



International
Federation
of Accountants

International Public Sector Accounting Standards Board

Financial Statement Discussion and
Analysis – Approve Exposure Draft

March 2012

Objective of Session

- Approve ED 47, *Financial Statement Discussion and Analysis* (Agenda Paper 4.1)
 - Agreement on mandatory IPSAS
 - Page-by-page review of proposed ED

Past decisions (tentative) of the IPSASB

- Mandatory IPSAS for all IPSAS-compliant financial statements
 - FSDA assists users to understand the financial statements and is necessary for accountability
- FSDA published in conjunction with the entity's financial statements (thus same reporting period and reporting entity) but not a component of the financial statements per IPSAS 1
- FSDA should meet qualitative characteristics (QCs) in IPSAS 1
- Overall considerations for the guidance for structure, minimum requirements for the content and presentation
 - But, sufficient flexibility to allow tailoring of the financial statement discussion and analysis to specific circumstances
- Implementation Guidance and Illustrative Example provided
 - Balance between guidance and being prescriptive about content
 - Specific Matters for Comment as for views on whether this guidance is useful

Agreement on Mandatory IPSAS

- The ED proposes a mandatory IPSAS (para. 2 of draft ED)
 - FSDA is considered crucial to users' understanding of the GPFS
- In December 2011, the IPSASB asked staff to consult with IAASB on the audit implications of publishing a mandatory IPSAS, which have until now applied only to the financial statements
- Will mandatory requirement affect adoption of IPSASs?
 - No audit implications (see Agenda Paper 4.3) – FSDA is “other information” under IAASB’s International Standards on Auditing (ISAs)
 - Phrase “in conjunction with” used to describe relationship in the draft ED (Per IPSAS 24 wording)
 - Consequential changes to IPSAS 1 to clarify relationship of financial statement discussion and analysis to the financial statements
 - Basis for Conclusions (BC4-BC12) explain IPSASB’s rationale