



# ***IPSASB update***

FRAB JUNE 2021

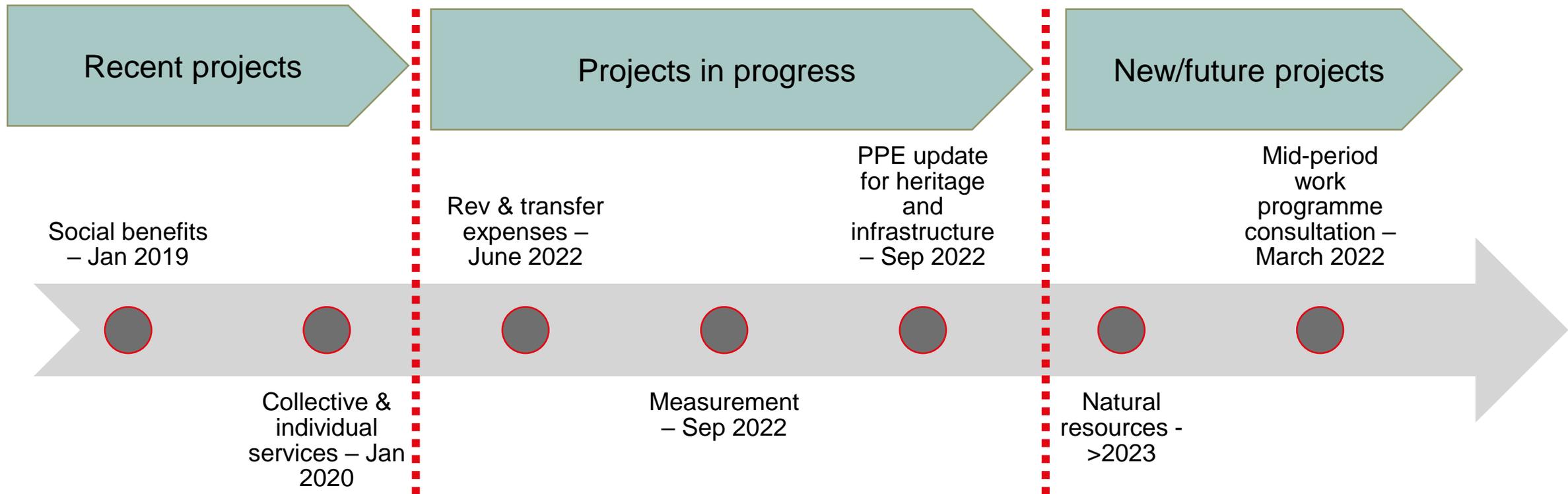
# ***Introduction***

- Henning Diederichs FCA
- Barclays group finance
- HMT, Whole of Government
- ICAEW
- IPSASB technical advisor



# IPSASB project overview

Strengthen PFM globally through increasing adoption of accrual-based IPSAS



# IFRS vs IPSAS

Series of publications focusing on key differences between IFRS and IPSAS

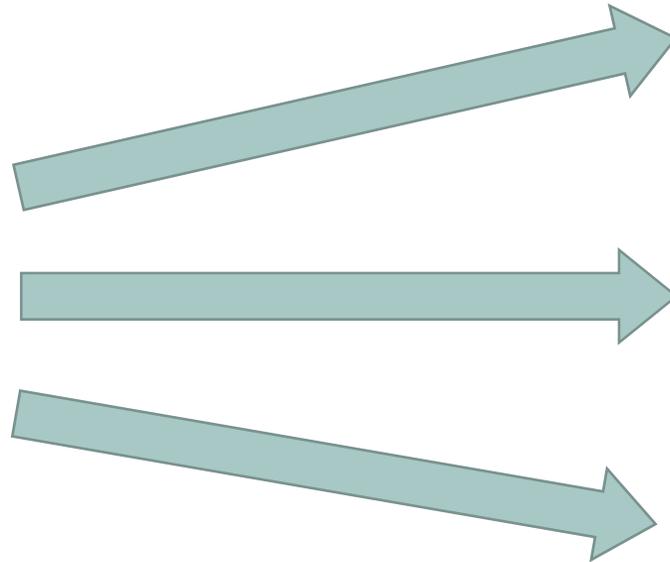
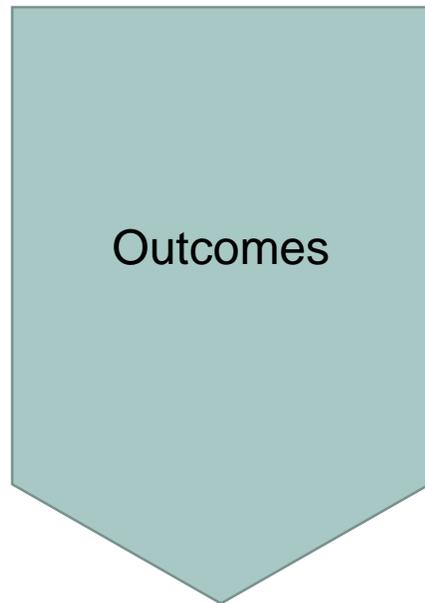
Part I – Government Grants

Part II – Measurement

Future topics:

- Amalgamations
- Impairment
- ??

# ***ED 77 - Measurement***



Provide more detailed guidance on the application of commonly used measurement bases

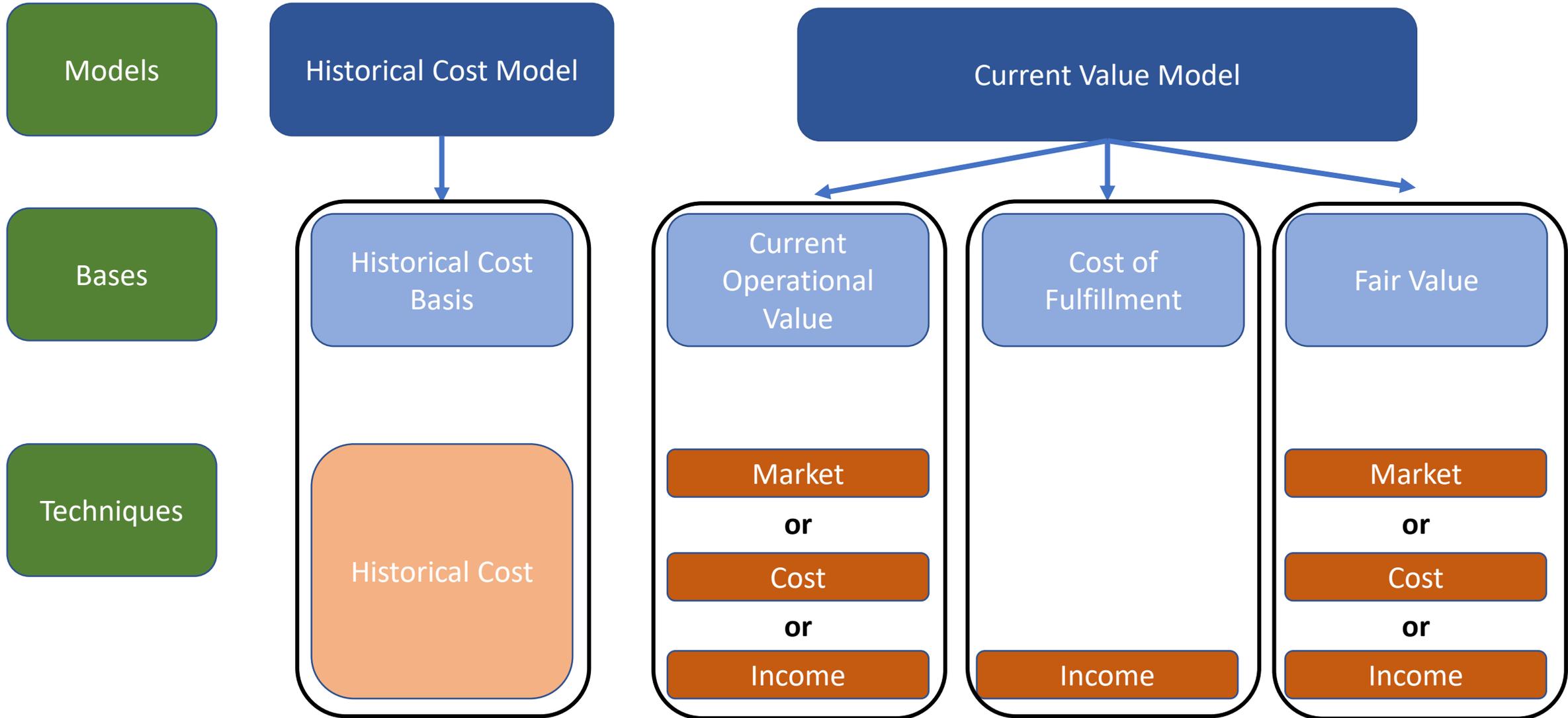
Address public sector issues regarding fair value

Address transaction costs including whether to expense or capitalize borrowing costs

## **Project Rationale:**

The measurement requirements and guidance in many current IPSASs are not consistent with the Conceptual Framework and should be amended

# Measurement – Overview



# ***Factors unique to public sector***

## Fair Value (FV)

- Highest and best use
- Market participants

## Current Operational Value

- New basis as alternative to FV
- Focus on service delivery
- Designed for operational assets

## Service potential & other specialist assets

- Specialised vs non-specialised assets
- Modern equivalent assets

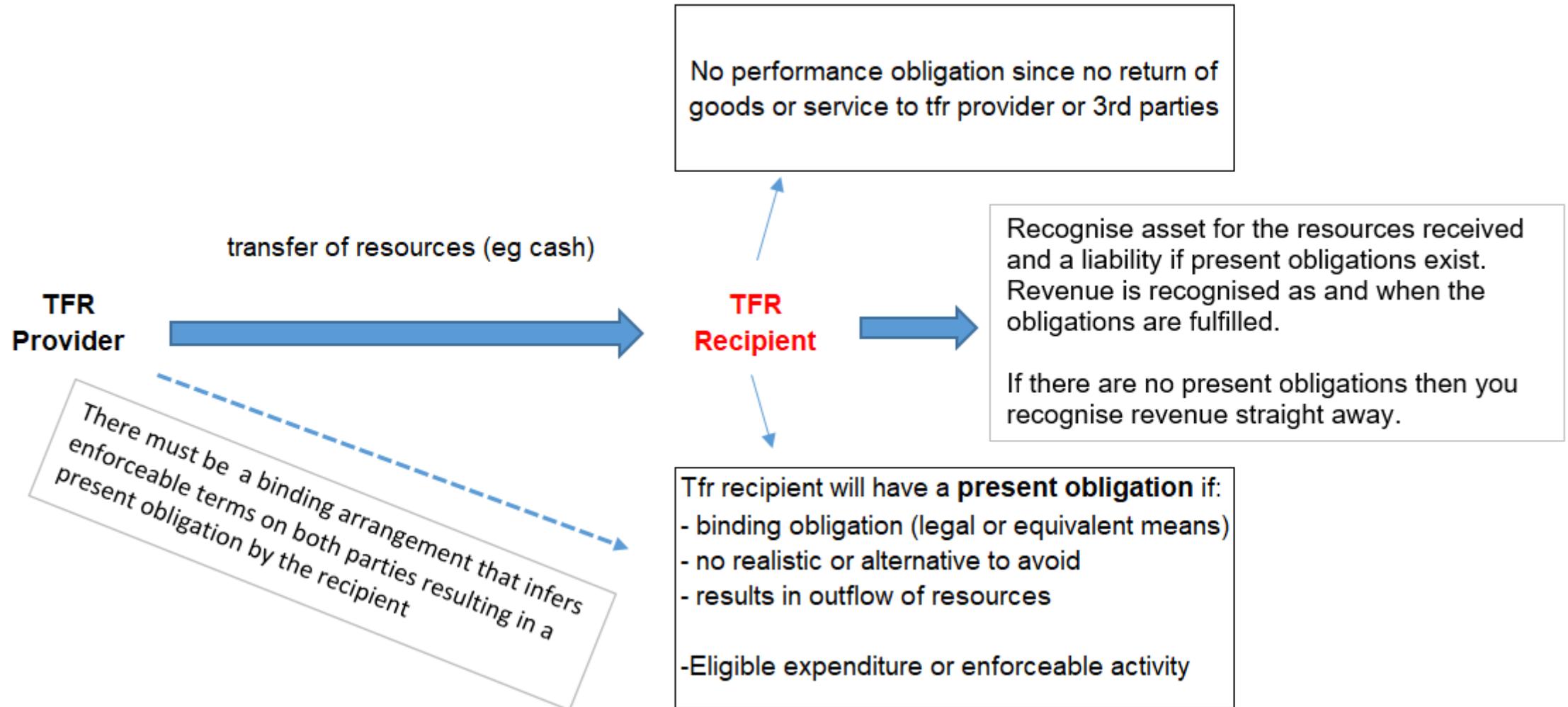
# ***Revenue and transfer expenses***

Revenue with performance obligations  $\approx$  IFRS 15

Revenue without performance obligations

Transfer expenses

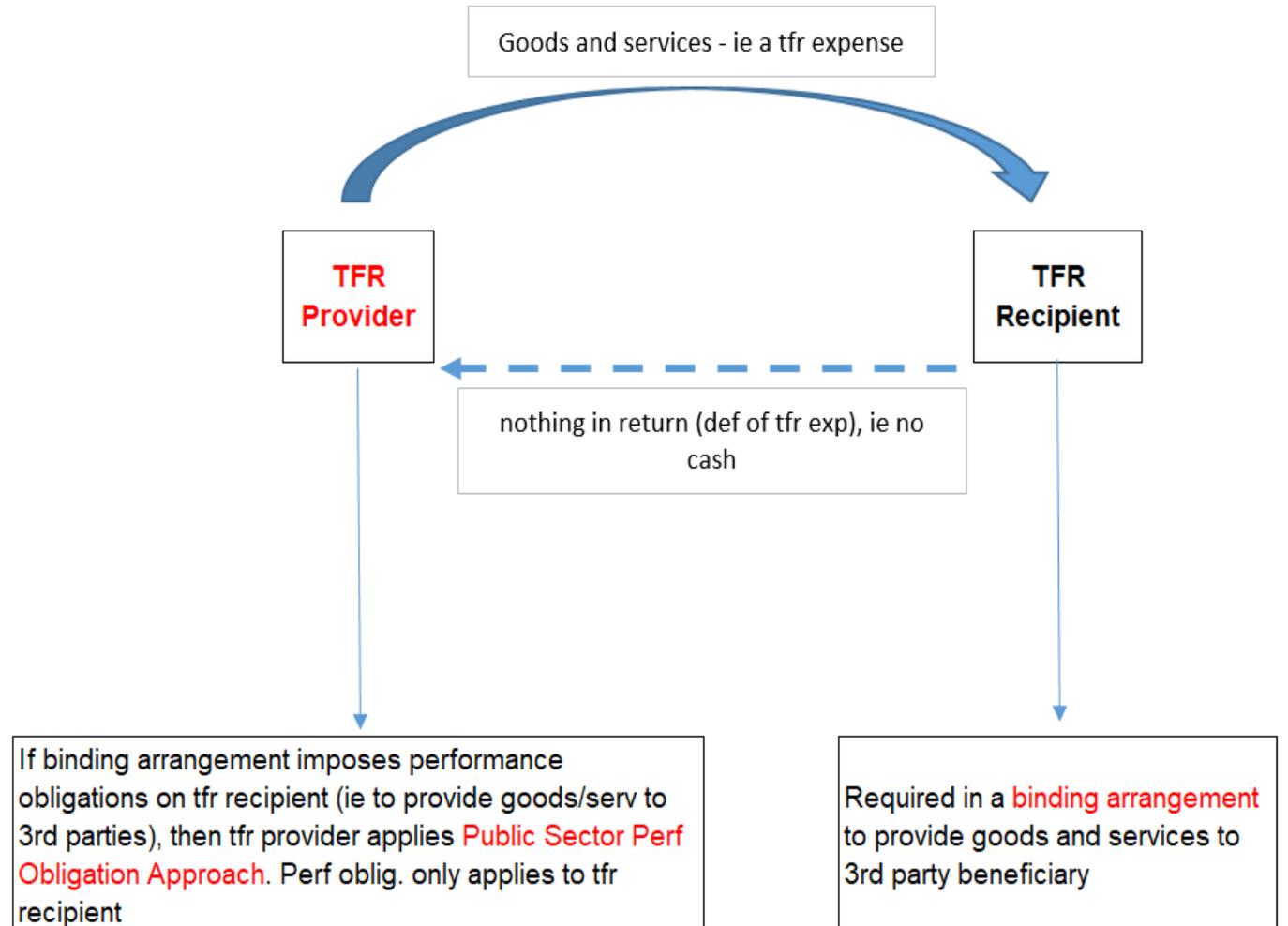
# Revenue without performance obligations



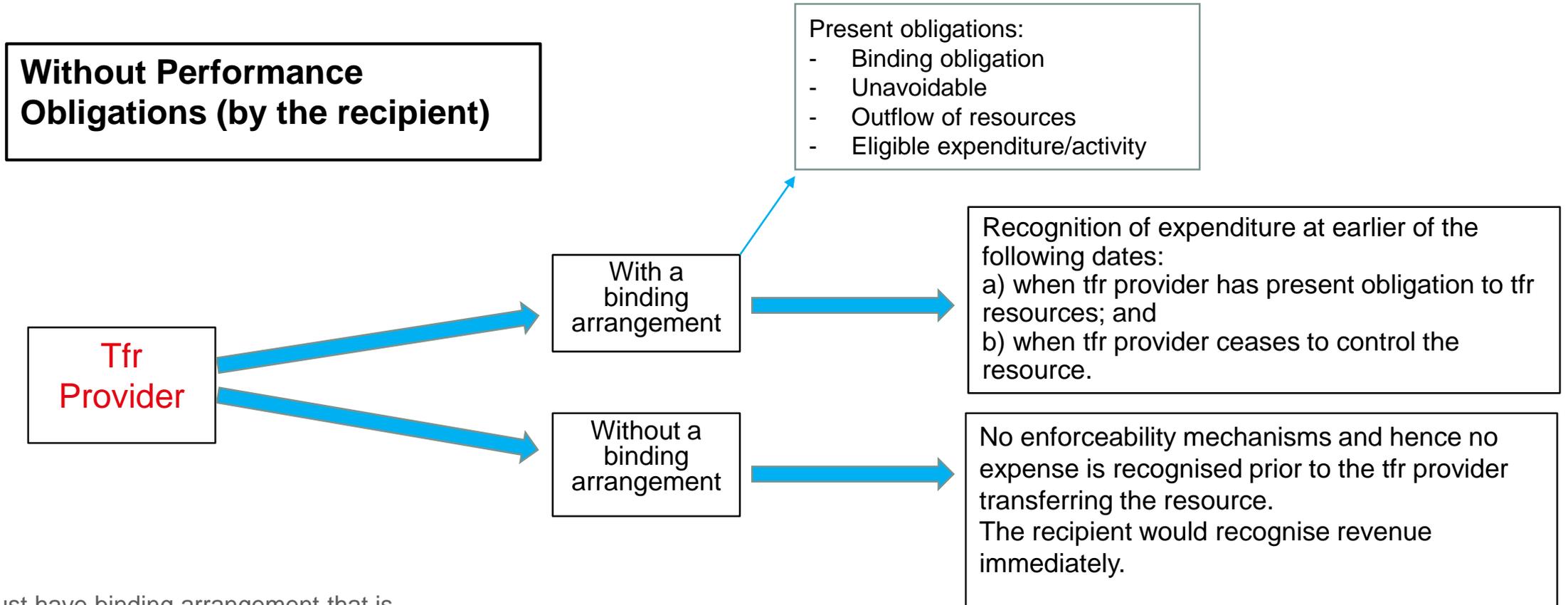
# Transfer expenditure – part I

## With Performance Obligations (by the recipient)

- Performance obligation in tfr expenditure not applied in the same way as for revenue (subset)
- Must have binding arrangements that are enforceable by each party
- Tfr provider to apply PSPOA:
  - 1) identify binding arrangement;
  - 2) identify recipients perf. obligation;
  - 3) determine transaction consideration;
  - 4) allocate consideration;
  - 5) recognize expenditure when recipient satisfies performance obligations
- Tfr provider binding arrangement asset or liability



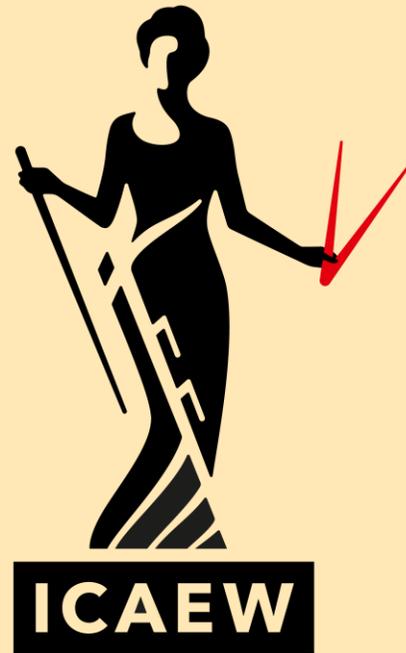
# Transfer expenditure – part II



- Must have binding arrangement that is enforceable.
- Enforceability – legal or equivalent means
- No binding arrangement assets or liabilities

# ***Other IPSASB developments***

- Heritage assets
- Infrastructure assets
- Natural resources
- Consultation on mid-period work plan



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