



To:	AASB members	Date:	17 October 2014
From:	Jim Paul and Glenn Brady	Agenda Item:	13.1
Subject:	Income from Transactions of Not-For-Profit Entities	File:	

Action

For the purposes of the Board's forthcoming Exposure Draft on Income from Transactions of Not-For-Profit Entities, decide the basis for identifying and measuring a donation component in a contract with a customer, and when to recognise those donations as income.

Attachments

- Agenda Paper 13.2 Issues Paper: Identification and Recognition of Donations in the AASB ED on Income from Transactions of Not-for-Profit Entities
- Agenda Paper 13.3 Australian Illustrative Examples for Not-for-Profit Entities [Related to Recognised Donations in Contracts with Customers]

Board's most recent tentative decisions on this issue

The draft minutes of the Board's September 2014 meeting indicate:

"The Board tentatively reaffirmed its decisions to include in the ED: ...

- (e) a NFP-specific modification of IFRS 15 that would not require the transaction price to be allocated only to each performance obligation. This is to enable separate recognition of any identifiable donation component of a contract.

The Board tentatively decided to amend its draft proposal that would have required any donation component of a contract to be accounted for separately as income when the donation is received or receivable, regardless of the nature of the evidence for the existence and amount of such a component. Instead, the Board tentatively decided to explore an approach under which a NFP entity would be required to account separately for a donation component of a contract only if a particular evidence threshold is met (e.g. the stand-alone selling prices of all of the promised goods or services in the contract are observable).

The Board directed staff to prepare illustrative examples of contracts that do, and do not, include donation components, based on various indicative factors. ..."

Significant issues arising in the staff's drafting to implement these tentative Board decisions are discussed in the attached staff issues paper (Agenda Paper 13.2), which includes the questions for

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the Board. Agenda Paper 13.3 sets out examples illustrating the identification and measurement of donations.

Staff have yet to explore the implications of the issues—and the staff’s recommendations—for GAAP/GFS harmonisation. Staff plan to discuss these aspects with ABS staff, together with other potential issues affecting GAAP/GFS harmonisation raised out of session by a Board member.