

I submit that the proposed changes to the ability to not-for-profit entities to prepare special purpose financial statements, set out in AASB Exposure Draft 334, is problematic in some regards

The proposed changes would effectively mean that all charities with revenue >\$500k would need to prepare general purpose financial statements.

Consideration must be had to structures that are branch / local group based, so rely on a significant portion of volunteers from many different geographic areas, who are not always well-skilled, resourced and full of time, to undertake day to day accounting activities. Further, how they will report is unique given certain revenues and expenditures may wish to be included or excluded, reflecting the head office vs branch / local group-divide. I submit such volunteer-based entities should be excluded from any reforms.

Likewise, consideration needs to be had to the threshold; \$500,000 is too low. I submit that any reform should only apply to charities with an annual revenue >\$3 million, at the lowest, and also only to NFPs with a similar annual >\$3 million, at the lowest.

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