

NFP Special Purpose Financial Statements

Not-for-profit entities are required to disclose how they do not comply with the recognition and measurement requirements of the Australian Accounting Standards

9 March 2021

Introduction

Whilst the removal of Special Purpose Financial Statements (SPFS) has yet to impact Not-for-Profit entities (NFPs), the AASB has introduced AASB 2019-4.

NFPs preparing SPFS from 30 June 2020 must now disclose its compliance with the recognition and measurement (R&M) requirements to the Australian Accounting Standard (AAS), including consolidation and equity accounting requirements.

Who is affected?

- Medium and large ACNC charities preparing SPFS that comply with ACNC reporting requirements
- NFP entities lodging SPFS with ASIC (e.g. companies limited by guarantee)

Who is not affected?

- ACNC small charities
- ACNC charities not required to comply with ACNC reporting requirements due to transitional reporting arrangements
- NFP public sector entities
- FP and FP public sector entities preparing SPFS

What action must be taken?

1. Review existing accounting policies and R&M requirements in AAS to assess impact on any future transition from SPFS to any potential new reporting requirements

2. Draft disclosure in SPFS for approval by those charged with governance prior to year end

What are the disclosure requirements?

- The basis on which the decision to prepare SPFS was made
- Accounting policy in SPFS
 - Disclose an indication of where the accounting policy does not comply with the R&M requirements in AAS (except for consolidation and equity accounting), or
 - State that assessment on compliance has not been made
- Overall compliance with R&M requirements
 - Disclose whether or not, the SPFS overall comply with the R&M requirements in AAS (except for consolidation and equity accounting), or
 - State that such an assessment has not been made
- Application of consolidation and equity accounting requirements
 - Disclose whether or not interests in subsidiaries, associates or joint ventures have been consolidated or equity accounted consistent with requirements in AASB 10 and AASB 128. If not, disclose that fact and the reasons why
 - If assessment has not been made and not required by legislation to do so, disclose that no assessment has been made





Advisors & Accountants

Reference

AASB 2019-4: Disclosure in Special Purpose Financial Statements of Not-for-Profit Private Sector Entities on Compliance with Recognition and Measurement Requirements

Important Dates

Annual reporting periods ending on or after 30 June 2020

How ShineWing Australia can assist

Contact one of our experts below to discuss how these financial reporting disclosure requirements affect your existing accounting policies.

Contacts



Hayley Underwood
Partner, Assurance and Advisory Services

T +61 3 8635 1878
E hunderwood@shinewing.com.au



René Muller
Partner, Assurance and Advisory Services

T +61 2 8059 6814
E rmuller@shinewing.com.au



Meng Yuen Leong
Quality, Risk and Compliance Senior Manager, Assurance and Advisory Services

T +61 3 8635 1880
E mleong@shinewing.com.au

