

Meeting: International Public Sector Accounting
Standards Board

Meeting Location: Washington, D.C., USA

Meeting Date: March 14—17, 2023

Agenda Item 10

For:

☐ Approval

☒ Discussion

☐ Information

RETIREMENT BENEFIT PLANS

Project summary	The objective of this project is to develop an IPSAS adapted from IAS 26, <i>Accounting and Reporting by Retirement Benefit Plans</i> .	
Project staff lead	Christoph Braxton, Principal	
Drafting Group members	<ul style="list-style-type: none"> David Watkins, IPSASB Technical Advisor (Task Force Chair) Renée Pichard, IPSASB Member Kamira Sanchez Nicosia, IPSASB Member Moushumi Dullabh, South African Treasury Karl-Ludwig Soll, United Nations 	
Meeting objectives	Topic	Agenda Item
Project management	Retirement Benefit Plans: Project Roadmap	10.1.1
	Instructions up to Previous Meeting	10.1.2
	Decisions up to Previous Meeting	10.1.3
Decision required at this meeting	Review of Responses for the Exposure Draft (ED) 82 <i>Retirement Benefit Plans</i>	10.2.1
Other supporting items	Analysis of Responses	10.3.1
	Analysis of Respondents by Region, Function and Language	10.3.2
	List of Respondents	10.3.3

**RETIREMENT BENEFIT PLANS:
PROJECT ROADMAP**

Meeting	Completed Actions or Discussions / Planned Actions or Discussions:
March 2021	1. Approval of Retirement Benefit Plans Project Brief and Outline 2. Initial identification and discussion of possible issues
June 2021	1. Discuss issues
September 2021	1. Discuss Issues 2. Review [draft] Exposure Draft (ED)
December 2021	1. Review [draft] Exposure Draft (ED) 2. Approve ED
February 2022	1. Final Approval of ED
April 2022	1. Issue Exposure Draft
April 2022-July 2022	1. Consultation Period (4 months)
March 2023	1. Initial Review of Comments to Exposure Draft 2. Discuss Issues
June 2023	1. Discuss Issues 2. Review [draft] IPSAS
September 2023	1. Approve IPSAS

INSTRUCTIONS UP TO PREVIOUS MEETING

Meeting	Instruction	Action
February 2022	1. All instructions provided up until February 2022 were reflected in the Exposure Draft on Retirement Benefit Plans .	1. All instructions provided up until February 2022 were reflected in the Exposure Draft on Retirement Benefit Plans .

DECISIONS UP TO PREVIOUS MEETING

Meeting	Decision	BC Reference
February 2022	1. All decisions made up until February 2022 were reflected in the Exposure Draft on Retirement Benefit Plans .	1. All decisions made up until February 2022 were reflected in the Exposure Draft on Retirement Benefit Plans .

Review of Responses for the Exposure Draft on *Retirement Benefit Plans*

Question

1. Does the IPSASB agree with the staff recommendation?

Recommendation

2. Staff recommends the IPSASB delegate the review of the changes made to IPSAS, *Retirement Benefit Plans*, based on staff's detailed analysis of responses to ED 82, to its Retirement Benefit Plans Drafting Group (DG). The DG will comprise of Retirement Benefit Plans Task Force members.

Background

3. In April 2022, the IPSASB issued [Exposure Draft 82, *Retirement Benefit Plans*](#). The comment period closed August 1, 2022.
4. For the March 2023 meeting, staff performed an initial analysis of the feedback and identified some minor issues to be addressed.

Analysis

5. The IPSASB received twenty-three (23) responses to ED 82. The responses indicate strong support for the proposals included in ED 82, and for the IPSASB to finalize and publish the Standard to fill the gap in IPSAS literature.
6. Detailed respondent analysis is included in [Agenda Item 10.3.1](#), including:
 - (a) Analysis of written responses received by region, function, and language [Agenda Item 10.3.2](#);
 - (b) List of organizations or individuals that responded [Agenda Item 10.3.3](#).
 - (c) Unedited responses are posted on the [website](#):
7. Issues identified by respondents relate to the application of specific technical items (see summary below). Given the specificity of the issues, delegating the review of the changes made to IPSAS, *Retirement Benefit Plans*, based on staff's detailed analysis, to the DG will enable the IPSASB to free up plenary time and allow the experts on the DG to form recommendations for the IPSASB's consideration.
8. A summary of the issues identified is provided below:

No.	Issue	Summary of Feedback
1	Consolidation of retirement benefit plans	Various respondents (refer General Comments below) noted that consolidation of retirement benefit plans would be difficult if the proposal to retain the IAS 26 definition, which differs from the IPSAS 39, <i>Employee Benefits</i> definition and measurement, is applied. ¹ The IPSASB, in its Project Brief, identified that the defined benefit obligation from a plan perspective is vital information that should be included in a government's whole of

¹ ED 82 proposed to retain the IAS 26 definition of 'actuarial present value of promised retirement benefits' ([refer Specific Matter for Comment \(SMC\) 2](#) below), as opposed to the definition per IPSAS 39, *Employee Benefits*.

No.	Issue	Summary of Feedback
		<p>government accounts as it allows assessment of future obligations.</p> <p>The impact of this issue on IPSAS, <i>Retirement Benefit Plans</i>, can be analyzed and addressed by staff in Q2 2023 and reviewed by the DG in advance of the June 2023 IPSASB meeting.</p>
2	Adapting IFRS and consistency with IPSAS	<p>Respondents identified several areas where more clarity should be provided on what the IPSASB decided to adapt from IAS 26, and how the IPSASB ensured consistency with IPSAS. The following matters were noted in this regard:</p> <ul style="list-style-type: none"> • Departure from the IAS 26 definition for a defined benefit plan (refer SMC 1 below), to be in line with the definition per IPSAS 39, <i>Employee Benefits</i>. • Retention of the IAS 26 definition of actuarial present value of promised retirement benefits (refer SMC 2 below). • Removal of the IAS 26 options to only disclose the actuarial present value of promised retirement benefits in the notes or in a separate actuarial report (refer SMC 3 below). • Departure from IAS 26 regarding plan assets which should be measured at fair-value as the only option (refer SMC 5 below). • Departure from the IAS 26 option to only use projected salaries (and not current salaries) in the measurement of the obligation under a defined benefit plan (refer SMC 6 below). <p>Clarifying these decisions in the BCs can be addressed by staff in Q2 2023 and reviewed by the DG in advance of the June 2023 IPSASB meeting.</p>
3	Additional disclosure	<p>Respondents suggested additional disclosures and clarity on certain presentation and disclosures proposed in ED 82. These proposals are varied. Refer SMC 4, SMC 5, SMC 7 and General Comments below.</p> <p>The impact of these issues on IPSAS, <i>Retirement Benefit Plans</i>, can be analyzed and addressed by staff in Q2 2023 and reviewed by the DG in advance of the June 2023 IPSASB meeting.</p>
4	Guidance and/or clarity	<p>The analysis of SMC 2, 3, 4, 5, and 9, and General Comments found that respondents want more guidance and/or clarity on the following principles:</p>

No.	Issue	Summary of Feedback
		<ul style="list-style-type: none"> • The Scope paragraphs should be clarified more to distinguish when plans fall under this Standard or IPSAS 42, <i>Social Benefits</i>. • How a retirement benefit plan that is by its nature not wholly within the definition of either “defined contribution plan” or “defined benefit plan”, should be accounted for. • When a liability should be recognized for retirement benefits for defined benefit plans, defined contribution plans, and hybrid plans, respectively. • How to determine the fair value of plan assets, where the financial instruments are not traded in an active market. • Whether an accounting mismatch may arise from the valuation of plan assets and plan obligations, in a defined benefit plan. • How to consider the economic substance of transactions, when regulation may require a specific treatment (e.g., using projected salaries versus current salaries to determine the defined benefit obligation). • How to distinguish between prospective and retrospective application of the requirements in ED 82. • How differential accounting for contributions and benefits would meet the objectives of financial reporting by retirement benefit plans, when the qualitative characteristic of comparability is applied. <p>The impact of these issues on IPSAS, <i>Retirement Benefit Plans</i>, can be analyzed and addressed by staff in Q2 2023 and reviewed by the DG in advance of the June 2023 IPSASB meeting.</p>
6	Editorial changes	<p>Some editorial changes were proposed by respondents.</p> <p>These editorial changes can be addressed by staff in Q2 2023 and reviewed by the DG in advance of the June 2023 IPSASB meeting.</p>
7	Consequential amendments	<p>A respondent noted that IPSAS 1, <i>Presentation of Financial Statements</i> may require an amendment to its Scope by excluding from it the financial statements of retirement benefit plans, as the financial statements of retirement benefit plans are defined in the ED.</p> <p>Furthermore, as discussed under General Comments and Issue no. 1 above, an amendment to IPSAS 35, <i>Consolidated Financial Statements</i> may be necessary to clarify its scope.</p> <p>The impact of these issues on IPSAS, <i>Retirement Benefit Plans</i>, can be analyzed and addressed by staff in Q2 2023</p>

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No.	Issue	Summary of Feedback
		and reviewed by the DG in advance of the June 2023 IPSASB meeting.

Decision Required

9. Does the IPSASB agree with staff's [recommendation](#)?

Supporting Document 1 - Analysis of Responses

Purpose

1. To provide the IPSASB with staff's analysis of the responses to the Exposure Draft (ED) 82, *Retirement Benefit Plans*.

Questions

Specific Matter for Comment 1 – Paragraph 9 (see paragraphs BC10-BC13):

This Exposure Draft (ED) proposes amending the IAS 26 definition of 'defined benefit plans' to include all retirement benefit plans that are not defined contribution plans. The definition proposed for a defined benefit plan is consistent with IPSAS 39, Employee Benefits as follows:

'Defined benefit plans are retirement benefit plans other than defined contribution plans'.

Do you agree with this proposal? If not, why not?

Agree	Partially Agree	Disagree	No Comment
78%	4%	9%	9%
18	1	2	2

2. Almost all respondents supported the amendment of the IAS 26 definition of a “defined benefit plan” to be consistent with the IPSAS 39, *Employee Benefits* definition.
3. Some respondents requested additional reasoning to be added in the Basis of Conclusions on why the definition of a “defined contribution plan” was kept in line with the IAS 26 definition, to clarify the potential inconsistency in the IPSASB's objective of alignment with IFRS.
4. One respondent disagreed and indicated that the IAS 26 definition of a “defined benefit plan” allows for the existence of another form of plan, i.e. “other”, which the proposed definition does not, in that all plans are either defined contribution or defined benefit plans. This respondent added that the proposed ED appears to be a one-size-fits-all approach to accounting for retirement benefit plans, when various business models exist among public sector retirement plans. The respondent argues that greater flexibility is allowed under IAS 26.
5. Staff believes that paragraphs BC10 to BC13 provide adequate reasons for retaining the IAS 26 definition of ‘defined contribution plans’ and for amending the IAS 26 definition of ‘defined benefit plans’ to be consistent with IPSAS 39, *Employee Benefits*. However, concerns regarding the selective adaptation of IFRS, and consistency with IPSAS, can be clarified in the BCs. Staff can address this in Q2 2023 and reviewed by the DG in advance of the June 2023 IPSASB meeting.

Specific Matter for Comment 2 – Paragraph 9 (see paragraph BC14)

This ED proposes to retain the IAS 26 definition for ‘actuarial present value of promised retirement benefits’ as it addresses the plan perspective rather than to use the IPSAS 39 definition for ‘present value of a defined benefit obligation’.

Do you agree with this proposal? If not, why not?

Agree	Partially Agree	Disagree	No Comment
65%	4%	22%	9%
15	1	5	2

6. Most respondents agreed or partially agreed with the proposal that the definition per IAS 26 be retained as it reflects the plan perspective.
7. Some respondents proposed that the BC14 be enhanced to state this principle clearly.
8. Some respondents requested additional clarity on where differences between the valuation of the obligation for defined benefits per ED 82 and that of IPSAS 39, *Employee Benefits* may originate from. These respondents believe that in so doing the extent and nature of differences between the financial statements of the retirement benefit plan and the financial statements of the employer/sponsor/founding entity will be better understood by users.
9. A significant number of respondents did not agree with the retention of the definition per IAS 26 as it creates a perceived inconsistency in definitions across IPSAS when the IPSAS 39, *Employee Benefits* definition of a defined benefit obligation is considered.
10. One respondent further suggested that the proposed definition would create an accounting mismatch when the measurement of the obligation is compared to the plan assets which should be measured at fair value.
11. Staff believes that paragraph BC14 provides adequate reasons for retaining the IAS 26 definition of ‘actuarial present value of promised retirement benefits’. However, concerns regarding the selective adaptation of IFRS, and consistency with IPSAS, can be clarified in the BCs. Staff can address this in Q2 2023 and reviewed by the DG in advance of the June 2023 IPSASB meeting.
12. The request for additional guidance/clarity can be addressed by staff in Q2 2023 and reviewed by the DG in advance of the June 2023 IPSASB meeting.

Specific Matter for Comment 3 – Paragraph 10 (see paragraph BC15)

This ED proposes that for defined benefit plans the actuarial present value of promised retirement benefits be recognized and presented on the face of the statement of financial position as a provision for that obligation. This removes two options in IAS 26 which permit the actuarial present value of promised retirement benefits to be only disclosed in the notes to the financial statements or in a separate actuarial report.

Do you agree with this proposal? If not, why not?

Agree	Partially Agree	Disagree	No Comment
61%	4%	22%	13%
14	1	5	3

13. Most respondents agreed or partially agreed that the actuarial present value of promised retirement benefits be recognized and presented on the face of the statement of financial position as a provision for that obligation.
14. A correction was proposed to remove the word “potential” from paragraph AG20, as it is not in accordance with the Conceptual Framework definition of a “liability”.
15. Although not part of the authoritative text, one respondent requested a reconsideration of the terminology used to describe the excess or deficit of funding of the retirement benefit plan as reflected in the illustrative example on page 26 of ED 82. The respondent noted that referring to the net assets or liabilities as “Excess or deficit of funding”, could present inconsistencies with the regulatory regime or a retirement benefit plan’s own internal funding policy.
16. Some respondents requested guidance on when promised retirement benefits would meet the definition of a liability for a defined benefit plan. It was noted that such clarification is provided for in paragraph BC16 in relation to a defined contribution plan. This request is made on the basis that the IPSASB has limited the presentation of the retirement benefit obligation to the Statement of Financial Position, as a liability (provision by nature).
17. Some of the respondents that disagreed with the proposal wish for the options per IAS 26 to remain noting the existence of various retirement benefit plan business models where retirement benefits are not vested benefits, i.e. an obligation at reporting date. Disclosure in the notes only should still be allowed. In order to achieve comparability, staff believes a uniform approach to presentation and disclosure should be retained as proposed in ED 82.
18. Staff believes that paragraph BC15 provides adequate reasons why, for defined benefit plans, the actuarial present value of promised retirement benefits be recognized and presented on the face of the statement of financial position as a provision for that obligation. However, additional guidance on the recognition of the liability and the concerns regarding the removal of presentation options can be addressed by staff in Q2 2023 and reviewed by the DG in advance of the June 2023 IPSASB meeting.

Specific Matter for Comment 4 – Paragraph 11 (see paragraph BC16)

IAS 26 does not specify whether or where the retirement benefit obligations for defined contribution plans should be recognized and presented. To achieve the objective of increased transparency and accountability, this ED proposes that the defined contribution obligations should be recognized and presented on the face of the statement of financial position.

Do you agree with this proposal? If not, why not?

Agree	Partially Agree	Disagree	No Comment
74%	0%	13%	13%
17	0	3	3

19. Almost all respondents supported the proposal that the defined contribution obligation should be recognized and presented on the face of the statement of financial position.
20. Some respondents that supported the proposal requested additional guidance:
 - (a) To determine when amounts owed to participants will be a liability (provision or other) and when equity; and
 - (b) To determine the appropriate recognition and measurement in relation to the design/business model of the defined contribution plan.
21. A contradiction was noted between paragraph 6 and paragraph AG16 of ED 82 with reference to hybrid plans - those including both defined benefit and defined contribution elements. On the one hand, hybrid plans are akin to defined benefit plans, as stated in paragraph 6, while on the other hand, paragraph AG16 states that “A hybrid plan will also have defined contribution obligations”. Staff agrees that an editorial amendment is required to correct the perceived inconsistency.
22. Respondents that disagreed with the proposal indicated that defined contribution plans may include other vested benefits and as such the obligation per ED 82 should not be limited to the contributions and investment earnings thereon. However, staff notes the definition of defined contributios plans to be clear as to the nature of such plans. Where other vested benefits exist, it is likely that these are hybrid plans, which are dealt with as defined benefit plans.
23. A respondent proposed additional disclosure on future expected contributions to be provided to aide the evaluation of the long-term sustainability of a retirement benefit plan.
24. Staff believes that paragraph AG17 provides adequate guidance on the treatment of a defined contribution plan. The request for additional guidance and disclosure can be addressed by staff in Q2 2023 and reviewed by the DG in advance of the June 2023 IPSASB meeting.

Specific Matter for Comment 5 – Paragraph 12 (see paragraph BC19)

IAS 26 allows plan assets to be valued at amounts other than fair value. This ED removes the choice in IAS 26 and proposes that plan investments should be measured at fair value.

Do you agree with this proposal? If not, why not?

Agree	Partially Agree	Disagree	No Comment
57%	17%	22%	4%
13	4	5	1

25. Most respondents agreed or partially agreed with the proposal that plan investments should be measured at fair value.
26. Respondents that partially agreed requested additional guidance on the determination of fair value where plan investments, which are financial instruments, are not traded in an active market, by expanding paragraph AG19 to guide the reader on the valuation techniques available in IPSAS 41, *Financial Instruments*.
27. These respondents also proposed that the same or similar disclosure as per IPSAS 30, *Financial Instruments* in relation to fair value should be provided.
28. Those respondents that disagreed expressed concern that the limitation in measurement will not represent faithfully the real situation of the retirement benefit plans as it relates to their design/business model and may cause an accounting mismatch between plan assets and the defined benefit obligation, for defined benefit plans. See also [SMC 2 \(paragraph 10\)](#) above.
29. Staff believes that paragraph BC19 provides adequate reasons for plan investments to be measured at fair value only. The request for additional guidance and disclosure can be addressed by staff in Q2 2023 and reviewed by the DG in advance of the June 2023 IPSASB meeting.

Specific Matter for Comment 6 – Paragraph 13 (see paragraph BC17)

IAS 26 allows the actuarial present value of promised retirement benefits to be calculated using either current or projected salaries. This ED proposes that only projected salaries should be used.

Do you agree with this proposal? If not, why not?

Agree	Partially Agree	Disagree	No Comment
69%	9%	13%	9%
16	2	3	2

30. Most respondents agreed or partially agreed with the proposal that only projected salaries should be used when calculating actuarial present value of promised retirement benefits.
31. Those respondents who partially agreed and disagreed cited the increased complexity for the preparer of the calculation when projected salaries are used and the requirements of national legislation requiring the use of current salaries.

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32. The IPSASB discussed the challenges identified by respondents when developing the ED. Paragraphs BC17 and BC18 presents the IPSASB's consideration for the use of current salaries, and concludes that it is in the interest of transparency and accountability that projected salaries should be used, which is consistent with IPSAS 39, *Employee Benefits*. Given no significant arguments to the contrary were raised by respondents, no changes are proposed to ED 82.

Specific Matter for Comment 7 – Paragraphs 15(c) and 19 (see paragraph BC23)

This ED proposes that a retirement benefit plan be required to prepare a cash flow statement, whereas IAS 26 is silent on this. This ED also proposes the cash flow statement be prepared using the direct method.

Do you agree with this proposal? If not, why not?

Agree	Partially Agree	Disagree	No Comment
65%	13%	13%	9%
15	3	3	2

33. Most respondents agreed or partially agreed with the proposal that a cash flow statement be prepared using the direct method.
34. Some respondents requested that the indirect method for presenting the cash flow statement be retained in the instance where a retirement benefit plan does produce a statement of financial performance. This is not currently prohibited in ED 82 even if it is unlikely that an annual surplus or deficit will be reported. IPSAS 2, *Cash Flow Statements* currently allows for the indirect method to be used, although the use of the direct method is encouraged.
35. Paragraph BC23 discussed the IPSASB's consideration for the presentation of the cash flow statement and that the cash flow statement should be prepared using the 'direct method'. Given no significant arguments to the contrary were raised by respondents, no changes are proposed to ED 82.

Specific Matter for Comment 8 – Paragraph 27 (see paragraph BC24)

This ED proposes prospective application of the requirements of the Standard, which would require an opening and closing statement of financial position in accordance with the Standard but no changes to comparative figures in other financial statements.

Do you agree with this proposal? If not, why not?

Agree	Partially Agree	Disagree	No Comment
70%	13%	4%	13%
16	3	1	3

36. Almost all respondents supported the proposal that an opening and closing statement of financial position be presented and that no changes to comparative figures in other financial statements are required on adoption of the Standard.

37. Some respondents requested allowing retrospective adjustment where it is possible and information is available in a timely manner. However, the IPSASB did indicate in paragraph AG35 that restatement of comparative financial statements should be provided when a retirement benefit plan has used another national or international standard dealing with its accounting.
38. Some of these respondents further proposed that paragraph AG35 be enhanced to make the distinction between the prospective and retrospective adjustment scenarios clearer. Staff believes this can be achieved by revisiting paragraph AG35.
39. Staff proposes that the text in paragraph AG35 be moved to the core text, under the heading 'Transition' and be enhanced for clarity. Staff can address this in Q2 2023 and it can be reviewed by the DG in advance of the June 2023 IPSASB meeting.

Specific Matter for Comment 9 – Paragraphs BC20 – BC21 and Implementation Guidance

Public sector retirement benefit plans are structured and/or regulated in many different ways and jurisdiction-specific requirements on how to account for contributions and benefits may vary. As a result, this ED proposes not to require contributions or benefits to be accounted for as any specific element in the financial statements, which is aligned with the approach taken in IAS 26. Instead, Implementation Guidance and Illustrative Examples are provided to demonstrate different accounting presentations depending on how the contributions and benefits are viewed.

Do you agree with this proposal? If not, why not?

Agree	Partially Agree	Disagree	No Comment
61%	9%	21%	9%
14	2	5	2

40. Most respondents agreed or partially agreed with the proposal not to require contributions or benefits to be accounted for as any specific element in the financial statements.
41. Some respondents proposed improvements to the illustrative examples. See also [SMC 3 \(paragraph 15\)](#) above.
42. Those respondents who disagreed with the proposal argued for comparability and standardization to be upheld in the Standard (for e.g. classification of contributions as revenue and benefits as expenses) and that jurisdictional interpretations be dealt with as supplementary information. It was further argued that the economic substance of the transactions should be reflected.
43. The IPSASB acknowledges in SMC 9 that "Public sector retirement benefit plans are structured and/or regulated in many different ways...". With this in mind, staff considered the proposals in ED 82 and noted the issues raised by respondents in response to SMC 9 are valid. The request for additional guidance/clarity can be addressed by staff in Q2 2023 and reviewed by the DG in advance of the June 2023 IPSASB meeting.

General comments

44. General comments were received from respondents, which were not in response to any Specific Matter for Comment above. Staff can address these issues in Q2 2023 and reviewed by the DG in advance of the June 2023 IPSASB meeting.

Scope

- Paragraph 5 should state clearly that the sponsor or founding entity which set up a retirement benefit plan is a public sector (or related) entity. Employees are largely public sector employees, but members of the retirement benefit plan may include others working in the private sector that qualify in terms of the plan rules. Retirement benefit plans set up by a sponsor or founding entity in the private sector are not within the scope of ED 82, even if it includes employees in the public sector.
- The Application Guidance should be enhanced to describe when IPSAS 42, *Social Benefits* or ED 82 would apply where plans set up by a public sector entity has similar management, i.e. benefits payable which are funded by contributions and investment returns, e.g. unemployment benefits.

Presentation and Disclosure

- Provide for an estimate of future cash outflows to aide the evaluation of long-term sustainability of the retirement benefit plan (see also SMC 9).
- The benefits of providing information per paragraph 22(d), quoted below, should be described.
22(d): "Details of any single investment exceeding either 5 percent of the net assets available for benefits or 5 percent of any class or type of security".
- Provide for risk concentration disclosure in respect of plan assets, including the extent of non-passive investments held.
- Provide for commentary disclosure should a plan deficit be experienced at reporting date, including the management thereof, and sources of funding.
- Explain in a Basis for Conclusion why a statement of financial performance is not required.

Consolidation of retirement benefit plans

- Various respondents indicated that consolidation of accounts would be difficult as a result of the differences in definition and measurement of a defined benefit obligation per the ED and that of IPSAS 39, *Employee Benefits*. It is an aim of this Project to improve transparency and accountability and the Project Brief noted in this regard: "This is vital information that should be included in a government's whole of government accounts as it allows assessment of future obligations."
- ED 82 indicates in paragraph 4: "This [draft] Standard treats a retirement benefit plan as a reporting entity separate from the employers of the participants in the plan.". It includes in paragraph 3 that a retirement benefit plan shall prepare financial statements using the ED/draft Standard. It is not the sponsoring entity, Government, or the administrator of the plan, which is being referred to. Furthermore, for consolidation to apply, the sponsoring entity, Government, or the adminsitator, needs to demonstrate that it "controls" this "reporting entity" (the retirement benefit plan).

“Control” as defined in IPSAS 35, *Consolidated Financial Statements*, clearly indicates that the controlling entity should gain benefits from its power over the reporting entity. The design of a retirement benefit plan is for the benefit of participants. The sponsoring entity, Government, etc. may only have protective rights. Furthermore, IPSAS 35, *Consolidated Financial Statements* excludes from its scope “post-employment benefit plans ... to which IPSAS 39 *Employee Benefits* applies”. The specific argument for this exclusion could not be found in the Basis for Conclusions of IPSAS 35, *Consolidated Financial Statements* or IFRS 10 on which it is based.

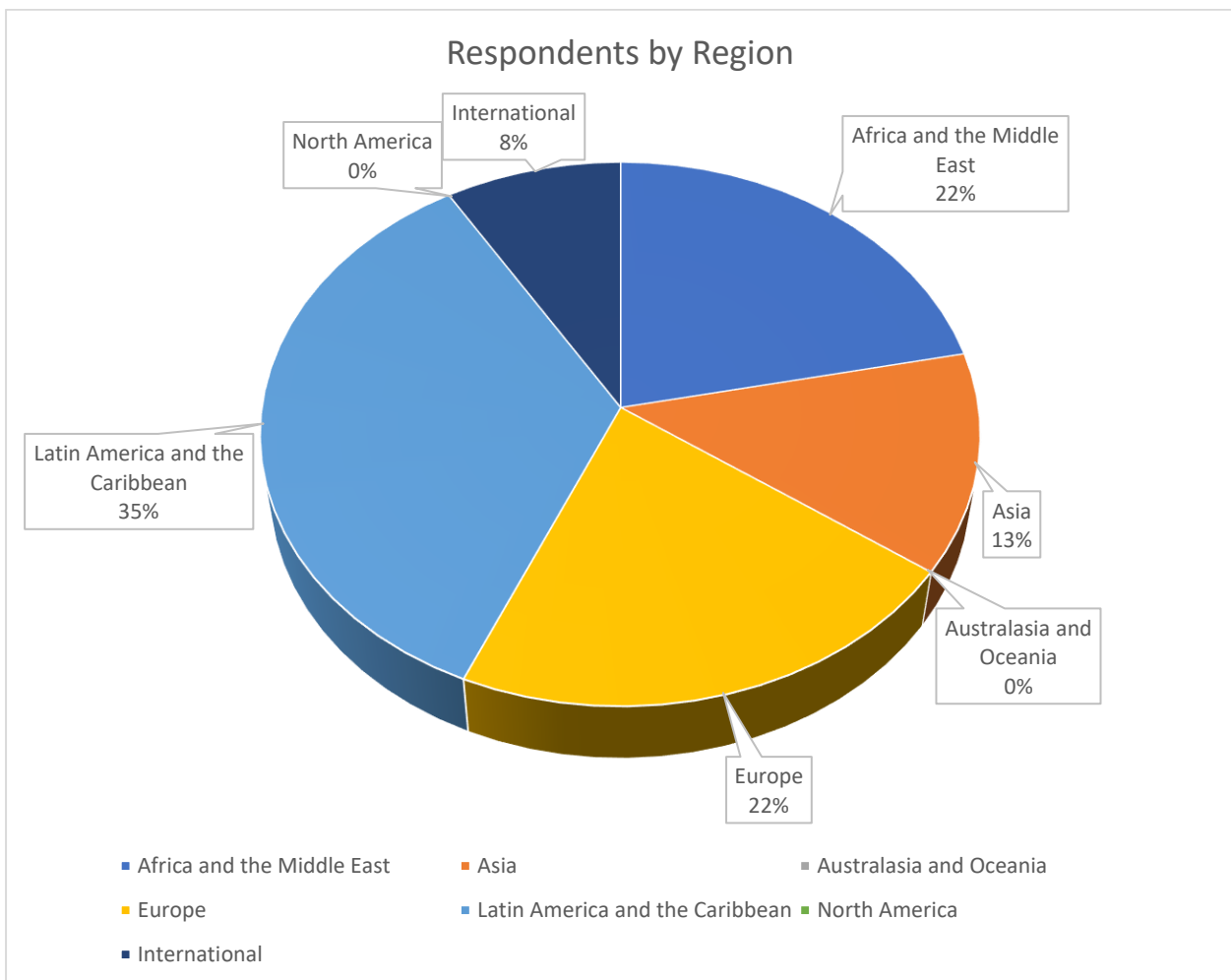
Consequential amendments

- IPSAS 1, *Presentation of Financial Statements* may need an amendment to its Scope by excluding the financial statements of retirement benefit plans, as the financial statements of retirement benefit plans are defined in the ED.
IPSAS 35 Consolidated Financial Statements - Based on the discussion above, staff considers it necessary to amend paragraph 6 of IPSAS 35, *Consolidated Financial Statements* to also refer to ED 82 / the draft Standard, and to clarify in its Application Guidance that retirement benefit plans may not be subject to control for purposes of consolidation per IPSAS 35, *Consolidated Financial Statements*, as discussed above.

Supporting Document 2 - Analysis of Respondents by Region, Function and Language

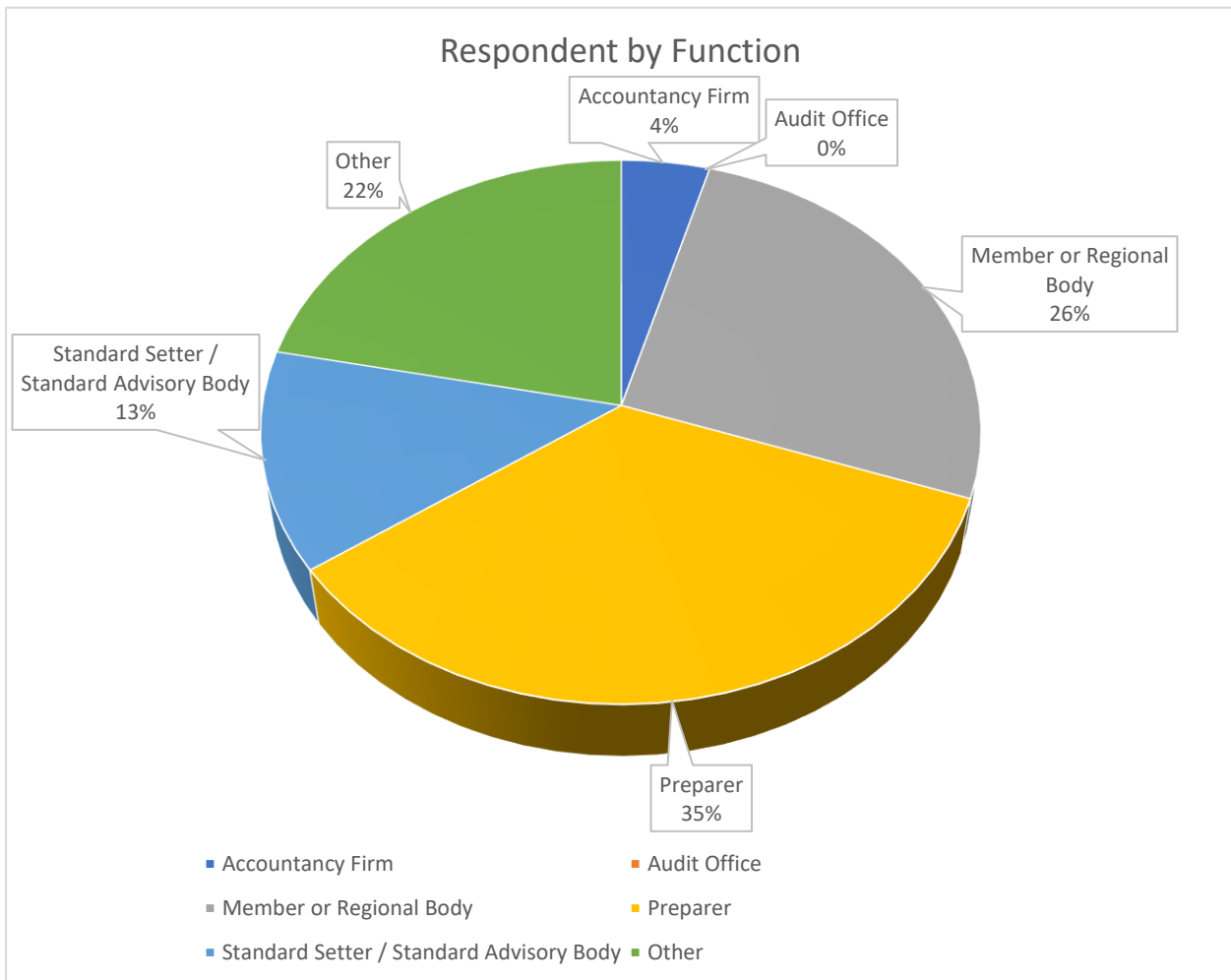
Geographic Breakdown

Region	Respondents by Region
Africa and the Middle East	5
Asia	3
Australasia and Oceania	0
Europe	5
Latin America and the Caribbean	8
North America	0
International	2
Total	23



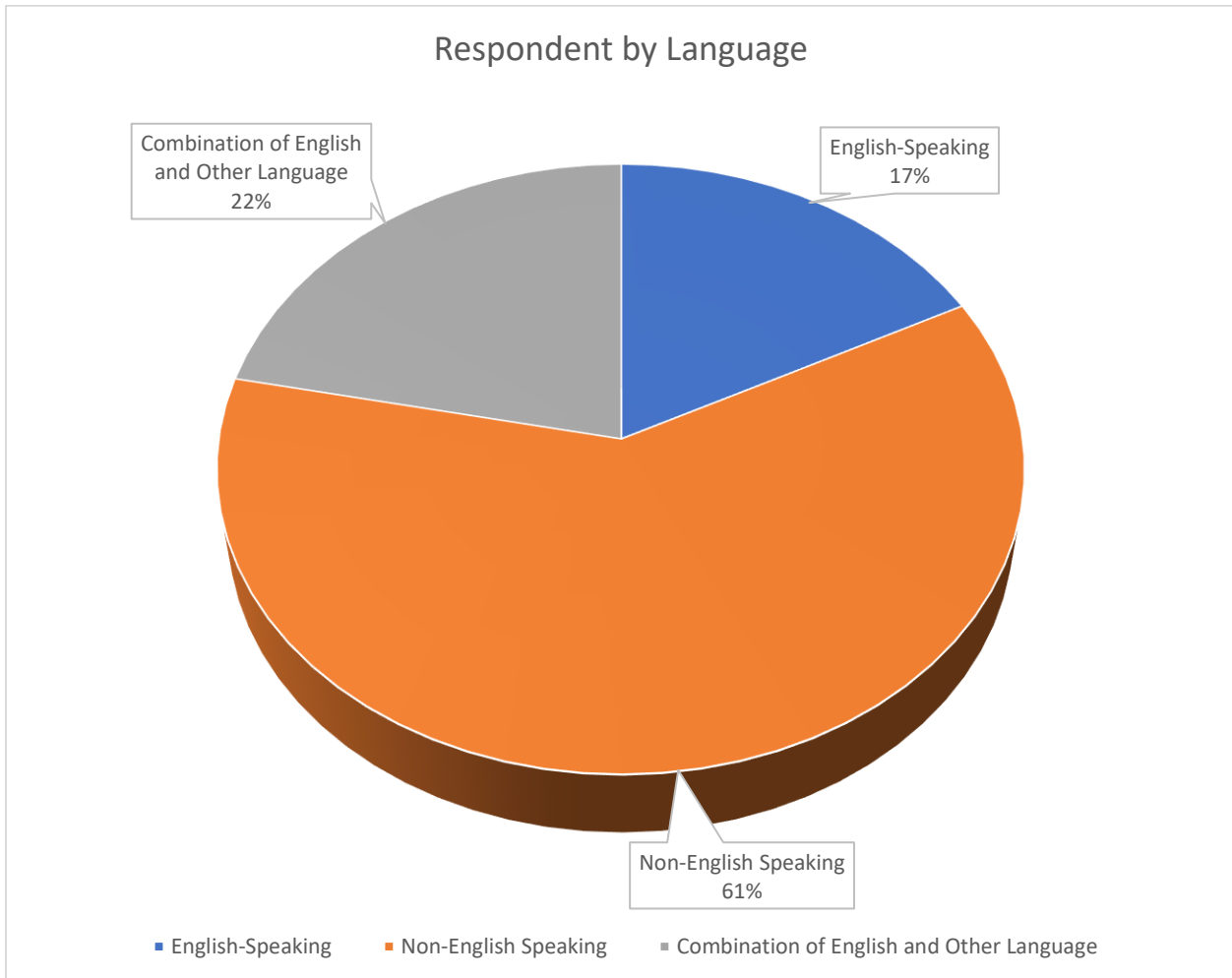
Function Breakdown

Function	Respondent by Function
Accountancy Firm	1
Audit Office	0
Member or Regional Body	6
Preparer	8
Standard Setter / Standard Advisory Body	3
Other	5
Total	23



Language Breakdown

Language	Respondent by Language
English-Speaking	4
Non-English Speaking	14
Combination of English and Other Language	5
Unassigned	0
Total	23



Supporting Document 3 – List of Respondents

Comment Letter #	Respondent	Country	Function
01	Conselho Federal de Contabilidade (CFC)	Brazil	Member or Regional Body
02	Botswana Accountancy Oversight Authority	Botswana	Other
03	Conseil de Normalisation des Comptes Publics (CNoCP)	France	Standard Setter / Standard Advisory Body
04	Botswana Institute of Chartered Accountants (BICA)	Botswana	Member or Regional Body
05	Schweizerisches Rechnungslegungsgremium für den öffentlichen Sektor (SRS)	Switzerland	Standard Setter / Standard Advisory Body
06	Tesouro Nacional - Brazil	Brazil	Preparer
07	IDW - Institut der Wirtschaftsprüfer e.V.	Germany	Other
08	Accrual Accounting Center	Saudi Arabia	Preparer
09	Malaysian Institute of Accounting (MIA)	Malaysia	Member or Regional Body
10	Kalar Consulting	United Kingdom	Other
11	Japanese Institute of Certified Public Accountants (JICPA)	Japan	Member or Regional Body
12	Institute of Chartered Accountants of Nigeria (ICAN)	Nigeria	Member or Regional Body
13	Institute of Chartered Accountants of India (ICAI)	India	Member or Regional Body
14	UN - UNJSPF - United Nations Joint Staff Pension Fund	Regional / International	Preparer
15	Public Sector Accounting Standards Board (PSASB Kenya)	Kenya	Standard Setter / Standard Advisory Body
16	FOCAL - Country of Panama (Foro de Contadurías Gubernamentales de América Latina)	Panama	Preparer
17	Sabrina Rezende	Brazil	Other
18	FOCAL - Country of Chile (Foro de Contadurías Gubernamentales de América Latina)	Chile	Preparer
19	FOCAL - Country of Colombia (Foro de Contadurías Gubernamentales de América Latina)	Colombia	Preparer
20	FOCAL - Country of Guatemala (Foro de Contadurías Gubernamentales de América Latina)	Guatemala	Preparer
21	Ernst & Young GmbH	Regional / International	Accountancy Firm
22	Task Force IRSPM A&A SIG, CIGAR Network, EGPA PSG XII	Regional / International	Other
23	FOCAL - Country of Ecuador (Foro de Contadurías Gubernamentales de América Latina)	Ecuador	Preparer