



IFR4NPO Project

Advice and Requests
Technical Advisory Group meeting

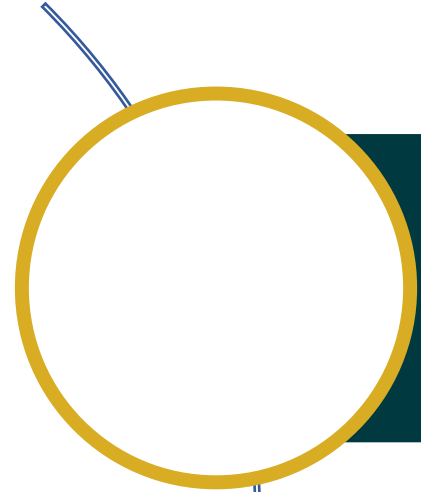
28 March 2023

TAGED11

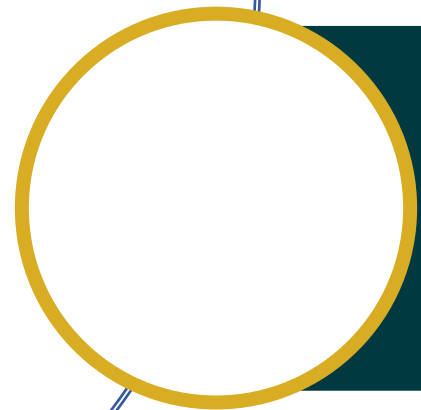




Session outline



Supplementary Statement



Foreign Currency Translation

Agenda item 1 – Supplementary Statement

1.1 Advice

- a) Any information presented in the Supplementary Statement(s) should be consistent with what is in the primary financial statements.
- b) From a materiality perspective the headers for income and expenses may need to be more granular than the financial statements.
- c) The relationship between this statement and the financial statement and how they reconcile will be important for users.
- d) Assurance over the information will be an important consideration, including whether it is a separate opinion or included in the overall opinion.
- e) It will be important to ensure that the Supplementary Statement aligns with the classification of expenses that will be included in ED3.

Agenda item 1 – Supplementary Statement

1.1 Advice

- f) If the Supplementary Statement is a special purpose report then mandatory elements will need to be balanced with flexibility, although this may reduce comparability.
- g) Do not include audit and assurance in scope.

Agenda item 1 –Supplementary Statement

1.2 Requests

- a) Clarify whether it is the intention for the Supplementary Statement to be part of the financial statements or other information in a document that includes the financial statements.
- b) Provide a Basis for Conclusions that explains the development of the Supplementary Statement and the thinking behind the requirements.

Agenda item 2 – Foreign Currency Translation

2.1 Advice

- a) From an NPO perspective Option 2 would be better and provide a fairer presentation.
- b) Include an example covering the retention of an asset in a foreign currency bank account in the illustrative guidance.
- c) Guidance for the NPO community on how to distinguish between what is a foreign exchange gain or loss and what is an 'other gain' or loss will be appreciated and is important.
- d) Should there be a test under option 1 as to whether there is a binding grant arrangement obligation and if not, then that is a reason not to follow Option 1

Agenda item 2 – Foreign Currency Translation

2.1 Advice

- e) Concept of an onerous contract will need to be grounded in the concepts and principles.
- f) May be more transparent to show the net result in restricted funds and then show the funds being transferred from unrestricted to cover the shortfall so that any loss is apparent.
- g) Grant agreements are often silent on what to do with foreign exchange gains and losses. Whilst not within the scope of INPAG it could be useful to develop some draft paragraphs that explain how you deal with such foreign exchange gains and losses.

Agenda item 2 – Foreign Currency Translation

2.2 Requests

- a) When drafting Section 30 and the Basis for Conclusions need to ground the reason as to why changes in exchange rates can create an onerous contract provision and not a binding grant agreement obligation, and provide the conceptual basis for the approach.
- b) The allocation of impacts from Section 30 to restricted and unrestricted funds should also be related to the rationale for why a transaction is restricted and unrestricted funds throughout INPAG.