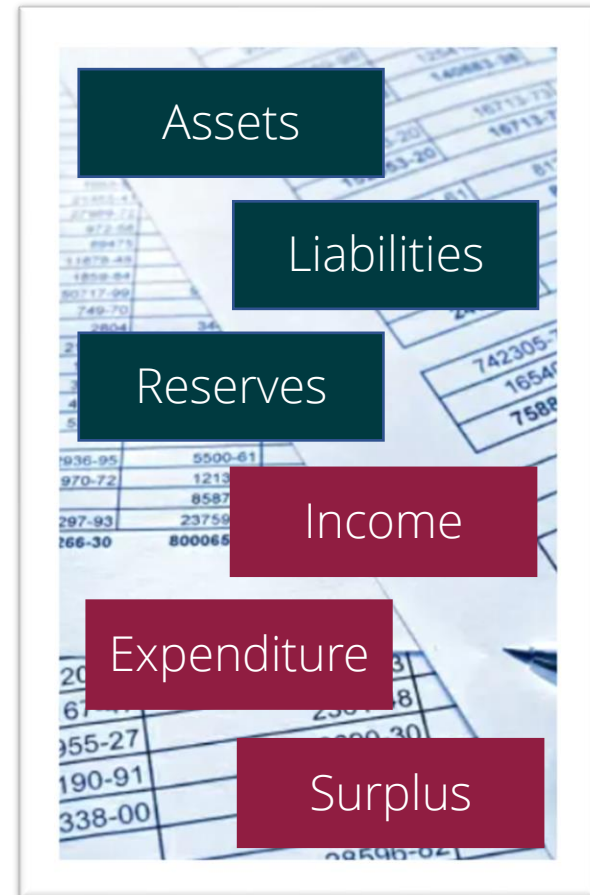




Focus Group – Narrative Reporting

Developing international financial reporting guidance for non-profit organizations



www.ifr4npo.org

Welcome and aims

- This is the second focus group that has been held to seek specific input in developing the narrative reporting guidance.
- Aim is to explore issues related to the refined proposal for narrative reporting that has been adapted based on feedback.
- Particularly interested in views on the mandatory elements and whether any additional specific reporting requirements should be included, and if there is a need for an extended transition period.

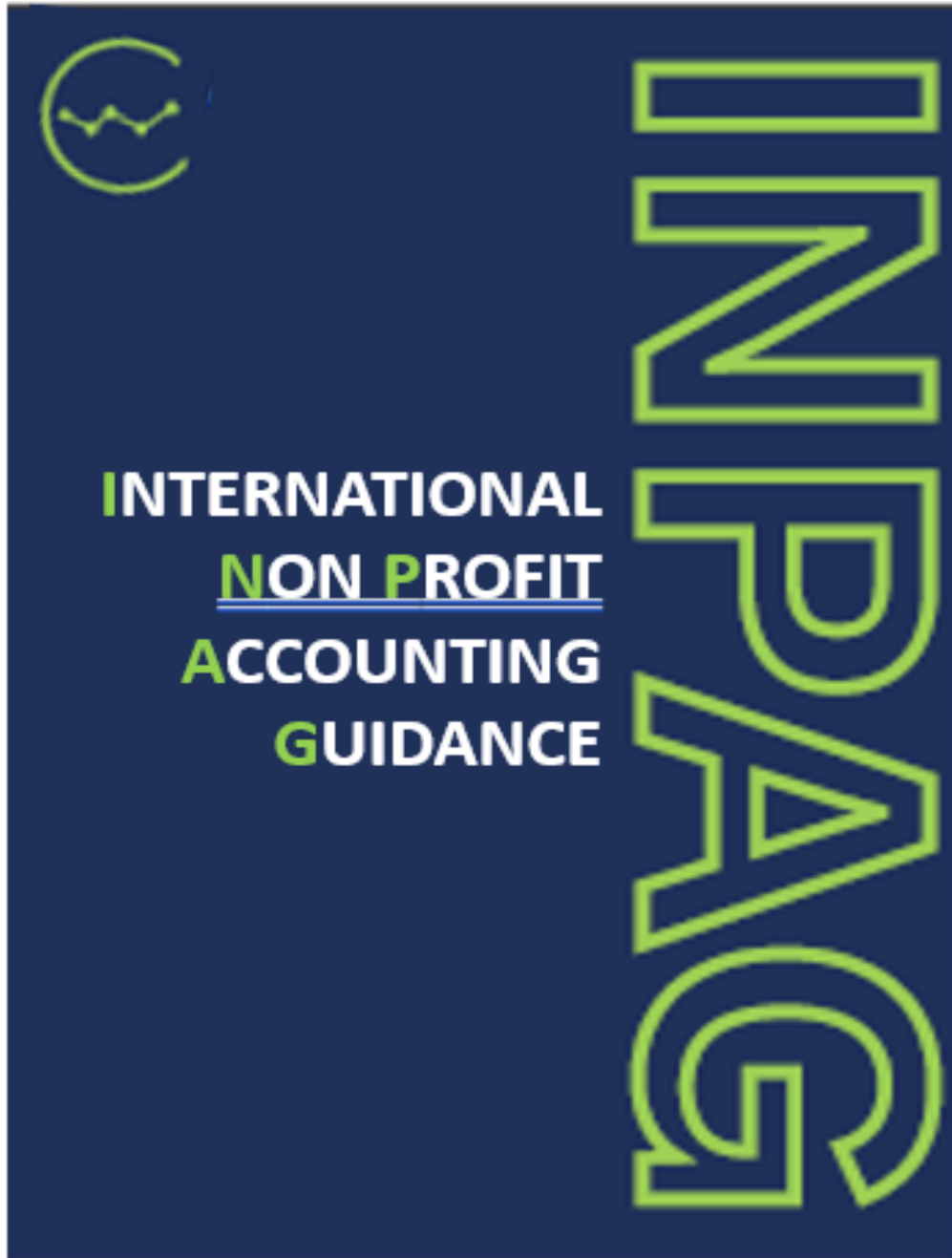


Agenda

Topic	Time
Welcome and agenda	00.00 – 00.05
Updated proposal	00.05 – 00.35
Additional specific requirements?	00.35 – 00.45
Extended transition period?	00.45 – 00.55
Next steps	00.55 – 01.00



Guidance name?



Original proposal

- Framework and principles approach based on existing IASB Practice Statement and IPSASB Recommended Practice Guidelines.



- Feedback was that we needed to (i) make approach more sector specific, (ii) consider jurisdictional-level frameworks, (iii) provide additional guidance particularly with respect to performance reporting.



Updated proposal – mandatory

Fair and balanced reporting			Same NPO as financial statements and consistent reporting period	
Qualitative characteristics: Faithful representation, Relevance, Comparability, Verifiability, Timeliness, Understandability				
1. An overview of the NPO	2. Performance information	3. Financial objectives and strategies	4. Analysis of financial statements	5. Description of principal risks and uncertainties
Contextual information, including legal form, structure, governance, purpose, mission, vision; and main activities, significant relationships.	Performance objectives and plans and what has been achieved. Measures and descriptions to demonstrate performance.	How these support the achievement of its performance objectives.	Significant changes and trends and how these impact on the achievement of its performance objectives.	How these relate to the performance objectives and financial objectives and strategies. Significant changes and mitigations.
Freedom to report beyond these requirements			May exclude sensitive material	

Updated proposal – additional guidance

1. Overview of the NPO

- Who the NPO is, what the NPO exists for and what the NPO does

2. Performance information

- The performance objectives of the NPO, what it intended to achieve and what it has achieved during the reporting period.

3. Financial objectives and strategies

- The NPO's objectives and strategies relating to its financial position, income and expenditure, and cash flows.

Updated proposal – additional guidance

4. Analysis of financial statements

- Analysis of significant changes and trends in its financial position, income and expenditure, and cash flows and the impact these have on the achievement of its performance objectives.

5. Description of principal risks and uncertainties

- The principal risks and uncertainties that affect the achievement of the NPO's performance objectives and its financial position, income and expenditure, and cash flows.

Your views on mandatory and recommended requirements?



- Have we responded to the feedback on the original proposal?
- Are the requirements clear for preparers?
- Will these proposals meet the performance and financial statement analysis information needs of users?

Additional mandatory requirements?

- Under the proposed approach NPOs will have the freedom to present information beyond the mandatory requirements for performance information and financial statement commentary.
- For example, where important to NPOs and users, NPOs will be able to report on areas like sustainability either as part of performance reporting or as a separate component of the narrative report.



Is this sufficient or do you think there should be additional **mandatory** reporting requirements? If so which areas should all NPOs be **required** to report on?

Additional mandatory requirements?

- Voting

The most consistent requests have been for the inclusion of mandatory climate change reporting and/or broader sustainability reporting.

We'd like to know which of the following you support.

- (i) No additional mandatory requirements
- (ii) Mandatory reporting on climate-related matters
- (iii) Mandatory sustainability reporting

Extended transition period?

- For some NPOs, narrative reporting may at first be difficult to implement, particularly when transitioning to new financial reporting standards.
- There may also be questions regarding audit and broader assurance requirements that jurisdictions may determine apply to narrative reporting.



Should there be an option to permit a longer transition period for narrative reporting compared to the rest of INPAG? If so what additional time period should be permitted?

Extended transition period?

- Voting

On the possibility of an extended transition period for narrative reporting we'd like to know which of the following you support.

- (i) No extended transition
- (ii) Up to 2 years extended transition
- (iii) Up to 5 years extended transition

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