

NFP Illustrative Financial Statements

The New Zealand Institute of Chartered Accountants

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Those intending to become Chartered Accountants or Accounting Technicians are required to achieve prescribed academic and professional standards before being admitted to the profession. All members must comply with a rigorously enforced Code of Ethics and undertake continuing education to ensure they are up to date with best business practices and information.

Financial reporting, professional and auditing standards are prepared by the Institute of Chartered Accountants and followed by its members to ensure the credibility of information used by decision-makers in business and the capital markets. The Institute of Chartered Accountants also takes a leading role in working with governments and policy-makers to advocate for more efficient taxation and commercial laws that promote the interests of New Zealand.

For further information about the Institute, visit www.nzica.com

About this publication

This publication includes two sets of illustrative financial statements for fictitious not-for-profit entities:

- the PBE Squash and Tennis Club; and
- the PBE Charitable Foundation.

This Introduction and the subject index are relevant to both entities.

The financial statements have been prepared in accordance with NZ IFRSs as appropriate for a public benefit entity that qualifies for differential reporting concessions.

Not all of the accounting policies and notes will be applicable to a particular not-for-profit entity. The illustrative financial statements include a number of the more common transactions entered into by small to medium sized not-for-profit clubs and charitable trusts.

Not-for-profit entities reporting in accordance with NZ IFRSs will need to make a number of decisions at the outset:

- whether to only meet minimum requirements applicable to entities that qualify for differential reporting concessions. For example, entities that qualify for differential reporting concessions are not required to present a statement of cash flows and few not-for-profit entities are required to present a statement of service performance;
- which presentation options it considers to be appropriate for its circumstances. For example, whether to present a statement of changes in equity or a statement of recognised income and expense; and
- choices about the accounting policies. For example in deciding whether to recognise volunteer services or donated goods an entity will need to consider whether they are reliably measurable.

The illustrative financial statements do not address all the possible recognition and disclosure requirements of NZ IFRSs nor do they identify all the possible adjustments that may arise on transition to NZ IFRSs.

The illustrative financial statements have been prepared by the Public Benefit Entity working group, a sub-committee of the Financial Reporting Standards Board of the Institute.

Related publications

The statements are intended to be used in conjunction with the following documents for not-for-profit entities reporting in accordance with NZ IFRSs:

- Not-for-profit Financial Reporting Guide; and
- Disclosure Checklist for Not-for-profit Entities.

These documents are available from the New Zealand Institute of Chartered Accountants at www.nzica.com

Hard copies of the Not-for-profit Financial Reporting Guide can be obtained from the Institute at the following address:

Registry Services Helpdesk
Level 2, Cigna House
40 Mercer Street
PO Box 11 342
Wellington 6034
New Zealand

Standards covered by the illustrative financial statements

The illustrative financial statements are based on standards and interpretations in force as at 1 June 2007. Any standards, interpretations and amendments issued after 1 June 2007 are not reflected in the statements. The following table explains which set of statements illustrates various standards. Some standards are not applicable to the Club because of the limited range of transactions undertaken by the Club.


	PBE Squash and Tennis Club	PBE Charitable Foundation
NZ IFRS 1 <i>First-time Adoption of New Zealand Equivalents to International Financial Reporting Standards</i>	Not illustrated	✓
NZ IFRS 2 <i>Share-based Payment</i>	Not illustrated	Not illustrated
NZ IFRS 3 <i>Business Combinations</i>	Not illustrated	✓
NZ IFRS 4 <i>Insurance Contracts</i>	Not illustrated	Not illustrated
NZ IFRS 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i>	Not illustrated	Not illustrated
NZ IFRS 6 <i>Exploration for and Evaluation of Mineral Resources</i>	Not illustrated	Not illustrated
NZ IFRS 7 <i>Financial Instruments: Disclosures</i>	✓	✓ (Refer Appendix)
NZ IFRS 8 <i>Operating Segments</i>	Not illustrated – NA PBEs	Not illustrated – NA PBEs
NZ IAS 1 <i>Presentation of Financial Statements (2004)</i>	✓	✓
NZ IAS 2 <i>Inventories</i>	✓	✓
NZ IAS 7 <i>Cash Flow Statements</i>	Not illustrated	✓ (Refer Appendix)
NZ IAS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>	✓ (Acc policies only)	✓ (Acc policies only)
NZ IAS 10 <i>Events after the Balance Sheet Date</i>	Not illustrated	✓
NZ IAS 11 <i>Construction Contracts</i>	Not illustrated	Not illustrated
NZ IAS 12 <i>Income Taxes</i>	Not illustrated	Not illustrated
NZ IAS 14 <i>Segment Reporting</i>	Not illustrated – NA PBEs	Not illustrated – NA PBEs
NZ IAS 16 <i>Property, Plant and Equipment</i>	✓	✓
NZ IAS 17 <i>Leases</i>	Not illustrated	✓
NZ IAS 18 <i>Revenue</i>	✓	✓
NZ IAS 19 <i>Employee Benefits</i>	Not illustrated	✓
NZ IAS 20 <i>Accounting for Government Grants and Disclosure of Government Assistance</i>	Not illustrated	Not illustrated

	PBE Squash and Tennis Club	PBE Charitable Foundation
NZ IAS 21 <i>The Effects of Changes in Foreign Exchange Rates</i>	Not illustrated	Not illustrated
NZ IAS 23 <i>Borrowing Costs</i>	Not illustrated	Not illustrated
NZ IAS 24 <i>Related Party Disclosures</i>	✓	✓
NZ IAS 26 <i>Accounting and Reporting by Retirement Benefit Plans</i>	Not illustrated	Not illustrated
NZ IAS 27 <i>Consolidated and Separate Financial Statements</i>	Not illustrated	✓
NZ IAS 28 <i>Investments in Associates</i>	Not illustrated	Not illustrated
NZ IAS 29 <i>Reporting in Hyperinflationary Economies</i>	Not illustrated	Not illustrated
NZ IAS 30 <i>Disclosure in the Financial Statements of Banks and Similar Financial Institutions</i>	Not illustrated	Not illustrated
NZ IAS 31 <i>Interests in Joint Ventures</i>	Not illustrated	Not illustrated
NZ IAS 32 <i>Financial Instruments: Presentation</i>	✓The Club has complied with the disclosures in NZ IFRS 7	✓The Foundation has complied with the disclosures in NZ IFRS 7
NZ IAS 33 <i>Earnings per Share</i>	Not illustrated	Not illustrated
NZ IAS 34 <i>Interim Financial Reporting</i>	Not illustrated	Not illustrated
NZ IAS 36 <i>Impairment of Assets</i>	Not illustrated	✓
NZ IAS 37 <i>Provisions, Contingent Liabilities and Contingent Assets</i>	Not illustrated	✓
NZ IAS 38 <i>Intangible Assets</i>	Not illustrated	✓
NZ IAS 39 <i>Financial Instruments: Recognition and Measurement</i>	✓	✓
NZ IAS 40 <i>Investment Property</i>	Not illustrated	Not illustrated
NZ IAS 41 <i>Agriculture</i>	Not illustrated	Not illustrated

FOREWORD

I am pleased to release these illustrative financial statements for not-for-profit entities applying New Zealand equivalents to International Financial Reporting Standards (NZ IFRSs). They have been developed specifically for not-for-profit entities that qualify for differential reporting concessions under NZ IFRSs. They are intended to be used in conjunction with the Not-for-profit Financial Reporting Guide and the Not-for-profit Disclosure Checklist.

These illustrative financial statements illustrate the financial statements and note disclosures that could be presented by a not-for-profit club or charity applying NZ IFRSs. They do not illustrate the other information that might be included in an annual report such as the Chairman's report on the year's activities.



Graham Crombie
President
March 2008

Future updates

The Institute intends to update these statements from time to time.

We would welcome any feedback on the application of these illustrative financial statements in the not-for-profit sector or any other comments that may assist in future updates of the illustrative financial statements. If you have any feedback or comments on these statements please forward these to:

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