

PROJECT HISTORY

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Staff presented an Issues Paper which outlined proposals to replace IPSAS 9, *Revenue from Exchange Transactions* and IPSAS 11, *Construction Contracts* with an IPSAS that is primarily based on the IASB pronouncement from IFRS 15, *Revenue from Contracts with Customers*. This paper also considered how the requirements of IFRS 15 could be expanded to be applied to the Public Sector Performance Obligation Approach (PSPOA).

Revenue – IFRS 15 alignment

The IPSASB approved the scope of a draft ED and clarified the definition of ‘a binding arrangement’. The draft ED will provide requirements and guidance for transactions that would be within the scope of IFRS 15 and transactions that can be addressed through the Public Sector Performance Obligation. The IPSASB considered the terminology in IFRS 15 from a public sector perspective and decided that the term ‘purchaser’ should replace ‘customer’. In light of this decision, Staff will consider a suitable title for the draft ED. Explanatory text in the Application Guidance or Basis for Conclusion of the Standard will highlight the rationale of the decisions made by the IPSASB.

Revenue – Grants and Transfers

The IPSASB tentatively decided that enforceable transactions would be accounted for under the Public Sector Performance Obligation Approach (PSPOA) and that transactions that are not enforceable but have intentions/expectations are to be recognized when the revenue is receivable but are to communicate these intentions/expectations via enhanced display/disclosure. Staff are to provide the IPSASB with examples of this enhanced display/disclosure at a future meeting.

Staff were also instructed to:

- Develop guidance on when an entity has control of a resource which is to include discussions on:
 - Appropriations;
 - Budgets; and
 - Multi-year funding;
- Assess whether an IPSAS 23 ‘condition’ is equivalent to an IFRS 15 ‘performance obligation’;
- Provide the drafting for ‘enforceability’ to be included in the IFRS 15 based standard (*Revenue from Binding Arrangements*), based on the discussions at the September 2018 meeting; and
- Develop a draft of the [draft] *Revenue from Binding Arrangements* including the application guidance for the public sector.