

Agenda Item 3: Improvements to IPSASs 2015

John Stanford, Acting Technical Director

Ross Smith, Principal

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and Technical Projects

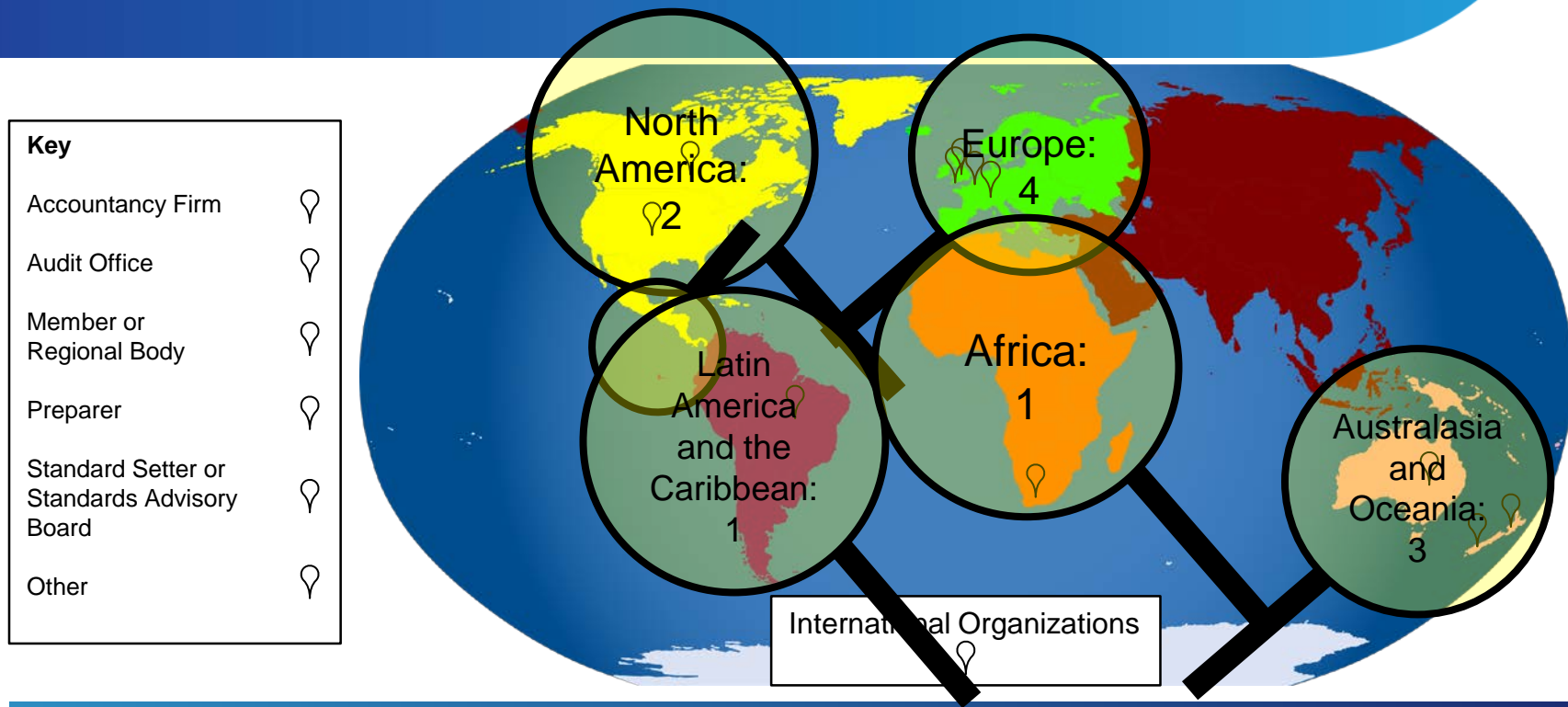
Paul Mason, Principal

IPSASB Meeting

March 8-11, 2016

New York, USA

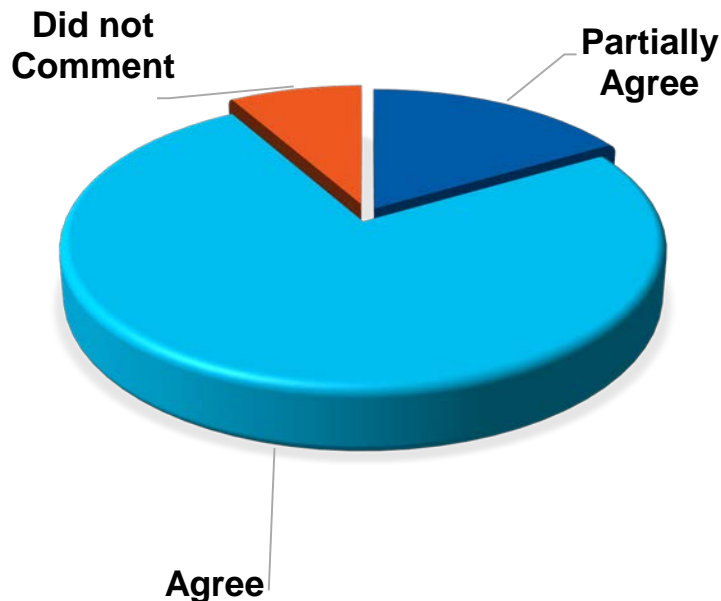
Where did the respondents come from?



Chapters 1-4 of Framework

- Part 1a: Changes to references to QCs, accounting policies and hierarchy for selection and application of accounting policies
- Part 1b: Explanation of term “reliability” in recognition criteria in light of replacement as QC by “faithful representation”

Part 1-1

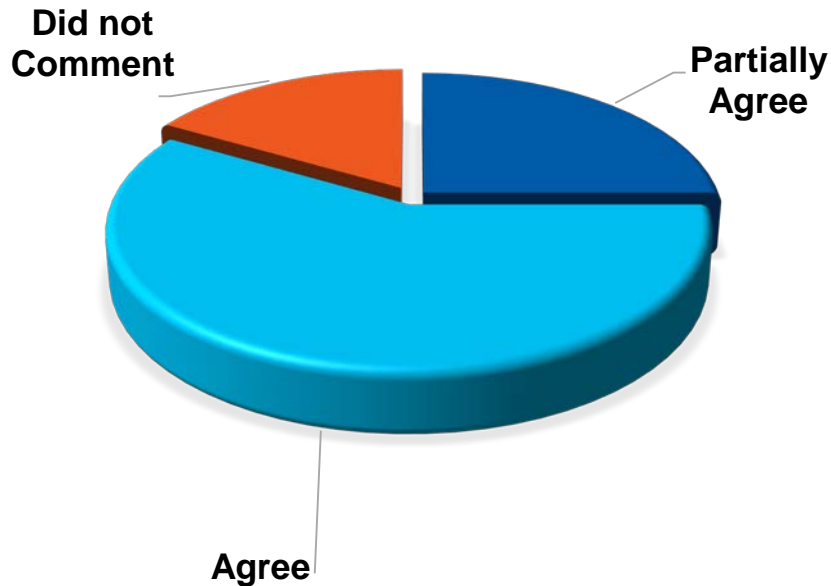


- Partial agreement because:
 - ☐ Developments re: prudence in IASB's Conceptual Framework project
 - ☐ No distinction between fundamental and enhancing QCs so broader reference to QCs and constraints in a number of places
 - ☐ BC in IPSAS 3 incomplete

Part 1-1 Staff View

- Staff acknowledges logic of Respondent 07 view, but does not think that this means that every reference to a QC should be to all QCs and constraints
- Staff monitor IASB Framework developments, but IPSASB Framework not subordinate to IASB Framework
 - No current intention to revisit prudence
- Agree insertion of BC paragraph to explain changes to IPSAS 3.14

Part 1-2

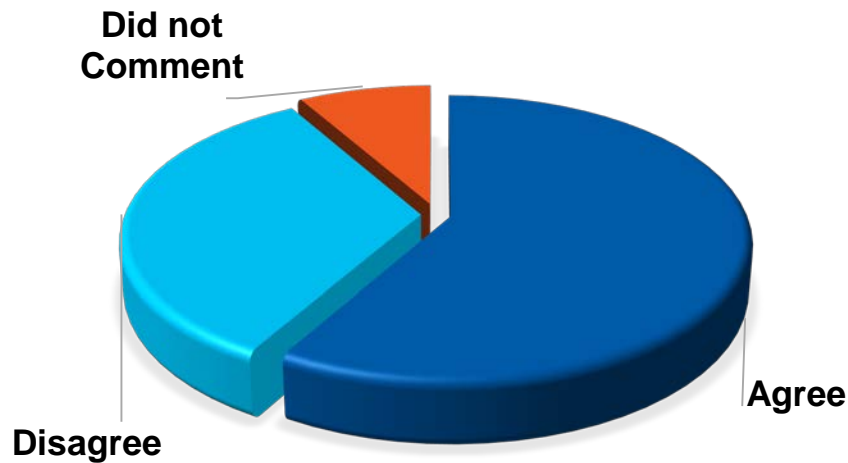


- Partial agreement because:
 - ☐ Locate explanation of reliability centrally not in series of footnotes
 - ☐ Provide IPSAS 1.BC15 explanation in all affected IPSASs
 - ☐ Questions inclusion of BC explanation in IPSAS 1

Part 1-2 Staff View

- Footnote repetitious, but inappropriate to modify glossary of defined terms temporarily or insert explanation in Framework
 - Users read IPSAS selectively dependent on transactions and events
- IPSAS 1 deals with overall considerations, minimum requirements and guidance from presentation, structure and content of fin. statements so BC 15 appropriately located
 - Refer to IPSAS 1.BC15 in the footnote.

General Improvements: Non-current Assets held for sale



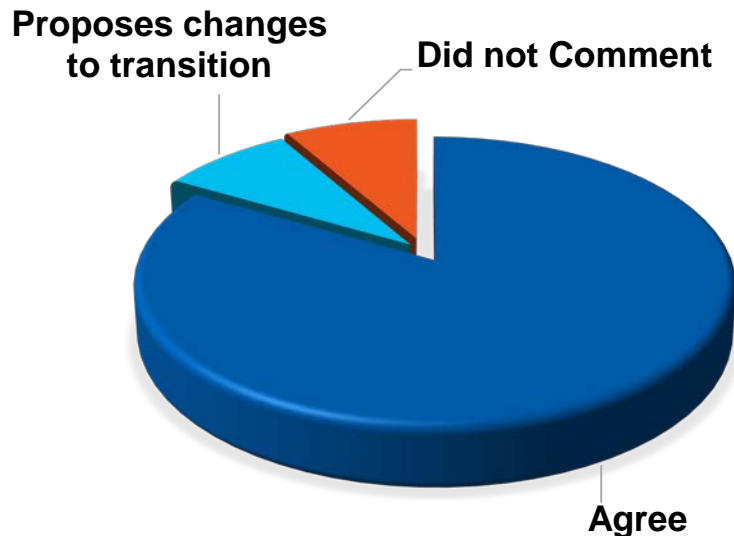
Disagree because:



- ☐ IFRS 5 guidance appropriate
- ☐ Public sector entities have non-current assets held for sale
- ☐ Insufficient conceptual justification for departure
- ☐ Potentially greater consequences than usual for Improvements projects

General Improvements: IPSAS 32

Service Concession Arrangements: Grantor



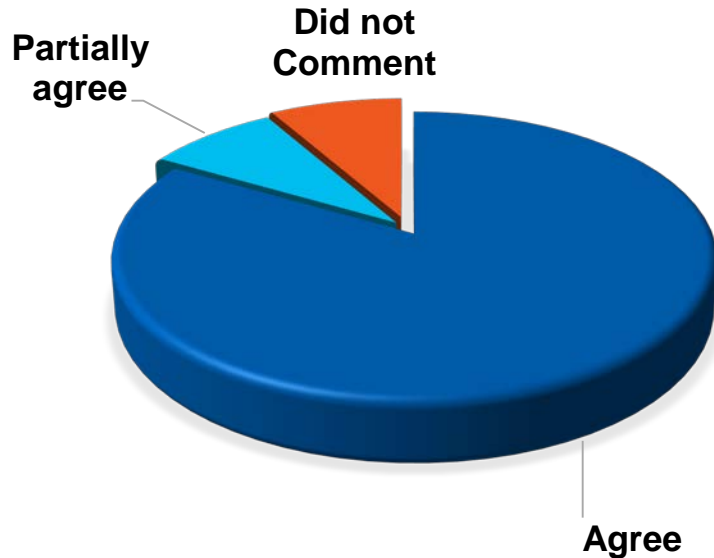
Proposes changes to transition:



☐ Reference to requirements of IPSAS 3, *Changes in Accounting Policies, Accounting Estimates and Errors*

☐ Supported by staff

GFS Improvements – IPSAS 12, *Inventories* (1/3)



- **Partially agree**
because recommend
using cross
references to GFS

GFS Improvements – IPSAS 12, *Inventories* (2/3)

- **Staff's view:**

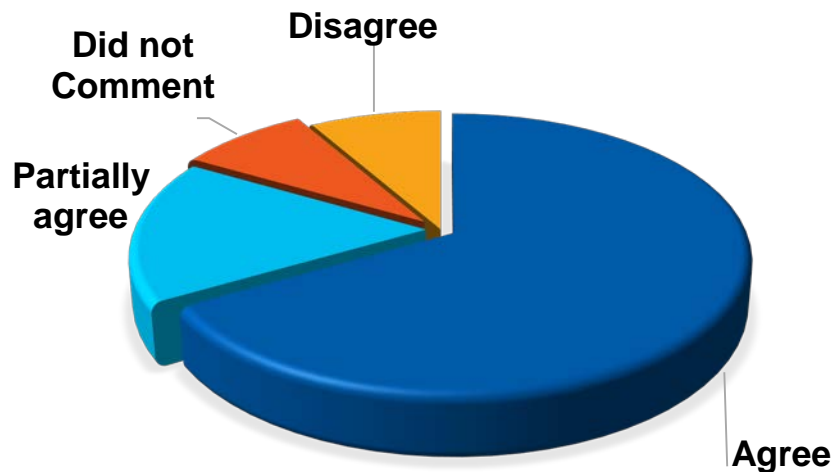
- It is not appropriate to have cross references to GFS literature because:
 - This would rely on third-party literature and classifications;
 - Future changes to those terms would be outside the control of the IPSASB;
 - Any future major change to those terms might break the link to IPSASB's literature; and
 - It is not consistent with IPSASB's due process.

GFS Improvements – IPSAS 12, *Inventories* (3/3)

- **Matter for Consideration 1**

To decide whether it supports the staff recommendation not to cross referencing to GFS literature

GFS Improvements – IPSAS 17, *Property, Plant, and Equipment* (1/3)



- **Partially agree** because is likely to create confusion when differentiating between weapon systems and military inventories
- **Disagree** because para. 20 is unnecessarily narrow and may exclude some assets

GFS Improvements – IPSAS 17, *Property, Plant, and Equipment* (2/3)

- **Staff's view:**

- Para. 20 clarifies that single-use items that are not providing a defense service on itself (e.g. deterrence) cannot be classified as military inventories
- Weapons systems also include the several types of armoured vehicles (e.g. armoured vehicles with weapons, armoured personnel carriers to transport infantry to the battlefield (without weapons) and any hybrid armoured vehicles)

GFS Improvements – IPSAS 17, *Property, Plant, and Equipment* (3/3)

- **Matter for Consideration 2**

To decide whether it supports the staff recommendation to retain the proposed para. 20 of IPSAS 17

IASB Improvements – Define Bearer Plants (1/2)

IASB Improvements Feedback

- Support for continued efforts for IASB convergence

IASB Improvements – Define Bearer Plants (2/2)

Proposed Amendment

Respondent 03 – agrees with amendment, but would keep all guidance in IPSAS 27

- Staff proposal – bearer plants have characteristics of PPE – stick with IASB improvement

Respondent 06 – agreed with changes, but provided editorials to the wording

- Staff proposal – Keep proposed wording (consistent with IASB)