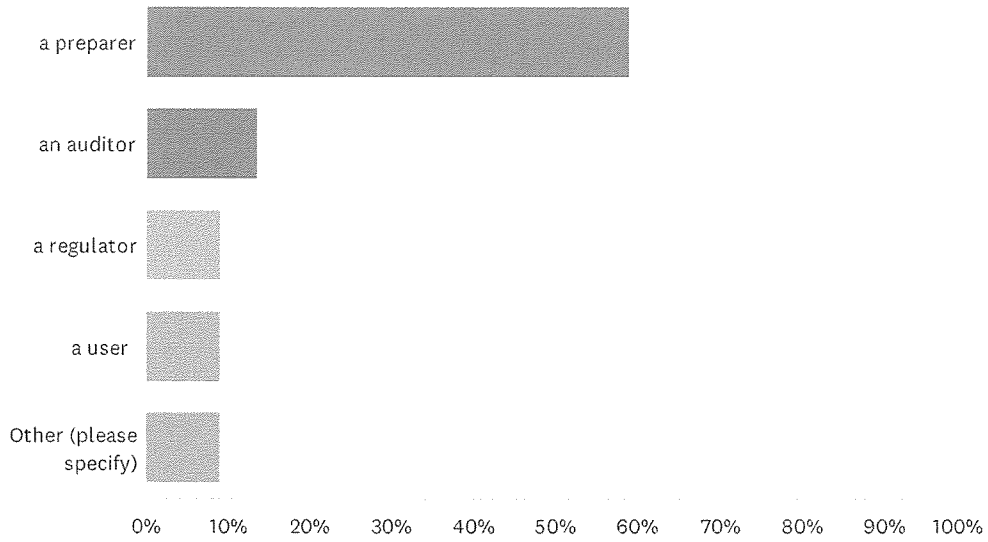


Q1 In relation to financial statements, would you identify yourself as:

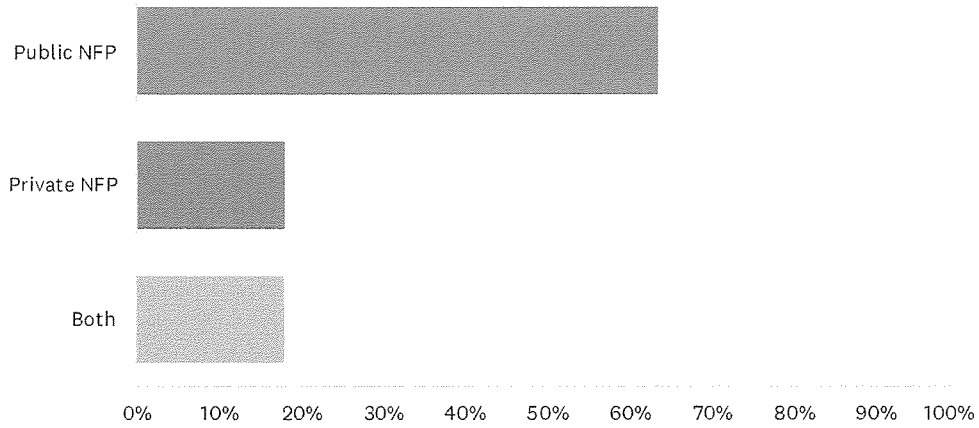
Answered: 22 Skipped: 0



ANSWER CHOICES	RESPONSES	
a preparer	59.09%	13
an auditor	13.64%	3
a regulator	9.09%	2
a user	9.09%	2
Other (please specify)	9.09%	2
TOTAL		22

Q2 What sector does your experience relate to?

Answered: 22 Skipped: 0



ANSWER CHOICES

Public NFP
Private NFP
Both
TOTAL

RESPONSES

63.64%	14
18.18%	4
18.18%	4
	22

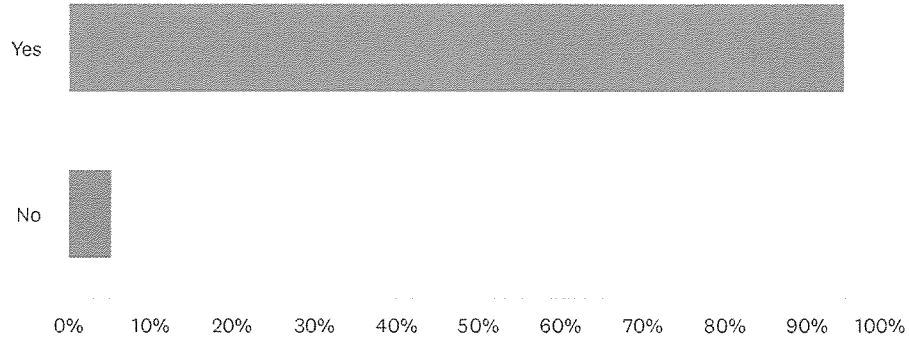
Q3 Please specify your sector details (e.g. commonwealth/state/local government, industry, organisation, etc.)

Answered: 21 Skipped: 1

#	RESPONSES	DATE
1	Local government	3/30/2023 2:53 PM
2	[REDACTED] (Auditors and Business Advisors)	3/29/2023 5:15 PM
3	organisation	3/28/2023 1:46 PM
4	A statutory body, incorporated under an act of parliament [REDACTED] [REDACTED]	3/27/2023 4:10 PM
5	Charity	3/27/2023 11:50 AM
6	Audit firm	3/26/2023 8:07 PM
7	External auditor various NFP sectors	3/23/2023 3:38 PM
8	Education	3/17/2023 1:29 PM
9	local government	2/21/2023 2:15 PM
10	Industry	2/14/2023 11:53 AM
11	State Government	2/10/2023 2:46 PM
12	local government	2/8/2023 2:25 PM
13	local government	2/7/2023 2:40 PM
14	Local government	2/6/2023 5:06 PM
15	NFP	1/27/2023 8:55 AM
16	Local Government	1/24/2023 10:47 AM
17	Local government	1/24/2023 9:38 AM
18	State Government	1/19/2023 3:24 PM
19	Private Not for profit	12/22/2022 10:31 AM
20	state	12/14/2022 11:20 AM
21	Private NFP but also advise a lot of universities on technical accounting issues	12/8/2022 1:01 PM

Q4 In your experience, are there application issues because of the use of the term sufficiently specific?

Answered: 19 Skipped: 3



ANSWER CHOICES

Yes

No

TOTAL

RESPONSES

94.74%

5.26%

18

1

19

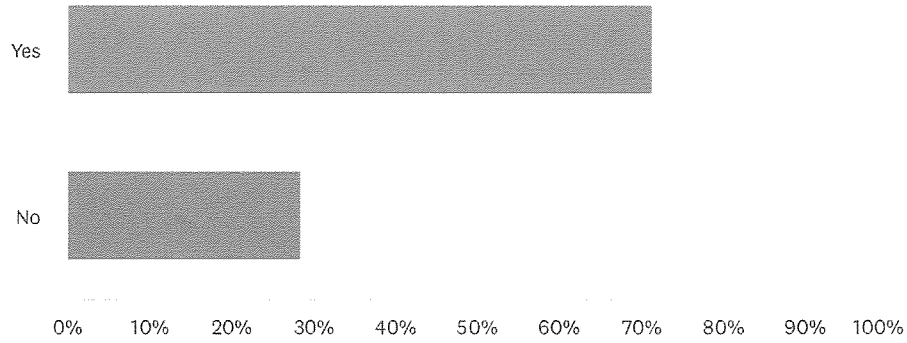
Q5 Please describe the application issues you have experienced. We are particularly interested in application issues arising in practice and feedback about the extent of specificity needed to meet the sufficiently specific criterion for a contract (or part of a contract) to be within the scope of AASB 15. Examples of relevant circumstances and their significance are most helpful.

Answered: 8 Skipped: 14

#	RESPONSES	DATE
1	Sufficiently specific is viewed differently by various stakeholders.	3/30/2023 2:55 PM
2	The issue arises because of the subjective nature of the term 'sufficiently'. You would expect two similar people looking at the same contract would reach the same conclusion, however due to judgement that does not appear to be arising. For example, if there was a charity working with Domestic Violence Victims, who received a donation or grant. It could be worded as follows: b) Required to be used to support Domestic violence victims (which is just the purpose of the charity anyway) c) to support Domestic violence victims in NSW d) to support domestic violence victims in the Western Suburb of Sydney, for 12 months e) to support domestic violence victims in the Western suburbs of Sydney, by providing shelter, and other short-term needs f) to fund the operations of the shelter at 123 Main Rd, Big Town for 12 months Whist there would be general consensus that a) is not sufficiently specific and that f) is, there is significant judgement involved in c - e. The fact that there is significant judgement is noted in AASB 15 Appendix F. Therefore if you want to reduce the disparity in views, you need to reduce the amount of judgement that can be applied and provide more detailed rules of what is sufficiently specific.	3/29/2023 5:16 PM
3	Specific guidance should be given that Grants with specified periods and acquittal requirements should be dealt with under AASB 15	3/28/2023 1:47 PM
4	Does the specificity need to be documented in a particular agreement and does the ability for discretion within agreed parameters constitute specificity. Older funds which were established for purposes which no longer exist are also difficult to ddefine, where no current contract exists.	3/27/2023 4:12 PM
5	Many smaller organisations don't have sufficiently experienced and qualified staff who understand AASB 15 to be able to implement the standard and make the required assessments. We often found audit clients with an expectation that the auditor would implement AASB15 for them as part of the audit adjusting journals process.	3/26/2023 8:33 PM
6	1. This criteria (sufficiently specific) is used to determine whether grants fall under AASB1058 by auditors 2. the same grant get treated differently by auditors due to this clause	2/6/2023 5:10 PM
7	I don't know	1/19/2023 3:27 PM
8	It is hard to measure sufficiently specific performance obligations. The examples in the standard are not always applied and more examples from real situations must be given.	12/22/2022 10:34 AM

Q6 In addition to the existing guidance in AASB 15 Appendix F, is there any other guidance that you think would be useful in relation to the sufficiently specific criterion?

Answered: 14 Skipped: 8



ANSWER CHOICES

ANSWER CHOICES	RESPONSES	
Yes	71.43%	10
No	28.57%	4
TOTAL		14

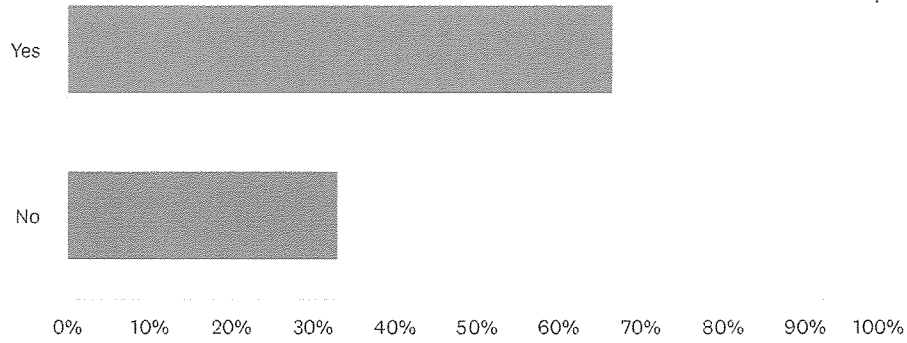
Q7 Please provide specific details of the guidance you would find helpful in relation to the sufficiently specific criterion, including the reasons why.

Answered: 4 Skipped: 18

#	RESPONSES	DATE
1	Clarification of sufficiently specific and maybe more examples.	3/30/2023 3:36 PM
2	Further guidance on the level of specificity required/ what is considered to be sufficient. The current guidance has not provided enough clarity on this matter. (see response to previous question) Further clarification on what constitutes the performance obligation that is required to be sufficiently specific. For example, the confusion that existed around research grants, and whether acquittal reports were sufficient to allow for revenue recognition over time. Whilst I appreciate that the general concepts of Performance obligations in AASB 15 apply, this is not well understood and could be better articulated in the appendix.	3/29/2023 5:16 PM
3	I think the language used is very difficult to interpret and needs to be simplified	3/28/2023 2:02 PM
4	More specific and clear examples for the application of the standard for NFP entities for common scenarios	3/23/2023 3:40 PM

Q8 In your experience, have you encountered application issues because of the term identified specifications?

Answered: 15 Skipped: 7



ANSWER CHOICES

ANSWER CHOICES	RESPONSES	
Yes	66.67%	10
No	33.33%	5
TOTAL		15

Q9 Please describe the application issues you have experienced. We are particularly interested in application issues arising in practice and feedback about the extent of specificity needed to meet the identified specifications criterion for a contract to meet the requirements of AASB 1058. Examples of relevant circumstances and their significance are most helpful.

Answered: 5 Skipped: 17

#	RESPONSES	DATE
1	For satisfying a performance obligation so as to draw down on the liability and revenue recognition do you use % percentage of completion (which is subjective) or based on actual costs.	3/30/2023 3:40 PM
2	I have seen different NFPs approach capital grants in different ways, some have ignored the sufficiently specific criteria because it is a capital grant, and therefore as long as there is enough evidence to show it is for the construction/ purchase of a non-financial asset, they apply the capital grant guidance. However, other NFPs determined that the grant needs to be quite detailed in its specification as to for the construction of that specific building, in order for them to apply the capital grant guidance. Personally, I am of the view, that as you are in the scope of AASB 1058, then there is no need for the NFP to apply the sufficiently specific criterion as that is a AASB 15 concept. Therefore, as long as it identified as relating to the Acquisition/ construction of a non-financial asset then the capital grant requirements can apply. Typically, I have only seen this be an issue in relation to the construction on a building.	3/29/2023 5:16 PM
3	1. How to determine what is specific. If the grant stipulates the specific project and the expected completion date, is this specific enough. Most agreements that we see don't have details about the size and building specifications etc... 2. Once para 15-17 apply how do we determine how to recognise the revenue I.e. overtime or at a point in time. Need more guidance around how the "over time" criteria applies.	3/23/2023 3:43 PM
4	The [REDACTED] auditor [REDACTED] provided the following view on the treatment of monies received in lieu of public open space being provided in land developments (under sections 153, 154 of the Planning & Development Act [REDACTED] A): 2. Cash in lieu of public open space treatment - Our view is that there are no restrictions placed on how the funds are to be utilised which are considered to be specific given that the funds could be used in a number of ways. Notably s.154 of the Planning and Development Act 2005 allows the LG discretion as to how to use the money, e.g. purchase land, or repay LG loans for purchase of land, or improve/develop existing land as parks/recreation grounds/open spaces. - We would additionally consider that the Minister of Planning's approval is not a performance obligation, but instead it is considered to be a procedural process. - Based on this the "sufficiently specific capital asset (recognisable non-financial asset to identified specifications)" test is not met, and accordingly the income should instead be recognised immediately under AASB 1058. - We note as at 30 June 2021 there was \$5.4m recognised as a liability, we suggest this is moved to the P&L in the FY22 year so that there is no remaining liability moving forward (no restatement of prior year comparatives is suggested). [REDACTED] This change will require significant system and process changes going forward and revised governance controls to be established. Before making these resource intensive changes, I thought it prudent to revisit requirements under AASB 1058 (Standard) and the judgements made by [REDACTED] give effect to these requirements. As you know, the [REDACTED] treats developer contribution plan contributions as a liability under paragraphs 15-17 of the Standard. Similarly, our assessment of obligations for use of POS cash in lieu contributions arrived at the same accounting treatment requirement. In arriving at our position, we viewed the transactions through the lens of "providing a faithful representation of the economic substance of the transaction" as per the AASB 1058 objective. 1. In following the Standard's flowchart, the [REDACTED] determined that POS cash in lieu contributions are a "Transfer of financial asset to enable the entity to acquire or construct a recognisable non-financial asset controlled by the entity (paragraph 15)". 2. The [REDACTED] believes it receives the contributions to acquire or construct a non-financial asset, essentially being an asset used for parks, recreation grounds or public open space within the specified locality (or repaying a loan raised for	2/8/2023 2:47 PM

Income of Not-for-Profit Entities

buying land for that same purpose). 3. These types of non-financial assets are recognisable under AAS, so meet the "recognisable" part of the requirement under paragraph 15. 4. The [REDACTED] interprets the "identified specification" requirement to be satisfied by the legislative restriction to use the contributions for assets used for parks, recreation grounds or public open space within the specified locality. 5. Attaining Ministerial approval for the use of the funds serves to confirm they are being used in accordance with the required specification. 6. "Sufficiently specific" is not referred to in AASB 1058 and is more relevant to performance obligations under AASB 15. You mentioned in your email that the "test is not met", is there some specific guidance for conducting this test available that the [REDACTED] not aware of? The application of this Standard requires judgement, which [REDACTED] has applied on the basis of the Standard's objective. What are the audit consequences (if any) should we choose to continue recognising these contributions initially as a liability?

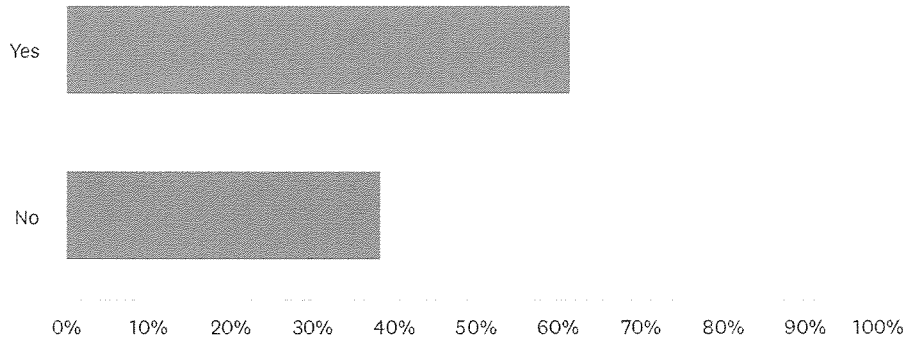
5

Auditors use sufficiently specific from aasb 15 to determine

2/6/2023 5:12 PM

Q10 In addition to the existing illustrative examples in AASB 1058, is there any further guidance that you think would be helpful to determine when to recognise revenue following the transfer of a financial asset to enable an entity to acquire or construct a recognisable non-financial asset to be controlled by the entity?

Answered: 13 Skipped: 9



ANSWER CHOICES	RESPONSES	
Yes	61.54%	8
No	38.46%	5
TOTAL		13

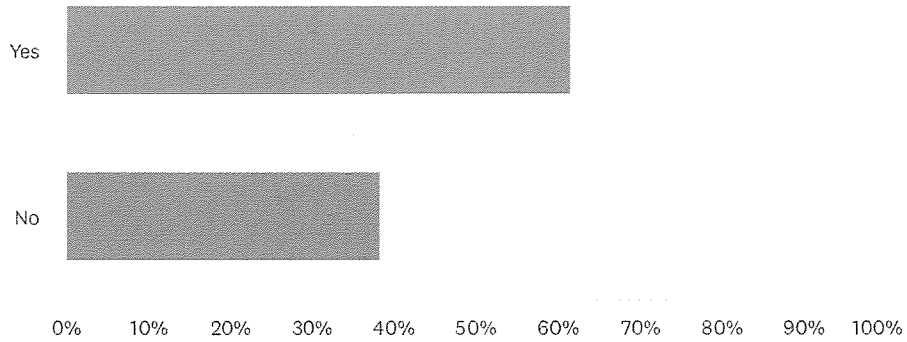
Q11 Please provide specific details of the guidance you would find helpful in determining when to recognise revenue following the transfer of a financial asset to enable an entity to acquire or construct a recognisable non-financial asset to be controlled by the entity, including the reasons why.

Answered: 5 Skipped: 17

#	RESPONSES	DATE
1	AASB to clarify about the use of milestones.	3/30/2023 3:42 PM
2	Capital Grants should not inflate an Entities Retained earnings , unless ownership of the asset absolutely vests with the NFP	3/28/2023 2:05 PM
3	1. More examples of when a construction is recognised over time or upon completion. The standard isn't very clear how this is determined. 2. How to determine the performance obligation. Most grant agreements we review suggest only appear to have the one performance obligation I.e. the construct the asset for a specific project. It doesn't take about stages within the construction.	3/23/2023 3:46 PM
4	Clarifying "identified specifications"	2/8/2023 2:48 PM
5	Clearly explain the requirements to determine whether a grant is specific enough	2/6/2023 5:13 PM

Q12 Do you have any comments regarding the timing of revenue recognition? Note: Q10 in ITC 50 includes examples of possible alternative revenue recognition approaches.

Answered: 13 Skipped: 9



ANSWER CHOICES

ANSWER CHOICES	RESPONSES	
Yes	61.54%	8
No	38.46%	5
TOTAL		13

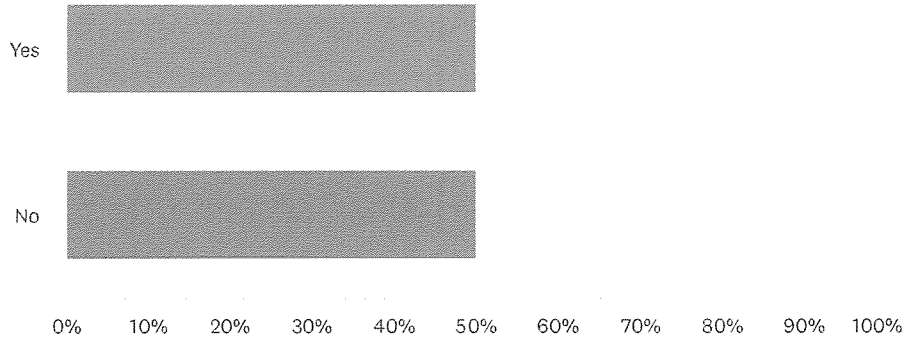
Q13 Please provide your views on the timing of revenue recognition, including relevant circumstances and their significance. We are particularly interested in your views on the current revenue recognition requirements and whether you have any views on alternative approaches to recognising revenue. Examples to illustrate your responses are also most helpful.

Answered: 5 Skipped: 17

#	RESPONSES	DATE
1	We would encourage the board to consider the approach proposed in the DP on Tier 3 NFPs as a potential model to apply for all NEPs as it does appear to be clearer and simpler to apply. However as noted in the [REDACTED] response to the NFP, we would caution the AASB to consider whether the terminology used in the DP will actually alleviate the issues with 'sufficiently specific' or will trying to articulate the specified purpose/ activity/ period lead to similar confusion. The question might still arise how much detail is required to be able to identify the specified purpose etc.	3/29/2023 5:16 PM
2	Reporting income when received and not drawdown in line with the expenditure for which that income is required makes it difficult to report to management and the Board on the actual income available and results in issues when presenting management accounts because the "surplus" is due to timing alone.	3/27/2023 4:13 PM
3	Where there is a common understanding of a pattern of economic outflows, most users expect to see the income recorded in the same period as those economic outflows (the old matching principle), and generally find the AASB1058 application of 'income on receipt' quite confusing. We have had many clients that want to prepare management accounts on that basis, and then only make annual adjustments for statutory reporting purposes. As this changes the year that income would be recognised in, it is very difficult and messy to maintain both management and statutory balances. Modifying the current wording in the standard is difficult as it may result in a greater amount of preparer judgement and less comparable financial statements between different entities.	3/26/2023 8:41 PM
4	The timing of the revenue should be more in line with the delivery of service and the management accounts. As this creates confusion for the non-accounting member of boards. The main errors we come across are in relation to when there is a difference between how the revenue is recognised on a day to day basis and for the financial statements.	3/23/2023 3:49 PM
5	Agreed, having expenses separate from income can causes large issues for keeping track of budget especially for large projects over multiple years	2/6/2023 5:19 PM

Q14 Have you experienced or are you aware of any application issues arising from determining whether an NFP entity is a principal or agent?

Answered: 12 Skipped: 10



ANSWER CHOICES

Yes

No

TOTAL

RESPONSES

50.00%

50.00%

6

6

12

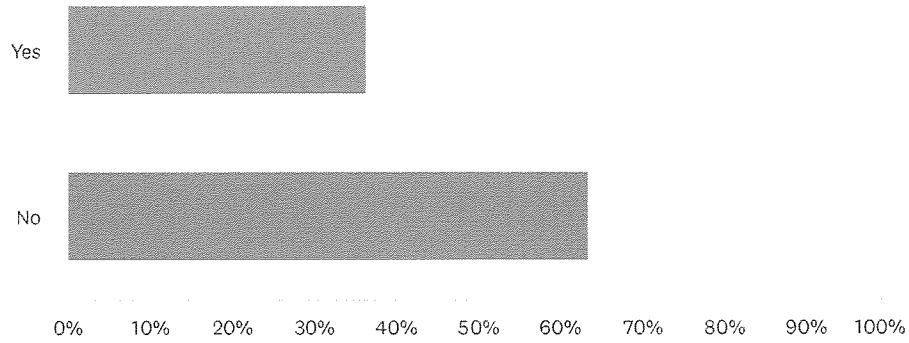
Q15 Please describe the application issues you have experienced. We are particularly interested in: whether differences in application exist in concluding whether an NFP entity is a principal or an agent and if so, whether comparability of financial statements is significantly affected; and examples of specific scenarios giving rise to practical challenges and application issues. Examples of relevant circumstances and their significance are most helpful.

Answered: 3 Skipped: 19

#	RESPONSES	DATE
1	I have seen situations where an NFP received grants with the purpose of distributing them out to other NFPs. Due to the structure of the agreements, the NFP was never able to recognise any income which did not seem like an appropriate outcome. A liability was recognised for the amounts received (obligation to distribute to other NFPs) and then when they are paid out, the financial liability was derecognised and at no point was their income, as they were considered to merely be agents passing the funds through. Given the discretion that they have in selecting which charities they supported, it does not appear to be a reasonable outcome, nor reflective of their operations.	3/29/2023 5:16 PM
2	The vagueness and complication of AASB 1058 /AASB 15 are difficult to comprehend . Funding agreements should specify the role of the NFP (eg principal v agent)	3/28/2023 2:09 PM
3	Many NFP receive funding which is to be passed through to people in need. In cases where these are simply given (e.g. emergency relief grants) there can be divergence in practice as to deciding if the NFP is operating as a principal or agent.	3/26/2023 8:45 PM

Q16 Is there any guidance you would find useful in determining whether an entity is acting as a principal or agent?

Answered: 11 Skipped: 11



ANSWER CHOICES

Yes

No

TOTAL

RESPONSES

36.36%

63.64%

4

7

11

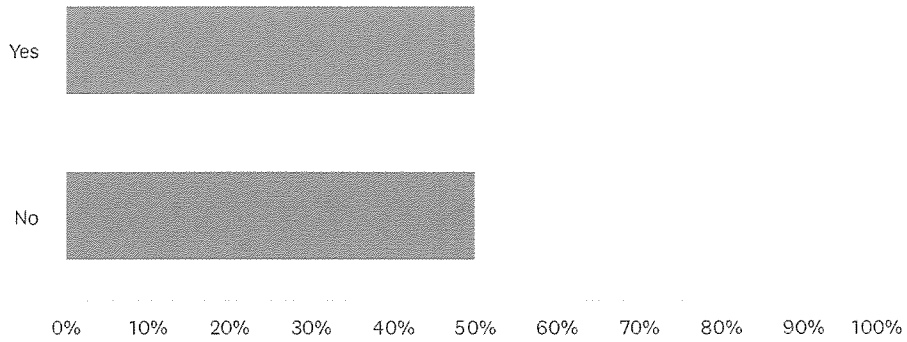
Q17 Please provide details of the guidance and explain why you think it would be useful in determining whether an entity is acting as a principal or agent.

Answered: 1 Skipped: 21

#	RESPONSES	DATE
1	funding agreements to specify	3/28/2023 2:09 PM

Q18 From your experience, do you have any comments regarding the accounting for grants received in arrears, particularly where some of the work to be funded by the grant is performed before the funding is received?

Answered: 12 Skipped: 10



ANSWER CHOICES

Yes
No
TOTAL

RESPONSES

50.00%	6
50.00%	6
	12

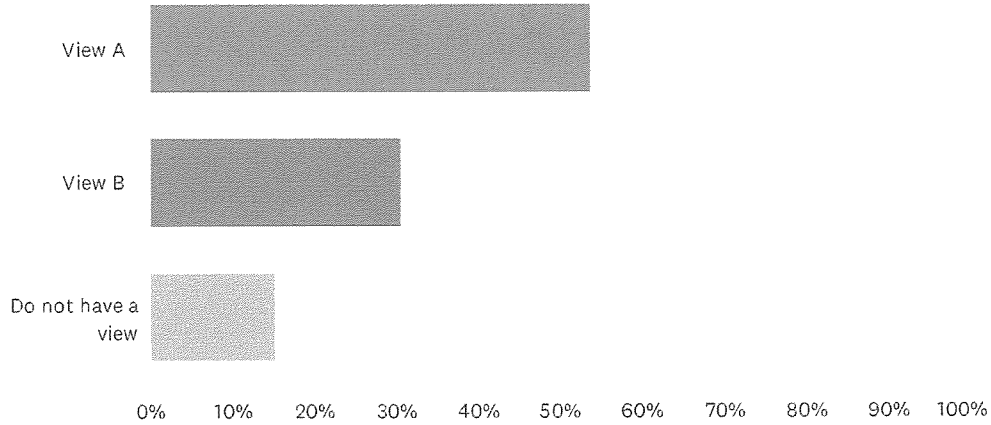
Q19 Please provide your comments regarding the accounting for grants received in arrears. We are particularly interested in specific requirements, relevant circumstances and the significance of such transactions.

Answered: 4 Skipped: 18

#	RESPONSES	DATE
1	I have dealt with a similar scenario to that which is described in the background to this question. Whilst I do not like this outcome, the conclusion we reached was that it was not appropriate to recognise the income before it was received, as if it was not sufficiently specific, and was in the scope of AASB 1058, it was not appropriate to recognise as the sessions were held, as that would be contradictory to it not being sufficiently specific.	3/29/2023 5:16 PM
2	The distinction between a receivable and a contract asset is not well understood. Many NFP would like to be able to record an asset once the task is completed and not have to wait until the funds are received. There can sometimes be issues determining the point at which the asset should be taken up. e.g. if the funding agreement requires some form of reporting or assessment by the funding body, how does this impact on the ability to take up the asset.	3/26/2023 8:48 PM
3	The [REDACTED] recognises a receivable (and revenue) when works being funded are completed (match the revenue to the expenditure).	2/8/2023 2:52 PM
4	This needs clarifying, auditors have required us to so a contract asset, even when then there is no customer. This creates confusion over what should be under AASB 15 or AASB 1058	2/6/2023 5:23 PM

Q20 Do you support view (a) or (b) regarding recognising a liability in relation to unspent funds?

Answered: 13 Skipped: 9



ANSWER CHOICES

View A
View B
Do not have a view

RESPONSES

53.85% 7
30.77% 4
15.38% 2

TOTAL

13

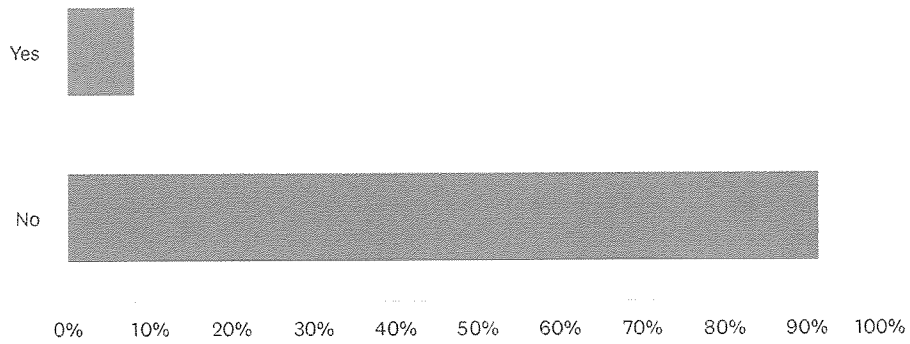
Q21 Please explain your rationale for your view, including references to Australian Accounting Standards and examples to illustrate your responses are also most helpful.

Answered: 5 Skipped: 17

#	RESPONSES	DATE
1	Whilst my preferred view is view B, my current application is view A as I feel this is in compliance with the requirements of AASB 1058. However, it does not seem to reflect the substance of the arrangement, as these are generally last resort clauses in the contract, that are not commonly enacted, it would be preferable and more reflective of the arrangement to recognise the income upfront when the grant is received and only recognise a liability if the clause is enacted. I consider the recognition of a liability to be consistent with the requirements of AASB 1058, as it would meet the definition of a financial liability, as there is a contractual obligation to deliver cash that the entity cannot avoid, as they have not currently met the conditions to be entitled to it.	3/29/2023 5:16 PM
2	Since we prefer to report in our management accounts the application of the funds to the funding initiatives, a liability would be reported in the financial statements in the amount of the unspent funds. This would represent the TFC amount as the period approaches the funding closure and acquittal date. We would then be required to refund those amounts and therefore it would be accurately presented as a liability. In the event that the funding period is extended or the funds are authorised to be used for an alternate purpose, the funding could be accounted for as revenue.	3/27/2023 4:16 PM
3	Termination for convenience clauses while commonly in contracts are not commonly exercised. There is not often a realistic expectation that the event will occur.	3/26/2023 8:50 PM
4	Our view relates to operating grants (not capital grants for specific works). It would be onerous to initially treat these as a liability and recognise revenue as services are delivered.	2/8/2023 2:55 PM
5	I believe the liability should be recognised for unspent funds rather than waiting until the TFC clause is exercised. The main reason is the fund that the entity receipt cannot be recognised as income as there is no service or goods provided yet for the unspent funds.	12/22/2022 10:47 AM

Q22 Do you have any other comments relating to the accounting for TFC clauses?

Answered: 12 Skipped: 10



ANSWER CHOICES

Yes

No

TOTAL

RESPONSES

8.33%

91.67%

1

11

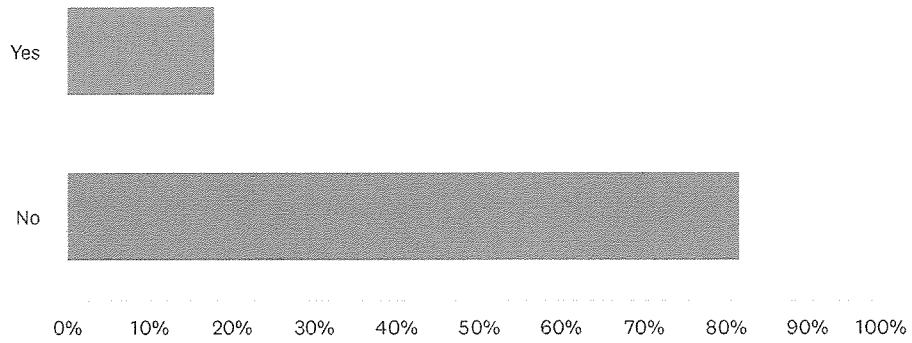
12

Q23 Please provide your comments relating to TFC clauses. We are particularly interested in relevant circumstances, their significance and examples to illustrate your responses where possible.

Answered: 0 Skipped: 22

Q24 Do you have any comments regarding the accounting for research grants?

Answered: 11 Skipped: 11



ANSWER CHOICES

Yes

No

TOTAL

RESPONSES

18.18%

81.82%

2

9

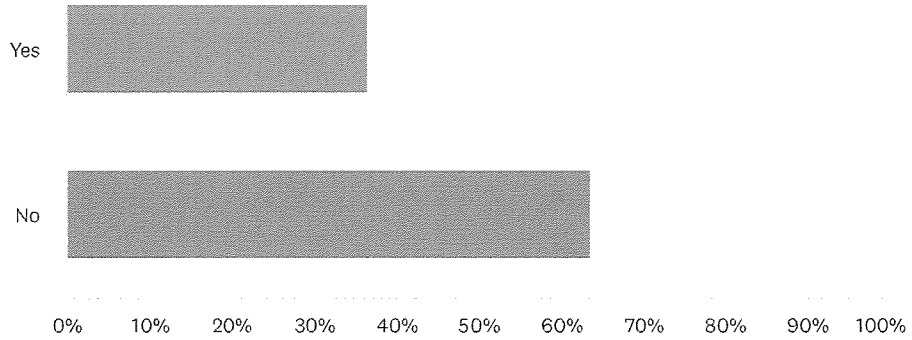
11

Q25 Please provide your comments regarding the accounting for research grants. We are particularly interested in any application issues you have experienced, including the relevant circumstances and their significance.

Answered: 0 Skipped: 22

Q26 Do you have any comments relating to the initial recognition and subsequent measurement of statutory receivables?

Answered: 11 Skipped: 11



ANSWER CHOICES

Yes

No

TOTAL

RESPONSES

36.36%

63.64%

4

7

11

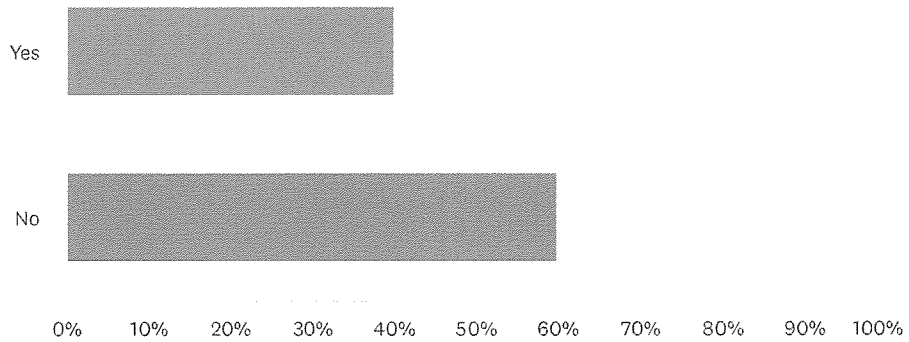
Q27 Please provide your comments relating to the initial recognition and subsequent measurement of statutory receivables.

Answered: 2 Skipped: 20

#	RESPONSES	DATE
1	Don't agree with disparity of treatment between initial and subsequent measurement. Also don't support fair value measurements for these.	2/8/2023 3:00 PM
2	I agree that measuring the receivables at fair value initially is not an easy task and cause more workload in practice. Also, there is no benefit of requiring an accurate measurement at initial record but not applied the same method for subsequent measurement of this asset.	12/22/2022 10:53 AM

Q28 In your experience, has initially measuring and recognising statutory receivables at fair value increased your workload?

Answered: 10 Skipped: 12



ANSWER CHOICES

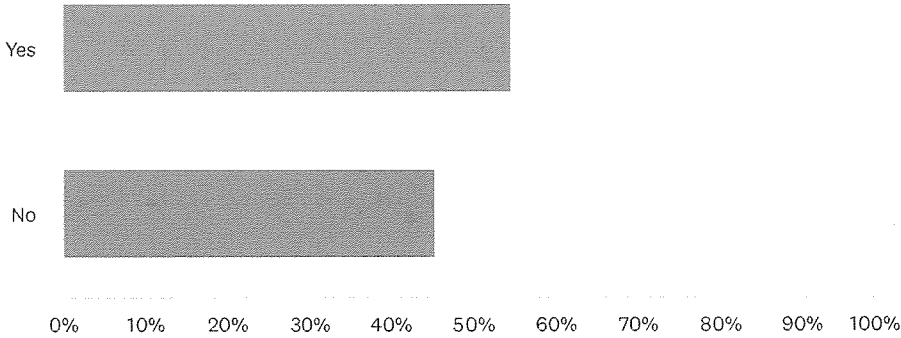
ANSWER CHOICES	RESPONSES	
Yes	40.00%	4
No	60.00%	6
TOTAL		10

Q29 Please provide details of how your workload has been increased due to initially measuring and recognising statutory receivables at fair value.

Answered: 0 Skipped: 22

Q30 Would you be happy for an AASB staff member to contact you for follow-up or further discussion?

Answered: 11 Skipped: 11



ANSWER CHOICES	RESPONSES	
Yes	54.55%	6
No	45.45%	5
TOTAL		11

Q31 Name:

Answered: 6 Skipped: 16

Q32 Email address:

Answered: 5 Skipped: 17

Q33 Phone number:

Answered: 4 Skipped: 18