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6 September 2019

Ms Kris Peach
Chairman
Australian Accounting Standards Board
Level 14, 530 Collins Street
Melbourne VIC 3000

Dear Ms Peach

SUBMISSION – AASB ED 291 NOT-FOR-PROFIT ENTITY DEFINITION AND GUIDANCE

We appreciate the opportunity to provide comment to the Australian Accounting Standards Board (the AASB) on the AASB's Exposure Draft 21A *Not-for-Profit Entity Definition and Guidance* (the Exposure Draft).

Pitcher Partners is an association of independent firms operating from all major cities in Australia. Firms in the Pitcher Partners network are full service firms and we are committed to high ethical standards across all areas of our practice. Our clients come from a wide range of industries and include listed and non-listed disclosing entities, large private businesses, family groups, government entities, not-for-profit entities and small to medium sized enterprises.

Overall, we are supportive of the proposed new definition which will define a NFP as “an entity whose primary objective is to provide goods or services for community or social benefit and where any equity has been provided with a view to supporting that primary objective rather than a financial return to equity holders.”

Our support is based on the following rationale:

- The binary focus of the current definition on a profit-related objective, whereas the proposed definition focuses on the reality of not-for-profits which often have dual of multiple objectives; and
- The current definition is often perceived by stakeholders to mean that a NFP entity cannot generate a profit. Profit generation is important for entities, NFPs being no exception, to remain sustainable to support their objectives.

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Based on our preliminary consideration of our NFP client base, we do not envisage that the proposed definition will change the for-profit/not-for-profit classification of entities, particularly given the indicator approach to the assessment and the guidance provided on this approach.

Please contact either myself or Ms Kerry Hicks, Director – Technical Standards (02 9228 2272 or kerry.hicks@pitcher.com.au), in relation to any of the matters outlined in this submission.

Yours sincerely



K L Byrne
Partner



Kerry Hicks
Director, Technical Standards