



Australian Government



Australian  
**Charities** and  
Not-for-profits  
Commission

24 October 2018

Our ref: EXT2018/59

Ms Kris Peach  
Chair  
Australian Accounting Standards Board (AASB)  
PO Box 204  
COLLINS STREET VIC 8007

Dear Ms Peach

**AASB Consultation Paper ICT 39 May 2018 - *Applying the IASB's Revised Conceptual Framework and Solving the Reporting Entity and Special Purpose Financial Statement Problems***

The Australian Charities and Not-for-profits Commission (**ACNC**) welcomes the opportunity to comment on ITC 39 *Applying the IASB's Revised Conceptual Framework and Solving the Reporting Entity and Special Purpose Financial Statement Problems (ITC 39)*. We provide this letter which includes general comments only, noting the change in scope to ITC 39 by the AASB Board at its September 2018 board meeting that "proposals in ITC 39 will apply only to for-profit entities". As such the ACNC will not be providing comments in relation to the proposals applying to for-profit private sector entities.

The ACNC was established on 3 December 2012 by the *Australian Charities and Not-for-Profits Commission Act 2012 (Cth) (ACNC Act)*. The objects of the ACNC Act are to:

- maintain protect and enhance public trust and confidence in the Australian not-for-profit (NFP) sector;
- support and sustain a robust, vibrant, independent and innovative Australian NFP sector; and
- promote the reduction of unnecessary regulatory obligations on the Australian NFP sector.

The ACNC maintains a free and searchable online public register of charities (**the Charity Register**). The Charity Register helps the public to understand the work of the charity sector and enables charities to be transparent by publishing information about their governance, activities, operations, and finances.





As at 11 October 2018, there were 56,498 charities registered with the ACNC. The ACNC regulates charities in Australia which are a sub-sector of the Not-for-profit sector. It is with regard to the impact of the proposed change on the charities sub-sector within which we frame our response. [ACNC Commissioner's Policy Statement 2017/04: Financial reporting scaffolding policy](#) guides ACNC participation in dialogue about financial reporting.

The ACNC agree that extensive research and consultation with NFP entities will need to continue to obtain a comprehensive understanding of the impact of removing Special Purpose Financial Statements in Australia which are currently accepted under the ACNC Act and the options available for the NFP sector to replace them. There are already significant changes in relation to financial reporting and legislative reform which are impacting charities and the ACNC is mindful of this in the broader environment.

The ACNC welcomes the opportunity to continue working with the AASB and the NFP sector to support a better financial reporting framework that is proportionate, fit for purpose, meets the needs of users and minimises regulatory burden on charities. Greater consistency and comparability in financial reporting should assist to underpin trust and confidence in the sector.

In the meantime, the ACNC will continue to administer the reporting requirements as set out in Division 60 of the ACNC Act.

Please do not hesitate to contact Mel Yates, at [Melville.Yates@acnc.gov.au](mailto:Melville.Yates@acnc.gov.au) or 03 927 59595 should you have any queries in relation to the above.

Yours sincerely,

Hon Dr Gary Johns  
Commissioner  
Australian Charities and Not-for-profits Commission