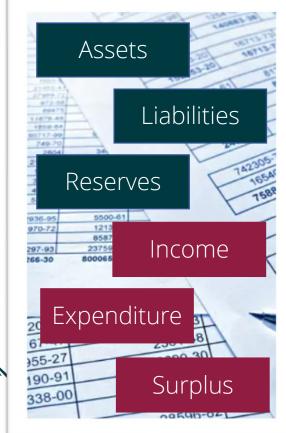


IFR4NPO Consultation Paper Part 2-Reporting Entity

Developing international financial reporting guidance for non-profit organizations www.ifr4npo.org



Agenda



Topic	Time
Welcome	00.00 - 00.05
Introducing the issue (1)	00.05 - 00.20
Financial reporting challenges issue (1)	00.20 - 00.40
Alternatives issue (1)	00.40 - 01.10
Introducing the issue (5)	01.10 - 01.25
Financial reporting challenges issue (5)	01.25 - 01.45
Alternatives issue (5)	01.45 - 02.15
Next steps	02.15 - 02.25

Proposed topics



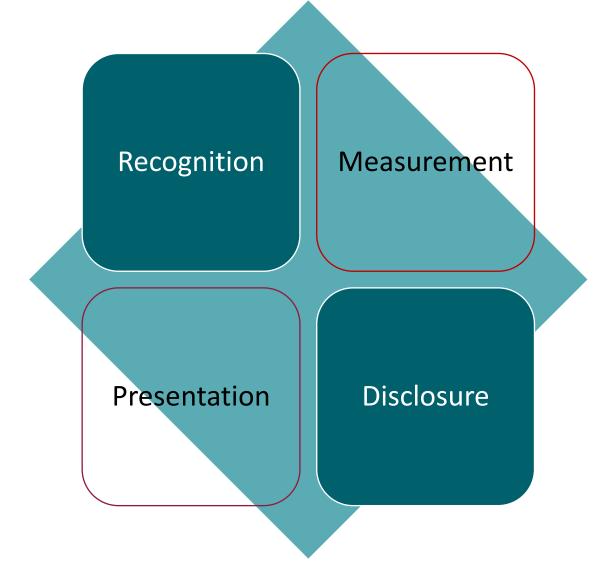
Reporting Classification entity and of expenses control NPOs acting on Financial behalf of statement others presentation Inventory held Non-exchange for use or revenue distribution Measurement Grant of nonexpenses financial assets

Fundraising costs

Narrative reporting



Financial reporting challenges





Regulatory Environment

- Local Regulations
- Different regulations
 - NPO vs Companies
 - Different outcomes





Control

- What is control and when does it happen?
 - Common directors/trustees
 - Ability to direct activities
 - Ownership
 - Who benefits from the activities
- What information is needed?





Long term restrictions

Do limitations exist?

- How do you decide when something is a restriction
- What's the company's longterm strategy?





Consistent judgements

Achieving consistency

- How can you be sure that all non-profits will reach the same decision on comparable information?
- Will the approach used work in all circumstances?

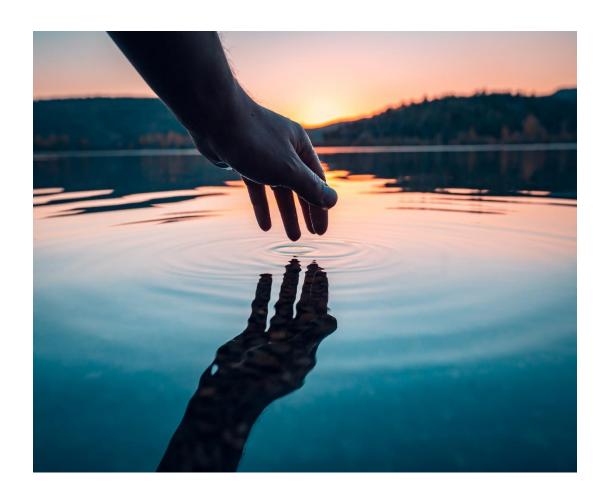




Disclosures

Transparency

- How will readers know what is included in the financial statements?
- How will readers know what judgements have been made?





Poll 2: questions and responses





For your consultation response

Think about the things we should take into account as we look at the financial reporting challenges

Think about where we should be focusing our efforts in developing the Guidance

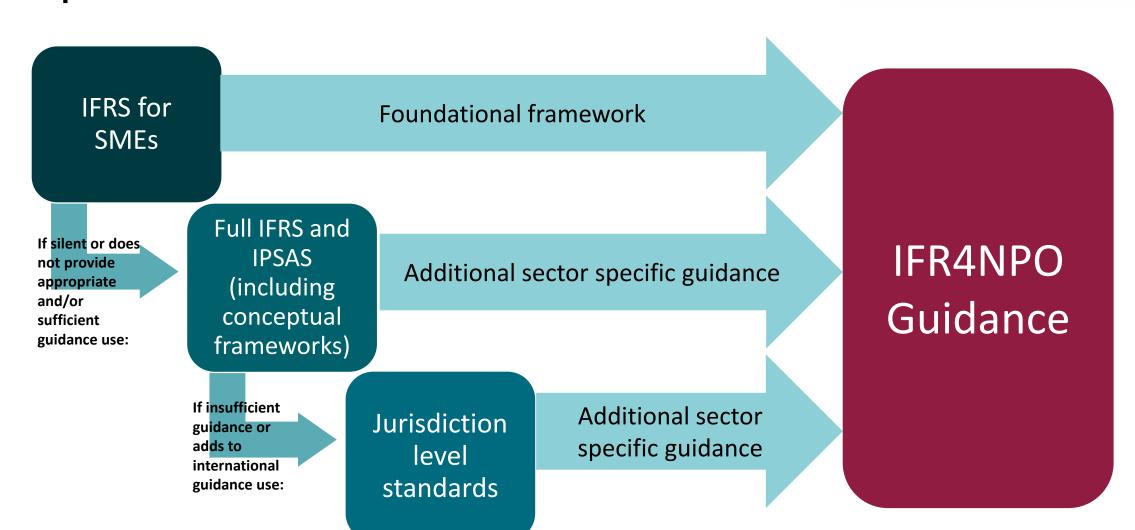
Think about the biggest issues for you

Do you have any questions or comments on the financial reporting challenges?

Do you have any thoughts on the poll responses?



Proposed model and alternatives





International Standards

IFRS Conceptual Framework IFRS 10

IFRS for SMEs

Section 9

IPSAS

- Conceptual Framework
- IPSAS 35

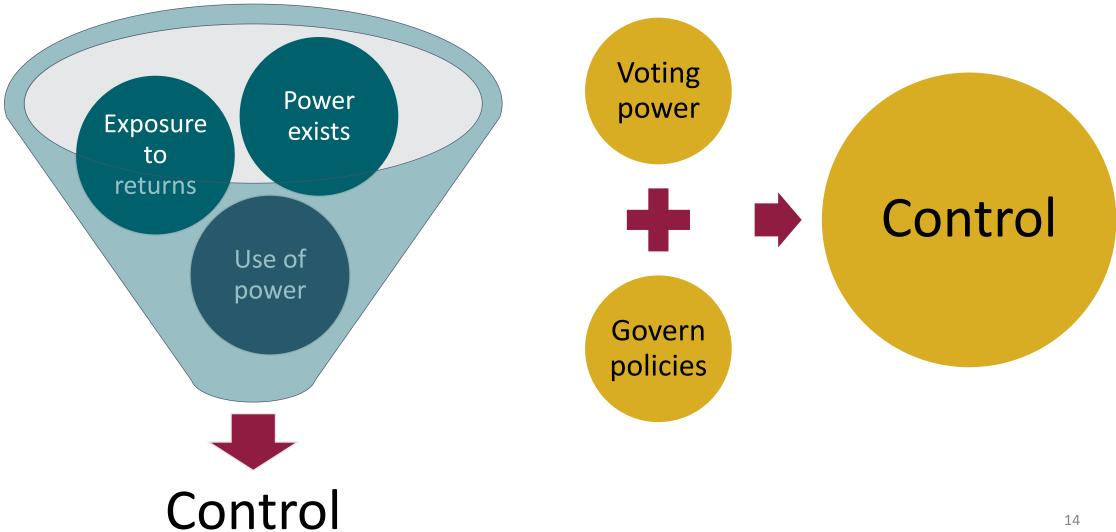
National Guidance

Two approaches

- IASB and IPSASB are similar, reporting entity is one which is required or choses to present financial statements (IPSASB government or public sector organisations that produce general purpose financial reports).
- Definition of control must have existing rights that give it the current ability to direct the relevant activities.
- IFRS for SMEs narrower definition of control ie the power to govern the financial and operating policies.
- National frameworks reflect either IFRS/IPSAS or IFRS for SMEs

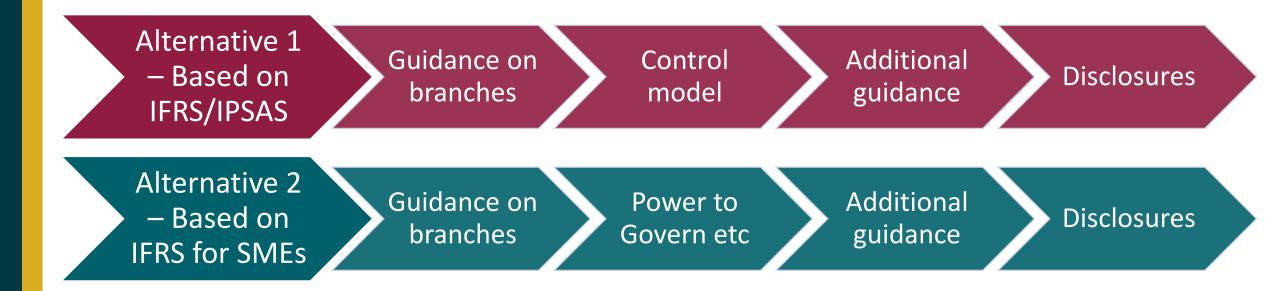


Key points of difference





Alternatives - Reporting Entity



Comparison of advantages and disadvantages – reporting entity



	Alternative 1 –Substance over form	Alternative 2 – key characteristics
Technical	 Allowed by IFRS/IPSAS/broadly consistent with IFRS for SMEs Relevant activities used to determine control Principles to rules-based 	 Consistent with IFRS for SMEs Inconsistent IFRS/IPSAS Unable to reflect interests in other entities
Practical	FlexibilityNPO specific	Ease of applicationNPO specific
Stakeholder	• Comparability	 Understandabilty Comparability Single form of guidance
Cost/benefit	Cost of determining control	• Less resources



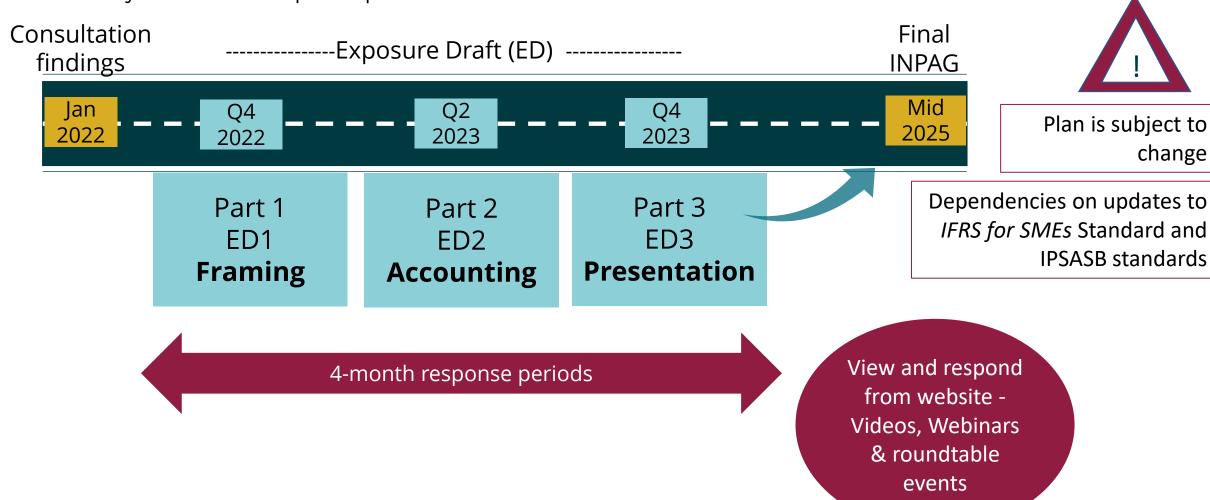
Consultation questions - reporting entity

- Do you agree with the description of the issue?
- Do you agree that the list of alternative treatments is exhaustive?
- Do you agree with the advantages and disadvantages for each alternative
- Which alternative do you favour?

INTERNATIONAL FINANCIAL REPORTING FOR NON PROFIT ORGANISATIONS

Roadmap for Exposure Draft

The INPAG Exposure Draft will be released for public comment in 3 parts, each followed by a 4-month response period.





Stay connected

