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Online submission: http://www.aasb.gov.au

Dear Kris

Invitation to Comment – ITC 37 The AASB's Standard-Setting Frameworks for For-Profit Entities and Not-for-Profit Entities

I am pleased to make this submission on Invitation to Comment (ITC 37) The AASB's Standard Setting Frameworks For-Profit-Entities & Not-for-Profit Entities.

I have extensive experience in accounting advice, across a wide range of clients, industries and issues in the for-profit, not-for-profit, private and public sectors.

My clients have included listed companies, unlisted and private companies, charitable and not-for-profit organisations, federal, state and local government departments and agencies in the public sector, and government owned corporations (government business enterprises). I also have some commercial, standard setting and academic experience.

I have also read:

- AASB Staff Paper: Modifications to Australian Accounting Standards for Not-for-Profit Entities (May 2017)
- AASB Staff Report: Australian Accounting Standards Board and International Public Sector Accounting Standards Board Pronouncements - A Comparison (May 2017)

Benefits of the current approach

I support the current, and proposed, standard setting framework for not-for-profits, including the public sector. The implementation of the framework has resulted in a single set of accounting standards, with appropriate modifications and guidance for not-for-profit entities.

Because of the focus on transaction neutrality, not only are similar transactions accounted for similarly, similar organisations account for their operations similarly.

The major modifications relate to grants and donations, that I believe are more likely to occur with not-for-profits.

I believe that the single set of standards provides significant benefits over having separate series of standards for for-profits and not-for-profits. This includes the ability to have employees move easily to and from the different sectors. I, and many others, have moved to and from for-profit based entities and not-for-profit entities.

Terminology distinguishing between for-profit and not-for-profit (refer Questions 1 & 2)

I believe that the term "not-for-profit" is well understood within the accounting profession and outside the accounting profession in Australia.

As part of my research for this submission, I noted diversity in entities classifying themselves as for-profit or not-for-profit, for organisations that while having a profit focus, it is not their primary objective, including:

- member organisations, or entities performing similar activities
- organisations describing themselves as social enterprises and "profit-for-purpose", or organisations that operate similarly.

I would oppose the use of the New Zealand term "public benefit entity" because in Australia the term is not commonly used, and is not well understood. The definition is also more complex than the Australian definition, and the additional criteria do not provide distinguishing characteristics.

The advantage of the current Australian approach is that there is little practical difference as to whether such organisations are classified as for-profit, or not-for-profit. From the organisations I identified in my research, those that relied on significant grants and donations as part of their operations had classified themselves as not-for-profit.

Alternate standard setting frameworks (refer Question 3)

I agree with the proposed approach of using IPSASs as an important source for setting Australian accounting standards. I believe that adopting a word-for-word version of IPSASs, and establishing a separate accounting standard framework, would be detrimental to the Australian economy.

New Zealand appears to address the deficiencies in word-for-word IPSASs by adopting a hybrid approach of using IPSAS as a base and including IFRS modifications. These include additional IFRS standards, and IFRS amendments not included in the equivalent IPSAS (e.g. for the IASB Disclosure Initiative). The consequence is that compliance with New Zealand PBE standards will not result in compliance with IPSASs.

I believe that adopting the New Zealand hybrid IPSAS plus IFRS modifications approach would be detrimental to the Australian economy.

Please find attached my responses to the ITC questions.

Yours sincerely,

David Hardidge

Attachment

1. Is the term "not-for-profit" helpful to understand the nature of the entities in that sector? If not, what other term do you consider is more appropriate?

Consequences of difference between for-profit and not-for-profit classifications

I believe that the term "not-for-profit" is well understood within the accounting profession and outside the accounting profession in Australia. I have not experienced situations where it has been difficult to reach a conclusion on an appropriate classification.

Based on the AASB Staff Paper: Modifications to Australian Accounting Standards for Not-for-Profit Entities (May 2017), I have identified the following types of modifications made by the AASB:

- Application to NFP assets that are not based on cash flows (e.g. AASB 136 for impairment)'
- "Better" accounting for grants and donations, including:
  - prohibiting the use of AASB 120 for government grants
  - requiring the recognition of donated / granted assets at fair value, including related party transactions (if received at significantly below fair value)'
- Application guidance for the NFP sector (e.g. AASB 10 for control and AASB 15 for revenue)'
- Providing the same relief as for-profits (e.g. consolidation exemptions)'
- Reducing the burden on NFPs, for example:
  - Offsetting asset revaluations by class (rather than individual assets)
  - Restructures of local councils can use book values (which a significant proportion will be at fair value anyway)
  - Disclosures (e.g. AASB 5 for machinery of government changes)'
- Not requiring not-for-profit entities to assess whether they are "publicly accountable" before applying the Reduced Disclosure Requirements (RDR) under AASB 1053.

I did not identify any modifications that increased the burden for not-for-profits. However, some may argue that there is an increased burden from recognising donated / granted assets at fair value (including peppercorn leases), and not being able to use "matching" under AASB 120 for government capital grants.

Because of Australia's single set of accounting standards, focusing on transaction neutrality, there is little difference between for-profit accounting and not-for-profit accounting. The major differences relate to grants and donations that I believe are more likely to occur with not-for-profits.

Alternate descriptions for–not-for-profits

While there have been discussions within the not-for-profit sector in Australia to identify a different term, such as not-for-dividend or not-for-distribution, I reiterate my comments above that the current not-for-profit term is well understood in Australia.

Based on my research outlined below, and included in the appendices, payment of dividend is not a sufficiently distinguishing characteristic.

2. Irrespective of your response to question one, is there enough guidance about which entities are, for-profit entities and not-for-profit entities? The NZASB is commencing a project to improve its guidance. Should the AASB work with NZASB on this?

Is there sufficient guidance?

I have not experienced situations where it has been difficult to reach a conclusion on an appropriate classification. However, as part of research for this submission, I have identified diversity in practice for what can be described as member organisations or entities performing similar activities. There may also be different views as to which classification social enterprises should adopt.

Having noted this diversity, I cannot recall significant issues about this diversity being raised in technical discussions amongst peers, including those amongst the large firms. Consequently, I believe that this diversity is not resulting in significant issues in practice.

Diversity in practice – member organisations

I noted diversity in entities classifying themselves as for-profit and not-for-profit for member organisations, or entities performing similar activities for:

- Automobile associations – Appendix A
- Co-operatives – Appendix B
- Football clubs (Australian Football League) – Appendix C
- Football clubs (Rugby League) – Appendix D
- Health insurance – Appendix E
- Credit unions – Appendix F

Diversity in practice – Social enterprises

I identified diversity in practice for organisations describing themselves as social enterprises and "profit-for-purpose", or organisations that operate similarly (Appendix G).

A social enterprise is 'a business operating for a social purpose'* and will commonly have the following attributes:

- Social Objectives are core to the purposes and focus of the enterprise
- Limited distribution of profits and/or distribution of profits with the purpose of maximising social impact – the majority of profits are reinvested in the enterprise and/or an associated social entity and are used to maximise social impact.
- Mixture of capital inputs – the enterprise is often supported through blending of earned income, grant income and philanthropic income.
- Blended Value Creation: Generation of social/ecological/ cultural returns (or a combination of these) in addition to a financial return

*(Adapted from Ingrid Burket's Typology – definition from the UK Social Enterprise Coalition)

Source: Queensland Social Enterprise Council
http://www.qsec.org.au/social-enterprise/

Consequences of diversity

It is not clear from the definition of for-profit, whether member based organisations, and social enterprises that have significant business operations, should be classified as for-profit or not-for-profit.

As noted above, current Australian accounting requirements for-profit and not-for-profit entities are largely the same, with the major modifications for NFPs being for grants and donations. Because of this focus on transaction neutrality, not only are similar transactions accounting for similarly, similar organisations account for their operations similarly.

From the organisations I identified, the classifications appeared appropriate, and that for many a reasonable argument could be made for the other classification.

I noted those organisations that relied on significant grants and donations as part of their operations had classified themselves as not-for-profit.

The biggest difference I identified related to capital grants. For example, government grants for football ground development were treated differently between St Kilda Football Club (not-for-profit) and West Australian Football Commission Inc (for-profit).

While there may be differences resulting from not-for-profits being able to revalue property, plant and equipment by class, rather than accounting for the revaluation by individual asset, I found more diversity between entities as to whether they used cost, deemed cost or fair value.

I believe there is little practical consequence with classifying an entity as a for-profit or not-for-profit entity under the current and proposed standard setting approaches. However, there would be significant differences if separate accounting frameworks were developed (refer Question 3).

Should the New Zealand Public Benefit Entity be used?

I would oppose the use of the term "public benefit entity" because in Australia the term is not commonly used, and is not well understood. I believe that changing terms would introduce unnecessary confusion and costs.

The Australian definition of for-profit entities is:

> those entities whose principal objective is the generation of profit.

The current definition of public benefit entities (PBEs) under NZ XRB A1 Application of the Accounting Standards Framework (Compiled to 20 Dec 2017) is:

> reporting entities whose primary objective is to provide goods or services for community or social benefit and where any equity has been provided with a view to supporting that primary objective rather than for a financial return to equity holders.

I believe that the New Zealand definition of public benefit entity is more complicated than the current Australian definition for not-for-profit, and the additional complications do not add any additional value.

I have not experienced situations where it has been difficult to reach a conclusion on an appropriate classification. I believe that any such situations can be resolved through professional judgement.

I do not believe that the New Zealand definition would provide a clear classification for the diversity I have identified in my research for member based organisations and social benefit enterprises described above.

I do not believe that the additional criteria in the New Zealand definition of "provide goods or services for community or social benefit" provides a useful distinguishing characteristic between for-profit and not-for-profit organisations.

I believe that most, if not all, organisations could claim that their operations "provide goods or services that have community or social benefit". Indeed, some organisations whose operations do not meet ethical investment guidelines, or may be regarded as socially unacceptable (such as a gaming business) could claim to meet that criteria.

For example, while Crown Resorts Limited (which operates hotel, gaming and entertainment facilities) does not specifically address this criteria, its 2016 Social Responsibility Statement states that it generated $3.5 billion in economic value, with almost all of that economic value distributed. I believe this could be used as an argument that Crown Resorts (and other organisations providing gaming facilities, such as not-for-profit member based organisations) "provide goods or services that have community or social benefit".

Therefore, the remaining distinguishing criteria is "primary objective other than for a financial return to equity holders", which is very similar to the current Australian definition.

3. Do you have any other comments on the AASB's draft Standard-Setting Frameworks?

I include comments below on two common suggestions when the accounting standard setting frameworks for not-for-profit entities are raised:

- Adoption of International Public Sector Accounting Standards (IPSASs)
- Adoption of the New Zealand approach for PBEs

I also discuss using IPSASs to improve Australian accounting standards.

Adoption of International Public Sector Accounting Standards (IPSASs)

Having a set of accounting standards written for the public sector has a very strong appeal. However, the use of IPSASs needs to be compared to what we already have in Australia. IPSASs will also need to be considered for the not-for-profit private sector, as IPSASs are not written for this sector.

The AASB currently uses IPSASs as an important source for setting Australian accounting standards for the public sector and not-for-profit sector, and proposes to continue to do so under ITC37.

However, the AASB has not established a separate series of accounting standards for the public sector and not-for-profit sector, and has not adopted word-for-word IPSASs.

The current approach of sector neutral standards is working well. In particular, for having the same standards for organisations operating in similar industries having similar accounting. This is shown by the research outlined above where there is diversity in classification between for-profit and not-for-profit and little practical difference in accounting.

The AASB staff recently compared Australian accounting standards with IPSASs with results published in AASB Staff Report: Australian Accounting Standards Board and International Public Sector Accounting Standards Board Pronouncements - A Comparison (May 2017).

The conclusion that permeates the report is that it would not be appropriate for the AASB to adopt the word-for-word IPSAS. Deficiencies in IPSASs include:

- lack of a fair value standard
- lack of an insurance standard
- lack of an income tax standard
- IPSASs have not adopted the other comprehensive income (OCI) terminology of IFRSs
- there are considerable delays between the issue of an IFRS standard and the equivalent IPSAS standard (often over 5 years, sometimes 10 years) (refer Appendix H)
- AASB standards are often more advanced than the equivalent IPSAS standard
- there is a lack of an interpretation body for IPSASs.

I agree with the applicable AASB Staff Report recommendations that Australia should not adopt word-for-word IPSASs.

I believe that the single set of standards provides significant benefits over having separate series of standards for for-profits and not-for-profits. This includes the ability to have employees move easily to and from the different sectors. I, and many others, have moved to and from for-profit based entities and not-for-profit entities.

Having more than one set of accounting standards will impose unnecessary costs. It would also result in the ridiculous situation of similar organisations using different accounting standard frameworks. This would also result in a burden on employees to either have to learn two different sets of accounting standards, or be restricted to which type of organisation they could join – i.e. they could only move from a football club that classified themselves as for-profit to another club that classifies themselves as for-profit.

I agree with the proposed approach of using IPSASs as an important source for setting Australian accounting standards. I believe that adopting a word-for-word version of IPSASs, and establishing a separate accounting standard framework, would be detrimental to the Australian economy.

Adoption of the New Zealand approach for PBEs

New Zealand appears to address the deficiencies in word-for-word IPSASs by adopting a hybrid approach of using IPSAS as a base and including IFRS modifications such as:

- Mandating the use of modified IFRSs where IPSAS does not have an equivalent standard, including:
    - PBE IFRS 3 Business Combinations
    - PBE IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
    - PBE IFRS 9 Financial Instruments
    - PBE IAS 12 Income Taxes
- Amending IPSAS equivalents for IFRS amendments, including:
    - Use of other comprehensive income terminology (e.g. PBE IPSAS 1)
    - Introduction of the IASB Disclosure Initiative amendments (e.g. PBE IPSAS 1)

Because New Zealand does not use an approach of identifying New Zealand specific paragraphs and amendments, it is often not immediately clear what amendments NZ has made to IPSASs. While many of the additional paragraphs are numbered xx.nn, other amendments are not clearly identified. For example PBE IPSAS 1 paragraphs 47 and 89A that have been changed or inserted for the IASB Disclosure Initiative.

The consequence of the New Zealand approach is that compliance with New Zealand PBE standards will not result in compliance with IPSASs. The resulting standards appear to be unique to New Zealand, and a system that they must maintain. The approach has been described as a "horrible hybrid" of IPSASs and IFRSs.

I believe that the single set of standards provides significant benefits over having separate series of standards for for-profits and not-for-profits. Having more than one set of accounting standards will impose unnecessary costs.

I believe that adopting the New Zealand hybrid IPSAS plus IFRS modifications approach would be detrimental to the Australian economy.

Using IPSASs to improve Australian accounting standards

I agree with the AASB Staff Report recommendations that the following be the highest priority areas for the AASB to use IPSASs to improve Australian standards:

- Public sector combinations, including business combinations under common control (BCUCC) / machinery of government changes
- Contribution by owners
- Service performance reporting

However, I do not believe that the issues are urgent, and do not require word-for-word adoption of the applicable IPSASs.

I believe that there should be more public sector examples in Australian accounting standards.

Public sector combinations, including business combinations under common control (BCUCC) / machinery of government changes

"Freezing" the asset revaluation reserve

While there is no accounting standard on this topic for the public sector in Australia, I believe that any significant issues can be resolved by applying the "predecessor method" that is commonly applied in the private sector.

The major issue identified by audit offices, as part of my outreach on machinery of government issues, was the "freezing" of the asset revaluation reserve on transfer of the business. This arises from recognising the transfer of asset and liabilities as an equity contribution in one equity line item component, being contributed equity.

Based on my research, I believe that this is effectively a self-imposed restriction by jurisdictions, and that transferring the equity components (such as the asset revaluation reserve) is permitted under the predecessor method used in IFRS jurisdictions. Transferring reserve balances is part of the modified pooling approach under IPSAS 40.

Having brought this issue to the attention of AASB staff, I am satisfied with their proposed actions to clarify whether the perceived restriction is a deliberate Australian NFP modification or not.

As the IASB currently has a project on BCUCC, I support the AASB staff's recommendation to follow that project.

Mergers and revenue recognition

Adopting IPSAS 40 would appear to allow local council mergers and restructures to be accounted for as equity contributions, rather than a revenue contribution. While a pragmatic solution, the approach does seem to be inconsistent with the view that local councils are not controlled by the state government.

Before this approach is adopted in Australia, consideration would need to be made of consequences for mergers of not-for-profit organisations, such as charities and other member organisations in Australia.

I support the AASB staff's recommendation to consider the IASB project on BCUCC and the updated IASB conceptual framework.

If the AASB is concerned about once-off revenue recognition in councils for these unusual situations, I would recommend that the AASB reconsider upfront revenue recognition for capital grants, which is a for more common occurrence amongst not-for-profit entities.

Contribution by owners

IPSASs have a more substance over form approach to equity contributions compared to the rule-based approach in Australia (Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities).*

In my experience, I have been involved with discussions about potential transactions where the rules based approach in Interpretation 1038 was being considered to achieve a particular outcome different to that using substance over form. However, I do not recall any of these situations being implemented.

I have also been involved in situations where the preparers and auditors discussed applying the rules based approach in Interpretation 1038 agreeing that it would result in an outcome different to that using substance over form. The most common situation is recognising revenue, rather than an equity, for a contribution of a transfer because of a lack of designation required by Interpretation 1038. The designation requirement is one introduced by accountants, and is not something non-accountants (who decide on these transfers) would naturally consider.

These situations have usually been resolved by better documenting intentions (even if after the event), and establishing enduring designations for classes of transfers.

While I would prefer a more substance over form approach in Australia, I have found Interpretation 1038 a useful reference when considering whether a contribution should be recognised as revenue or equity.

I supper the AASB staff's recommendation to consider this issue as it considers the updated IASB conceptual framework.

Service performance reporting

I believe that having guidance on service performance reporting would be useful in Australia for the public sector and not-for-profit sectors.

When the AASB issued ED270 *Reporting Service Performance Information*, it had considered the IPSAS equivalent Recommended Practice Guideline (RPG) 3

Reporting Service Performance Information. The AASB decided to make modifications to RPG 3. The IPASB does not appear to be planning any update to RPG 3 in the near future. I believe that adopting the word-for-word IPSAS RPG 3 would not be appropriate for Australia.

Additional public sector examples in Australian standards.

Given the experience of AASB members, and the outreach that AASB staff undertake (including with The Heads of Treasuries Accounting and Reporting Advisory Committee (HoTARAC) and The Australasian Council of Auditors-General (ACAG)) there is no excuse for not having more public sector examples in Australian standards.

The AASB Staff Report identified a number of IPSASs that have public sector specific examples that are not included in the Australian standard.

Appendix A – Examples of diversity in FP and NFP classification - Automobile associations

For-profit compared to not-for-profit

	$'000	$'000	$'000
Entity - Short name	RACQ	NRMA	RACV
Entity - Full name	The Royal Automobile Club of Queensland Limited	National Roads and Motorists' Association Limited	Royal Automobile Club of Victoria (RACV) Limited
Balance date	30-Jun-17	30-Aug-17	30-Jun-17
For-profit / Not-for-profit	Not-for-profit	For-profit	For-profit
Revenue	1,169,516	527,458	619,800
Grants / Contributions (revenue)	0	No	0
Profit after tax	26,743	92,990	41,200
Dividend paid	Prohibited	Prohibited	Prohibited
Assets	4,247,624	1,476,976	2,290,900
Equity	1,340,621	983,842	1,636,000
Share capital (or equivalent) (parent)	No shares	0	0
Land and buildings (cost or fair value)	Cost	Cost	Fair value
Taxable (subject to tax)	Yes	Yes	Yes
Insurance contracts	Yes	As agent	As agent

Appendix B – Examples of diversity in FP and NFP classification - Co-operatives

For-profit compared to not-for-profit

	$'000	$'000	$'000	$'000
Entity - Short name	Murray Goulburn	Norco	CBH Group	QSL
Entity - Full name	Murray Goulburn Co-operative Co. Limited	Norco Co-operative Limited	Co-operative Bulk Handling Limited	Queensland Sugar Limited
Balance date	30-Jun-17	30-Jun-17	30-Sep-17	30-Jun-17
For-profit / Not-for-profit	For-profit	For-profit	Not-for-profit	Not-for-profit
Revenue	2,491,053	555,625	3,476,854	2,269,783
Grants / Contributions (revenue)	0	0	0	0
Profit after tax	(370,800)	1,122	91,302	0
Dividend paid	Suspended	Debt	Not paid	Not paid
Assets	1,675,609	186,653	2,172,529	304,496
Equity	735,391	65,107	1,735,141	45,716
Share capital (or equivalent) (parent)	730,116	Debt	5	0
Land and buildings (cost or fair value)	Fair value	Cost (deemed 2004)	Cost	Cost
Taxable (subject to tax)	Yes	Yes	Yes	Yes
Insurance contracts	No	No	No	No
Other		Company has shares which are classified as debt		

Appendix C – Examples of diversity in FP and NFP classification - Football clubs (Australian Football League)

	$'000	$'000	$'000	$'000	$'000
Entity - Short name	Sydney Swans	St Kilda Saints	GWS Giants	West Coast Eagles	WAFC
Entity - Full name	Sydney Swans Limited	St Kilda Saints Football Club Ltd	Western Sydney Football Club Limited	Indian Pacific Limited	West Australian Football Commission Inc
Balance date	31-Oct-16	31-Oct-17	31-Oct-16	31-Oct-16	31-Oct-16
For-profit / Not-for-profit	Not-for-profit	Not-for-profit	For-profit	For-profit	For-profit
Revenue	49,073	47,953	37,602	61,723	136,334
Grants / Contributions (revenue)	0	8,856	2,426	1,800	No breakdown
Profit after tax	53	5,267	(493)	7,837	3,138
Dividend paid	Not paid	Not paid	Prohibited	Not paid	Association
Assets	9,287	22,121	14,862	65,107	117,494
Equity	2,086	4,633	10,847	53,316	78,739
Share capital (or equivalent) (parent)	0	0	12,480	5,446	0
Land and buildings (cost or fair value)	Cost	Cost	No L&B	No L&B	No L&B
Taxable (subject to tax)	Exempt	Parent	Exempt	Exempt	Exempt
Insurance contracts	No	No	No	No	No
Other			Stadium not on balance sheet	Subsidiary of WAFC Inc	Organisation states in glossy part of annual report that it is not-for-profit, though it uses for-profit standards (i.e. government grant)

Note: Grants / Contributions do not including funds from the Australian Football League, often described as grants, contributions or distributions.

Appendix D – Examples of diversity FP and NFP classification - Football clubs (Rugby League)

	$'000	$'000	$'000	$'000
Entity - Short name	Cronulla Sharks	Canterbury-Bankstown Bulldogs	Melbourne Storm	Brisbane Broncos
Entity - Full name	Cronulla-Sutherland Leagues Club Limited	Bulldogs Rugby League Club Limited	Melbourne Storm Rugby League Club Limited	Brisbane Broncos Limited
Balance date	31-Oct-16	31-Oct-16	31-Oct-14	31-Oct-16
For-profit / Not-for-profit	Not-for-profit	Not-for-profit	For-profit	For-profit
Revenue	36,927	109,084	23,109	42,299
Grants / Contributions (revenue)	0	0	0	0
Profit after tax	850	10,839	315	2,804
Dividend paid	0	0	0	735
Assets	62,609	183,298	2,298	43,127
Equity	36,064	165,907	17	31,445
Share capital (or equivalent) (parent)	0	0	0	28,992
Land and buildings (cost or fair value)	Deemed cost	Cost	No L&B	No L&B
Taxable (subject to tax)	Yes	Yes	Exempt	Yes
Insurance contracts	No	No	No	No L&B

Note: Grants / Contributions do not including funds from the NRL, often described as grants, contributions or distributions.

Appendix E – Examples of diversity FP and NFP classification - Health insurance

	$'000	$'000	$'000	$'000	$'000
Entity - Short name	HCF	Australian Unity	nib	Medibank	Medibank
Entity - Full name	Hospitals Contribution Fund of Australia Limited	Australian Unity Limited	nib holdings limited	Medibank Private Limited	Medibank Private Limited
Balance date	30-Jun-17	30-Jun-17	30-Jun-17	30-Jun-17	30-Jun-08
For-profit / Not-for-profit	Not-for-profit	Not-for-profit	For-profit	For-profit	For-profit
Revenue	2,528,715	1,745,872	1,943,100	6,797,000	3,390,372
Grants / Contributions (revenue)	0	0	0	0	0
Profit after tax	184,992	46,848	120,200	449,500	187,492
Dividend paid	0	Not paid	76,800	309,800	0
Assets	2,185,584	5,185,737	1,136,100	3,462,500	2,291,728
Equity	1,542,228	620,975	427,600	1,719,800	1,330,861
Share capital (or equivalent) (parent)	0	255,919	25,000	85,000	85,000
Land and buildings (cost or fair value)	Fair value	Cost	Cost	Cost	No L&B
Taxable (subject to tax)	Yes	Yes	Yes	Yes	No
Insurance contracts	Yes	Yes	Yes	Yes	Yes
Other		Accounting policy appears to defer government grants related to costs and PPE (i.e. for-profit approach)			Changed to "for profit" health insurer in 2010

Appendix F – Examples of diversity FP and NFP classification - Credit unions

	$'000	$'000	$'000	$'000
	Capricorn Society	Holiday Coast	Qudos Bank	Goulburn Murray
Entity - Short name				
Entity - Full name	Capricorn Society Limited	Holiday Coast Credit Union Ltd	Qudos Mutual Limited (formerly Qantas Credit Union)	Goulburn Murray Credit Union Co-operative Limited
Balance date	30-Jun-17	30-Jun-17	30-Jun-17	30-Jun-17
For-profit / Not-for-profit	For-profit	For-profit	For-profit	Not-for-profit
Revenue	111,221	1,818	73,501	11,777
Grants / Contributions (revenue)	0	0	0	0
Profit after tax	17,766	1,555	11,014	2,122
Dividend paid	11,369	153	0	0
Assets	339,697	589,083	3,522,266	350,154
Equity	167,182	41,948	254,786	41,338
Share capital (or equivalent) (parent)	110,959	3,684	0	0
Land and buildings (cost or fair value)	Cost	Fair value	Nil	Fair value
Taxable (subject to tax)	Yes	Yes	Yes	Yes
Insurance contracts	Broker	Agent	No	No

Appendix G – Examples of diversity FP and NFP classification – Social enterprises and similar organisations

	$'000	$'000	$'000	$'000
Entity - Short name	Beyond Bank	Goodstart	YWCA NSW	CEHL
Entity - Full name	Community CPS Australia Limited	Goodstart Early Learning Limited	YWCA NSW (Limited)	Common Equity Housing Limited
Balance date	28-Aug-17	30-Jun-17	30-Jun-17	30-Jun-17
For-profit / Not-for-profit	For-profit	Not-for-profit	Not-for-profit	Not-for-profit
Revenue	138,119	963,788	17,984	17,082
Grants / Contributions (revenue)	0	29,269	9,317	236
Profit after tax	24,725	2,613	(406)	67,333
Dividend paid	22	Not paid	Prohibited	Not paid
Assets	5,415,141	321,440	24,224	834,513
Equity	431,184	83,900	18,699	759,198
Share capital (or equivalent) (parent)	681	Debt	0	0.1
Land and buildings (cost or fair value)	Deemed cost	Cost	Deemed cost	Cost
Taxable (subject to tax)	Yes	Exempt	Exempt	Exempt
Insurance contracts	Agent	No	No	No
Other			Includes 250K of in-kind revenue	While entity states it is NFP it is recognising "grant amortisation" over approx. 20 years

Note:

Beyond Bank describes itself as a profit-for-purpose entity
Goodstart describes itself as a social enterprise
YWCA NSW, while describing itself as not-for-profit, has approximately 50% of its revenue from trading activities

Appendix H – Delays between IFRS and issue of equivalent IPSAS

Expected issue date is per December 2017 IPSASB work plan.

IFRS standard	Issue date	IPSAS standard	Issue date / Expected issue date	Delay
IAS 39 *Financial Instruments: Recognition and Measurement*	Dec 1998	IPSAS 29	Jan 2010	11 years
IFRS 9 *Financial Instruments*	Jul 2014	Not yet issued	Sep 2018	4 years
IFRS 13 *Fair value measurement*	May 2011	Not yet issued	Jun 2020	9 years
IFRS 15 *Revenue*	May 2014	Not yet issued	Jun 2020	6 years
IFRS 16 *Leases*	Jan 2016	Not yet issued	Jun 2019	3.5 years