



DATE: 15 FEBRUARY 2006
MEMO TO: MEMBERS OF THE IPSASB
FROM: RICK NEVILLE
SUBJECT: **UPDATE ON IFRIC'S PROJECT ON SERVICE CONCESSION ARRANGEMENTS**

ACTION REQUIRED

The Board is asked to:

- **note** this update on IFRIC's project on Service Concession Arrangements.

AGENDA MATERIAL:

	Pages
12.2 Progress and background on IFRIC's Service Concession Arrangements	12.3 – 12.7
12.3 Letter to National Standards Setters re potential for collaboration project	12.8

BACKGROUND

The IPSASB Subcommittee

The International Accounting Standards Board (IASB) International Financial Reporting Interpretations Committee (IFRIC) is developing Interpretations dealing with service concession arrangements.

On 3 March 2005, IFRIC issued draft Interpretations: D12, "Service Concessions Arrangements – Determining the Accounting Model", D13, "Service Concessions Arrangements – The Financial Asset Model" and D14, "Service Concessions Arrangements – The Intangible Asset Model" (collectively known as the Draft Interpretations). The IPSASB submitted a response to the draft interpretations on 1 June 05.

Following its July 2005 meeting, the IPSASB established a subcommittee to monitor the work of the IFRIC. The role of the IPSASB subcommittee is to keep the IPSASB informed of developments and make proposals to the IPSASB re any actions the subcommittee considers appropriate. (Appendix 1 provides an overview and background of the draft interpretations issued by IFRIC.)

The IPSASB subcommittee comprises the following members: Canada (Chair), Australia, Israel, France, New Zealand, South Africa, United Kingdom, USA and OECD

My report to the last meeting noted decisions on service concessions made by IFRIC to that stage as reflected in the IFRIC Update, published after each IFRIC meeting. Agenda item 12.2 identifies the major highlights of those decisions. A brief history sheet of the IPSASB's project and an extract from the IASB's website which provides an overview of the Draft Interpretations are included as Appendices 1 and 2 to Agenda item 12.2. (Appendices 1 and 2 were included in my last report to the IPSASB. They are included here primarily for the benefit of new members.)

Developments since the last IPSASB meeting (Cape Town Nov/December 2005)

The IFRIC met in London on January 12 and 13, 2006 and noted a project plan, submitted by their staff, intended to deliver final Interpretations by the third quarter of 2006, assuming that re-exposure is not necessary. While continuing to move forward, the IFRIC noted that issuing final Interpretations in the third quarter of 2006 may be optimistic.

Major issues discussed by the IFRIC at its January meeting included:

- The scope of D12. Many respondents, including the IPSASB, had expressed concern that D12 did not deal with a range of potential arrangements. The IFRIC noted that guidance was needed most urgently for those arrangements that were dealt with in D12. IFRIC decided not to extend the scope of the project, but to explain in the basis for conclusions that a spectrum of arrangements is possible and users should refer to relevant standards for arrangements not dealt with in the Interpretations. Any further guidance needed, may be undertaken as a separate IFRIC project.
- The pattern of recognition of revenue and profit under the “ Intangible Asset Model “. IFRIC determined to continue with the view as proposed in D14.
- Additional issues to consider. As the project develops, the IFRIC will also consider “whole-of-life” arrangements (arrangements where all the service potential of the infrastructure is consumed under the terms of the arrangement) and approaches that apply the requirements in IAS 16 “Property, Plant and Equipment” to improvements in infrastructure subject to service concession arrangements.

As agreed at the last meeting, the IPSASB chair has written to a number of national standards setters (Canada, Australia, France, New Zealand, South Africa, UK and USA) who have responsibilities for public sector entities to seek initial views on the potential for collaboration on a project dealing with financial reporting of service concession arrangements by public sector entities.. A copy of the letter to the Canadian PSAB is included at Agenda item 12.3. To this stage only one response has been received, from the UK-ASB. That response was positive. An update on any further responses will be provided at the meeting.

ONGOING ACTION

The subcommittee will continue to monitor IFRIC’s progress and report back to the IPSASB.

As IFRIC is still considering issues raised by constituents and its response thereto, it is still premature to make specific proposals in regards to the technical aspects of this project.

I believe the subcommittee could usefully be tasked with the responsibility of developing for consideration at the next IPSASB meeting proposals regarding the process that may be adopted in developing authoritative guidance for public sector entities when the IFRIC Interpretations are released. I anticipate by that stage we will have a clear message from national standards setters on the potential for a collaborative project, and that will shape any proposals developed by the subcommittee.

Progress and Background - IFRIC's Service Concession Arrangements Project

Major decisions on service concessions made by IFRIC post the end of comment period on D12, D13, D14 to the end of December 2005 include:

- To progress this project itself as an Interpretation(s) rather than refer it to the IASB for the development of an IFRS. The IFRIC members believed that, with its limited scope project, the IFRIC was better placed than the IASB to deal with the pressing issues in a timely way and decided to continue its work on the project.
- The Interpretations will not specify accounting by grantors. However, the basis for conclusions will note that, in many cases, the government/grantor will control the physical assets, but the resulting accounting had not been considered explicitly by IFRIC.
- The scope of the Interpretations will not include private-to-private service concession arrangements. However, IFRIC noted that application by analogy could be appropriate under the hierarchy in accordance with IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors". IFRIC will consider examples to test this proposal at its next meetings (3-4 November and/or 1-2 December, 2005).
- For service concession arrangements within the scope of the draft Interpretations, the infrastructure should not be recognized as property, plant and equipment of the operator because the indicators of control lead to the conclusion that the grantor controls the asset. The control indicators are the grantor's ability to control the use of the infrastructure throughout the concession and its control of the residual infrastructure at the end of the concession.
- To change the proposals in the draft Interpretations to narrow the circumstances in which financial assets would be recognized. This is to ensure that the Interpretations were consistent with IAS 32 "Financial Instruments: Disclosure and Presentation" and IAS 39 "Financial Instruments: Recognition and Measurement". The basis for conclusion will note agreement that might be supportive of a wider interpretation of IAS 32. Text is being developed.

Other issues that IFRIC has indicated it will re-consider in light of responses from constituents (some of these issues were also highlighted by the IPSASB in its submission to IFRIC):

- The meaning of 'control', 'public service obligation' and 'infrastructure';
- Distinction/boundary between the financial asset model and the intangible asset model based on "who paid for the arrangements";
- Whether users and grantors should be considered separate parties in all instances;
- Relationship of the scope of the Draft Interpretations to SIC 29, "Disclosure–Service Concession Arrangements";
- Exclusion of "whole of life" arrangements (arrangements where no significant residual interest exists); and
- Lack of guidance on the application of the requirements proposed in the draft Interpretations to partly regulated assets.

Appendix 1: History Sheet - Background on IPSASB's work on Service Concession Arrangements

The IPSASB has on its work program a project to deal with service concession arrangements. Part of the work in this project includes monitoring the IASB's IFRIC's project on service concession arrangements.

On 3 March 2005, IFRIC published for comment three draft Interpretations on service concession arrangements. At the IPSASB's 14 – 17 March 2005 meeting, a subcommittee was appointed to review the draft Interpretations and provide comments to staff to draft IPSASB's comment letter to IFRIC. The subcommittee comprised members from Canada, France, United Kingdom, Argentina, Australia, Israel, New Zealand, South Africa and USA. A draft letter was circulated out-of-session for approval by IPSASB members.

The IPSASB's submission was submitted to IFRIC on 1 June 05. The IPSASB's submission expressed concern on a number of requirements and arguments expressed in the draft Interpretations. These concerns include:

- the narrow scope of the draft Interpretations and the focus on providing guidance to the operator without considering the grantor's perspective;
- the introduction of the 'control' approach used in the draft Interpretations (IFRIC introduced a new meaning of control in those draft Interpretations);
- the rationale given that the 'control' approach was superior to the 'risks and rewards' approach;
- the use of different accounting models based solely on the "identify of the payer/funder of the concession arrangements"; and
- the fact that IFRIC was issuing a series of Interpretations rather than the IASB issuing a single Standard to deal with the numerous issues that arise from service concession arrangements.

At its November/December 2005 meeting in Cape Town, the IPSASB noted an update on IFRIC's deliberations from the IPSASB subcommittee. The IPSASB agreed to write to national standards setters to explore the potential for a collaborative project and to provide authoritative guidance to public sector entities that are party to service concession arrangements.

Appendix 2: Overview of the Draft Interpretations

The overview of the draft Interpretations below is extracted from the IASB's website when IFRIC initially issued the draft Interpretations for comment.

Introduction

- 1 On 3 March 2005, the IFRIC published for comment three draft Interpretations on service concessions. Comments have been requested by 31 May 2005.
- 2 The draft interpretations address arrangements whereby public services—such as the construction and operation of roads, hospitals, prisons, waste disposal plants or energy distribution facilities—are contracted to private 'operators'. The draft interpretations address only the accounting by the operators. They do not specify the accounting by the 'grantors' of the contracts, typically governments or their agencies.
- 3 These arrangements typically involve significant capital expenditure on infrastructure. The infrastructure may already exist and need only be maintained (and perhaps enhanced) by the operator. Or the concession may require the operator to construct the infrastructure before operating it.
- 4 The draft interpretations apply only to concessions in which the grantor retains control over the use to which the infrastructure is put: it decides what services the operator must provide, to whom it must provide them and at what price; and it retains control of the residual interest in the infrastructure at the end of the concession.
- 5 The way in which operators at present account for such infrastructure under their local GAAPs varies. In some countries, the accounting has been characterised by smoothing adjustments designed to report smooth profit trends over the concession. There has been uncertainty about the requirements of IFRSs. One question is about the nature of the operator's expenditure on construction of infrastructure—should the operator recognize property, plant and equipment or some other type of asset? Another question is about the treatment of borrowing costs incurred by the operator to finance the infrastructure. These borrowing costs tend to be higher in early years—can they be capitalized and allocated evenly over the contract?
- 6 The IFRIC has sought to address these questions and provide guidance on other aspects of service concession accounting. Because of the range of matters to be covered, the IFRIC has split the interpretations into three separate documents.

D12 Determining the Accounting Model

- 7 D12, the first draft Interpretation, specifies how an operator should classify its expenditure on construction of infrastructure. D12 proposes that, because the operator does not control the use of the infrastructure, it should not recognize it as its own property plant and equipment. Instead, it should account for the rights it receives in return for providing construction services to the grantor.
- 8 D12 proposes that the classification of the operator's rights should depend on who is required to pay for the concession services:
 - a) if the grantor will pay for the concession services itself, the operator has a contractual right to receive cash in exchange for its construction services. D12 proposes that such a right to receive cash meets the definition of a financial asset and should be accounted for as such.

- b) if instead, the contract gives the operator a right to charge users for the concession services—for example, to charge tolls for operating a road—D12 proposes that the operator does not have a contractual right to receive cash. Instead, the operator has a right to charge users if and when they use the concession services—a right that meets the definition of an intangible asset. The operator should therefore recognize the right it receives in exchange for providing construction services as an intangible asset.
- 9 The two different models have different accounting consequences and are dealt with separately in the second and third of the interpretations.

D13 The Financial Asset Model

- 10 D13 sets out the accounting proposed when the financial asset model applies. The operator would apply standard construction contract accounting, recognizing revenue on a percentage of completion basis as construction progressed. The resulting asset (the amount due from the grantor) would meet the definition of a financial asset and be accounted for in accordance with IAS 39 *Financial Instruments: Recognition and Measurement*. The amounts subsequently received from the grantor for the concession services would be allocated between three components:
- repayment of the financial asset
 - finance income — the effective interest on the outstanding receivable
 - operating revenue — for provision of ongoing services such as maintenance and staffing.
- 11 Often an operator's borrowings will be similar to the amount due from the grantor, both tending to reduce over the duration of the contract. Applying the financial asset model, the impact on profit of higher borrowing costs in earlier years and lower borrowing costs in later years would tend to be offset by a similar pattern of finance income.

D14 The Intangible Asset Model

- 12 D14 sets out the accounting proposed when the intangible asset model applies. The operator would again apply construction contract accounting, recognizing construction revenue on a percentage of completion basis as construction progressed. But it would not be receiving cash for its services. So instead of giving rise to a receivable, the revenue-earning activity would give rise to an intangible asset. This intangible asset would be accounted for in accordance with IAS 38.
- 13 The amounts reported in the income statement would be different from those reported under the financial asset model. Overall, the net profit or loss reported over the duration of the contract would be the same. But both revenues and operating expenses would be higher: all receipts from users—not just those attributable to operating the facilities after construction—would be recognized as revenues, matched by additional operating expenses from the amortization of the intangible asset. And the pattern of profit recognition could be different: higher borrowing costs in earlier than later years would contribute to lower profits (or losses) being recognized in earlier years and higher profits in later years (because there would be no corresponding finance income). The IFRIC concluded that it would be inconsistent with IFRSs, and the IASB's conceptual framework, to defer borrowing costs in order to smooth profits over the duration of the contract.

- 14 *Effective date*
The IFRIC aims to issue the Interpretations in final form before the end of 2005. It is likely that, on that timetable, they would be effective for financial years commencing in January 2006 onwards.



Paris 25 January 2006

Ms S Fraser
Chair
Public Sector Accounting Board (PSAB)
Canadian Institute of Chartered Accountants
277 Wellington Street West, Toronto ON M5V 3H2
CANADA

Dear Ms Fraser

As you are aware, the IASB's International Financial Reporting Interpretations Committee (IFRIC) is currently developing final Interpretations that deal with financial reporting by the "operator" in service concession arrangements. Members of the IPSASB are concerned that the guidance in the IFRIC Interpretations will not sit well with financial reporting practices currently adopted by the public sector in some/many jurisdictions. It is the view of the IPSASB that there is a need to develop authoritative guidance on financial reporting of service concession arrangements by public sector entities that are the "grantor" in such arrangements, and there would be great benefit in harmonizing this guidance internationally.

In this context, I am writing to seek your initial views on the potential for collaboration of the Canadian Public Sector Accounting Board (PSAB) with the International Public Sector Accounting Standards Board (IPSASB) on a project dealing with financial reporting of service concession arrangements by public sector entities. I am also writing in similar vein to other national standards setters who have responsibilities which encompass financial reporting by public sector entities in France, Australia, New Zealand, South Africa, United Kingdom, and the USA.

At this stage I am only seeking an initial expression of your interest in such a collaborative project. Just how such a project would operate and how it will be staffed can be developed in the light of any interest by your Board and the other national standards setters. The timing of initiation of any such project would, of course, be influenced by the IFRIC's progress on finalizing its Interpretations and on the respective work programs of the IPSASB and NSSs.

I look forward to receiving your views in the near future.

If you require further information, do not hesitate to contact me or Paul Sutcliffe, the IPSASB Technical Director.

Best regards,

Philippe Adhémar
Chair
International Public Sector Accounting Standards Board



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OF ACCOUNTANTS**

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DATE: 19 FEBRUARY 2006
MEMO TO: MEMBERS OF THE IPSASB
FROM: MIKE HATHORN
SUBJECT: IASB-FASB CONCEPTUAL FRAMEWORK PROJECT -
NATIONAL STANDARDS SETTERS MONITORING GROUP

ACTION REQUIRED

The IPSASB is asked to:

- **Note** this report on the National Standards Setters group set up to monitor the IASB-FASB work on the IASB conceptual framework.

AGENDA MATERIAL:

	Pages
12.5 Summary of issues identified in previous subcommittee reports	12.12 – 12.13
12.6 Letter to IASB re implication of proposed revisions for GBE's	12.14

BACKGROUND

The IPSASB Subcommittee

Following its July 2005 meeting, the IPSASB established a subcommittee to monitor the work of a group of national standards setters (NSS) monitoring the IASB-FASB joint Conceptual Framework project for possible public sector and not-for-profit entity implications.

The IPSASB subcommittee comprises the following member countries - UK (Chair), Australia, France, Norway, South Africa and USA.

Please note the subcommittee is charged only with monitoring the work of the NSS. Therefore, this report deals only with the IASB-FASB joint project. It does not deal with the IPSASB's own conceptual framework project. Papers dealing with that project are included at Agenda item 13.

The National Standards Setters Monitoring Group

The NSS group monitoring the IASB-FASB conceptual framework project comprises Australia, Canada, New Zealand and UK.

Mr Kevin Simpkins, who is a former IPSASB member, has been engaged by the national standards-setters to prepare reports on IASB deliberations on this project. Mr Simpkins has provided four reports, which have been circulated to the IPSASB subcommittee members and are available to other members on request from staff.

At the end of each stage of the IASB – FASB development process the NSS group produces papers drawing out the implications for public sector/not-for profit entities. The NSS also intends to provide papers to the IASB as input to their deliberations, papers setting out matters that should be considered from a public sector/not-for profit entity perspective.

Report on IASB-FASB Project

My reports to the last IPSASB meeting noted the major points of the first three reports prepared by Mr Simpkins. These points are summarized in Agenda item 12.4.

Mr Simpkins fourth report deals with the following matters being considered by the IASB-FASB:

A The role/nature of costs and benefits in the qualitative characteristics:

Papers being considered by the IASB do not deal with the costs (or benefits) that should be included in any analysis. Similarly, whether the costs and benefits might differ for different types of organizations is not addressed. This may follow given that previous IASB-FASB papers on qualitative characteristics of financial reports have considered whether those characteristics would differ for different types of organizations, for example small or medium enterprises.

The IASB paper proposes that the Boards should commit to requesting more information from preparers, users and other constituents about their expectations about costs and benefits of the proposed standards. This makes sense, albeit that it may prolong the due process.

B The definition of an asset

The definition of an asset proposed by the IASB-FASB staff is “An asset of an entity is a present right, or any other access, to an existing economic resource with the ability to generate economic benefit to the entity”.

This is different from the current IASB definition and the current IPSASB definition and may have significant implications for public sector entities. The meaning of such terms as “an existing economic resource”, “present right or any other access” and “economic benefits” will be significant when considering application to public sector entities. They will influence whether a number of rights which public sector entities have access to qualify as an asset. These may include, for example, fishing quotas, radio frequencies and the right to tax. They may also have implications for dealing with service concession arrangements and heritage assets.

C Preliminary views in the notion of a reporting entity

The current IASB Framework does not include a robust explanation of the reporting entity concept. It is intended that as part of this project the Framework will clearly articulate the reporting entity concept adopted by the IASB. The IASB and FASB staff have commenced the process of identifying key aspects of the reporting entity for consideration by the Boards.

Aspects identified so far include that:

- A distinction should be made between an “entity” and a “reporting entity” – that is, not all entities may qualify as reporting entities.
- The capacity to undertake activities, including undertake transactions with other parties, is the defining characteristic of an “entity”, irrespective of its legal form.
- The identification of an “entity” as a “reporting entity” should be linked to user information needs which in turn are linked to the objectives of financial reporting.

- At the general level the purpose of consolidated accounts should be to provide information about the group that is useful to present and potential investors and creditors and other users in making rationale investment, credit and similar economic decisions.

Linking the identity of the reporting entity to the objectives of financial reporting and user needs seems sensible, at least as a starting point in any deliberations. However, as identified in my previous reports, of particular concern to the public sector is that the objectives being proposed by the IASB-FASB at this stage do not give sufficient acknowledgement to public sector factors, such as accountability, and identify users as present and potential investors and creditors. The identification of objectives and users in these terms is too narrow for applicability to public sector non business enterprises.

Government Business Enterprises

At the last IPSASB meeting members agreed that the IPSASB Chair would write to the IASB:

- noting that Government Business Enterprises (GBEs) were subject to IFRSs and therefore the IASB Framework; and
- encouraging the IASB to explicitly consider whether social policy obligations or other obligations that may be imposed on GBE's by their controlling government raised any specific issues that needed to be dealt with in the conceptual framework.

The Chair's letter is attached at item 12.6.

ONGOING ACTION

The work of the NSS will provide potentially valuable input for the IPSASB as it considers the development of its own Framework.

As directed by the IPSASB at its last meeting, the subcommittee will continue to monitor the development of the IASB project through the work of the NSS, and will identify relevant issues as input for the IPSASB's own conceptual framework project.

In addition, dependent on the outcome of discussions under Agenda item 13, the subcommittee could take a more proactive role in developing material for consideration by the IPSASB as it develops its own framework, or establishes the parameters of that development work. It could also operate as an effective link between the IPSASB and those NSS which are undertaking similar conceptual framework projects.

MAJOR ISSUES FROM MONITORING REPORTS HIGHLIGHTED IN FIRST THREE REPORTS OF THE SUBCOMMITTEE:

- Process - the IASB-FASB intend to initially focus on a framework for private-sector business entities, and at the end of that process consider not-for-profit (NFP) entity (including perhaps public sector) issues. This is an inefficient process as all the concepts will need to be re-debated from the NFP perspective and raises doubts about whether decisions once made from a “for profit” perspective will be revisited for NFP implications;
- Objectives of financial reporting:
 - the proposed revised objectives which focus on decision usefulness do not give sufficient acknowledgement to accountability/stewardship which is a fundamental public sector principal; and
 - The identification of users as present and potential investors is too narrow for the NFP and public sector. Similarly, the focus on reporting information that assists users to evaluate the effects of past or future events on future net cash inflows (or confirm or corrects previous evaluations of such) is also too narrow for the NFP and public sector, and has implications for the boundaries of financial statements.
- The focus of the objectives (assessing/confirming cash flows) and users (investors, potential investors, creditors and others to make investment and credit decisions) remains very much on private sector business entities. The focus on information to assess cash flow prospects is elevated above information about financial performance, financial position, service performance and compliance with statutory authorities. As noted above, stewardship and accountability are not identified as “first order” objectives.
- The focus on financial reporting, rather than financial statements means the framework encompasses financial statements, other financial information and non financial information, and this is a positive from the public sector/not-for-profit-perspective perspective.
- The IASB is likely to move directly to an exposure draft (ED) (tentatively scheduled for issue March 2006) dealing with “Objectives” and “Qualitative Characteristics”, rather than first issuing a discussion paper as was initially contemplated. There is a concern that this will provide less opportunity for the national standards setters and others to influence the material from a public sector/not for profit entity perspective.
- The Preface to the IPSASs notes that Government Business Enterprises (GBEs) apply IFRSs. The current IASB-FASB work does not highlight any matters that might be of particular importance for GBEs and it is not clear whether the IASB-FASB will explicitly consider whether social policy obligations, the legislative framework, and/or compliance or other matters might impact on the operations of GBEs raise issues that need to be considered/identified in the development of the IASB Conceptual Framework; The IPSASB has written to the IASB to raise this matter.
- Whether there should be differences in objectives, user information needs and qualitative characteristics for smaller or non-publicly accountable entities (NPAEs). No differences

are identified at this stage. The Consultant expresses concern that the consideration of this area has not been as thorough as it might have been. (All discussion, of course, is in the context of private sector business entities).

- The explanation of the qualitative characteristics components and process has improved with further development, and the approach itself is supported. However, it needs further development from both standards setters and preparer perspectives before it is ready for exposure.
- Papers considered by the Boards do not identify the role/authority of the framework in GAAP hierarchy.

Communications between NSS and the IASB-FASB

In October 2005, the Chairs and senior staff of the NSS wrote to the IASB proposing that the IASB consider the applicability of the framework material to not-for-profit entities as part of its ongoing review, rather than at the end of the project. This proposal was discussed by the IASB but ultimately rejected.



Paris 25 January 2006

Sir David Tweedie
Chair
International Accounting Standards Board
30 Cannon Street
London EC4M 6XH
United Kingdom

Dear David

Applicability of IASB Framework to Government Business Enterprises

I am writing to bring to your attention a matter that the International Public Sector Accounting Standards Board (IPSASB) believes should be considered in the IASB-FASB joint project to update the IASB Framework for the Preparation and Presentation of Financial Statements (the conceptual framework project).

The “Preface to International Public Sector Accounting Standards” issued by the IPSASB explains that Government Business Enterprises (GBEs), which are profit-oriented enterprises, should apply IFRSs. This is consistent with the “Preface to International Financial Reporting Standards”, which explains that IFRSs are designed to apply to all profit-oriented entities. However, while profit-oriented, GBEs are also often subject to the achievement of social policy or service delivery outcomes specified by governments. The achievement of these social policy or service delivery outcomes can impact on the capacity of GBEs to generate cash flows and profits.

The IPSASB is of the view that it is important that the IASB explicitly consider whether social policy or service delivery obligations that may be imposed on GBEs by governments raise specific issues that need to be dealt with in this round of the IASB’s review of its Framework. I also believe that it is important that the outcome of the IASB’s deliberations on this matter should be made clear in any relevant discussion paper or exposure draft. This will serve to engage your GBE constituency and ensure that you receive broad based input on proposed amendments to the Framework.

As you are aware a group of National Standards Setters (NSS) has been monitoring progress on the joint conceptual framework project for implications for entities in the public sector and not-for-profit sector (public benefit entities). An IPSASB subcommittee is an observer on that NSS group and has been advising the full IPSASB of progress and potential implications for public sector entities. I believe that the NSS papers already forwarded to the IASB identify this concern. However, if you require any further information, do not hesitate to contact myself or Paul Sutcliffe, IPSASB Technical Director.

Best regards.

Philippe Adhémar
Chair
International Public Sector Accounting Standards Board