



# International Accounting Standards Australian reporting for not-for-profits

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# International Accounting Standards

- International Accounting Standards Board IASB responsible issuing IFRS (global application)
- IASB issued a conceptual framework many argue not suitable for NFPs
- IASB supports transaction neutral reporting
- IPSASB conceptual framework consultation paper, relevant to both public and private NFPs
- IFRS for SMEs (private entities) – reduced disclosure for smaller companies



# Australian Current Disclosures

- Incorporated Associations
  - Vastly different depending upon state based legislation
- Companies limited by guarantee
  - C'wealth legislation, require an Annual Report
- Co-operatives
  - Vastly different depending upon state based legislation
- Religious organisations
  - Often a statutory corporation with limited reporting requirements
- Other / Fundraising
  - A whole range of legal structures with varying requirements
  - Fundraising different in every state



## Inquiries & reports

- Charities definition inquiry 2001
- Choice report into charities
  - improved accountability & transparency required
- Senate inquiry into disclosure regimes for charities and NFPs (due to report Dec 4<sup>th</sup>)
  - 174 submissions received
  - Overwhelming support for nationally consistent regime
- Treasury unlisted public companies 2007
- Henry review into taxation (reports Dec 2009)



# ICAA recommendations

1. A single national disclosure and regulatory regime for NFPs should be introduced
  - **Either charities commission, or existing body**
2. The regulatory report should operate under a tiered system on the basis of revenue
  - **> \$2M full IFRS, full audit**
  - **>\$500k <2\$m IFRS for SMEs, review or full audit**
  - **< \$500k key financial data, enhanced governance regime (mission, objectives & performance)**
3. Single separate accounting standard for NFPs
4. Separate conceptual framework for NFPs



# Other future Issues

- ICAA releasing updated version of “Enhancing NFP Annual & Financial Reporting” March 2009
- Standard Business Reporting based on XBRL being piloted with 3 government agencies
- QUT standard chart of accounts gradually being adopted by government