

CEARC
iSORP discussion paper no.

CEARC
iSORP discussion paper no. 2

Reporting co-operative

August 8, 2008

The Centre of Excellence in
Accounting and Reporting for
Co-operatives (CEARC) is
sponsored by:

Saint Mary's University
Canadian Institute of
Chartered Accountants
The Co-operators
Midcounties Co-operative
(UK)
Co-operatives Branch –
Service Nova Scotia and
Municipal Relations
Co-operative Housing
Federation
United Farmers of Alberta
Nova Scotia Co-operative
Council
Scotsburn Dairy

Published by CEARC
Department of Management
Sobey School of Business
Saint Mary's University
Sobey Building, Robie Street
Halifax, Nova Scotia B3H 3C3
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Executive Director:
John Maddocks

E-mail: john.maddocks@smu.ca

Website:
www.coopaccounting.coop

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1. THE iSORP PROJECT

This discussion paper is the second in a series that is looking at developing content for an international Statement of Recommended Practice (iSORP) for co-operative accounting and reporting. This paper focuses on the presentation of members funds.

A series of questions are included at the end of the paper. Comments will be reported to the CEARC advisory committee and CEARC board and fed into the review and revision of the potential iSORP.

You can find other iSORP discussion papers and CEARC working papers at the CEARC website: www.coopaccounting.coop. A draft conceptual framework for co-operative accounting can be downloaded from the website. The conceptual framework provides another component of a co-operative accounting framework and should be considered alongside the iSORP papers.

Deadline for comments

In response to feedback received on our first working paper, we have increased the comment period to a minimum of four months following publication. **The deadline for comments on this discussion paper is December 11th, 2008.**

1. Co-operatives report to their members. This fact should inform financial report design and the information provided.
2. The financial report should clearly distinguish between funds provided by members and the claims of non-members (liabilities). Where GAAP places substantial constraints on how members funds are reported on the balance sheet, the co-operative should use the notes to provide full and appropriate disclosure.
3. Members financial contributions may take various forms, including: member shares, preferred or investment shares, loans, deposits, retained patronage allocations and retained earnings.
4. Members funds may include some items classed by GAAP²

Figure 1

under one main heading

10. This discussion paper favours the second form of presentation as it makes clearer the difference between those contributions that comprise equity in the form of share capital and associated reserves and retained earnings and those funds which have been contributed on either a short term or long term basis. Comment is invited on this.
11. Departing members. When a member ceases to be an active member of the co-operative and signifies a wish to leave, or when the board determines that such a member has ceased to be active and their funds should be repaid, it is recommended that all equity and funds of such members should be reported as a liability. Comment is invited on this.
12. Figures 3 and 4 (see pages 8 and 9 below) present balance sheets in the style favoured by this discussion document⁴.

⁴ For clarity no comparative data has been included.

Figure 3

Balance sheet of ABC Co-operative Ltd as at dd-mm-yy

MEMBERS EQUITY

Figure 4

Balance sheet of ABC Co-operative Ltd as at dd-mm-yy

ASSETS		
Cash	100	
Receivables	300	
Inventory	1450	
Property, Plant & Equipment	4500	
TOTAL ASSETS		6350
Less LIABILITIES TO NON-MEMBERS		
Payables	1850	
Loans	2000	
Owing to ex		

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Management Department
Sobey School of Business
Saint Mary's University
Sobey Building
Robie Street
Halifax
Nova Scotia
B3H 3C3
Canada