

## Agenda item 8: Revenue

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IPSASB Meeting  
September 22-25, 2015  
Toronto, Canada

# Objectives

Focus on revenue from non-exchange transactions

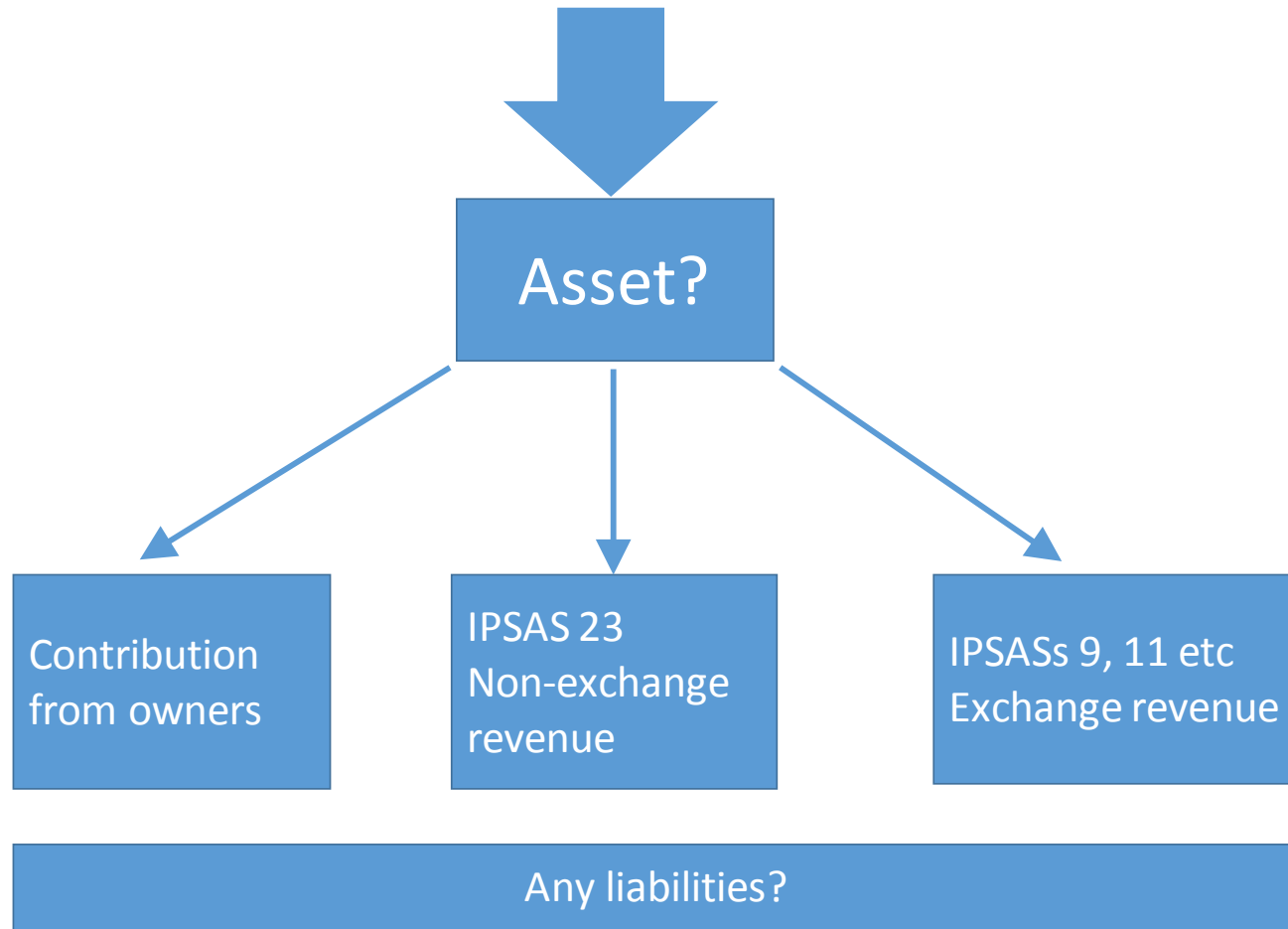
- Identify key issues
- Identify the relative importance of key issues
- Identify the work to be done on key issues

Next meeting – what is needed?

## Overview of Session

- Summary of IPSAS 23
- Feedback About IPSAS 23
- Exchange vs Non-Exchange
- Interaction between IPSAS 23 and Other Standards
- Services In-Kind
- Capital Grants
- The Conceptual Framework
- Next Steps

# Summary of IPSAS 23



## Feedback on IPSAS 23

### Formal feedback:

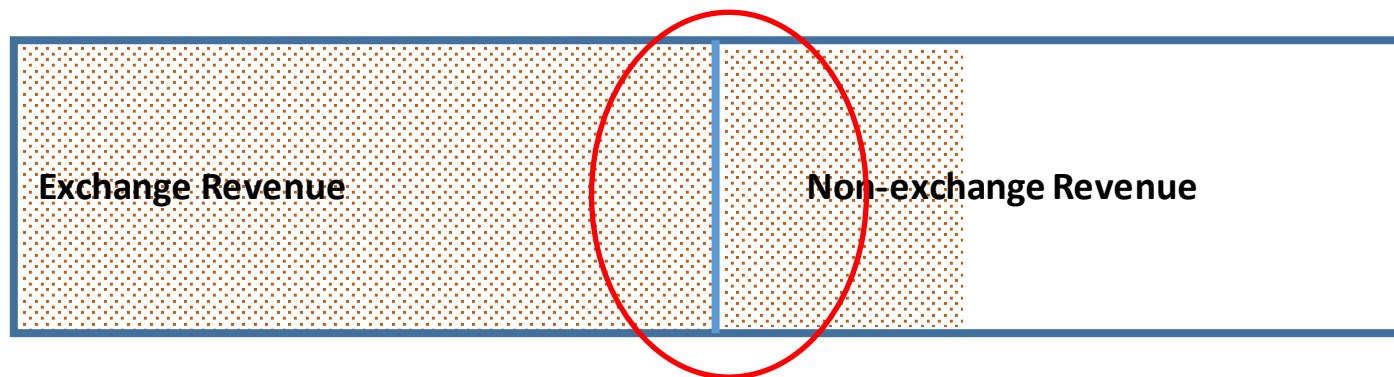
- Consultation on the IPSASB Work Program 2013-14
- Strategy Consultation 2015 Forward

### Other feedback:

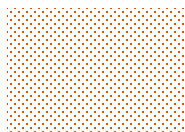
- Various comments from constituents
- Outreach

# Exchange vs Non-exchange

## Problems with classification



### Key



Performance obligations

## Exchange vs Non-Exchange

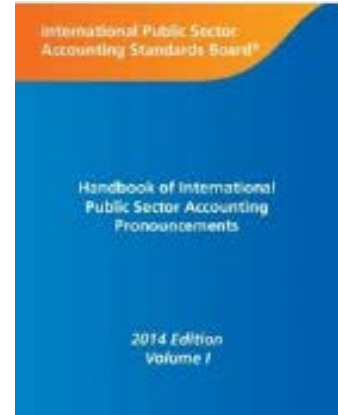
### Matters for Consideration

1. Would applying a performance obligation approach (along the lines of IFRS 15) and an IPSAS 23 approach to a range of transactions be a useful way to clarify the transactions for which a performance obligation approach would be appropriate?
2. Is there any other work that would help the IPSASB consider when a performance obligation approach would be appropriate?

# Interaction between IPSAS 23 and other Standards

## Transactions covered by IPSASs:

- Donated plant and equipment
- Donated livestock
- Loans forgiven



## More work needed:

- Recognition of financial liability?
- Free use of buildings?
- Donation via a finance lease?



## Interaction between IPSAS 23 and other Standards

### Matters for Consideration

3. Does the IPSASB agree that the revenue project should consider the following issues:
  - (a) The recognition of a financial liability as a result of a non-exchange revenue transaction;
  - (b) The recognition of revenue arising from a finance lease that includes a non-exchange component; and
  - (c) The right to use assets.
4. Are there any other “IPSAS 23 interaction issues” that should be considered?

## Services in-kind

- IPSAS 23 permits the recognition of services in-kind
- It does not require the recognition of services in-kind

### Matter for Consideration

5. Should the treatment of services-in kind be re-examined as part of the revenue project?

## Capital Grants

- Capital grants are grants to acquire or construct assets
- They can have a significant impact on reported performance



## Capital Grants

### Matters for Consideration

6. Does the IPSASB have concerns about the current treatment of capital grants under IPSAS 23 (or the possible treatment under a performance obligation approach)?
7. If yes, should the possibility of recognizing other resources and other obligations be considered?

# The Conceptual Framework

- The Conceptual Framework will be an important reference for all work on this project



## Matter for Consideration

8. Are there any further issues (apart from those discussed in agenda paper 8.1) that should be considered in the revenue project?

## Outreach

- Joint outreach with project on non-exchange expenses
- Examples of issues raised:
  - Classification as exchange/non-exchange (but pragmatism helps)
  - Big swings in reported surpluses due to multi-period agreements do not tell the real performance story

## Next Steps

### Matters for Consideration

9. Are there any further issues that should be considered in the revenue project?
10. Which issues should be addressed first? For example, is further work on the concept of a performance obligation a priority for the next meeting?
11. What does the IPSASB require in the December agenda papers to help it make a decision about whether to issue a consultation paper?

# Questions & Discussion

