



Project:	Review of AASB 1060	Meeting:	AASB June 2026 (M221)
Topic:	Potential amendments to AASB 1060 based on the third edition of the <i>IFRS for SMEs</i> Accounting Standard	Agenda Item:	4.1
		Date:	2 June 2026
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		Decision-Making:	High
		Project Status:	Decide the go-forward approach to maintaining AASB 1060 when the IASB issues amendments to the <i>IFRS for SMEs</i> Accounting Standard

The objective of this paper

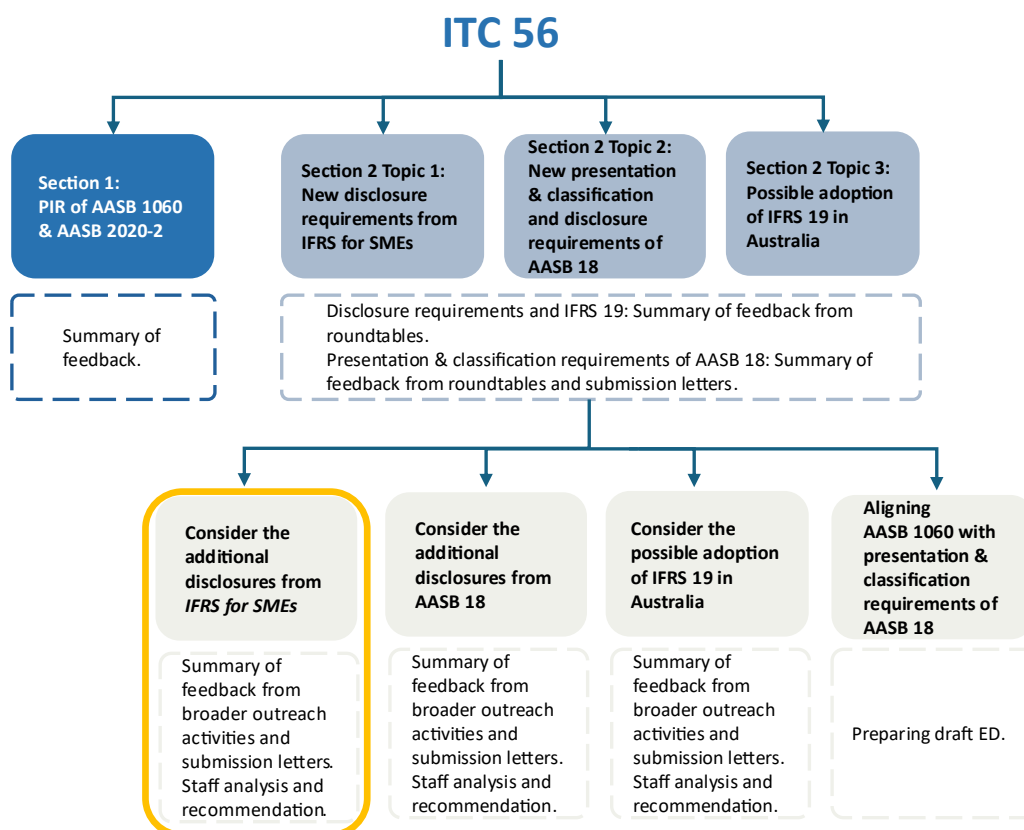
- The objectives of this staff paper are for the Board to:
 - consider** an overview of stakeholder feedback obtained in response to whether AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* should be updated in response to the 3rd edition of the *IFRS for SMEs* Accounting Standard;
 - decide** on the approach for amending AASB 1060 in response to the disclosure amendments made in the third edition of the *IFRS for SMEs* Accounting Standard. This decision made by the Board will set the direction for staff to proceed with the next steps of this project; and
 - decide** on whether and how any future amendments to or new editions of the *IFRS for SMEs* Accounting Standard should be considered in AASB 1060 maintenance. This decision will establish the future for how the AASB responds to future changes in the *IFRS for SMEs* Accounting Standard.

Structure of this paper

- This staff paper is set out as follows:
 - Background (paragraphs 3 to 9);
 - Overview of key themes from stakeholders other than users (paragraphs 10 to 14);
 - Assumptions for AASB 1060 development and staff consideration of user needs (paragraphs 15 to 29);

- (d) Staff analyses - Proposed amendments to AASB 1060 based on the third edition of *IFRS for SMEs Accounting Standard* (paragraphs 30 to 42); and
- (e) Appendix A - Extract from ITC 56 – AASB consideration of potential amendments to AASB 1060

Flowchart of the project – Items considered in ITC 56



Background

- 3 As noted in the cover memo, the AASB issued [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* last year to seek stakeholder feedback, as AASB 1060 was due for a post-implementation review and also because a number of recent international developments may affect the Standard.
- 4 ITC 56 had two distinct sections – Section 1: PIR of AASB 1060 and AASB 2020-2¹ and Section 2: AASB 1060 Update. Section 2 of ITC 56 invited comments on potential amendments to AASB 1060 in response to recent updates of the international and domestic Accounting Standards. This section considered:

¹ Section 1 invites comments on the outcome and effectiveness of AASB 1060 and AASB 2020-2 following their implementation. The main objective is to assess whether the Standards are working well. Staff analysis of the feedback received on Section 1 of ITC 56 were tabled to the Board at the March 2026 meeting, refer to [agenda item 5](#) of the March 2026 meeting for more details.

- (a) **Topic 1:** Potential amendments to AASB 1060 based on the third edition of the *IFRS for SMEs Accounting Standard*;
- (b) **Topic 2:** Potential effects of AASB 18 *Presentation and Disclosure in Financial Statements* on AASB 1060; and
- (c) **Topic 3:** Disclosure requirements in IFRS 19 *Subsidiaries without Public Accountability: Disclosures*.

This staff paper **only** discusses Topic 1 of Section 2 of ITC 56.

- 5 In the third edition of the *IFRS for SMEs*, the IASB added new disclosure requirements to improve the usefulness of financial statements for users, particularly lenders, by addressing information gaps identified through their stakeholder feedback and fieldwork. User feedback included:
 - (a) the disaggregation of other payables, other receivables and loans from related parties would improve the information an SME provides;
 - (b) further detail on an SME's significant operating expenses is necessary;
 - (c) information about cash flow and liquidity is important, including about an SME's ability to repay debts;
 - (d) information on revenue is important for understanding an SME's business; and
 - (e) improved information on assumptions would be helpful.
- 6 In ITC 56, the AASB proposed to align AASB 1060 with amendments made to the *IFRS for SMEs*, except where the amendments relate to R&M differences or disclosure requirements relate to options or principles that differ from full IFRS. Refer to Appendix A for an extract of the proposed approach and the associated ITC Question 1.1.
- 7 Question 1.1 of ITC 56 asked stakeholders whether they agree with the proposed approach. Where stakeholders did not agree, they were asked to identify the aspects of the proposed approach with which they disagreed and to suggest alternative approaches.
- 8 To help the Board to make an informed decision about the approach for updating AASB 1060, this paper provides a high-level summary of the feedback that we received on Topic 1 of ITC 56; and an analysis of the options. Detailed stakeholder feedback from the submission letters and outreach with users of Tier 2 financial statements is set out in agenda paper 4.2 in the supplementary folder.
- 9 Stakeholder feedback was gathered from the following:
 - (a) three roundtable events held in November 2025²;

² Refer to [Staff paper 3.1](#) of Board Meeting M218 for details regarding feedback received from the three roundtable sessions on Section 2 of ITC 56.

- (b) 13 written submissions, including the big four professional services firms, four mid-tier Accounting & Advisory firms, three accounting body associations and two public-sector advisory and stakeholder bodies;
- (c) extended outreach with eight users of Tier 2 financial statements,³ including four regulator stakeholders and representatives from a large Australian bank (credit division), a superannuation entity, an investment research company (credit rating division) and a professional member body for commercial and consumer credit management professionals; and
- (d) other sources, including one-to-one meetings with representatives from three audit organisations and email correspondence from two public sector stakeholders.

Overview of key themes from stakeholders other than users

- 10 This section provides a high-level summary of feedback from the roundtable sessions, submission letters and other sources. Feedback gathered from users of Tier 2 financial statements is summarised in a later section addressing user needs.
- 11 Overall, most respondents agreed 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 (i.e. ITC Question 1.1). However, a few stakeholders raised concerns with particular aspects of the proposed approach and called for further evidence and additional work by the AASB.⁴
- 12 A few roundtable participants (mostly practitioners) suggested considering the needs of local users before adding new disclosures to AASB 1060, rather than automatic alignment with *IFRS for SMEs* Accounting Standard.⁵
- 13 Of the 13 submission letters responding to Question 1.1, six stakeholders agreed with the AASB’s proposed approach, three partially agreed, and four disagreed. Those who partially agreed noted 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.

³ At its February 2026 meeting, the Board decided to seek additional evidence from users of Tier 2 financial statements on the need for additional disclosures. See **Agenda Paper 4.3**: Summary of Board Decisions in the supplementary folder.

⁴ 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.

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 ...”

⁵ For further information, refer to [Staff paper 3.1](#) of the Board Meeting M218.

Staff also received additional feedback from five stakeholders from practice and public sector, in which three stakeholders expressed some concerns.

- 14 Those stakeholders, who did not agree or agreed only partially, raised the following concerns regarding the approach:
- (a) users of AASB 1060 may differ from those of the *IFRS for SMEs*, and therefore the user needs considered by the IASB when amending *IFRS for SMEs* may not reflect Australian user needs. Four stakeholders recommended that suitability and relevance of any amendments proposed to AASB 1060 should be assessed in the Australian context and justified by Australian user needs. One stakeholder also called for a cost-benefit analysis and case-by-case assessment of proposed disclosures;
 - (b) some disclosure requirements proposed for inclusion in AASB 1060 had been previously considered by the AASB when these disclosures were added to full AAS. At that time the AASB decided not to include them in AASB 1060. The stakeholders questioned the need for these disclosures and did not support incorporating them into AASB 1060 solely because they have been included in the third edition of the *IFRS for SMEs Accounting Standard*;
 - (c) it was suggested that the AASB should consider only those additional disclosure requirements proposed for inclusion in AASB 1060 that have not previously been specifically considered by the AASB;
 - (d) unclear benefit of continued alignment with the *IFRS for SMEs Accounting Standard* and preference for the AASB to update AASB 1060 on an ongoing basis as new AAS are issued, rather than pursuing periodic alignment with the *IFRS for SMEs Accounting Standard*; and
 - (e) usefulness of using *IFRS for SMEs* to update AASB 1060 for public sector entities, noting *IFRS for SMEs* does not necessarily provide a useful benchmark for this sector. Two professional bodies and two public sector respondents suggested to the AASB to undertake further research and outreach with public sector stakeholders to explore the need for additional disclosures, prioritising the public sector financial reporting project, and revisiting the conceptual basis underpinning disclosures in AASB 1060 to ensure ongoing relevance.⁶

Assumptions for AASB 1060 development and staff consideration of user needs

- 15 Noting stakeholders' concerns as to whether the needs of Australian users are aligned to those of financial statements prepared under the *IFRS for SMEs Accounting Standard*, staff have revisited the assumptions about the user base that were made when AASB 1060 was developed.
- 16 Prior to the introduction of AASB 1060, eligible Tier 2 entities could apply the Reduced Disclosure Requirements (RDR). Under the RDR framework, all disclosure requirements which

⁶ For completeness, this summary includes all feedback received through the written submissions. At its March 2026 meeting, in response to the AASB 1060 PIR, the Board decided not to take any immediate action in response to the application of AASB 1060 in the public sector, noting that this matter is more appropriately addressed through the Board's Public Sector Financial Reporting Framework project. See Agenda Paper 4.3: Summary of Board Decisions in the supplementary folder.

were added to the full standards were considered to determine their suitability for inclusion in RDR.

- 17 In developing AASB 1060, the Board adopted a bottom-up approach, using the 2015 *IFRS for SMEs Accounting Standard* as the primary reference point for determining appropriate disclosure requirements for Tier 2 entities (paragraphs BC24–BC33 and BC38–BC40 to AASB 1060). Where recognition and measurement differences were identified, the existing *IFRS for SMEs* disclosures were modified where possible, instead of referring back to the full IFRS disclosures.
- 18 As part of this process, the AASB undertook a detailed comparison of the existing RDR against the 2015 *IFRS for SMEs Accounting Standard* as part of developing AASB 1060. The proposed reductions in disclosures were identified and presented to the Board for consideration. The final proposal was presented to the stakeholders in the exposure draft.
- 19 In response to stakeholder feedback, the Board further re-considered the inclusion of specific disclosure requirements. These specific disclosures included audit fees, maturity analysis of financial liabilities, tax reconciliation, individually material items of income and expenses, and imputation credits. The rationale for Board’s decisions in respect of these specific disclosure requirements is documented in the Basis for Conclusions (paragraphs BC75–BC84 to AASB 1060).
- 20 The *IFRS for SMEs Accounting Standard* was used as a foundation for AASB 1060 based on the assumption that users of Australian Tier 2 financial statements have the same information needs as those that are prepared under the *IFRS for SMEs Accounting Standard*. As the IASB has undertaken extensive research and outreach to ensure the appropriateness of their disclosures, the Board considered this to be a more efficient and easier way of reducing disclosures to an appropriate level. It further avoided the shortcomings of the previous RDR framework, which started with full IFRS disclosures and identified those that could be removed on a line-by-line basis (paragraphs BC28–BC30 to AASB 1060). Over the time, this process resulted in a cumulative increase in disclosure requirements and the RDR approach was seen as not effective. The AASB observed that there could be a tendency to retain disclosures in circumstances where a direct comparison is not possible (paragraph BC18 to AASB 1060).
- 21 To benefit from the IASB extensive outreach, the maintenance approach established by the AASB in 2020 requires a review of the disclosure requirements in AASB 1060 to take place any time the *IFRS for SMEs Accounting Standard* is updated. However, because of the significant time lag between updates to the *IFRS for SMEs Accounting Standard*, the Board further decided that the disclosures in AASB 1060 should also be revisited every time a new Australian Accounting Standard or Interpretation is issued or amendments are made to existing Australian Accounting Standards or Interpretations. (AASB 1060 paragraph BC96⁷).
- 22 Since 2020, a number of new and amended Australian Accounting Standards have been issued, and the AASB has considered their impact on the Tier 2 disclosures in AASB 1060 on an ongoing basis, using the same principles as the IASB when it developed and updated the *IFRS*

⁷ AASB 1060 paragraph BC96 states:

The Board also acknowledged that a review of the disclosures will need to take place any time the IFRS for SMEs Standard is updated, a new Australian Accounting Standard or Interpretation is issued or amendments are made to existing Australian Accounting Standards or Interpretations.

for *SMEs Accounting Standard* (AASB 1060 paragraph BC41).⁸ However, since these principles are quite broad, they do not always lead to clear conclusions on whether to include a certain disclosure requirement. The assessment becomes even more judgemental if cost-benefit considerations are also applied, as additional costs and resulting benefits are difficult to quantify, and such an analysis therefore often relies on anecdotal evidence rather than verifiable information.

- 23 While staff have sought input from users for any changes made to AASB 1060 through exposure drafts and also as part of the Post-Implementation Review (PIR), there has been limited feedback from users since AASB 1060 was first issued.
- 24 In the 2025 *IFRS for SMEs Accounting Standard*, the IASB added disclosures following feedback from users that the existing disclosures were not sufficient for their needs⁹. These disclosures are currently not included in AASB 1060. In addition, a number of the previous R&M differences between *IFRS for SMEs Accounting Standard* and full standards have now been removed. In this context, the IASB has updated the relevant disclosure requirements and has come to different conclusions than the AASB in several areas, in particular the revenue and fair value disclosures. (Refer to Table 2.1.1 for the substantive amendments to the 2025 *IFRS for SMEs Accounting Standard*)
- 25 If the initial assumption of similar user base with similar information needs is still appropriate, the IASB's work undertaken for the 2025 *IFRS for SMEs Accounting Standard*, would provide an appropriate basis for ensuring that Tier 2 disclosures remain 'fit for purpose' also for Australian users. It would follow that AASB 1060 should be updated for any changes made by the IASB to the disclosures in the *IFRS for SMEs Accounting Standard* that are also relevant in the context of AASB 1060 (ie where there are no R&M differences etc). However, as noted above, stakeholders have questioned the appropriateness of this assumption.
- 26 As per *IFRS for SMEs Accounting Standard* BCZ15, the *IFRS for SMEs Accounting Standard* is intended for for-profit entities without public accountability that publish general purpose financial statements for external users. These include banks, vendors, credit rating agencies, customers and shareholders that are not also managers of their SMEs. While these are the same as users of Tier 2 financial statements, staff acknowledged that their information needs may not necessarily be identical, as the users operate in different economic environments.

⁸ AASB 1060 applies the same recognition and measurement requirements as Tier 1 Australian Accounting Standards. Accordingly, when those requirements are amended, the AASB considers whether corresponding changes to disclosure requirements are needed in AASB 1060. This necessitates ongoing updates to the Standard, rather than limiting revisions to when the *IFRS for SMEs Accounting Standard* is updated.

⁹ In developing the third edition of the *IFRS for SMEs Accounting Standard*, the IASB followed its extensive due process, including public consultation on exposure drafts and consideration of feedback received through comment letters. Additionally, the IASB undertook targeted research and fieldwork to assess how proposed requirements would operate in practice and to evaluate their cost-benefit implications for preparers and users of financial statements. The IASB placed particular emphasis on the information needs of users of SMEs' financial statements, primarily lenders, when determining the relevance of new or amended disclosure requirements.

The IASB engaged extensively with stakeholders across jurisdictions, including preparers, auditors, users, regulators and standard-setters. Its outreach activities comprised stakeholder engagement events, user interviews, surveys, webcasts and comment letter analysis. In particular, surveys were conducted with 54 participants, of whom 14 users (ten financial institution lending to SMEs, two investors in SMEs, one supplier selling to SMEs on credit and 1 analyst), and 13 users were interviewed.

Moreover, the IASB worked closely with its SME Implementation Group (SMEIG), which provided ongoing technical advice and practical insights throughout the project and supported the international adoption and implementation of the Standard. See the [IFRS for SMEs Accounting Standard Third Edition - Feedback Statement and Effects Analysis](#).

Overview of feedback from users of Tier 2 Financial Statements

- 27 Following the initial feedback received and the Board's decision to undertake further outreach activities targeting users of Tier 2 financial statements to obtain evidence of their needs for additional disclosures, staff reached out to a total of 33 users. As a result, staff obtained input from eight of those users.
- 28 Overall, users expressed strong support for greater disaggregation of information, particularly in relation to revenue, expenses, financial assets and liabilities, and fair value, noting that detailed disclosures reduce the need for follow-up requests and improve analysis. Some users provided deeper insights and indicated varying levels of usefulness across the proposed disclosures contained in Table 2.1.1 of ITC 56. Detailed feedback on individual proposed amendments is provided in agenda paper 4.2 in the supplementary folder.
- 29 Staff summarised the users' need for proposed disclosure requirements below:
- (a) **Very useful for most entities:** Disclosures relating to the Statement of cash flows (i.e. information relevant for reconciliation of liabilities and movements in balances such as information about fair value, foreign exchange, and acquisitions) and financial instruments (i.e. maturity analyses of liabilities and ageing of receivables, presented in time bands) were considered most critical, as they support the assessment of liquidity and its ability to repay debts. Revenue and fair value disclosures (e.g. information about fair value measurements categorised within Level 2 and Level 3 of the fair value hierarchy) are also helpful for understanding the entity's performance and valuation assumptions, enabling users to assess risks relating to cash flow generation and estimation uncertainty.
 - (b) **Useful in specific circumstances:** Disclosures relating to equity movements (e.g. dividends not recognised), business combinations (e.g. contingent considerations) were viewed as useful where relevant because they provide insight into capital structure, future financial position, and acquisition risks.
 - (c) **Lower priority as less frequent:** Disclosures relating to gain/loss recognition on loss of control of a subsidiary, related party transactions with government entities, and exploration and evaluation assets were generally seen as lower priority. However, their usefulness would increase where transactions are material or provide insight into specific risks.
 - (d) **Low relevance for Australian Tier 2 entities:** Disclosures relating to employee defined benefits and foreign currency translation involving non-exchangeable currencies were considered to have limited relevance for most Australian Tier 2 entities; however, where such arrangements or transactions exist, users acknowledge that these disclosures are useful as they provide insight into potential future cash flow obligations and risks.

Staff analyses - Proposed amendments to AASB 1060 based on the third edition of *IFRS for SMEs Accounting Standard*

- 30 In light of concerns raised through the roundtable discussions and written submissions that the information needs of Australian users are not necessarily identical to those envisaged by the *IFRS for SMEs Accounting Standard*, staff consider this to be an appropriate and timely opportunity for the Board to reconsider the extent to which AASB 1060 should continue to

align with the *IFRS for SMEs Accounting Standard*. In particular, the Board could consider whether it is more appropriate to:

- (a) maintain alignment with the *IFRS for SMEs Accounting Standard* with differences kept to a minimum;
- (b) move away from alignment with the *IFRS for SMEs Accounting Standard*; or
- (c) adopt an approach between (a) and (b).

31 The consideration needs to be made in relation to:

- (a) the next steps for this project; and
- (b) the way-forward approach for all future *IFRS for SMEs* amendments.

32 Decisions made in respect of the next steps for this project will inform, and are closely linked to, the Board's consideration of the way-forward approach for the future.

Options for next steps of this project

33 Having considered feedback from stakeholders, including both those who supported and those who expressed concerns with the proposals in ITC 56, staff have identified three possible approaches:

- (a) **Option 1:** align AASB 1060 with *IFRS for SMEs* where R&M are the same/similar to full IFRS with differences kept to a minimum¹⁰;
- (b) **Option 2:** review only those additional disclosures that the AASB has not specifically considered in the past¹¹; and
- (c) **Option 3:** considering each additional disclosure requirement individually¹².

¹⁰ Option 1 is the original approach envisaged by the Board for updating AASB 1060 in response to amendments issued by the IASB to the *IFRS for SMEs Accounting Standard* (paragraph BC 96 to AASB 1060).

¹¹ Since 2020, all disclosure requirements are specifically considered for AASB 1060 as and when a new or amended AASB is issued. Under option 2, the AASB will not revisit these disclosure requirements. When developing AASB 1060, in response to stakeholder feedback, the AASB re-considered specific disclosures requirements (refer to paragraph 19 of this staff paper). Under option 2, the AASB will not revisit those disclosure requirements that the AASB have specifically considered.

¹² Under Option 3, each new disclosure requirement arising from amendments to the *IFRS for SMEs Accounting Standard* that is not already included in AASB 1060 would be assessed on a case-by-case basis, recognising that changes in circumstances, practice or user needs may result in a different assessment from that reached by the Board previously.

34 Staff assessed the advantages and disadvantages of the three options:

Option	Advantages	Disadvantages
<p>1. Align AASB 1060 disclosures with <i>IFRS for SMEs</i> where R&M are the same as full IFRS with differences kept to a minimum.</p>	<ul style="list-style-type: none"> • Keeps differences from the <i>IFRS for SMEs</i> Accounting Standard to a minimum, consistent with the original principles applied when developing AASB 1060.¹³ • Enables the AASB to rely on the IASB's extensive due process, research activities, stakeholder consultations and cost-benefit analysis underpinning the <i>IFRS for SMEs</i> Accounting Standard, rather than replicating this work domestically. • Compared with the other options, this option minimises the extent of judgement required by the Board to assess usefulness of individual requirements. 	<ul style="list-style-type: none"> • May increase the disclosure burden for Tier 2 entities, particularly where user demand is unclear or disclosures may not be well-suited to the Australian context. • Difficult to justify any disclosure additions that were considered and not included by the Board in the past (e.g. when assessed for Tier 2 suitability individually at the time the disclosure requirements were added to full Standards). • Unnecessary costs for preparers relating to system/process updates if any disclosure requirements previously added by the Board (when assessed individually) are removed.
<p>2. Review only those additional disclosures that the AASB has not specifically considered in the past</p>	<ul style="list-style-type: none"> • Removes the need to revisit disclosure requirements specifically considered by the Board in the past, ie. not changing past Board's decisions. • Less resource-intensive than a full line-by-line review of all disclosures. 	<ul style="list-style-type: none"> • Results in divergence between AASB 1060 and the <i>IFRS for SMEs</i> Accounting Standard where R&M principles are the same. • May result in earlier disclosure decisions (particularly those made some time ago) not being reconsidered,

¹³ In developing AASB 1060, disclosures in AASB 1060 were generally retained where R&M requirements were the same or similar to those in *IFRS for SMEs*, and modified or supplemented only where Australian-specific issues, public policy considerations or material recognition and measurement differences justified doing so (paragraphs BC41–BC44, BC75, and BC79–BC84 to AASB 1060). The Board also sought to keep differences from the *IFRS for SMEs* Accounting Standard to a minimum and acknowledged that all disclosures would need to be reviewed when the *IFRS for SMEs* is updated or when new or amended Australian Accounting Standards (AAS) are issued (paragraphs BC40 and BC96 to AASB 1060).

Option	Advantages	Disadvantages
		<p>especially where changed circumstances, practices or user needs might warrant reassessment.</p> <ul style="list-style-type: none"> • Only partial reliance placed on the evidence from IASB research and stakeholder outreach activities
<p>3. Consider each additional disclosure requirement individually</p>	<ul style="list-style-type: none"> • Supports tailoring disclosure requirements to the needs of users and the Australian environment. • Allows previous disclosure decisions (particularly those made some time ago) to be reconsidered and reassess any changes in circumstances, practices or user needs. 	<ul style="list-style-type: none"> • High level of judgement required, which may increase the risk of inconsistent decisions, as the approach requires line-by-line assessment. • No reliance placed on the evidence from IASB research and stakeholder outreach activities. • Most resource-intensive approach, as it would require significant judgement and may necessitate undertaking domestic due process, stakeholder consultation and cost-benefit analysis for individual disclosure requirements

Question for Board members

Q1 In respect of amending the AASB 1060 disclosure requirements due to the recent update of *IFRS for SMEs* Accounting Standard, which of the three options do Board members prefer?

Consideration of *IFRS for SMEs* effect on the AASB 1060 future maintenance

- 35 Upon reflection on the feedback received on ITC 56, staff considered whether the AASB 1060 maintenance process and the role of the *IFRS for SMEs* Accounting Standard should be reassessed.
- 36 Currently, AASB 1060 is reviewed whenever:
- (a) the *IFRS for SMEs* Accounting Standard is updated by the IASB;
 - (b) a new Australian Accounting Standard or Interpretation is issued; and
 - (c) amendments are made to existing Australian Accounting Standards or Interpretations (AASB 1060 paragraph BC96). This approach has resulted in many amendments being made to AASB 1060 since it was issued in 2020.
- 37 An approach that involves assessing each update to full IFRS and subsequently reconsidering those updates when the *IFRS for SMEs* is revised may be seen as introducing duplication and inefficiency. It may also lead to outcomes that are difficult to justify on a consistent basis, particularly where requirements are reconsidered multiple times with differing conclusions. Establishing a clear and consistent approach is therefore important to provide a stable basis for stakeholders.
- 38 At its May 2026 meeting, as part of the AASB 1060 PIR, the Board decided to continue with our existing approach to maintaining AASB 1060 to update the Standard as appropriate when changes are made to Tier 1 disclosure requirements in other Standards.¹⁴ This paper considers whether there remains a need to *also* consider amendments arising from the IASB's updates to the *IFRS for SMEs* Accounting Standard in the future.
- 39 Staff considered three options when considering the role of *IFRS for SMEs* Accounting Standard in future maintenance of AASB 1060:
- (a) **Keep the current approach unchanged – Review AASB 1060 whenever *IFRS for SMEs* Accounting Standard is updated and align requirements in AASB 1060**
Retain the assumption that the user needs of Tier 2 financial statements are the same as those that are prepared under the *IFRS for SMEs* Accounting Standard. This means prima facie that if certain disclosures have been added or revised by the IASB because of newly identified user needs, then those disclosures should also be suitable for AASB 1060.
 - (b) **Do not consider future updates to *IFRS for SMEs* Accounting Standard**
Assume that the current disclosures in AASB 1060 are adequate¹⁵ unless there is specific evidence from users that this is not the case. Assess any potential new disclosures that have been added to full IFRS in the context of Australian users and the Australian

¹⁴ See Agenda Paper 4.3: Summary of Board Decisions in the supplementary folder.

¹⁵ Feedback gathered from the AASB 1060 PIR noted that all respondents expressed broad support for the AASB's current approach to maintaining AASB 1060, namely updating the Standard when new or amended Australian Accounting Standards or Interpretations are issued, rather than relying solely on the periodic maintenance cycle of the *IFRS for SMEs* Accounting Standard. (refer to [Staff paper 5.3](#) of Board Meeting M219)

environment and do not subsequently revisit when the *IFRS for SMEs* Accounting Standard is updated.

(c) **Only align with *IFRS for SMEs* where it meets Australian user needs**

Assess any potential new disclosures that have been added to full IFRS in the context of Australian users. Cross-check those disclosures against the *IFRS for SMEs* Accounting Standard once that is amended, but only add (or remove) disclosures to AASB 1060 that are considered relevant in the Australian context.

40 Staff assessed the advantages and disadvantages of the three options:

Future Option	Advantages	Disadvantages
<p>Keep the current approach – align AASB 1060 with <i>IFRS for SMEs</i> updates</p>	<ul style="list-style-type: none"> • No need for extensive user outreach. The AASB can rely on the IASB’s research and due process, including stakeholder consultation undertaken as part of the update of the <i>IFRS for SMEs</i> Accounting Standard. • Periodical cross-check against the <i>IFRS for SMEs</i> Accounting Standard ensures Tier 2 disclosures satisfy user needs. • Minimises the extent of judgement required by the Board. 	<ul style="list-style-type: none"> • A major review of AASB 1060 every 5 – 10 years required, potentially resulting in significant amendments to disclosure requirements. • Disclosures that are added may not be relevant in the Australian context. • Some disclosures may initially be added by the AASB and subsequently removed and vice versa, meaning constant changes for preparers.
<p>Do not consider <i>IFRS for SMEs</i> updates</p>	<ul style="list-style-type: none"> • Allows tailoring disclosures to needs of Australian users and environment. • Avoids revisiting previous decisions. • No need for a comprehensive review process whenever <i>IFRS for SMEs</i> is updated, including comparison of disclosures between AASB 1060 and the <i>IFRS for SMEs</i> standard and consultation with stakeholders. 	<ul style="list-style-type: none"> • Decisions about adding disclosure requirements to AASB 1060 are made based on the assumption of users’ needs rather than evidence, as demonstrated by the absence of user feedback on previous AASB Exposure Drafts proposing amendments to Tier 2. • Undertaking deliberate outreach with Tier 2 users domestically is resource-intensive and yields very low response rates. It would be extremely challenging to sustain this approach on an ongoing basis for each amendment to AASB 1060. • Judgement required when assessing whether individual disclosure requirements should

Future Option	Advantages	Disadvantages
		<p>be added. This may lead to an expansion of disclosure requirements, potentially increasing the burden on some preparers, as experienced under the previous RDR approach.</p> <ul style="list-style-type: none"> • May result in the omission of disclosures that the IASB has identified as important to users of the financial statements of SMEs.
<p>Only align with IFRS for SMEs where it meets Australian user needs</p>	<ul style="list-style-type: none"> • Ensures disclosures are satisfying needs of Australian users. • Potentially less changes to disclosure requirements than under the current process. 	<ul style="list-style-type: none"> • A full comparison of disclosures in AASB 1060 and the <i>IFRS for SMEs</i> is required every time the <i>IFRS for SMEs</i> standard is updated. • Undertaking outreach with Tier 2 users domestically is resource-intensive and yields very low response rates. • Requires some level of judgement to determine which of the amendments should be added to AASB 1060.

- 41 Staff acknowledge that all options above include considering all new or amended disclosure requirements to full IFRS standards and their suitability for AASB 1060 inclusion.
- 42 As this process requires significant judgement and assumption of users' needs, staff suggest to review the current principles used for that assessment and establish clearer rules, building on the feedback received from users, to guide judgement and arrive at consistent outcomes in their application. Staff recommend that a separate project be initiated to update the principles.

Question for Board members

- Q2 In respect of the future approach to responding to new or amended *IFRS for SMEs* Accounting Standard requirements, which of the three options explained in paragraphs 39 and 40 do Board members prefer?
- Q3 Does the Board agree with staff's recommendation to initiate a separate project to develop clearer principles to guide judgement for future updates to AASB 1060 as and when new or amended Tier 1 disclosure requirements are issued?

Appendix A Extract from ITC 56 – AASB consideration of potential amendments to AASB 1060

- A1 As stated in paragraph BC96 of AASB 1060, the disclosure requirements in AASB 1060 should be reviewed whenever the *IFRS for SMEs* Accounting Standard is updated. The AASB therefore has reviewed all the amendments made by the IASB in the 2025 *IFRS for SMEs* Accounting Standard and considered whether similar amendments should be made to AASB 1060. In doing so, the AASB referred to the principles it used when developing AASB 1060, as outlined in paragraphs BC34–BC50 of the Basis for Conclusions. In particular:
- (a) the disclosures in the *IFRS for SMEs* Accounting Standard should be retained where the R&M requirements and options are the same or similar in the *IFRS for SMEs* Accounting Standard and the full IFRS Accounting Standards (and therefore AAS);
 - (b) where R&M options or treatments in the *IFRS for SMEs* Accounting Standard are not available in the full IFRS Accounting Standards (and therefore AAS), the related *IFRS for SMEs* Accounting Standard disclosures are removed; and
 - (c) where the R&M principles in the full IFRS Accounting Standards (and therefore AAS) are significantly different from those in the *IFRS for SMEs* Accounting Standard or certain topics are not addressed in the *IFRS for SMEs* Accounting Standard, disclosures may be added.
- A2 In addition to applying these principles, the AASB also considered whether to add disclosures to A1 address matters of public policy or to reflect Australian-specific issues (paragraph BC42).
- A3 Based on these principles, the AASB proposes the following approach when assessing whether to amend AASB 1060 in relation to amendments made by the IASB to the *IFRS for SMEs* Accounting Standard:
- (a) if the amendments relate to R&M requirements without affecting disclosures, no further action is required;
 - (b) if the amendments introduce or modify 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), no further action is required;
 - (c) if the amendments introduce or modify 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), no further action is required;
 - (d) for amendments that do not relate to requirements where there are R&M differences between the *IFRS for SMEs* Accounting Standard and the full IFRS Accounting Standards (and therefore AAS):
 - (i) if the amendments relate to guidance that explains the application of presentation or disclosure requirements for topics from the Standards that have been replaced by AASB 1060 (i.e. AASB 7, AASB 12, AASB 101, AASB 107 and AASB 124), the AASB proposes to amend AASB 1060 to align with the *IFRS for SMEs* Accounting Standard. However, the AASB notes that AASB 101 will be replaced with AASB 18 and is proposing further changes to the classification and

presentation requirements and the associated guidance in AASB 1060 in this context. These are explained in Topic 2 of this section of the ITC; and

- (ii) if the amendments concern guidance from Standards that have not been replaced by AASB 1060 in their entirety, the AASB proposes considering such guidance on a case-by-case basis;
- (e) in all other circumstances, 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; and
- (f) the AASB will also consider whether to add disclosures to address matters of public policy or to reflect Australian-specific issues.

Questions for respondents

- 1.1 Do you agree with the AASB's proposed approach for assessing whether to amend AASB1060 in relation to amendments made by the IASB to the *IFRS for SMEs* Accounting Standard (see page 36)?