



# IFR4NPO Project

Presentation on Part 2  
Practitioner Advisory Group meeting

15 November 2021  
PAGED02



# Outline of Part 2 Results



# High Level Information

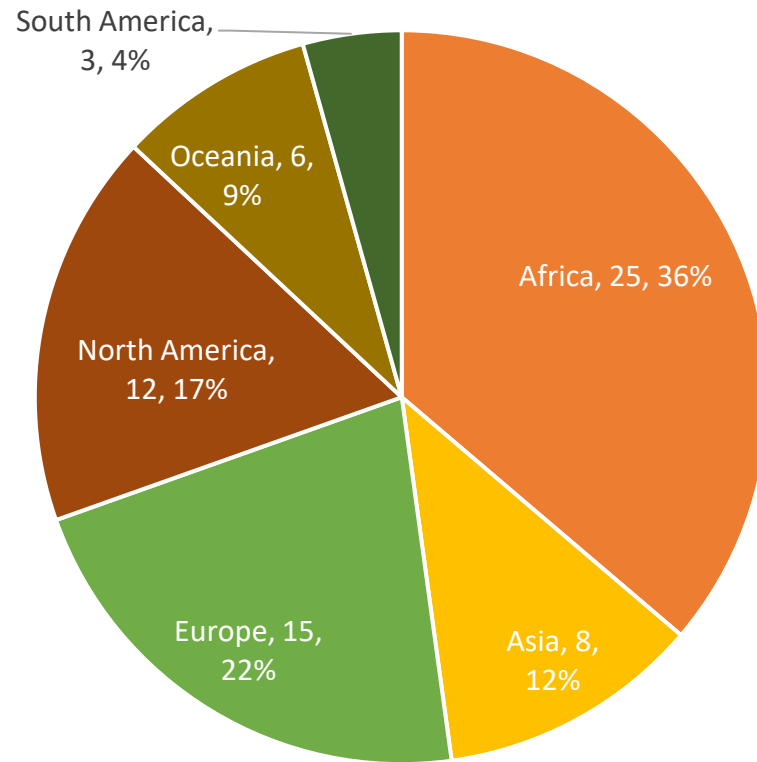
a) Extension of deadline granted to 7 October 2021

b) 69 Responses analysed

c) Individual questions include a relatively low response rate (see slide five)

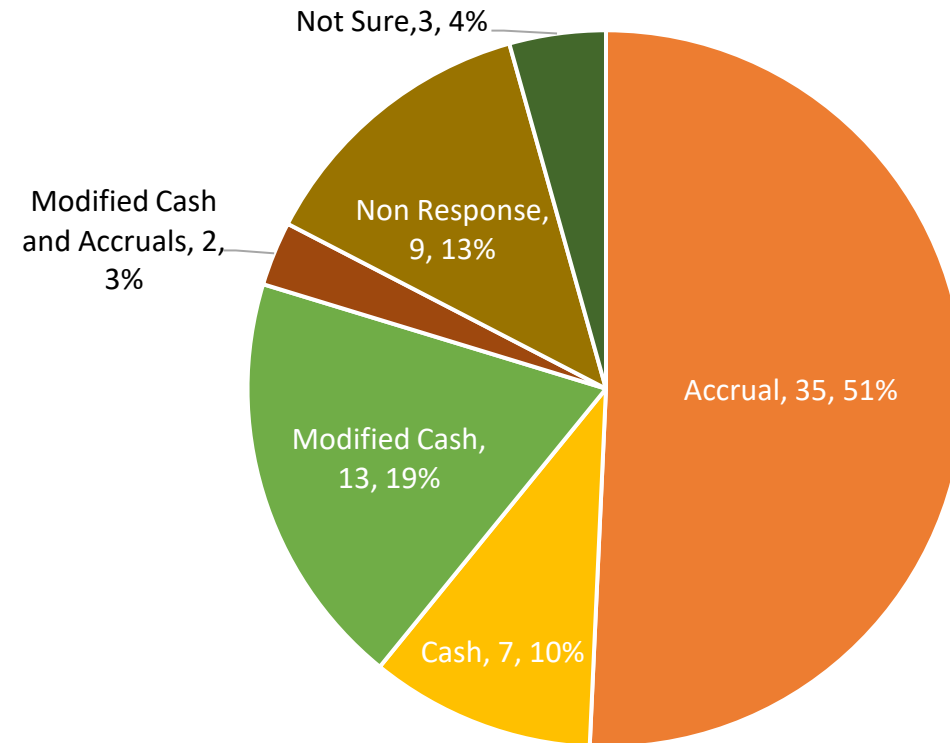
# Respondent Information

Geographical Distribution by Continent



■ Africa 
 ■ Asia 
 ■ Europe 
 ■ North America 
 ■ Oceania 
 ■ South America

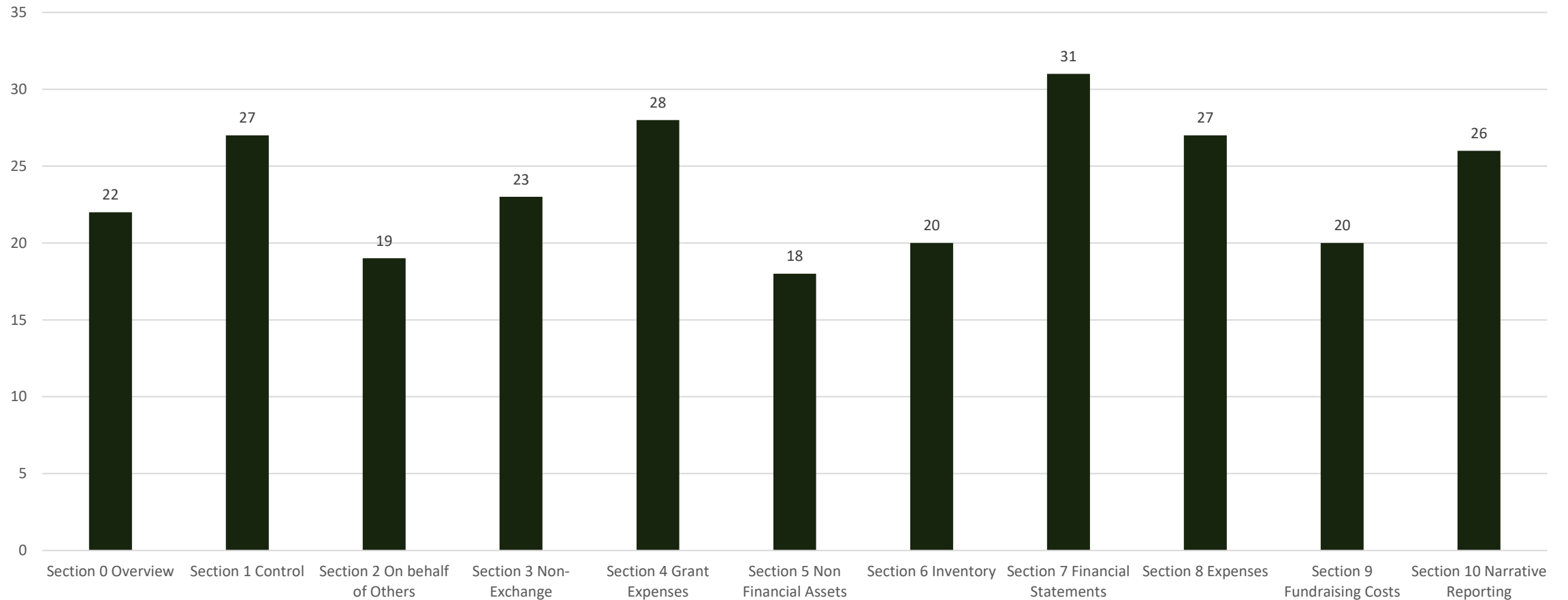
Accounting Basis



■ Accrual 
 ■ Cash 
 ■ Modified Cash 
 ■ Modified Cash and Accruals 
 ■ Non Response 
 ■ Not Sure

# Respondents to Each Section of the Consultation Paper

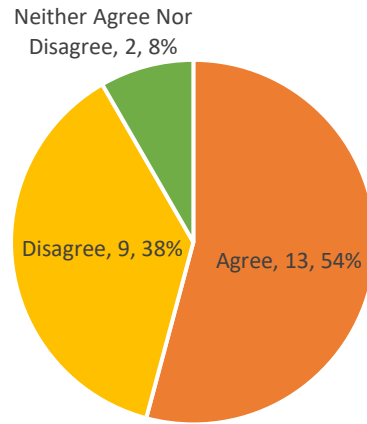
Average Response Rate Per Section



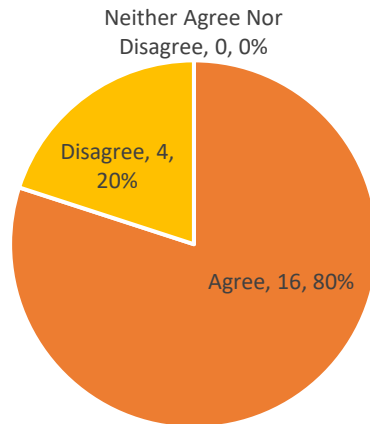


# Overview

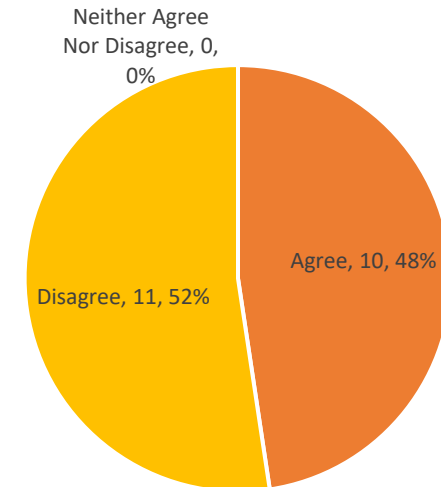
SMC0a) Is the list of NPO-specific financial reporting issues complete?



SMC0b) Do you agree with the criteria to evaluate the list of issues?



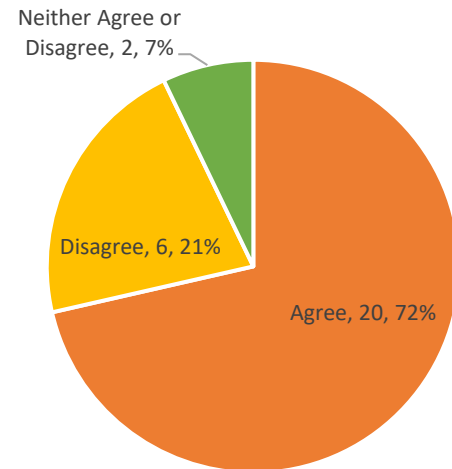
SM0c) Do you agree with the topics prioritised for the Consultation Paper?



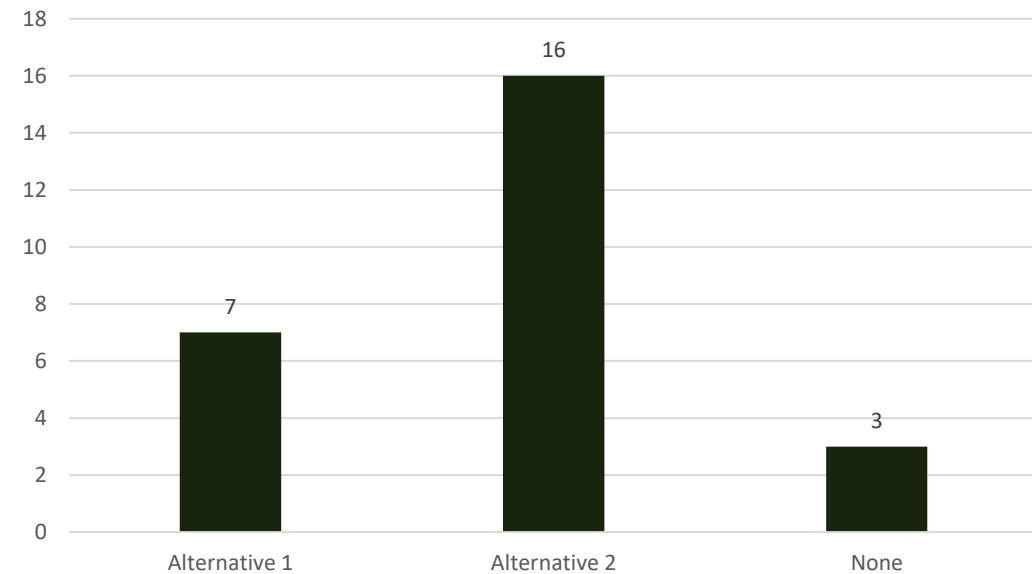


# Reporting Entity and Control

SMC1a) Do you agree with the description of Issue 1 - Reporting Entity?

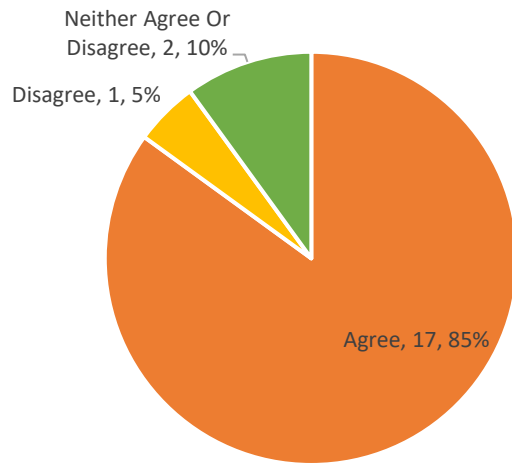


SMC1d) Please identify the alternative treatment you favour for issue 1

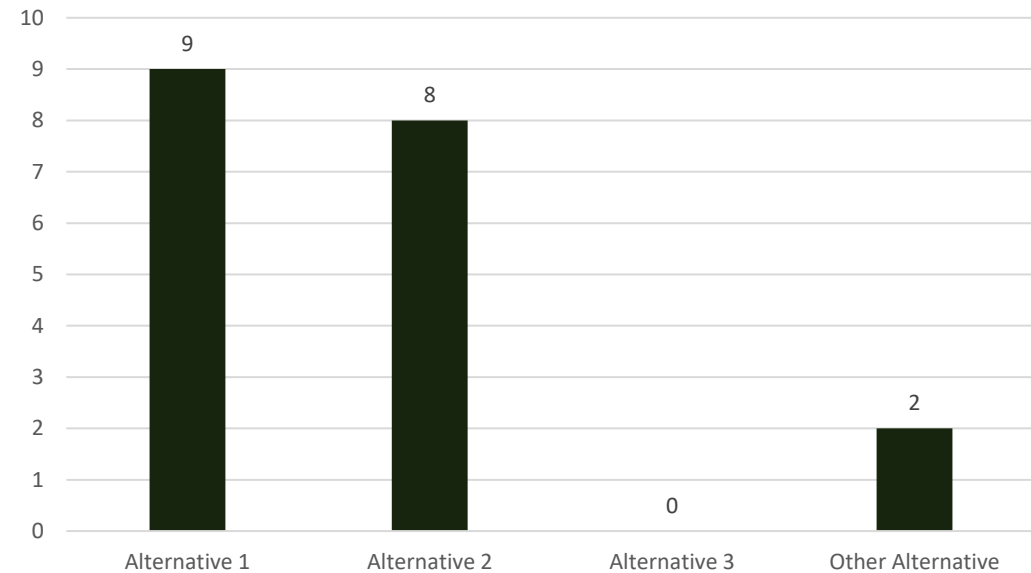


# NPOs Acting on Behalf of Other Entities

SMC2a) Do you agree with the description of Issue 2 - NPOs- Acting on behalf of other entities?



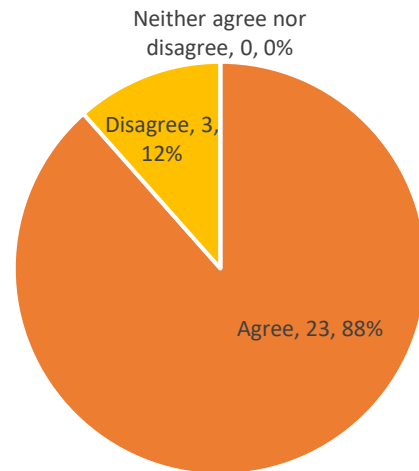
SMC2d) Please identify the alternative treatment that you favour for Issue 2



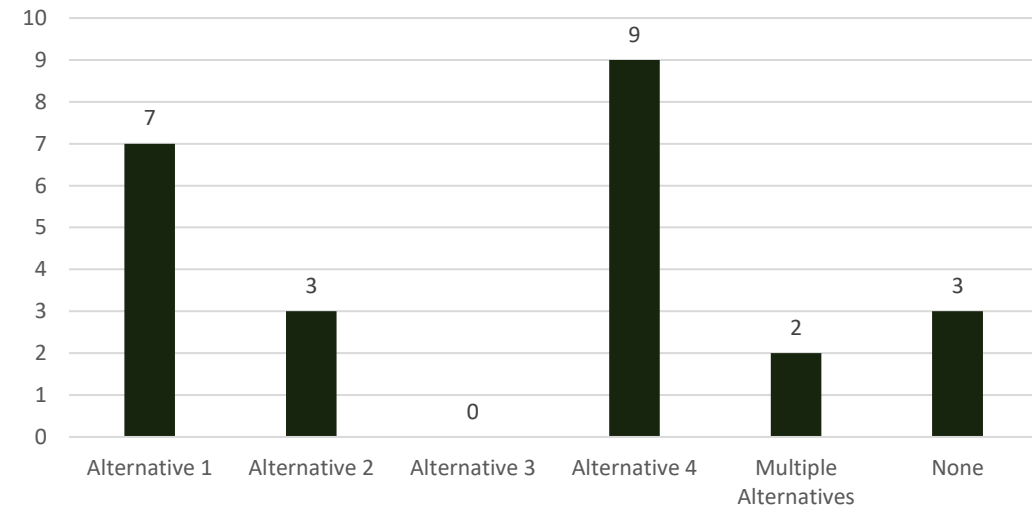


# Non Exchange Revenue

SMC3a) Do you agree with the description of Issue 3 - Non-exchange revenue?

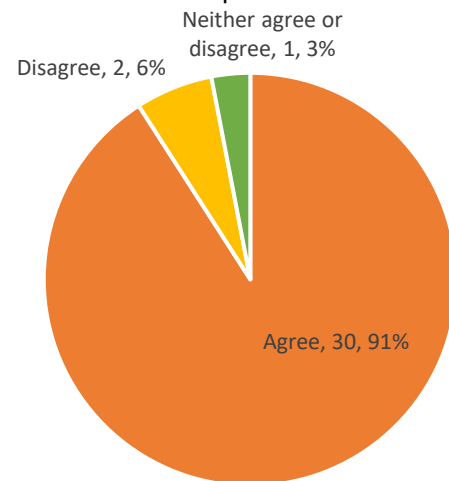


SMC3d) Please identify the preferred alternative treatment that you favour for Issue 3

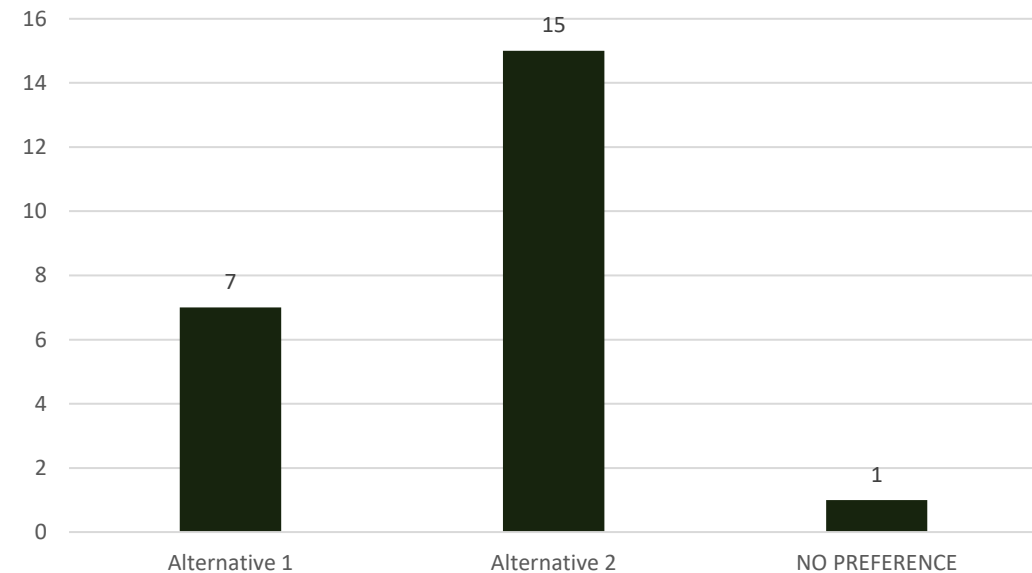


# Grant Expenses

SMC4a) Do you agree with the description of Issue 4 - Grant expenses?

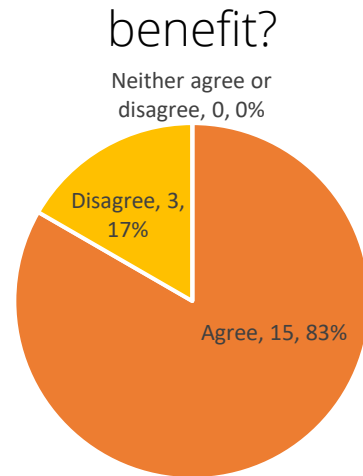


SMC4d) Please identify the alternative treatment that you favour for Issue 4

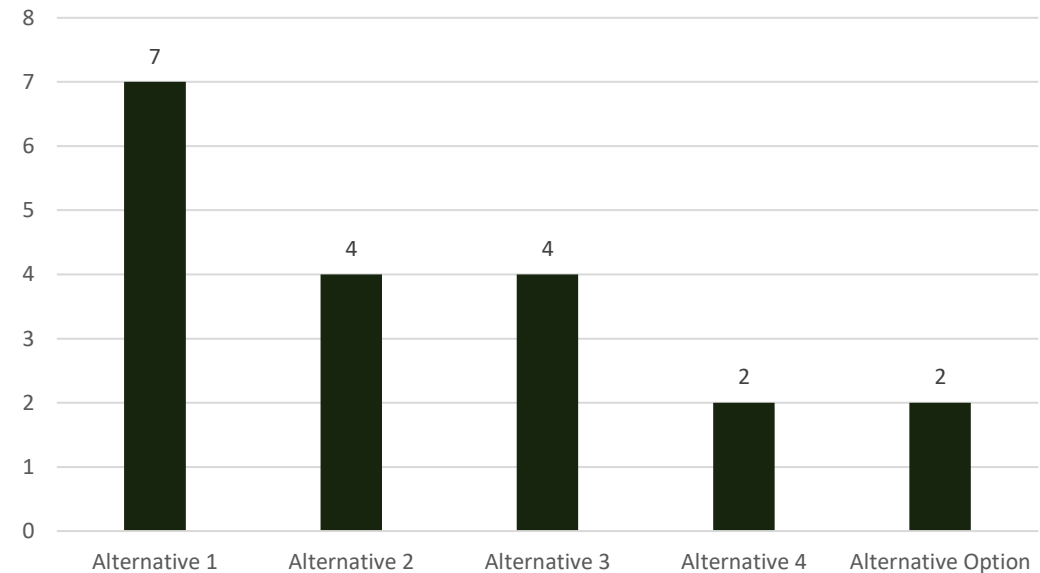


# Measurement of Non-Financial Assets for Social Benefit

SMC5a) Do you agree with the description of Issue 5 - Measurement of non-financial assets for social

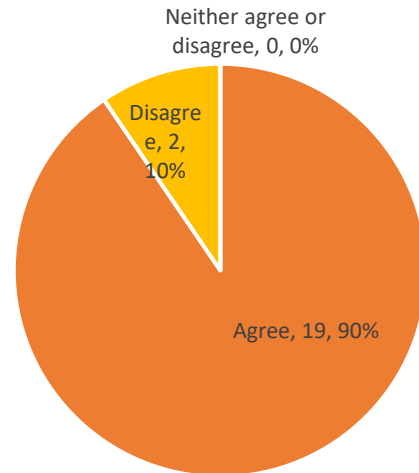


SMC5d) Please identify the alternative treatment that you favour for Issue 5

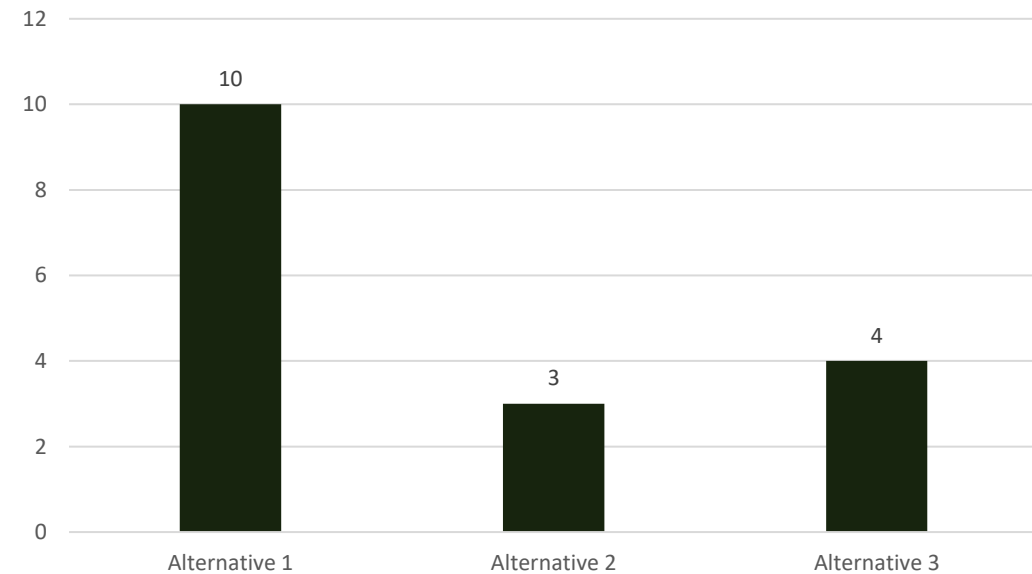


# Inventory Held for Use or Distribution

SMC6a) Do you agree with the description of Issue 6 - Inventory held for distribution?

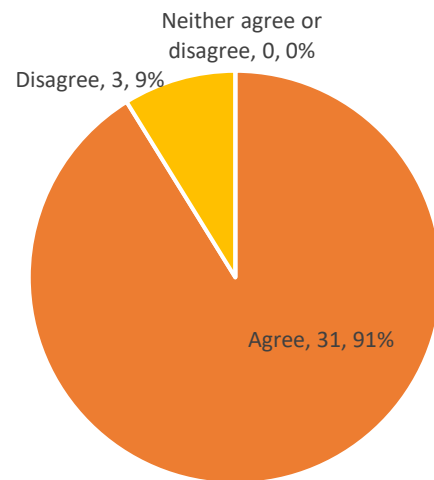


SMC6d) Please identify the alternative treatment that you favour for Issue 6

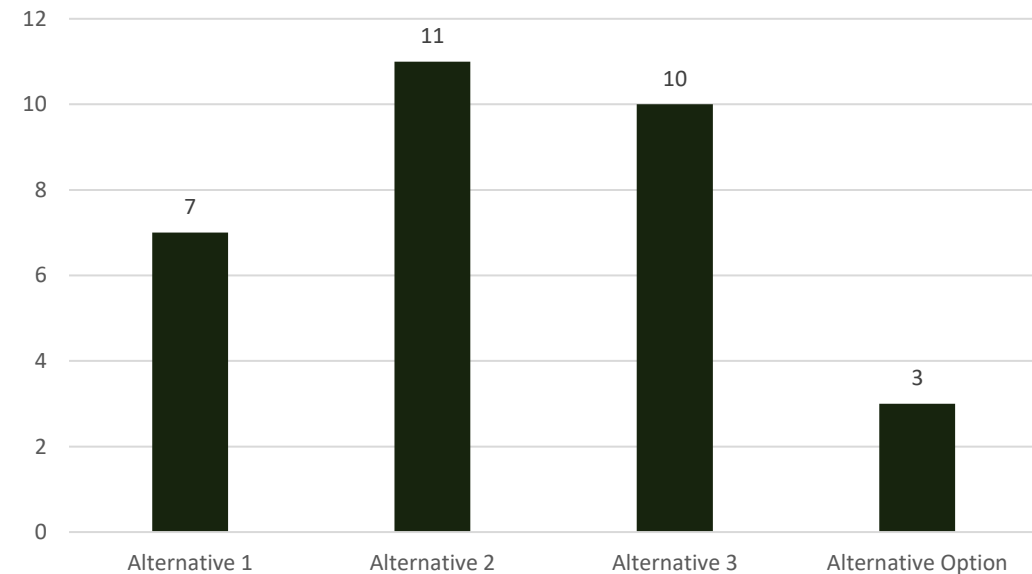


# Presentation of Financial Statements

SMC07a) Do you agree with the description of Issue 7 - Presentation of financial statements?

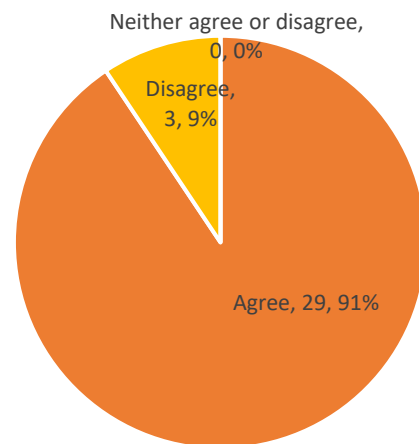


SMC7d) Please identify the alternative treatment that you favour for Issue 7

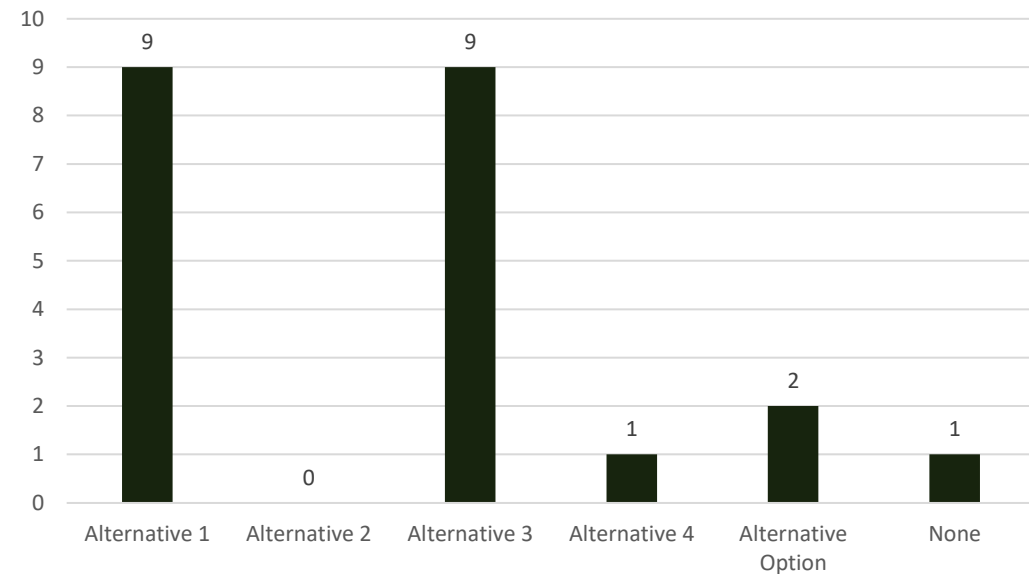


# Classification of Expenses

SMC8a) Do you agree with the description of Issue 8 - Classification of Expenses?

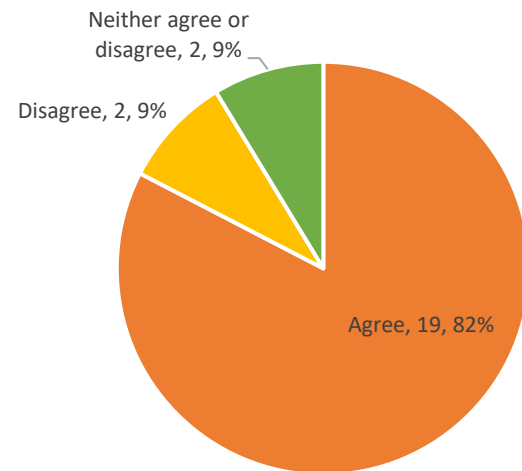


SMC8d) Please identify the alternative that you favour for Issue 8

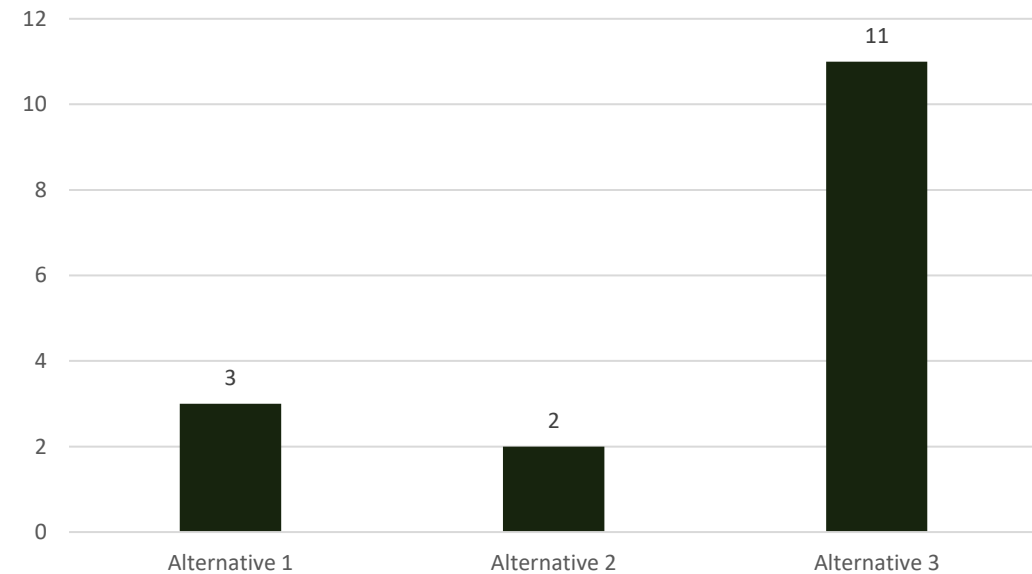


# Fundraising Costs

SMC9a) Do you agree with the description of Issue 9 - Fundraising Costs?

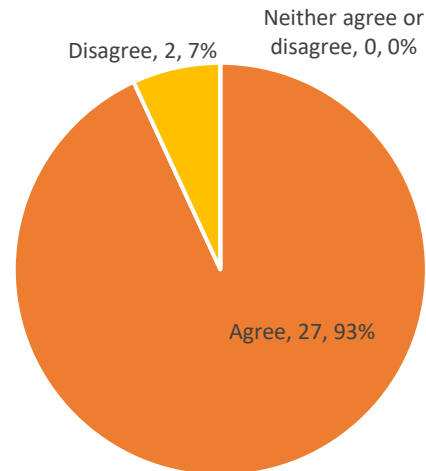


SMC9d) Please identify the alternative treatment you favour for Issue 9

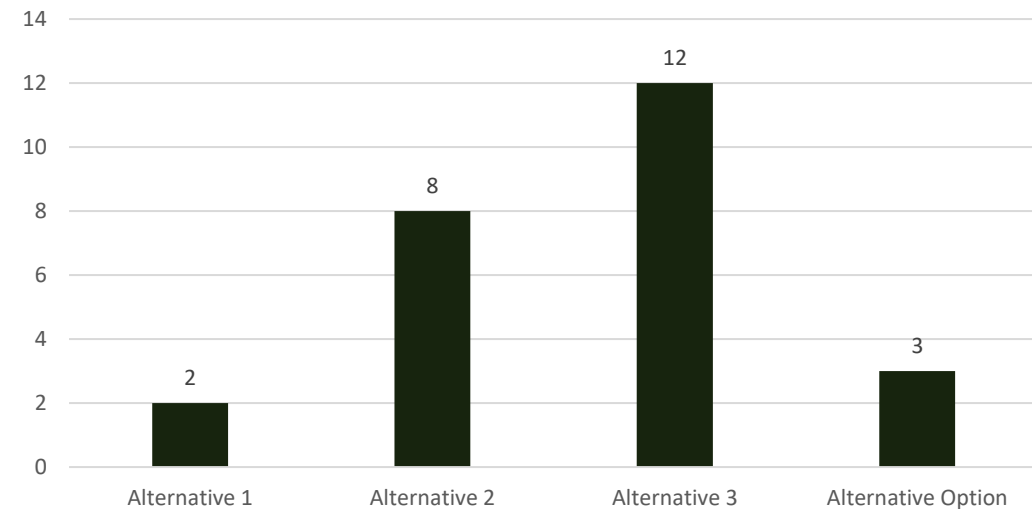


# Narrative Reporting

SMC10a) Do you agree with the description of Issue 10 Narrative reporting?



SMC10d) Please identify the alternative treatment that you favour for Issue 10





# Respondents by Country



INTERNATIONAL FINANCIAL REPORTING  
FOR NON PROFIT ORGANISATIONS

Table 1(i) Jurisdiction(s) to which the feedback relates		
Country	Number of Responses	Percentage
Argentina	1	1.45
Australia	6	8.70
Bangladesh	1	1.45
Brazil	1	1.45
Canada	1	1.45
Dominica	1	1.45
Ecuador	1	1.45
Ethiopia	3	4.35
France	1	1.45
Georgia	1	1.45
Ghana	2	2.90
India	2	2.90
Indonesia	1	1.45
Jamaica	6	8.70
Japan	2	2.90
Kenya	4	5.80
Malawi	1	1.45
Nigeria	4	5.80
Palestine	1	1.45
Rawanda	1	1.45
Russia	2	2.90
Senegal	1	1.45
Sierra Leone	1	1.45
South Africa	1	1.45
South Korea	1	1.45
Switzerland	1	1.45
Turkey	1	1.45
Uganda	3	4.35
UK	9	13.04
USA	4	5.80
Zimbabwe	4	5.80
Total	69	100



# List of Favoured Alternatives - 1

Issue	Preferred Alternative
Issue 1: Reporting entity and control (including branches)	<b>Alternative 2</b> - Prepare additional NPO-specific guidance on the nature of reporting entities and use pragmatic methods of assessment such as the power to govern financial and operating policies to define control.
Issue 2: NPOs acting on behalf of other entities	<b>Alternative 1</b> - Follow IFRS Standards – based on control with additional guidance and non – profit examples and with additional disclosure requirement.
Issue 3: Non-exchange revenue	<b>Alternative 4</b> - Recognise non-exchange revenue using the principles in IPSAS 23. Introduce exceptions to the requirements for gifts in-kind based on some national standards NPO-specific guidance is provided.
Issue 4: Grant Expenses	<b>Alternative 2</b> - Follow either IFRS Standards, the IFRS for SMEs Standard or IPSAS, include additional guidance on recognition, measurement incorporating the performance obligation approaches proposed in ED72 by IPSASB, when IPSAS is not used as the base.
Issue 5: Measurement of non-financial assets held for social benefit	<b>Alternative 1</b> - Subsequent measurement of property, plant and equipment follows either the cost model or the revaluation model, with additional NPO-specific guidance.

# List of Favoured Alternatives - 2

Issue	Preferred Alternative
Issue 6: Inventory held for use or distribution	<b>Alternative 1</b> - Measure all inventory at the lower of cost or net realisable value with additional NPO-specific guidance.
Issue 7: Presentation of financial statements (including fund accounting)	<b>Alternative 2</b> - Use the IFRS for SMEs Standard and require NPOs to use fund accounting and disclosure of reserves policy
Issue 8: Classification of expenses – function or nature?	<p><b>Alternative 1</b> - Allow analysis by function or nature of expense.</p> <p><b>Alternative 3</b> - Require analysis on both a function of expense and nature of expense analysis.</p>
Issue 9: Fundraising costs	<b>Alternative 3</b> - Develop new NPO-specific guidance that requires disclosure of the amount and accounting policy for fundraising costs.
Issue 10: Narrative Reporting	<b>Alternative 3</b> - Apply integrated reporting, following the IIRC Framework, tailored as appropriate for reporting in the NPO context.