

RSM'S RESPONSES TO SPECIFIC MATTERS FOR COMMENT [ITC 50]

Examples to illustrate your responses are also most helpful.	
22. Does the application of AASB 1058 and AASB 15 by NFP entities adversely affect any regulatory requirements for NFP entities?	We have no further comment.
23. Does the application of AASB 1058 and AASB 15 by NFP entities result in major auditing or assurance challenges?	<p>We believe that application of AASB 1058 has created an additional financial burden for NFPs, from fees for accounting advisory services to assist in applying the new standards; to increased audit fees in auditing what is often a significant risk area, and sometimes even legal fees in redrafting contracts to avoid undesirable accounting outcomes.</p> <p>Due to the significant additional level of judgement arising from the application of the standards additional burden has been placed on auditors, particularly in the assessment of sufficiently specificity of performance obligations in grant revenue, where considerable time is often required to review client judgements in line with grant terms and requirements of AASB 15 Appendix F.</p>
24. Overall, do AASB 1058 and AASB 15 result in financial statements that are more useful to users of NFP entity financial statements?	<p>In our view we believe that the application if the standards has in many cases resulted in financial statements that are less useful to users, particularly where entities have been forced to recognise grant income on a cash basis. Such treatment is at odds with historic treatment and has in our experience led to frustration and misunderstanding for NFP leadership, particularly for non-financially educated persons, due to the incongruity of timing of funding and expenditure across periods and resulting accounting surplus/deficits which may arise.</p>
25. In your view, do the benefits of applying the requirements of AASB 1058 and AASB 15 exceed the implementation and ongoing application costs for NFP entities?	<p>In our view we strongly believe any benefits of applying do not outweigh associated costs and burden for NFP entities for the rationale outlined above. As noted, our view is that the standard changes are largely retrograde and significant changes are required.</p>
26. Are there any other matters that should be brought to the attention of the AASB as it undertakes this PIR on the accounting for income of NFP entities?	We have no further comment.