



# Agenda Item 7: Improvements to IPSAS, 2018

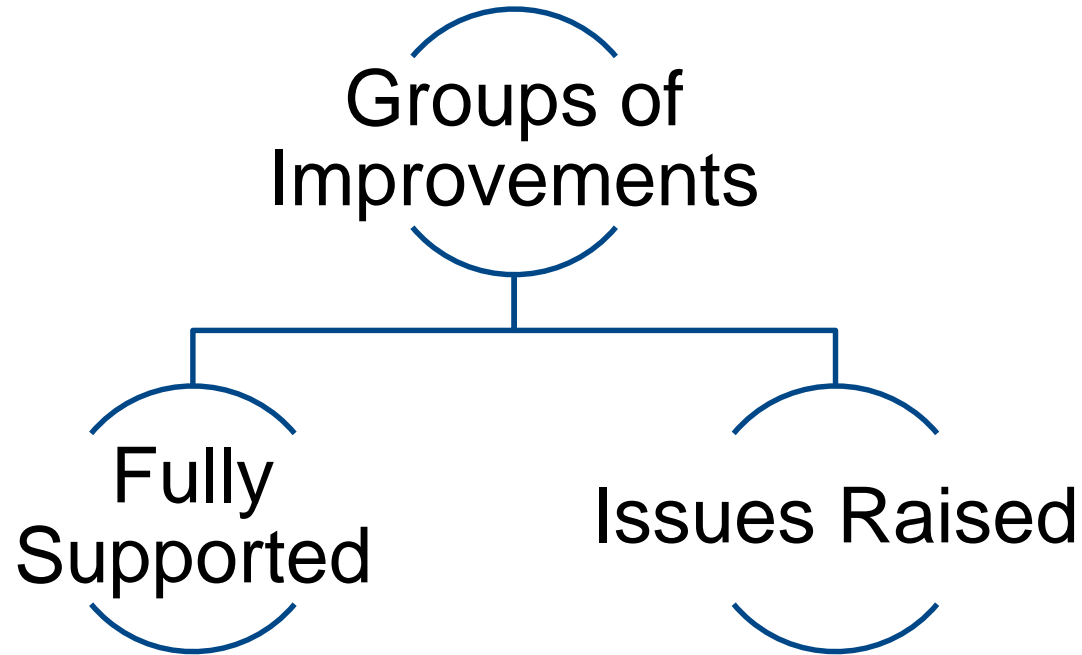
Paul Mason, Principal

IPSASB Meeting

September 18–21, 2018

Toronto, Canada

# Review of Responses



# Fully Supported Improvements (Agenda Items 7.2.1, 7.2.2)

| Part-#                 | Description  |
|------------------------|--|
| I-1 (IPSAS 10, 22, 24) | Remove “primary” from “primary financial statements”   |
| I-4 (IPSAS 31)         | Useful life as impairment indicator for intangible assets  |
| I-7 (IPSAS 34)         | Measurement and presentation of controlled investment entities in the separate financial statements                            |
| II-4 (IPSAS 36)        | Equity method or fair value election for each investment in associate or joint venture   |
| II-7 (IPSAS 40) *      | Clarify the accounting for a previously held interest in a joint operation when a party obtains control of the joint operation |
| II-9 (IPSAS 39)        | Use updated assumptions from the remeasurement associated with a change to DB plan for remainder of period                     |

## Responses



■ Agree ■ Issues

# Improvements Where Issues Raised (1)

## (Agenda Item 7.2.1)

| Part-#                   | Description  | Responses              | Comments from Respondents   |
|--------------------------|--|------------------------|---|
| I-2<br>(IPSAS 16)        | Delete paragraph 76 dealing with self-constructed investment property  | Agreed: 8<br>Issues: 1 | Concerns - IPSAS 16 would not be aligned with IAS 40, guidance may be helpful. Respondent proposed retention and possible relocation. IPSASB considered this approach in approving ED 65, chose to delete paragraph.<br><b>Staff propose no change – already discussed.</b>   |
| I-3<br>(IPSAS 16 and 17) | Reinstate transitional provisions deleted by IPSAS 33 (relates to entities that began transition process prior to IPSAS 33 becoming effective) | Agreed: 7<br>Issues: 2 | Proposed additional requirements be included (for example, requiring an entity to disclose when it had not restated comparative information or requiring an entity to restate comparative information where it would be material)<br><b>Staff propose no change – entities already in transition, limited duration.</b> |

# Improvements Where Issues Raised (2)

## (Agenda Item 7.2.1)

| Part-#            | Description   | Responses              | Comments from Respondents   |
|-------------------|---|------------------------|---|
| I-5<br>(IPSAS 33) | Clarify that the exemption from providing comparative information applies only to the first financial statements issued following the adoption of accrual basis IPSAS.  | Agreed: 8<br>Issues: 1 | Supported amendment, but proposed further changes (see Agenda Item 7.2.1).<br>Staff does not support respondent's proposed change, but agree drafting not clear.<br><b>Staff proposed amended drafting included in draft final pronouncement.</b> |
| I-6<br>(IPSAS 33) | Update the Basis for Conclusions and Implementation Guidance to reflect the fact that relief from the requirement to disclose experience adjustments in respect of defined benefit schemes is no longer required. | Agreed: 8<br>Issues: 1 | Commented that, as IPSAS 39 became effective on January 1, 2018, the references to IPSAS 25 in the Implementation Guidance to IPSAS 33 are no longer required.<br><b>Staff agree – changes made in draft final pronouncement.</b>                 |

# Improvements Where Issues Raised (3)

## (Agenda Item 7.2.2)

| Part-#             | Description   | Responses              | Comments from Respondents   |
|--------------------|---|------------------------|---|
| II-1<br>(IPSAS 16) | Update the headings in relation to classifying property as investment property or owner-occupied property                       | Agreed: 8<br>Issues: 1 | Heading not appropriate as paragraphs only discuss investment property.<br><b>Staff propose no change – maintain consistency with IFRS.</b>   |
| II-2<br>(IPSAS 2)  | Add disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. | Agreed: 7<br>Issues: 2 | Questioned relevance of disclosures in public sector. Noted issues regarding implementation.<br><b>IPSASB to consider if changes are required, and appropriate implementation period.</b>   |
| II-3<br>(IPSAS 16) | Amend the requirements relating to transfers of investment property to provide guidance about what constitutes a change in use. | Agreed: 8<br>Issues: 1 | ED 65 inserted the words “or of development with a view to owner-occupation” to paragraph 66(a), proposed that similar wording be added to paragraph 66(c) (end of owner-occupation).<br><b>Staff propose no change – unnecessary</b> |

# Improvements Where Issues Raised (4) (Agenda Item 7.2.2)

| Part-#                   | Description  | Responses  | Comments from Respondents   |
|--------------------------|--|--|---|
| II-5<br>(IPSAS 4 and 33) | Recognizing a non-monetary asset or non-monetary liability arising from the payment/receipt of advance consideration before the entity recognizes the related asset, expense or revenue. | Part (a)<br>Agreed: 7<br>Issues: 2<br>Part (b)<br>Agreed: 8<br>Issues: 1 | No object to the proposed improvement, but location of the improvement in an Appendix was questioned. They also recommended that a policy on interpretations be developed. Improvement follows the IPSASB's past practice.<br><b>Staff propose no change – already discussed.</b> |
| II-6<br>(IPSAS 37)<br>*  | Accounting for a previously held interest in a joint operation when a party obtains joint control.   | Agreed: 8<br>Issues: 1   | Concern over use of term “operation” rather than IFRS 3 term “business”.<br><b>Staff propose no change – terms are similar.</b>   |
| II-8<br>(IPSAS 5)        | Borrowings made specifically to obtain a qualifying asset included in general borrowings when that qualifying asset is ready for its intended use or sale.                               | Agreed: 8<br>Issues: 1   | Proposed permitting retrospective application where this would provide more useful information. Staff consider may be practicality issues, which might affect consistent application.<br><b>Staff propose no change.</b>  |

# Effective Date Paragraphs

## Part II-6 – IPSAS 37

42E. Paragraph AG33CA was added by Improvements to IPSAS, 2018, issued in October 2018. An entity shall apply this amendment to transactions in which it obtains joint control on or after the beginning of the first ~~for~~ annual financial statements covering periods beginning on or after January 1, 2019. Earlier application is permitted. If an entity applies this amendment for a period beginning before January 1, 2019, it shall disclose that fact.

## Part II-7 – IPSAS 40

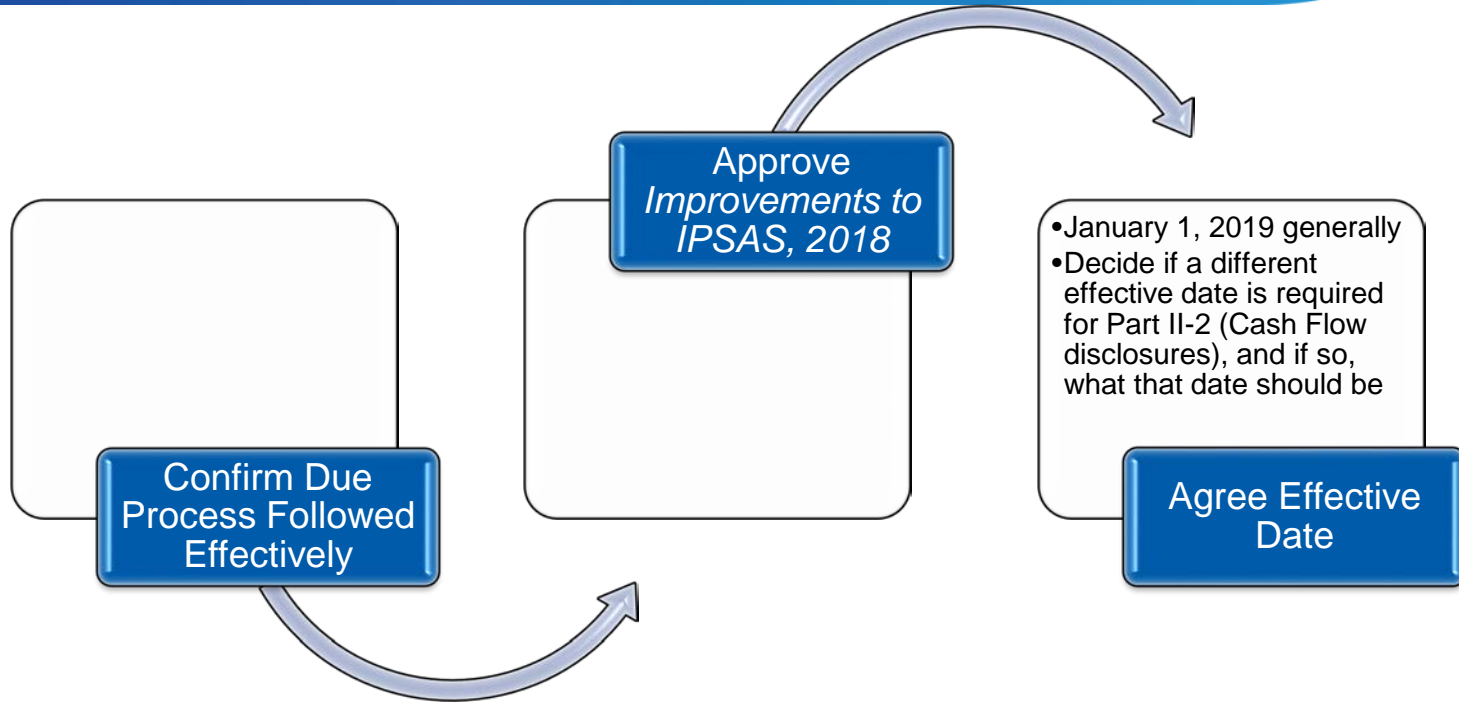
126B. Paragraph 100A was added by Improvements to IPSAS, 2018, issued in October 2018. An entity shall apply this amendment to public sector combinations for which the acquisition date is on or after the beginning of the first ~~for~~ annual financial statements covering periods beginning on or after January 1, 2019. Earlier application is permitted. If an entity applies this amendment for a period beginning before January 1, 2019, it shall disclose that fact.



## Other Issues Identified (Agenda Item 7.2.3)

- IFRS Convergence – Strategy and Work Plan
- Approach to Improvements – S & WP, No Editorials Part
- Introduction to Parts of Final Pronouncement – Include?
- Editorial Amendments – To Note/Comment
- Effective Dates Paragraphs – Streamlining?

# Approval of Final Pronouncement (Agenda Item 7.2.4)





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