Technical Advisory Group
Issue Paper

AGENDA ITEM: TAGED12 -02
18 May 2023 – Video Conference

ED 2 – Revenue

Summary	This paper provides TAG members with an overview of the Secretariat's proposals in response to the comments provided by TAG members to the first complete draft of Section 23 *Revenue*
Purpose/Objective of the paper	To seek the TAG member's views on the Secretariat's proposals for redrafting Section 23 *Revenue* to address the key issues identified by TAG members.
Other supporting items	None
Prepared by	Paul Mason
Actions for this meeting	Comment and advise on: • Distinction between Part I and Part II • Binding grant arrangement definition • The presentation of revenue with restrictions and revenue without restrictions • Proposals for exceptions for gifts in-kind and services in-kind • Simplification and terminology

Technical Advisory Group

ED2 - Revenue

1. Introduction

1.1 At its February 2023 meeting, the TAG reviewed the first draft of Section 23 *Revenue*.

1.2 Following the meeting, a complete draft was provided to TAG members for their comments. The comments received raised a number of issues that will need to be addressed as the Secretariat finalises ED 2.

1.3 This paper highlights the key issues raised by TAG members and makes proposals on how these should be addressed. These issues in the main relate to either the Preface or Part I *Revenue from grants and donations*. Few comments were made on Part II *Revenue from contracts with customers*, which generally follows the Exposure Draft for the *IFRS for SMEs* Accounting Standard with changes limited to terminology. However, some options for addressing the issues, particularly in terms of simplifying the text, could have implications for Part II as well as Part I.

1.4 The key issues identified are:

- Distinction between Part I and Part II (including the treatment of nominal consideration and consideration that is not of approximately equal value).
- Distinction between binding grant arrangements and other arrangements.
- Revenue with restrictions and revenue without restrictions (including liabilities outside binding grant arrangements).
- Gifts in-kind and services in-kind (including a question as to whether to mandate recognition of services in-kind).
- Simplification (including current simplifications) and terminology.

1.5 This paper does not include a revised draft of Section 23. This is because a substantial redraft is likely and will need to take account of the deliberations by the TAG at this meeting. A redraft of the section will be provided to TAG members for consideration prior to the next TAG meeting.

2. Distinction between Part I and Part II

2.1 At previous TAG meetings, it was agreed that Section 23 *Revenue* should be drafted in two parts. Part I would cover grants and donations, and be based on the IPSASB's latest thinking on revenue (now confirmed as IPSAS 47, *Revenue*, which was approved in March 2023 and is expected to be issued in the next few weeks). Part II would cover contracts with customers, and be based on the Exposure Draft of the revised Section 23 in the *IFRS for SMEs* Accounting Standard. Both IPSAS 47 and the *IFRS for SMEs* Accounting Standard Exposure Draft incorporate the principles of IFRS 15, *Revenue from Contracts with Customers* into the *IFRS for SMEs* Accounting Standard.

2.2 The draft of ED 2 circulated to TAG members for comment was drafted in these two parts, along with a preface intended to direct readers to the relevant part for their transaction. In line with the 'rules of the road', only limited changes were made to the text of the *IFRS for SMEs* Accounting Standard in developing Part II; these included terminology changes and limited standalone guidance on accounting for less complex transactions. This guidance highlighted when specific requirements would not apply to some less complex transactions.

2.3 TAG members commented that it was not always clear which part should be applied in accounting for a transaction. This was particularly the case for transactions that included a subsidy or where insignificant items were provided to a grantor or donor following their grant or donation.

2.4 TAG members suggested two ways of addressing this issue:

- Redefining the distinction between Part I and Part II, typically based on whether a transaction is a non-exchange transaction (Part I) or an exchange transaction (Part II); or
- Splitting transactions into two elements, a grant and donation element and a contract with customers element, and accounting for each part under the relevant Part of Section 23.

2.5 The Secretariat acknowledge that there are advantages and disadvantages of both approaches. The Secretariat also notes that, where the NPO is required to carry out activities to be entitled to the revenue, the accounting outcomes under Part I and Part II are expected to be the same.

2.6 The advantages and disadvantages of the two ways of addressing the issue are as follows:

	Advantages	**Disadvantages**
Distinguishing between exchange and non-exchange transactions	**Simpler accounting** – as the NPO is not required to separate the subsidy where the purchase price includes a subsidy.	**Distinguishing between an exchange and non-exchange transaction** – in developing IPSAS 47, the IPSASB moved away from this distinction in part because of feedback that this distinction could, at the margins, be difficult to apply.

		Overstating elements of revenue - failure to separate the components of the transaction could result in either the overstatement of commercial revenue or, grants and donations could be overstated.
Splitting a transaction	**Faithful representation** - revenue from grants and donations and revenue from contracts with customers are likely to be more faithfully represent the substance of the transactions. **Useful information** – provides transparency about the grants and donations being made and received.	**Additional analysis** – as NPOs will be required to separate subsidies (both given and received) from purchases prices. However, where an NPO is providing a subsidy, separating the elements and accounting for the subsidy given as a grant expense will be simpler.

2.7 On balance, the Secretariat recommend that transactions are split into separate elements for grants and donations and for contracts with customers. This is because it will more faithfully represent the transactions, and provide more useful information for both the users of the financial statements and the NPOs themselves.

2.8 A decision tree that uses this approach is included in Annex A. Please note that this decision tree also includes the potential for a grant to be recognised under Section 23 Part I where services and/or goods are purchased by an NPO at materially below fair value, and where this is not because of a commercial discount that has been offered. Conversely it also provides for Section 24 Part I to be applied when an NPO receives an amount that is materially below the equivalent value of the good or service that it has provided. Splitting transactions allows for these types of transactions to also be recognised.

2.9 Whichever approach is taken, the Preface to Section 23 will need to be redrafted accordingly, and additional guidance incorporated. Consequential amendments to Part I and Part II may also be required.

2.10 Some TAG members also commented on the duplication between Part I and Part II of Section 23, and questioned whether this could be reduced. This is addressed later under section 6 of this paper.

Question 1:	Do TAG members support the Secretariat recommendation that, where relevant, transactions should be split into separate elements for grants and donations and for contracts with customers, with each element being accounted for under the relevant part of Section 23?

3. Binding grant arrangements

3.1 Some TAG members commented that the distinction between binding grant arrangements and other arrangements was not clear.

3.2 In the draft of ED 2 circulated to TAG for comment, a binding grant arrangement was defined as "a grant arrangement that confers both rights and obligations, enforceable through legal or equivalent means, on the parties to the grant arrangement. A grant recipient's obligations under a binding grant arrangement are compliance obligations."

3.3 The definition is based on the definition of a binding arrangement in the new *Revenue* IPSAS. The definition of a binding arrangement allows for the possibility of there being more than two parties to the binding arrangement, and this was reflected in the definition of a binding grant arrangement in ED 2.

3.4 The Secretariat are now proposing to simplify the definition by restricting the definition to two parties, which is more likely for NPOs. The definition, along with additional guidance to be provided, will emphasise the key features of a binding grant arrangement being:

- The donor and the grant recipient both have both rights and obligations under the binding grant arrangement.
- These rights and obligations are enforceable by legal (or equivalent) means.
- The grant recipient has a right to receive the grant and an obligation to satisfy its compliance obligations under the binding grant arrangement, while the donor has a right to have the grant recipient satisfy its performance obligation and an obligation to pay the grant.

3.5 The proposed new definition of a binding grant arrangement is:

"a grant arrangement where both the donor and the grant recipient have both rights and obligations, enforceable through legal or equivalent means. A grant recipient's obligations under a binding grant arrangement are compliance obligations."

3.6 These features of binding grant arrangements mean that they are a subset of the grant arrangements that an NPO may enter into and not the only type of grant arrangement.. As a consequence, the Secretariat is proposing to introduce a new term of 'funding arrangement'. A funding arrangement is proposed to be defined as 'a grant arrangement that places limitations, (which are not compliance obligations) on the grant recipient's ability to use resources'.

3.7 A new definition is also proposed to describe limitations. Limitations are defined as 'a feature within a funding arrangement that requires a grant recipient to use resources for a designated purpose and/or over a designated period of time without identifying the distinct services, goods, activities or other assets for which the grant recipient must use the resources'.

3.8 The Secretariat accept that the different types of grant arrangement need to be explained more clearly, and propose amending the text in Section 23 accordingly. A revised decision tree (Annex B) has been developed that shows that type of grant arrangements that might exist and that a binding grant arrangement is one of these.

Question 2:	Do TAG members support the revised definition of a binding grant arrangement and the development of additional guidance on the nature of a binding grant arrangement?
Question 3:	Do TAG members agree with proposed new terms and definitions for a funding arrangement and limitations??

4. Revenue with restrictions and revenue without restrictions

4.1 TAG members questioned whether revenue with restrictions would only arise as a result of an agreement between the donor and the NPO, as stated in the Application Guidance. These members indicated that where donations were given in response to specific campaigns, such as on-line fund raising campaigns, the revenue could still be revenue with restrictions even if there is no agreement in place. The Secretariat accepts these comments. Amendments will be made to the Application Guidance accordingly.

4.2 TAG members also questioned whether all grants arising from a binding grant arrangement should be presented as revenue with restrictions. These members commented that, for some grants, revenue would only be recognised once any compliance obligations had been satisfied, and at that point there may be no further restrictions on the NPO's use of the funds.

4.3 The Secretariat considers that presenting all grants with a binding grant arrangement as funds with restrictions is appropriate. Where the grant is received before the NPO has satisfied its compliance obligations, the funds will be restricted when they are received. This will be reflected in the Statement of Cash Flows, and it follows that the same presentation should be applied to the Statement of Income and Expenses. It also more faithfully represents the underlying transaction and provides more useful information to the users of the financial statements.

4.4 Similarly, where an NPO incurs expenses before it receives the grant, the costs should be reported as expenses with restrictions. It follows that the revenue should also be presented as with restrictions.

4.5 The Secretariat acknowledge that there may be differences between the grant received and the costs incurred once the NPO has satisfied its compliance obligations and the donor has made payment. The Secretariat considers that these differences should be reported in the financial statements by a transfer from funds with restrictions to funds without restrictions (or from funds without restrictions to funds with restrictions where the costs exceed the grant). The Secretariat propose including this guidance in Section 23.

4.6 The Secretariat recommend that funding arrangements and binding grant arrangements are presented as income with restrictions, and other grants and donations are presented as income without restrictions.

Time limitations

4.7 The proposed definition of a limitation is "a feature within a funding arrangement that requires a grant recipient to use resources on for a designated purpose and/or over a designated period of time…." The definition of funds with restrictions in ED1 is "funds that are required to be expended, invested or retained by the NPO for a specific purpose or activity as a consequence of externally imposed funding or other legal arrangements placed on the NPO by a resource provider."

4.8 Where an NPO receives a grant that must be used within a specified period but has no other terms or conditions, that grant would have a limitation (and therefore be a funding arrangement), but would not result in a fund with restrictions. Treating the grant as having a limitation is appropriate as the NPO may have to recognise a liability where it does not spend all the funds in the specified period.

4.9 The Secretariat consider that such grants will be unusual (as grants that have a time limitation will usually be for a particular purpose or activity). The Secretariat therefore propose to include Application Guidance that creates an exception by specifying the presentation of grants with time limitations but no other terms or conditions as income without restrictions.

Question 4:	Do TAG members agree with the proposed approach to revenue without restrictions and revenue with restrictions?
Question 5:	Do TAG members support the proposal that grants with time limitations but no other terms or conditions be presented as income without restrictions?

5. Gifts in-kind and services in-kind

5.1 TAG members raised a number of issues regarding gifts in-kind and services in-kind.

Services in-kind

5.2 The main issue of principle raised was whether there should be a requirement to recognise services in-kind where the services are critical to the NPO's mission, as proposed in the draft of Section 23, or whether recognition should be permitted but not required in all circumstances.

5.3 The proposal to require revenue recognition of services in-kind that are critical to an NPO's mission was included after the issue was discussed at the February 2023 TAG meeting. At that meeting, the initial proposal has been to require revenue recognition for services in-kind that the NPO would otherwise have purchased.

5.4 Concerns related to the ability to measure services in-kind; and to jurisdictional issues such as limits on the amount that can be spent on NPO administration. There was concern that the latter might be breached if volunteer services such as accountancy were recognised as revenue and expenses.

5.5 Based on previous discussions at the TAG, there are two options for services in-kind

- permit but not require revenue recognition for all services in-kind; or
- require revenue recognition where services are critical to the NPO's mission and permit but not require recognition for all other services in-kind.

5.6 The option to permit but not require revenue recognition in all cases has the advantage of being easier for NPOs to implement and may avoid measurement and jurisdictional issues. The approach would also be consistent with the approach in the new IPSAS 47 *Revenue*.

5.7 Requiring revenue recognition for services in-kind that are critical to an NPO's mission would improve transparency and comparability. The Secretariat consider that, in most cases, it will be possible to reliably measure such services in-kind. The Secretariat acknowledge that some jurisdictional issues may arise, but are of the view that these should not be a barrier to adopting the approach that bests serves high quality financial reporting and the objectives of the project. If thresholds for administrative expenses are so low that some professional services can only be sourced through volunteers, this accounting treatment may provide transparency about the appropriateness of such thresholds.

5.8 On balance, the Secretariat recommend that revenue recognition should be required for those services in-kind that are critical to an NPO's mission. The

Secretariat accept that this will need to be defined, and propose that services in-kind that are critical to an NPO's mission are "those services in-kind without which an NPO would have to materially reduce the level of its activities."

Measurement of gifts in-kind and services in-kind

5.9 Some TAG members had concerns about the fair value measurement of gifts in-kind and services in-kind, and suggested that guidance would be required. The Exposure Draft of the *IFRS for SMEs* Accounting Standard includes such guidance in Section 12 *Fair value measurement* and this will be incorporated into INPAG under the 'rules of the road'.

5.10 Similar issues regarding measurement were raised in the responses to the Inventories topic in the Consultation Paper. As set out in Agenda Item TAGED12-01, the Secretariat is proposing additional guidance, including using the cost to the donor in assessing fair value. Guidance on when items cannot be measured reliably and therefore do not meet the recognition criteria is also proposed.

5.11 The Secretariat recommend that similar guidance be included in Section 23 to cover those scenarios where an NPO applies a permitted exception and does not recognise inventories, but is required to recognise revenue and an expense when donated items are used or distributed.

High volume or low value items

5.12 The draft of Section 23 proposed a permitted exception from recognising revenue from high volume or low value items for resale until the items are sold.

5.13 The Secretariat accepts TAG members' comments that this should read high volume and low value. As low volume low value items will not be material, the Secretariat propose that the permitted exception should refer only to low value items for resale.

5.14 The Secretariat will also review the drafting of the permitted exceptions to simplify the wording.

Question 6: Do TAG members support the proposal that revenue recognition should be required for services in-kind that are critical to an NPO's mission, and permitted but not required for other services in-kind?

Question 7: Do TAG members support the inclusion of additional guidance on fair value measurement and reliable measurement in Section 23?

Question 8: Do TAG members support the proposed redrafting of the permitted exceptions?

6. Simplification and terminology

6.1 As noted earlier, some TAG members commented on the duplication between Part I and Part II, and questioned whether this could be reduced. TAG members also questioned whether the text of Part I could be simplified and identified potential approaches used in Section 24 Part I.

General approach

6.2 The Secretariat are proposing to review the text of Part I to identify where simplifications could be introduced and duplications reduced. The proposed approach is as follows:

- Because both Part I and Part II use the five step model where the NPO earns revenue by carrying out activities, it is proposed to relocate the description of the five step model to the Preface, with cross-references to the relevant paragraphs in both Parts included. This will mean that some text is removed from Part II, and used in a modified form in the Preface. The modifications are required because the first step is slightly different in Part I, where it is necessary to determine if a binding grant arrangement is in place. Annex C includes an updated extract from the Implementation Guidance in the circulated draft of ED 2 comparing the five step model in Part I and Part II, along with a first draft of the proposed revised guidance.
- Where a binding grant arrangement exists and the five step model is used, those more complex requirements that are expected to be relevant to a limited number of grants and donations (for example, the requirements on modifications to binding grant arrangements and on the time value of money) will be replaced with a cross-reference to the equivalent requirements under Part II. Additional guidance on how to apply these requirements to grants and donations (principally covering differences in terminology) will be provided in the Application Guidance.
- Terminology will be reviewed and simplified where possible (see later in this section of the paper).

Decision trees

6.3 The previous draft of Section 23 included two decision trees. Some TAG members had noted that both decision trees started with the same question, and commented that this could be confusing.

6.4 The Secretariat are proposing to revise the decision trees in the light of the comments received and in light of the other changes to Section 23 proposed in this paper.

6.5 Drafts of the decision trees, reflecting the proposed distinction between Part I and Part II as well as the simplifications proposed above are included in Annex A and Annex B.

Accounting for liabilities where there are no binding grant arrangements

6.6 Some TAG members questioned whether liabilities could arise where there is no binding grant arrangement. Other TAG members questioned whether these liabilities justified the prominence given to them in the requirements for accounting from grants and donations without binding grant arrangements.

6.7 The Secretariat consider that such liabilities can exist (the requirements were consistent with IPSAS 47) but agree that they will be rare for NPOs, and that undue prominence has been given to the requirements.

6.8 Consequently, the Secretariat propose removing the requirements and replacing them with a cross-reference to Section 21 *Provisions and contingencies*.

Terminology

6.9 The Secretariat have reviewed the terminology used for both revenue and grant expenses, and propose some changes to make the terminology easier to understand, and to allow for simplified wording in some of the requirements.

6.10 In these simplifications, it is proposed, where appropriate to refer to more commonly understood accounting terms such as receivables and payables. The terms binding grant arrangement assets and binding grant arrangement liabilities will be retained, principally for non-monetary items that are have distinct characteristics and are appropriate to be separately identified to provide transparency about NPO's rights and obligations under binding grant arrangements.

6.11 Terminology changes identified to date are set out in Annex D.

Question 9: Do TAG members support the general approach to simplifying Part I and reducing duplication with Part II?

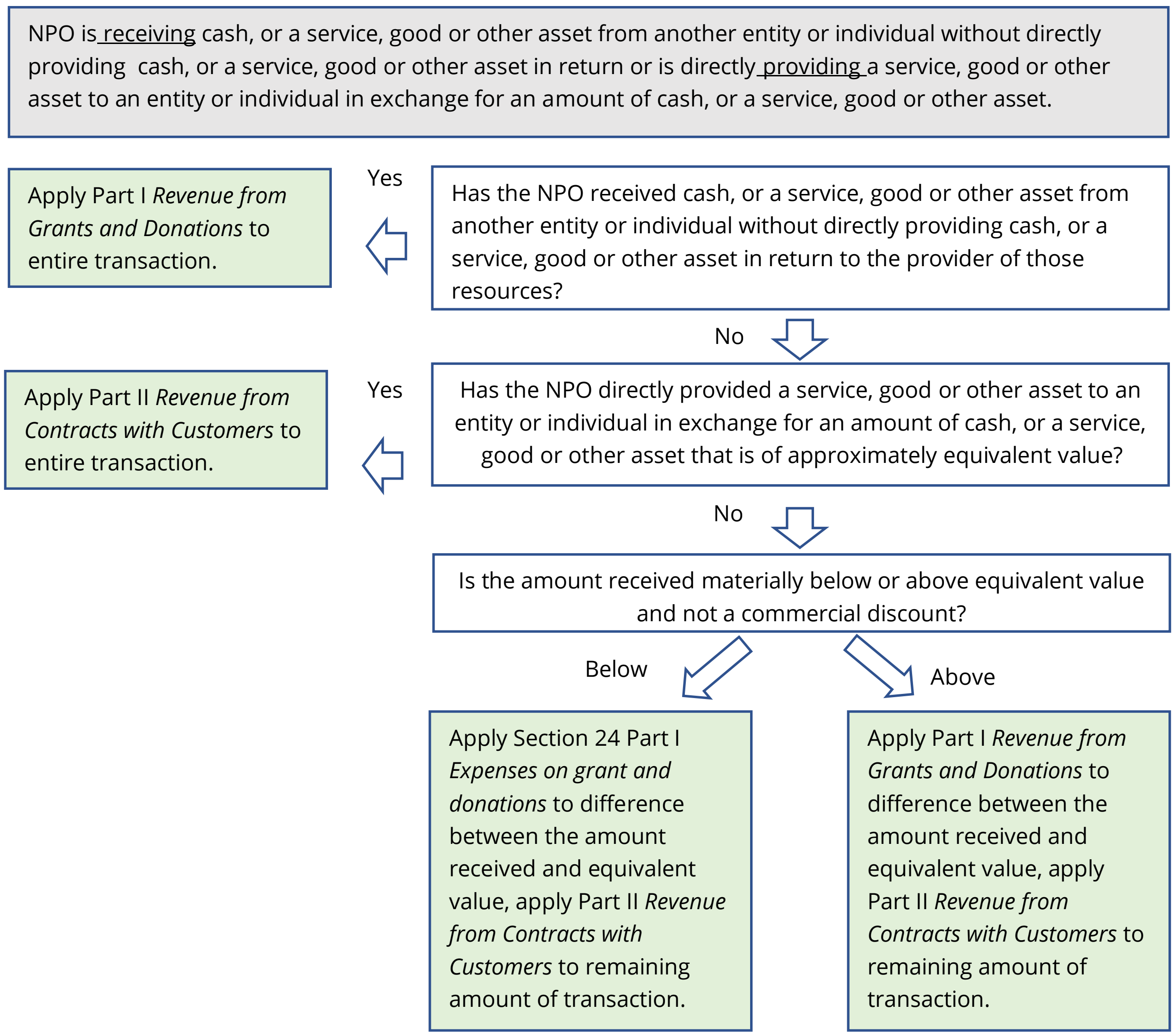
Question 10: Do TAG members agree with the draft decision trees In Annex A and Annex B?

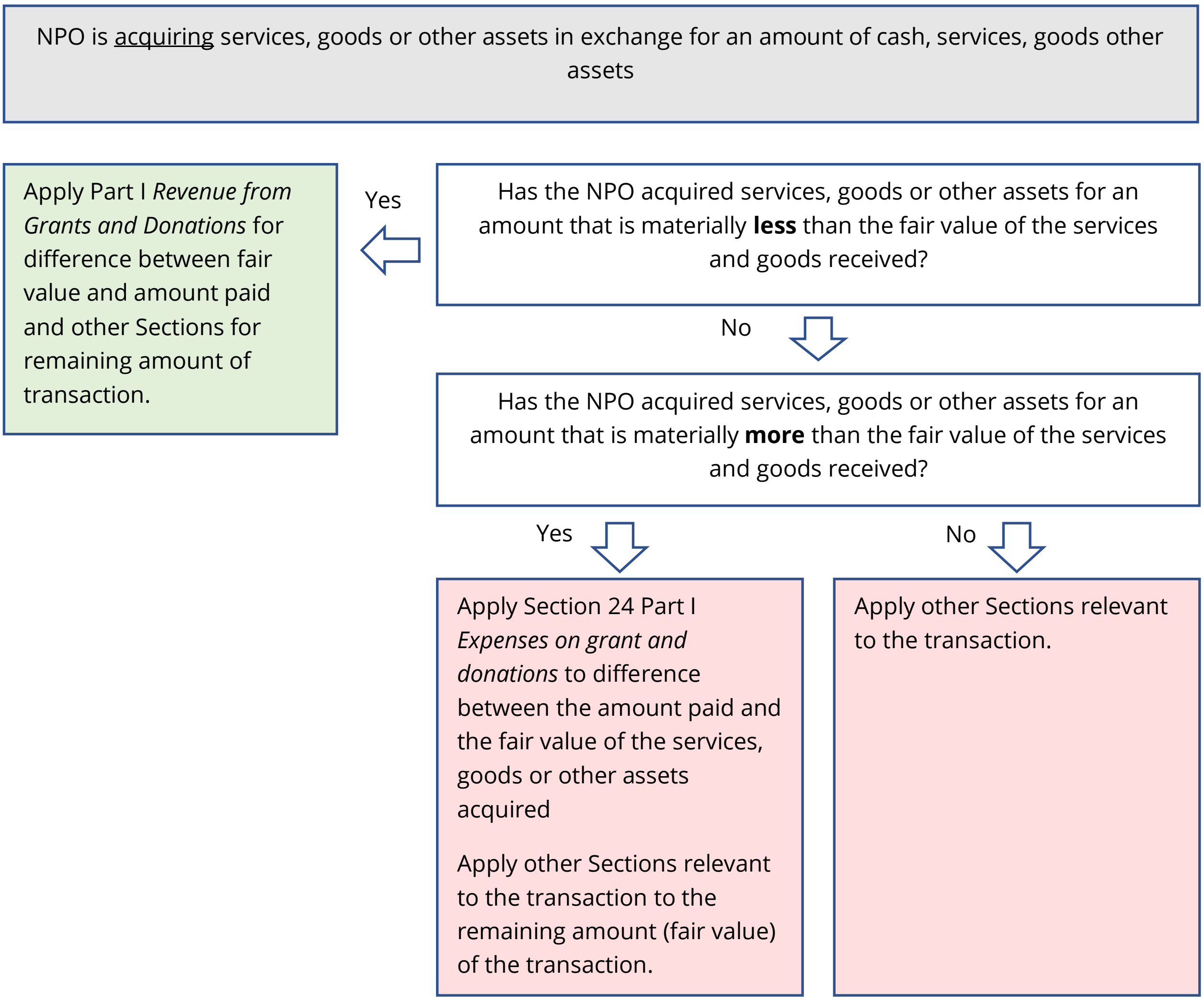
Question 11: Do TAG members support the proposal to replace the requirements on accounting for liabilities where no binding grant arrangement exists with a cross reference to Section 21 *Provisions and Contingencies*?

Question 12: Do TAG members have any comments on the revised terminology proposed in Annex D?

Annex A – Decision Tree: Part I or Part II

Figure G23.1: Decision trees illustrating which Part to apply to a revenue transaction




NPO is acquiring services, goods or other assets in exchange for an amount of cash, services, goods other assets
Has the NPO acquired services, goods or other assets for an amount that is materially **less** than the fair value of the services and goods received?
Yes
Apply Part I *Revenue from Grants and Donations* for difference between fair value and amount paid and other Sections for remaining amount of transaction.
No
Has the NPO acquired services, goods or other assets for an amount that is materially **more** than the fair value of the services and goods received?
Yes
Apply Section 24 Part I *Expenses on grant and donations* to difference between the amount paid and the fair value of the services, goods or other assets acquired
Apply other Sections relevant to the transaction to the remaining amount (fair value) of the transaction.
No
Apply other Sections relevant to the transaction.

Annex B - Decision tree illustrating how to apply Part I

Are there limitations or restrictions placed on the NPO's ability to use resources?

No → Grant revenue is recognised when the NPO controls the resources in the transaction and these can be reliably measured. This will usually be when the resources are transferred to the NPO unless a legal obligation exists that requires the NPO to recognise a grant receivable.

Yes ↓

Step 1 – *Identify if there is a binding grant arrangement*

Is there a written, oral or similar agreement where both the donor and the grant recipient have both rights and obligations? is the agreement enforceable through legal or equivalent means? Does the agreement specify the activities that the NPO is required to undertake with the resources to be provided and identify the distinct services, goods and other assets that NPO will use the resources for internally or transfer externally?

No → **Funding arrangement**

Grant revenue is recognised when the NPO controls the resources in the transaction and these can be reliably measured. This will usually be when the resources are transferred to the NPO unless a legal obligation exists that requires the NPO to recognise a grant receivable.

Account for any liability that arises as a result of the NPO's failure to comply with the limitation in accordance with Section 11 *Financial Instruments*/Section 21 *Provisions and Contingencies* as at the date at which the failure to satisfy the limitation is confirmed.

Yes ↓ **Binding grant arrangement –** apply remainder of the 5 step model

Step 2—*Identify compliance obligations in the binding grant arrangement* - assess the goods and services to be used internally or transferred externally in a binding grant arrangement and identify each distinct compliance obligation.

↓

Step 3— *Determine the transaction amount* - consider the terms of the binding grant arrangement and its customary practices to determine the transaction amount

↓

Step 4—*Allocate the transaction amount to compliance obligations* - allocate the transaction amount to each compliance obligation identified in the binding grant arrangement on a relative stand-alone value basis.

↓

Step 5—*Recognising revenue when (or as) the NPO satisfies a compliance obligation*

If an amount is received for a compliance obligation that it has not yet been met, the NPO shall recognise a **binding grant arrangement liability** for the amount received. The NPO shall recognise revenue and derecognise the binding grant arrangement liability once the compliance obligation is satisfied.

If the NPO is entitled to an amount for meeting (or partly meeting) a compliance obligation but this is not yet receivable, the NPO shall recognise revenue and a **binding grant arrangement asset** for the amount to which the NPO is entitled. The NPO shall derecognise the binding grant arrangement asset once the amount is received or becomes receivable.

Annex C – Updated extract from Implementation Guidance in circulated draft of ED 2 and draft of proposed text

The following table shows the parallels between Part I (where there is more than one compliance obligation) and Part II:

Part I	**Part II**
Identifying whether a binding grant arrangement exists	Step 1—Identify the contract(s) with a customer
Identifying compliance obligations in a binding grant arrangement	Step 2—Identify the promises in the contract
Determining the transaction amount*	Step 3—Determine the transaction price
Allocating the transaction amount to compliance obligations	Step 4—Allocate the transaction price to the promises in the contract
Recognising revenue when (or as) the NPO satisfies a compliance obligation	Step 5—Recognise revenue when (or as) the NPO satisfies a promise

* - See Annex D

Because of the differences identified in paragraph IG23.20, Part I and Part II use different terminology for related concepts. The following table shows the equivalent terms used in Part I and Part II:

Part I	**Part II**
Binding grant arrangement	Contract with a customer
Binding grant arrangement asset	Contract asset
Binding grant arrangement liability	Contract liability
Compliance obligation	Promise
Grant provider (transfers grant amounts) and beneficiary (where the NPO transfers goods and services)	Customer
Stand-alone value	Stand-alone selling price
Transaction amount	Transaction price

Initial draft of proposed text for Preface

G23.4 Although there are two Parts to Section 23, they share a common 5 step revenue recognition model. This is applicable to revenue from grants and donations where there is a binding grant arrangement, and for all revenue from contracts with customers, with each step and the differences in terminology depending on which Part it is applied to highlighted below.

Step	**Part I - Revenue from grants and donations with a binding grant arrangement**	**Part II - Revenue from contracts with customers**
1 – Identify the existence and nature of grant arrangements and contracts	Identify if there is a binding grant arrangement, and if so, identify the binding grant arrangement	Identify the contract(s) with a customer
2 – Identify the compliance obligations or promises	Identify compliance obligations in the binding grant arrangement	Identify the promises in the contract
3 – Determine the transaction amount or price	Determine the transaction amount	Determine the transaction price
4 - Allocate the transaction amount or price to the compliance obligations or promises	Allocate the transaction amount to compliance obligations	Allocate the transaction price to the promises in the contract
5 - Recognise revenue when (or as) the NPO satisfies a compliance obligation or promise	Recognise revenue when (or as) the NPO satisfies a compliance obligation	Recognise revenue when (or as) the NPO satisfies a promise

G23.5 In Part I *Revenue from Grants and Donations* where a binding grant arrangement does not exist then the 5 step model does not apply. Grant revenue is instead recognised when the NPO controls the resources in the transaction and these can be reliably measured. This will usually be when the resources are transferred to the NPO. If a legal obligation does exist that requires the recognition of a grant receivable by the NPO, grant revenue is recognised at the same measurement and the subsequent transfer of resources leads to the derecognition of the grant receivable.

Annex D – Terminology

Terminology	Change since circulated draft
Binding grant arrangement - a grant arrangement where both the donor and the grant recipient have both rights and obligations, enforceable through legal or equivalent means. A grant recipient's obligations under a binding grant arrangement are compliance obligations.	Revised definition
Binding grant arrangement asset – the value of an NPO's right to the amounts in a binding grant arrangement as a consequence of satisfying its compliance obligations prior to the grant provider being required to transfer resources.	Revised definition
Binding grant arrangement liability - the present value of an NPO's obligation to satisfy its compliance obligations in a binding grant arrangement, where it has received the amount (or the amount is due) from the grant-provider under the arrangement.	Revised definition
Compliance obligation – a grant recipient's promise in a binding grant arrangement to either use resources internally for distinct services, goods or other assets or to transfer distinct services, goods, cash or other assets externally.	Revised definition
Funding arrangement – a grant arrangement that places limitations (which are not compliance obligations) on the grant recipient's ability to use resources.	New definition; references to 'funding arrangement' will replace references to 'transactions with restrictions but no binding grant arrangements'
Limitation – a feature within a funding arrangement that requires a grant recipient to use resources for a designated purpose and/or over a designated period of time without identifying the activities or the distinct services, goods and other assets for which the grant recipient must use the resources.	New definition that will allow INPAG to use 'restriction' only in the context of fund accounting (funds with restrictions, etc.), thereby reducing confusion.
Transaction amount – the value of resources to which an NPO expects to be entitled.	Term replaces transaction consideration – no other changes.