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07 August 2026

Dr. Keith Kendall
Chair
Australian Accounting Standards Board
Level 14, 530 Collins Street
Melbourne VIC 3000

Via email: standard@aasb.gov.au

Dear Dr. Kendall

SUBMISSION – EXPOSURE DRAFT 341 – UPDATING AASB 1060 TO ALIGN THE CLASSIFICATION AND PRESENTATION REQUIREMENTS WITH AASB 18

We appreciate the opportunity to provide comment to the Australian Accounting Standards Board (the AASB) on Exposure Draft ED 341 – *Updating AASB 1060 to Align the Classification and Presentation Requirements with AASB 18* (the ED).

Pitcher Partners is an association of independent firms operating from all major cities in Australia. Firms in the Pitcher Partners network are full service firms and we are committed to high ethical standards across all areas of our practice. Our clients come from a wide range of industries and include listed and non-listed disclosing entities, large private businesses, family groups, government entities, not-for-profit entities and small to medium sized enterprises.

We support the proposed amendments to AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* to align its classification and presentation requirements with those of AASB 18 *Presentation and Disclosure in Financial Statements*. We strongly support the need for consistency in the presentation of the primary financial statements across Tier 1 and Tier 2 entities.

However, we believe the mandatory application date of the proposed amendments should be brought forward to apply to annual reporting periods beginning on or after 1 July 2029.

We believe this is appropriate for the following reasons:

1. The period of inconsistency in the presentation of the primary financial statements across Tier 1 and Tier 2 entities would be reduced by 12 months.
2. Assuming that the amending accounting standard is issued prior to 30 June 2027, the issue date of the standard would be 2 years prior to the (brought forward) 1 July 2029 mandatory application date. In our view, this would provide adequate time for impacted entities to prepare for the implementation of the new requirements and would be within the 'typical' timeframe outlined in the *AASB Due Process Framework for Setting Standards*.

3. The (brought forward) 1 July 2029 mandatory application date would align with the application date of the following recently issued not-for-profit accounting standards:

   - AASB 2026-2 *Amendments to Australian Accounting Standards – Extending the Application of the Conceptual Framework and Limiting the Ability of Not-for-Profit Entities to Prepare Special Purpose Financial Statements*; and
   - AASB 1061 *General Purpose Financial Statements – Not-for-Profit Private Sector Tier 3 Entities*

   Aligning the application date of the proposed amendments to AASB 1060 with the application date of AASB 2026-2 would streamline the transition from special purpose financial statements to Tier 2 general purpose financial statements for those impacted not-for-profit entities. This would also ensure consistency between Tier 2 not-for-profit entities, as all impacted not-for-profit entities would mandatorily transition to the 'AASB 18' aligned version of AASB 1060 for annual reporting periods beginning on or after 1 July 2029.

Our detailed comments are included in the attached Appendix.

Please contact Mr Darryn Rundell, Director – Technical Standards (03 8610 5574 or darryn.rundell@pitcher.com.au), in relation to any of the matters outlined in this submission.

Yours sincerely

K L Byrne
Partner

Darryn Rundell
Director, Technical Standards

APPENDIX

SPECIFIC MATTERS FOR COMMENT

Question 1
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.

Response:

We 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 regarding the third statement of financial position and the option to present a statement of income and retained earnings.

Question 2
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.

Response:

We agree with the approach proposed to achieve alignment of the AASB 1060 classification and presentation requirements with those of AASB 18.

Question 3
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.

Response:

We agree that the transition requirements should be the same as those for AASB 18.

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Question 4
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.

Response:

We 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.

Question 5
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.

Response:

If the AASB decide, in view of stakeholder feedback, to provide relief to NFP private sector entities from complying with the new presentation requirements in AASB 18 and AASB 107, we agree that the same relief should also be provided to NFP private sector entities preparing Tier 2 GPFS.

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Question 6
Do you have any other comments on the proposals?

Response:

In our view, the mandatory application date of the proposed amendments should be brought forward to apply to annual reporting periods beginning on or after 1 July 2029.

We believe this is appropriate for the following reasons:

1. The period of inconsistency in the presentation of the primary financial statements across Tier 1 and Tier 2 entities would be reduced by 12 months.
2. Assuming that the amending accounting standard is issued prior to 30 June 2027, the issue date of the standard would be 2 years prior to the (brought forward) 1 July 2029 mandatory application date. In our view, this would provide adequate time for impacted entities to prepare for the implementation of the new requirements and would be within the ‘typical’ timeframe outlined in the *AASB Due Process Framework for Setting Standards*.
3. The (brought forward) 1 July 2029 mandatory application date would align with the application date of the following recently issued not-for-profit accounting standards:

   - AASB 2026-2 *Amendments to Australian Accounting Standards – Extending the Application of the Conceptual Framework and Limiting the Ability of Not-for-Profit Entities to Prepare Special Purpose Financial Statements*; and
   - AASB 1061 *General Purpose Financial Statements – Not-for-Profit Private Sector Tier 3 Entities*

   Aligning the application date of the proposed amendments to AASB 1060 with the application date of AASB 2026-2 would streamline the transition from special purpose financial statements to Tier 2 general purpose financial statements for those impacted not-for-profit entities. This would also ensure consistency between Tier 2 not-for-profit entities, as all impacted not-for-profit entities would mandatorily transition to the ‘AASB 18’ aligned version of AASB 1060 for annual reporting periods beginning on or after 1 July 2029.

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GENERAL MATTERS FOR COMMENT

Questions 7 to 12
7. Have the *AASB For-Profit Entity Standard-Setting Framework* and the *AASB Not-for-Profit Entity Standard-Setting Framework* been applied appropriately in developing the proposals in this Exposure Draft? 8. Are there any regulatory issues or other issues arising in the Australian environment that may affect the implementation of the proposals? 9. Do the proposals create any auditing or assurance challenges and, if so, please explain those challenges? 10. Overall, would the proposals result in financial statements that would be useful to users? 11. Are the proposals in the best interests of the Australian economy? 12. Unless already provided in response to specific matters for comment above, what are the costs and benefits of the proposals, whether quantitative (financial or non-financial) or qualitative, and are they appropriate relative to the existing requirements? In relation to quantitative financial costs, the AASB is particularly seeking to know the nature(s) and estimated amount(s) of any expected incremental costs, or cost savings, of the proposals relative to the existing requirements.

Response:

Question 7: In our view, the *AASB For-Profit Entity Standard-Setting Framework* and the *AASB Not-for-Profit Entity Standard-Setting Framework* have been applied appropriately in developing the proposals.

Question 8: We are not aware of any regulatory issues or other issues in the Australian environment that may affect the implementation of the proposals.

Question 9: We have not identified any auditing or assurance related challenges arising from the proposals.

Question 10: In our view, the proposals will result in financial statements that will be useful to users. We believe it is in the best interests of both preparers and users of financial statements to maintain consistency in the presentation of the primary financial statements across Tier 1 and Tier 2 entities.

Question 11: In our view, the proposals (which will maintain consistency in the presentation of the primary financial statements across Tier 1 and Tier 2 entities) are in the best interests of the Australian economy.

Question 12: As outlined in the ED, the primary benefit of the proposals is to maintain consistency in the presentation of the primary financial statements across Tier 1 and Tier 2 entities.

As always, with amendments to accounting standards, there will be an initial cost of implementation, including the update of financial statements templates. However, once this is done, the ongoing cost should be low.