

Agenda Item 8: Government Business Enterprises

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IPSASB Meeting

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Objective of Session & Material Presented (Cover Memo para 1)

- **Objective**

- **Review and approve** the Exposure Draft (ED) 56, *The Applicability of IPSASs to Public Sector Entities*

- **Material Presented**

Agenda Item 8.1 Issues Paper, *Government Business Enterprises*

Agenda Item 8.2 Exposure Draft (ED) 56, *The Applicability of IPSASs to Public Sector Entities*

Background

(Issues Paper paras 2-5)

August 2014 – Consultation Paper (CP), *The Applicability of IPSASs to Government Business Enterprises and Other Public Sector Entities*

March 2015 – Review of responses

IPSASB's decision:

Provide the characteristics of public sector entities for which IPSASs are intended using IPSASB's literature and delete the Government Business Enterprise (GBE) definition

Significant Issues

(Issues Paper paras 6-7)

- 1) The title of ED 56;
- 2) Revision to the *Preface to International Public Sector Accounting Standards* (Preface);
- 3) Deletion of references to GBEs in the scope sections of IPSASs and Recommended Practice Guidelines (RPGs);
- 4) Deletion of the definition of a GBE and supporting grey letter text in paragraph 12 in IPSAS 1, *Presentation of Financial Statements*, and other revisions to IPSASs and RPGs; and,
- 5) Exposure period for ED 56.

Issue (1) – Title of ED 56 (Issues Paper paras 8-10)

- ED 56, *The Applicability of IPSASs to Public Sector Entities*
- **Reasons:**
 - Title better reflects the purpose of the ED -> communicate a positive description of the characteristics of public sector entities for which IPSASs are intended
 - The ED is a later phase in the development of this project:
 - Initial focus of the project was on GBEs (CP phase);
 - Project focus changed to broader applicability of IPSASs without reference to GBEs (ED phase).

Matter for Consideration 1

- **Confirm** the title of ED 56, *The Applicability of IPSASs to Public Sector Entities*, or provide alternative directions.

Issue (2) – Revision to the *Preface* (Issues Paper paras 11)

- No requirement for revision to the *Preface* to be exposed for comment
- IPSASB's due process only requires approval by IPSASB
- Changes to the Preface shown in the *Executive Summary* of the ED

Matter for Consideration 2

- **Review** and **approve** the proposed revision to the *Preface*, provided in Appendix A.

Issue (3) – Deletion of references to GBEs (Issues Paper paras 12-16)

- Staff proposes the deletion of standard paragraphs:

- Scope section of IPSASs

~~This Standard applies to all public sector entities other than Government Business Enterprises.~~

~~The Preface to International Public Sector Accounting Standards issued by the IPSASB explains that Government Business Enterprises (GBEs) apply IFRSs issued by the IASB. GBEs are defined in IPSAS 1, Presentation of Financial Statements.~~

- Scope section of RPGs

~~This RPG is applicable to all public sector entities other than Government Business Enterprises (GBEs).~~

Issue (3) – Deletion of references to GBEs (Issues Paper paras 12-16)

- IPSAS 22, *Disclosure of Financial Information about the General Government Sector*

Scope

...

3. Governments raise funds from taxes, transfers, and a range of nonmarket and market activities to fund their service delivery activities. They operate through a variety of entities to provide goods and services to their constituents. Some entities rely primarily on appropriations or allocations from taxes or other government revenues to fund their service delivery activities, but may also undertake additional revenue-generating activities, including commercial activities in some cases. Other entities may generate their funds primarily or substantially from commercial activities. ~~These include government business enterprises (GBEs) as defined in IPSAS 1, *Presentation of Financial Statements*.~~

Issue (3) – Deletion of references to GBEs (Issues Paper paras 12-16)

- IPSAS 24, *Presentation of Budget Information in Financial Statements*

Scope

...

3. This Standard applies to public sector entities, ~~other than Government Business Enterprises,~~ with the characteristics described in paragraph 10 of the *Preface to International Public Sector Accounting Standards*, which are required or elect to make their approved budget(s) publicly available.

Matter for Consideration 3

- **Approve** staff's proposals:
 - (a) To remove the black and grey letter references to GBEs in the scope sections of IPSASs and RPGs;
 - (b) To remove the reference to GBEs in paragraph 3 of IPSAS 22; and,
 - (c) To revise paragraph 3 of IPSAS 24;

or, provide alternative directions.

Issue (4) – Approach for Cash Basis IPSAS (Issues Paper paras 17)

- IPSAS, *Financial Reporting under the Cash Basis of Accounting* (the Cash Basis IPSAS) is currently under revision by the IPSASB
- The proposed changes to this IPSAS are presented in ED 56, but they will not be included in the published ED 56 as they will be exposed in the ED that emerges from the IPSASB project to review the Cash Basis IPSAS.

Matter for Consideration 4

Review and **approve** ED 56, *The Applicability of IPSASs to Public Sector Entities*; and,

Note that the changes to IPSAS, *Financial Reporting under the Cash Basis of Accounting*, will not be part of the published ED 56.

Issue (5) – Exposure Period—Four months (Issues Paper paras 17)

- The standard consultation period for EDs is four months.
- Staff considers that four months is appropriate for a document of this size and complexity.

Matter for Consideration 5

- **Confirm** an exposure period of four months.



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