

International Public Sector Accounting Standards Board

Update of IPSASs 6 to 8

Agenda Item 7

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March 2013

Update of IPSASs 6 to 8

IPSASs

IPSAS 6, *Consolidated and Separate Financial Statements*

IPSAS 7, *Investments in Associates*

IPSAS 8, *Investments in Joint Ventures*

IFRSs

IFRS 10, *Consolidated Financial Statements*
IAS 27, *Separate Financial Statements*

IAS 28, *Investments in Associates and Joint Ventures*

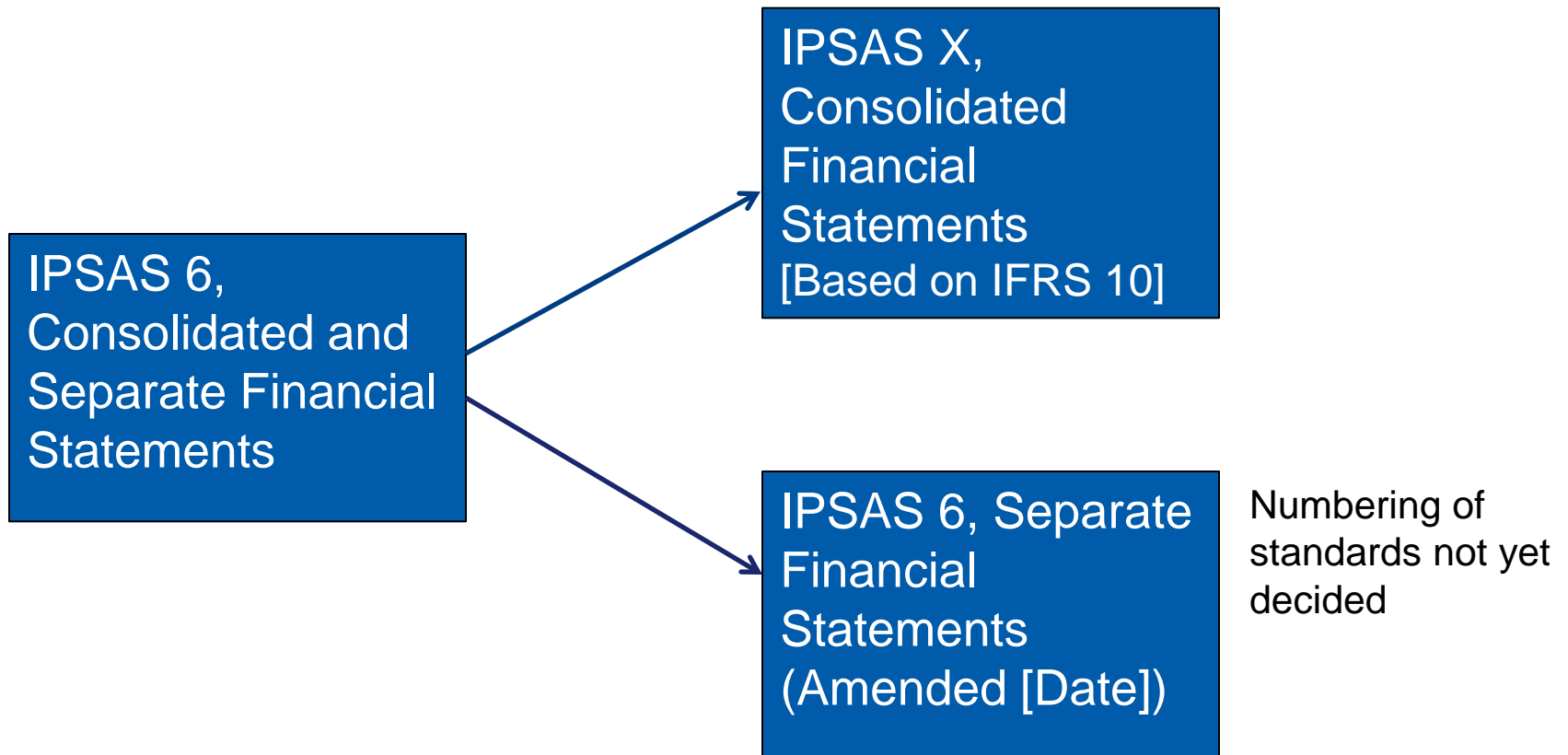
IFRS 11, *Joint Arrangements*

IFRS 12, *Disclosure of Interests in Other Entities*

Agenda Item 7.1 Issues Paper

- ED X, Separate Financial Statements
- ED X, Investments in Associates and Joint Ventures
- ED X, Joint Arrangements
- Exemption Issues
- Disclosure Issues
- Other Issues

ED X, Separate Financial Statements



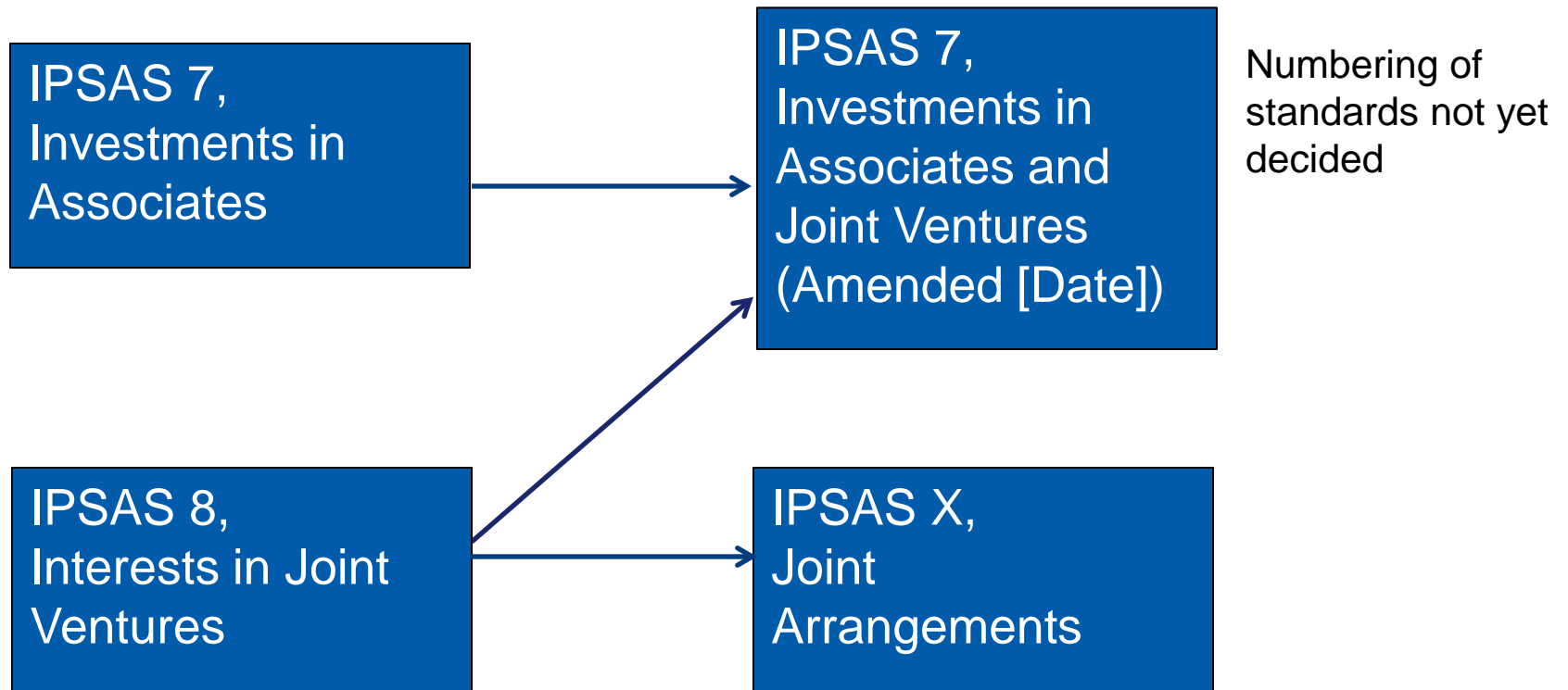
ED X, Separate Financial Statements

Recommendations:

- IASB investment entity amendments not relevant
- Equity method in separate statements
 - Do not permit equity method in this ED
 - Monitor IASB project on reinstating equity method
- Revisit this ED once exemption issues considered
- Next step: Seek approval of ED in June 2013

MC 1: Does the IPSASB agree?

ED X, Investments in Associates and Joint Ventures



ED X, Investments in Associates and Joint Ventures

- IASB ED/2012/3 Equity Method: Share of Other Net Asset Changes
 - Do not incorporate amendments regarding other comprehensive income
 - Incorporate amendments regarding changes in ownership interests
- IASB ED/2012/6 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
 - Do not incorporate amendments, pending more work on public sector combinations
- Monitor IASB research project on equity method
- Next step: Seek approval of ED in June 2013

MC 2: Does the IPSASB agree?

ED X, Joint Arrangements

- IPSASB considered draft ED in December 2012
- IASB ED/2012/7 *Acquisition of an Interest in a Joint Operation*
 - Do not incorporate amendments, pending more work on public sector combinations
- Next steps:
 - Ensure ED is consistent with IPSASB's decisions on exemptions
 - Seek approval ED June 2013

MC 3: Does the IPSASB agree?

Exemption Issues

Recommend no exemption from consolidation for:

- Controlled entities rescued from financial distress
- GBEs

MC 4 and MC 5: Does the IPSASB agree?

Accounting and Presentation Options

- Assuming all controlled entities are consolidated, should information on certain controlled entities be separately disclosed?
 - Option 1: Consolidate – extra column showing non-consolidation
 - Option 2: Consolidate – separate line items for certain entities
 - Option 3: Consolidate – note disclosure of certain entities
- If yes, does the Board support Option 2?

MC 6: IPSASB views sought

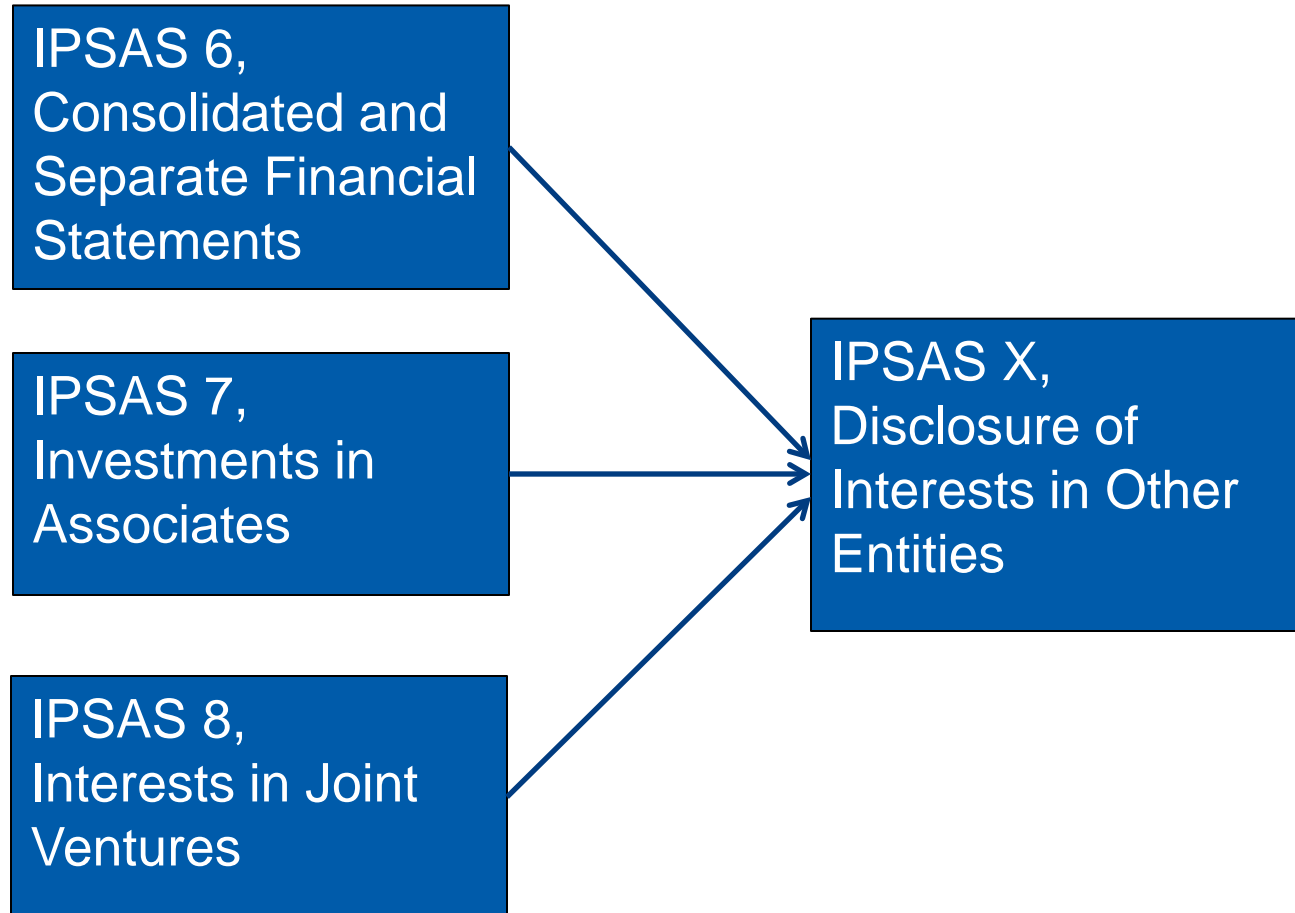
Accounting and Presentation Options (Continued)

Depends on earlier discussion....

- If certain controlled entities are not consolidated, other accounting options are:
 - Option 4: Equity accounting
 - Fair value (not illustrated in agenda papers)

MC 7: Would the IPSASB support fair value rather than equity accounting?

Disclosure Issues



Disclosure Issues

- IASB undertook detailed consultation
- Users wanted more information
- Public sector structured entities can be as varied and complex as private sector structured entities
- If IPSASB were to propose different disclosures it would need to undertake extensive outreach
- Proposal: Disclose information about profit-oriented structured entities
- Seek feedback

MC 8: Does the IPSASB agree?

Other Issues

Variable benefits

- Include another example in ED X, Consolidated Financial Statements (paragraph AG56?)

MC 9: Does the IPSASB agree?

Other Issues

Binding arrangements

- Where appropriate, refer to “binding arrangements and other rights arising from legislative or executive authority”
- Proposed changes shown in 2 EDs
- Next step: If IPSASB agrees, update all EDs

MC 10 and MC 11: Does the IPSASB agree?

MC 12: Please provide editorial comments directly to staff