Reporting to smaller not-for-profit private sector entities that have not already been noted in paragraph 1.14? If so, please describe them.

(a) The Framework does not depict the general objective of financial reporting for not-for-profit private sector entities as it is caste too much in commercial terms. Paragraph AusOB3.1 needs to be expanded to recognise that users are interested in the extent to which those charged with governance are acting in the interests of the mission of the organisation via reporting on their stewardship of the resources of the entity and accountability.

(b) The users as described in Paragraph AusOB2.1 are not appropriate. The broad category of investors, lenders and other creditors, donors and taxpayers is acceptable but should be re-ordered as donors and taxpayers are very much a higher priority than investors and lenders in terms of the sector. I think it would be useful to add “philanthropists” as well because this is often seen as a separate category to donors. Additionally, members should be added here as a significant and high priority group. Further, the inclusion of parliaments but not of governments (which are likely one of the most significant users) does not make sense. Governments are major stakeholders in the not-for-profit sector as they procure services and deploy policy via these entities. Governments also provide significant capital grant funds.

(c) My only concern regarding the application of the Framework to all not-for-profit entities relates to the prospects for establishing Tier 4 reporting requirements and whether appropriate arrangements will be made for training for the sector to support the implementation process.

Question 4 *As noted in paragraph 1.18, the Board intends to align the timing of any new Tier 3 reporting requirements with the timing of any extension of the Australian Accounting Standards to a broader set of not-for-profit private sector entities. Do you agree? Why or why not?*

This is a logical way forward.

Question 5 *Paragraphs 2.5 to 2.7 propose to extend the set of not-for-profit private sector entities to which Australian Accounting Standards apply by superseding (in part) SAC 1. The effect is that more entities will be required to prepare general purpose financial statements when required to prepare financial statements that comply with Australian Accounting Standards. Do you agree with extending the set of not-for-profit private sector entities to which Australian Accounting Standards apply? Why or why not? If not, what alternative approach do you suggest?*

In principle I agree with this approach.

Question 6 *Paragraphs 2.10 to 2.12 propose the introduction of a simpler further reporting tier (Tier 3) for not-for-profit private sector entities that are required to prepare financial statements complying with Australian Accounting Standards, which serves as a proportionate response for smaller sized entities with less complex transactions and events . Do you agree? Why or why not? If not, what alternative approach do you suggest?*

Agreed

Question 7 *Paragraphs 2.13 to 2.17 discuss the Board's view to not develop a fourth tier of accounting for not-for-profit private sector entities. Do you agree? Why or why not? If not, what alternative approach do you suggest?*

I do not agree with this position. I think the development of cash-based tier 4 reporting requirements will serve to inform those charged with governance as to what is required of them in terms of reporting (our research indicates there is an appetite for guidance here) and will help to raise the quality of reporting over time. Further, such a framework will support the audit process more effectively and improve users' understanding over time.

Question 8 *Paragraphs 3.1 to 3.5 discuss the Board's view to not make changes to the existing requirements specified by Tier 1 and Tier 2 Australian Accounting Standards, as presently modified for not-for-profit private sector entities. Do you agree? Why or why not?*

While I believe that a number of proposed changes identified in this discussion paper and relevant to tier 3 reporting requirements would also represent valuable modifications to tier 1 and tier 2 reporting for not-for-profit entities, I think that the focus on tier 3 only at this point is logical and appropriate as it will allow the board and stakeholders to concentrate on the requirements of this tier without over complicating or risking the reform process. However, the AASB should return to the issue of tier 1 and tier 2 reform for not-for-profit reporting in due course.

Question 9 *Paragraphs 4.3 to 4.6 discuss the Board's view to specify Tier 3 reporting requirements in a single stand-alone accounting standard. The stand-alone pronouncement is expected to: (a) specify only accounting requirements for transactions, events and conditions that are common to a smaller not-for-profit entity; (b) in the main, not require an entity to refer to requirements set out in other Australian Accounting Standards; and (c) express accounting requirements in a manner that is easy to understand by preparers and users who do not consider themselves to be "accounting experts". Do you agree? Why or why not? If you disagree with the Board's view, which aspect(s) of the standalone accounting standard as listed in (a) – (c) concerns you the most? Please explain.*

I agree with this approach. I think it is a focused approach that delivers greater clarity for all stakeholders.

Question 10 *As discussed in paragraphs 4.10 to 4.14, Tier 3 not-for-profit private sector entities can opt-up to Tier 1 or Tier 2 reporting requirement in its entirety. However, the Board has not yet formed a view on whether it should restrict the range of accounting policies available to an entity preparing Tier-3- compliant financial statements. In your opinion, should an entity preparing Tier-3-compliant financial statements have the ability to opt up to an accounting policy permitted or required by Tier 1 or Tier 2 Australian Accounting Standards for: (a) transactions, events and circumstances covered in the Tier 3 reporting requirements that are specifically permitted by the Board only; or (b) all transactions, events and circumstances, regardless of whether they are covered in the Tier 3 reporting requirements. Do you agree? Why or why not? Please explain your answer.*

I think that those charged with governance should be able to opt up to higher reporting tiers for all transactions, events and circumstances regardless of whether they are covered in the Tier 3 reporting requirements. The arrangements established should encourage high quality financial reporting and support those charged with government in pursuing a higher level of reporting by removing obstacles that prevent such action.

Question 11 *Paragraphs 4.15 to 4.20 discuss the Board's preliminary view on the transactions and other events and conditions that may not be covered in a Tier 3 Standard. The types of items the Board intends to scope out from the Tier 3 Standard include: (a) biological assets, and agricultural produce at the point of harvest; (b) insurance contracts issued, reinsurance contracts held, and investment contracts with discretionary participation features; (c) expenditures incurred in connection with the exploration for and evaluation of mineral resources before the technical feasibility and commercial viability of extracting a mineral resource is demonstrable; (d) business combinations; (e) obligations arising under a defined benefit superannuation plan; (f) share-based payment arrangements; (g) the accounting by an operator in a service concession arrangement; and (h) financial assets and financial liabilities other than those identified in Section 5 of this Discussion Paper. Do you agree? Why or why not? If you disagree, which of the balances, transactions and events do you think should be included in the Tier 3 Standard?*

I agree with this position.

Question 12 *Paragraphs 4.21 to 4.23 discuss the Board's preliminary view on the hierarchy for entities to apply in developing accounting policies when preparing Tier 3 general purpose financial statements for transactions and other events outside the scope of the Tier 3 requirements. That is, an entity should: (a) first apply Tier 2 reporting requirements; and (b) otherwise apply judgment to develop an accounting policy by reference to: (i) principles and requirements in Tier 3 reporting requirements dealing with similar or related issues; and (ii) the definitions, recognition criteria and measurement concepts in the Australian Conceptual Framework that don't conflict with Tier 3 reporting requirements. Development of Simplified Accounting Requirements (Tier 3 Not-for-Profit Private Sector Entities) DISCUSSION PAPER Page 32 of 122 When developing an accounting policy, an entity may also consider principles and requirements in Tier 1 and Tier 2 reporting requirements, or pronouncements of other standard-setting bodies with a similar conceptual framework, other accounting literature and accepted industry practices Do you agree? Why or why not? If you disagree with the Board's view, do you prefer an alternative accounting policy hierarchy for these transactions and events?*

I agree with this position.

Question 13 *Paragraphs 4.24 to 4.27 discuss the Board's view to limit revisiting its Tier 3 reporting requirements to no more than once every AASB agenda consultation cycle (5 years) and only when if there is a substantive case, in accordance with the AASB Due Process Framework for Setting Standards, for doing so. Do you agree? Why or why not? If you disagree with the Board's view, how often do you prefer the Board should revisit its Tier 3 reporting requirements? Please explain.*

I agree with this position.

Question 14 *Paragraphs 5.10 to 5.16 discuss the Board's preliminary view that Tier 3 general purpose financial statements comprise a statement of profit and loss and other comprehensive income, statement of financial position, statement of cash flows and explanatory notes. (a) Do you agree? Why or why not? If you disagree with the Board's view, which financial statements do you think should not form part of the Tier 3 general purpose financial statements? As noted in the paragraphs 5.17 - 5.19, the Board has not yet formed a view whether a statement of changes in equity should also form part of the Tier 3 general purpose financial statements. (b) Do you think the statement of changes in equity should also form part of the Tier 3 general purpose financial statements? If you support including a statement of changes in equity, do you think the information presented should be required as a separate statement or as part of the notes to the financial statements?*

(a) I agree with this position – these reports are of most interest to users.

(b) Our research indicates that users have no interest in the statement of changes in equity and that it provides no useful information in the context of not-for-profit reporting. Therefore, I do not believe that this report should be included as a requirement.

Question 15 *Paragraphs 5.20 to 5.24 discuss the Board's preliminary view that the information to be presented on the face of the statement of the financial position and statement of profit or loss and other comprehensive income should be consistent with those specified by AASB 1060 supplemented by explanatory guidance and education materials to help entities present information on the face of the financial statements. Do you agree? Why or why not? If you disagree with the Board's view, do you prefer the alternative approaches to presenting information on the face of the financial statements as specified in paragraph 5.21(a) or 5.21 (b)? If not, do you have other suggestions on how information should be presented on the face of the financial statements?*

I agree with the proposals above and emphasise the need for explanatory guidance and education materials. I prefer the description in paragraph 5.21(b). However, I also think there should be a clear delineation on the face of the report separating capital donations and capital grants so that the operating performance of the entity is presented in a clear way. Capital donations (money provided for the purchase of capital items [e.g. a bus] and capital grants for the purchase of capital items potentially mislead users if they are incorporated as income in the profit and loss statement. These items, if they are for specific purposes and cannot be used for other than what they are provided for, should be reported "below the line". That is, the financial performance of the entity should be reported before capital donations and grants in order for the user to be able to fully appreciate the financial performance.

Question 16 *Paragraph 5.25 to 5.33 discuss the Board's preliminary view to require the statement of cash flows to present: (a) cash flows from operating activities separately from other cash flows; (b) cash flows from operating activities using the direct method; and (c) cash and cash equivalent as specified by AASB 1060. Do you agree? Why or why not? If you disagree with the Board's view, which presentation requirements from (a) to (c) or the statement of cash flows concern you the most? Do you prefer other simplification(s) to the statement of cash flows? Please explain why.*

I disagree that the statement of cash flows should only report cash flows from operating activities separate from other cash flows. The power of the cash flow statement is the capacity of the user to evaluate the sources and applications of funds and the three elements—investing activities, operating activities and financing activities—are critical to the user being able to develop their understanding of the nature of the cash flows of the entity. The removal of the requirement to separate financing cash flows from investment cash flows over-simplifies the statement and reduces its value considerably without really decreasing the complexity from the preparers perspective.

The remaining elements are acceptable.

Question 17 *Paragraph 5.34 to 5.47 discusses the Board's preliminary view to allow an entity to present either: (a) separate financial statements as its only financial statements, even if it has subsidiaries, however, require information on the parent's significant relationships; or (b) consolidated financial statements consolidating all its controlled entities. Development of Simplified Accounting Requirements (Tier 3 Not-for-Profit Private Sector Entities) DISCUSSION PAPER Page 80 of 122 Do you agree? Why or why not? If you disagree with the Board's view, do you prefer any other alternative requirements, for example Tier 3 accounting requirements should require an entity with subsidiaries to prepare consolidated financial statements in accordance with AASB 10? Please specify and explain why.*

I agree with the board's view but emphasise the need for explanatory material and examples to be made available in order to support those charged with governance in making their decision relating to this issue.

Question 18 *Paragraph 5.48 to 5.54 discuss the Board's preliminary view on the accounting requirements for a parent that presents separate financial statements to measure its interest in subsidiaries either: (a) at cost; (b) at fair value through other comprehensive income; or (c) using the equity method of accounting. Do you agree? Why or why not? If you disagree with the Board's view, which of the requirement(s) in (a) – (c) concerns you the most? Please specify and explain why.*

I agree with this position.

Question 19 *Paragraph 5.55 to 5.60 discuss the Board's preliminary view to develop a requirement for a modified retrospective approach to apply to changes in accounting policies and correction of accounting errors. Do you agree? Why or why not? If you disagree with the Board's view, do you prefer other alternative requirements for changes in accounting policies and correction of accounting errors; for example, should Tier 3 accounting requirements continue to require the accounting treatment specified by AASB 108 to retrospectively reflect voluntary changes in accounting policies and correction of accounting errors? Please explain your answer.*

I agree with this approach as it reduces the impact of changes in policies and correction of errors on preparers.

Question 20 *Paragraph 5.61 discusses the Board's proposal to develop a requirement for changes in accounting estimates to be accounted for prospectively, consistent with AASB 108. Do you agree? Why or why not? If you disagree with the Board's view, do you prefer other alternatives? Please specify and explain why.*

I agree with this position.

Question 21 *Paragraphs 5.62 to 5.76 discuss the Board's preliminary views with respect to the accounting for financial instruments, in particular to develop simpler reporting requirements only for the identified 'basic' financial instruments. The Board intends to require certain 'more complex' financial instruments to be accounted for in accordance with AASB 9 (or other Australian Accounting Standard, as appropriate) if the financial instrument is not otherwise addressed by a topic-based Tier 3 requirement. In addition, the Board intends not to specifically highlight or address particular financial instruments or transactions considered in AASB 9, AASB 132 and AASB 139 where these items and transactions are not common to not-for-profit private sector entities. Development of Simplified Accounting Requirements (Tier 3 Not-for-Profit Private Sector Entities) DISCUSSION PAPER Page 81 of 122 Do you agree with the Board's approach to the identified 'basic' financial instruments? Why or why not? If you disagree with the Board's view, do you prefer other alternatives? Please specify and explain why.*

Yes, I agree with this position.

Question 22 *Paragraphs 5.77 to 5.80 discuss the accounting for embedded derivatives. The Board has formed a preliminary view that a proportionate response for Tier 3 reporting requirements is not to require an entity to separately recognise certain derivative financial instruments that are not readily identifiable and measurable, including any embedded derivatives. The Board is seeking to understand the extent to which a smaller not-for-profit private sector entity is likely to have derivatives embedded within its contracts, or enter into arrangements or contracts that may result in a derivative financial instrument. This will help inform the Board how it should approach these instruments in a future Tier 3 Standard. Are you aware of any clauses in contracts of smaller not-for-profit private sector entities that would give rise to a derivative? Have you provided an arrangement with another party or entered into a net settled contract that would meet the definition of a derivative? Please explain.*

This is a very unlikely situation for most not-for-profits. Essentially, the level of complexity associated with such instruments requires that reports should be prepared in accordance with current standards and that there is little logic in reducing these requirements for tier 3—if the entity is able to enter into these contracts then it should also be able to report them appropriately.

***Question 23** Paragraphs 5.81 to 5.82 discuss the Board's preliminary view that an entity preparing Tier 3-compliant financial statements will not have access to hedge accounting. Do you agree? Why or why not? Please specify and explain why. Are you aware if smaller not-for-profit private sector entities use hedge accounting?*

I agree with this position.

***Question 24** Paragraphs 5.83 to 5.85 discuss the Board's preliminary view to develop a requirement for basic financial assets and financial liabilities to be initially measured at their fair value. Transaction costs and fees incurred by the entity to acquire a financial asset or assume a financial liability are to be immediately expensed. Do you agree? Why or why not? If you disagree with the Board's view, do you prefer other alternatives? Please specify and explain why.*

I agree with this position.

***Question 25** Paragraphs 5.86 to 5.104 discuss the Board's preliminary develop a requirement for basic financial assets and financial liabilities to be subsequently measured as follows: (a) basic financial assets that are held to generate both income and a capital return – at fair value through other comprehensive income; and (b) other basic financial assets and financial liabilities – at cost. Interest income and interest expense on these instruments are to be recognised as amounts accrue or are incurred, calculated by reference to the contractual interest rate. Any initial premium or discount on acquisition of the basic financial asset or financial liability is to be amortised on a straight-line basis over the life of the instrument, unless another systematic basis or shorter period is more reflective of the period to which the premiums or discounts relate. Do you agree? Why or why not? If you disagree with the Board's view, do you prefer other alternatives? Please specify and explain why.*

I agree with this position.

Question 26 *Paragraphs 5.105 to 5.108 discuss the Board's preliminary view to develop a requirement for impairment of basic financial assets measured at cost to be recognised when it is probable that some or all of the amount owed will not be collectible. The impairment loss is to be measured at the anticipated uncollectible amount. Do you agree? Why or why not? If you disagree with the Board's view, do you prefer other alternatives? Please specify and explain why.*

This is appropriate.

Question 27 *Paragraphs 5.109 to 5.114 discuss the Board's preliminary view to develop a requirement that a financial asset is derecognised only when either the contractual rights to the cash flows from the financial asset expire or are settled, or the entity otherwise loses control of the asset. The Board also formed a preliminary view not to address instances of debt instrument exchanges or modification of the terms of a financial liability as part of its Tier 3 Standard. An entity treats a modification of the terms of a financial liability or an exchange of a debt instrument for a different debt instrument as an extinguishment of the original financial liability. Do you agree? Why or why not? If you disagree with the Board's view, do you prefer other alternatives? Please specify and explain why.*

I agree with this treatment

Question 28 *Paragraphs 5.115 to 5.119 discuss the Board's preliminary view to not depart from the principles of AASB 13 Fair Value Measurement when developing reporting requirements for Tier 3 not-for-profit private sector entities as it thinks maintaining a consistent understanding of 'fair value' across the different reporting tiers is important. Do you agree? Why or why not? If you disagree with the Board's view, do you prefer any other alternative requirements Tier 3 not-for-profit private sector entities? Please specify and explain why.*

I agree with this position.

Question 29 *Paragraphs 5.120 to 5.121 discuss the Board's preliminary view that cost may be an appropriate estimate for fair value when cost represents the best estimate of fair value within a wide range of possible fair value measurements for instances described in paragraph 5.120. Do you agree? Why or why not? If you disagree with the Board's view, do you prefer other alternatives? Please specify and explain why.*

I agree with this position.

Question 30 *Paragraphs 5.125 to 5.126 discuss the Board's preliminary view to develop Tier 3 reporting requirements that are consistent with the requirements in AASB 102 Inventories. Do you agree? Why or why not? If you disagree with the Board's view, do you prefer other alternatives? Please specify and explain why.*

I agree with this proposal.

Question 31 *Paragraph 5.128 discusses the accounting for biological assets if not scoped out from a Tier 3 Standard. The Board's preliminary view is not to include biological assets and agricultural produce at the point of harvest in a Tier 3 Standard as discussed in paragraphs 4.20. Do you agree? Why or why not? If you disagree with the Board's view, do you prefer the accounting for biological asset should be included in a Tier 3 Standard and accounted for in accordance with the requirements for inventory? Please specify and explain why.*

I agree with this position.

Question 32 *Paragraphs 5.129 to 5.132 discuss the Board's preliminary view to develop a requirement for interests in associates and joint ventures to be measured: for a Tier 3 not-for-profit private sector entity that is: (a) a parent entity that presents consolidated financial statements or it is not a parent entity, the entity applies the equity method of accounting consistent with the requirements in AASB 128 Investments in Associates and Joint Ventures to its interests in associates and joint ventures; and (b) a parent entity that presents separate financial statements as its only financial statements, the entity does not apply the equity method of accounting to measure its interest in associates and joint ventures. The Board has not yet discussed other exemptions and exceptions to applying the equity method as it is only consulting on its general approach to accounting for interests in associates and joint ventures at this stage of its project. Do you agree? Why or why not? If you disagree with the Board's view, do you prefer other alternatives? Please specify and explain why.*

Generally, I agree with this proposition. However, I think that the definition of parent/subsidiary in the context of not-for-profits needs clarification in order to ensure the application of the requirement is appropriate.

Question 33 *Paragraphs 5.133 to 5.134 discuss the Board's preliminary view to allow an accounting policy choice to require an investor that presents separate financial statements, whether in addition to consolidated financial statements or equity-accounted financial statements, to measure its interest in associates and joint ventures as either: (a) at cost; or (b) at fair value through other comprehensive income. Do you agree? Why or why not? If you disagree with the Board's view, do you prefer other alternatives? Please specify and explain why.*

I agree with this position.

Question 34 *Paragraphs 5.135 to 5.144 discuss the Board's preliminary view to require property, plant and equipment and investment property, other than with respect to borrowing costs, to be recognised and measured in a consistent manner to Tier 2 Australian Accounting Standards. Do you agree? Why or why not? If you disagree with the Board's view, do you prefer other alternative requirements such as not to allow smaller not-for-profit private sector entities to revalue their noncurrent assets? Please specify and explain why.*

I agree with the board's view here.

Question 35 *Paragraphs 5.145 to 5.152 discuss the Board's preliminary view to allow an entity the following accounting policy choice for initial measurement of non-financial assets acquired for significantly less than fair value: (a) inventory to be measured at cost or at current replacement cost; and (b) other non-financial assets to be measured at cost or at fair value. The Board also decided not to permit an entity to subsequent apply the revaluation or fair value model if the donated non-financial asset were initially measured at cost. Do you agree? Why or why not? If you disagree with the Board's view, do you prefer other alternative requirements discussed in paragraph 5.152? Please specify and explain why.*

I think that the fair value principle should be invoked here. The receipt of non-financial assets at significantly less than fair value by definition means that the cost option will ensure the value is misrepresented.

Question 36 *Paragraph 5.153 discusses the Board's preliminary view to propose retaining the option to permit, but not require, a smaller not-for-profit entity to recognise volunteer services received, or a class of volunteer services, if the fair value of those services can be measured reliably. Do you agree? Why or why not? If you disagree with the Board's view, do you prefer other alternative requirements? Please specify and explain why.*

I agree with this proposition.

Question 37 *Paragraphs 5.154 to 5.156 discuss the Board's preliminary view to require all borrowing costs to be expensed in the period incurred for Tier 3 not-for-profit private sector entities. Do you agree? Why or why not? If you disagree with the Board's view, do you prefer other alternatives requirements? Please specify and explain why.*

Yes, I agree with this position.

***Question 38** Paragraphs 5.157 to 5.162 discuss the Board's preliminary view that the impairment model for nonfinancial assets of Tier 3 entities should: (a) only require non-financial assets subsequently measured at cost or deemed cost to be subject to impairment testing; (b) only require entities to consider whether non-financial assets are impaired when the asset has been physically damaged or when its service potential might have been adversely affected by a change in the entity's strategy or changes in external demand for the entity's services; (c) require impairment of a non-financial asset to be recognised if its carrying amount exceeds its recoverable amount being the higher of its fair value less costs of disposal and its value in use. Tier 3 reporting requirements will include a rebuttable presumption that fair value less costs of disposal is expected to be the most appropriate measure of a non-financial asset's recoverable amount because non-financial assets are generally not held by not-for-profit private sector entities to generate cash flows; and (d) allow entities to group non-financial assets that do not generate cash flows that are largely independent from other assets into cash-generating units for impairment purposes. Development of Simplified Accounting Requirements (Tier 3 Not-for-Profit Private Sector Entities) DISCUSSION PAPER Page 85 of 122 Do you agree? Why or why not? If you disagree with the Board's view, do you prefer other alternative requirements discussed in paragraph 5.162? Please specify and explain why.*

I agree with this position.

***Question 39** Paragraph 5.163 discusses the Board's preliminary view not to propose introducing any specific requirements for property, plant and equipment or other non-current assets that a smaller not-for-profit private sector entity intends to sell rather than hold for its continuing use. Do you agree? Why or why not? If you disagree with the Board's view, do you prefer other alternatives? Please specify and explain why.*

I do not agree with this proposition. I think that, where assets are held for sale, they should be recognised accordingly. Without this reporting requirement, the user will not appreciate the nature of the assets held in the context of stewardship.

Question 40 *Paragraphs 5.164 to 5.167 discuss that the Board has not yet formed a view to develop requirements for accounting of intangible assets in a Tier 3 Standard. The Board is seeking to understand the extent of use of intangible assets by smaller not-for-profit private sector entities including the typical forms of any intangible assets held. This will help inform the Board's deliberations on intangible assets in a future Tier 3 Standard. Are you aware of any intangible assets and their type, either internally generated or externally acquired, commonly held and recognised by smaller not-for-profit private sector entities? If so, please provide details of these assets.*

This is not a significant issue for most not-for-profit organisations and the accounting requirements should not be amended for tier 3 entities.

Question 41 *Paragraphs 5.168 to 5.178 discuss the Board's preliminary view on accounting requirements for leases, including: (a) requiring a lessee to recognise lease payments as an expense on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern of the user's benefit. A similar requirement would apply for lessors; (b) concessionary lease arrangements ('peppercorn' leases) would be accounted for in the same manner as other leases; and (c) not including specific requirements for sale and lease back transactions, or for manufacturer or dealer lessors. Do you agree with the Board's preliminary view? Why or why not? If you disagree with the Board's view, which of the requirement(s) in (a) – (c) concerns you the most? Do you prefer that Tier 3 accounting requirements should be consistent with AASB 16 Leases? Please explain why. To the best of your knowledge, are sale and lease back transactions common for smaller not-for-profit private sector entities?*

I agree with this treatment.

Question 42 *Paragraphs 5.179 to 5.188 discuss the Board's preliminary view that income recognition for Tier 3 entities should require an entity to assess whether a transaction is based on a common understanding, evidenced by the transfer provider in writing or some other form, that the entity is expected to use the inflows of resources in a particular way or act or perform in a particular way that results in outflows of resources, including: Development of Simplified Accounting Requirements (Tier 3 Not-for-Profit Private Sector Entities) DISCUSSION PAPER Page 86 of 122 (a) transferring goods or services; (b) performing a specified activity; (c) incurring eligible expenditure for a specified purpose; and (d) using the inflows of resources in respect of a specified period. Income is recognised in the manner that most faithfully represents the amount and pattern of consumption by the entity of the resources received. For all other income transactions, income is recognised at the earlier of receiving cash or obtaining a right to receive cash (receivable). Do you agree? Why or why not? If you disagree, do you prefer any other alternative approach as discussed in paragraph 5.186? Please specify and explain why.*

I agree with this position.

Question 43 *Paragraphs 5.189 to 5.199 discuss the Board's preliminary view that employee benefits expense is measured at the undiscounted amount of the obligation to the employee for: (a) non-accumulation paid absences and termination benefits when the event occurs; and (b) all other employee benefits when an employee has rendered the services that entitles the employee to consideration. A provision for employee benefits is measured at the undiscounted future outflow expected to be required (including consideration of future pay increases) to settle the present obligation. The Board has not yet determined the form of guidance to be developed to support preparers in determining the likelihood that an outflow of economic benefits that will be required to settle these obligations. Do you agree? Why or why not? If you disagree with the Board's view, do you prefer other alternatives, for example Tier 3 requirements should require future outflows of employee benefits expenses to be discounted? Please specify and explain why. Are you aware of any industry-specific probability guidance that relates to employee benefits such as a long service leave? Please specify the source of that guidance.*

I agree with this position.

Question 44 *Paragraph 5.200 discusses that the Board has not developed any other special requirements for accounting for termination benefits and defined benefit plans. Do you agree? Why or why not? If you disagree with the Board's view, do you prefer other alternatives? Please specify and explain why.*

I agree with this position.

Question 45 *Paragraphs 5.201 to 5.219 discuss the Board's preliminary view that Tier 3 reporting requirements would be similar to those specified in the New Zealand Tier 3 reporting requirements for the following topics: (a) commitments (disclosed in the notes to the financial statements); (b) events after reporting period; (c) expenses; (d) foreign currency transactions; Development of Simplified Accounting Requirements (Tier 3 Not-for-Profit Private Sector Entities) DISCUSSION PAPER Page 87 of 122 (e) income taxes; (f) going concern; (g) offsetting; and (h) provisions, contingent liabilities and contingent assets. Do you agree? Why or why not? If you disagree with the Board's view, do you prefer other alternatives? Please specify and explain why.*

I agree with this position.

Question 46 *Paragraphs 6.1 to 6.11 discuss the Board's preliminary view that disclosure requirements for Tier 3 not-for-profit private sector entities should be developed based on the following principle: (a) for transactions where there is a recognition and measurement difference between Tier 3 reporting requirements and Tier 2 general purpose financial statements, Tier 3 reporting requirements will: (i) adopt appropriate disclosure requirements from comparable jurisdictions, pronouncements or frameworks, if available; or (ii) develop fit-for-purpose disclosure requirements if there are no comparable recognition and measurement requirements from other jurisdictions, pronouncements or frameworks. Fit-for-purpose disclosure requirements could be developed based on the disclosure requirements in AASB 1060 where the recognition and measurement requirements could be analogised to the Tier 3 reporting requirements. (b) for transactions where the recognition and measurement requirements for Tier 3 reporting requirements are the same as, or similar to, the corresponding recognition and measurement requirements for Tier 2 general purpose financial statements, the disclosure requirements in AASB 1060 will be used as a starting point with further consideration of simplifications that may be appropriate Do you agree? Why or why not? If you disagree, what alternative approach do you suggest? Please specify and explain why.*

I agree with this position.

Question 47 *Paragraph 6.12 discusses the Board's preliminary view on the disclosure requirements for property, plant and equipment, and investment property would be for: (a) initial measurement of non-financial assets acquired at significantly less than fair value – develop fit-for-purpose disclosures based on AASB 1060 as required for concessionary leases; and (b) subsequent measurement of property, plant and equipment – adopt AASB 1060 disclosures with simplification of the language. No specific disclosures required for borrowing cost. Do you agree with the Board's preliminary view? Why or why not? If you disagree, do you prefer alternative disclosure requirements? Please specify and explain why.*

Agreed

Question 48 *Paragraph 6.13 discusses the Board's preliminary view on the disclosure requirements for leases would be for: (a) lessee – adopt IFRS for SMEs Standard disclosures for operating leases; and (b) lessor – adopt AASB 1060 disclosures for operating leases with simplification of the language. Do you agree with the Board's preliminary view? Why or why not? If you disagree, do you prefer alternative disclosure requirements? Please specify and explain why.*

I agree with this preliminary view.

Question 49 *Paragraph 6.14 discusses the Board's preliminary view on the disclosure requirements for changes in accounting policies and correction of errors would be for: (a) changes in accounting polices – develop fit-for-purpose disclosures based on AASB 1060 and removing non-applicable disclosures; and (b) correction of errors – adopt New Zealand Public Benefit Entity Simple Format Reporting – Accrual (Not-for-Profit) . Do you agree with the Board's preliminary view? Why or why not? If you disagree, do you prefer alternative disclosure requirements? Please specify and explain why.*

I agree with this preliminary view.