

**Submission from Diane Robinson CA on Tier 3 Not-for-Profit Reporting Standards. Diane specialises in the auditing of Tier 3 and Tier 4 Not for Profits, including registered Charities and non-Charities, e.g., Business Associations 26 September 2022**

Service performance reporting (Section 4.1)

1. Do you agree with the proposed amendments relating to service performance reporting?

**Yes, thank you. Will be a relief for those who just struggle on the outputs and outcomes reporting.**

Asset valuation (Section 4.2)

2 Do you agree with the proposal to include requirements for the revaluation of property, plant and equipment within the Tier 3 (NFP) Standard, rather than require an entity to opt-up to Tier 2?

**Yes, thank you-keep it simple**

3 Do you agree with the proposal to require revaluation movements on property, plant and equipment to be recognised directly in accumulated funds through a revaluation reserve?

**Yes, I know it goes against what accounting purists think. But, in my view most users of NFP statements don't understand that surplus after revaluation is not 'how much money was made.'**

4 Do you agree with the proposal that investment property should be accounted for in the same manner as property, plant and equipment?

**Given that we are only talking Tier 3 entities, yes, I do.**

5. Do you agree with the proposal to allow publicly traded financial investments to be measured at market value?

**Yes.**

6. Do you agree with the proposal to require changes in the market value of investments to be recognised as revenue or expenses in the statement of financial performance?

**On the assumption that these investments are easily tradeable then yes.**

7 Required categories for presenting revenue and expenses (Section 4.3) 7. Do you agree with the proposals to amend the required revenue and expense categories?

**I think there should be the option to show donations from members and donations other as separate lines in the statement of financial performance. It would seem that donations from members will now be included in all donations received. There is a presumption that donations come from the public, whereas for some entities all if not most of the donated income comes from members, e.g., Churches. I would prefer a separate class of donations from members as the broad-brush 'this is how much charities received from the public' is a misinterpretation. I recognise some entities find splitting out donations between members and non-members difficult so perhaps its an optional class that is encouraged**

**I do think splitting capital grants from revenue grants is important**

**I think government should be referenced as central/local government. To make it clear that funding from Local Councils is treated the same way as Central Govt Dept funding**

**The phrase 'commercial activities' may sound contrary to not-for-profit entities. I'd suggest that sale of goods and provision of services be referred to as Commercial activities subsidised and non-subsidised. E.g., an entity may charge for counselling services at a heavily discounted rate and might not see that as a 'commercial activity**

**We need explicit guidance on what to do with independent contractor costs. Should they be included in with employee remuneration. Some independent contractors work year after year and the ongoing cost is significant**

Question Q8. Do you agree with the proposals to amend the revenue recognition requirements for significant grant, donation, bequest and pledge funding?

**Thank you yes. But please note some providers do little more than send a note saying 'congratulations grant approved'. Auditors and compilation accountants then have to reference what the entity said in the grant application for the detail on what it is to be used for and when.**

Questions Q9. Do you agree with the proposals to require an entity to provide enhanced note disclosure that explains the purpose for which accumulated funds are held?

**Yes**

Q10. Do you agree with the proposals to remove the requirements related to restricted reserves?

**Ok**

Q 11 Do you agree with the proposed accounting treatment for items of other comprehensive revenue and expense?

**ok**

Q12. Do you have any comments on the new Appendix C?

**Ok**

Q13. Do you agree with the proposed amendments to Section 3 Entity Information

**Yes, though I expect some committees might have animated discussions about para 37) d, i.e., who makes the key decisions on behalf of the entity and who really makes them.**

Q14. Do you agree with the proposed amendments to the statement of cash flows?

OK

Q15. Do you agree with the proposed amendment to the definition of cash?

**I would still prefer to see all term deposits included as cash in bank, not just those with terms of 3 months or less. Term deposit roll over leads to entries of purchase and sale of investments in investing activities in the cashflow, when in fact all that is happened is that a term deposit has rolled over.**

Do you agree with the proposed effective date of 1 April 2024, with early adoption permitted?

**Yes**

Q17 Do you have any other comments on the proposals to amend the reporting requirements for Tier 3 NFP entities?

**Para A190 states that opening book value, depn and closing b.v. be stated for each category of fixed asset. Surely it would be better to state cost and accumulated depreciation where this information is available? This gives users a better guide of likely replacement cost. (I recognise some organisations may have lost the original cost data)**