



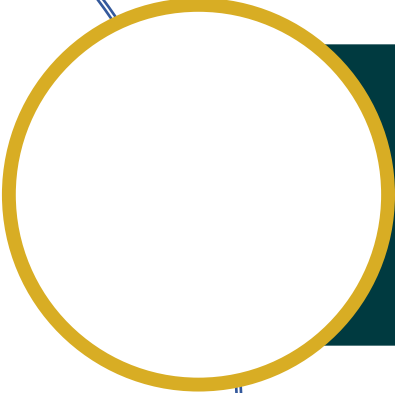
# IFR4NPO Project

Advice and Requests  
Technical Advisory Group meeting

2 June 2020  
TAGCP09



# Session outline



Inventory for use or distribution (Agenda item 1)



Preface and CP Part 1 Updates (Agenda item 2)

# 1 Inventory held for use or distribution

## 1.1 Advice

- a) Clarify the focus is on subsequent measurement, including how this interacts with initial measurement where inventory was not initially recognised because it could not be reliably measured at that time. Also clarify the need for subsequent measurement given the generally shorter time periods that inventory is held.
- b) Use the term carrying value/amount to cover both historic cost and revaluation. Include additional text to make clear the measurement issues where a donation has been impaired. Consider the need for a general introduction on measurement bases.
- c) Consider the use of the word 'recorded' as it might be valuable to include items in narrative reporting even if not recognised.
- d) Review the disadvantages to ensure consistency across the alternatives and the approach where the same disadvantage applies to all alternatives. Update the stakeholder disadvantage under alternative 1 regarding transparency.
- e) Consider any specific disclosure requirements including the service potential of inventory that has zero net realisable value

# 1 Inventory held for use or distribution

## 1.2 Requests

- a) Review the exceptions noted to IAS 2, given the ability to read across from IAS 20.
- b) Update the descriptions on UK GAAP to include replacement cost.
- c) Review inventory alongside Gifts in-kind to ensure there is appropriate read across.

# 2 Preface and CP Part 1 Updates

## 2.1 Advice

- a) Manage expectations by making clear the objectives need to be considered collectively to deliver the whole project. Consider the wording in objective 1 if local organisations might benefit from the Guidance.
- b) Amend Figure 1.1 to make clearer that the Guidance is intended to cover NPOs that don't provide services to the general public such as advocacy and professional associations and review against IASB guidance material regarding membership organisations.
- c) Make clearer the non-mandatory status of the Guidance and the ability for jurisdictions to define local application where they opt in
- d) Review diagram 1.2 to strengthen links with the narrative on micro entities, and how it can be nuanced to reflect complexity. Be explicit about the connection to the Good Financial Grant Practice.
- e) Review diagram 5.1 and related text to make clearer how the model would operate, the use of international conceptual frameworks if there is not a solution in existing guidance and the role of national standards.

## 2 Preface and CP Part 1 Updates

### 2.2 Requests

- a) Update to make clear that IFRS for SMEs is aligned to IFRS standards.