



THE UNIVERSITY OF  
WESTERN AUSTRALIA

# AASB Dialogue Series

## External Reporting for Not-for-profit Private Sector Entities: Challenges & Opportunities

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Australian Government

Australian Accounting  
Standards Board



CHARTERED ACCOUNTANTS  
AUSTRALIA + NEW ZEALAND



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This presentation is derived from projects undertaken as part of the Australian Nonprofit Accounting Standards Research Program

It is part of a wider Nonprofit Audit research agenda including examinations of the practice of financial reporting and audit

# Agenda

Examples of Projects

Findings – Challenges & Opportunities

# Often Cited Key Issues

- GPFR v SPFR
- Cost versus Benefit
- Decision Usefulness
- Government / Nonprofit Nexus – Accountability
- User Identity...& what decisions do they take?
- How is information provided?

# Projects:

- 1) Decision Usefulness: with Andrew West & Yuyu Zhang of QUT
- 2) Asset Valuation: with Prerana Agrawal (UWA) & Vien Chu (Newcastle)
- 3) Earnings Management: with Dane Etheridge (Curtin) & Frank Liu (UWA)

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These papers are available at...

AASB Website:

<https://aasb.gov.au/research-resources/research-forum/2021/>

And AASB SSRN website:

<https://aasb.gov.au/research-resources/publications/aasb-working-papers-series/>

# Major Challenges – direct reporting issues

- Financial Literacy
  - Challenge of raising the bar v simplifying
  - Directors as Users
- Proportionality
  - Cost v benefit
  - Valuation...Administered & Controlled Assets
- Nonprofit Myths
  - Surplus v profit
  - Reserves



# Major Challenges – extended issues impacting financial governance:

- Lack of governance experience
- Volunteer directors: little industry knowledge
- Retired volunteer directors: not up to date
- Lack of administrative resources
- Regulatory compliance a priority
- Acquittal to specific funders
- “Tick the box” governance:

“[We are]...on autopilot to be honest, sort of rinse and repeat from last year, you know, from every previous year.” Participant

# Opportunities

- Universal support for financial reporting
- Universal recognition of accountability
- ACNC Standard Chart of Accounts
- Audience for increased financial literacy
- Audience for removing the myths
- Government funder needs
- Small sector

# Contacts

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<http://www.research.uwa.edu.au/not-for-profits-uwa>