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CEARC Report no. 2

Report on accounting topics survey 2008

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The Centre of Excellence in
Accounting and Reporting for
Co-operatives (CEARC) is 2.4m()TJET

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1. BACKGROUND

As part of a process of identifying accounting topics of interest and/or concern to co-operators and those with an interest in accounting and co-operation, CEARC decided to undertake a survey of co-operative accounting topics. The approach taken was a relatively direct one of asking people for their top three co-operative accounting topics/issues. The survey took place in March- April 2008 and was disseminated to individuals and organizations on the CEARC e-mail contacts list and to co-operative apex organizations for wider dissemination.

2. RESPONSES RECEIVED

CEARC received twenty one replies; the majority from North America (see table 1 below).

Table 1: Number of respondents by country

3. ACCOUNTING TOPICS AND ISSUES

Of the twenty one respondents: fifteen provided their top three accounting issues; four provided their top four issues; and two

consumer, worker, business). It may be that it is possible to develop core guidance applicable to most co-operative types, which is then supplemented with more specialist guidance depending on differing co-operative models and economic activities.

iv. Broader accounting concerns

A number of broader concerns were mentioned, including: consistency of reporting, the impact

Area of accounting	Accounting topic/issue
iii. Technical accounting issues continued	Research and development
	Swaps
	Tax
	Value added
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4. CONCLUDING REMARKS

Given the relatively small number of responses it would be dangerous to draw too many conclusions from the list shown in table 2. The list does appear, however, to echo some of the topics already identified by CEARC as of interest to co-operators.

questions around certain topics, for example: taxation, pool accounting, hedges, swaps and y accountants working in co-operatives, although this same group of respondents also mentioned such co-operative specific topics, arguably also of a technical nature, such as the equity issue and guidance on accounting for patronage rebates.

Tax issues included accounting for income tax, deferred tax calculation and determining patronage dividend for tax purposes. To some extent these are country/state tax law specific. If we set aside tax accounting we are left with a top three of:

Equity, classification of financial instruments	9 (43%) respondents
Patronage rebates/returns	6 (29%) respondents
Reporting non financial information	5 (24%) respondents

This is an interesting mix of topics, with each representing differing areas of accounting and arising for different reasons:

- The equity topic is a co-operative reaction to external change caused by standards setters applying investor owned business characteristics to co-operative ownership.
- Accounting for patronage returns is an issue generated by this specific feature of co-operatives and the variety of approaches available to co-operatives when accounting for economic benefit arising from member transactions with the co-operative.
- Reporting non-financial information reflects a growing interest in reporting on co-operative performance outside of the usual financial indicators. This includes interest in co-operative performance measures linked to purpose and values; and an overlapping interest in social, environmental and sustainability reporting.

practice (iSORP). Examples include: presentation of members funds in the financial statements, and reporting patronage returns. Other topics also reflect