



<b>Project:</b>	<b>Australian Financial Reporting Framework</b>	<b>Meeting</b>	AASB October 2017 (M160)
<b>Topic:</b>	<b>Charities Reporting Framework</b>	<b>Agenda Item:</b>	7.0
<b>Contact(s):</b>	Tim Austin (Consultation Paper) <a href="mailto:taustin@aab.gov.au">taustin@aab.gov.au</a> (03) 9617 7638  Stella Yun (Research Report) <a href="mailto:syun@aab.gov.au">syun@aab.gov.au</a> (03) 9617 7618  Robert Keys <a href="mailto:rkeys@aab.gov.au">rkeys@aab.gov.au</a> (03) 9617 7639  Clark Anstis <a href="mailto:canstis@aab.gov.au">canstis@aab.gov.au</a> (03) 9617 7616	<b>Project Priority:</b>	High
		<b>Decision-Making:</b>	High
		<b>Project Status:</b>	In progress

## Introduction and objective of the meeting

- 1 The objective of this meeting is to update the Board in relation to:
  - (a) the Research Report;
  - (b) the Consultation Paper, which includes a table of possible options for a revised financial reporting framework for charities;
  - (c) the academic literature review; and
  - (d) the updated project plan;and obtain input from the Board on key issues, as noted below.
- 2 The Board is asked to;
  - (a) note the draft Research Report (provided for information)
  - (b) respond to the specific questions for the Board in relation to the Consultation Paper;
  - (c) note the academic literature review; and
  - (d) respond to the specific questions for the Board in relation to the project plan.

## Attachments

- Agenda Paper 7.1 (Draft) AASB Research Report No X *Financial Reporting Requirements for Charities – an Intranational and International Comparison*
- Agenda Paper 7.2 (Draft) AASB Consultation Paper *Possible Options for Improving the Financial Reporting Framework Applicable to Charities Registered with the ACNC* – **[BOARD ONLY]**
- Agenda Paper 7.3 (Draft) Literature Review *Research Report on Financial Reporting by Charities* – **[BOARD ONLY]**

## Overview of agenda papers

- 3 Paper 7.1 is the near-final Research Report that has been provided to relevant Australian regulators for fact-checking and to the ACNC also for more comprehensive review comments. In line with Board direction at the last meeting, no further research has been undertaken in working to finalise the Report. Instead, the focus has been on structuring the document, improving its readability and writing the executive summary. The objective is to publish the document in early October. The steps necessary to complete the report are outlined in the project plan below.
- 4 Paper 7.2 is a further developed Consultation Paper. Chapter 3 includes a table of possible options for a revised financial reporting framework for charities and the relative merits of each. The Consultation Paper remains an early draft, a putting down of ideas. Significant editorial work remains to be done.
- 5 Paper 7.3 is the literature review report completed by Professor Sue Wright (University of Newcastle), Associate Professor Elaine Evans (Macquarie University) and Dr Karen Handley (University of Newcastle), which is part of the research informing the Consultation Paper. The findings of the literature review have not been incorporated in the version of the Consultation Paper provided to the Board. The review will be incorporated in the final version of Consultation Paper and has been provided separately for noting at this meeting. The report looks at the academic literature regarding what charities report, the needs of users, resource providers and the general public, and the requirements for financial reporting by charities. The literature has been drawn primarily from the UK, New Zealand, the USA and Australia.

## Staff questions for the Board

- 6 The staff particularly seek feedback on the following:

### *Consultation Paper*

- (a) does the introductory section (Chapter 1) effectively convey there are problems with the present financial reporting framework for charities registered with the ACNC;
- (b) is it clear that removing Special Purpose Financial Statements would help respond to the problems identified in Chapter 1 and that the alternative options

presented in Chapter 3 would provide a balanced way of addressing the problems;

- (c) do you agree that the options presented in Chapter 3 are the best alternatives, or are there others that should be included;
- (d) do you agree with the possible principles, criterion and thresholds explained in Appendices D-F; and
- (e) do Board members want to review future major versions of the draft Paper, just the proposed final version, or no further versions, prior to publication?

#### *Project plan*

- (f) do you agree with the next steps proposed in the project plan?

#### **Detailed project plan**

<b>Step</b>	<b>Status</b>	<b>Anticipated completion</b>
<b><i>Research Report</i></b>		
Comprehensive review of Research Report by ACNC	In progress	2 Oct
Fact checking by relevant regulators (e.g. ACNC, Consumer Affairs Victoria, ORIC and Fair Trading NSW)	In progress	2 Oct
Respond to feedback from regulators	Not started	10 Oct
Final formatting, readability and accessibility checking of the document	In progress	11 Oct
Publication of the Research Report on website	Not started	11 Oct
Related communications activities (e.g. media release, contact relevant media and develop news items for website)	In progress	11 Oct
<b><i>Consultation Paper</i></b>		
Address Board feedback on Consultation Paper	Not started	17 Oct
Contact key charities stakeholders to obtain feedback on the options	In progress	17 Oct
Contact relevant regulators to obtain feedback on the Consultation Paper	In progress	17 Oct
Relevant ministerial briefings	In progress	18 Oct
Address regulators' feedback	Not started	20 Oct

<b>Step</b>	<b>Status</b>	<b>Anticipated completion</b>
Publication of the Consultation Paper on website	Not started	23 Oct
Related communications activities (e.g. media release, contact relevant media and develop news items for website)	In progress	23 Oct
Host webinar to provide an overview of the options	Not started	23 Oct – 3 Nov
Co-host roundtables, with relevant regulators such as ACNC and Consumer Affairs Victoria	Not started	8 – 17 Nov