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/

24 August 2026

Dear Keith,

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

PricewaterhouseCoopers Australia (**PwC**) appreciates the opportunity to comment on the Exposure Draft 341 *Updating AASB 1060 to Align the Classification and Presentation Requirements with AASB 18* (**ED 341**) issued by the Australian Accounting Standards Board (the **Board**).

We support the proposals outlined in ED 341. We agree that aligning the classification and presentation requirements in AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* with AASB 18 *Presentation and Disclosure in Financial Statements* will provide Tier 1 and Tier 2 entities with a common structure for primary financial statements. This will improve comparability for users and make it easier for entities moving between tiers. ED 341 is consistent with our response to ITC 56, dated 22 January 2026, to update AASB 1060 in a timely manner to avoid prolonged divergence between Tier 1 and Tier 2 performance reporting.

We also support incorporating the relevant classification and presentation requirements directly into the main body of AASB 1060, preserving AASB 1060 as a practical one-stop shop for Tier 2 preparers and auditors. We agree that any transition requirements mirror those in AASB 18, and that any relief ultimately provided to not-for-profit (NFP) entities preparing Tier 1 general purpose financial statements (GPFS) is extended, where applicable, to NFP entities preparing Tier 2 GPFS.

We recommend that the Board coordinates these amendments with its broader work on AASB 1060, including updates arising from the third edition of the *IFRS for SMEs Accounting Standard*, IFRS 19 *Subsidiaries without Public Accountability: Disclosures*, and the AASB 18 disclosure requirements. This would allow the Board to align the mandatory effective dates of any further changes.

Our detailed responses are set out in the appendix.

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,

Ashley Wood

Ashley Wood
Assurance Risk and Quality Leader

Appendix One - Detailed responses to the specific matters for comment

Question 1 — Same classification and presentation requirements for Tier 1 and Tier 2 entities

We support the proposal that Tier 2 entities apply the same classification and presentation requirements as Tier 1 entities, including the aggregation and disaggregation requirements, subject to retaining the existing Tier 2 concessions identified in this ED. Consistent presentation between Tier 1 and Tier 2 entities will enhance comparability and improve the usefulness of financial statements, particularly for users comparing entities across reporting tiers or within groups. It would also limit the changes required for entities transitioning between Tier 2 and Tier 1 reporting frameworks.

Question 2 — Approach to alignment and consequential amendments

We support the Board's's proposed approach of incorporating the relevant classification and presentation requirements directly into AASB 1060. This is consistent with our previous response to ITC 56, dated 22 January 2026, that AASB 1060 remain a standalone source of Tier 2 presentation and disclosure requirements. We also support including the relevant AASB 18 application guidance in a new Appendix B, as this would help ensure Tier 2 entities have access to all the relevant guidance within AASB 1060 and reduce the risk of guidance being overlooked.

Question 3 — Transition requirements

We support the proposal that the transition requirements are aligned with those for AASB 18. Retrospective application and a reconciliation of statement of profit or loss line items for the comparative period will support comparability and help users understand the effects of transition. We also support the proposed relief from providing the quantitative information otherwise required by paragraph 106(b) of AASB 1060. However, consistent with our response to ED 338, dated 26 February 2026, we encourage the Board to consider whether additional practical transition relief may be appropriate for smaller Tier 2 entities or NFP entities where retrospective restatement would involve disproportionate cost or effort. For example, relief from full restatement of comparative information or simplified initial application for smaller NFPs. We recommend that any such relief be targeted, without undermining comparability.

Question 4 — Tier 2 NFP public sector reliefs

We support extending the reliefs granted to NFP public sector entities preparing Tier 1 GPFS to NFP public sector entities preparing Tier 2 GPFS. It would be consistent with the objective of Tier 2 reporting entities that they are not subject to more onerous presentation requirements than their Tier 1 counterparts. Providing equivalent relief would promote consistency across the tiers and avoid unnecessary complexity. Consistent with our response to ED 338, dated 26 February 2026, we have not provided detailed comments on presentation matters specific to the NFP public sector.

Question 5 — Tier 2 NFP private sector reliefs

We agree with the proposed approach. If the Board decides, in light of stakeholder feedback, to provide relief to NFP private sector entities from the new presentation requirements in AASB 18 and AASB 107, we think that the same relief would be relevant to NFP private sector entities preparing Tier 2 GPFS. The reasoning is the same as for Question 4.

Question 6 — Other comments

Mandatory application date and coordination with the broader AASB 1060 update

We support the proposed mandatory effective date of annual reporting periods beginning on or after 1 July 2030, with earlier application permitted. That date provides sufficient lead time for Tier 2 entities to implement the changes. Tier 2 entities typically have fewer financial reporting resources than Tier 1 entities, to remap their chart of accounts, redesign their financial statement templates and prepare restated comparatives without diverting disproportionate effort from ordinary reporting cycles.

The proposed date also gives the Board the opportunity to align the effective date of its remaining AASB 1060 work, including the AASB 18 disclosure amendments with the changes arising from the third edition of the *IFRS for SMEs Accounting Standard* and any adoption of IFRS 19. We therefore encourage the Board to coordinate the ED 341 amendments with those workstreams and to adopt 1 July 2030 as the common mandatory effective date for all of them. Where practicable, we recommend that the Board issue a single coordinated package of amendments. This approach would allow Tier 2 entities to plan and implement a single change to their financial statements rather than a series of mandatory consecutive changes, reducing implementation costs and limiting change fatigue for preparers, auditors and users.

Permitting earlier application complements that approach. It allows entities that wish to adopt the AASB 18 presentation at the same time as Tier 1 entities to do so, including entities within groups whose Tier 1 parent is adopting AASB 18 from 1 January 2027, and it responds to the interest some Tier 2 stakeholders expressed through ITC 56, dated 22 January 2026, in early adoption. To make that option genuinely available, we encourage the Board to finalise the amendments early enough for entities to plan for early application.

Response to the general matters for comment

Question 12 — Costs and benefits of the proposals

We consider the benefits of the proposals outweigh the costs, provided entities have sufficient lead time and future Tier 2 disclosure requirements remain proportionate.

On costs, we expect Tier 2 entities to face many of the same implementation activities as Tier 1 entities applying AASB 18, including updating templates and group reporting packages, remapping the chart of accounts to the new categories, documenting classification judgements, restating comparatives and preparing the transition reconciliation, training finance teams and updating audit methodologies. We cannot estimate a reliable incremental cost, as it will vary with an entity's circumstances, but we expect it to be higher for entities with complex financing or investing activities, or with specified main business activities, and for those using relatively simple AASB 1060 templates today. Entities whose Tier 1 parent has already adopted AASB 18 can be expected to leverage that work at comparatively low cost.

On benefits, alignment will deliver more structured and comparable information about financial performance, reduce diversity in presentation between and within tiers, remove the rework involved in moving from Tier 2 to Tier 1, and allow preparers, auditors and users to work from a single presentation framework. Retaining the existing Tier 2 concessions and the paragraph 106(b) transition relief limits the cost of achieving those benefits.

On balance, we consider the proposals appropriate for a simplified Tier 2 framework, provided entities have adequate lead time between finalisation and mandatory application. Any disclosure amendments need to be calibrated to Tier 2 users, rather than transplanted from AASB 18, with effective dates aligned to these presentation changes so entities can complete a single transition.