International Non-Profit Accounting Guidance Part 2

Invitation to comment

INPAG

INPAG

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Exposure Draft CIPFA/ED/2023/2 International Non-Profit Accounting Guidance is published by the Chartered Institute of Public Finance and Accountancy (CIPFA) for comment only. Comments need to be received by 15 March 2024 and should be submitted by email to **ifr4npo@cipfa.org** or online at **www.ifr4npo.org/have-your-say**

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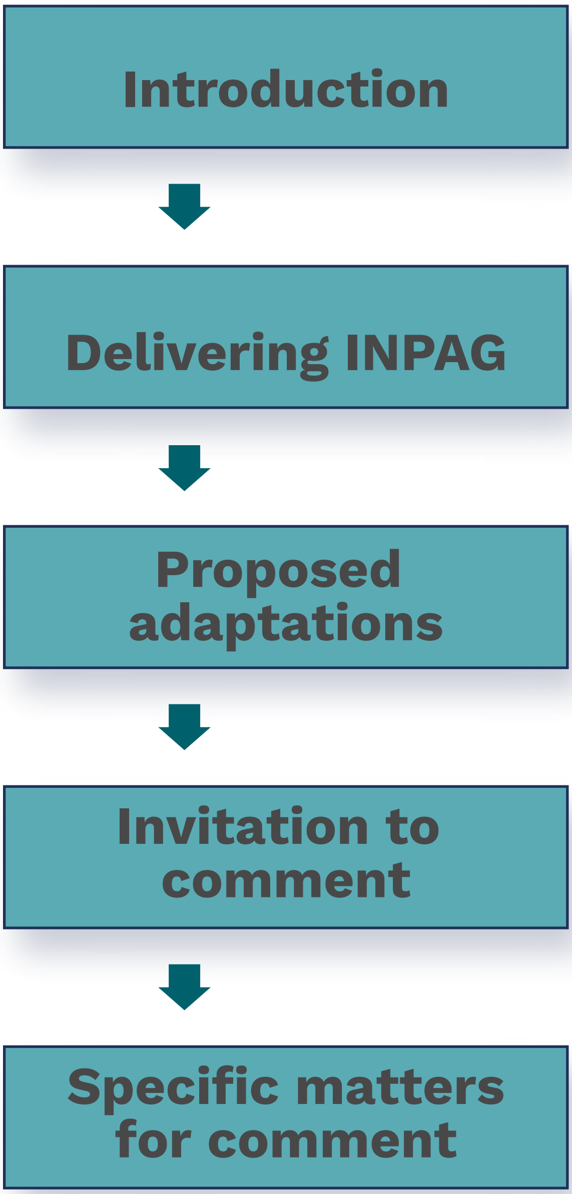
CIPFA

Summary

Overview



Objective: Develop the first ever international financial reporting guidance for non-profit organisations (NPOs).

Proposals: The IFR4NPO project sought views, via a Consultation Paper issued in January 2021, on the proposal that the *IFRS for SMEs* Accounting Standard be used as the basis for a single set of authoritative guidance for NPOs.

Having taken account of the feedback from the consultation, adaptations to the *IFRS for SMEs* Accounting Standard are being proposed to create International Non-Profit Accounting Guidance (INPAG) as NPO specific financial reporting guidance.

The first Exposure Draft was focused on the overarching framework for NPO financial reporting and was issued in November 2022. The INPAG Secretariat is currently considering the feedback provided by respondents.

Next steps: The INPAG Secretariat will consider feedback on this Exposure Draft, together with the feedback on the first and the third Exposure Drafts in the development of the final proposals, that collectively will comprise INPAG.

Comment deadline: 15 March 2024

Documents to be reviewed

ED2 – Authoritative Guidance
ED2 – Basis for Conclusions
ED2 – Implementation Guidance

Introduction

In many countries, Non-Profit Organisations (NPOs) have no guidance or frameworks to support the preparation of financial statements. These are crucial for transparency, accountability and decision making. Funding organisations have filled this void by developing their own reporting requirements for NPOs. While all have their merits, the variety of different requirements can create a heavy burden on the very organisations they want to support.

Private and public sector entities and their stakeholders have benefited greatly from the development and use of international standards since the 1970s. In a 2014 **international survey**, which had more than 600 responses from 179 countries, the majority of respondents agreed or strongly agreed that an international accounting standard or guidance specifically for NPOs would be useful.

A **Consultation Paper** was issued in January 2021, setting out proposals to develop high quality, trusted, internationally recognised financial reporting guidance for NPOs (now called INPAG). It sought feedback on a number of proposals including priority topics. There was overwhelming support for the development of INPAG and the proposals set out in the document.

Objectives

The credibility of NPOs to stakeholders, and particularly those who contribute funds, is dependent on creating and maintaining trust. To strengthen the governance and financial management of NPOs, INPAG is being developed to meet the following three objectives:

Quality

To improve the quality, transparency and credibility of NPO financial reports.

Trust

To support the provision of NPO financial information that is useful for decision-making and accountability, balancing the needs of preparers and users.

Comparability

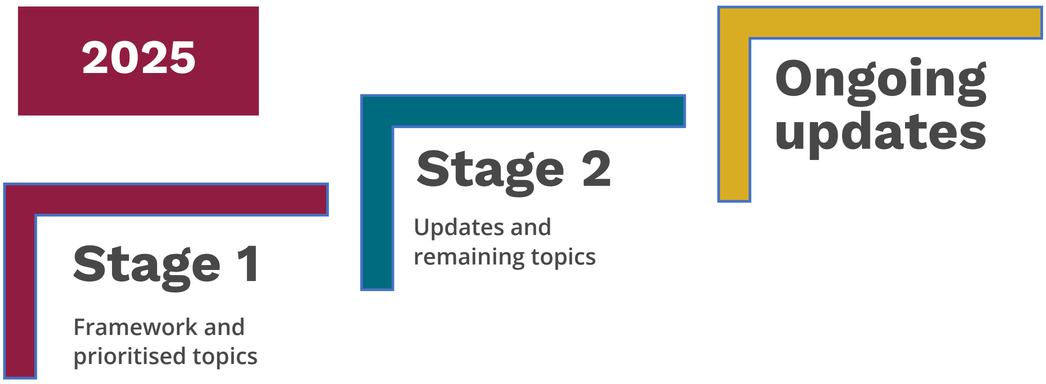
To address specific NPO issues, which will promote the comparability of NPO financial reports.

INPAG development

INPAG is accrual-based financial reporting guidance that is being developed to provide a comprehensive view of an NPO's financial position and activity. Accrual information is accepted as the basis of high-quality financial reporting standards. It can improve the quality and transparency of financial reports to enhance accountability and decision-making.

Non-financial information is an essential part of the general purpose financial reports being developed for INPAG. It allows the presentation of management commentary and other narrative reporting alongside the financial information contained in general purpose financial statements. Non-financial information provide users with information to allow a meaningful understanding of an NPO's nature, objectives, strategy, risks and performance.

To complete the development of NPO-specific, accrual-based financial reporting guidance by 2025, within the resources available, stakeholders were asked for their views on the priority topics to be addressed in the first version of INPAG.



To enable INPAG to be developed the following are required:

- a description of the entities to whom INPAG will apply;
- the concepts and principles that are to underpin the accounting proposals;
- a description of the financial statements; and
- identification of narrative reporting requirements.

The proposals for each of these were set out in **Exposure Draft 1** and are contained in Sections 1-10 and Section 35 of INPAG. Each of the Sections that comprise INPAG will be developed using the final guidance contained in these Sections.

Delivering INPAG

Approach

INPAG is divided into sections. In most cases, these sections have the same purpose as the equivalent section in the *IFRS for SMEs* Accounting Standard. However, sections may be renumbered in the final guidance if this is helpful to prospective users of INPAG.

To make it easier to understand the level of change to each section from the *IFRS for SMEs* Accounting Standard, a status indicator has been added.

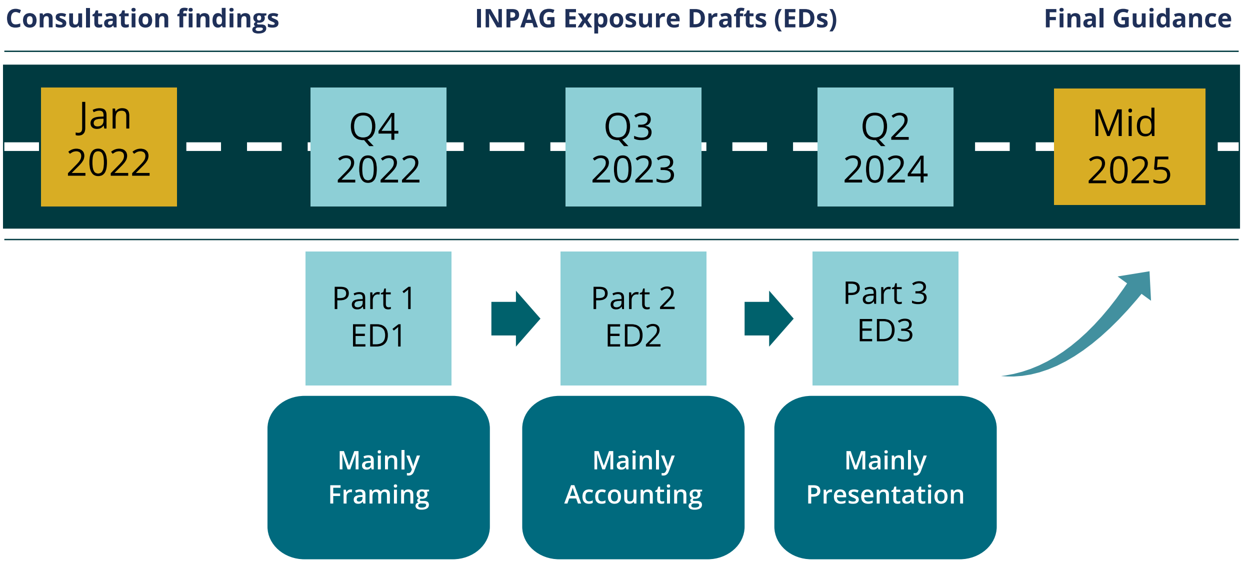
References to the *IFRS for SMEs* Accounting Standard are to the draft Third edition of the *IFRS for SMEs* Accounting Standard unless otherwise stated.

Status	Description
Modified	The Section has been fully reviewed and updated to reflect NPO requirements.
Updated	The Section has been reviewed and updated to align with Sections that have been modified.
Editorial	The Section has been updated for terminology changes but is otherwise unamended.
New	The Section does not exist in the *IFRS for SMEs* Accounting Standard and has been developed specifically for NPOs.
Removed	The Section is not required in INPAG as it does not include requirements relevant to NPOs.

This Exposure Draft (ED) is the second of three Exposure Drafts that will be published and taken together will comprise the full INPAG.

Publishing the draft guidance through three Exposure Drafts is intended to make it easier for stakeholders to comment on the proposals, to influence the development of subsequent Exposure Drafts, and to enable consequential amendments to be made based on respondent feedback and conceptual developments to earlier Exposure Drafts.

In the time available it has not been possible to incorporate the feedback from Exposure Draft 1 into Exposure Draft 2. Some of the original proposals in Exposure Draft 1 are likely to be refined in the third Exposure Draft. Changes made following stakeholder feedback will be clearly identified.



Exposure Draft 1 (ED1)

ED1 was focused on the overarching framework for NPO financial reporting. This included a description of NPOs and the reporting entity, the concepts and pervasive principles that underpin financial reporting, and the proposals for financial statement presentation and narrative reporting.

Exposure Draft 2 (ED2)

The focus of ED2 is on some of the key accounting transactions that are relevant for NPO financial reporting. It includes:

ED2 is built on the equivalent sections from the *IFRS for SMEs* Accounting Standard where these exist, but has required the development of some new sections for NPO specific transactions too. The contents are listed at the front of ED2. ED2 also includes a number of sections that have been updated for alignment or terminology purposes. However, it proposes that the section on share-based payment in the *IFRS for SMEs* Accounting Standard is not relevant to NPOs and therefore it is not proposed to be included in INPAG. The Preface, Sections 1–10 and a new Section 35 (narrative reporting) were published in **Exposure Draft 1** (ED1). The remaining sections will be published in Exposure Draft 3 (ED3).

Exposure Draft 3 (ED3)

ED3 will focus on fund accounting, the classification of expenses, fundraising costs, and the transition to INPAG. As with ED2 it will include a number of Sections that are updated for terminology or alignment changes but are not updated for other reasons. It will also reflect considerations relating to proposals for a supplementary statement to support donor reporting requirements.

Annex B shows the NPO specific content in each Exposure Draft and the expected level of change, together with those sections that are not expected to be changed other than for terminology changes.

Expenses on grants and donations
Recognition, measurement, disclosure
INPAG Section 24 Part I

Revenue
Recognition, measurement, disclosure
INPAG Section 23 Part I and Part II

Inventories
Exemptions, measurement, disclosure
INPAG Sections 13

Foreign currency translation
Presentation and disclosure
INPAG Section 30

Proposed Adaptations

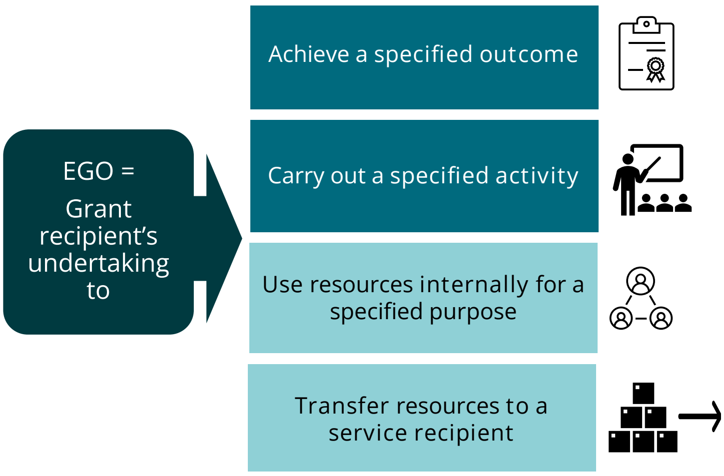
1. New terminology—grants and donations

The term grant is used to include grants, donations and other similar transactions. Grant arrangements that provide grant revenue for a recipient (Section 23 Part I) and/or create an expense for a grant-providing NPO (Section 24 Part I) are either an enforceable grant arrangement or an other funding arrangement. These terms have been adapted for the NPO context from the terms 'binding arrangement' and 'non-binding arrangement' that are used IPSAS 47 *Revenue* and IPSAS 48 *Transfer Expenses*.

An enforceable grant arrangement (EGA) is a grant arrangement that:

- Confers both rights and obligations
- Enforceable through legal or equivalent means
- On both the parties to a grant arrangement
- Must have at least one Enforceable Grant Obligation (EGO)

An EGO creates a present obligation for the grant recipient and a grant fulfilment right for the grant provider.



An other funding arrangement (OFA) can be any arrangement that results in a grant or donation being provided by a grant-providing NPO or received by an NPO that is not an EGA. A grant provider may constrain the use of the resources it has provided, but these constraints are usually not specific enough to create a present obligation for the grant recipient.

Proposal development—what else was considered?

Adapting Section 24 of the *IFRS for SMEs* Accounting Standard was considered, but while the principles were appropriate for INPAG and were consistent with IPSAS 47, there was insufficient detail to provide the required level of guidance. The *IFRS for SMEs* Accounting Standard contains no specific guidance on grant expenses.

References to legal enforceability were discussed given in practice legal rights might not be exercised. INPAG confirms that it is the ability to legally enforce a grant arrangement, and not the exercise of those rights that is important. Agreements may also be enforceable because of possible intervention by the regulator in some jurisdictions.

What should I comment on?

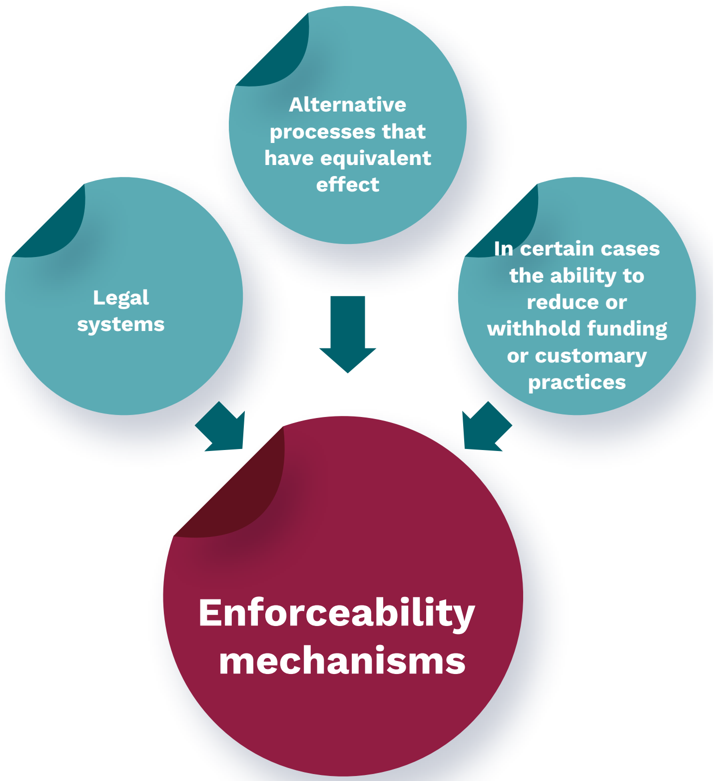
These terms and the implications may be unfamiliar given a variety of practices used by jurisdictions.

- Do you agree that all revenues from grants and donations and all expenses on grants and donations can be classified as an EGA or an OFA? **(Question 5b and Question 4k)**
- Do you agree with the definitions proposed for EGA and EGO and their requirements from a grantor/donor perspective? **(Questions 4a and 5a)**

2. Rights and obligations in enforceable grant arrangements

An EGA must have at least one grant fulfilment right held by the grant-providing NPO and one EGO required of the grant recipient.

Enforceability can arise from various mechanisms.



A grant fulfilment right is a distinct right that can be enforced separately from other rights in the EGA by the grant provider. A grant-providing NPO may aggregate related rights until this produces a distinct grant fulfilment right that can be enforced separately. This also applies to EGOs required of a grant recipient.

When there is only one grant fulfilment right and one EGO the entire grant payment amount will be allocated to that grant fulfilment right or EGO. Where an EGA involves multiple distinct grant fulfilment rights, and EGOs the grant amount will need to be allocated between each distinct grant fulfilment right and EGO to reflect each stand-alone amount. INPAG describes possible allocation methods.

Proposal development – what else was considered?

A key question was when the use resources would create an EGO. The consensus view was that requirements that relate to the purpose of an NPO, can constrain the use of transferred resources by the grant recipient. However, these constraints are not sufficiently specific to create a present obligation for the grant recipient and are therefore not an EGO.

What should I comment on?

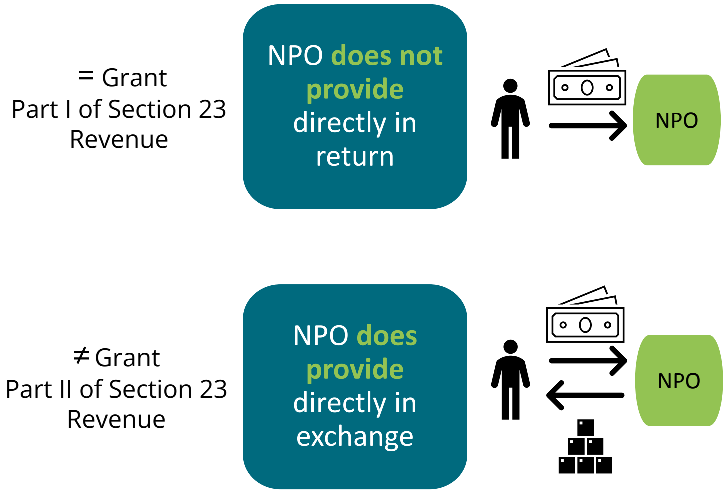
The enforceability of an arrangement by both parties, especially if not by legal means, is key to determining if an EGA exists, particularly given the power imbalance that can often exist between grant providers and grant recipients.

- Do you agree that regulatory oversight and customary practices can be sufficient to create an EGA? **(Question 5c)**
- Do you agree with the allocation methods identified? If not, what methods would you propose? What are the practical considerations? **(Question 4d)**

3. Revenue - Determining which guidance to apply

As the *IFRS for SMEs* Accounting Standard provides only limited guidance on grants and donations, Section 24 *Government grants* has been replaced with guidance based on IPSAS 47 *Revenue* to cover all revenue from grants and donations. This guidance is included in an expanded Section 23 *Revenue* which also includes revenue from contracts with customers.

A preface to Section 23 assists NPOs in determining whether a transaction should be accounted as revenue from grants and donations (Part I) or revenue from contracts with customers (Part II).



Guidance in the preface assists NPOs to identify which part to apply, particularly where it may be necessary to apply both Parts of Section 23 to an individual transaction.

Proposal development – what else was considered?

Some advisory group members were of the view that covering all types of revenue in one section would be preferable. Others felt that separate sections with a distinction between 'self-generated' revenue and 'grants and donations' would align better with how the sector thinks and talks about revenue. In the light of these views, a third approach was adopted to include revenue in a single section with two Parts, with a preface to assist NPOs in determining which Part to apply.

What should I comment on?

It is important that NPOs are able to determine whether they should be applying the guidance for revenue from grants and donations or revenue from contracts with customers to reflect the economic substance of a revenue transaction.

- Do you agree with the structure of Section 23, with Part I for grants and donations, Part II for contracts with customers and a preface that provides key principles as well as information about how to navigate the guidance? **(Question 4b)**

4. Revenue recognition for grants and donations

The existence or otherwise of rights and obligations is used as the basis for recognising revenue from grants and donations.

Where there is an EGA, revenue will be recognised as an NPO meets each distinct EGO. The same 5 step approach used in *IFRS for SMEs* Accounting Standard and IPSAS 47 *Revenue* is being used to recognise revenue from EGAs. They all have the same conceptual basis, with revenue recognised when obligations/promises have been met.

EGOs met prior to the transfer of resources

Recognise revenue and an asset.

Asset is the NPO’s entitlement to those resources before they are due.

EGOs met after the transfer of resources

Recognise a liability.

Liability is the NPO's present obligation to achieve EGOs after receiving resources.

Revenue from an OFA will usually be recognised at the same time as resources are received. This is consistent with IPSAS 47 and also Section 24 of the *IFRS for SMEs* Accounting Standard on government grants. Revenue is likely to be recognised before the related expenses. If the grant recipient subsequently fails to satisfy any constraint in the OFA there will be an obligation, which will require the creation of a liability.

Proposal development – what else was considered?

International standards have a common approach to revenue recognition. Recognition of revenue needs to reflect the substance of the arrangement between the grant-provider and grant recipient. The difference between a requirement that is distinct and separable from other activities and that has to be met to create an entitlement to revenue and more general requirements was considered.

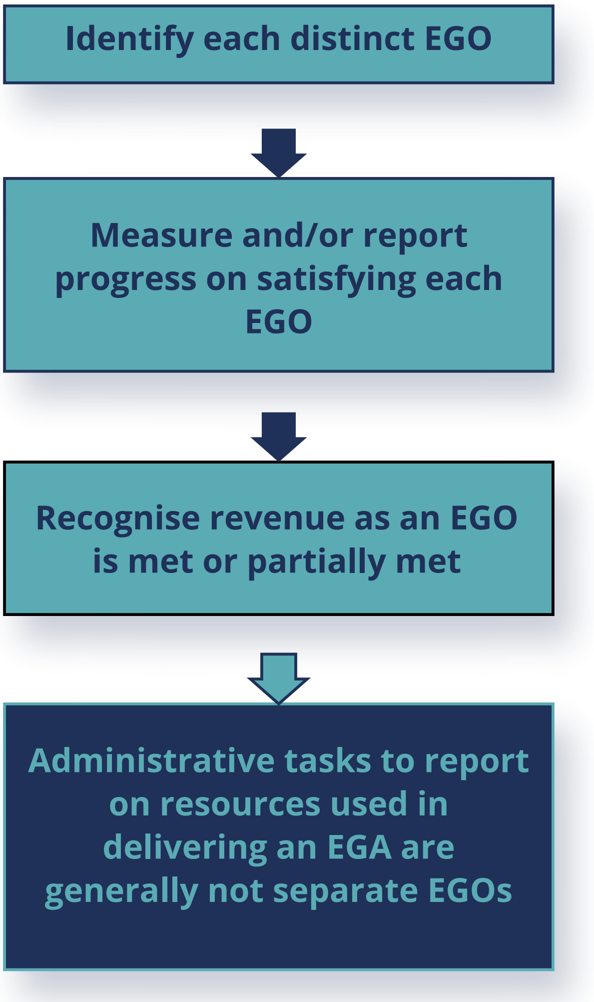
What should I comment on?

The EGA model is key to the recognition and measurement of revenue by grant recipients as well as any associated assets and liabilities. Recognition of revenue on receipt of resources where there is no EGA, rather than deferring it to match associated expenditure, may differ from the approach of some jurisdictions.

- Do you agree that revenue is only deferred if the grant recipient has a present obligation in relation to the revenue received? **(Question 4c)**

5. Revenue from grants and donations – application issues

The approach to revenue from EGAs will be new to many NPOs. To assist NPOs in applying the revenue recognition model, tailored guidance has been developed. This includes a simplified approach where there is a single EGO in an EGA.



Capital grants to construct or purchase a non-current asset can be more complex. However, there is likely to be detail about the capital project that can provide a basis for identifying the EGOs. This information can also assist in determining appropriate measures of progress. Where an EGA provides resources both for the purchase of an asset and its subsequent use, this will always create separate EGOs.

Multi-year arrangements, which can create challenges about when to recognise revenue, are also covered in the guidance. It states that where an OFA covers multiple years, revenue will be recognised when the resources are transferred to the grant recipient. So, if all the resources are transferred at the beginning of the agreement, the grant recipient will need to recognise them all on receipt. This will not be the case for an EGA, where revenue recognition is dependent on the satisfaction of an EGO.

Proposal development – what else was considered?

Once IPSAS 47 was determined to be the appropriate base for revenue from grants and donations, the focus was on adapting the principles in the standard to ensure it could be applied in the NPO context. The focus has been on ease of use and being consistent with the concepts in Section 2 *Concepts and pervasive principles.*

What should I comment on?

Identifying whether there is an EGA and the distinct and separate EGOs within that arrangement is important to the application of the revenue recognition model.

- Do you agree that administrative tasks are generally not separate individually enforceable obligations, but a means to identify or report on resources in an EGA? **(Question 4h)**

6. Gifts in-kind

The general recognition principles applicable to revenue from grants and donations also apply to gifts in-kind. Given there can be practical difficulties in recognising and measuring some gifts in-kind, INPAG proposes that NPOs can apply a limited number of permitted exceptions. These are:

Non-current assets and high value items – recognise revenue on receipt, measured at fair value

Exception

Items for own use or distribution – option to recognise revenue and expense only when used or distributed, measured at fair value

Exception

Low value items for resale – option to recognise revenue and asset when sold, measured at sale amount

These exceptions are provided as the costs of reliably measuring such items on receipt may exceed the value of the information to users of the financial statements, particularly if the donated items have a short life or the NPO is not able to use them. Where a gift in-kind cannot be measured reliably, it should not be recorded.

Proposal development – what else was considered?

There was broad acceptance that exceptions for low value high volume donated items is pragmatic given costs to maintain systems to record such items and the likely usefulness of information. Not recognising revenue at all for donated inventory for distribution to service recipients, was proposed. However, permitting a broader exception was not considered appropriate where the gift in-kind can be reliably measured and would undermine transparency over the activities of the NPO.

What should I comment on?

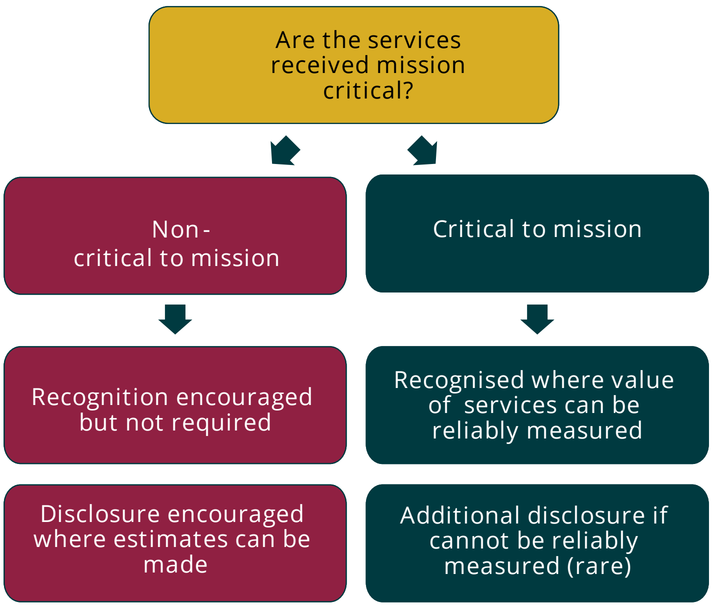
Recognising gifts in-kind where possible is important for transparency, although brings practical issues and costs for NPOs. INPAG aims to balance the needs of users of general purpose financial reports and preparers.

- Do you agree with the permitted exceptions that allow the recognition of some gifts in-kind either when sold, used or distributed and do you agree that these exceptions cannot be used where donations are received as part of an EGA? **(Question 4e)**
- Do you agree that donations in-kind (both gifts in-kind and services in-kind) should be measured at fair value? **(Question 4g)**

7. Services in-kind

As with gifts in-kind, the general recognition principles applicable to revenue from grants and donations should apply to services in-kind. However, there can be significant practical difficulties in identifying and/or measuring services in-kind.

It is therefore proposed that NPOs are not required to recognise revenue, expenses or assets for any services in-kind, except those that are critical to the NPO's mission. To be mission critical, an NPO would not be able to deliver its services, or it would have to materially reduce the level of its activities if it did not have access to the services in-kind being provided.



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Proposal developed – what else was considered?

There were very mixed views about both the practicality of recognising services in-kind and the usefulness of the information. Some advisory group members noted the practical difficulties, while others were of the view that recognising and measuring services in-kind was important to understanding the operating model of an NPO. Consideration was given to extending the exception to not recognise revenue to all services in-kind. However, particularly where an NPO is dependent on services in-kind, it was considered important for these to be recognised for transparency.

What should I comment on?

Recognising services in-kind is important for transparency, particularly where the donation of services is critical to the operating model of an NPO. However, recognising services in-kind are likely to bring practical issues and costs for NPOs. INPAG aims to balance the needs of users of general purpose financial reports and preparers.

- Do you agree services in-kind are not required to be recognised unless they are mission critical? **(Question 4f)**
- Do you agree that donations in-kind (both gifts in-kind and services in-kind) should be measured at fair value? **(Question 4g)**

8. Grant expense recognition

Where an EGA exists, a grant expense is recognised by the grant-providing NPO when a grant fulfilment right is met. A grant fulfilment right is each right that the grant-provider has in the enforceable grant agreement. This right will be met when the grant recipient has satisfied an EGO. The grant expense will be measured at the amount assessed as due for each grant fulfilment rights that has been met. A grant-providing NPO will need to agree appropriate measures of progress with the grant recipient to assist in determining when each grant fulfilment right has been met.

EGOs met after the transfer of resources

De-recognise resources transferred and recognise a prepayment asset.

Asset is the grant provider's right in the EGA for the grant recipient to achieve EGOs.

EGOs met prior to the transfer of resources

Recognise grant expense and liability.

Liability is the NPO's grant payment obligation for those resources before they are due.

Grant-providing NPOs will need to consider whether there are requirements attached to its rights that enable it to realistically avoid the transfer of resources. If not, a grant expense measured at the amount related to the associated grant fulfilment right is recognised.

Where there is an OFA, the recognition and measurement will depend on the grant-providing NPO's obligation to transfer resources. A legal obligation to transfer resources will result in the recognition of a liability and a grant expense, whereas a constructive obligation will require the recognition of a provision and a grant expense. Where a grant-providing NPO does not have an obligation to transfer resources to the grant recipient, a grant expense will be recognised when the resources are transferred to the grant recipient.

Proposal development – what else was considered?

There is no existing guidance in the *IFRS for SMEs* Accounting Standard for expenditure on grants and donations. IPSAS 48 *Transfer Expenses* was agreed to be an appropriate base for recognition and measurement of grant expenses.

What should I comment on?

Existing practices on the recognition of grant expenses may differ, particularly where expense recognition is linked to an EGA, rather than the transfer of resources. These proposals may differ from the approach of some jurisdictions.

- Do you agree that all expenses on grants and donations can be classified as an EGA or as an OFA? **(Question 5b)**
- Do you agree that the full amount of the grant (including where it covers multiple years) should be recognised as an expense if the grant-provider has no realistic means to avoid the expense? **(Question 5d)**

9. Expenses on grants and donations—application issues

Grant arrangements can be diverse, ranging from almost contractual to informal verbal discussions and include promises that create a constructive obligation. All such arrangements will create a grant expense.

A grant provider may constrain the use of the resources it provides, but the existence of a constraint does not create a grant fulfilment right for the grant provider if it does not create a present obligation for the grant recipient. Only where there is a present obligation on the grant recipient, will the rights and obligations in the arrangement be relevant in determining if the grant provider has an EGA.

Where there is a constraint but no present obligation on the grant recipient, it is only if the grant recipient subsequently fails to satisfy the constraint that the grant recipient has an obligation:

An obligation is created for the grant recipient when failure to satisfy a constraint is identified.

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Resources not used as required, may need to be returned.

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At that point, grant provider recognises an asset for resources to be returned.

Grants for capital purposes (where a grant-providing NPO provides resources to a grant recipient to construct or purchase a non-current asset) can create similar challenges for the grant provider as the grant recipient. However, the same principles for grant expense recognition apply. So, an expense is recognised as the grant recipient satisfies its EGOs or if there is no EGA ,when resources are transferred/transferable. This is also the case where the grant provider makes a grant covering multiple years.

Proposal development – what else was considered?

The extent to which a constructive obligation could exist for NPOs was debated extensively. The consensus was that a constructive obligation to transfer resources that results in the recognition of a provision would require the recognition of a grant expense by the grant-providing NPO. It was noted that additional guidance was necessary around general statements of intent to provide resources and how this interacts with EGAs.

What should I comment on?

The difference between a constraint in an OFA and an EGO in an EGA has important consequences for the recognition of an asset by the grant-providing NPO when it provides resources to a grant recipient.

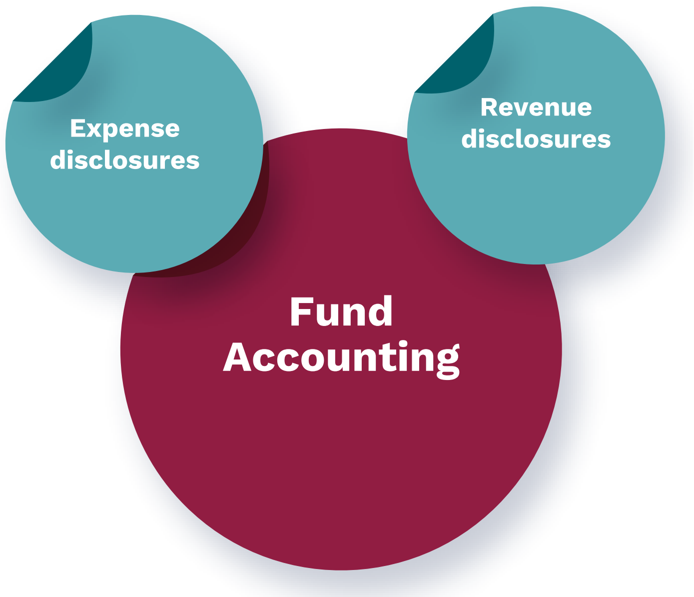
- Do you agree that a grant-providing NPO with an OFA will only recognise an asset where the failure to meet the constraint creates a present obligation for the grant recipient? **(Question 5g)**
- Do you agree that grants for capital purposes are expensed by the grantor using the same principles as other grants? **(Question 5e)**

10. Disclosures—grants and donations

Disclosures in Section 23 *Revenue* Part I have been based on the requirements in the *IFRS for SMEs* Accounting Standard. They focus on material grant arrangements, significant payment terms and the extent of an NPO's compliance obligations. Disclosures are also included for donations in-kind.

Disclosures in Section 24 Part I *Expenses on grants and donations* have been adapted from IPSAS 48. They aim to provide users of the general purpose financial reports with sufficient information to understand the nature, amount, timing and uncertainty arising from grant expenses.

NPOs are permitted to not disclose sensitive information about grant expenses. A disclosure is sensitive if it would compromise the safety or wellbeing of individuals working/volunteering for and with the grant-providing NPO, or those to whom it provides cash, goods, services and other assets and/or could prejudice the ability of the grant- providing NPO or grant recipient to deliver its mission or purpose.



Exposure Draft 3 will include proposals for fund accounting, which will set out how income and expenses are to be presented in the financial statements and notes to the accounts. These presentational requirements will consider how surpluses and deficits on grant arrangements impact the overall operating result.

Proposal development – what else was considered?

The disclosure requirements in IPSAS 47 are drawn from IFRS 15 *Contracts with customers*. They were considered to be too onerous for NPOs. As a consequence, the scaled back requirements in the *IFRS for SMEs* Accounting Standard have been used for Section 23 Part I instead.

The appropriateness of extending the sensitive information exemption already proposed in Exposure Draft 1 for Section 35 *Narrative Reporting* for grant expenses was considered. Advisory groups supported inclusion of the exemption but not to avoid disclosures that might identify failures in organisational governance, performance or financial management.

What should I comment on?

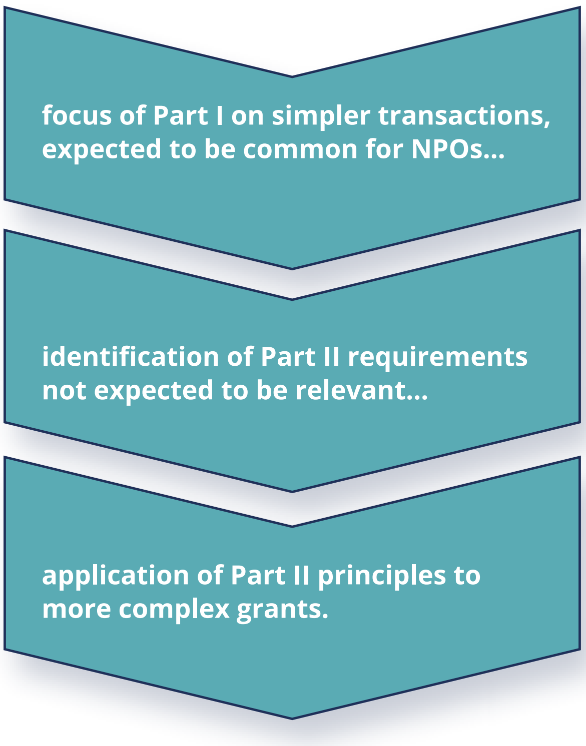
- Do the proposals for disclosure of grant revenue and of grant expenses (which for grant expenses includes a sensitive information exemption) provide an appropriate level of transparency? **(Questions 4i and 5f)**

11. Revenue from contracts with customers

Where an NPO transfers services, goods or other assets to another entity or individual in direct exchange for the consideration, Section 23 Part II *Revenue from contracts with customers* applies. No NPO-specific issues were identified in respect of this type of revenue, but the requirements in the Third edition of the *IFRS for SMEs* Accounting Standard are based on a standard (IFRS 15 *Revenue from contracts with customers*) that is more complex than some NPOs will previously have had to apply.

Authoritative guidance has been added to assist with simpler transactions, which are expected to be common for NPOs. This guidance identifies which of the requirements in Section 23 Part II are not relevant. This is intended to improve the ease of use, of what might otherwise, be seen as a relatively complex section. Amendments to change terminology for the NPO context have been made.

Whilst Part I focuses exclusively on revenue from grants and donations, it addresses only the most common transactions. Reliance is being placed on the guidance in Part II for more complex transactions. Additional guidance shows how the principles in Part II can be applied to revenue from grants and donations.



Proposal development – what else was considered?

The new IPSAS 47 and proposed amendments to the *IFRS for SMEs* Accounting Standard mean that the 5 step model for revenue recognition, with some adaptations, will be consistent across existing international accounting frameworks. As the underlying set of principles is consistent it was deemed appropriate that INPAG should use these principles. Consideration was given to including guidance for more complex grants in Part I, recognising that this would result in significant duplication impacting ease of use. Given that complex grants are expected to be less common it was decided to rely on Part II with additional application guidance.

What should I comment on?

NPOs need to be able to apply the principles of INPAG. Where the *IFRS for SMEs* Accounting Standard principles are appropriate for NPOs but are complex to apply, INPAG aims to improve ease of use.

- Does the inclusion of additional guidance for simpler contracts with customers and additional guidance about how to apply Part II in the NPO context for complex grants successfully remove duplication, help understandability and the ability to implement? **(Question 4j)**
- Is the full content of the *IFRS for SMEs* section on revenue from contracts with customers that is in Section 23 Part II needed for NPOs **(Question 4k)**

12. Inventories—recognition, measurement and impairment

The recognition and the initial and subsequent measurement of donated inventories and inventories specific to NPOs were identified by those responding to the Consultation Paper as important to NPOs.

Proposals in Section 23 *Revenue* permit NPOs not to recognise revenue for many donated items. The *IFRS for SMEs* Accounting Standard has been amended so that:

- permitted exceptions to not recognise inventories in respect of certain donated items can be used.
- work-in-progress on services being provided to service recipients for no or nominal amounts can be expensed.
- inventories held for use or distribution are measured at the lower of cost adjusted for any loss of service potential and replacement cost.

The measurement proposals allow NPOs to reliably measure inventories that may be impaired even if a replacement cost is not available. INPAG is therefore based on the premise that donated inventories can be measured reliably, but recognises that there may be rare circumstances where this is not possible. INPAG requires a narrative description of inventories that cannot be reliably measured and disclosure about where a permitted exception has been used.

Proposal development – what else was considered?

The need for additional guidance on determining fair value was discussed. NPOs are permitted to use the cost to the donor where there are no observable inputs and this value is known. A section on fair value will be included in Exposure Draft 3.

The addition of a third cost formula, first expired first out (FEFO), was also considered for NPOs that receive donations of perishable items such as food or medical supplies. However, as valuing perishable items is not unique to NPOs this was not progressed.

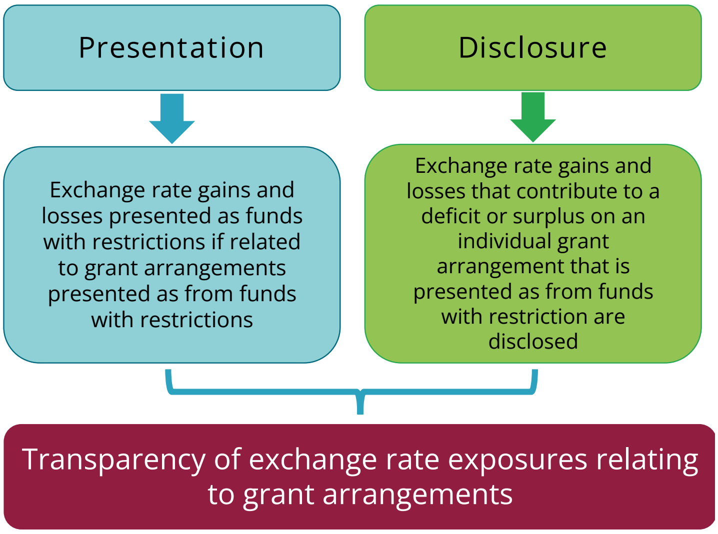
What should I comment on?

The recognition and measurement of inventories, which are often provided to and then distributed by NPOs at little or no cost, can have significant operational implications.

- Do you agree with the permitted exceptions that allow for certain donated inventory and work in-progress to not be recognised as inventory? **(Question 2b)**
- Do you agree that fair value should be used to value donated inventory? **(Question 2c)**
- Do you agree with the new measurement of the lower of cost adjusted for any loss of service potential and replacement cost for certain inventory? **(Question 2d)**
- Do you agree with the proposed disclosure where inventory has not been recognised? **(Question 2e)**

13. Foreign currency translation—presentation and disclosure

Whilst the recognition and measurement of foreign currency is not an NPO-specific issue, its presentation and disclosure, particularly for foreign currency gains and losses associated with grant funding is a significant issue. INPAG establishes the principle that exchange rate gains or losses on monetary items, such as grant receivables, cash held in foreign currency and grant payables follow the presentation of the transaction to which they relate.



Implementation Guidance and illustrative examples show exchange gains and losses on a range of grant arrangements. It includes the need to create a provision for an onerous arrangement if an NPO is obliged to expend more than the resources it was provided with because of adverse movements on exchange rates. Clarification is provided that the EGOs of an NPO who has received a grant in advance (grant arrangement liabilities), are non-monetary liabilities and do not need to be retranslated at each reporting date.

Proposal development – what else was considered?

Consideration was given to presenting all exchange gains or losses as from funds without restrictions, as an NPO may have to fund exchange losses on grant arrangements from its unrestricted resources. Despite some benefits, it was considered that this also had the potential to hinder the transparency being sought.

Consideration was also given to whether additional spend to cover exchange rate losses in grant arrangements should be classified as a new or additional EGA liability. This was also not considered appropriate as the initial revenue recognised or related EGOs did not change.

What should I comment on?

NPOs can bear significant risk through exchange rate movements. Transparency is important for the sector.

- Do you agree with the principle that exchange gains and losses are shown as without restrictions unless they relate to a transaction that is to be shown as restricted? **(Question 10b)**
- Do you agree with the proposal to require disclosure of exchange gains and losses that contribute to a surplus or deficit on grant arrangements presented within funds with restrictions? **(Question 10c)**

14. Removal of profit-sharing and share-based payment guidance

It is proposed to remove Section 26 on share-based payments from INPAG as it is not expected that NPOs will have traded equity or equity with a value relevant to employees and suppliers.

The characteristics of an NPO require that any surpluses (including profits from commercial activities that contribute to the purposes of the NPO) are used for the benefit of service recipients. Profit-sharing is therefore generally not an appropriate form of remuneration for NPO staff and all references to profit sharing arrangements have been removed from Section 28 *Employee benefits* of INPAG. However, references to bonuses have been retained as this might be part of a remuneration structure. The proposed removal of Section 26 *Share-based payment* from INPAG also means that references to share-based payment included in relation to employee benefits have also been removed.

Removed — **Section 26 Share-based payment**

Removed — **References to profit-sharing arrangements in Section 28 Employee benefits**

Removed — **References to share-based payments in Section 28 Employee benefits**

Further amendments to Section 28 have been made to align with the INPAG financial statements formats and to require that the allocation of employee benefit expense can only be made if the controlling NPO is following INPAG.

Proposal development – what else was considered?

To simplify requirements, the possibility of removing the accounting policy choice for the presentation of in-year changes to the amounts to be recognised for defined benefit pension schemes was considered. TAG members were, however, of the view that removing a policy choice was effectively introducing a rebuttable presumption. Based on the expectation that few NPOs will have defined benefit pension schemes and those that do may have more complex stakeholder requirements, it was deemed appropriate to maintain the policy choice.

What should I comment on?

Removing aspects of the *IFRS for SMEs* Accounting Standard that are not relevant to NPOs is important in ensuring INPAG's relevance and usability.

- Given the characteristics of NPOs, do you agree that guidance on share-based payment is not required? **(Question 7a)**
- Do you agree that profit sharing and share-based payment are removed from Section 28 *Employee benefits* to reflect that employees of NPOs are not incentivised by sharing in the surpluses made by an NPO? **(Question 8a)**
- Do you agree that in-year changes to the value of post-employment benefits can be shown on either the Statement of Income and Expenses or Statement of Changes in Net Assets? **(Question 8b)**

Specific matters for comment

Question 1: Financial instruments	References
a) Do you agree that there are no significant alignment changes required to Section 11, other than those that have already been made? If not, set out the alignment changes you believe are required.	Section 11

Question 2: Inventories	References
a) Do you agree with the expansion of Section 13 *Inventories* to specifically include inventory held for use internally, for fundraising or distribution? If not, why not?	G13.1
b) Do you agree with the permitted exceptions that allow for certain donated inventories and work in-progress that comprises services to be provided for no or nominal consideration to not be recognised as inventory? If not, what would you propose instead?	G13.2, G13.5 (a)-(c)
c) Do you agree that fair value should be used to value donated inventory? If not, what would you propose instead?	G13.7
d) Do you agree that inventories that are held for distribution at no or nominal consideration or for use by the NPO in meeting its objectives shall be measured at the lower of cost adjusted for any loss of service potential, and replacement cost? If not, what would you propose instead?	G13.8
e) Do you agree with the proposed disclosure requirements, particularly regarding the use of permitted exceptions and where donated inventories are not recognised because they cannot be reliably measured? If not, what would you propose instead?	G13.26 (e), G13.27

Question 3: Provisions and contingencies	References
a) Do you agree that an illustrative example on warranties is removed from the Implementation Guidance, and a new example on onerous contracts is added? If not, why not?	Section 21, Illustrative example 3

Question 4: Revenue	References
a) Section 23 Part I and Section 24 Part 1 introduce new terminology relating to grant arrangements[1]. Do you agree with the terms enforceable grant arrangement and enforceable grant obligations and their definitions? If not, what alternative terms would you propose to achieve the same meaning? What are the practical or other considerations arising from these definitions, if any?	G23.23-G23.30, G24.3-G24.4
b) Do you agree with the structure of Section 23, with Part I focused on grants and donations, Part II focused on contracts with customers and a preface that brings together the key principles and information about how to navigate the guidance? If not, what changes would you make and why?	Section 23
c) Do you agree that revenue is only deferred where the grant recipient has a present obligation in relation to the revenue received? If not, in what other circumstances could revenue be deferred and what is the conceptual basis for this proposal?	G23.27, G23.41-G23.59
d) The revenue recognition model for enforceable grant arrangements requires that revenue is allocated where there is more than one enforceable grant obligation. Do you agree with the allocation methods identified? If not, what methods would you propose? What are the practical considerations?	G23.53-G23.56, G23.125-G23.138, AG23.52-AG23.59

[1] Both sections include this question, which you can answer under either section, or cover the grantor and grantee perspectives separately.

e) Do you agree with the permitted exceptions that allow the recognition of some gifts in-kind, either when sold, used or distributed, and that these permitted exceptions cannot be used where donations are received as part of an enforceable grant arrangement? If not, what would you propose instead and what is the rationale?	G23.36, G23.37
f) Do you agree that services in-kind are not required to be recognised unless they are mission critical? If not, on what basis should services in-kind be recognised and what is the rationale?	G23.36, G23.38, G23.63, AG23.35-AG23.36
g) Do you agree that donations in-kind (both gifts in-kind and services in-kind) should be measured at fair value? If not, what would you propose instead?	G23.31-G23.32, G23.35-G23.38
h) Do you agree that administrative tasks are generally not separate individually enforceable obligations, but a means to identify or report on resources in an enforceable grant arrangement? If not, provide examples of where administrative tasks are an enforceable obligation.	G23.49
i) Do the proposals for disclosure of grant revenue provide an appropriate level of transparency? If not, what would you propose and what is the rationale for your proposal?	G23.61-G23.70
j) Part I is written for simpler grant arrangements and Part II includes a paragraph for simpler contracts with customers. For more complex grant arrangements, additional guidance is provided about how to apply Part II in the NPO context. Do these proposals successfully remove duplication, help understandability and the ability to implement? If not, what would you change and why?	G23.42-G23.59, G23.73, AG23.37-AG23.40, AG23.62
k) Do you have any other comments on the proposals in Section 23, including whether the full content of the IFRS for SMEs section on revenue from contracts with customers in Part II is necessary for NPOs? If so, provide the rationale for the comment and cross reference to the relevant paragraphs.	

Question 5: Expenses on grants and donations	References
a) Section 24 Part I and Section 23 Part 1 introduce new terminology relating to grant arrangements[2]. Do you agree with the terms enforceable grant arrangement and enforceable grant obligations and their definitions? If not, what alternative terms would you propose to achieve the same meaning? What are the practical or other considerations arising from these definitions, if any?	G24.3-G24.4, G23.23-G23.30,
b) Do you agree that all expenses on grants and donations can be classified as an enforceable grant arrangement or as an other funding arrangement? If not, provide examples of which expenses on grants or donations would not fit in either of these classes, and why not?	G24.3-G24.6
c) Enforceable grant arrangements are required to be enforceable through legal or equivalent means. Do you agree that regulatory oversight and customary practices can be sufficient to create an enforceable grant arrangement? If not, why not? What weight should be applied to these mechanisms?	G24.3, AG24.9, AG24.13-AG24.15
d) Do you agree that the full amount of the grant (including where it covers multiple years) should be recognised as an expense if the grant-provider has no realistic means to avoid the expense? If not, under what circumstances should a grant-provider not recognise the full expense and what is the rationale?	G24.17-G24.18, AG24.24-AG24.27

[2] Both sections include this question, which you can answer under either section, or cover the grantor and grantee perspectives separately.

e) Do you agree that grants for capital purposes are expensed by the grantor using the same principles as other grants? If not, why not? What would you propose instead?	AG24.30-AG24.35
f) Do the proposals for disclosure of grant expenses, which include a sensitive information exemption, provide an appropriate level of transparency? If not, what would you propose and what is the rationale for your proposal?	G24.32-G24.41
g) Do you agree that a grant-providing NPO with an OFA can only recognise an asset at the point that a grant recipient has not complied with a constraint on the use of funds provided? If not, what would you propose instead?	G24.11
h) Do you have any other comments on the proposals in Section 24, including that administrative tasks in an enforceable grant arrangement are generally not an enforceable grant obligation but a means to identify or report on resources? If so, provide the rationale for any comments and cross reference to the relevant paragraph.	Section 24 IG24.21

Question 6: Borrowing costs	References
a) Do you agree that there are no significant alignment changes required to Section 25, other than the terminology changes that have been made? If not, set out the alignment changes you believe are required.	Section 25

Question 6: Borrowing costs	References
a) Do you agree that there are no significant alignment changes required to Section 25, other than the terminology changes that have been made? If not, set out the alignment changes you believe are required.	Section 25

Question 7: Share-based payments	References
a) Given the characteristics of NPOs, do you agree that guidance on share-based payments is not required? If not, provide examples of share-based payments and explain how they are used.	Not applicable

Question 8: Employee benefits	References
a) Do you agree that profit sharing and share-based payments are removed from Section 28 *Employee benefits* to reflect that employees of NPOs are very unlikely to be incentivised by sharing in the surpluses made by an NPO? If not, provide examples of such arrangements used by NPOs.	G28.3, G28.27
b) Do you agree that in-year changes to the value of post-employment benefits can be shown on either the Statement of Income and Expenses or Statement of Changes in Net Assets? If not, why not?	G28.21

Question 9: Income tax	References
a) Are there any elements of Section 29 *Income taxes* that are not required by NPOs? If so, explain which elements are not needed and why.	Section 29

Question 10: Foreign currency translation	References
a) Do you agree that grants and donations should be considered when setting the functional currency? If not, why not?	G30.3 (c), G30.5 (b), G30.5 (d)
b) Do you agree with the principle that exchange gains and losses are shown as part of funds without restrictions unless they relate to a transaction that is to be shown as restricted? If not, why not?	G30.12, G30.20 (c)
c) Do you agree with the proposal to require exchange gains and losses that contribute to a surplus or deficit on grant arrangements presented as funds with restrictions to be disclosed? If not, why not? What would you propose instead?	G30.30

Question	References
d) Do you have any other comments on Section 30, including whether there are any NPO-specific recognition and measurement issues associated with foreign currency translation? If so, explain your comments and the NPO-specific recognition and measurement issues.	Section 30
Question 11: Hyperinflation	**References**
a) Do you agree that there are no significant alignment changes required to Section 31, other than the terminology changes that have already been made? If not, describe any further alignment changes required.	Section 31
Question 12: Events after the end of the reporting period	**References**
a) Do you agree that there are no significant changes required to Section 32, other than those that have already been made for alignment purposes? If not, describe any further alignment changes required.	Section 32

Information for respondents to the consultation

Who should respond?

ED2 is relevant to a range of NPO stakeholders. Responses would be particularly welcomed from:

- Regulators
- Standard setters
- NPOs
- Auditors
- Professional accounting bodies
- Public interest groups
- Finance ministries
- Tax authorities
- Academics
- Funders/donors

Submit your comments

Please submit your comments electronically by **15 March 2024**:

- Online: **www.ifr4npo.org/have-your-say**
- By email: **ifr4npo@cipfa.org**

Stay informed: To stay up-to-date with the latest developments and to sign up for email alerts, please visit **www.ifr4npo.org**

Get in touch: If you would like to discuss the information in this Summary, please contact **info@ifr4npo.org**

Exposure Draft documents

The Exposure Draft includes:

- **Authoritative Guidance** for the Sections in INPAG that will create the underpinning framework for the development of all other sections
- The **Basis for Conclusions** on the Exposure Draft, which includes:
  - considerations in developing the proposals
  - the potential effects of the proposals
- **Implementation Guidance** with illustrative examples.

Annex A—ED2 at a glance

Section	Summary of content	Changes from the *IFRS for SMEs* Accounting Standard	Comment Questions
Section 11 – Financial instruments	This Section provides guidance on the treatment of financial assets and financial liabilities. It has two parts, Part I that addresses simpler financial instruments and Part II that addresses more complex financial instruments.	Editorial – Changes to align with other sections.	Question 1
Section 13 – Inventories	This Section describes the scope of inventories, when they should be recognised, how they should be measured and related disclosures. This Section has been amended to broaden the scope of inventories to include those that are held for distribution to service recipients and/or use by the NPO for volunteers or fundraising. Section 13 has been modified to allow the use of the permitted exceptions in Section 23 Part 1 *Revenue from grants and donations* where certain donated items are not recognised in inventories. It has also been amended to allow NPOs to expense services to be provided to service recipients for no or nominal amounts as incurred rather than as work in progress within inventories. A further adaptation has been made to require inventories held for use or distribution to be measured at the lower of cost adjusted for any loss of service potential and replacement cost. Disclosures have been updated to address the use of permitted exceptions and where donated inventories cannot be reliably measured.	Modified – Major changes have been made to broaden the scope to include NPO-specific inventory and set out their measurement and introduce permitted exceptions to not recognise certain donated inventory.	Question 2
Sections 21 – Provisions and contingencies	This Section provides guidance on the recognition, measurement and disclosure of provisions (being liabilities of uncertain timing or amount), contingent assets and contingent liabilities. The examples are now located in the Implementation Guidance and updated to be more relevant to NPOs, including an example relating to onerous grant agreements.	Editorial – Changes to align to other sections and provide more relevant examples.	Question 3
Section 23 – Revenue	Section 23 comprises two parts with a preface that explains the structure of the section and contains content that is common to both parts. It also describes when Part I and Part II should be used.		Question 4

Section	Summary of content	Changes from the *IFRS for SMEs* Accounting Standard	Comment Questions
Section 23 – Part I – Revenue from grants and donations	Part I is new material that has been written specifically for NPOs. It draws on IPSAS 47 *Revenue* as its basis. It sets out the requirements for the recognition, measurement and disclosure of revenue from grants and donations. The timing of revenue recognition is dependent on the existence of an enforceable grant arrangement (EGA), which must have at least one enforceable grant obligation (EGO). It follows the concepts in the 5 step model for revenue recognition used in international standards. It describes revenue recognition, measurement and disclosure where there is no EGA. Part I also describes permitted exceptions for the recognition of gifts in-kind and services in-kind.	Part I – New Section specifically for NPOs.	
Section 23 – Part II – Revenue from contracts with customers	Part II is based on the IFRS for SMEs Accounting Standard and uses NPO specific terminology. It provides simplified guidance for less complex contracts. Some material has been included in the preface where it is relevant to Part I and Part II. There are no known NPO-specific issues for revenue from contracts with customers.	Part II Updated – Minor changes to aid ease of use and to align with other sections.	
Section 24 – Part I – Expenses on grants and donations	Section 24 *Government grants* in the *IFRS for SMEs* Accounting Standard relates to accounting for revenue. This guidance has been replaced by Section 23 Part I *Revenue from grants and donations*. Section 24 of INPAG covers accounting for expenses. This will contain three parts with Part 1 – *Expenses on grants and donations* included in ED2. Parts II and III will be included in ED3. Guidance covers the recognition, measurement and disclosure of grants that an NPO makes to other entities or individuals. The proposals are drawn from IPSAS 48 *Transfer expenses,* with IPSAS terminology and concepts adapted for NPOs. As with Section 23 Part I, it has a model for recognising expenses on grants and donations that depends on the existence of an EGA.	New Section specifically for NPOs.	Question 5
Section 25 – Borrowing costs	This Section specifies the accounting for borrowing costs. Minor editorial changes related to terminology have been made.	Editorial – Changes to align with other sections.	Question 6
Section 26 – Share based payment	This Section specifies the accounting for share-based payments. As share-based payment transactions are considered highly unlikely this section has been removed and a paragraph included to explain why it is not part of INPAG.	Removed – share-based payments are not expected for NPOs.	Question 7

Section	Summary of content	Changes from the *IFRS for SMEs* Accounting Standard	Comment Questions
Section 28 – Employee benefits	This Section covers all forms of consideration given by an employing NPO to its employees. Changes have been made to this Section to remove references to share-based payments and to profit-sharing arrangements as these are not expected to exist. The guidance has been amended to describe how a controlling NPO providing benefits to employees of controlled entities in the group can apply its provisions.	Updated – minor changes to reflect the removal of Section 26 and to align with other sections.	Question 8
Section 29 – Income tax	This Section addresses the accounting for income tax including current and deferred tax. Minor editorial amendments have been made to align with other Sections. This includes the removal of the exclusion relating to government grants as this is now replaced, as well as a requirement for tax expenses to be recognised in the same component as the transaction or other event that resulted in the tax expense. This is to allow the tax expense to be shown in the Statement of Income and Expenses or Statement of Changes in Net Assets as appropriate.	Editorial – Changes to align with other sections.	Question 9
Section 30 – Foreign currency translation	Section 30 describes how to include foreign currency transactions and foreign operations in the financial statements. This Section has been amended to require that the exchange rate gains or losses on monetary items are presented consistently with the transaction to which they relate. This Section also requires that deficits or surpluses arising as a consequence of changes in exchange rates for grant arrangements that are included as part of funds with restrictions are disclosed. This is to provide transparency of exchange rate exposures relating to grant arrangements.	Updated – Minor changes to include NPO specific presentation and disclosure requirements.	Question 10
Section 31 – Hyperinflation	Section 31 describes the requirements where an NPO is operating in a hyperinflationary economy. Minor editorial changes, including those relating to the structure and names of the financial statements have been made.	Editorial – Changes to align to with other sections.	Question 11
Section 32 – Events after the end of the reporting period	Section 32 sets out the principles for recognising, measuring and disclosing events that happen after the end of the reporting period. Minor amendments have been made to include grant providers as a source of bankruptcy, to remove reference to profit sharing, and to remove references specifically to dividend. Those with the power to amend the financial statements after they have been issued has also been widened given the nature of NPOs.	Editorial – Changes, primarily to align with other sections.	Question 12

Annex B – Content of Exposure Drafts

ED1			ED2			ED3		
Section	**Title**	**Change made**	**Section**	**Title**	**Change made**	**Section**	**Title**	**Change expected**
	Preface	Modified (Major)	11	Financial instruments	Editorial	12	Fair value measurement	Editorial
1	NPOs	Modified (Major)	13	Inventories	Updated (Minor)	14	Investment in associates	Editorial
2	Concepts and pervasive principles	Modified (Major)	21	Provisions and contingencies	Editorial	15	Joint arrangements	Editorial
3	Financial statement presentation	Updated (Minor)	23 Part I	Revenue from grants and donations	New	16	Investment property	Editorial
4	Statement of Fnancial Position	Modified (Major)	23 Part II	Revenue from contracts with customers	Editorial	17	Property, plant and equipment	Editorial
5	Statement of Income and Expenses	Modified (Major)	24 Part I	Expenses on grants and donations	New	18	Intangible assets other than goodwill	Editorial
6	Statement of Changes in Net Assets	Modified (Major)	25	Borrowing costs	Editorial	19	Business combinations and goodwill	Editorial
7	Statement of Cashflows	Updated (Minor)	26	Share based payments	Removed	20	Leases	Editorial
8	Notes to the financial statements	Updated (Minor)	28	Employee benefits	Updated (Minor)	22	Liabilities and equity	Editorial
9	Consolidated and separate financial statements	Updated (Minor)	29	Income tax	Editorial	24 Part II	Classification of expenses	New
10	Accounting policies, estimates and errors	Updated (Minor)	30	Foreign currency translation	Updated (Minor)	24 Part III	Fundraising costs	New
35	Narrative reporting	New	31	Hyperinflation	Editorial	27	Impairment of assets	Editorial
			32	Events after the reporting period	Editorial	33	Related party disclosures	Editorial
						34	Specialised activities	Editorial
						36	Fund accounting	New
						37	Supplementary information	New
						38	Transition to the Guidance	Modified

Annex C—Acronyms

Acronym	Full text	Description
ED	Exposure Draft	A document published by the INPAG Secretariat to solicit public comment on proposed reporting guidance.
EGA	Enforceable grant arrangement	A grant arrangement where both a donor and grant recipient have both rights and obligations, enforceable through legal or equivalent means. A grant recipient's undertakings under an EGA are EGOs. An EGA must have at least one EGO.
EGO	Enforceable grant obligation	A grant recipient's undertaking in an EGA to achieve a specified outcome, to carry out a specified activity, to use distinct services, goods or other assets internally for a specified purpose or to transfer distinct services, goods, cash or other assets to a service recipient.
GPFR	General Purpose Financial Reports	A set of financial statements with narrative reports prepared under generally accepted accounting principles to provide information that is useful to users for accountability and decision-making purposes.
IASB	International Accounting Standards Board	An independent group of experts with responsibility for the development and publication of IFRS Accounting Standards, including the IFRS for SMEs Accounting Standards.
IFR4NPO	International Financial Reporting for Non-Profit Organisations	A project that aims to develop the first ever international financial reporting guidance for non-profit organisations (NPOs).
IFRS Accounting Standards	International Financial Reporting Standards	A set of accounting standards developed by the International Accounting Standards Board (IASB) for use by profit making private sector organisations internationally.
IFRS for SMEs Accounting Standard	International Financial Reporting Standards for Small and Medium-sized Entities	A standalone standard developed by the International Accounting Standards Board (IASB) based on the principles in full IFRS Standards but tailored for entities that do not trade on a public market (eg a stock exchange).
INPAG	International Non-Profit Accounting Guidance	High quality, trusted, internationally recognised financial reporting guidance for NPOs being developed as part of IFR4NPO.
IPSAS	International Public Sector Accounting Standards	A set of accounting standards developed by the International Public Sector Accounting Standards Board (IPSASB) for use by government and public sector organisations internationally.
IPSASB	International Public Sector Accounting Standards Board	The International Public Sector Accounting Standards Board develops accounting standards and guidance for use by public sector entities.
NPOs	Non-Profit Organisations	For the purposes of INPAG, these are organisations that have the primary objective of providing a benefit to the public, direct surpluses for benefit of the public, and are not government or public sector entities.
OFA	Other funding arrangement	An arrangement with a grant recipient that is not an enforceable grant arrangement.

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