

# Practitioner Advisory Group Issue Paper

AGENDA ITEM: PAGED03-01

15 September 2021 – Online

## High Level Response Summary

Summary	This report provides an initial summary of the responses received for Part 1 of the Consultation Paper.
Purpose/Objective of the paper	To allow PAG members to consider the initial summary of consultation responses.
Other supporting items	None
Prepared by	Sarah Sheen
Actions for this meeting	<u>Advice</u> on the direction of the future analysis and areas to prioritise

# Presentation of Financial Statements

## Part 1 – Advice Sought

### 1. Consultation Paper Analysis

1.1 PAG will be aware that the Consultation Paper was published on 28 January 2021. Part 1 of the consultation paper closed on 30 July 2021, though some extensions were granted for some participants that had commenced the on-line survey – the extension deadline was 13 August 2021. 79 of 89 responses have been processed so far, including one that was supported by a survey of 53 of its members. The analysis of the responses to the questions will consider this as a single response. This level of responses is considered to be a good response rate when taking into account that the consultation took place during a global pandemic which has significantly affected the Not-for-Profit sector and NPOs across the world and in an area where the project is still building profile.

1.2 Part 2 to this report summarises the respondents to each of the questions. This is supported as follows:

- Annex A – list of respondents
- Annex B – demographic information

A few late responses have not been included in the analysis to date but will be included in future reports.

1.3 The table below provides a very high level summary the consultation feedback.

Question	Subject matter	Response	% Agreed	High-level comments
1a	Broad characteristics of NPOs	78	83%	Support for a principles based approach
2a	Definition of stakeholder groups	78	85%	Support for groups with the potential to include internal stakeholders. Need for a framework for GPFER that work for all NPOs
2b	Information needed by stakeholders	78	89%	Support for information groups identified with potentially the addition of information on internal controls to support trust
2c	Current issues with stakeholder information for accountability and decision making	74	89%	Support for the identification of the issues with suggestions particularly in relation to donor information.
3a	Accrual based guidance	This elicited a number of issues including capacity, skills and expertise and also stakeholder understanding as well as cost. Questions raised about differential reporting for smaller NPOs		

3b	Inclusion of non-financial reporting	Challenges were identified in developing guidance for such a broad range of organisations and also challenges for NPOs in implementing any guidance. A question was raised as to whether this should be a phase 2 activity as implementing accruals may be challenging.		
4a	International frameworks as a start point	77	90%	Support due to the extensive consultation and due process around international standards. Support for leveraging these.
4b	Criteria to assess international frameworks	71	85%	Support for criteria including respondents who cited positively a similar approach in NZ and Australia. Some desire to have a closer link to the objectives.
4c	High level assessment of international frameworks	63	91%	No major comments on the approach
5a	Proposed Guidance model	This raised questions about the form of the guidance including whether it would serve as interpretations of the existing guidance. Questions on materiality were also raised in the context of which size, type of NPOs would use the guidance		

1.4 With strong support for the proposals in the Consultation Paper and based on our analysis of the feedback, we are of the view that the project should progress with the proposals contained in Part 1 of the Consultation Paper. Proceeding on this basis recognises the challenges that have been posed in the feedback and which were in the main acknowledged in developing the original proposals.

Question 1: Does the PAG support moving forward with the proposals contained in Part 1 of the Consultation Paper?

September 2021

# Analysis of Consultation Responses

## Part 2 – Response Summary

### 1. Respondents to the Consultation

- 1.1 Annex A to this report provides a listing of 79 responses to the consultation, processed to date. This includes a response from Institute of Certified Public Accountants of Uganda (ICPAU) where the Institute has included a survey which had 53 respondents. This is analysed further in Annex B, where relevant.
- 1.2 The Secretariat would note that this report is an initial summary of the information provided. Further analysis will be provided in due course.
- 1.3 Only initial control checks have been completed on the information. This high-level summary only includes analysis of the commentaries which have been provided in response to the questions asked; it does not include additional commentaries provided by some respondents in covering letters or as Annexes to their responses.
- 1.4 The 79 respondents include a mix of individuals and responding organisations. Annex A sets out that there are 56 responses from individuals and 23 responses from organisations. 54 responses were submitted using the online survey, and 25 via the template or own response formats.
- 1.5 As a high-level summary this report does not attribute any of the responses to an individual or organisation.
- 1.6 Annex B examines the characteristics of the respondents and the organisations in which they work. Unfortunately, there are a significant number of responses where this information has not been supplied and therefore the statistical information may be less informative or conclusive, but it does give an indication that there has been a global reach to the consultative exercises.
- 1.7 Annex B1 considers the jurisdictions to which the feedback relates. Table 1(i) of Annex B1 provides an analysis of the countries from which feedback has been received. The largest number of responses come from the UK, followed by Australia and Uganda. Table 1 (ii) analyses the respondents by continent with Africa providing the most responses at 20 (25%), followed by Europe and Asia each at 6 (8%) respondents.
- 1.8 Table 1(iii) provides a summary to the responses to this question based on the types of jurisdiction the respondents worked under. Most respondents confirmed that they were from a single jurisdiction (33 responses (42%)) though there are a significant number indicating that the response relates to a global jurisdiction (21 responses (27%)).

- 1.9 Annex B2 provides an analysis of the role a respondent has in an organisation if they responded to the consultation as an individual. In addition to the 23 organisations 3 individuals also responded with 'not applicable'. As might be anticipated most individual respondents appear to have a finance background with 14% of the responses being finance managers, 10% deputy finance officers, 9% Chief Finance Officers and 9% accountants. The remaining analysis shows a disparate spread of other roles.
- 1.10 Annex B3 analyses the 79 respondents' financial reporting bases and provides a separate analysis for the ICPAU survey. Perhaps surprisingly of the 79 respondents most respondents indicated that they produced accounts on an accrual basis (40 or (51%)) followed by 17 (21%) using modified cash and 5 (7%) using cash. This differs for the ICPAU survey from Uganda where most respondents (30 (56%)) indicated that they use a modified cash basis of reporting, followed by cash at 16 (20%) respondents and 7 (12%) using accrual-based accounting.
- 1.11 Responses to the question about the form of financial reporting standard used by NPOs in the jurisdiction in which the respondent mainly worked were also relatively surprising. The largest number of respondents 15 (20%) indicated that they followed IFRS, followed by IFRS for SMEs and NPO specific standards/guidance based on IFRS at 9 respondents (11%) and then National GAAP at 7 respondents (9%). Annex B4 Table 4(i) lists others that NPOs used ie specific standards based on IFRS for SMEs, IPSAS and National GAAP. This differs from the analysis for the ICPAU survey where the largest number of respondents use funder requirements only at 12 (23%) followed by NPO specific standards guidance or national GAAP at 9 (17%) respondents (see Annex B4 Table 4(ii)).
- 1.12 Annex B5 analyses the international classification of non-profit organisation groups (ICNPO) which best describes an NPO's activities. Unfortunately, this received a significant non-response rate at 47%. Two classifications (Health and Social Services) had with the largest response rate at 8 respondents (10%). Interestingly the ICPAU survey showed a similar analysis, with Health and Social Services being the largest number of respondents at 11 (21%) and 10 (19%) respectively.
- 1.13 In terms of ranking revenue in sources in order of importance as presented in Annex B6 as revenue source rankings reduce, the numbers of not applicable responses increase significantly, with only the first two ranks providing reliable information. The tables in Annex B6 indicate that 39% of respondents regard grants as being of highest importance to their organisation with 25% of respondents indicating that they saw donations as the second most important source of revenue (see tables 6(i) and (ii)).

## 2. Broad Characteristics of Non-Profit Organisations

GMC 1a Do you agree with the broad characteristics proposed in Chapter 1 for describing NPOs?

- 2.1 There were 78 responses to this question. An overwhelming majority (65, that is 83%) agree with the four broad characteristics outlined in Chapter 1. 6 respondents (8%) partially agree and 7 respondents (9%) disagree.
- 2.2 The respondents supporting the broad characteristics approach favoured a principles-based approach which aimed to be both inclusive and holistic. The importance of understanding the nature and purpose of the organisation was underlined by the responses. Respondents agreeing with the broad characteristics also provided constructive commentary on how the approach should be applied. Perhaps the most important of these, which was also commented on by the respondents that partially agreed, was that the characteristic '*delivering services for the public benefit*' should also include goods.
- 2.3 A number of respondents that agreed also commented that the first two characteristics were the most important and there was potential for some of the characteristics to be indicators of the first two characteristics rather than characteristics in their own right. Other commentaries included suggestions for using an asset lock, including public benefits entities such as trade unions and trade organisations and consideration for using an 'and' between each of the characteristics.
- 2.4 Those respondents that partially agreed commented on the need to define what public benefit might mean, being clear that this may also include subset of the community. Additionally, it was suggested that 'social purpose' may need further definition. A respondent also suggested that the characteristics should be shaped to include the purpose of the project with respondents indicating that the characteristics should include NPOs which are grant giving as well as those which are in receipt of grants.
- 2.5 The respondents that disagreed commented that a 'pure' NPO approach should be used, that public benefit has a specific charity law meaning and whether the organisation aims to provide economic benefits to resource providers is an important characteristic which differentiates between for profit and not for profit organisations.

### 3. NPO Stakeholders and Their Needs

**GMC 2a Do you agree that NPOs are accountable to service users, resource providers, and regulators and have societal accountability? If not, why not? What alternative groups would you propose NPOs can be accountable to, and why?**

- 3.1 Most of the 78 respondents (66 (85%)) agreed with question 2a regarding NPO accountability to service users, resource providers, and regulators and that they have societal accountability with, 10 (13%) of respondents partially agreeing and 2 (2%) of respondents disagreeing.

- 3.2 The respondents that agreed with question 2a said that NPOs have varying degrees of accountability to service users, contributors (where relevant), members and regulators. There were differing views on whether this would include internal stakeholders with some comments indicating that they are also owed accountability. Comments were also made relating to the difficulties of devising a reporting framework to meet such a diverse user group.
- 3.3 Four respondents from the 'partially agree' group commented that accountability arrangements are articulated from the perspective of general purpose financial reports rather than focusing on the four stakeholder groups. This would acknowledge the diversity and accept a broad range of users. This group then indicated that the project would need to determine the objectives of general purpose financial reports and the primary users per the conceptual frameworks of standard setters. In looking at users, one of the respondents suggested that the term 'beneficiaries' is used instead as this would pick up the issue of the supply of goods and services.
- 3.4 The respondents that disagreed indicated that as an alternative, stakeholders should be focussed on donors and regulators and considered it problematic to be applying the for profits stakeholder theory to NPOs.

**GMC 2b Do you agree that external stakeholders require information on an NPO's achievement of objectives, economy efficiency and effectiveness compliance with restrictions and regulations, and longer-term financial health, for accountability and decision-making purposes?**

- 3.5 There were 78 responses received to question GMC 2b. A substantial majority, 69 (89%), supported the Consultation Paper's proposal that external stakeholders require information on an NPOs achievement of objectives, economy efficiency and effectiveness compliance with restrictions and regulations, and longer-term financial health, for accountability. Four respondents (5%) partially agreed with 5 respondents (6%) disagreeing.
- 3.6 Respondents agreeing to the views held in the consultation paper also recommended the inclusion of internal controls, mechanisms to secure trust and confidence in the objectives for the future and that information should be provided on how funds have been used, comments included a need to highlight outcomes as well as outputs with one respondent suggesting instead of achievement of objectives that information should be provided on how the three Es have been optimised rather than maximised.
- 3.7 The respondents that partially agreed also commented that accountability is also provided using the information provided on the charities' register, that financial statements might not be the only means of conveying information on accountability, on proportionality of the need for this information and ensuring that the NPO is stable as a long-term provider of services.

- 3.8 One respondent that disagreed commented in detail on how well these objectives should instead align with the different objectives for the financial statements and for the annual report/narrative report and particularly that demonstrating value for money does not work as an objective. They noted for that an NPO should be able to demonstrate the difference it has made and its financial health and sustainability. The respondent also linked this to the audit of the financial report and reporting on restrictive funds. A second respondent commented that it did not agree with the basis of this approach indicating that NPOs exist as an alternative to a *'money centric society'* with many prioritising their freedom from efficiency to help the vulnerable.

### **GMC 2c Do you agree with the issues that have been identified with current accountability and decision making for NPOs?**

- 3.9 There were 74 responses to GMC 2c. Of these 66 (89%) agreed with the issues that have been identified for accountability and decision making for NPOs with one (1%) respondent partially agreeing and 7 respondents (10%) disagreeing.
- 3.10 There were multiple suggestions made by the respondents to this question. On donors' requirements a respondent suggested that consideration be made of the information commonly required by donors and the extent to which they may be harmonised to reduce the reporting burden. It was noted that despite individual national jurisdictions harmonising reporting there were still frequent requests for special purpose financial reports. Comments were also made about the importance of public trust and accountability and NPO reporting and the evidence of the reputational effects of well discharged accountability on future decisions.
- 3.11 The respondents that partially agreed commented on the need to balance the interests of users with the administrative burden on NPOs.
- 3.12 A respondent that disagreed commented on the level of scrutiny required to achieve financial accountability and the need to address multiple funding fraud.
- 3.13 A second respondent commented that there was too much emphasis on decision-usefulness over stewardship. It was of the view that separate consideration is needed of the objectives for the annual report and the financial statements. The objectives for the latter need to enable governing bodies to prepare accounts that will either 'present fairly' or give a 'true and fair' view for users interested in stewardship, demonstrating accountability for the past and sustainability for the future. The respondent commented that in particular, consideration is needed of the *'extent to which the balance sheet approach to the IFRS for SMEs... can be translated as being useful to the economic decisions and non-economic decisions made by users of NPO financial statements.'* For instance, the *impact of departure from the use of 'fair values'* (for example in concessions for smaller or less complex NPOs) on decision usefulness need to be considered in developing NPO financial statement objectives



#### 4. The Essential Aspects of NPO Financial Reporting (and Non-Financial Reporting) Guidance

##### GMC 3a What, if any, do you see as the main challenges with Guidance that is accrual-based?

- 4.1 Annex C summarises the comments to question 3a which covers the following issues relating to the challenges of accrual-based Guidance:
- Capacity, Skills and Expertise – the most significant response to this question was the issue of NPOs having appropriately qualified staff to apply more technically complex accrual accounting policies and the accounting systems to apply an accrual-based system. Concerns were also raised about the costs and sustainability of the systems, and this was particularly an issue for smaller NPOs. Allied to this were the information requirements necessary to implement accrual-based accounting.
  - Several respondents also referred to the understanding of stakeholders of accrual-based systems with comment on accrual-based systems only being interpretable by accountants. Other respondents commented on the ability of NPOs to be able to convince donors of the usefulness of cash-based reports. A respondent also commented on regulators and grant makers requiring financial information on a cash basis for smaller charities.
  - There were also comments on the need for education and training.
  - Some respondents also used this question to raise the issue of differential reporting for smaller charities, including suggestions for cash and modified cash-based guidance.
  - Other comments included specific accounting issues such as measurement of non-monetary inputs or the impact of the 'matching' concept and for grant and contract funding. Comments were also made on the successful application of FRS 102 *The Financial Reporting Standard Applicable in the UK and Republic of Ireland* to non-exchange transactions.
- 4.2 One respondent questioned the conceptual application of accrual-based accounting, indicating that this presupposes comparability and efficiency which are theories of business accounting and that NPO activities do not have to be efficient.

##### GMC 3b What, if any, do you see as the main challenges with Guidance that includes non-financial information reporting?

- 4.3 Respondents outlined a number of challenges for the guidance. These could be broadly separated into two headings ie challenges for the development of the Guidance and challenges for NPOs in applying it.

###### *Challenges for the Guidance*

- 4.4 Respondents to the consultation indicated that there would be a number of challenges for the production of non-financial information reporting for NPOs including:
- The diversity of the entities reporting under the proposed framework and the

range of jurisdictions anticipated.

- Being able to demonstrate that the benefits of applying the framework outweigh the costs especially as many NPOs use their websites to meet users' needs with cheap and unregulated information that is regularly refreshed.
- Timing of development – a number of international initiatives were developing non-financial reporting frameworks; the Guidance should leverage from these initiatives.
- Ensuring clear principles-based guidance and avoiding the risks that reports by different entities may not be readily comparable.
- The use of KPIs and a measurement and evaluation process that can be easily applied and relevant for NPOs
- The title of the project not suggesting that it will include Guidance on non-financial reporting which may lead to confusion and misunderstanding – a respondent recommended that consideration be given to how the project title could better reflect the scope of the guidance.
- Regulation and compliance and how and whether there would be a cost for audit.
- Criteria for reporting non-financial information and different sets of standards (for example for environmental reporting).
- One respondent suggested that the move to accrual-based accounting was so significant that consideration may have to be given to a two phased project with non-financial reporting in the second phase.

#### *Challenges for NPOs in a Move to Producing Non-Financial Reports*

4.5 The following were identified as challenges for NPOs in the production of non-financial information reports on their activities:

- scope of information reported – what to include for external stakeholders, when considering the diversity of information available and expected
- getting the right balance – information should where relevant include negative as well as positive service performance; it should not be an opportunity for management to present a biased view of the organisation
- the cost of collecting, collating, and verifying the relevant data and reporting it in a meaningful way, including the systems necessary to do this
- subjectivity – non-financial information cannot be measured to the same accuracy as financial information with a respondent indicating that high levels of judgement may be required
- having adequate resources to prepare the non-financial report.

## 5. Use of Existing International Financial Reporting Frameworks

**GMC 4a Do you agree that international frameworks are the best start point for the guidance?**

5.1 There were 77 responses to question 4a. 69 responses (90%) agreed that international frameworks are the best starting point for the Guidance, 3 respondents (4%) partially agreed and 4 (5%) disagreed, with 1(1%) respondent not providing a comment to the question.

- 5.2 The respondents agreeing with the proposals for the best starting point for the Guidance indicated that these frameworks have been developed because of extensive consultations and best practices, it is advantageous to leverage the work of these frameworks for the Guidance and practitioners' familiarity may benefit application (including educational materials already available). Responses also indicated that this had been successful in the UK. Commentary also included the benefits that these standards are also already familiar to funders and practitioners. Two respondents did, however, refer for the need for the guidance to be proportionate.
- 5.3 The comments from respondents that partially agreed included that some jurisdictions are further developed than others and therefore NPO solutions that are locally applicable may not be transferrable internationally.
- 5.4 A respondent that disagreed, however, commented that the proposed method was not appropriate as *'the assumptions of comparability and efficiency are broken'*.

#### **GMC 4b Do you agree with the criteria that have been used to assess the suitability of the existing international frameworks?**

- 5.5 Seventy-one responses were received to question 4b with 60 (85%) agreeing with the criteria that have been used in the Consultation Paper to assess the suitability of existing international frameworks. Six (8%) of respondents agreed, 2 (3%) of respondents disagreed and 3 (4%) respondents indicated that they had no comment on this question.
- 5.6 Two respondents agreeing commented that the criteria were consistent with those considered important when both Australia and New Zealand considered the international framework on which to base their financial frameworks. The respondent agreed that the generally positive experience of each country demonstrates their suitability as a base for the IFR4NPO project. A second respondent commented that the interaction between the criteria and the project Guidance objectives be made clear. The respondent noted that the description framework's ease of use focuses predominantly on the ease of use from the perspective of preparers rather than users. The assessment of the framework's ease of use should also clearly evaluate its impact in NPOs financial reports and whether it is proportionate to the needs of both preparers and users,
- 5.7 The respondents that partially agreed commented that the projects should ensure that the accounts are suitable to primary users of the accounts that will be different under existing international frameworks. The project should also focus on the cost versus benefit given a different stakeholder base. One respondent indicated that financial assets should be included in the assessment of the suitability of existing frameworks and that expected liabilities (for example, for funding commitments made by grant making charities) should be included.

- 5.8 A respondent in this group (partially agree) proposed an additional criterion should be considered that takes into account how the framework aligns with the four characteristics of an NPO. Commenting that this criterion is similar to the first criterion but goes further in looking at the underlying nature and objectives of the organization and how each framework fits these core principles of an NPO. It also commented that although the three criteria seem reasonable it didn't agree fully with the conclusions reached under each one.
- 5.9 A further respondent commented that criteria 2 should not be a basis to evaluate the suitability of a framework because both preparers and auditors must be familiar with any reporting framework. Another respondent commented that two of the frameworks chosen for evaluation do not have the same focus on accountability and decision-making as the IPSAS.
- 5.10 A respondent that disagreed commented that the starting point of this project is that the nature of for-profits and NPOs is different, as pointed out by CCAB (in the 2014 study), indicating *'I don't think it will take much time to create a framework specific to NPOs, regardless of comparability and efficiency.'*

#### **GMC 4c Do you agree with the high level assessment of the existing international frameworks against these criteria?**

- 5.11 Sixty-three responses were received to question 4c. Fifty-seven (91%) of the responses agreed with the high-level assessment of the existing international frameworks against the criteria in Chapter 4. Two (3%) of respondents, partially agreed with the same number disagreeing or providing no direct comment.
- 5.12 A respondent agreeing to question 4c commented on greater freely available educational support, this being consistent with the support for a role for IFRS for SMEs in Australia's differential reporting regime, that the criteria help illustrate the gaps the Guidance seeks to address and that it would be beneficial to evaluate the need for comparability against the government sector. A respondent also commented on the possibility of IFRS and IPSAS regime's being able to extend the remit to NPO reporting.
- 5.13 A comment from a respondent that partially agreed indicated that in figure 4.3, the assessment that IFRS and the IFRS for SMEs do not provide guidance relevant to accounting for non-financial assets by NPOs is 'a little harsh'. It commented that 'We would see these as providing some guidance relevant to accounting for non-financial assets by NPOs, therefore 'amber' would be a fairer assessment than 'red.'

## **6. The Proposed Guidance Model**

**GMC 5a What do you see as the main challenges, if any, with the proposed Guidance model and the use of the IFRS for SMEs Standard as the foundational**

framework? What, if any, alternative model and/or foundational framework do you suggest would be more suitable and why?

*Development of the Model*

- 6.1 Several respondents discussed the challenges around the construction and the form of the model and whether the Guidance would be in the form of interpretations, be a standalone set of standards, take the form of annotations and/or, include a rebuttable presumption that IFRS for SMEs be used as a basis for guidance. Allied to this was a comment about whether it be reviewed and revised on its own. The format of the Guidance was also commented on and its interaction with the foundational framework. One option suggested was to include guidance on NPO specific issues as supplementary text within IFRS for SMEs standards. Comments also included that it was important for the model to identify the differences from IFRS for SMEs and identify the rationale for those differences, a suggestion included a model similar to that used by the IPSASB to review IASB documents.
- 6.2 A respondent suggested that there would need to be a suitable group of NPOs identified as a reference point for the development of the guidance and that this would require a clear articulation of the type, nature and size of the NPO. Consideration would need to be given to narrowing the scope of the target audience to clarify user needs indicating that the description of public accountability similar to that in IFRS for SMEs could be used.
- 6.3 Comments were also provided on the use of jurisdictional level standards and the need to ensure that the accountability arrangements for these standards before they are used to provide services and that using aspects from different frameworks may impede familiarity and included a suggestion that it may be useful to include a hierarchy of where to go to and look for guidance if none is available.
- 6.4 A number of respondents considered the size of the NPOs using the guidance and mentioned that materiality should be considered in this context. Other respondents raised the issue of tiered reporting and whether resolving it at an early stage could be useful in developing the Guidance.
- 6.5 Other challenges referred to by respondents in the development of a guidance model included:
- ensuring that the final guidance includes a coherent framework as several different contributing frameworks will be used
  - the risks of undue specialisation
  - the need for jurisdictional level amendment to be discouraged
  - NPO-specific reporting issues, and
  - the challenge of how to integrate different principles and guidelines from various sets of frameworks/standards.

- 6.6 The scope of application of IFRS for SMEs – a respondent noted that under IFRS for SMEs the entity that publishes general purpose financial statements for external users does not have public accountability. However, NPOs are mainly engaged in fiduciary business and have public accountability, which may not be compatible with IFRS for SMEs.

*Challenges for the NPO for the Proposed Guidance Model*

- 6.7 Respondents also raised issues for the NPO which included the cost of adoption, the need for education and training, the increase in volatility of profit or loss and the tax implications that arise from this and specific NPO reporting issues.

*External Challenges for the Proposed Guidance Model*

- 6.8 Respondents commented on the lack of familiarity of IFRS for SMEs, the acceptability of the model to main donors, and that IFRS for SMEs had been developed by profit-making entities. Comments were also made on the need to demonstrate the benefits of the model to different stakeholders.

*Other Comments*

- 6.9 Other comments included:
- the description of the proposed model as Guidance - this implies a level of optionality. A respondent indicated that where the Model is applied the treatments within the Guidance will be mandatory. The description of the application of the Model will need to be clear.
  - fragmenting the Guidance by NPO ie whether applied by simple or complex NPOs may weaken the model
  - the difficulties of agreeing on the NPO-specific issues since major standard setters have issued sector specific guidance on those issues that is not consistent across jurisdictions.

*Alternative Models and/or Foundational Framework*

- 6.10 Two respondents proposed that IPSAS standards should be used as an alternative with comments including that the IPSASBs conceptual framework and financial reporting frameworks align more closely with the objectives of the project and the characteristics of NPOs. One respondent suggested that the that non-profit accounting standards developed by FASB in the USA may be a better foundational framework.

## Annex A List of Respondents

Name	Individual /Organisation
Alper ASLAN	Individual
Andre Makutubu Balibwanabo	Individual
Annie Akosua Akpene Agba	Individual
Arup Kumar Pal	Individual
Australian Charities and Not-for-Profits Commission	Organisation
Belinda D'Souza	Individual
Bev Bolton	Individual
Bezuayehu Mengesha	Individual
Canadian Accounting Standards Board	Organisation
Caroline Kariuki	Individual
Chartered Accountants Australia and New Zealand (CA ANZ) and CPA Australia	Organisation
Collen Ngundu	Individual
CPA. Ronald Kaweesi	Individual
Dunstan Ian Rukare	Individual
Edmond Shoko-Lekhuleni	Individual
Edmond Vanderpuye - In Network	Individual
Eduardo Szazi	Individual
EPUA Martin George	Individual
Fernando Catacora	Individual
Francis Mba	Individual
Financial Reporting Council	Organisation
Getnet Haile	Individual
Gibson Runesu	Individual
Hasan	Individual
Hilda Hakiza	Individual
Hillary Luboyera	Individual

Name	Individual /Organisation
Hisham Khilfeh	Individual
Honorary Treasurers' Forum	Organisation
Humentum	Organisation
ICAEW	Organisation
ICAS	Organisation
Innocent Philips	Individual
Institute of Certified Public Accountants of Rwanda	Organisation
Jeanette Calder	Individual
Kim Schwartz	Individual
Lawrence Akubori	Individual
Institute of Certified Public Accountants of Uganda (Uganda joint response)	Organisation
Leslie Williams	Individual
Li Chang	Individual
MACINTYRE HUDSON	Organisation
Mariama Kalidou SOW	Individual
Mark Jerome	Individual
Meti Busha	Individual
Mohammed Abdo Alsaidi	Individual
Musabe James Magson	Individual
Namatai Moyo	Individual
National Museum of Ethnology (Professor)	Organisation
Nigel Joseph Ndekwere	Individual
Nwachukwu Chukwuebuka Oguchi	Individual
Oak Foundation	Organisation
Olufemi Temidayo Akintoye	Individual
OUMOU WANE TOURE	Individual
Owen Mavengere	Individual



Name	Individual /Organisation
Pascal Ndahayo	Individual
PKF Ghana	Organisation
Public Sector Accounting Board Canada	Organisation
Rafat Bandak	Individual
Reggie Mitchell	Individual
Robert Stephens	Individual
Rumiya Kamari	Individual
Rutendo M	Individual
Samantha Mutemera	Individual
Statement of Recommended Practice (SORP) – Response from the Joint SORP-making Body (Charities SORP FRS 102) – UK	Organisation
Steve Brentnall	Individual
Temitope Awolusi	Individual
The Global Fund	Organisation
The Japanese Institute of Certified Public Accountants	Organisation
The National Board of Accountants and Auditors – Tanzania	Organisation
The Nippon Foundation	Organisation
The Salvation Army in Canada & Bermuda	Organisation
The Salvation Army International Headquarters	Organisation
Tim Boyes-Watson	Individual
Tina Carolyn Mkandawire	Individual
Ufulu Chungu	Individual
Unknown	Individual
Wellington School of Business and Government	Organisation
Wessel Pretorius	Individual
Wilfred Ndonye Kimeu	Individual
Willian Almeida	Individual

**Total Number of Respondents: 79**

**Total Number of Individual Responses: 56**

**Total Number of Organisation Responses: 23**

## Annex B1 Information About Respondents - Jurisdiction

<b>Table 1(i) Jurisdiction(s) to which the feedback relates</b>		
County	Number of Responses	Percentage
Australia	3	4%
Brazil	2	3%
Canada	1	1%
China	1	1%
Ethiopia	3	4%
Great Britain/UK	6	7%
Ghana	2	3%
Jamaica	2	3%
Japan	3	4%
Kenya	1	1%
Multiple Jurisdictions	2	3%
Nigeria	3	4%
Palestine	1	1%
Senegal	1	1%
Sierra Leone	1	1%
Uganda	3	4%
Yemen	1	1%
ZAF (South Africa)	2	3%
Zimbabwe	4	5%
Not Applicable	37	46%
<b>Total</b>	<b>79</b>	<b>100%</b>

<b>Table 1(ii) Continent(s) to which the feedback relates</b>		
Continent	Number of Responses	Percentage
Africa	20	25%
Asia	6	8%
Europe	6	8%
North America	3	4%
Oceania	3	4%
South America	2	3%
Multiple Jurisdictions	2	3%
Not Applicable	37	46%
<b>Total</b>	<b>79</b>	<b>100%</b>

**Table 1(iii): Related Jurisdiction**

Jurisdiction Description	Number	Percentage
Global Jurisdiction	21	27%
Single Jurisdiction	33	42%
Multiple Jurisdiction	5	6%
Not Applicable	20	25%
<b>Total</b>	<b>79</b>	<b>100%</b>

## Annex B2: Information About Respondents – Descriptions

<b>Table 2: Description of your role if responding as an individual</b>		
Description	Number	Percentage
Accountant	7	9%
Auditor	2	2%
Board Member	3	4%
CFO/Director of Finance	7	9%
Chief Executive/CEO/Managing	1	1%
Consultant	6	8%
Deputy Finance	8	10%
Educator/Trainer	4	6%
Finance Manager	11	14%
Government	1	1%
Lawyer/Attorney/Solicitor	1	1%
Researcher	1	1%
Retired	1	1%
Not Applicable	26	33%
<b>Total</b>	<b>79</b>	<b>100%</b>

Annex B3: Information About Respondents – Accounting Basis

**Table 3(i) Accounting basis of NPO financial reports in the jurisdiction in which you mainly work**

Accounting Basis	Number	Percentage
Accrual	40	51%
Cash	5	7%
Modified cash	17	21%
Not sure	1	1%
Not Applicable	16	20%
<b>Total</b>	<b>79</b>	<b>100</b>

**Table 3(ii) Uganda Response: Accounting basis of NPO financial reports in the jurisdiction in which you mainly work**

Accounting Basis	Number	Percentage
Accrual	7	12%
Cash	16	30%
Modified Cash	30	56%
Not Sure	1	2%
<b>Total</b>	<b>53</b>	<b>100%</b>

## Annex B4: Information About Respondents – Financial Reporting Standards Used

<b>Table 4(i) Financial reporting standard use by NPOs in the jurisdiction in which you mainly work</b>		
Financial Reporting Standard	Number	Percentage
Funder requirements only	4	5%
IFRS	15	20%
IFRS for SMEs standard	9	11%
IPSAS (accrual basis)	2	3%
National GAAP	7	9%
NPO specific standards guidance based on IPSAS	3	4%
NPO specific standards/guidance based on IFRS	9	11%
NPO specific standards/guidance based on National GAAP	5	6%
NPO specific standards/guidance based on the IFRS for SMEs standard	3	4%
Other	5	6%
Not Applicable	17	21%
<b>Total</b>	<b>79</b>	<b>100%</b>

<b>Table 4(ii) Uganda Response Financial reporting standard use by NPOs in the jurisdiction in which you mainly work</b>		
Financial Reporting Standard	Number	Percentage
Funder Requirements Only	12	23%
IPSAS	3	6%
National GAAP	3	6%
NPO Specific Standards Guidance/ IPSAS	4	8%
IFRS	5	9%
IFRS for SME	5	9%
NPO Specific Standard Guidance IFRS	5	9%
NPO Specific Standard Guidance/ IFRS for SMES	6	11%
NPO Specific Standard Guidance/National GAAP	9	17%
Not Applicable	1	2%
<b>Total</b>	<b>53</b>	<b>100%</b>

## Annex B5: Information About Respondents – International Classification

**Table 5(i): Which International Classification of Non-Profit Organisation ICNPO group best describes your organisation and activities**

International Classification	Number	Percentage
Business and professional associations unions – Organizations promoting regulating and safeguarding business professional and labour interests	1	1%
Education and Research – Organizations and activities administering providing promoting conducting supporting and Servicing Education and research	4	6%
Environment – Organizations promoting and providing services in environmental conservation pollution control and prevention environmental education and health and animal protection	3	4%
Health – Organizations that engage in health-related activities providing health care both general and specialized services administration of health care services and health support services	8	10%
International – Organizations promoting greater intercultural understanding between peoples of different countries and historical background and also those that provide relief during emergencies and promoting development and welfare abroad	7	9%
Law Advocacy and Politics – Organizations and groups that work to protect and promote civil and other rights or advocate the social and political interests of general or specialist constituencies, offer legal services and promote public safety	1	1%
Other Classification	7	9%
Philanthropic intermediaries and voluntarism promotion – Philanthropic organizations and organizations promoting charity and charitable activities	1	1%
Religion – Organizations promoting religious beliefs and administering religious services and rituals includes churches mosques synagogues, temples shrines and similar religious institutions	2	2%
Social Services – Organizations and Institutions providing human and social services to a community or target population	8	10%
Not Applicable	37	47%
<b>Total</b>	<b>79</b>	<b>100</b>



**Table 5(ii) Uganda Response: Which International Classification of Non Profit Organisation ICNPO group best describes your organisation and activities:**

International Classification	Number	Percentage
Business and professional associations unions – Organizations promoting regulating and safeguarding business professional and labour interests	4	8%
Education and Research – Organizations and activities administering providing promoting conducting supporting and Servicing Education and research	4	8%
Environment – Organizations promoting and providing services in environmental conservation pollution control and prevention environmental education and health and animal	4	8%
Health – Organizations that engage in health-related activities providing health care both general and specialized services administration of health care services and health support services	11	21%
International – Organizations promoting greater intercultural understanding between peoples of different countries and historical background and also those that provide relief during emergencies and promoting development and welfare abroad	5	9%
Law Advocacy and Politics – Organizations and groups that work to protect and promote civil and other rights or advocate the social and political interests of general or specialist constituencies, offer legal services and promote public safety	2	3%
Other Classification	NA	NA
Philanthropic intermediaries and voluntarism promotion – Philanthropic organizations and organizations promoting charity and charitable activities	1	2%
Religion – Organizations promoting religious beliefs and administering religious services and rituals includes churches mosques synagogues, temples shrines and similar religious institutions	2	3%
Social Services – Organizations and Institutions providing human and social services to a community or target population	10	19%
Not Applicable	10	19%
<b>Total</b>	<b>53</b>	<b>100%</b>

Annex B6: Information About Respondents – Revenue Sources Ranking

<b>Table 6(i) First Position Rank revenue sources of your NPO in order of importance</b>		
Revenue Sources	Number	Percentage
Donations	7	9%
Grants	31	39%
Other	1	1%
Sale of Goods	5	7%
Not Applicable	35	44%
<b>Total</b>	<b>79</b>	<b>100%</b>

<b>Table 6 (ii) Second Position Rank revenue sources of your NPO in order of importance</b>		
Revenue Sources	Number	Percentage
Donations	20	25%
Gifts in Kind	3	4%
Grants	7	9%
Sale of Goods	6	7%
Services in Kind	3	4%
Not Applicable	40	51%
<b>Total</b>	<b>79</b>	<b>100%</b>

<b>Table 6(iii) Third Position revenue sources of your NPO in order of importance</b>		
Revenue Sources	Number	Percentage
Donations	4	6%
Gifts in Kind	10	12%
Grants	4	6%
Sale of Goods	7	9%
Services in Kind	7	9%
Not Applicable	47	58%
<b>Total</b>	<b>79</b>	<b>100%</b>

**Table 6(iv) Fourth Position Rank revenue sources of your NPO in order of importance**

Revenue Sources	Number	Percentage
Donations	1	1%
Gifts in Kind	3	4%
Other	1	1%
Sale of Goods	2	2%
Services in Kind	16	20%
Not Applicable	57	72%
Total	79	100%

**Table 6(v) Fifth Position Rank revenue sources of your NPO in order of importance**

Revenue Sources	Number	Percentage
Donations	1	1%
Gifts in Kind	8	10%
Sale of Goods	7	9%
Not Applicable	63	80%
Total	79	100%