GAAP ALERT

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COLIN'S CORNER

Audit assistance with AASBs 15, 9 and 16

The forthcoming standards on revenue, financial instruments, and leases pose various challenges for auditors and their clients, including to what degree an auditor may assist.

The code of ethics for professional accountants provides the framework for auditors' decision-making. It states explicitly that management is responsible for the preparation and fair presentation of financial statements.

Providing an audit client with accounting and book-keeping services, such as preparing the accounting records or financial statements, creates a self-review threat when the firm subsequently audits them.

The code specifies a conceptual approach to addressing threats to its fundamental principles, including an auditor's independence of mind and in perception.

The code declares no difference between general-purpose and special-purpose financial statements.

An audit firm is prohibited from preparing financial statements for an audit client that is a public interest entity (PIE) where the firm will express an opinion or prepare financial information that forms the basis of the statements.

A PIE is a defined term – a listed entity. The code also specifies other entities that satisfy PIE conditions – many and widely-ranging stakeholders – and thus are likely to be classified as PIEs. It requires audit firms to determine entities and categories to be treated as PIEs.

Unfortunately, some firms do not have a policy on PIEs, placing them at risk of breaching independence requirements.

For audit clients that are not PIEs, an audit firm may prepare accounting records and financial statements if the services are routine or mechanical in nature, and any 'self-review threat' created is reduced to an acceptable level.

Is the transition to AASBs 15, 9 and 16 routine or mechanical? I think not.

Self-review threats need to be evaluated and safeguards applied to eliminate them or reduce them to acceptable levels. Safeguards may include performance of the service by an individual who is not part of the audit team. This decision-making process needs to be documented.

The code recognises that the audit process necessitates a dialogue between auditor and client. This process may involve the application of accounting standards that do not create threats to independence.

It also recognises that a client may request technical assistance on accounting issues, providing examples, say, of conversion of existing financial statements from one reporting framework to another. This type of help is viewed as generally unlikely to threaten independence provided the firm does not assume a management responsibility.

INSIDE THIS ISSUE

The analogy is drawn by some auditors that they can provide technical assistance with the application of the AASBs 15, 9 and 16 – a slippery slope.

The code does not have an exclusion to independence rules when a client is small and management and governance has limited or no financial-reporting competence. Such circumstances can be a risk to the auditor if he or she just wants to help a client meet its reporting obligations.

Governance and management must rise to the challenge of understanding and implementing AASBs 15, 9 and 16, and just not think that the auditor will do this for them.

Financial reporting

ESMA publishes 20th enforcement-decisions report

The European Securities and Markets Authority (ESMA) has published further extracts from its confidential database of enforcement decisions taken by European authorities.

ESMA's confidential database is a source that aims to foster appropriate application of International Financial Reporting Standards (IFRS).

The publication of enforcement decisions is designed to inform market participants about which accounting treatments European national enforcers may consider as complying with IFRS, that is, whether the treatments are considered as being within the accepted range of those permitted by IFRS.

ESMA considers that the publication of the decisions, together with the rationale behind them, will contribute to a consistent application of IFRS in the European Union.

As Australia adopts IFRS, rebranding them as AASB standards, ESMA's decisions are relevant.

Topics covered in the latest batch of extracts, covering the period from March 2014 to June last year, include:

Standard	Topic
IFRS 7 *Financial Instruments: Disclosures*	Qualitative disclosures of the risks arising from financial instruments
IFRS 12 *Disclosure of Interests in Other Entities*	Disclosure of significant judgements and assumptions in determining the existence of significant influence
IAS 36 *Impairment of Assets*	Disclosures relating to determination of value in use
IAS 39 *Financial Instruments: Recognition and Measurement*	Recognition of losses on loans upon conversion to shares
IAS 1 *Presentation of Financial Statements*	Presentation of equal and opposite gains and losses in the statement of profit or loss and other comprehensive income for the period
IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors,* and IAS 38 *Intangible Assets*	Reclassification of capitalised milestone payments by a pharmaceutical company to the statement of profit or loss
IFRS 10 *Consolidated Financial Statements*	Legal requirements that prevent a shareholder from exercising its rights
IFRS 10 *Consolidated Financial Statements*	Determining whether an entity is an investment entity
IAS 16 *Property, Plant and Equipment*	Depreciation of vessels in the oil and gas industry
IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* and IAS 36 *Impairment of Assets*	Application of value in use methodology in impairment testing
IAS 36 *Impairment of Assets* and IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*	Recognition of onerous contract provisions
IAS 36 *Impairment of Assets*	Identification of cash-generating units
IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors, IAS 17 Leases,* and IAS 32 *Financial Instruments: Presentation* and IFRIC 4 *Determining whether an Arrangement contains a Lease*	Purchase of a car fleet with an agreed buy-back agreement
IAS 12 *Income taxes*	Recognition of deferred tax assets for unused tax losses

The enforcement insights are helpful to preparers and auditors in all jurisdictions.

Streamlining remuneration-reporting proposals

Streamlining Remuneration Reporting released by the Group of 100 (G100) and PwC is a response to user concerns that remuneration reports are complex, repetitive and that the information in them is often poorly presented in an array of tables and footnotes.

Both organisations have worked with Cochlear Limited to provide an improved real-life report that complies with current requirements.

Suggestions for making remuneration reports, which are contained in annual financial reports, more transparent and streamlined are made. The report also contains suggested improvements to the legislative framework contained in section 300A of the *Corporations Act 2001*.

Annual improvements proposals

The Australian Accounting Standards Board (AASB) has issued exposure draft 276 *Annual Improvements to Australian Accounting Standards 2015-2017 Cycle* that proposes amendments to three accounting standards.

They are:

- AASB 112 *Income Taxes* – clarify that an entity should account for all income tax consequences of dividends in the same way, regardless of how the tax arises
- AASB 123 *Borrowing Costs* – clarify which borrowing costs are eligible for capitalisation as part of the cost of an asset in particular circumstances, and
- AASB 128 *Investments in Associates and Joint Ventures* – clarify that an entity should apply AASB 9 *Financial Instruments* to long-term interests in an associate or joint venture to which it does not apply the equity method.

The amendments are Australian counterparts to those proposed by the International Accounting Standards Board (IASB) in its exposure draft 2017/1 *Annual Improvements to IFRS Standards 2015–2017 Cycle.*

Comments to the AASB on ED 276 are required by 8 March and to IASB by 12 April.

Pinnacle Financial Statements released

Pinnacle Financial Statements 31 December publication has a practical, clear and adoptable format with a focus on 'how to disclose' rather than 'why we disclose'.

Each of the 30 illustrative examples can be read in isolation, as each chapter has its own appendix that acts as a reference to alternative disclosure options, provides additional examples, comments and further suggestions. This is a powerful way of providing you with information without needing to recite original source literature.

I was pleased to provide the foreword to this exceptional publication. The publication is available from http://www.ifrssystem.com/publications.

Kalina Power to reverse de-consolidation error

The Australian Securities and Investments Commission (ASIC) has noted the decision by ASX-listed Kalina Power Limited to amend the accounting for its subsidiary New Energy Asia Limited when it releases its half-year financial report for 31 December.

ASIC enquired about Kalina's deconsolidation of NEA in its financial report for the year ended 30 June 2015 and the subsequent reconsolidation of NEA in the 30 June report last year. Kalina will now treat NEA as never having been deconsolidated. Among other adjustments, an intangible asset of $4.2 million recognised on reconsolidation will be reversed.

Kalina sold a portion of its holding in NEA, reducing it to below 50 per cent, but retained power in and control over NEA due to other factors.

ASIC calls on preparers of financial reports to ensure that they provide useful and meaningful information for investors and other users. The commission reminds companies and those involved in preparing and approving financial reports to pay close attention to the substance of transactions and to consider rights and relationships that give investors power over investees.

New suite of International Valuation Standards

The International Valuation Standards Council (IVSC) has issued a new suite of standards. Referred to as *IVS 2017*, the suite contains five general standards and six asset standards.

The general standards set requirements for the conduct of valuation assignments including establishing the terms of a valuation engagement, bases of value, valuation approaches and methods, and reporting.

The six asset standards address specifics for intangibles, businesses and business interests, plant and equipment, real property, development property, and financial instruments. They include background information on the characteristics of asset types that influence value as well as asset-specific requirements regarding common valuation approaches and methods used.

The suite is mandatory from 1 July.

Chairman of IVSC Sir David Tweedie, said: 'IVS 2017 represents the latest in IVSC's continuing commitment to developing high-quality valuation standards. The valuation of assets, both tangible and intangible, plays an essential role in financial and real estate markets – and therefore the global economy. IVS 2017 will be instrumental in improving valuation practice and will bring greater efficiency to capital markets.'

You may order hard copies from the IVSC Bookstore at £80 each. To access a soft copy of IVS 2017, please subscribe to IVSonline.

Importance of integrated reporting

A revised and updated version of the International Federation of Accountants (IFAC) policy position paper 8 *Enhanced Organisational Reporting: Integrated Reporting Key* is available on the IFAC website.

The paper outlines IFAC's belief that integrated reporting is the way to achieve a more coherent corporate reporting system, fulfilling the need for a single report that provides a fuller picture of organisations' ability to create value over time.

Other IFAC views detailed in the paper are:

- IFAC's strong support for the International Integrated Reporting Council and implementation of its framework
- That an integrated report can be used as an 'umbrella' for an organisation's broad suite of reports and communications, cohering its differing parts and recognising that there is a range of different frameworks and regulations under development
- The importance of reporting that produces information on which assurance conclusions can be expressed in line with high-quality international standards, and
- The accountancy profession's significant contribution and its important role in developing and implementing enhanced organisational reporting and providing assurance.

This updated edition of the paper includes a new section *A Coherent Corporate Reporting System with Integrated Reporting,* which describes integrated reporting in more detail and its connection to integrated thinking.

Governance

Waratah Resources' former executive chairman sentenced for misleading the market

Waratah Resources Limited's former executive chairman Benjamin Kirkpatrick has been convicted in the Sydney District Court after pleading guilty to a charge brought by ASIC of aiding and abetting Waratah to breach its continuous-disclosure obligations.

Mr Kirkpatrick was sentenced to 12 months' imprisonment to be served as a 12-month intensive correction order.

He was charged with aiding and abetting the company to breach s674 of the Corporations Act *(Continuous disclosure – listed disclosing entity bound by a disclosure requirement in market listing rules)* and s1309 *(False information etc.).*

The charge relates to a company announcement on 14 October 2013 asserting that Waratah Resources had established a $100 million trade-finance facility with the Bank of China when no such facility had been established or agreed upon. Between 14 and 25 October 2013, Mr Kirkpatrick failed to correct this announcement, causing Waratah Resources to breach its continuous-disclosure obligations.

In pleading guilty, Mr Kirkpatrick also admitted to an offence of having authorised false information to the market, which the court took into account in sentencing.

As a result of his conviction, Mr Kirkpatrick is automatically banned under the Corporations Act from managing a corporation for five years.

ASIC commissioner Cathie Armour said: 'This prosecution highlights the importance of the continuous-disclosure obligations to directors and officers of listed companies. The integrity of our markets requires company officers to ensure that material information is made available in a timely and accurate way.'

Former Leighton executive charged

Peter Alan Gregg, former chief financial officer of Leighton Holdings Limited (now CIMIC Group Limited), has been charged with two counts of falsifying company documents in 2011, contrary to s1307(1) of the *Corporations Act 2001*.

Mr Gregg was due to appear in the Downing Centre local court in Sydney on 31 January.

Possible class action against Bellamy's

Lawyers Maurice Blackburn is investigating a claim against Bellamy's Australia Limited for alleged breaches of its continuous-disclosure obligations and for allegedly engaging in misleading or deceptive conduct about its infant-formula trade with China.

Bellamy's is an Australian producer and supplier of organic baby food and baby formula. On 2 December, the company informed the market that its anticipated revenue for financial year 2017 would be around $240 million, significantly lower than the $350 million that many analysts had predicted. A major reason for the lower sum was regulatory changes in China, which resulted in lower than expected sales and an oversupply of infant formula.

When the Bellamy's informed the market in December of its lower than expected revenue, the share price almost halved in a single day and its market capitalisation was slashed by more than $500 million in the two trading days that followed.

After a one-month trading halt between 12 December and 11 January, Bellamy's shares resumed trading and suffered a further fall in value of about 20 per cent – from $6.68 on 9 December to $5.35 on 11 January – following further company updates.

It is also understood that lawyers Slater+Gordon is investigating a possible class action.

Regulators

Consumer Affairs takes action against estate agents

Consumer Affairs Victoria (CAV) has begun criminal proceedings in the Magistrates' Court of Victoria against the sole director and an employee agent of JNT Law Investments Pty Ltd for alleged breaches of the *Estate Agents Act 1980*.

JNT operated LJ Hooker franchises in Glen Waverley, Keysborough, Mount Waverley, Burwood, Doncaster and Box Hill.

Sole director Truc Thanh Le Nguyen (also known as Judy Nguyen) has been charged with 216 offences and employee agent Tri Duc Ngo (also known as Joseph Ngo) has been charged with 188 offences under:

- Section 55: Restriction on agent purchasing property
- Section 59: Requirement for trust money to be paid into a trust account
- Section 63: Duty to keep accounts of trust money received, and
- Section 91: Wrongful conversion and false accounts.

CAV's director has approved 58 property-fund claims from JNT clients for losses arising from defalcations of trust funds totalling more than $2 million.

The director has also authorised the payment of an additional 21 claims for rent money totalling more than $34,000 from the balance of the estate agent's rental-trust account.

AAT upholds appeal by former financial adviser

The Administrative Appeals Tribunal (AAT) has upheld an appeal by Tony Davidof against an ASIC decision banning him from providing financial services for three years.

The AAT found that MINI warrants in this case were not a derivative under the Corporations Act and therefore not financial products.

ASIC is considering appealing against the AAT's decision.

ACNC update

The Australian Charities and Not-for-profits Commission (ACNC) has:

- Taken steps to revoke the charity registration of Catch the Fire Ministries Inc
- Reminded charities with a 30 June balance to file their 2016 annual information statements by 31 January
- Begun issuing penalty notices to charities that have persistently failed to comply with their reporting obligations, and
- Issued a *Fact sheet: Men's Sheds*, which provides general information about the eligibility of men's sheds to be registered as charities.

ASF licensees

AFS licence cancelled for failure to lodge

ASIC has cancelled the Australian Financial Services (AFS) licence of Sydney-based company Core Insurance Pty Ltd for failing to lodge financial statements and auditor reports for a period of two years. This is in breach of both its legal obligations and licence conditions.

Core Insurance provides advice on general insurance products and has held its AFS licence since October 2012.

ASIC deputy chair Peter Kell said: 'Licensees are required to lodge financial statements and auditor reports with ASIC to demonstrate their capacity to provide financial services.

'Failure to comply with financial-reporting obligations can be an indicator of a poor compliance culture. ASIC won't hesitate to act against licensees who do not meet these important requirements.'

The annual lodgment of financial statements and an auditor's report is an important part of an AFS licensee's demonstrating that it has adequate financial resources to provide the services covered by its licence and to conduct its business in compliance with the *Corporations Act 2001*.

ASIC will continue to contact AFS licensees who have not lodged financial statements and an auditor's report and take appropriate action if they continue to fail to lodge.

The cancellation of Core Insurance's AFS licence is part of ASIC's efforts to improve standards across the financial-services industry.

Ethics

Restructured international ethics code – final proposals

The International Ethics Standards Board for Accountants (IESBA) has announced completion of the major first phase of its strategic project to restructure its *Code of Ethics for Professional Accountants*.

It also released new proposals that will enhance and complete the fully restructured code with strengthened ethics requirements.

The amendments will flow through to APES 110 *Code of Ethics for Professional Accountants*.

The outcome of the first phase is a new structure and drafting convention, as well as a major restructured portion of the code. The IESBA's restructuring efforts are intended to result in a code that is more understandable and easier to use, easing its adoption and effective implementation globally.

The IESBA has agreed to revisions of several provisions concerning safeguards, including enhancements to the conceptual framework of 'threats and safeguards'.

IESBA enters the final stage of the project, consisting of three exposure drafts. The final stage sets out new proposals that:

- Restructure select sections of the code, including recently finalised provisions addressing accountants' responses to non-compliance with laws and regulations (NOCLAR), long association of audit-firm personnel with an audit or assurance client, and ethical issues that professional accountants in business (PAIBs) often face (*Structure* – exposure draft 2)
- Revise the safeguards-related provisions in the independence sections of the code on non-assurance services provided to audit and other assurance clients (*Safeguards* – exposure draft 2), and
- Clarify the applicability of PAIB provisions to professional accountants in public practice (*Applicability* exposure draft).

'The board has committed to timely delivery of the restructured code,' said IESBA chairman Dr. Stavros Thomadakis. 'This major upgrade will lead not only to a code that is more understandable and easier to use but also to a more robust (one)with important substantive improvements in many areas, including auditor independence. These goals ultimately underpin the public-interest role of the global accountancy profession.'

The IESBA hopes to finish the work by December.

The restructured code, which will be renamed *International Code of Ethics for Professional Accountants (including International Independence Standards),* will contain significant new requirements and revised provisions that the IESBA has already finalised, including:

- A greater emphasis on compliance with the fundamental principles in the code
- Clarified and strengthened provisions on the application of the conceptual framework, including safeguards
- A strengthened partner-rotation regime for audits of public-interest entities
- Provisions addressing accountants' responsibilities on NOCLAR
- More comprehensive provisions addressing PAIBs' responsibilities when preparing or presenting information, and
- New requirements and guidance for PAIBs on pressure to breach the fundamental principles.

The IESBA invites stakeholders to comment on the exposure drafts. To access them and submit a comment, visit the ethics board's website at www.ethicsboard.org/restructured-code.

Comments on *Safeguards* ED-2 and the Applicability ED are requested by April 25, and comments on *Structure* ED-2 by May 25.

Audit

ACNC releases new templates

The ACNC has released audit and review-report templates. They have been designed for use by auditors and were developed with the help of the Australian Auditing and Assurance Standards Board.

Use the templates:

- *Audit templates after 15 December 2016* for charities with a reporting period ending on or after 15 December last year onward, and
- *Audit template before 15 December 2016* for charities with a reporting period ending before 15 December 2016.

The templates may be found on the ACNC website.

International

UK consultation into improvements to cash-flow statements

The UK's Financial Reporting Council has launched a consultation aiming to improve the statement of cash flows.

Companies that prepare their financial statements in accordance with international standards are required to follow IAS 7, which is more than 20 years old and needs modernisation.

Paul George, the FRC's executive director for corporate governance and reporting, said: 'The statement of cash flow is important to investors because it tells them where their company's cash has come from and where it has gone, which provides an insight into the quality of earnings. The paper suggests several ideas for improving the transparency and consistency of the statement, while providing the company's own perspective on the management of liquid resources.'

The paper and responses to it will make an important contribution to the International Accounting Standards Board's project on primary financial statements.

UK improvements to dividend reporting

The UK Financial Reporting Lab has published an implementation study called *Disclosure of Dividend: Policy and Practice.*

The study examines how companies from across the FTSE 350 have implemented investors' preferences that were highlighted in the lab's original report on disclosure. It found that 28 companies had enhanced their disclosures.

The lab is encouraged by the improvements, but many other companies might benefit from implementing its findings and improving communication with investors, it says.

Lab reports on business-model disclosure

The lab has reported on *Business Model Reporting,* providing valuable insight for companies on the importance to investors of business-model information and the type of information they seek.

The report forms part of the FRC's 'clear & concise' reporting initiative that promotes transparent and accessible reporting. It reflects the views of 19 companies, 36 investors from 27 investment and analyst organisations, and two retail shareholders.

The lab found that:

- Business model information is fundamental to investors' analysis and understanding of a company, and a lack of good disclosure on business modelling raises concerns over the quality of management
- As business-model information provides context to other information in annual reports, most investors want it positioned towards the front of strategic reports
- Where a company operates several business models, disclosures on each is desired
- Investors are looking for better natural linkages of business-model information to other sections of strategic reports and consistency with disclosure in annual reports, and
- Investors are looking for more detail than is provided by most companies.

In particular, investors find disclosures fail to answer questions such as:

- What are the key revenue and profit drivers and how do profits convert to cash?
- Are there any key asset and liability items that support the business model?
- What is the company's competitive advantage?

Sue Harding, the lab's director, said: 'Investors are seeking improved disclosure on business models to provide them with an understanding of the key drivers of each business, enabling them to better evaluate information across the annual report (such as principal risk and viability reporting) and analyse the company and its prospects. Companies have been developing their reporting in this area and tell us the insight obtained from investors during the project has helped them to understand the information investors are looking for and why it is important to them.'

The report includes examples of good practice and highlights how disclosure can be modified to provide more value to investors.

Paper on globally co-ordinated internal monitoring programs

Released by the IFAC's transnational audit committee, *Globally Coordinated Internal Monitoring Programs: Practical Considerations* describes how networks might conduct their global monitoring programs and suggests practical ways of implementing them.

The committee believes that the paper will be a valuable tool for audit firms of all sizes in developing, enhancing, and evolving their internal-monitoring-program policies.

INSIDE GAAP CONSULTING

What we've been up to

January is supposed to be quiet, or have I got it wrong? Colin and Stephen LaGreca have been working on a consulting expert's report regarding alleged audit failure to detect and require an asset written down.

Colin has been writing prolifically – three client newsletters, a Special GAAP Report, two *GAAP Alerts* and the quarterly *NFP Risks and Compliance* newsletter. He has also been mentoring a NZ firm on implementing AASB 16 *Revenue for Customer Contracts* for a construction company, as well as another firm on managing its regulatory risks. He has also been taking advantage of the hot Canberra summer and swimming a lot, and has enjoyed a visit from his son Andrew. He was caught off-guard and lost three games of chess. He thinks Andrew might be practising a lot.

It was great to receive feedback in summer from a client, who wrote that '*GAAP Consulting* does … excellent work'.

Sonya spent most of January on holidays with the family, camping down near Batemans Bay at Murramarang National Park and enjoying the beaches, wildlife-watching and simply family time. She explored some new rock-climbs and took a side trip to Bowral. But February beckons, she says, and it's bound to be busy.

Carmen and her kids enjoyed Disney World in Florida – lots of walking, chatting to Disney characters and rides. A great holiday enjoyed by all.

Stephen Downes spent the last half of the month visiting Patagonia and rounding Cape Horn. Happily, the ship was big and the sea calm.

Special GAAP Report *Financial Reporting and Auditing Considerations for 31 December 2016*

As the 31 December reporting season has arrived, the *GAAP Consulting* team thought that it would be good to share our insights with you with the Special GAAP Report *Financial reporting and auditing considerations for 31 December 2016.*

We've listed them as:

1. ASIC targets and concerns
2. ASIC reminds companies to respond to new AASBs
3. AASB standards operative
4. Six ASIC-inspired corporate restatements
5. Other financial-reporting reminders
6. New guidance issued for management representations
7. Enhanced audit-reporting standard applied
8. What finance executives need to know about new audit reporting
9. Enhanced audit-reporting standards – what auditors must do
10. Better understanding KAMs, and
11. ASIC's audit-communication proposals.

Carmen Ridley, Stephen Newman, Stephen LaGreca and I trust that you find this Special GAAP Report helpful and look forward to working with you to meet the challenges of 2017. Replace last sentence with You can download a copy at www.gaap.com.au or contact Colin.

Feedback has included: 'Well worth a read. Some relevant things to be aware of, particularly in respect to the recovery of goodwill', and 'Thank you for a copy of your Special GAAP Report, a good read and update'.

GAAP Alert No. 13/2016 *2016 Reflections* released

Following the very positive feedback from many sources after my inaugural *2015 Reflections*, I have repeated the dose, compiling in *2016 Reflections* the commentaries and reports that I considered to be the issues of the month in *GAAP Alert* newsletters.

They are:

Financial reporting
- Revenue recognition – a key problem
- AASB 15 a priority for December balancers
- Overcoming financial-reporting shortcomings
- The financial-reporting challenges ahead
- 'Leases' – all 340 pages of it
- We need to rethink the AASB's agenda

Ethics
- NOCLAR rules affect us all

Audit
- Enhanced audit reporting – fifteen things to do before 15 December
- Enhanced audit reporting – going concern
- Auditing disclosures rules – don't forget them
- 'Other information' – more onerous responsibilities for auditors
- ASIC's audit-communication proposals have big implications

My commentaries should continue to resonate with governance, preparers, auditors and users in 2017. You can download a copy at www.gaap.com.au or contact Colin.

Feedback on GAAP Alert No.12 included: 'Thank you very much for your regular GAAP Alerts, which I read with much interest'. 'Thanks for the recent GAAP Alert. Always a good read'. 'Colin, I have retired but keep on sending them to me.'

31 December NFP newsletter released

The December-quarter edition of our *NFP Risks and Compliance Newsletter* has been released to accounting-firm subscribers.

Our aim is to keep accounting-firms' NFP clients informed. It helps enormously when accountants can demonstrate expertise and experience for current and potential clients. At last count, there were about 600,000 NFP entities in Australia, including more than 54,000 charities.

This edition covered 20 news items. The topics were:

Governance
- Protecting whistleblowers gains momentum
- Non-compliance laws to tighten
- Directors banned in wake of housing-corporation collapse
- School funding revoked
- ACNC releases cash-reserves guidance
- ACNC releases fundraising-agencies guidance
- Fundraising and the vulnerable
- Factsheet backgrounds charities
- ACFID revises conduct code

ACNC
- Tick ticked
- Avoid making mistakes in your 2016 AIS
- Basic religious charities reclassify
- Third charity report released
- Public benevolent institutions clarified
- Six charities lose status after investigations
- ACNC issues penalty notices
- Beware of advocacy risk
- Street Swags takes action to address ACNC concerns
- ACNC and RSL working together to resolve concerns

Financial reporting
- AASB 1058 *Income of Not-for-Profit Entities* issued

Audit
- Enhanced audit-reporting standards apply

State and territory-based regulators and the ATO
- South Australia harmonises reporting

The next edition will be released in April. For further information, please contact Colin.

Come to our Perth presentations on AASBs 15 and 16

Carmen Ridley and Colin Parker will be in Perth in April presenting a masterclass on AASB 15 *Revenue for Customer Contracts* (11 April) and an introduction to AASB 16 *Leases* (12 April). A brochure on the presentations will be available shortly. Contact Colin colin@gaap.com.au or 0421 088 611 for further information.

Sonya Sinclair way-out west

In March, Sonya Sinclair will be presenting a workshop on AASB 16 *Revenue from Customer Contracts* before the IPA 2017 WA State Conference being held at The Vines Country Club & Resort, Perth. She will also be presenting on NOCLAR at the conference.

12 GAAPinars in series 1 for 2017

The *GAAP Consulting* team will be presenting our next series of 12, 90-minute GAAPinars on financial reporting, auditing, ethics, SMSF and the law, commencing in March. A brochure will be available shortly. Contact Colin colin@gaap.com.au or 0421 088 611 for further information.

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