

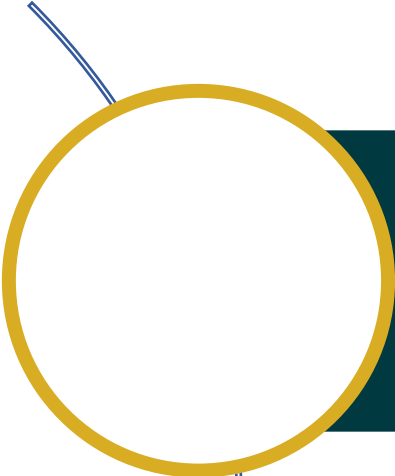
IFR4NPO Project

Advice and Requests
Technical Advisory Group meeting

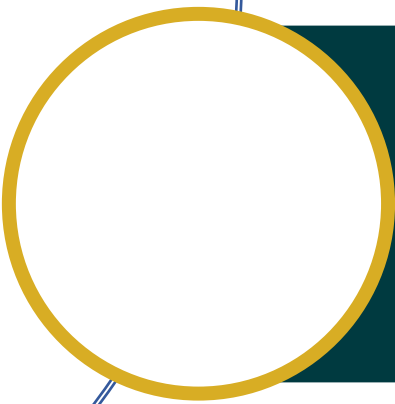
5 October 2021
TAGED03



Session outline



Part 1 Analysis
(Agenda item 1)



Consultation response – Part 2 (Agenda item 2)

Agenda item 1 – Part 1 Analysis (Chapter 1)

1.1.1 Advice

- a) Address organisations that are on the cusp of non-profit and other sectors, for example the public sector. Recommend that this is not built into the characteristics, but examine the potential interplay with guidance in other sectors.
- b) Characteristics three and four appear to support / be consequential from characteristics one and two, and therefore support the approach proposed.
- c) Need to be clear that it will be for jurisdictions to decide how and to whom the guidance should apply. Be more expansive and keep broad to have the widest jurisdictional applicability, noting that in some jurisdictions the sector is defined by legislation.
- d) Look at New Zealand definition of non-profit organisations and their indicators
- e) Explain why it matters that public benefit is being achieved.
- f) Provide guidance for regulators about how they can apply the guidance e.g. to link with tax exemptions.

Agenda item 1 – Part 1 Analysis (Chapter 1)

1.1.2 Requests

- a) Re-examine the definition of 'public' in the context of public benefit entity, particularly where benefits might only accrue to a small group or membership organisations (eg mutuals or credit unions). Look at this from a user perspective.
- b) Consider how to position the definition of public benefit in the guidance. Raise the use of this definition as a Specific Matter for Comment (SMC) in the draft Guidance.

Agenda item 1 – Part 1 Analysis (Chapter 2)

1.2.1 Advice

- a) Consider whether governing boards should be considered a stakeholder group especially where they are the only/primary users of accounts in addition to accountability responses and consider how governing boards differ to other sectors.
- b) Examine the approach taken by the IASB and IPSASB on primary users.
- c) Consider whether regulators are primary users, given their access to information through their oversight role taking account of a recent study that identified regulators as a primary user.
- c) Consider whether employees are stakeholders and if so what capacity given mixed views about whether they are an internal stakeholder group.

Agenda item 1 – Part 1 Analysis (Chapter 2)

1.2.2 Requests

- a) Drive the stakeholder groups from the definition of public benefit and the use of general purpose financial reports. Bring the ideas about stakeholder groups that would normally be captured in a conceptual framework into the proposed guidance.

Agenda item 1 – Part 1 Analysis (Chapter 3)

1.3.1 Advice

- a) Consider the work being carried out internationally on narrative reporting to ensure that the project is not reinventing the wheel. A practice statement could be helpful.
- b) Consider 'keeping it simple' or 'world leading' and the connection to what might be audited to provide assurance on the information for public benefit. Be clear about the scope of narrative reporting. Establishing focus groups to discuss might be useful.
- c) Consider whether narrative reporting could be optional to ease transition to new Guidance, or whether it should be in phase 2.
- d) Continue with the proposed approach that the guidance should be accrual-based

Agenda item 1 – Part 1 Analysis (Chapter 3)

1.3.2 Requests

- a) Develop a basis for conclusions to underline the thinking in the approach to narrative reporting.
- b) Clarify the language to describe which entities are expected to use the Guidance.

Agenda item 1 – Part 1 Analysis (Chapter 4)

1.4.1 Advice

- a) The entities expecting to use the guidance does not come across clearly and would benefit from a better match of size of entity with the relevant set of international standards.

Agenda item 1 – Part 1 Analysis (Chapter 4)

1.4.2 Requests

- a) Include a Basis for Conclusions section in the guidance to explain the thinking behind approaches taken e.g. to which entities the guidance is expected to be applicable.
- b) Develop 'rules of the road' to set out when IFRS for SMEs is amended/adapted for the non-profit sector.

Agenda item 1 – Part 1 Analysis (Chapter 5)

1.5.1 Advice

- a) Explain what is meant by standalone guidance and what the end product will look like..
- b) In choosing the *IFRS for SMEs* Standard as the base do not tier within this as this may undermine the message about the use of it as simplified guidance
- c) Be clear about the authority and hierarchy of the different frameworks across the Guidance. Amplify specific application using examples.

Agenda item 1 – Part 1 Analysis (Chapter 5)

1.5.2 Requests

- a) Develop messaging to explain the 'middle ground' target audience for the Guidance and how this will work for entities of different size. Develop a Q&A with positioning points for further engagement.
- b) Further develop the first part of the exposure draft to create a skeleton for messaging and engagement.

Agenda item 2 – Summary of Consultation responses (Part 2)

2.1 Advice

- a) Focus on the reasoning for the issues raised, to ensure that the focus is on the right issues, given the number of responses.
- b) Focus on the topics to progress to the draft guidance as a priority.