

## **IPSASB Update**

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# Delivering a challenging Work Plan: Strong progress during 2018

## 2 IPSAS approved

- Financial Instruments – IPSAS 41
- Social Benefits - IPSAS 42
- plus ‘Improvements to IPSAS’

## 3 Exposure Drafts

- Social Benefits (ED 63)
- Leases (ED 64)
- Collective & Individual Services & Emergency Relief (ED 67)
- plus ‘Improvements to IPSAS’ (EDs 65 & 66)

## Consultation Paper

- 2019-23 Strategy and Work Plan

....and considerable work on:

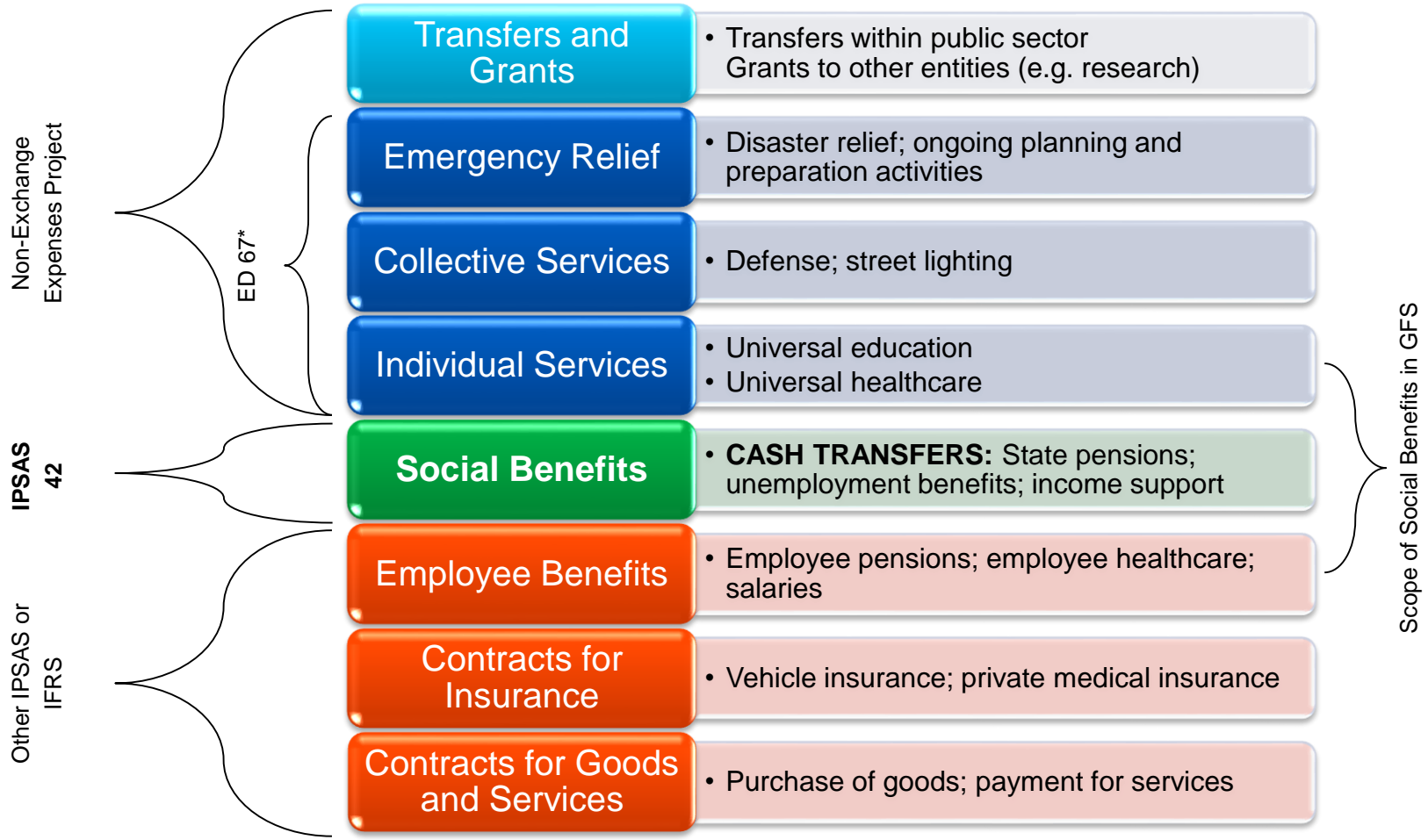
- Revenue
- Grants and Transfers (Expense)
- Public Sector Measurement

# IPSASB work programme: December 2019 projected position

Project	Public sector specific	IFRS alignment
<b>Non-Exchange Expenses</b> - Collective and Individual Services (IPSAS 19 amends) - Grants and transfers	IPSAS ED	✓
<b>Revenue</b> - IFRS 15 alignment (replacing IPSAS 9 & 11) - IPSAS 23 update - Grants and transfers (guidance location TBD)	ED ED ??	✓ ✓
<b>Financial Instruments (Public Sector)</b>	ED	IPSAS 41
<b>Leases</b>	??	??
<b>Public Sector Measurement</b>	CP *	✓
<b>Heritage</b>	✓	
<b>Infrastructure Assets</b>	✓	

\* Including 'Illustrative Exposure Draft'

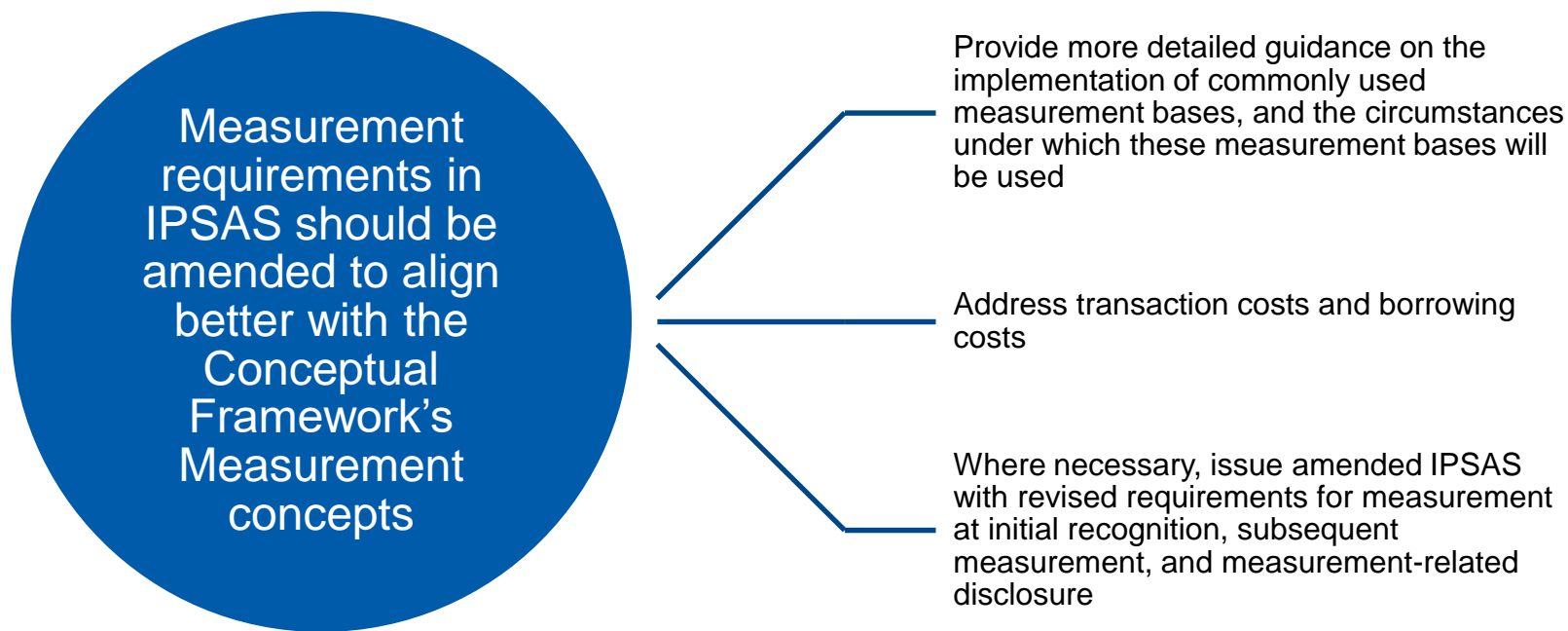
# Scope of IPSAS 42 and ED 67



# Social Benefits: Finalizing IPSAS 42

- Recognition (and measurement implications)
  - General (*formerly Obligating Event*) approach – single recognition point
  - Insurance approach – remains optional
- Definitions
  - Clarified that social benefits limited to cash transfers
  - Impact on Non-Exchange Expenses
- Disclosures limited to current and prior year (no forward projections)
- Long-Term Financial Sustainability – important but no further work now
- Likely to be subject of first ever IPSASB Post-Implementation Review
- Comparison summary with Government Finance Statistics
- Approved December 2018 - Publication: January 2019

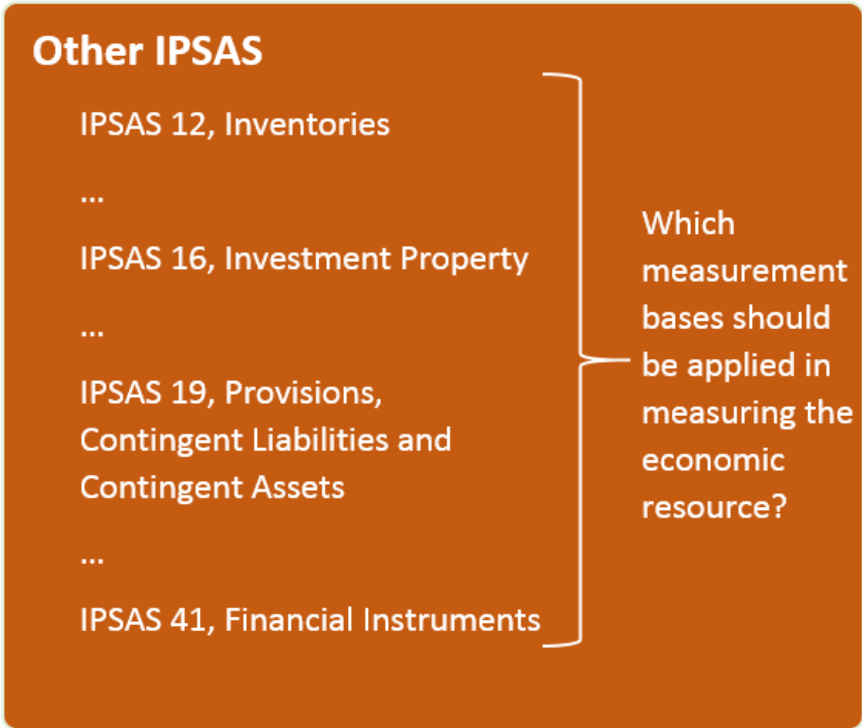
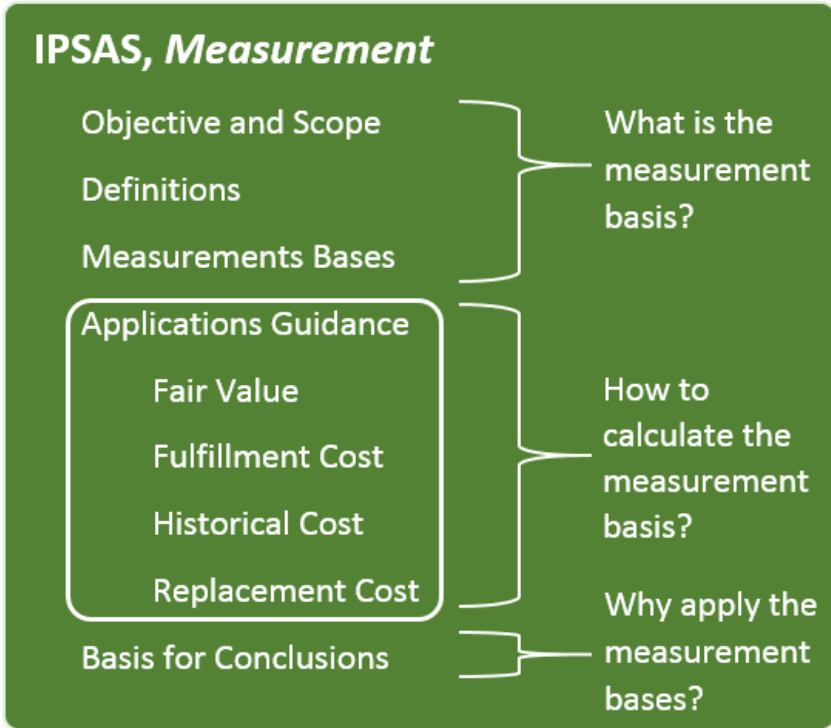
# Project Background: Objectives



# Project Background: Project Outputs

## How Do You Calculate the Measurement Bases (Consultation Phase)

## Which Measurement Basis Do You Use (Exposure Draft Phase)



# Revenue projects context: Categorization of transactions

<b>Current classification</b>	<b>Non-Exchange</b>		<b>Exchange</b>
<b>CP Revenue</b>	<b>Category A</b>	<b>Category B*</b>	<b>Category C</b>
<b>Characteristics</b>	No performance obligations or stipulations	Enforceable agreements, with performance obligations or stipulations to use or consume resources in a particular way; and/or other agreements requiring resources to be used over a specified period of time	Enforceable agreements, with performance obligations to transfer goods or services to customers on commercial terms
<b>Examples</b>	Taxes, transfers	Funding to deliver a specified number of vaccinations to the public	Sale of goods or services on commercial terms

\* Whether Category B transactions are considered to be exchange or non-exchange can differ depending on how the characteristics of the transaction are interpreted.



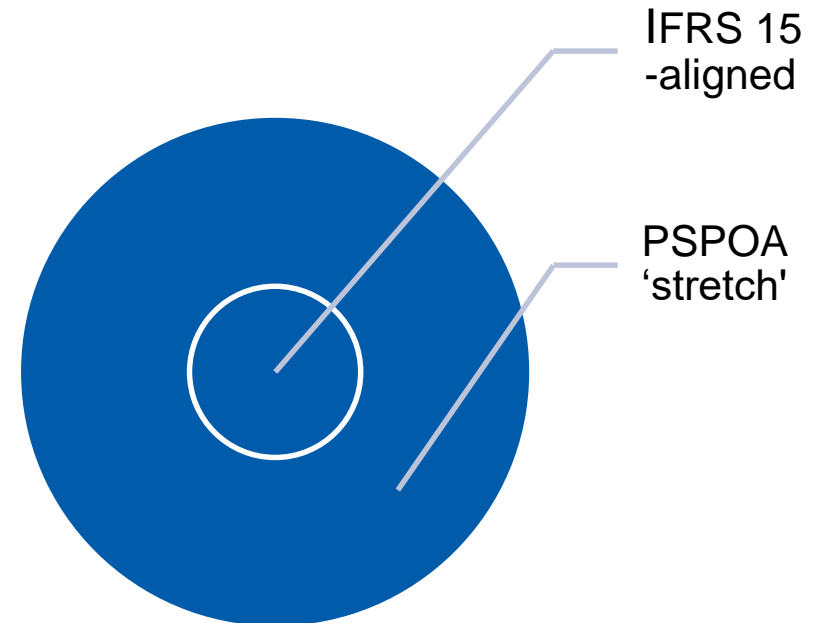
# Revenue projects: Way forward

- Board decisions:
  - Replace IPSASs 9 & 11 with IFRS 15-based standard
  - Retain IPSAS 23 – update to address specific application issues
  - Services in kind – maintain current approach
  - Develop Public Sector Performance Obligation Approach (PSPOA) for Category B
  - PSPOA guidance in IFRS 15-based standard
- PSPOA ‘filter mechanism’:
  - Step 1: Binding arrangement?
  - Step 2: Performance obligation? Sufficiently specific?
  - Enforceability key: Revenue of recipient when no enforcement mechanism
- Areas for further discussion:
  - Capital grants
  - ‘Transfers and Grants’ – guidance / examples location(s)

# IFRS 15-based IPSAS:

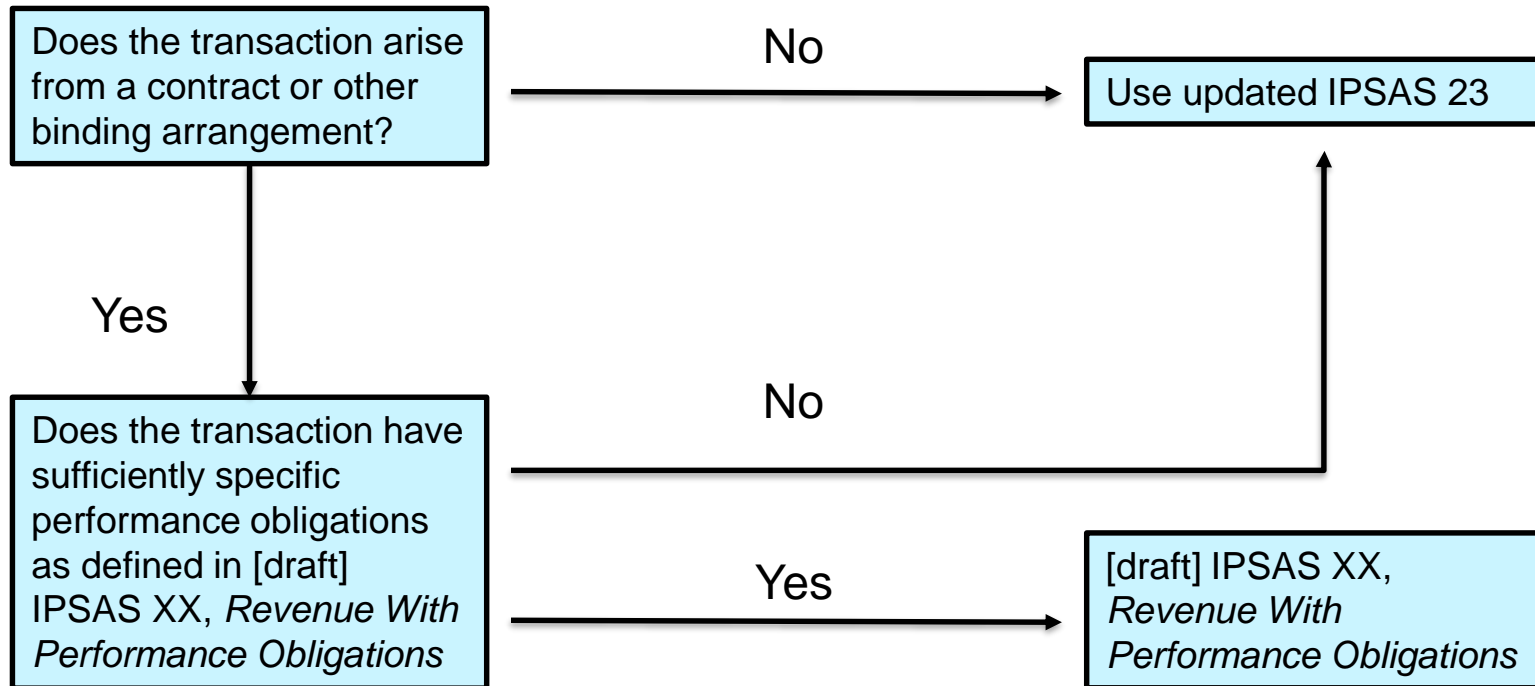
## *‘Revenue With Performance Obligations’?*

- IFRS 15-aligned core text
- Definitions ‘stretched’ for PSPOA, but clear link to IFRS 15 definitions
- PSPOA Application Guidance (mainly on Steps 1 and 2)
- IFRS 15 examples reviewed for public sector
- Additional PSPOA examples



# Revenue – which standard to use?

## 'Revenue With Performance Obligations'



# ED 64, Leases: Overview of single 'right of use' proposals



## Accounting for the underlying asset

- **Lessor** recognizes and measures according to the applicable IPSAS - different to IFRS 16

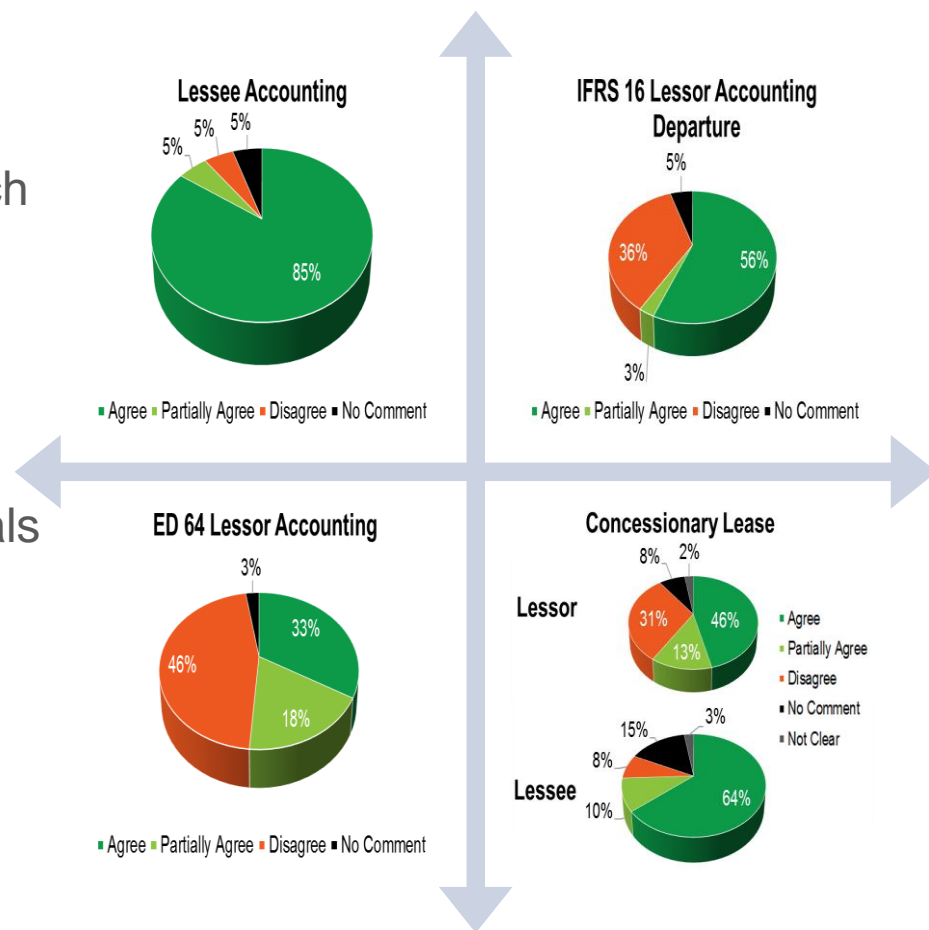


## Separate accounting for the lease (right-of-use)

- **Lessee liability** – as per IFRS 16
- **Lessor receivable** – different to IFRS 16
- **Lessor liability (unearned revenue)** – different to IFRS 16
- At market terms – unless a concessionary lease
- At below market terms – concessionary leases

# ED 64: Overview of responses

- Lessee accounting:
    - Strong support for 'right of use' approach
  - Lessor accounting:
    - Majority support for IFRS 16 departure
- BUT:**
- Lack of clear support for ED 64 proposals
  - Alternative proposals
  - Opposing views on the same issues
- Concessionary leases:
    - Majority support for lessee proposals
    - Diverse views on lessor proposals



# 2019-2023 Strategy and Work Plan: Delivering Global Standards. Inspiring Implementation.

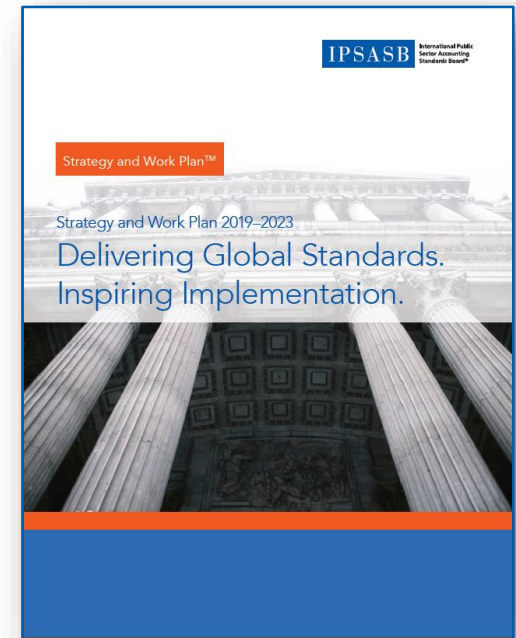
Strengthening Public Financial Management (PFM) globally through increasing adoption of accrual-based IPSAS.



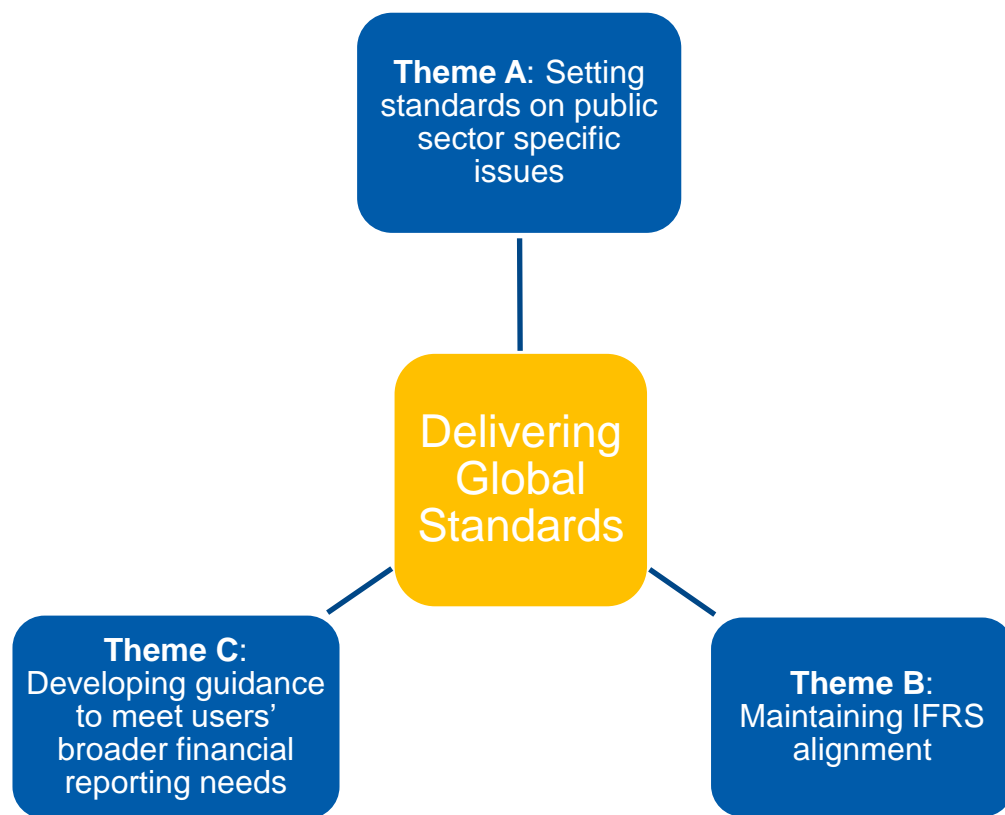
This Strategic Objective will be delivered through two main areas of activity both of which have a public interest focus:

**Delivering Global Standards:**  
Developing and maintaining IPSAS and other high-quality financial reporting guidance for the public sector

**Inspiring Implementation:**  
Raising awareness of IPSAS and the benefits of their adoption



# 2019-23 Strategy and Work Plan: Themes A to C: Work plan 2019-2023



## Theme A

- Natural Resources
- Conceptual Framework – limited-scope review

## Theme B

- Annual improvements
- Limited scope projects

## Theme C

- Actively monitor developments
- No specific projects currently

*Mid-period review 2021*

# Questions, discussion & further information



- Visit our webpage <http://www.ipsasb.org/>
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