



Agenda Item 7: First-time Adoption of Accrual Basis IPSASs

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IPSASB Meeting

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Brussels, Belgium

First Time Adoption of Accrual Basis IPSASs

- Objective of agenda item to:
 - Discuss remaining issues identified at June 2014 meeting
 - Consider illustrative draft of different classification of transitional exemptions and provisions
 - Consider first draft of proposed IPSAS on *First-time Adoption of Accrual Basis IPSASs*

First-Time Adoption of Accrual Basis IPSASs

Matters for consideration

Issue 1 - Ways and methods to assist in transition

- Need for practical guidance acknowledged
- Study 14 can not always applied
- Various ways debated on how IFAC or IPSASB can assist
 - IFAC developing case studies and training material
 - IPSASB encourage dry-runs before transition
 - Countries to be encouraged to share experiences
- Members view on:
Confirm these initiatives (action requested no 1)

Issue 2 – Relief for interests in other entities

- Initial classification and identification of interests in other entities in separate financial statements
 - 3 yr relief provided for the recognition and/or measurement of financial instruments (par 32 of ED 53)
 - No specific relief provided in IPSAS 6, 7 and 8
 - Respondents questioned whether info will be available to identify all interests on date of adoption
- Members view on:
Whether similar relief should be provided for interests in other entities (action requested 2a)?

Issue 2 – Relief for interests in other entities

- If in support - Members view on:

Proposed wording to be included after paragraphs 44, 47 and 50 (action requested 2b):

Where a first-time adopter has not recognized its interest in controlled entities (associates and jointly controlled entities) under its previous basis of accounting, it is not required to recognize and/or measure its interests in other entities as a controlled entity, associate or jointly controlled entity for reporting periods beginning on a date within three years following the date of adoption of accrual basis IPSAS.

Issue 2 – Relief for interests in other entities

- If not in support - Members view on:
Clarifying that IPSASB did consider relief for interests in other entities but agree not to provide relief (action requested 2c)

Issue 2 – Relief for interests in other entities

- Exemption to not prepare consolidated f/s
 - If IPSASB agrees to provide 3 yr relief to recognize and/or measure interests in other entities
 - There will be an Impact on elimination as required in IPSAS 6.43
 - Goodwill recognition may be incorrect
- Members view on:
Whether relief should be provided for preparation of consolidated f/s until interest in other entities have recognized and/or measured? (action requested no 3a(i)?

Issue 2 – Relief for interests in other entities

- Exemption to not prepare consolidated f/s
 - 3 yr relief to not eliminate all balances, tx (par 44 of ED 53)
 - Still required to prepare consolidated f/s
 - Aggregation of balances, transactions
 - Relevance of information to users questionable
- Members view on:
Whether relief should be provided for preparation of consolidated f/s where first-time adopter elected to not eliminate all balances, transactions? (action requested no 3a(ii))?

Issue 2 – Relief for interests in other entities

- Members view on:

Proposed wording to be included after paragraphs 44 (action 3b):

Where a first-time adopter has taken advantage of the transitional exemption in paragraph 32 and/or paragraph 44A, it shall not present consolidated financial statements until:

- (a) the exemptions that provided the relief have expired; and
- (b) the interest in the investment in the other entity has been appropriately recognized and/or measured as a controlled entity, associate or jointly controlled entity; and/or
- (c) inter-entity balances, transactions, revenue and expenses between entities within the economic entity are eliminated in full.

First-Time Adoption of Accrual Basis IPSASs

Illustrative
draft of
different
classification

Issue 3 – Illustrative draft of different classification

- Different classification of transitional exemptions and provisions based on (Appendix A):
 - Exemptions that a first-time adopter is required to apply on adoption
 - Exemptions that a first-time adopter may elect to apply on adoption
- Members view on:

Consider whether the revised format or format as in ED 53 should be used for final pronouncement (action required no 4)

First-Time Adoption of Accrual Basis IPSASs

Page-by-page
review of
proposed
IPSAS

Issue 4 – Page-by-page review of proposed IPSAS

- Conduct a page-by-page review to identify:
 - Additional amendments and/or guidance needed
 - Additional implementation guidance needed (action required no 5):



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