

14 April 2008

Professor David Boymal FPNA
Chairman
Australian Accounting Standards Board
Level 7
600 Bourke Street
Melbourne VIC 3000

Dear David,

Re: ITC 14 – Proposed definition and guidance for not-for-profit entities

The National Institute of Accountants (NIA) is pleased to provide the following remarks to the Australian Accounting Standards Board (AASB) on the definition of not-for-profit definitions and reporting guidance.

While we are supportive of debating all financial reporting issues we regard it as premature for the AASB to deal comprehensively with the area of definition of not-for-profit entities.

We note that the International Accounting Standards Board (IASB) has the topic of not-for-profit reporting on its agenda as a part of the conceptual framework project the international board is presently undertaking.

We consider it important that the AASB and other Australian constituents encourage the IASB to place a greater priority on dealing with the issue of not-for-profit reporting. Bringing its consideration of the not-for-profit issues forward would mean that standard setters around the globe would not have to search for a temporary solution and then adopt an IASB definition some time in the future.

If the IASB were to make this area a greater priority then the focus of the AASB and other national standard setters would be on getting the international answer in this part of the conceptual framework project right. Proceeding with any domestic or regional project in this area would simply be creating a temporary solution that will be replaced by the IASB's conceptual framework.

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Interim measures

The NIA would support limited changes to the reporting framework for not-for-profit entities during the period leading up to a solution being contemplated by IASB.

The AASB can change the domestic accounting framework to ensure people can distinguish the requirements for reporting not-for-profits from the for-profit reporters required to comply with the full suite of International Financial Reporting Standards (IFRS).

As stated in the NIA submission on ITC 12, which dealt with the way in which IFRS for SMEs might apply in Australia, the AASB could develop an application or scoping standard that sets out the types of entities required to comply with IFRS and, where necessary, the types of entities that are not IFRS reporters but apply a different set of standards. Government sector entities and other not-for-profit entities could be covered in this way.

The AASB could consider incorporating all or some of the indicators published in the New Zealand framework for not-for-profit activity in this application standard as a way of helping constituents work out the best way to decide the appropriate accounting if it is considered useful.

It would be our preference for the AASB to adopt a minimalist reform agenda in the area of not-for-profit reporting that includes clarifying accounting requirements as they apply to the not-for-profit sector in separate publications.

I would also like to thank the AASB for continuing the initiatives of round tables as a way of capturing the views of constituents. These are very well received by attendees and in our view are a great initiative.

Our technical policy adviser, Tom Ravlic, would be pleased to assist you further should you have any other queries. You can contact him by e-mail on tom.ravlic@nia.org.au or by phone on 0407 408 000.

Kindest Regards



Andrew Conway PNA
Deputy Chief Executive Officer

