

## Agenda Item 11: Revenue – IPSAS 23 Update

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IPSASB Meeting

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## Objective of Session

- To consider the EFRAG Discussion Paper, *Non-Exchange Transfers: A Role for Societal Benefit*
- To review a marked up version of an updated IPSAS 23 and provide feedback to staff

## Background

- Transactions with intentions/expectations (restrictions) – recognize when receivable and to use enhanced display/disclosure to communicate these restrictions
- Does not resolve concerns raised in CP, *Accounting for Revenue and Non-Exchange Expenses* re day one gains

## EFRAG Paper - Purpose

- Purpose is to promote debate regarding transactions not of equal value (non-exchange transactions) – are there differentiating characteristics that may warrant a specific accounting treatment
- If so, the possible features of that accounting treatment

# EFRAG Paper – 4 Step Approach – Step 1

Step 1: - Does the transfer impose a performance-related condition on the recipient of the resources?

IPSASB staff comment:  
Step 1 is consistent with the approach proposed for PSPOA

No – Go to Step 2

Yes

- Income-generating transfers are recognized as the entity performs
- Expense-generating transfers are recognized as the entity consumes the good or service

## EFRAG Paper – 4 Step Approach – Step 2

Step 2: - Is the transfer linked to an underlying activity conducted or to be conducted?

IPSASB staff comment:

This approach should be consider when developing options for Capital Grants etc.

No – Go to Step 3

Yes

- Recognize when or as the underlying activity is performed.

## EFRAG Paper – 4 Step Approach – Step 3

Step 3: - Do the Non-Exchange Transfers occur on a recurring basis?

IPSASB staff comment:  
May be appropriate for recognizing revenue with restrictions

No – Go to Step 4

Yes

- Recognize on a straight-line basis between two payment dates.

## EFRAG Paper – 4 Step Approach – Step 4

Step 4: - All other transfers within the scope not addressed in steps 1-3

- Follow the general recognition requirements for assets and liabilities.

## Questions for the Board

Does the Board agree that the proposed approach in Step 2 be considered when staff develop proposals for Capital and other Grants?

Does the Board agree that the proposed approach in Step 3 could be considered for transactions with restrictions?

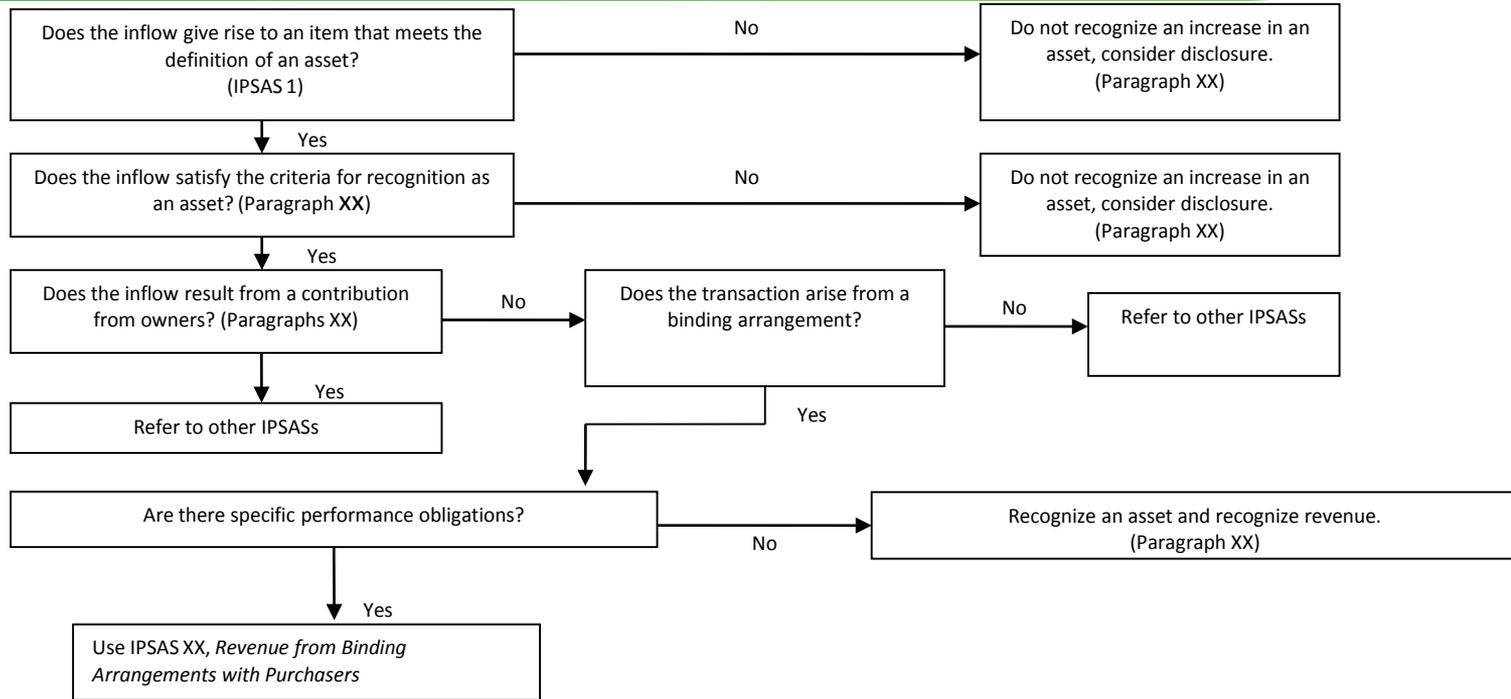
## Updating IPSAS 23

- Alternate term for ‘exchange transactions’ and ‘non-exchange transactions’
- Updated Flowchart
- Areas marked up to be amended or deleted.

# Updating IPSAS 23 - Terminology

- Need to replace ‘exchange’ and ‘non-exchange’
- Staff suggest:
  - Transactions with performance obligations
  - Transactions without performance obligations

# Updating IPSAS 23 - Flowchart



## Updating IPSAS 23 – Marked up areas

- Staff has indicated which areas they consider will need amending or deleting
  - Amend all reference to exchange and non-exchange
  - Add a section on grants – e.g., Capital and Research grants

## Questions for the Board

### The IPSASB is asked whether it agrees with:

- Staff that the terms ‘transactions with performance obligations’ and ‘transactions without performance obligations’ are appropriate to replace ‘exchange transactions’ and ‘non-exchange transactions’;
- The revised flowchart in the marked up updated IPSAS 23;
- The areas indicated to be amended or deleted in the marked-up updated IPSAS 23?



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