

Agenda Item 10: Social Benefits

Paul Mason

IPSASB Meeting

September 15-18, 2014

Brussels, Belgium

Objectives of Agenda Item

Review Issues Paper and draft Consultation Paper (CP); and
Provide directions for continuing development of CP

Material Presented:

- Agenda Item 10.1 Issues Paper
- Agenda Item 10.2 Draft Consultation Paper

Contents of CP

- New Material
 - C2 Social Benefit Programs
 - Examples in Appendix A
 - C6 Option 2 Social Contract
 - C7 Option 3 Social Insurance
 - C8 Presentation
 - C9 Social Security Funds, Composite Programs, Other
 - Appendix B Objectives of Financial Reporting and QCs
 - Appendix C Existing IPSASs
- Revised Material
 - C1 Introduction
 - New section on CF
 - C3 Scope and Definitions
 - C4 Identification of Approaches
 - C5 Option 1 Obligating Event
 - Now includes measurement

Option 2 Social Contract Approach (Chapter 6)

- Counterparty to the Social Contract
 - Society as a whole
- Obligations to be performed
 - Contributing taxes and other sources of income
- Accounting treatment
 - Liability recognized only when legally binding obligation

Option 3 Social Insurance Approach (1) (Chapter 7)

- IASB Exposure Draft ED/2013/7 Insurance Contracts
- Only contributory schemes
- Initial recognition
 - Subsidy from general taxation or not?
 - Treatment of surplus or deficit

Option 3 Social Insurance Approach (2) (Chapter 7)

- Risk adjustment (measurement basis)
- Coverage period
- Nature of the contribution
- Discount rate
- Subsequent measurement

Social Benefit Programs (Chapter 2 and Appendix A)

- Chapter 2
 - Describes main categories
 - Describes main administrative arrangements
- Appendix A
 - Examples helpful?
 - Application of CP for each example or at end of Appendix?

Presentation (Chapter 8)

- Information included in:
 - Accounting policies
 - Significant judgment and key sources of estimation uncertainty
 - Details of revenues, expenses, assets and liabilities
 - Prospective information
- Retain chapter?
 - Are presentation issues best addressed at ED stage?

Social Security Funds, Composite Programs and Other Issues (Chapter 9)

- Social Security Funds
 - As other entities, with exceptions
- Composite Social Security Funds
 - Any identified?
- Guarantees
- Control, Joint Control and Significant Influence

Objectives of Financial Reporting and the QCs (Appendix B)

- Format of Appendix helpful?
- Does the IPSASB agree with the analysis?

Implications for Existing IPSASs (Appendix C)

- Is the Appendix required?
- Does the IPSASB agree with the analysis?

Introduction (Chapter 1)

- Revised Material
 - Addresses issues raised in June meeting?
- New Section on Conceptual Framework
 - Implications described accurately?
 - Retain descriptions of Objectives of Financial Reporting and QCs or leave to Appendix B?

Scope and Definitions (Section 3)

- SNA – Diagram Revised
- Phased Approach Removed
- Definitions
 - Social Insurance (new)
 - Social Transfers in Kind (revised)
- Other Revisions
 - Address issues raised in June meeting?

Identification of Approaches (Chapter 4)

- Conceptual Framework
 - Relocated to Chapter 1
- Revised Option Names
 - Obligating Event Approach
 - Social Contract Approach
 - Social Insurance Approach
- Revised Material
 - Addresses issues raised in June meeting?

Option 1 Obligating Event Approach (Chapter 5)

- Includes Recognition and Measurement
 - Previously two chapters
- Definitions
 - Reflect Conceptual Framework
- Additional Paragraphs
 - Valid expectation – fully financed different from partially financed?
 - Nature of exchange in an insurance contract
 - Program assets and liabilities reported net or gross?



www.ipsasb.org
