



Dr. Keith Kendall
Chair
Australian Accounting Standards Board
PO Box 204
Collins Street West VIC 8007

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

26 February 2026

Dear Keith,

RE: ED 338 Application of AASB 18 and AASB 107 by Superannuation and Not-for-Profit Entities and Operating Cash Flow Reconciliation

PricewaterhouseCoopers Australia (**PwC**) appreciates the opportunity to comment on Exposure Draft 338 (**ED 338**). We support the Australian Accounting Standards Board's (**AASB**) objective of enhancing the clarity, comparability and usefulness of financial statements in Australia, by aligning with AASB 18 Presentation and Disclosure in Financial Statements and AASB 107 Statement of Cash Flows, while also addressing Australian-specific considerations for superannuation and not-for-profit (NFP) entities.

In summary, PwC supports the proposed amendments to:

- a. AASB 18 and AASB 107 to relieve superannuation entities and NFP public sector entities preparing Tier 1 general purpose financial statements (GPFS) from certain requirements;
- b. AASB 18 to clarify how certain principles should be applied by NFP entities in the private sector;
- c. AASB 1056 Superannuation Entities to facilitate application of AASB 18 and AASB 107 by superannuation entities; and

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- d. AASB 1054 Australian Additional Disclosures and AASB 1039 Concise Financial Reports for consistency with AASB 107 in respect of entities preparing Tier 1 GPFS, including for-profit private sector entities.

We have not considered and have not provided comments on matters exclusive to NFP public sector entities. This includes the proposed amendments to:

- a. AASB 18 to clarify how certain principles should be applied by NFP entities in the public sectors; and
- b. AASB 1049 Whole of Government and General Government Sector Financial Reporting to align certain terminology with that used in recent Australian Accounting Standards;

Please find our responses to the Specific Matters for Comment. We have focused on the implications for superannuation entities and private-sector NFP entities.

Support for ED 338 Overall

PwC supports the application of AASB 18 Presentation and Disclosure in Financial Statements to superannuation and private-sector NFP entities, with appropriate guidance to reflect their specific circumstances. We agree that aligning with the new IFRS-aligned AASB 18 will contribute to clearer and more structured financial statement presentation for these entities, improving the usefulness of their financial reports.

Superannuation Entities (Questions 3 – 11)

Consistent with the responses provided to the AASB during the targeted outreach, we support the proposals for superannuation entities to continue using the presentation formats in AASB 1056 *Superannuation Entities* for the statement of profit or loss and statement of cash flows. This approach preserves industry-specific line items (e.g. member contributions, benefit payments, insurance components) that users and regulators are familiar with, while still incorporating the principles of AASB 18 (such as subtotals and aggregation/disaggregation) where applicable. We agree with the AASB that no further modifications beyond those proposed in ED 338 appear necessary for superannuation entities, particularly in the light of stakeholder support for the current format and requirements.



Not-for-Profit Private Sector Entities (Questions 12 – 15)

We agree with the Exposure Draft's proposed guidance to clarify how certain AASB 18 principles should be applied in an NFP entity context and its proposal to add paragraphs Aus9.1, AusB5.1 and AusB80.1 in AASB 18.

As indicated in the Exposure Draft (page 5), emphasising line items that best explain an entity's operations and main activities- rather than profitability- will promote meaningful disaggregation (for example grants and donations, including restrictions; fundraising; program and service delivery expenses; recognised volunteer contributions; and administration costs) and improve understandability and accountability.

We agree with the AASB conclusion there were no apparent justification for special departures from AASB 18 or AASB 107 for NFP private sector Tier 1 entities, given their size and public accountability.

Operating Cash Flow Reconciliation (Questions 1 – 2)

We agree with the proposed amendments to AASB 1054 and related consequential amendments to AASB 1039.

We agree that for-profit entities (and NFP private entities) should use the new 'operating profit or loss' subtotal as the starting point for reconciling net cash flows from operating activities.

For superannuation entities, we support the AASB's proposal to permit use of the profit or loss total as the reconciliation starting point in recognition of their unique performance reporting.

Transition Period and Effective Date

We support the proposed effective date of annual periods beginning on or after 1 January 2028 for superannuation entities and NFP entities, with early application permitted. Aligning the start date with the general AASB 18 effective date (with an extra year for these entities) is appropriate to allow implementation readiness. We encourage the AASB to provide transitional relief where needed - for



example, relief from full restatement of comparative information or simplified initial application for smaller NFPs - to ensure costs of transition do not outweigh the benefits for first-time adopters.

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

Yours sincerely,

A handwritten signature in black ink that reads 'Ashley Wood'. The signature is fluid and cursive, with a long horizontal stroke at the end.

Ashley Wood

Assurance Risk and Quality Leader