



Project:	Income of Not-for-Profit Entities	Meeting	AASB June 2016 (M152)
Topic:	Cover memo	Agenda Item:	3.0
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		Decision-Making:	High
		Project Status:	Redeliberations

Introduction and objective of the meeting

- 1 The purpose of this meeting is to:
 - (a) obtain decisions from the Board as it continues its redeliberation's of the ED 260 proposals:
 - (i) perpetual endowments;
 - (ii) capital grants; and
 - (iii) transition;
 - (b) obtain decisions from the Board whether to retitle AASB 10XX *Income of Not-for-Profit Entities* and re-express the project objective to reflect the scope of the project; and
 - (c) to provide for Board information, material to accompany AASB 15 *Revenue from Contracts with Customers*, AASB 10XX, and material to accompany AASB 10XX marked up for the Board's tentative decisions.

Link to project summary

http://www.aasb.gov.au/admin/file/content102/c3/Income_of_Not_for_Profit_Entities_Project_Summary.pdf

Attachments

- Agenda Paper 3.1 Staff Paper – Project Objectives
- Agenda Paper 3.2 Staff Paper – Accounting for Perpetual Endowments
- Agenda Paper 3.3 Staff Paper – Capital Grants and an Addendum to Paper 3.3
- Agenda Paper 3.4 Staff Paper – Transition
- Agenda Paper 3.5 Staff Paper – Mark-up and a Decision Table [BOARD ONLY]

Overview of agenda papers

- 2 Agenda Paper 3.1 proposes re-expressing the project objective and retitling AASB 10XX *Income of Not-for-Profit Entities*.
- 3 Agenda Paper 3.2:
 - (a) includes a discussion of perpetual endowment transactions:
 - (i) the asset recognised in a perpetual endowment transaction;
 - (ii) is a perpetual endowment transaction:
 - (A) in the course of the not-for-profit entity's ordinary activities;
 - (B) enforceable; and
 - (C) a promise to transfer goods/services; and
 - (b) proposes that that the Illustrative Example material includes an example of a perpetual endowment.
- 4 Agenda Paper 3.3:
 - (a) includes a discussion of capital grants including:
 - (i) is a capital grant transaction:
 - (A) in the course of the not-for-profit entity's ordinary activities;
 - (B) enforceable; and
 - (C) a promise to transfer goods/services; and
 - (ii) principal and agent; and

- (b) proposes that that the Illustrative Example material includes an example of capital grant.
- 5 Agenda Paper 3.4:
 - (a) includes a discussion of:
 - (i) assets acquired at no cost or nominal consideration; and
 - (ii) transition provisions, including “grandfathering” the not-for-profit entity’s existing accounting for “peppercorn” leases; and
 - (b) proposes that a completed contract transaction of a not-for-profit entity would include a transaction for which the not-for-profit entity has recognised all of the revenue in accordance with AASB 1004 *Contributions*.
- 6 Agenda Paper 3.5 is for Board information – a mark-up for Board tentative decisions of the material to accompany AASB 15 *Revenue from Contracts with Customers*, AASB 10XX, and material to accompany AASB 10XX.

Next steps

- 7 Bring a redrafted near final Standard AASB 10XX and AASB 15 Implementation Guidance to August meeting and discuss sweep issues if needed.

