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Dr Keith Kendall  
Chair  
Australian Accounting Standards Board  
PO Box 204  
Collins Street West VIC 9007

Our ref Submission - ITC 51

Contact Heng, Kim (+61 2 9455 9120)

31 March 2023

Dear Dr Kendall

**Invitation to Comment - ITC 51 Post-implementation Review of Not-for-Profit Topics - Control, Structured Entities, Related Party Disclosures and Basis of Preparation of Special Purpose Financial Statements**

KPMG Australia (KPMG) is pleased to have the opportunity to respond to *Invitation to Comment – ITC 51 – Post-implementation Review of Not-for-Profit Topics – Control, Structured Entities, Related Party Disclosures and Basis of Preparation of Special Purpose Financial Statements*. We note that the guidance covering some of these topics has been in effect for almost a decade. Consequently, not-for-profit (NFP) entities have overcome most of the technical challenges arising from their application of the relevant Standards.

In our experience, NFP entities applying AASB 10 *Consolidated Financial Statements* face challenges predominantly arising from the complex entity structures they have in place. This presents a fundamental difficulty at the outset, but it is one that would exist irrespective of the consolidation requirements for financial reporting purposes. Nevertheless, NFP entities have, in the main, resolved these practical application issues.

From a technical standpoint we have no concerns with the application of AASB 10 for NFP entities, nor with the application guidance in Appendix E accompanying AASB 10. Together with our previous observations, we suggest that no further standard-setting activity is necessary in this regard.

Our commentary above is also broadly applicable to the AASB's questions regarding related party disclosures for NFP entities. We acknowledge that it may be time consuming to obtain the necessary information to make the required disclosures. However, we remain of the view that the benefit of the disclosures to users of the financial statements (including current and potential donors) outweighs their cost.

The ITC also seeks feedback concerning the application of the definition of a structured entity and the disclosures required of NFP entities that continue to prepare special



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Purpose Financial Statements  
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purpose financial statements. We have no specific additional comments to make regarding these topics.

We would be pleased to discuss our comments with members of the AASB or its staff. If you wish to do so, please contact Julie Locke on (02) 6248 1190, or myself on (02) 9455 9120.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Kim Heng', written over a faint, circular, textured background.

Kim Heng  
Partner  
KPMG Australia