

IPSASB Update

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FOCAL/PULSAR

Virtual

February 23, 2021

Agenda

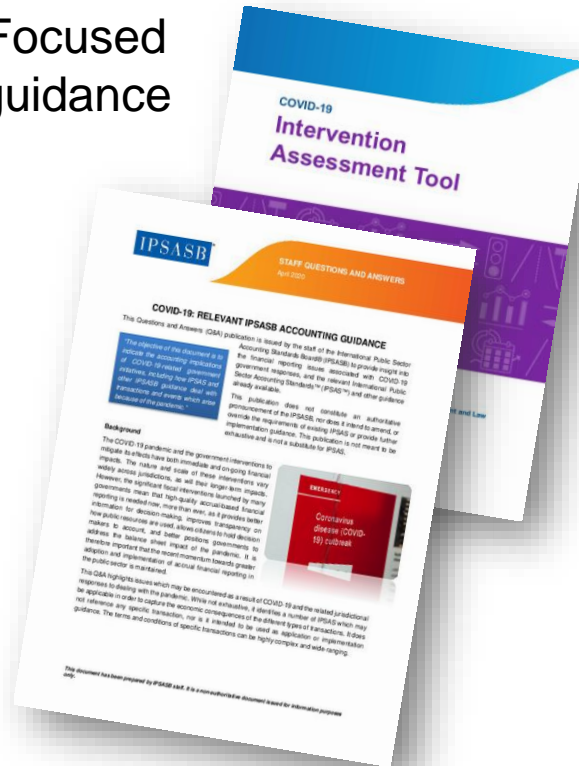
- Introduction
- Current IPSASB workplan
- Main projects
 - Revenue and transfer expenses
 - Leases
 - Measurement
 - Conceptual Framework – Limited Scope Update
 - IPSAS 17 Update (heritage and infrastructure assets)
 - Natural Resources
- 2021 Mid-period Work Program Consultation

Responding to COVID-19

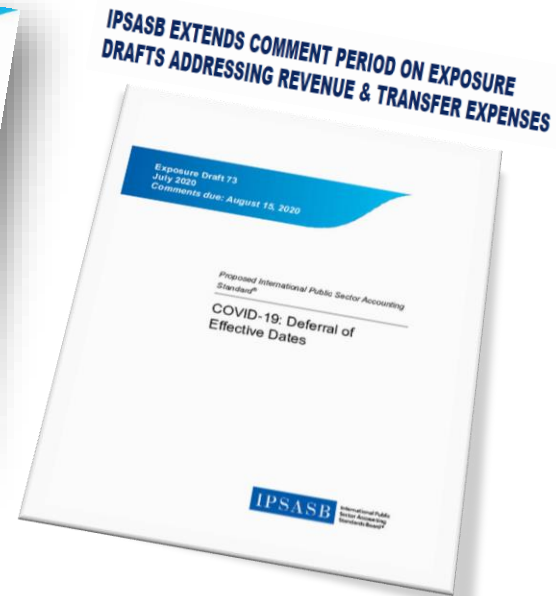
Virtual operation



Focused guidance



More time....



Delivering Global Standards: Significant progress since September 2019

4 Final Approvals

- ‘Collective and Individual Services – IPSAS 19 Amendments’
- ‘Improvements to IPSAS 2019’
- ‘Non-Authoritative Amendments to IPSAS 41, Financial Instruments’
- ‘COVID-19: Deferral of Effective Dates’

6 Exposure Drafts

- ‘Revenue with Performance Obligations’ (ED 70)
- ‘Revenue without Performance Obligations’ (ED 71)
- ‘Transfer Expenses’ (ED 72)
- ‘Non-Authoritative Amendments to Borrowing Costs’ (ED 74)
- ‘Leases’ (ED 75)
- ‘Assets Held for Sale and Discontinued Operations’ (ED 79)

...& **substantial progress** on:

- Conceptual Framework: Limited Scope Update (new 2020)
- Measurement
- Heritage
- Infrastructure
- Natural Resources (new 2020)

Current IPSASB work program

Project	Public sector specific	IFRS alignment
Revenue - Revenue With Performance Obligations (IFRS 15 aligned) - Revenue Without Performance Obligations (IPSAS 23 update)	ED 70 ED 71	✓
Transfer Expenses	ED 72	
Leases	ED 75	✓
Conceptual Framework: Limited-Scope Update	ED 76	
Measurement	ED 77	✓
Heritage	ED 78	
Infrastructure Assets	ED 78	
Assets Held for Sale & Discontinued Operations	ED 79	✓
Natural Resources	✓	??

Revenue and Transfer Expenses: Project Overview



Revenue – Key issues

- Key difference ED 70 vs ED 71: **lack of requirement to transfer** distinct goods or services to a purchaser or third-party beneficiary
- Performance obligations are a specific subset of present obligations:
 - Both arise from binding arrangements
 - Both result in outflow of resources
 - Both have little/no realistic alternative to avoid outflow
 - BUT performance obligations require **transfer**

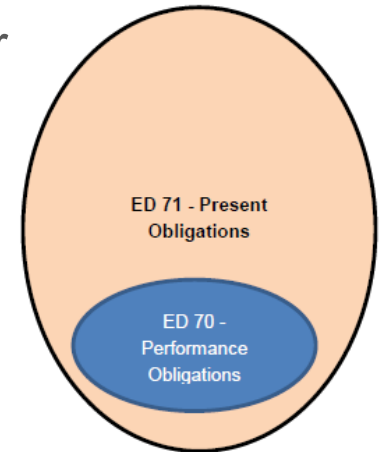
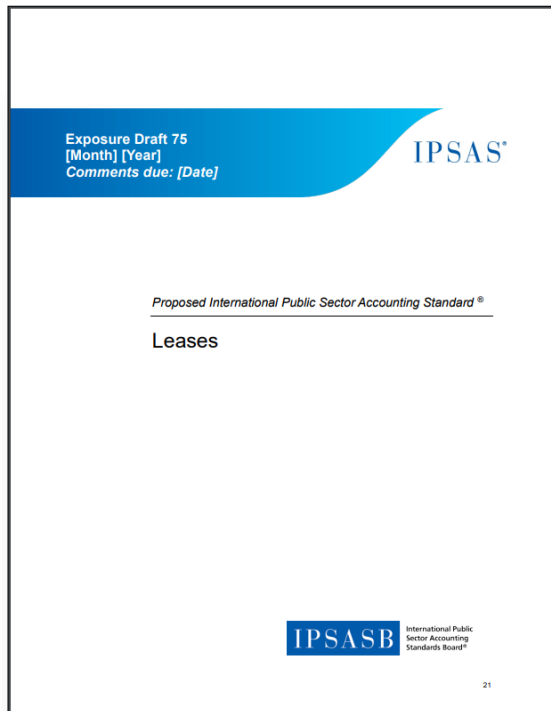


Diagram not to scale

Preliminary Review of Responses – EDs 70-72

- Overall, very positive response rate and engagement from constituents across jurisdictions and functions
- Excellent Feedback-197 responses (+6 late responses)
 - 71 responses for ED 70
 - 63 responses for ED 71
 - 63 responses for ED 72
- December 2020 IPSASB Meeting:
 - Based on the high-level analysis of the responses received, the IPSASB decided to restructure the draft guidance in ED 70 and ED 71 to either (1) begin with ED 71, or (2) combine ED 70 and ED 71 into one Revenue standard.

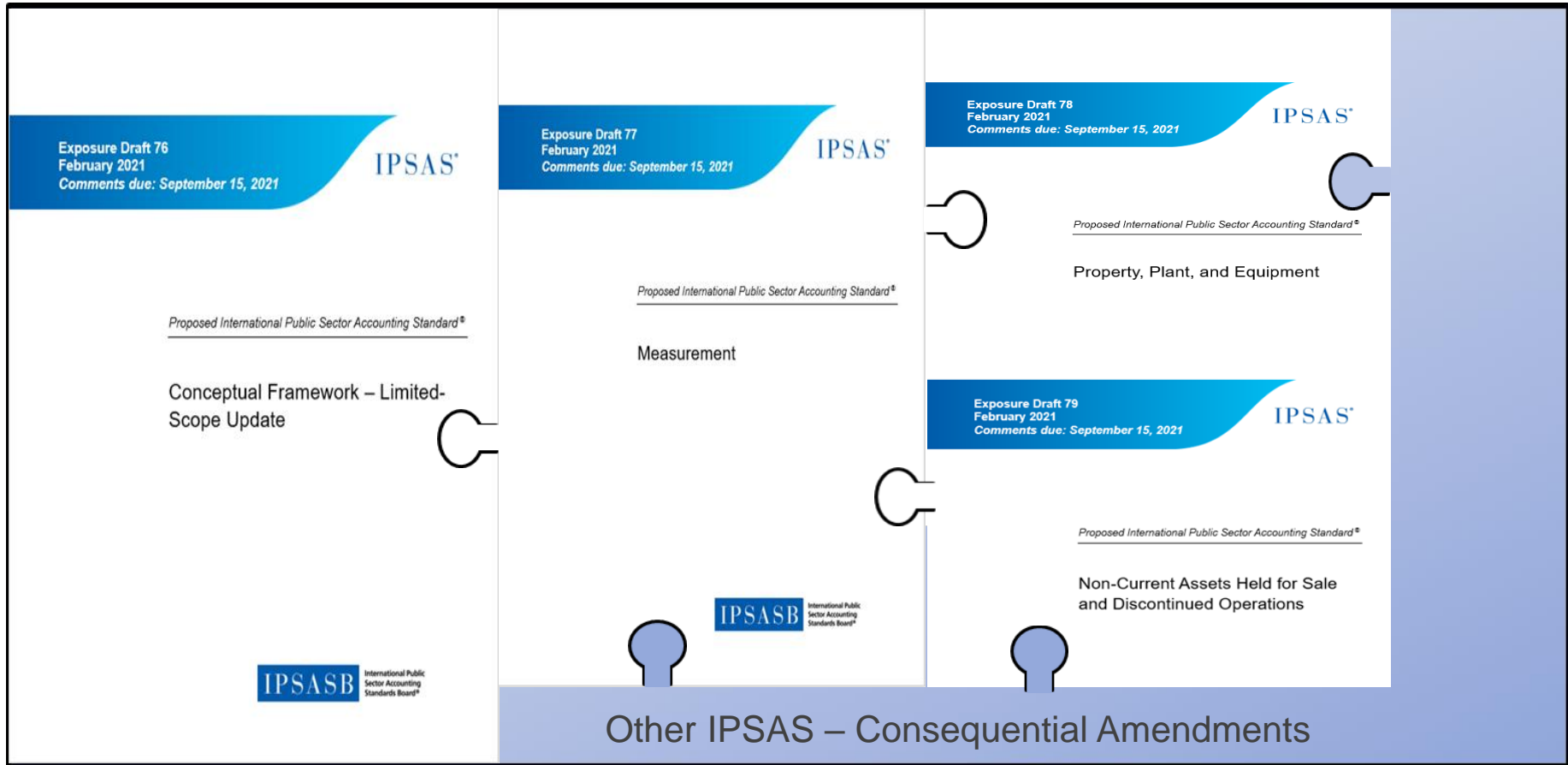
Leases: Agreed Approach







2 Phase Approach:

- Phase 1 – Align with IFRS 16: ED 75 approved at December 2020 meeting
- Phase 2 – Research the characteristics of concessionary leases and other arrangements similar to leases that are common in the public sector.
- ED 75 “Leases” and a Request for Information on Concessionary Leases and Other Arrangements Similar to Leases were published in January 15, 2021. Comments are due by May 17, 2021.

Measurement and Connected Projects



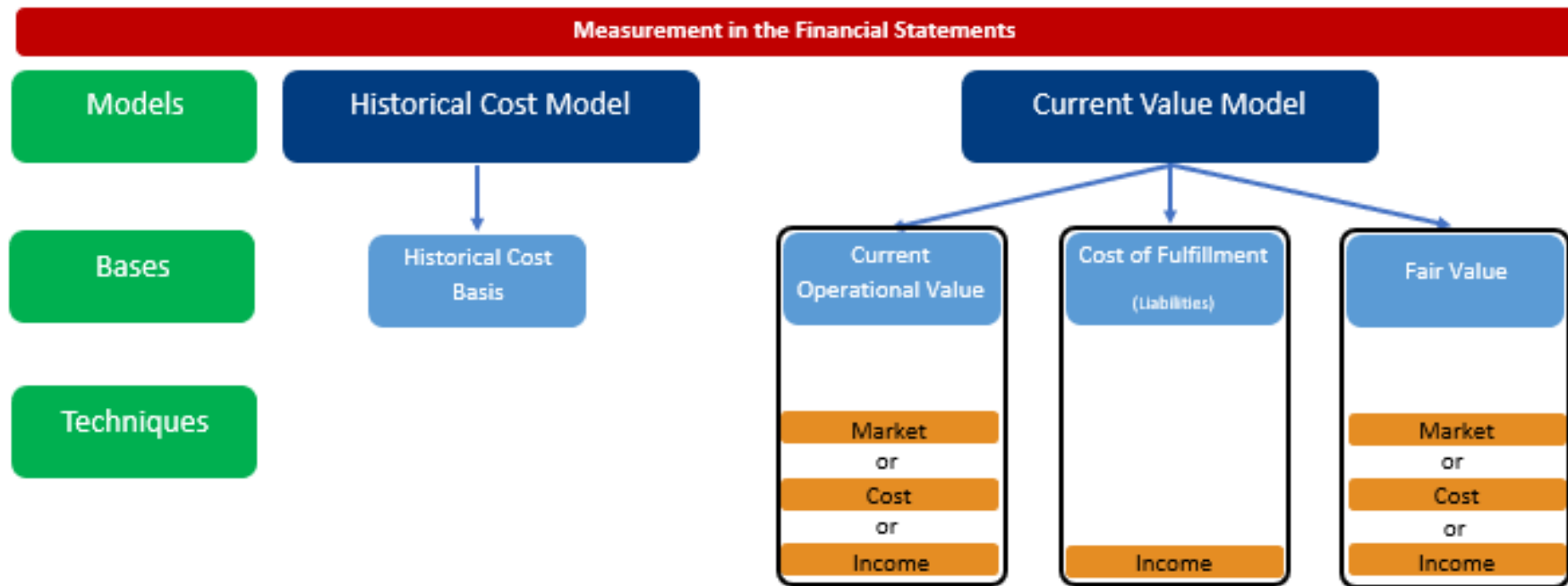
The Approach

THE WHAT, HOW, WHY, WHICH	IPSAS, <i>Measurement</i>	Specific Standards
WHAT is the measurement basis?		
HOW do you calculate the measurement basis?		
WHY do you apply the measurement basis?		
WHICH measurement basis do you apply?		

Conceptual Framework-Limited Scope Update: Phase One: Measurement-Key Proposals

- Measurement Hierarchy
- Additional measurement bases not in 2014 Framework
 - Current Operational Value (assets)
 - Fair Value- definition consistent with IFRS 13, *Fair Value Measurement* (assets and liabilities)
- Measurement bases to be deleted
 - Market Value (assets and liabilities)
 - Replacement Cost (assets)
 - Net selling price (assets)
 - Cost of Release (liabilities)
 - Assumption Price (liabilities)
- Value in use to be discussed generally rather than defined
 - Limited to impairments

Measurement and Conceptual Framework – Limited Scope Update: The Hierarchy



Limited Scope Update of Conceptual Framework: Phase Two: Other Issues

Review element definitions

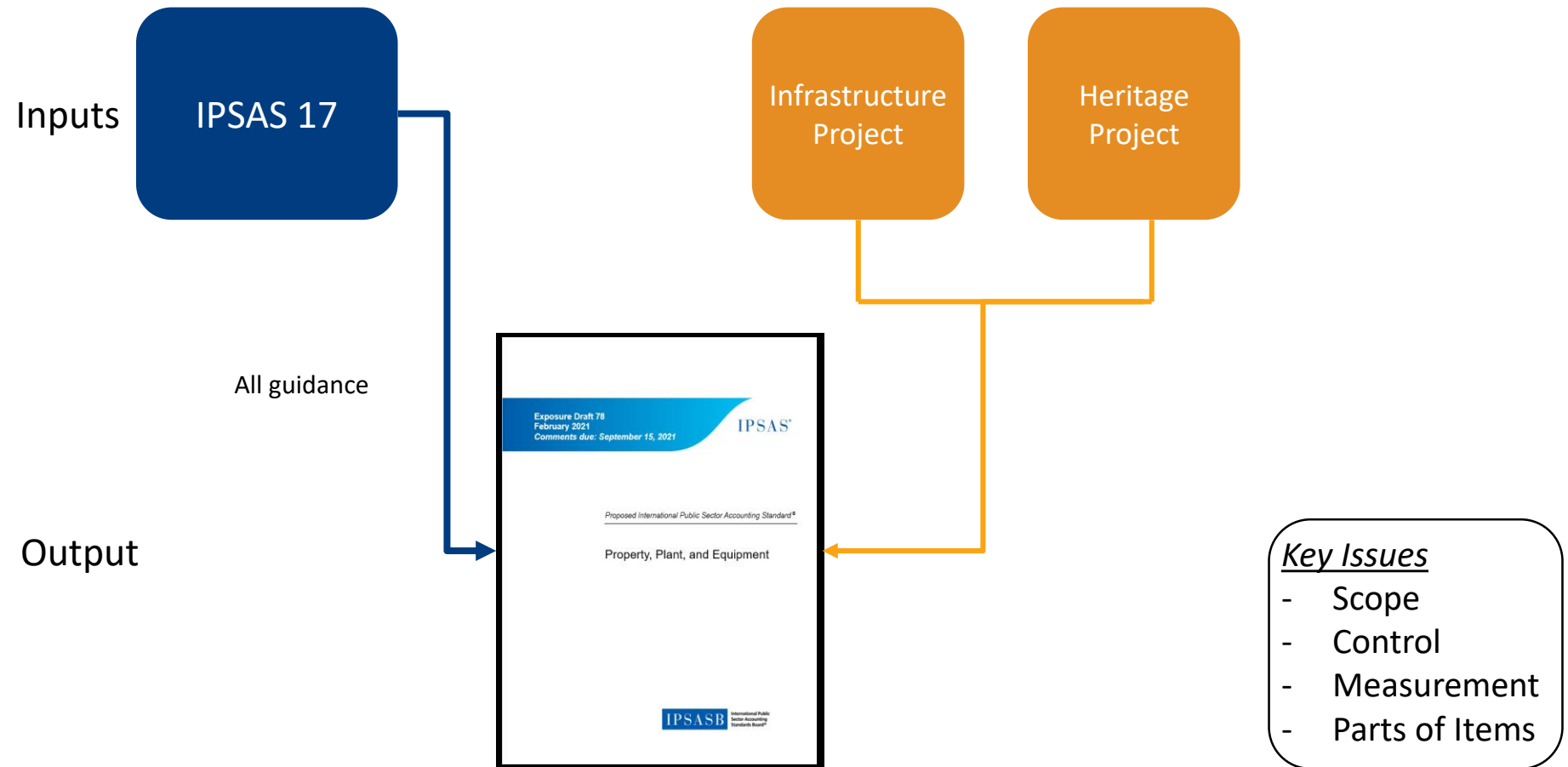
Unit of account

Executory contracts

Prudence

Materiality

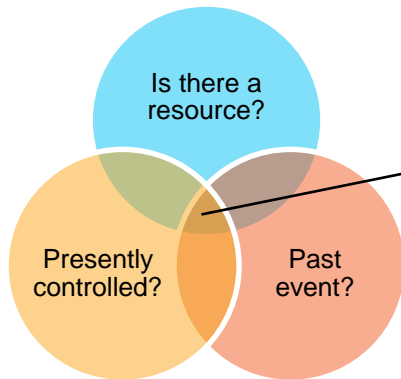
Update to IPSAS 17, Property, Plant, and Equipment



Natural Resources (1/2)

- To be recognized as an asset, an item must:

1. Meet definition of an asset:

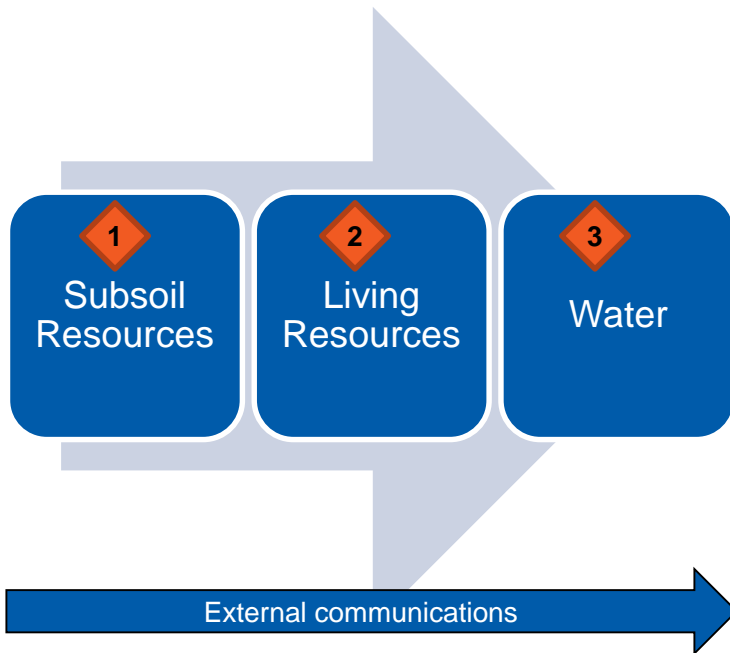


2. Be measurable in a way that:

- Achieves qualitative characteristics
- Takes account of constraints on information in GFRs

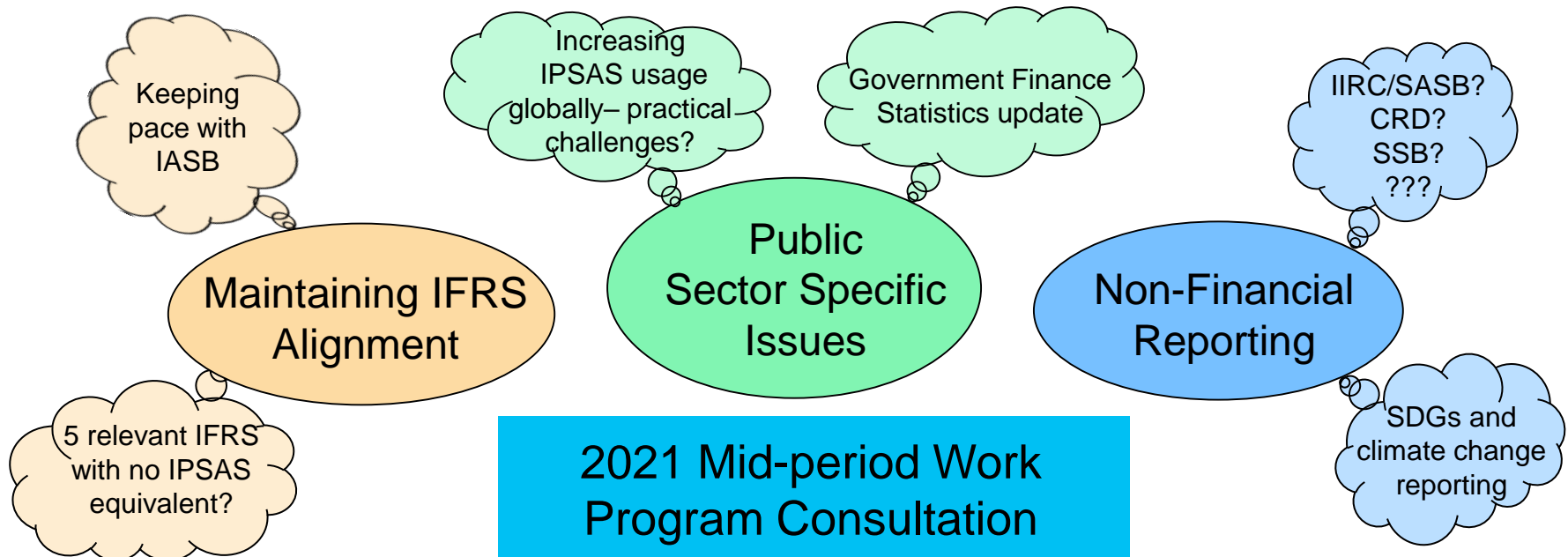
Natural Resources (2/2)

Complete project in phases to maintain focus and delivery:



Phase 1 Major Milestones	Date
Project Brief - Approved	March 2020
Phase 1: Approve Consultation Paper covering: <ul style="list-style-type: none">• Subsoil resources• Living resources• Water	September 2021
Phase 2: Develop and approve Exposure Draft on one topic from CP	December 2022
Develop and approve Phase 2 Final Standard: First topic selected	June 2024
External communications	Throughout

IPSASB work program: Designing the next phase....



Questions, Discussion & Further Information



- Visit our webpage <http://www.ipsasb.org/>
- Or contact us by e-mail :
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