



# IFR4NPO Project

Advice and Requests  
Technical Advisory Group meeting

1 December 2021  
TAGED04





# Session outline

- Messaging the Guidance
- Part 2 responses
- Consultation response publication
- Project management
- Broad characteristics and primary users and their information needs

# Agenda item 1 – Messaging the Guidance

## 1.1 Advice

- a) It is useful that messaging on who the Guidance is for links back to the users of the financial statements. Suggest that the messaging focuses on user needs rather than on accountability, as needs can be satisfied in different ways. Also, referencing the level of information required to satisfy the needs of users is helpful.
- b) When referring to Tier 3 entities make clear that the cash basis can be used rather than is used. Avoid sending a message that cash accounting is optimal, which may be confusing given that the Guidance is accrual-based.
- c) Avoid the use of local/national/global to indicate who the Guidance is targeted at
- d) To reflect the wide nature of the Guidance which will include non-financial reporting, consider the inclusion of 'Reporting' in the title of the Guidance.

# Agenda item 1 – Messaging the Guidance

## 1.1 Advice

- e) In the messaging, make clear that the Guidance could benefit all NPOs but will not solve for all and reflect this in the visuals.
- f) Indicating which entities we have in mind is helpful. It is important to have a framework to assist users but not be overly prescriptive.
- g) It would be helpful in the roadmap to make clear that the consultation periods for each tranche of the Exposure Draft do not overlap.

# Agenda item 1 – Messaging the Guidance

## 1.2 Requests

- a) The messaging about who the Guidance is for to be updated to reflect the discussion, acknowledging that this may need to be brought back to the TAG again as the messaging is refined.
- b) A more detailed project plan to be provided that shows how the non-reviewed chapters will be dealt with as part of the consultation.

# Agenda item 2 – Part 2 responses

## 2.1 Advice

- a) Consider whether 'Joint activities', identified as a potential new topic, could fall into fundraising costs.
- b) Consider what is unique about foreign currency exchange transactions for NPOs. Presentation issues like fund accounting and expense classification will be relevant and taking action on these issue may provide an opportunity to influence special purpose financial reports requested by donors.
- c) Reflect on the inclusion of assets held for their service potential in the shortlist, as surprised that this did not attract as much feedback in the consultation.

# Agenda item 2 – Part 2 responses

## 2.2 Requests

- a) Include foreign currency exchange as a short listed topic as a consequence of the contextual issues presented.
- a) Consider the project management, delivery and capacity issues of the inclusion of foreign currency exchange as a short listed topic and the need to remove another topic.

# Agenda item 3 – Consultation response publication

## 3.1 Advice

- a) Keeping the consultation response at a high level was supported, but perhaps change the response wording to 'what we propose'.
- b) The concerns raised about the use of IFRS for SMEs as the foundational framework need to be more clearly reflected in the consultation response.



# Agenda item 4 – Project Management

## 4.1 Advice

- a) In presenting the Guidance consider the relationship between a two part approach to preparing the guidance with IFRS for SMEs format so that it is easier for those who are familiar with the standard, perhaps using a table of contents.
- b) Provide a roadmap in each tranche of the Exposure Draft to show which chapters will be in which tranche and how they fit with the bigger picture of the entire Guidance.
- c) Consider how to signpost what has changed from IFRS for SMEs and perhaps the use of track changes.
- d) Consider whether the four classes of change ( change, adaptation, interpretation and amendment) outlined in the roadmap are needed to explain why the Guidance is different to IFRS for SMEs.

# Agenda item 4 – Project management

## 4.2 Requests

- a) The word 'tranche' is used to describe the breakdown of the Exposure Draft, with appropriate translation into other languages.

# Agenda item 5 – Broad characteristics and primary users and their information needs

## 5.1 Advice

- a) Consider whether grant giving NPOs are captured within the broad characteristics.
- b) Consider whether 'public interest' is restrictive as NPOs may not seek the public interest but also do not seek profit, because they do not distribute profits, and this may be confusing in some jurisdictions.
- c) Make clearer that it is for a jurisdiction to determine how it wishes to adopt the characteristics.
- c) Remove internal governing boards as a primary user and recognise management has an interest in an entity's financial information. Include donors as a primary user, given they are resource providers. This provides a distinction between oversight and accountability.

# Agenda item 5 – Broad characteristics and primary users and their information

## 5.2 Requests

- a) Describe the thought process around the approach to characteristics and stakeholders in the basis for conclusions and raise specific matters for comment on the advice provided by the TAG.