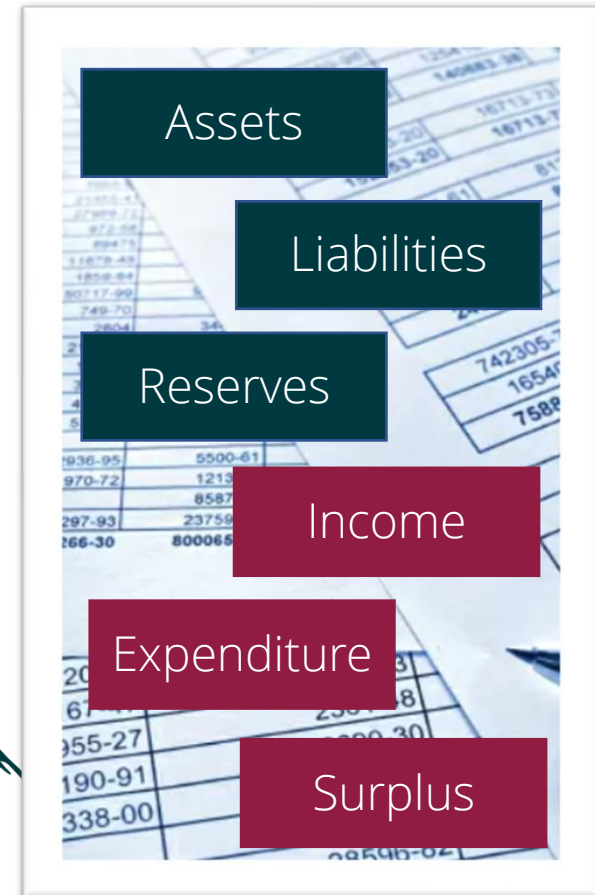




IFR4NPO Consultation Paper Part 2–Reporting Entity

Developing international
financial reporting guidance for
non-profit organizations

www.ifr4npo.org



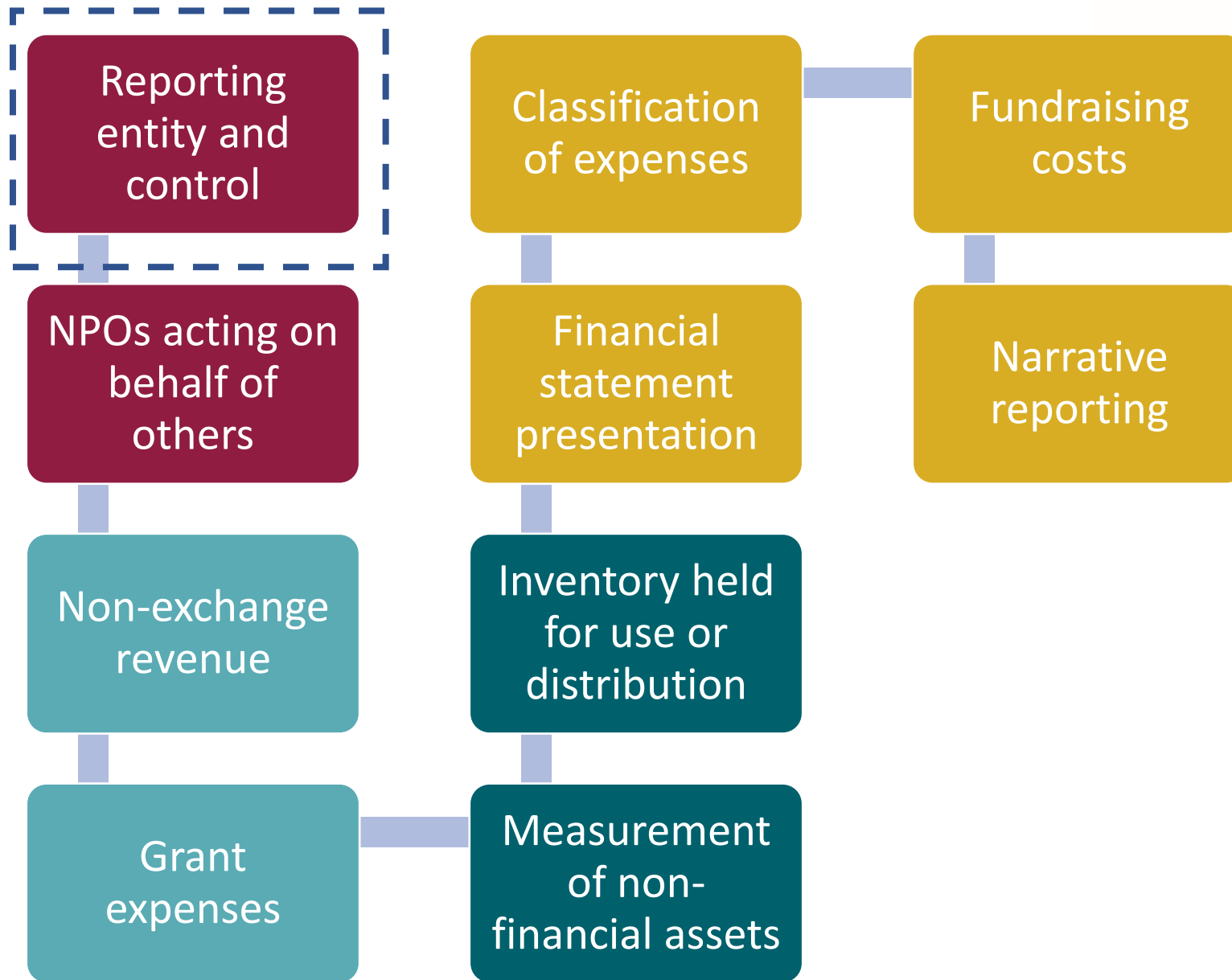
Agenda

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

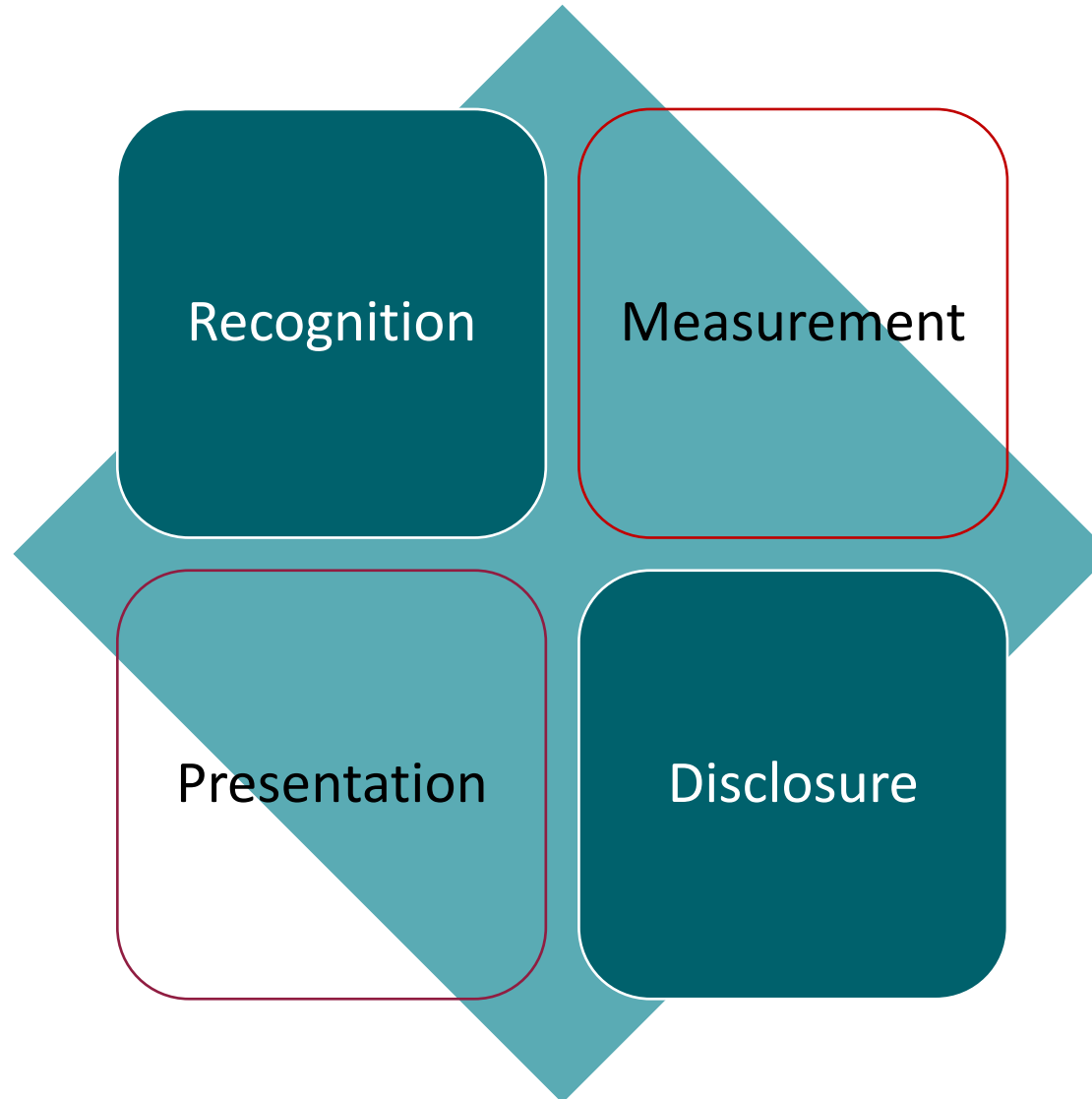


INTERNATIONAL FINANCIAL REPORTING
FOR NON PROFIT ORGANISATIONS





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 long-term strategy?



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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

Q&A

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

Do you have any thoughts on the poll responses?

For your consultation response

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

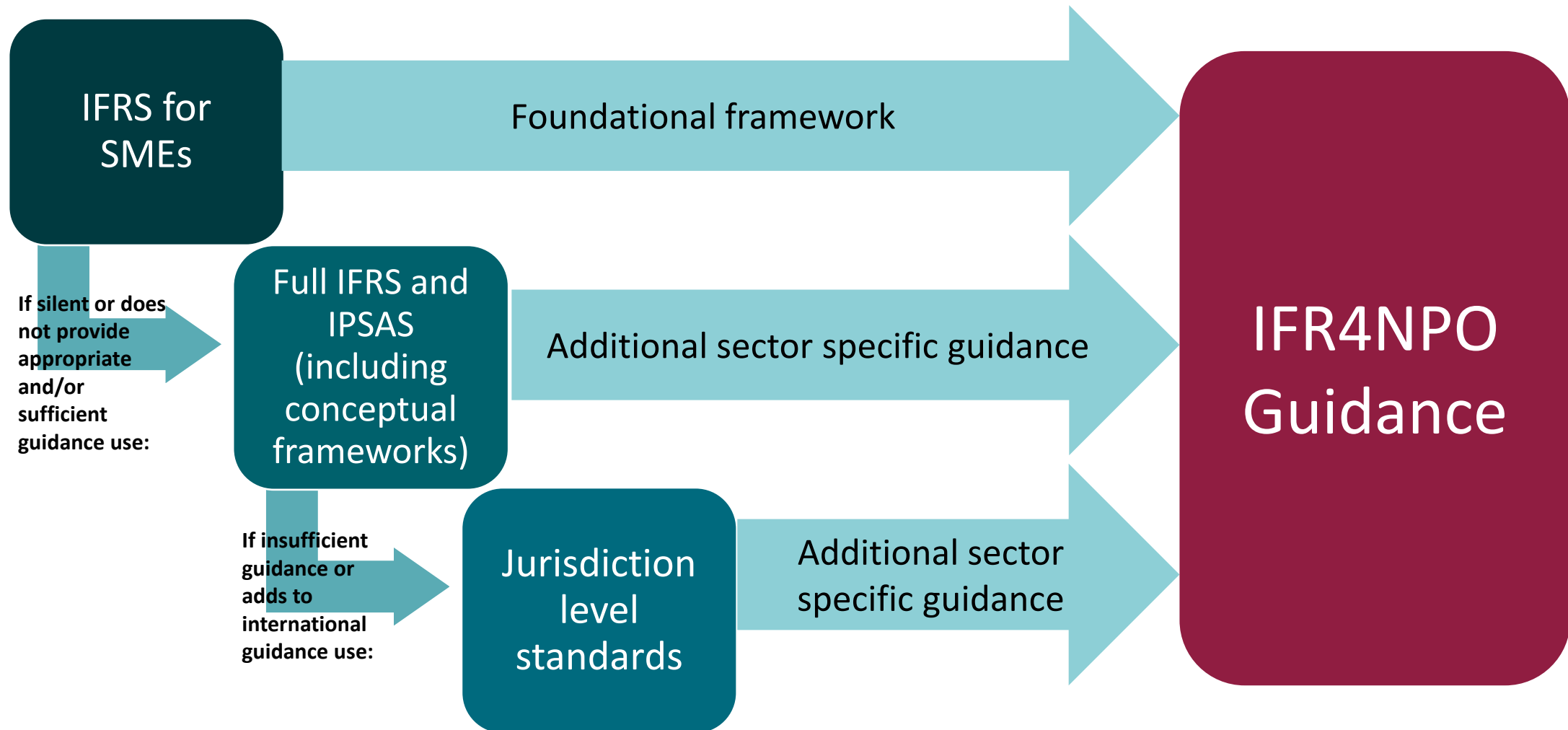
Think about where we should be focusing our efforts in developing the Guidance

Think about the biggest issues for you

Proposed model and alternatives

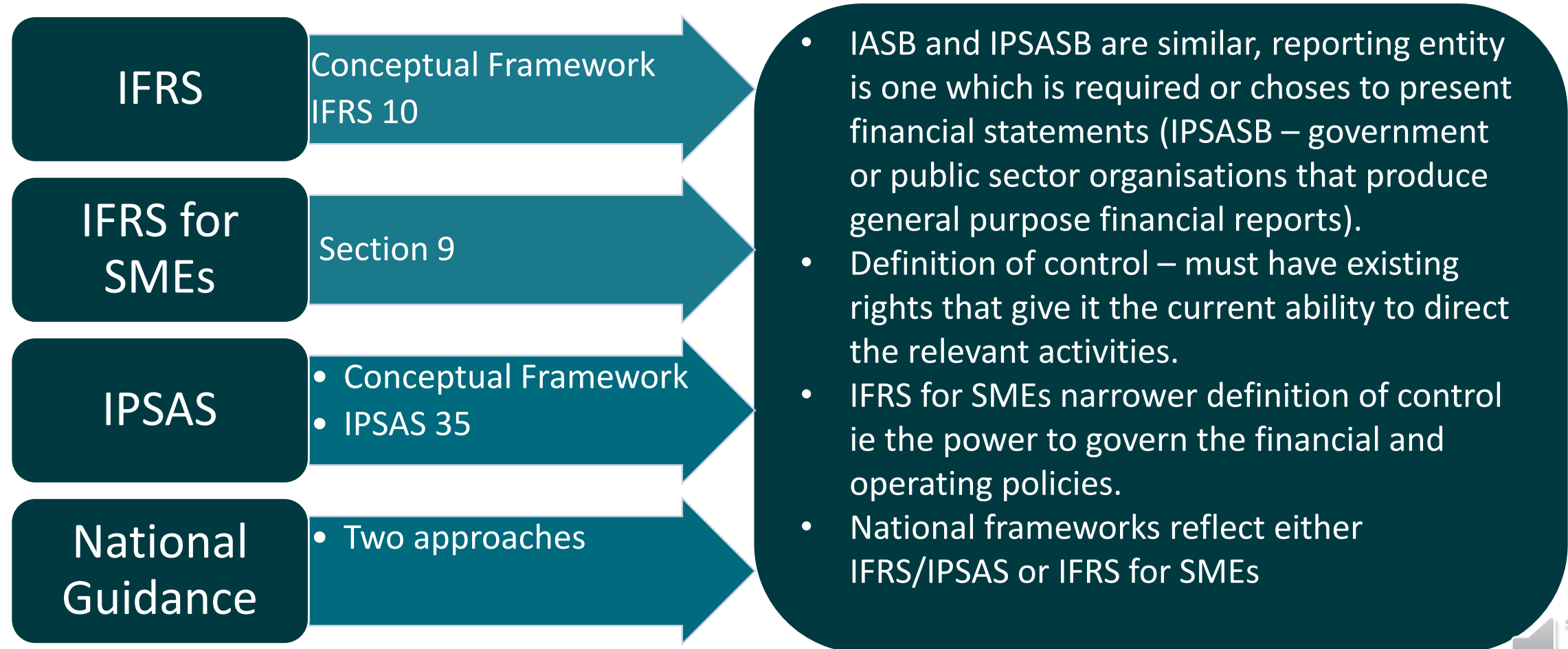


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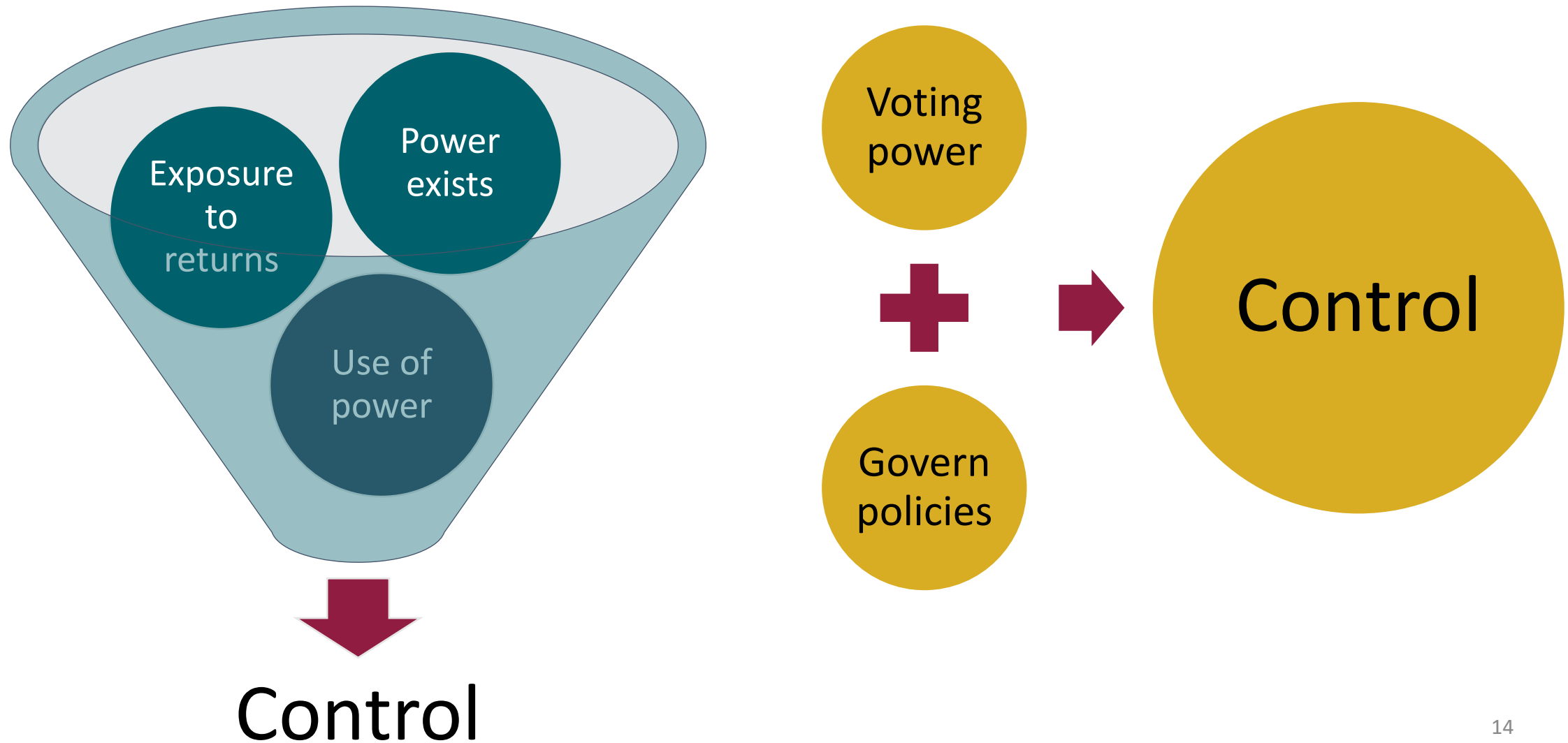




International Standards

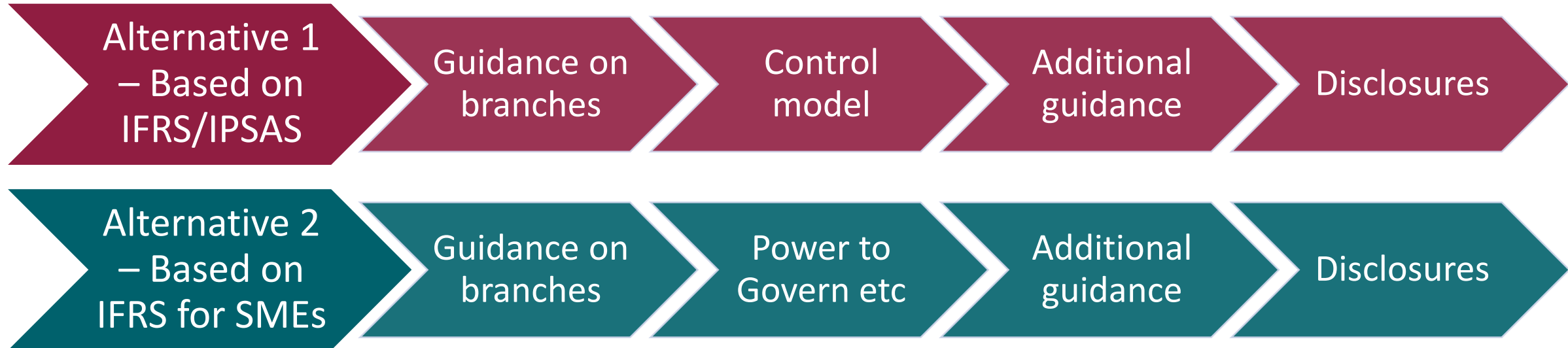


Key points of difference





Alternatives – Reporting Entity



Comparison of advantages and disadvantages – reporting entity

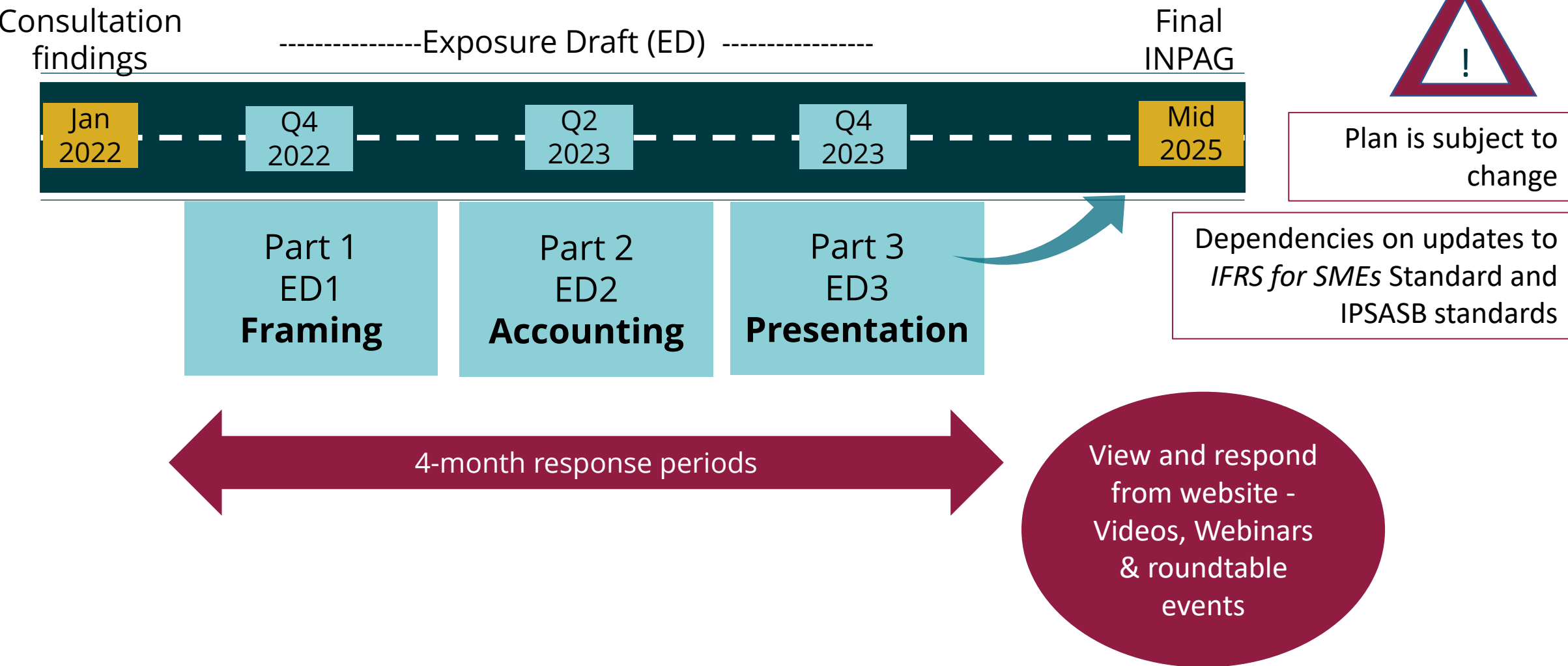
	Alternative 1 – Substance over form	Alternative 2 – key characteristics
Technical	<ul style="list-style-type: none"> • Allowed by IFRS/IPSAS/broadly consistent with IFRS for SMEs • Relevant activities used to determine control • Principles to rules-based 	<ul style="list-style-type: none"> • Consistent with IFRS for SMEs • Inconsistent IFRS/IPSAS • Unable to reflect interests in other entities
Practical	<ul style="list-style-type: none"> • Flexibility • NPO specific 	<ul style="list-style-type: none"> • Ease of application • NPO specific
Stakeholder	<ul style="list-style-type: none"> • Comparability 	<ul style="list-style-type: none"> • Understandability • Comparability • Single form of guidance
Cost/benefit	<ul style="list-style-type: none"> • Cost of determining control 	<ul style="list-style-type: none"> • 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?**

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.



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