nine submissions provided feedback on Question 1.3 Topic 1.

56 All stakeholders who responded specifically to question 1.3 agreed with the AASB's recommendations not to amend AASB 1060 for the changes presented in Table 2.1.2.