



To:	AASB members	Date:	31 August 2011
From:	Jim Paul	Agenda Item:	7.1
Subject:	Income of Not-for-Profit Entities	File:	

Actions

- For the purpose of developing an ED on Income of Not-for-Profit Entities, consider staff papers on issues arising in respect of:
 - the recognition and disclosure of contributed services; and
 - the exclusion of for-profit government departments.
- Note issues remaining to be decided in developing the ED.

Attachments

Agenda Paper 7.2	Staff Paper: Recognition and Disclosure of Contributed Services
Agenda Paper 7.3	Staff Paper: Exclusion of For-Profit Government Departments

Background on Project Developments

The AASB has redeliberated most of the proposals in AASB ED 180 *Income from Non-exchange Transactions (Taxes and Transfers)*, which was the Board's proposed replacement for AASB 1004 *Contributions*. The Board decided not to proceed with the general approach in ED 180. It decided instead to propose requirements based on IASB ED/2010/6 *Revenue from Contracts with Customers*, as updated for tentative decisions made by the IASB in its redeliberations of that ED's proposals, modified where necessary to address NFP-specific issues.

At its July 2011 meeting, the AASB held an education session on an issues paper on Recognising Liabilities for Onerous Contracts, which discussed the appropriateness for NFPs of the IASB's tentative decisions on that topic in its project on Revenue from Contracts with Customers. The Board provided directions to staff on issues to address in further issues papers on that topic. Those issues papers will be provided for Board deliberation after the IASB's proposals regarding its 'onerous contract' test become clearer and after further communication on the topic between AASB staff and IASB staff reaches an appropriate point.

Remaining Issues

Issues remaining to be considered in developing an ED on Income of NFPs (in no particular order) include:

Memorandum

- (a) liabilities for onerous contracts (see above);
- (b) disclosures generally, and proposals for the Reduced Disclosure Regime;
- (c) how to deal with aspects of AASB 1004 and Interpretations that may fall outside the scope of the new ED—for example:
 - (i) the recognition requirements for contributions from owners and distributions to owners currently specified in AASB 1004;
 - (ii) requirements for restructures of administrative arrangements also currently in AASB 1004; and
 - (iii) the role of AASB Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities*;
- (d) transitional provisions;
- (e) consequential amendments to propose to other Standards; and
- (f) the nature and content of related guidance/illustrations.

It is intended that issues papers on each of these topics will be discussed at future Board meetings, in time for decisions to be incorporated into the ED on Income of NFPs for completion by the end of this calendar year. That timing is dependent on the timing of the IASB's re-exposure draft of an IFRS on *Revenue from Contracts with Customers*, which is scheduled for issue by the end of the third quarter of 2011.