24 August 2026

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

Submitted via email: standard@aasb.gov.au

Dear Dr Kendall

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

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

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

More specifically, we support the following proposals:

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

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

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

Yours sincerely

[signed V Stylianou]
Vicki Stylianou
Group Executive, Advocacy & Professional Standards
Institute of Public Accountants

**Attachment 1 – IPA's responses to ED 341 specific questions**

**Specific matters for comment**

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

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

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

**If you disagree, please explain why.**

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

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

**If you disagree, please explain why.**

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

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

**(a) the amendments should be applied retrospectively;**

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

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

**If you disagree, please explain why.**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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