

**Final Pronouncement**  
*April 2016*

**IPSAS™**

*International Public Sector Accounting Standard*

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# The Applicability of IPSASs

**IPSASB**

International Public  
Sector Accounting  
Standards Board®

This document was developed and approved by the International Public Sector Accounting Standards Board® (IPSASB®).

The objective of the IPSASB is to serve the public interest by setting high-quality public sector accounting standards and by facilitating the adoption and implementation of these, thereby enhancing the quality and consistency of practice throughout the world and strengthening the transparency and accountability of public sector finances.

In meeting this objective the IPSASB sets International Public Sector Accounting Standards™ (IPSAS™) and Recommended Practice Guidelines (RPGs) for use by public sector entities, including national, regional, and local governments, and related governmental agencies.

IPSAS relate to the general purpose financial statements (financial statements) and are authoritative. RPGs are pronouncements that provide guidance on good practice in preparing general purpose financial reports (GPFRs) that are not financial statements. Unlike IPSAS RPGs do not establish requirements. Currently all pronouncements relating to GPFRs that are not financial statements are RPGs. RPGs do not provide guidance on the level of assurance (if any) to which information should be subjected.

The structures and processes that support the operations of the IPSASB® are facilitated by the International Federation of Accountants® (IFAC®).

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# THE APPLICABILITY OF IPSASS

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## **Objective**

1. The objective of this Standard is to remove the Government Business Enterprise definition in IPSAS 1, *Presentation of Financial Statements* and propose consequential amendments in IPSASs and RPGs.

## **IPSASs and RPGs Addressed**

2. This Standard applies to all extant IPSASs and RPGs as of December 31, 2015.

## Amendments to IPSAS 1, *Presentation of Financial Statements*

Paragraphs 5, 6 and 12 are deleted. Paragraph 153I is added. Paragraphs 7 and 97 are amended. New text is underlined and deleted text is struck through.

### Scope

...

5. ~~This Standard applies to all public sector entities other than Government Business Enterprises. [Deleted]~~

6. ~~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 paragraph 7 below. [Deleted]~~

### Definitions

7. The following terms are used in this Standard with the meanings specified:

...

~~**Government Business Enterprise** means an entity that has all the following characteristics:~~

~~(a) Is an entity with the power to contract in its own name;~~

~~(b) Has been assigned the financial and operational authority to carry on a business;~~

~~(c) Sells goods and services, in the normal course of its business, to other entities at a profit or full cost recovery;~~

~~(d) Is not reliant on continuing government funding to be a going concern (other than purchases of outputs at arm's length); and~~

~~(e) Is controlled by a public sector entity.~~

...

### Government Business Enterprises

12. ~~GBEs include both trading enterprises, such as utilities, and financial enterprises, such as financial institutions. GBEs are, in substance, no different from entities conducting similar activities in the private sector. GBEs generally operate to make a profit, although some may have limited community service obligations under which they are required to provide some individuals and organizations in the community with goods and services at either no charge or a significantly reduced charge. IPSAS 35 provides guidance on determining whether control exists for financial reporting purposes, and should be referred to in determining whether a GBE is controlled by another public sector entity. [Deleted]~~

...

### Structure and Content

...

## Statement of Financial Position

...

*Information to be presented either on the Face of the Statement of Financial Position or in the Notes*

...

97. In some cases, there may be a non-controlling interest in the net assets/equity of the entity. For example, at the whole-of-government level, the economic entity may include a ~~GBE~~ commercial public sector entity that has been partly privatized. Accordingly, there may be private shareholders who have a financial interest in the net assets/equity of the entity.

...

## Effective Date

...

- 153l. Paragraphs 5, 6 and 12 were deleted and paragraphs 7 and 97 were amended by *The Applicability of IPSASs*, issued in April 2016. An entity shall apply those amendments for annual financial statements covering periods beginning on or after January 1, 2018. Earlier application is encouraged. If an entity applies the amendments for a period beginning before January 1, 2018, it shall disclose that fact.

...

## Basis for Conclusions

*This Basis for Conclusions accompanies, but is not part of, IPSAS 1.*

...

## **Revision of IPSAS 1 as a result of the IPSASB's *The Applicability of IPSASs*, issued in April 2016**

### Background

- BC17. IPSAS 1 included the following definition of a Government Business Enterprise (GBE):

*Government Business Enterprise means an entity that has all the following characteristics:*

- (a) Is an entity with the power to contract in its own name;*
- (b) Has been assigned the financial and operational authority to carry on a business;*
- (c) Sells goods and services, in the normal course of its business, to other entities at a profit or full cost recovery;*
- (d) Is not reliant on continuing government funding to be a going concern (other than purchases of outputs at arm's length); and*
- (e) Is controlled by a public sector entity.*

- BC18. The purpose of the definition was to exclude commercial public sector entities that met the above definition of a GBE from the scope of IPSASs. However, feedback received by the IPSASB indicated that there is a wide range of entities being described as GBEs, some of which clearly do not meet the IPSASB definition of a GBE. There also appeared to be different interpretations of components of the definition.

- BC19. To address this problem, in August 2014 the IPSASB issued a Consultation Paper (CP), *The Applicability of IPSASs to Government Business Enterprises and Other Public Sector Entities*. The CP proposed two main approaches to communicate its policy on the public sector entities for which it is developing accounting standards and on GBEs.
- BC20. Approach 1 proposed (i) deleting the definition of a GBE; and (ii) providing a high-level description of the characteristics of public sector entities for which IPSASs are intended. This approach had two options: using the IPSASB's current and developing literature (Option 1a) or using Government Finance Statistics (GFS) reporting guidelines and explanatory guidance (Option 1b).
- BC21. Under Option 1a, the IPSASB would describe the characteristics of the public sector entities in the following way:
- IPSASs are designed to apply to entities that:
- (a) Are responsible for the delivery of services<sup>1</sup> to the public with assets held primarily for their service potential and/or to make transfer payments to redistribute income and wealth;
  - (b) Finance their activities, directly or indirectly, by means of taxes and/or transfers from other levels of government, social contributions, debt or fees and do not have capital providers that are seeking a return on their investment or a return of the investment.
- BC22. Approach 2 proposed retaining and modifying the definition of a GBE in IPSAS 1 in order to resolve problems in its application, and proposed two options for the definition's modification. Option 2a proposed clarifying the current definition of a GBE and Option 2b proposed narrowing the existing definition of a GBE.
- BC23. The IPSASB expressed a unanimous Preliminary View in the CP that Approach 1 was most appropriate because it focuses on the characteristics of public sector entities for which IPSASs are intended. A majority of IPSASB members supported Option 1a because it is a high level, principles-based approach that draws on the *Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities (the Conceptual Framework)*, and acknowledges the role of regulators and other relevant authorities in determining which entities should apply IPSASs.
- BC24. There was strong support from respondents for Option 1a. In general, respondents supported Option 1a for the reasons stated in the previous paragraph. Some respondents also gave additional reasons for supporting Option 1a. These reasons included reliance on the literature of a third-party over which the IPSASB has no control, and the possibility of inconsistency with the IPSASB's own literature, which were identified as risks with Option 1b.
- BC25. Respondents' reasons for not supporting Option 1a included:
- (a) A lack of resource capacity of regulators in less developed countries, making it difficult to develop detailed criteria for reporting requirements;
  - (b) Different national regulators using different criteria, which would reduce consistency between jurisdictions; and

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<sup>1</sup> Services encompasses goods and services.



- (c) The complexities of public sector entities compared with private sector entities that demand a different approach to the determination of reporting requirements.

BC26. In coming to its decision, the IPSASB considered:

- (a) The role of regulators in determining the accounting framework for public sector entities in their jurisdiction may vary;
- (b) The alignment between IPSASs and GFS reporting guidelines;
- (c) The meaning of the term “public sector” with reference to the *Preface to the Conceptual Framework*;
- (d) How holding assets for service potential instead of for cash generation is a distinctive characteristic of public sector entities for which IPSASs are intended; and
- (e) Replacing the term government business enterprise with the terms “commercial entities” and “commercial public sector entities”, where appropriate.

*The role of regulators and other relevant authorities*

BC27. The IPSASB acknowledged that regulators and other relevant authorities might form different views from the IPSASB on the applicability of IPSASs in each jurisdiction. Many jurisdictions develop their own criteria to decide which entities should apply IPSASs. These criteria may vary for legal, economic or fiscal reasons. Therefore, the IPSASB is of the view that a principles-based approach is appropriate, because that approach allows flexibility in each jurisdiction.

*Alignment between IPSASs and GFS reporting guidelines*

BC28. The IPSASB has a policy of reducing unnecessary differences between IPSASs and GFS reporting guidelines, where appropriate. The IPSASB decided that, on the issue of the applicability of IPSASs, the objectives of financial reporting are better served by developing characteristics that are based on the IPSASB’s current and developing literature over which it has control rather than relying on third-party guidelines.

*The meaning of the term “public sector”*

BC29. According to paragraph 1.8 of the *Conceptual Framework*, the term “public sector” includes national, regional, state/provincial and local governments. It also includes international governmental organizations. The IPSASB acknowledges that the public sector also includes other entities that seek a return on equity to investors. IPSASs are not intended to apply to the general purpose financial reports of this type of entity. However, when they are included in consolidated financial statements by a controlling entity that applies IPSASs, appropriate adjustments are made to ensure conformity with the economic entity’s accounting policies. Therefore, the IPSASB is of the view that the term public sector is related to single and group entities as described in the *Conceptual Framework*.

*Assets held for service potential*

BC30. The IPSASB is of the view that the description “are responsible for the delivery of services<sup>2</sup> to the public” provided in the *Preface to International Public Sector Accounting Standards* indicates that IPSASs are intended for public sector entities that hold assets primarily for service potential rather than the generation of cash flows.

*Commercial entities and commercial public sector entities*

BC31. The IPSASB was of the view that only removing the term “GBE” would leave a vacuum in the IPSASB’s literature because the public sector comprises not only entities for which IPSASs are designed, but also commercial entities. Therefore, the IPSASB proposed to replace the term “GBE” with the term “commercial public sector entities” and “commercial entities”, where appropriate.

*Modification of Preface to International Public Sector Accounting Standards*

BC32. In August 2015, the IPSASB issued Exposure Draft (ED) 56, *The Applicability of IPSASs*. The ED reflected the IPSASB’s decision to delete the definition of a GBE from IPSAS 1 and from other IPSASs and RPGs. The IPSASB considered that this approach best serves the public interest because it removes a definition that has been ambiguous and difficult to implement, and describes the characteristics of public sector entities for which IPSASs are designed. The IPSASB proposed to provide this description in the *Preface to International Public Sector Accounting Standards* and to base that proposed description on the IPSASB’s literature. Although not subject to the IPSASB’s due process, the IPSASB made the revised characteristics available in the Executive Summary of ED 56.

*Responses to the ED*

BC33. Overall respondents supported the proposed approach and most of the comments related to:

- (a) The characteristics of public sector entities in paragraph 10 of the Preface to IPSASs;
- (b) The use of wording “commercial entities” and “commercial public sector entities”; and
- (c) Other amendments to IPSASB’s literature.

*Characteristics of public sector entities in paragraph 10 of the Preface to IPSASs*

BC34. The characteristics of public sector entities in paragraph 10 of the Preface to IPSASs have been amended to reflect the IPSASB’s agreement with respondents’ suggestions to increase consistency with the *Conceptual Framework*, while retaining a principles-based approach to the description of those characteristics.

BC35. Some respondents questioned whether the reference to “capital providers” in paragraph 10(b) should be amended to “equity providers” to be consistent with terminology in the *Conceptual Framework*. Other respondents indicated that the reference to “capital providers” is not necessary, as it is clear that entities should not have a profit objective. The IPSASB agreed with this suggestion and decided to delete the reference to “capital providers”.

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<sup>2</sup> Services encompasses goods and services.

Commercial public sector entities

BC36. In the ED, the IPSASB proposed replacing the term “GBE” with the terms “commercial public sector entities” and “commercial entities”. The term “commercial entities” was used for economy of expression in those contexts where the IPSASB considered it clear that the discussion was about the public sector. However, some respondents were of the view that having different terms for the same type of entity might create confusion. The IPSASB decided therefore to replace the term “GBE” with one term - “commercial public sector entities” - and acknowledge that regulators can interpret the term taking account of jurisdictional factors.

Other amendments to IPSASB’s literature

BC37. Some respondents suggested focusing IPSASs on the public sector entities for which they are designed by removing the wording “other than GBEs” from the IPSASB literature. The ED had proposed the wording “other than commercial entities”. The IPSASB agreed with respondents’ suggestion and has removed the wording because it is in accordance with the ED’s approach of communicating the public sector entities for which IPSASs are designed in a positive way, rather than focusing attention on entities for which IPSASs are not intended, which include commercial public sector entities.

BC38. Other respondents proposed changes to IPSASB’s literature that had previously been discussed, including:

- Provide explanation for borderline cases—Some constituents suggested more explanation about the distinction between “pure” public sector entities and “pure” profit seeking entities. For example, a public sector entity might not be profit seeking but may have profits. The IPSASB is of view that regulators may decide which entities apply IPSASs.
- Change of objectives may imply change of the applicability of IPSASs—The IPSASB is of the view that regulators have a role to develop the transitional requirements when public sector entities change their accounting framework.

**Implementation Guidance**

...

**Public Sector Entity—Statement of Accounting Policies (Extract)**

*Reporting Entity*

These financial statements are for a public sector entity (national government of Country A). The financial statements encompass the reporting entity as specified in the relevant legislation (Public Finance Act 20XX). This comprises:

- Central government ministries; and
- ~~Government Business Enterprises~~ Commercial public sector entities.

**Amendments to IPSAS 2, Cash Flow Statements**

Paragraphs 3, 4 and 16 are deleted. Paragraph 63E is added. New text is underlined and deleted text is struck through.

## Scope

...

~~3. This Standard applies to all public sector entities other than Government Business Enterprises. [Deleted]~~

~~4. 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*. [Deleted]~~

...

## Definitions

...

### Government Business Enterprises

~~16. GBEs include both trading enterprises, such as utilities, and financial enterprises, such as financial institutions. GBEs are, in substance, no different from entities conducting similar activities in the private sector. GBEs generally operate to make a profit, although some may have limited community service obligations under which they are required to provide some individuals and organizations in the community with goods and services at either no charge or a significantly reduced charge. IPSAS 6, *Consolidated and Separate Financial Statements*, provides guidance on determining whether control exists for financial reporting purposes, and should be referred to in determining whether a GBE is controlled by another public sector entity. [Deleted]~~

...

## Effective Date

...

~~63E. Paragraphs 3, 4 and 16 were deleted by *The Applicability of IPSASs*, issued in April 2016. An entity shall apply those amendments for annual financial statements covering periods beginning on or after January 1, 2018. Earlier application is encouraged. If an entity applies the amendments for a period beginning before January 1, 2018, it shall disclose that fact.~~

...

## Basis for Conclusions

*This Basis for Conclusions accompanies, but is not part of, IPSAS 2.*

...

### **Revision of IPSAS 2 as a result of the IPSASB's *The Applicability of IPSASs*, issued in April 2016**

~~BC2. The IPSASB issued *The Applicability of IPSASs* in April 2016. This pronouncement amends references in all IPSASs as follows:~~

- ~~(a) Removes the standard paragraphs about the applicability of IPSAS to "public sector entities other than GBEs" from the scope section of each Standard;~~

- (b) Replaces the term “GBE” with the term “commercial public sector entities”, where appropriate; and
- (c) Amends paragraph 10 of the *Preface to International Public Sector Accounting Standards* by providing a positive description of public sector entities for which IPSASs are designed.

The reasons for these changes are set out in the Basis for Conclusions to IPSAS 1.

## **Amendments to IPSAS 3, *Accounting Policies, Changes in Accounting Estimates and Errors***

Paragraphs 5 and 6 are deleted. Paragraph 59D is added. New text is underlined and deleted text is struck through.

### **Scope**

...

- 5. ~~This Standard applies to all public sector entities other than Government Business Enterprises.~~ [Deleted]
- 6. ~~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*.~~ [Deleted]

...

### **Effective Date**

...

- 59D. Paragraphs 5 and 6 were deleted by *The Applicability of IPSASs*, issued in April 2016. An entity shall apply those amendments for annual financial statements covering periods beginning on or after January 1, 2018. Earlier application is encouraged. If an entity applies the amendments for a period beginning before January 1, 2018, it shall disclose that fact.

...

### **Basis for Conclusions**

*This Basis for Conclusions accompanies, but is not part of, IPSAS 3.*

...

### **Revision of IPSAS 3 as a result of the IPSASB’s *The Applicability of IPSASs*, issued in April 2016**

- BC15. The IPSASB issued *The Applicability of IPSASs* in April 2016. This pronouncement amends references in all IPSASs as follows:
  - (a) Removes the standard paragraphs about the applicability of IPSAS to “public sector entities other than GBEs” from the scope section of each Standard;
  - (b) Replaces the term “GBE” with the term “commercial public sector entities”, where appropriate; and

- (c) Amends paragraph 10 of the *Preface to International Public Sector Accounting Standards* by providing a positive description of public sector entities for which IPSASs are designed.

The reasons for these changes are set out in the Basis for Conclusions to IPSAS 1.

## **Amendments to IPSAS 4, *The Effects of Changes in Foreign Exchange Rates***

Paragraphs 6 and 7 are deleted. Paragraph 71C is added. Paragraph 13 is amended. New text is underlined and deleted text is struck through.

### **Scope**

...

- ~~6. **This Standard applies to all public sector entities other than Government Business Enterprises.** [Deleted]~~

- ~~7. 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*. [Deleted]~~

...

### **Definitions**

...

### **Functional Currency**

...

13. The following additional factors are considered in determining the functional currency of a foreign operation, and whether its functional currency is the same as that of the reporting entity (the reporting entity, in this context, being the entity that has the foreign operation as its controlled entity, branch, associate, or joint arrangement):
- (a) Whether the activities of the foreign operation are carried out as an extension of the reporting entity, rather than being carried out with a significant degree of autonomy. An example of the former is when a department of defense has a number of overseas bases that conduct activities on behalf of a national government. The defense bases might conduct their activities substantially in the functional currency of the reporting entity. For example, military personnel may be paid in the functional currency and receive only a small allowance in local currency. Purchases of supplies and equipment might be largely obtained via the reporting entity, with purchases in local currency being kept to a minimum. Another example would be an overseas campus of a public university that operates under the management and direction of the domestic campus. In contrast, a foreign operation with a significant degree of autonomy may accumulate cash and other monetary items, incur expenses, generate revenue, and perhaps arrange borrowings, all substantially in its local currency. Some examples of government-owned foreign operations that may operate independently of other government agencies include tourist

offices, petroleum exploration companies, trade boards, and broadcasting operations. Such entities may be established as ~~GBEs~~ commercial public sector entities.

- (b) Whether transactions with the reporting entity are a high or a low proportion of the foreign operation's activities.
- (c) Whether cash flows from the activities of the foreign operation directly affect the cash flows of the reporting entity and are readily available for remittance to it.
- (d) Whether cash flows from the activities of the foreign operation are sufficient to service existing and normally expected debt obligations without funds being made available by the reporting entity.

...

## Effective Date

...

71C. Paragraphs 6 and 7 were deleted and paragraph 13 was amended by *The Applicability of IPSASs*, issued in April 2016. An entity shall apply those amendments for annual financial statements covering periods beginning on or after January 1, 2018. Earlier application is encouraged. If an entity applies the amendments for a period beginning before January 1, 2018, it shall disclose that fact.

...

## Basis for Conclusions

*This Basis for Conclusions accompanies, but is not part of, IPSAS 4.*

...

### **Revision of IPSAS 4 as a result of the IPSASB's *The Applicability of IPSASs*, issued in April 2016**

BC6. The IPSASB issued *The Applicability of IPSASs* in April 2016. This pronouncement amends references in all IPSASs as follows:

- (a) Removes the standard paragraphs about the applicability of IPSAS to "public sector entities other than GBEs" from the scope section of each Standard;
- (b) Replaces the term "GBE" with the term "commercial public sector entities", where appropriate; and
- (c) Amends paragraph 10 of the *Preface to International Public Sector Accounting Standards* by providing a positive description of public sector entities for which IPSASs are designed.

The reasons for these changes are set out in the Basis for Conclusions to IPSAS 1.

## Amendments to IPSAS 5, *Borrowing Costs*

Paragraphs 2, 3 and 11 are deleted. Paragraph 42C is added. New text is underlined and deleted text is struck through.

## Scope

...

~~2. This Standard applies to all public sector entities other than Government Business Enterprises. [Deleted]~~

~~3. 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. [Deleted]~~

## Definitions

...

### Government Business Enterprises

~~11. GBEs include both trading enterprises, such as utilities, and financial enterprises, such as financial institutions. GBEs are, in substance, no different from entities conducting similar activities in the private sector. GBEs generally operate to make a profit, although some may have limited community service obligations under which they are required to provide some individuals and organizations in the community with goods and services at either no charge or a significantly reduced charge. IPSAS 6, Consolidated and Separate Financial Statements, provides guidance on determining whether control exists for financial reporting purposes, and should be referred to in determining whether a GBE is controlled by another public sector entity. [Deleted]~~

...

## Effective Date

...

~~42C. Paragraphs 2, 3 and 11 were deleted by *The Applicability of IPSASs*, issued in April 2016. An entity shall apply those amendments for annual financial statements covering periods beginning on or after January 1, 2018. Earlier application is encouraged. If an entity applies the amendments for a period beginning before January 1, 2018, it shall disclose that fact.~~

...

## Basis for Conclusions

*This Basis for Conclusions accompanies, but is not part of, IPSAS 5.*

### **Revision of IPSAS 5 as a result of the IPSASB's *The Applicability of IPSASs*, issued in April 2016**

~~BC1. The IPSASB issued *The Applicability of IPSASs* in April 2016. This pronouncement amends references in all IPSASs as follows:~~

- ~~(a) Removes the standard paragraphs about the applicability of IPSAS to "public sector entities other than GBEs" from the scope section of each Standard;~~
- ~~(b) Replaces the term "GBE" with the term "commercial public sector entities", where appropriate; and~~
- ~~(c) Amends paragraph 10 of the *Preface to International Public Sector Accounting Standards* by providing a positive description of public sector entities for which IPSASs are designed.~~



The reasons for these changes are set out in the Basis for Conclusions to IPSAS 1.

## **Amendments to IPSAS 9, *Revenue from Exchange Transactions***

Paragraphs 2 and 3 are deleted. Paragraph 41C is added. New text is underlined and deleted text is struck through.

### **Scope**

...

~~2. This Standard applies to all public sector entities other than Government Business Enterprises. [Deleted]~~

~~3. 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*. [Deleted]~~

...

### **Effective Date**

...

41C. Paragraphs 2 and 3 were deleted by *The Applicability of IPSASs*, issued in April 2016. An entity shall apply those amendments for annual financial statements covering periods beginning on or after January 1, 2018. Earlier application is encouraged. If an entity applies the amendments for a period beginning before January 1, 2018, it shall disclose that fact.

...

### **Basis for Conclusions**

*This Basis for Conclusions accompanies, but is not part of, IPSAS 9.*

#### **Revision of IPSAS 9 as a result of the IPSASB's *The Applicability of IPSASs*, issued in April 2016**

BC1. The IPSASB issued *The Applicability of IPSASs* in April 2016. This pronouncement amends references in all IPSASs as follows:

- (a) Removes the standard paragraphs about the applicability of IPSAS to "public sector entities other than GBEs" from the scope section of each Standard;
- (b) Replaces the term "GBE" with the term "commercial public sector entities", where appropriate; and
- (c) Amends paragraph 10 of the *Preface to International Public Sector Accounting Standards* by providing a positive description of public sector entities for which IPSASs are designed.

The reasons for these changes are set out in the Basis for Conclusions to IPSAS 1.

## **Amendments to IPSAS 10, *Financial Reporting in Hyperinflationary Economies***

Paragraphs 2 and 3 are deleted. Paragraph 38D is added. New text is underlined and deleted text is struck through.

## Scope

...

~~2. This Standard applies to all public sector entities other than Government Business Enterprises. [Deleted]~~

~~3. 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*. [Deleted]~~

...

## Effective Date

...

~~38D. Paragraphs 2 and 3 were deleted by *The Applicability of IPSAS*, issued in April 2016. An entity shall apply those amendments for annual financial statements covering periods beginning on or after January 1, 2018. Earlier application is encouraged. If an entity applies the amendments for a period beginning before January 1, 2018, it shall disclose that fact.~~

...

## Basis for Conclusions

*This Basis for Conclusions accompanies, but is not part of, IPSAS 10.*

...

### **Revision of IPSAS 10 as a result of the IPSASB's *The Applicability of IPSASs*, issued in April 2016**

~~BC2. The IPSASB issued *The Applicability of IPSASs* in April 2016. This pronouncement amends references in all IPSASs as follows:~~

- ~~(a) Removes the standard paragraphs about the applicability of IPSAS to “public sector entities other than GBEs” from the scope section of each Standard;~~
- ~~(b) Replaces the term “GBE” with the term “commercial public sector entities”, where appropriate; and~~
- ~~(c) Amends paragraph 10 of the *Preface to International Public Sector Accounting Standards* by providing a positive description of public sector entities for which IPSASs are designed.~~

~~The reasons for these changes are set out in the Basis for Conclusions to IPSAS 1.~~

## Amendments to IPSAS 11, *Construction Contracts*

Paragraphs 2 and 3 are deleted. Paragraph 57B is added. Paragraph 45 is amended. New text is underlined and deleted text is struck through.

## Scope

...

~~2. This Standard applies to all public sector entities other than Government Business Enterprises. [Deleted]~~

~~3. 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. [Deleted]~~

...

## Recognition of Expected Deficits

...

45. Public sector entities may enter into construction contracts that specify that the revenue intended to cover the construction costs will be provided by the other parties to the contract. This may occur where, for example:

- (a) Government departments and agencies that are largely dependent on appropriations or similar allocations of government revenue to fund their operations are also empowered to contract with ~~GBEs~~ commercial public sector entities or private sector entities for the construction of assets on a commercial or full cost recovery basis; or
- (b) Government departments and agencies transact with each other on arm's length or commercial basis as may occur under a "purchaser-provider" or similar model of government.

...

## Effective Date

...

57B. Paragraphs 2 and 3 were deleted and paragraph 45 was amended by *The Applicability of IPSASs*, issued in April 2016. An entity shall apply those amendments for annual financial statements covering periods beginning on or after January 1, 2018. Earlier application is encouraged. If an entity applies the amendments for a period beginning before January 1, 2018, it shall disclose that fact.

...

## Basis for Conclusions

*This Basis for Conclusions accompanies, but is not part of, IPSAS 11.*

### **Revision of IPSAS 11 as a result of the IPSASB's *The Applicability of IPSASs*, issued in April 2016**

BC1. The IPSASB issued *The Applicability of IPSASs* in April 2016. This pronouncement amends references in all IPSASs as follows:

- (a) Removes the standard paragraphs about the applicability of IPSAS to "public sector entities other than GBEs" from the scope section of each Standard;
- (b) Replaces the term "GBE" with the term "commercial public sector entities", where appropriate; and

- (c) Amends paragraph 10 of the *Preface to International Public Sector Accounting Standards* by providing a positive description of public sector entities for which IPSASs are designed.

The reasons for these changes are set out in the Basis for Conclusions to IPSAS 1.

## Implementation Guidance

*This guidance accompanies, but is not part of, IPSAS 11.*

### Disclosure of Accounting Policies

- IG1. The following are examples of accounting policy disclosures for a department that enters noncommercial construction contracts with other government agencies for full, partial, or no cost recovery from the other parties to the contract. The department is also empowered to enter into construction contracts with commercial public sector entities and private sector entities and ~~GBEs~~, and to enter full cost recovery construction contracts with certain state hospitals and state universities.

...

### Contract Disclosures

#### *Appropriation/Aid Funded Contracts and Full Cost Recovery Contracts*

- IG22. The Department of Works and Services was recently created as the entity to manage the construction of major buildings and roadworks for other government entities. It is funded predominantly by appropriation, but with the approval of the Minister is empowered to undertake construction projects financed by national or international aid agencies. It has its own construction capabilities and can also subcontract. With the approval of the Minister, the Department may also undertake construction work on a commercial basis for commercial public sector entities and private sector entities and ~~GBEs~~ and on a full cost recovery basis for state hospitals and state run universities.

...

#### *Commercial Contracts*

- IG26. The Division of National Construction Works has been established within the Department of Works and Services to undertake construction work on a commercial basis for ~~GBEs~~ commercial public sector entities and private sector entities at the direction, and with the approval, of the Minister. The Division has reached the end of its first year of operations. All its contract costs incurred have been paid for in cash, and all its progress billings and advances have been received in cash. Contract costs incurred for contracts B, C, and E include the cost of materials that have been purchased for the contract, but which have not been used in contract performance to date. For contracts B, C, and E, the customers have made advances to the contractor for work not yet performed.

...

## Amendments to IPSAS 12, *Inventories*

Paragraphs 4 and 5 are deleted. Paragraph 51D is added. New text is underlined and deleted text is struck through.

### Scope

...

4. ~~This Standard applies to all public sector entities other than Government Business Enterprises. [Deleted]~~

5. ~~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*. [Deleted]~~

...

### Effective Date

...

51D. Paragraphs 4 and 5 were deleted by *The Applicability of IPSASs*, issued in April 2016. An entity shall apply those amendments for annual financial statements covering periods beginning on or after January 1, 2018. Earlier application is encouraged. If an entity applies the amendments for a period beginning before January 1, 2018, it shall disclose that fact.

...

### Basis for Conclusions

*This Basis for Conclusions accompanies, but is not part of, IPSAS 12.*

...

#### **Revision of IPSAS 12 as a result of the IPSASB's *The Applicability of IPSASs*, issued in April 2016**

BC8. The IPSASB issued *The Applicability of IPSASs* in April 2016. This pronouncement amends references in all IPSASs as follows:

- (a) Removes the standard paragraphs about the applicability of IPSAS to "public sector entities other than GBEs" from the scope section of each Standard;
- (b) Replaces the term "GBE" with the term "commercial public sector entities", where appropriate; and
- (c) Amends paragraph 10 of the *Preface to International Public Sector Accounting Standards* by providing a positive description of public sector entities for which IPSASs are designed.

The reasons for these changes are set out in the Basis for Conclusions to IPSAS 1.

## Amendments to IPSAS 13, *Leases*

Paragraphs 3 and 4 are deleted. Paragraph 85D is added. New text is underlined and deleted text is struck through.

## Scope

...

~~3. This Standard applies to all public sector entities other than Government Business Enterprises. [Deleted]~~

~~4. 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*. [Deleted]~~

...

## Effective Date

...

~~85D. Paragraphs 3 and 4 were deleted by *The Applicability of IPSASs*, issued in April 2016. An entity shall apply those amendments for annual financial statements covering periods beginning on or after January 1, 2018. Earlier application is encouraged. If an entity applies the amendments for a period beginning before January 1, 2018, it shall disclose that fact.~~

...

## Basis for Conclusions

*This Basis for Conclusions accompanies, but is not part of, IPSAS 13.*

...

### **Revision of IPSAS 13 as a result of the IPSASB's *The Applicability of IPSASs*, issued in April 2016**

~~BC8. The IPSASB issued *The Applicability of IPSASs* in April 2016. This pronouncement amends references in all IPSASs as follows:~~

- ~~(a) Removes the standard paragraphs about the applicability of IPSAS to “public sector entities other than GBEs” from the scope section of each Standard;~~
- ~~(b) Replaces the term “GBE” with the term “commercial public sector entities”, where appropriate; and~~
- ~~(c) Amends paragraph 10 of the *Preface to International Public Sector Accounting Standards* by providing a positive description of public sector entities for which IPSASs are designed.~~

~~The reasons for these changes are set out in the Basis for Conclusions to IPSAS 1.~~

## Amendments to IPSAS 14, *Events after the Reporting Date*

Paragraphs 3 and 4 are deleted. Paragraph 32D is added. Paragraphs 15 and 21 are amended. New text is underlined and deleted text is struck through.

## Scope

...

~~3. This Standard applies to all public sector entities other than Government Business Enterprises. [Deleted]~~

~~4. 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. [Deleted]~~

...

## Recognition and Measurement

...

### Dividends or Similar Distributions

...

15. Dividends may arise in the public sector when, for example, a public sector entity controls and consolidates the financial statements of a ~~GBE~~ commercial public sector entity that has outside ownership interests to whom it pays dividends. In addition, some public sector entities adopt a financial management framework, for example “purchaser provider” models, that require them to pay income distributions to their controlling entity, such as the central government.

...

21. Some ~~agencies, although not GBEs,~~ public sector entities may be required to be fully or substantially self-funding, and to recover the cost of goods and services from users. For any such entity, deterioration in operating results and financial position after the reporting date may indicate a need to consider whether the going concern assumption is still appropriate.

...

### Effective Date

...

~~32D. Paragraphs 3 and 4 were deleted and paragraphs 15 and 21 were amended by *The Applicability of IPSASs*, issued in April 2016. An entity shall apply those amendments for annual financial statements covering periods beginning on or after January 1, 2018. Earlier application is encouraged. If an entity applies the amendments for a period beginning before January 1, 2018, it shall disclose that fact.~~

...

### Basis for Conclusions

*This Basis for Conclusions accompanies, but is not part of, IPSAS 14.*

...

### **Revision of IPSAS 14 as a result of the IPSASB’s *The Applicability of IPSASs*, issued in April 2016**

~~BC9. The IPSASB issued *The Applicability of IPSASs* in April 2016. This pronouncement amends references in all IPSASs as follows:~~

- ~~(a) Removes the standard paragraphs about the applicability of IPSAS to “public sector entities other than GBEs” from the scope section of each Standard;~~

- (b) Replaces the term “GBE” with the term “commercial public sector entities”, where appropriate; and
- (c) Amends paragraph 10 of the *Preface to International Public Sector Accounting Standards* by providing a positive description of public sector entities for which IPSASs are designed.

The reasons for these changes are set out in the Basis for Conclusions to IPSAS 1.

## **Amendments to IPSAS 16, *Investment Property***

Paragraphs 3 and 4 are deleted. Paragraph 101D is added. Paragraph 9 is amended. New text is underlined and deleted text is struck through.

### **Scope**

...

- 3. ~~This Standard applies to all public sector entities other than Government Business Enterprises. [Deleted]~~
- 4. ~~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*. [Deleted]~~

...

### **Definitions**

...

- 9. There are a number of circumstances in which public sector entities may hold property to earn rental and for capital appreciation. For example, a public sector entity (~~other than a GBE~~) may be established to manage a government’s property portfolio on a commercial basis. In this case, the property held by the entity, other than property held for resale in the ordinary course of operations, meets the definition of an investment property. Other public sector entities may also hold property for rentals or capital appreciation, and use the cash generated to finance their other (service delivery) activities. For example, a university or local government may own a building for the purpose of leasing on a commercial basis to external parties to generate funds, rather than to produce or supply goods and services. This property would also meet the definition of investment property.

...

### **Effective Date**

...

- 101D. Paragraphs 3 and 4 were deleted and paragraph 9 was amended by *The Applicability of IPSASs*, issued in April 2016. An entity shall apply those amendments for annual financial statements covering periods beginning on or after January 1, 2018. Earlier application is encouraged. If an entity applies the amendments for a period beginning before January 1, 2018, it shall disclose that fact.

...



## Basis for Conclusions

*This Basis for Conclusions accompanies, but is not part of, IPSAS 16.*

...

### **Revision of IPSAS 16 as a result of the IPSASB's *The Applicability of IPSASs*, issued in April 2016**

BC8. The IPSASB issued *The Applicability of IPSASs* in April 2016. This pronouncement amends references in all IPSASs as follows:

- (a) Removes the standard paragraphs about the applicability of IPSAS to “public sector entities other than GBEs” from the scope section of each Standard;
- (b) Replaces the term “GBE” with the term “commercial public sector entities”, where appropriate; and
- (c) Amends paragraph 10 of the *Preface to International Public Sector Accounting Standards* by providing a positive description of public sector entities for which IPSASs are designed.

The reasons for these changes are set out in the Basis for Conclusions to IPSAS 1.

## **Amendments to IPSAS 17, *Property, Plant, and Equipment***

Paragraphs 3 and 4 are deleted. Paragraph 107K is added. New text is underlined and deleted text is struck through.

## **Scope**

...

~~3. This Standard applies to all public sector entities other than Government Business Enterprises. [Deleted]~~

~~4. 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*. [Deleted]~~

...

## **Effective Date**

...

107K. Paragraphs 3 and 4 were deleted by *The Applicability of IPSASs*, issued in April 2016. An entity shall apply those amendments for annual financial statements covering periods beginning on or after January 1, 2018. Earlier application is encouraged. If an entity applies the amendments for a period beginning before January 1, 2018, it shall disclose that fact.

...

## **Basis for Conclusions**

*This Basis for Conclusions accompanies, but is not part of, IPSAS 17.*

...

**Revision of IPSAS 17 as a result of the IPSASB’s *The Applicability of IPSASs*, issued in April 2016**

BC13. The IPSASB issued *The Applicability of IPSASs* in April 2016. This pronouncement amends references in all IPSASs as follows:

- (a) Removes the standard paragraphs about the applicability of IPSAS to “public sector entities other than GBEs” from the scope section of each Standard;
- (b) Replaces the term “GBE” with the term “commercial public sector entities”, where appropriate; and
- (c) Amends paragraph 10 of the *Preface to International Public Sector Accounting Standards* by providing a positive description of public sector entities for which IPSASs are designed.

The reasons for these changes are set out in the Basis for Conclusions to IPSAS 1.

**Amendments to IPSAS 18, *Segment Reporting***

Paragraphs 2 and 3 are deleted. Paragraph 76D is added. Paragraphs 16, 24, 38 and 41 are amended. New text is underlined and deleted text is struck through.

**Scope**

...

~~2. **This Standard applies to all public sector entities other than Government Business Enterprises.** [Deleted]~~

~~3. 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*. [Deleted]~~

...

**Reporting by Segments**

...

**Reporting Structures**

...

16. At the whole-of-government level, financial information is often aggregated and reported in a manner that reflects, for example:

- (a) Major economic classifications of activities undertaken by general government, such as health, education, defense, and welfare (these may reflect the Government Finance Statistics (GFS) functional classifications of government), and major trading activities undertaken by ~~GBEs~~ commercial public sector entities, such as state-owned power stations, banks, and insurance entities; or
- (b) A geographical segment is a distinguishable component of an entity that is engaged in providing outputs or achieving particular operating objectives within a particular geographical area.

...

### Reporting Structures not Appropriate

24. As noted above, in most cases the segments for which information is reported internally to the governing body and the most senior manager of the entity, for the purpose of evaluating the entity's past performance and for making decisions about the future allocation of resources, will reflect those identified in budget documentation and will also be adopted for external reporting purposes in accordance with the requirements of this Standard. However, in some cases an entity's internal reporting to the governing body and the senior manager may be structured to aggregate and report on a basis that distinguishes revenues, expenses, assets, and liabilities related to budget-dependent activities from those of trading activities, or which distinguishes budget-dependent entities from ~~GBEs~~ commercial public sector entities. Reporting segment information in the financial statements on the basis of only these segments is unlikely to meet the objectives specified for this Standard. This is because these segments are unlikely to provide information that is relevant to users about, for example, the performance of the entity in achieving its major operating objectives. IPSAS 22, *Disclosure of Financial Information about the General Government Sector*, includes requirements for governments that elect to disclose financial information about the general government sector (GGS) as defined in statistical bases of reporting.

...

### Definitions of Segment Revenue, Expense, Assets, Liabilities, and Accounting Policies

...

#### Segment Assets, Liabilities, Revenue, and Expense

...

38. In some jurisdictions, a government or government entity may control a ~~GBE or other~~ commercial public sector entity that ~~operates on a commercial basis and~~ is subject to income tax or income tax equivalents. These entities may be required to apply accounting standards such as IAS 12, *Income Taxes*, which prescribe the accounting treatment of income taxes or income tax equivalents. Such standards may require the recognition of income tax assets and liabilities in respect of income tax expenses, or income tax-equivalent expenses, which are recognized in the current period and are recoverable or repayable in future periods. These assets and liabilities are not included in segment assets or segment liabilities because they arise as a result of all the activities of the entity as a whole and the tax arrangements in place in respect of the entity. However, assets representing taxation revenue receivable that is controlled by a taxing authority will be included in segment assets of the authority if they can be directly attributed to that segment or allocated to it on a reliable basis.

...

41. The financial statements for the whole-of-government, and certain other controlling entities, will require the consolidation of a number of separate entities such as departments, agencies, and ~~GBEs~~ commercial public sector entities. In preparing these consolidated financial statements, transactions and balances between controlled entities will be eliminated in accordance with IPSAS 35, *Consolidated Financial Statements*. However, segment revenue, segment expense,

segment assets, and segment liabilities are determined before balances and transactions between entities within the economic entity are eliminated as part of the consolidation process, except to the extent that such intra-economic entity balances and transactions are between entities within a single segment.

...

## Effective Date

...

76D. Paragraphs 2 and 3 were deleted and paragraphs 16, 24, 38 and 41 were amended by *The Applicability of IPSASs*, issued in April 2016. An entity shall apply those amendments for annual financial statements covering periods beginning on or after January 1, 2018. Earlier application is encouraged. If an entity applies the amendments for a period beginning before January 1, 2018, it shall disclose that fact.

...

## Basis for Conclusions

*This Basis for Conclusions accompanies, but is not part of, IPSAS 18.*

### **Revision of IPSAS 18 as a result of the IPSASB's *The Applicability of IPSASs*, issued in April 2016**

BC1. The IPSASB issued *The Applicability of IPSASs* in April 2016. This pronouncement amends references in all IPSASs as follows:

- (a) Removes the standard paragraphs about the applicability of IPSAS to “public sector entities other than GBEs” from the scope section of each Standard;
- (b) Replaces the term “GBE” with the term “commercial public sector entities”, where appropriate; and
- (c) Amends paragraph 10 of the *Preface to International Public Sector Accounting Standards* by providing a positive description of public sector entities for which IPSASs are designed.

The reasons for these changes are set out in the Basis for Conclusions to IPSAS 1.

## **Amendments to IPSAS 19, *Provisions, Contingent Liabilities and Contingent Assets***

Paragraphs 2 and 3 are deleted. Paragraph 111E is added. New text is underlined and deleted text is struck through.

## Scope

...

~~2. **This Standard applies to all public sector entities other than Government Business Enterprises.** [Deleted]~~

~~3. 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*. [Deleted]~~

...

## Effective Date

...

111E. Paragraphs 2 and 3 were deleted by *The Applicability of IPSASs*, issued in April 2016. An entity shall apply those amendments for annual financial statements covering periods beginning on or after January 1, 2018. Earlier application is encouraged. If an entity applies the amendments for a period beginning before January 1, 2018, it shall disclose that fact.

...

## Basis for Conclusions

*This Basis for Conclusions accompanies, but is not part of, IPSAS 19.*

### **Revision of IPSAS 19 as a result of the IPSASB's *The Applicability of IPSASs*, issued in April 2016**

BC2. The IPSASB issued *The Applicability of IPSASs* in April 2016. This pronouncement amends references in all IPSASs as follows:

- (a) Removes the standard paragraphs about the applicability of IPSAS to "public sector entities other than GBEs" from the scope section of each Standard;
- (b) Replaces the term "GBE" with the term "commercial public sector entities", where appropriate; and
- (c) Amends paragraph 10 of the *Preface to International Public Sector Accounting Standards* by providing a positive description of public sector entities for which IPSASs are designed.

The reasons for these changes are set out in the Basis for Conclusions to IPSAS 1.

## Amendments to IPSAS 20, *Related Party Disclosures*

Paragraphs 2 and 3 are deleted. Paragraph 42D is added. New text is underlined and deleted text is struck through.

## Scope

...

~~2. **This Standard applies to all public sector entities other than Government Business Enterprises.** [Deleted]~~

~~3. 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*. [Deleted]~~

...

## Effective Date

...

42D. Paragraphs 2 and 3 were deleted by *The Applicability of IPSASs*, issued in April 2016. An entity shall apply those amendments for annual financial statements covering periods beginning on or after January 1, 2018. Earlier application is encouraged. If an entity applies the amendments for a period beginning before January 1, 2018, it shall disclose that fact.

...

## **Basis for Conclusions**

*This Basis for Conclusions accompanies, but is not part of, IPSAS 20.*

### **Revision of IPSAS 20 as a result of the IPSASB's *The Applicability of IPSASs*, issued in April 2016**

BC1. The IPSASB issued *The Applicability of IPSASs* in April 2016. This pronouncement amends references in all IPSASs as follows:

- (a) Removes the standard paragraphs about the applicability of IPSAS to "public sector entities other than GBEs" from the scope section of each Standard;
- (b) Replaces the term "GBE" with the term "commercial public sector entities", where appropriate; and
- (c) Amends paragraph 10 of the *Preface to International Public Sector Accounting Standards* by providing a positive description of public sector entities for which IPSASs are designed.

The reasons for these changes are set out in the Basis for Conclusions to IPSAS 1.

## **Implementation Guidance**

*This guidance accompanies, but is not part of, IPSAS 20.*

### **Disclosure—Government X**

The following disclosures are made in the financial statements of Government X.

#### *Controlled Entities (Paragraph 25)*

The Government controls the following reporting entities:

Government Departments and Agencies: Education, Welfare, Police, Post, Works and Services, Defense, Justice, Treasury/Finance, Department X, Agency XYZ (identify all departments and agencies).

~~Government Business Enterprises~~ Commercial Public Sector Entities: Government Electricity Company, Government Telecommunications Agency Company (identify all ~~GBEs~~ commercial public sector entities).

...

### **Disclosure—Government Agency XYZ**

These disclosures are made in the financial statements of Government Agency XYZ, which is a separate reporting entity.

#### *Controlled Entities (Paragraph 25)*

The Agency is controlled by Department X. Department X is controlled by Government X.

The Agency controls the Administration Services Unit, which is a ~~government business enterprise (GBE)~~ commercial public sector entity.

## Amendments to IPSAS 21, *Impairment of Non-Cash Generating Assets*

Paragraphs 3, 4 and 15 are deleted. Paragraph 82E is added. Paragraphs 6, 20 and 21 are amended. New text is underlined and deleted text is struck through.

### Scope

...

3. ~~This Standard applies to all public sector entities other than Government Business Enterprises. [Deleted]~~

4. ~~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*. [Deleted]~~

...

6. This Standard excludes from its scope the impairment of assets that are dealt with in another IPSAS. ~~GBEs apply IAS 36, and therefore are not subject to the provisions of this Standard. Public sector entities other than GBEs apply IPSAS 26 to their cash-generating assets, and apply this Standard to their non-cash-generating assets. Paragraphs 6-13 explain the scope of the Standard in greater detail.~~

...

### Definitions

...

#### Government Business Enterprises

15. ~~GBEs include both trading enterprises, such as utilities, and financial enterprises, such as financial institutions. GBEs are, in substance, no different from entities conducting similar activities in the private sector. GBEs generally operate to make a profit, although some may have limited community service obligations under which they are required to provide some individuals and organizations in the community with goods and services at either no charge or a significantly reduced charge. [Deleted]~~

...

#### Cash-Generating Assets

...

20. In some cases, it may not be clear whether the primary objective of holding an asset is to generate a commercial return. In such cases, it is necessary to evaluate the significance of the cash flows. It may be difficult to determine whether the extent to which the asset generates cash flows is so significant that this Standard is applicable rather than IPSAS 26. Judgment is needed to determine which Standard to apply. An entity develops criteria so that it can exercise that judgment consistently in accordance with the definition of cash-generating assets and non-cash-generating assets, and with the related guidance in paragraphs 16–20. Paragraph 73A requires an entity to disclose the criteria used in making this judgment. However, given the

overall objectives of ~~most~~ public sector entities, ~~other than GBEs~~, the presumption is that assets are non-cash-generating and, therefore, IPSAS 21 will apply.

21. Assets held by ~~GBEs~~ commercial public sector entities are cash-generating assets. Public sector entities ~~other than GBEs~~ may hold assets to generate a commercial return. For the purposes of this Standard, an asset held by a ~~non-GBE~~ public sector entity is classified as a cash-generating asset if the asset (or unit of which the asset is a part) is operated with the objective of generating a commercial return through the provision of goods and/or services to external parties.

...

## Effective Date

...

- 82E. Paragraphs 3, 4 and 15 were deleted and paragraphs 6, 20 and 21 were amended by *The Applicability of IPSASs*, issued in April 2016. An entity shall apply those amendments for annual financial statements covering periods beginning on or after January 1, 2018. Earlier application is encouraged. If an entity applies the amendments for a period beginning before January 1, 2018, it shall disclose that fact.

...

## Basis for Conclusions

*This Basis for Conclusions accompanies, but is not part of, IPSAS 21.*

...

## Impairment of Non-Cash-Generating Assets Held by GBEs

- BC21. When this Standard was issued, ~~†~~this Standard required that the impairment of all assets held by [GBEs] (the term in square brackets is no longer used following the issue of *The Applicability of IPSASs* in April 2016) be accounted for under IAS 36. When this Standard was issued GBEs ~~are~~ were profit-oriented entities, and the assets employed by them are were primarily cash-generating assets. When this Standard was issued, ~~The Preface to International Public Sector Accounting Standards~~ makes made it clear that GBEs are were profit-oriented entities, and are were therefore required to comply with IFRSs and IASs. When this Standard was issued, ~~†~~individual IPSASs make made it explicit that IFRSs apply to GBEs. Accordingly, non-cash-generating assets are were expected to be appropriately grouped with cash-generating assets of GBEs to form a cash-generating unit to be tested for impairment in accordance with IAS 36.

...

## **Revision of IPSAS 21 as a result of the IPSASB's *The Applicability of IPSASs*, issued in April 2016**

- BC26. The IPSASB issued *The Applicability of IPSASs* in April 2016. This pronouncement amends references in all IPSASs as follows:
- (a) Removes the standard paragraphs about the applicability of IPSAS to “public sector entities other than GBEs” from the scope section of each Standard;



- (b) Replaces the term “GBE” with the term “commercial public sector entities”, where appropriate; and
- (c) Amends paragraph 10 of the *Preface to International Public Sector Accounting Standards* by providing a positive description of public sector entities for which IPSASs are designed.

The reasons for these changes are set out in the Basis for Conclusions to IPSAS 1.

## **Amendments to IPSAS 22, *Disclosures of Financial Information about the General Government Sector***

Paragraph 16 is deleted. Paragraph 47D is added. Paragraphs 3 and 22 are amended. New text is underlined and deleted text is struck through.

### **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*.~~

...

### **Definitions**

...

#### **Government Business Enterprises (GBEs)**

- 16. ~~GBEs include both trading enterprises, such as utilities, and financial enterprises, such as financial institutions. GBEs are, in substance, no different from entities conducting similar activities in the private sector. GBEs generally operate to make a profit, although some may have limited community service obligations under which they are required to provide some individuals and organizations in the community with goods and services at either no charge or a significantly reduced charge. [Deleted]~~

#### **General Government Sector**

...

##### *Public Non-Financial Corporations Sector*

...

- 22. ~~A GBE as defined in this Standard~~ Commercial public sector entities ~~has~~ have similar characteristics to a public corporation or public quasi-corporation, as defined in statistical bases of financial reporting. However, there may not be an identical mapping of ~~GBEs~~ these public

sector entities and the PFC and PNFC sectors. For example, a ~~GBE~~ commercial public sector entity that is not resident would not be classified as a PFC or a PNFC.

...

## Effective Date

...

47D. Paragraph 16 was deleted and paragraphs 3 and 22 were amended and by *The Applicability of IPSASs*, issued in April 2016. An entity shall apply those amendments for annual financial statements covering periods beginning on or after January 1, 2018. Earlier application is encouraged. If an entity applies the amendments for a period beginning before January 1, 2018, it shall disclose that fact.

...

## Basis for Conclusions

*This Basis for Conclusions accompanies, but is not part of, IPSAS 22.*

...

### **Revision of IPSAS 22 as a result of the IPSASB's *The Applicability of IPSASs*, issued in April 2016**

BC15. The IPSASB issued *The Applicability of IPSASs* in April 2016. This pronouncement amends references in all IPSASs as follows:

- (a) Removes the standard paragraphs about the applicability of IPSAS to "public sector entities other than GBEs" from the scope section of each Standard;
- (b) Replaces the term "GBE" with the term "commercial public sector entities", where appropriate; and
- (c) Amends paragraph 10 of the *Preface to International Public Sector Accounting Standards* by providing a positive description of public sector entities for which IPSASs are designed.

The reasons for these changes are set out in the Basis for Conclusions to IPSAS 1.

## **Amendments to IPSAS 23, *Revenue from Non-Exchange Transactions (Taxes and Transfers)***

Paragraphs 3 and 4 are deleted. Paragraph 124D is added. New text is underlined and deleted text is struck through.

## Scope

...

~~3. This Standard applies to all public sector entities other than Government Business Enterprises. [Deleted]~~

~~4. 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*. [Deleted]~~

...

## Effective Date

...

124D. Paragraphs 3 and 4 were deleted by *The Applicability of IPSASs*, issued in April 2016. An entity shall apply those amendments for annual financial statements covering periods beginning on or after January 1, 2018. Earlier application is encouraged. If an entity applies the amendments for a period beginning before January 1, 2018, it shall disclose that fact.

...

## Basis for Conclusions

*This Basis for Conclusions accompanies, but is not part of, IPSAS 23.*

...

### **Revision of IPSAS 23 as a result of the IPSASB's *The Applicability of IPSASs*, issued in April 2016**

BC27. The IPSASB issued *The Applicability of IPSASs* in April 2016. This pronouncement amends references in all IPSASs as follows:

- (a) Removes the standard paragraphs about the applicability of IPSAS to "public sector entities other than GBEs" from the scope section of each Standard;
- (b) Replaces the term "GBE" with the term "commercial public sector entities", where appropriate; and
- (c) Amends paragraph 10 of the *Preface to International Public Sector Accounting Standards* by providing a positive description of public sector entities for which IPSASs are designed.

The reasons for these changes are set out in the Basis for Conclusions to IPSAS 1.

## ***Amendments to IPSAS 24, *Presentation of Budget Information in Financial Statements****

Paragraph 4 is deleted. Paragraph 54C is added. Paragraphs 3 and 46 are amended. New text is underlined and deleted text is struck through.

## Scope

...

- 3. **This Standard applies to public sector entities, ~~other than Government Business Enterprises~~, which are required or elect to make their approved budget(s) publicly available.**
- 4. ~~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*. [Deleted]~~

...

## Note Disclosures of Budgetary Basis, Period and Scope

...

46. IPSASs require entities to prepare and present financial statements that consolidate all resources controlled by the entity. At the whole-of-government level, financial statements prepared in accordance with IPSASs will encompass budget-dependent entities and ~~GBEs~~ commercial public sector entities controlled by the government. However, as noted in paragraph 35, approved budgets prepared in accordance with statistical reporting models may not encompass operations of the government that are undertaken on a commercial or market basis. Consistent with the requirements of paragraph 31, budget and actual amounts will be presented on a comparable basis. Disclosure of the entities encompassed by the budget will enable users to identify the extent to which the entity's activities are subject to an approved budget, and how the budget entity differs from the entity reflected in the financial statements.

...

### Effective Date

...

- 54C. Paragraph 4 was deleted and paragraphs 3 and 46 were amended by *The Applicability of IPSASs*, issued in April 2016. An entity shall apply those amendments for annual financial statements covering periods beginning on or after January 1, 2018. Earlier application is encouraged. If an entity applies the amendments for a period beginning before January 1, 2018, it shall disclose that fact.

...

### Basis for Conclusions

*This Basis for Conclusions accompanies, but is not part of, IPSAS 24.*

...

- BC10. When this Standard was issued, ¶the IPSASB considered whether it should require or encourage all public sector entities other than [GBEs] (the term in square brackets is no longer used following the issue of *The Applicability of IPSASs* in April 2016) to make publicly available their approved budgets and to comply with the requirements of this Standard. The IPSASB noted that the purpose of this Standard was not to specify whether approved budgets should be made publicly available, and agreed that it should not impose such requirements on entities or add to existing encouragements until it had further considered its role in respect of developing requirements for budget reporting. The IPSASB also noted that public sector entities that do not make publicly available their approved budgets are not prohibited from applying the requirements of this Standard if they choose to do so.

...

### **Revision of IPSAS 24 as a result of the IPSASB's *The Applicability of IPSASs*, issued in April 2016**

- BC23. The IPSASB issued *The Applicability of IPSASs* in April 2016. This pronouncement amends references in all IPSASs as follows:
- (a) Removes the standard paragraphs about the applicability of IPSAS to "public sector entities other than GBEs" from the scope section of each Standard;

- (b) Replaces the term “GBE” with the term “commercial public sector entities”, where appropriate; and
- (c) Amends paragraph 10 of the *Preface to International Public Sector Accounting Standards* by providing a positive description of public sector entities for which IPSASs are designed.

The reasons for these changes are set out in the Basis for Conclusions to IPSAS 1.

...

## Illustrative Examples

*These examples accompany, but are not part of, IPSAS 24.*

...

### Extract of Note Disclosures—for Government X

...

4. The budget and the accounting bases differ. The financial statements for the whole-of-government are prepared on the accrual basis, using a classification based on the nature of expenses in the statement of financial performance. The financial statements are consolidated statements that include all controlled entities, including ~~government business enterprises~~ commercial public sector entities for the fiscal period from January 1, 20XX to December 31, 20XX. The financial statements differ from the budget which is approved on the cash basis and which deals only with the general government sector which excludes ~~government business enterprises~~ commercial public sector entities and certain other non-market government entities and activities.
5. The amounts in the financial statements were recast from the accrual basis to the cash basis, and reclassified by functional classification to be on the same basis as the final approved budget. In addition, adjustments to amounts in the financial statements for timing differences associated with the continuing appropriation and differences in the entities covered (~~GBEs~~ commercial public sector entities) were made to express the actual amounts on a comparable basis to the final approved budget. The amount of these adjustments are identified in the following table.

...

### Amendments to IPSAS 25, *Employee Benefits*

Paragraphs 8 and 9 are deleted. Paragraph 177C is added. New text is underlined and deleted text is struck through.

### Scope

...

- ~~8. This Standard applies to all public sector entities other than Government Business Enterprises.~~ [Deleted]

~~9. 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*. [Deleted]~~

...

## Effective Date

...

177C. Paragraphs 8 and 9 were deleted by *The Applicability of IPSASs*, issued in April 2016. An entity shall apply those amendments for annual financial statements covering periods beginning on or after January 1, 2018. Earlier application is encouraged. If an entity applies the amendments for a period beginning before January 1, 2018, it shall disclose that fact.

...

## Basis for Conclusions

*This Basis for Conclusions accompanies, but is not part of, IPSAS 25.*

...

### **Revision of IPSAS 25 as a result of the IPSASB's *The Applicability of IPSASs*, issued in April 2016**

BC23. The IPSASB issued *The Applicability of IPSASs* in April 2016. This pronouncement amends references in all IPSASs as follows:

- (a) Removes the standard paragraphs about the applicability of IPSAS to "public sector entities other than GBEs" from the scope section of each Standard;
- (b) Replaces the term "GBE" with the term "commercial public sector entities", where appropriate; and
- (c) Amends paragraph 10 of the *Preface to International Public Sector Accounting Standards* by providing a positive description of public sector entities for which IPSASs are designed.

The reasons for these changes are set out in the Basis for Conclusions to IPSAS 1.

## Amendments to IPSAS 26, *Impairment of Cash-Generating Assets*

Paragraphs 3 and 4 are deleted. Paragraph 126G is added. Paragraphs 5 and 18 are amended. New text is underlined and deleted text is struck through.

## Scope

...

~~3. **This Standard applies to all public sector entities other than Government Business Enterprises.** [Deleted]~~

~~4. 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*. [Deleted]~~

5. ~~GBEs apply IAS 36, *Impairment of Assets*, and therefore are not subject to the provisions of this Standard. Public sector entities, other than GBEs, that hold non-cash-generating assets as defined in paragraph 13 apply IPSAS 21, *Impairment of Non-Cash-Generating Assets*, to such assets. Public sector entities, other than GBEs, that hold cash-generating assets apply the requirements of this Standard.~~

...

## Definitions

...

### Cash-Generating Assets

...

18. In some cases it may not be clear whether the primary objective of holding an asset is to generate a commercial return. In such cases it is necessary to evaluate the significance of the cash flows. It may be difficult to determine whether the extent to which the asset generates cash flows is so significant that this Standard is applicable, rather than IPSAS 21. Judgment is needed to determine which Standard to apply. An entity develops criteria so that it can exercise that judgment consistently in accordance with the definition of cash-generating assets and non-cash-generating assets and with the related guidance in paragraphs 14–17. Paragraph 114 requires an entity to disclose the criteria used in making this judgment. However, given the overall objectives of most public sector entities other than GBEs, the presumption is that assets are non-cash-generating in these circumstances and, therefore, IPSAS 21 will apply.

...

## Effective Date

...

- 126G. Paragraphs 3 and 4 were deleted and paragraphs 5 and 18 were amended by *The Applicability of IPSASs*, issued in April 2016. An entity shall apply those amendments for annual financial statements covering periods beginning on or after January 1, 2018. Earlier application is encouraged. If an entity applies the amendments for a period beginning before January 1, 2018, it shall disclose that fact.

...

## Basis for Conclusions

*This Basis for Conclusions accompanies, but is not part of, IPSAS 26.*

### Development of IPSAS 26 based on the IASB's revised version of IAS 36 issued in 2004

...

#### *Indications of Impairment: Market Capitalization*

- BC10. When this Standard was issued, the IPSASB considered whether the indications for impairment of cash-generating assets held by public sector entities – both external sources and internal sources of information – are were similar to those in IAS 36. The IPSASB concluded that the indications in IAS 36 ~~are~~ were relevant, except for the indication that the

carrying amount of the net assets of the entity is more than its market capitalization. When this Standard was issued, the IPSASB is was of the view that very few public sector entities that are were not [GBEs] (the term in square brackets is no longer used following the issue of *The Applicability of IPSASs* in April 2016) will would issue equity instruments traded in deep markets, and that such an indication will therefore only be relevant on the consolidation of GBEs.

*Fair Value less Costs to Sell and Forced Sales*

BC11. In commentary on the definition of “fair value less costs to sell,” IAS 36 states that “fair value less costs to sell does not reflect a forced sale,” but includes a qualification: “unless management is compelled to sell immediately.” IPSAS 26 does not include this qualification in paragraph 40 because there are very few circumstances in which public sector entities that are not [GBEs] (the term in square brackets is no longer used following the issue of *The Applicability of IPSASs* in April 2016) will be forced to sell immediately in order to remain a going concern.

...

*Corporate Assets*

BC15. The primary purpose of public sector entities that are not [GBEs] (the term in square brackets is no longer used following the issue of *The Applicability of IPSASs* in April 2016) is not the generation of commercial returns. Therefore, the IPSASB considers that there will be very few occasions in which an asset shared between different activities (such as an administrative building) contributes service potential to CGUs without also contributing service potential to non-cash-generating activities. It was therefore decided that it is not necessary to define, and provide requirements for, corporate assets in this Standard. Paragraph 96 refers entities to the relevant international and national accounting standard dealing with assets that do not generate cash flows independently of other assets and form part of more than one cash-generating unit, but do not contribute service potential to non-cash-generating activities.

...

**Revision of IPSAS 26 as a result of the IPSASB’s *The Applicability of IPSASs*, issued in April 2016**

BC20. The IPSASB issued *The Applicability of IPSASs* in April 2016. This pronouncement amends references in all IPSASs as follows:

- (a) Removes the standard paragraphs about the applicability of IPSAS to “public sector entities other than GBEs” from the scope section of each Standard;
- (b) Replaces the term “GBE” with the term “commercial public sector entities”, where appropriate; and
- (c) Amends paragraph 10 of the *Preface to International Public Sector Accounting Standards* by providing a positive description of public sector entities for which IPSASs are designed.

The reasons for these changes are set out in the Basis for Conclusions to IPSAS 1.



## Implementation Guidance

*This guidance accompanies, but is not part of, IPSAS 26.*

*Most assets held by public sector entities are non-cash-generating assets, and accounting for their impairment should be undertaken in accordance with IPSAS 21.*

*In those circumstances when an asset held by a public sector entity is held with the objective of generating a commercial return, the provisions of this Standard should be followed. Most cash-generating assets will arise in business activities run by government agencies that do not meet the definition of a GBE commercial public sector entities. An example is a seed-producing unit run on a commercial basis that is part of an agricultural research entity.*

*For the purposes of all these examples, a public sector entity ~~that is not a GBE~~ undertakes commercial activities.*

...

## Amendments to IPSAS 27, Agriculture

Paragraphs 7 and 8 are deleted. Paragraph 56E is added. New text is underlined and deleted text is struck through.

### Scope

...

~~7. This Standard applies to all public sector entities other than Government Business Enterprises. [Deleted]~~

~~8. 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. [Deleted]~~

...

### Effective Date

...

56E. Paragraphs 7 and 8 were deleted by *The Applicability of IPSASs*, issued in April 2016. An entity shall apply those amendments for annual financial statements covering periods beginning on or after January 1, 2018. Earlier application is encouraged. If an entity applies the amendments for a period beginning before January 1, 2018, it shall disclose that fact.

...

### Basis for Conclusions

*This Basis for Conclusions accompanies, but is not part of, IPSAS 27.*

...

### **Revision of IPSAS 27 as a result of the IPSASB's *The Applicability of IPSASs*, issued in April 2016**

BC17. The IPSASB issued *The Applicability of IPSASs* in April 2016. This pronouncement amends references in all IPSASs as follows:

- (a) Removes the standard paragraphs about the applicability of IPSAS to “public sector entities other than GBEs” from the scope section of each Standard;
- (b) Replaces the term “GBE” with the term “commercial public sector entities”, where appropriate; and
- (c) Amends paragraph 10 of the *Preface to International Public Sector Accounting Standards* by providing a positive description of public sector entities for which IPSASs are designed.

The reasons for these changes are set out in the Basis for Conclusions to IPSAS 1.

## **Amendments to IPSAS 28, *Financial Instruments: Presentation***

Paragraphs 7 and 8 are deleted. Paragraph 60D is added. New text is underlined and deleted text is struck through.

### **Scope**

...

~~7. This Standard applies to all public sector entities other than Government Business Enterprises. [Deleted]~~

~~8. 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*. [Deleted]~~

...

### **Effective Date**

...

60D. Paragraphs 7 and 8 were deleted by *The Applicability of IPSASs*, issued in April 2016. An entity shall apply those amendments for annual financial statements covering periods beginning on or after January 1, 2018. Earlier application is encouraged. If an entity applies the amendments for a period beginning before January 1, 2018, it shall disclose that fact.

...

### **Basis for Conclusions**

*This Basis for Conclusions accompanies, but is not part of, IPSAS 28.*

...

### **Other**

*Interpretations Developed by the International Financial Reporting Interpretations Committee*

...

BC25. When this Standard was issued, the IPSASB considered that IFRIC 11 is not relevant for the types of instruments entered into in the public sector as it deals with share-based payment transactions. While share-based payments may be common in [Government Business

Enterprises (GBE's)] (the term in square brackets is no longer used following the issue of *The Applicability of IPSASs* in April 2016), they do not occur frequently in entities that are not GBE's. As a result, the IPSASB has not included any principles from IFRIC 11 in IPSAS 28.

...

### **Revision of IPSAS 28 as a result of the IPSASB's *The Applicability of IPSASs*, issued in April 2016**

BC28. The IPSASB issued *The Applicability of IPSASs* in April 2016. This pronouncement amends references in all IPSASs as follows:

- (a) Removes the standard paragraphs about the applicability of IPSAS to "public sector entities other than GBEs" from the scope section of each Standard;
- (b) Replaces the term "GBE" with the term "commercial public sector entities", where appropriate; and
- (c) Amends paragraph 10 of the *Preface to International Public Sector Accounting Standards* by providing a positive description of public sector entities for which IPSASs are designed.

The reasons for these changes are set out in the Basis for Conclusions to IPSAS 1.

### **Amendments to IPSAS 29, *Financial Instruments: Recognition and Measurement***

Paragraphs 7 and 8 are deleted. Paragraph 125E is added. New text is underlined and deleted text is struck through.

#### **Scope**

...

~~7. This Standard applies to all public sector entities other than Government Business Enterprises. [Deleted]~~

~~8. 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*. [Deleted]~~

...

#### **Effective Date**

...

125E. Paragraphs 7 and 8 were deleted by *The Applicability of IPSASs*, issued in April 2016. An entity shall apply those amendments for annual financial statements covering periods beginning on or after January 1, 2018. Earlier application is encouraged. If an entity applies the amendments for a period beginning before January 1, 2018, it shall disclose that fact.

...

#### **Basis for Conclusions**

*This Basis for Conclusions accompanies, but is not part of, IPSAS 29.*

...

**Revision of IPSAS 29 as a result of the IPSASB’s *The Applicability of IPSASs*, issued in April 2016**

BC20. The IPSASB issued *The Applicability of IPSASs* in April 2016. This pronouncement amends references in all IPSASs as follows:

- (a) Removes the standard paragraphs about the applicability of IPSAS to “public sector entities other than GBEs” from the scope section of each Standard;
- (b) Replaces the term “GBE” with the term “commercial public sector entities”, where appropriate; and
- (c) Amends paragraph 10 of the *Preface to International Public Sector Accounting Standards* by providing a positive description of public sector entities for which IPSASs are designed.

The reasons for these changes are set out in the Basis for Conclusions to IPSAS 1.

**Amendments to IPSAS 30, *Financial Instruments: Disclosures***

Paragraphs 6 and 7 are deleted. Paragraph 52D is added. New text is underlined and deleted text is struck through.

**Scope**

...

~~6. This Standard applies to all public sector entities other than Government Business Enterprises. [Deleted]~~

~~7. 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*. [Deleted]~~

...

**Effective Date**

...

52D. Paragraphs 6 and 7 were deleted by *The Applicability of IPSASs*, issued in April 2016. An entity shall apply those amendments for annual financial statements covering periods beginning on or after January 1, 2018. Earlier application is encouraged. If an entity applies the amendments for a period beginning before January 1, 2018, it shall disclose that fact.

...

**Basis for Conclusions**

*This Basis for Conclusions accompanies, but is not part of, IPSAS 30.*

...

**Revision of IPSAS 30 as a result of the IPSASB’s *The Applicability of IPSASs*, issued in April 2016**

BC6. The IPSASB issued *The Applicability of IPSASs* in April 2016. This pronouncement amends references in all IPSASs as follows:

- (a) Removes the standard paragraphs about the applicability of IPSAS to “public sector entities other than GBEs” from the scope section of each Standard;
- (b) Replaces the term “GBE” with the term “commercial public sector entities”, where appropriate; and
- (c) Amends paragraph 10 of the *Preface to International Public Sector Accounting Standards* by providing a positive description of public sector entities for which IPSASs are designed.

The reasons for these changes are set out in the Basis for Conclusions to IPSAS 1.

## **Amendments to IPSAS 31, *Intangible Assets***

Paragraphs 4 and 5 are deleted. Paragraph 132F is added. New text is underlined and deleted text is struck through.

### **Scope**

...

~~4. This Standard applies to all public sector entities other than Government Business Enterprises. [Deleted]~~

~~5. 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*. [Deleted]~~

...

### **Effective Date**

...

132F. Paragraphs 4 and 5 were deleted by *The Applicability of IPSASs*, issued in April 2016. An entity shall apply those amendments for annual financial statements covering periods beginning on or after January 1, 2018. Earlier application is encouraged. If an entity applies the amendments for a period beginning before January 1, 2018, it shall disclose that fact.

...

### **Basis for Conclusions**

*This Basis for Conclusions accompanies, but is not part of, IPSAS 31.*

...

#### **Revision of IPSAS 31 as a result of the IPSASB’s *The Applicability of IPSASs*, issued in April 2016**

BC12. The IPSASB issued *The Applicability of IPSASs* in April 2016. This pronouncement amends references in all IPSASs as follows:

- (a) Removes the standard paragraphs about the applicability of IPSAS to “public sector entities other than GBEs” from the scope section of each Standard;
- (b) Replaces the term “GBE” with the term “commercial public sector entities”, where appropriate; and

- (c) Amends paragraph 10 of the *Preface to International Public Sector Accounting Standards* by providing a positive description of public sector entities for which IPSASs are designed.

The reasons for these changes are set out in the Basis for Conclusions to IPSAS 1.

## **Amendments to IPSAS 32, *Service Concession Arrangements: Grantor***

Paragraphs 3 and 4 are deleted. Paragraph 36C is added. New text is underlined and deleted text is struck through.

### **Scope**

...

3. ~~This Standard applies to all public sector entities other than Government Business Enterprises.~~ [Deleted]
4. ~~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*.~~ [Deleted]

### **Effective Date**

...

- 36C. Paragraphs 3 and 4 were deleted by *The Applicability of IPSASs*, issued in April 2016. An entity shall apply those amendments for annual financial statements covering periods beginning on or after January 1, 2018. Earlier application is encouraged. If an entity applies the amendments for a period beginning before January 1, 2018, it shall disclose that fact.

...

### **Basis for Conclusions**

*This Basis for Conclusions accompanies, but is not part of, IPSAS 32.*

...

### **Scope**

- BC6. This Standard does not specify the accounting by operators, because it is addressed in IFRIC 12. In many cases the operator is a private sector entity, and IPSASs are not designed to apply to private sector entities. The operator or the grantor may also be a [Government Business Enterprise (GBE)] (the term in square brackets is no longer used following the issue of *The Applicability of IPSASs* in April 2016). When this Standard was issued, IPSASs are were not designed to apply to GBEs. International Financial Reporting Standards (IFRSs) apply to private sector entities and were applied to GBEs.

### **Recognition of a Liability**

...

*Grant of a Right to the Operator Model*

...

BC34. The IPSASB concluded that the credit did not represent a direct increase in the grantor's net assets/equity because the credit is not one of the components of net assets/equity identified in paragraph BC33 for the reasons noted below:

- (a) Contributions from owners are defined as "future economic benefits or service potential that has been contributed to the entity by parties external to the entity, other than those that result in liabilities of the entity, that establish a financial interest in the net assets/equity of the entity, which: (a) Conveys entitlement both to (i) distributions of future economic benefits or service potential by the entity during its life, such distributions being at the discretion of the owners or their representatives, and to (ii) distributions of any excess of assets over liabilities in the event of the entity being wound up; and/or (b) Can be sold, exchanged, transferred, or redeemed." The credit related to the recognition of a service concession asset does not meet this definition because the operator has not made a contribution to the grantor that results in a financial interest in the entity by the operator as envisaged by IPSAS 1.
- (b) Accumulated surplus/deficit is an accumulation of an entity's surpluses and deficits. The credit related to recognition of a service concession asset represents an individual transaction and not an accumulation.
- (c) Reserves generally arise from items recognized directly in net assets/equity from specific requirements in IPSASs, and may include, for example, gains and losses on revaluation of assets (e.g., property, plant, and equipment, investments). The credit related to the recognition or reclassification of a service concession asset does not represent a gain or loss specified to be directly recognized in net/assets equity because it involves an exchange transaction and not a revaluation of an existing asset of the grantor. Existing assets of the grantor, when used in a service concession arrangement and continue to meet the control criteria in this Standard, are reclassified, thus no revaluation is done.
- (d) A non-controlling interest is defined as "that portion of the surplus or deficit and net assets/equity of a controlled entity attributable to net assets/equity interests that are not owned, directly or indirectly, through controlled entities, by the controlling entity." A non-controlling interest may arise, for example, when at the whole-of-government level, the economic entity includes a GBE commercial public sector entity that has been partly privatized. Accordingly, there may be private shareholders who have a financial interest in the net assets/equity of the entity. The credit related to the recognition of a service concession asset does not meet this definition because operator does not have such a financial interest in the grantor.

...

**Revision of IPSAS 32 as a result of the IPSASB's *The Applicability of IPSASs*, issued in April 2016**

BC51. The IPSASB issued *The Applicability of IPSASs* in April 2016. This pronouncement amends references in all IPSASs as follows:

- (a) Removes the standard paragraphs about the applicability of IPSAS to "public sector entities other than GBEs" from the scope section of each Standard;

- (b) Replaces the term “GBE” with the term “commercial public sector entities”, where appropriate; and
- (c) Amends paragraph 10 of the *Preface to International Public Sector Accounting Standards* by providing a positive description of public sector entities for which IPSASs are designed.

The reasons for these changes are set out in the Basis for Conclusions to IPSAS 1.

## **Amendments to IPSAS 33, *First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs)***

Paragraphs 7 and 8 are deleted. Paragraph 155 is added. New text is underlined and deleted text is struck through.

### **Scope**

...

- ~~7. This Standard applies to all public sector entities other than Government Business Enterprises. [Deleted]~~
- ~~8. 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*. [Deleted]~~

...

### **Effective Date**

...

- 155. Paragraphs 7 and 8 were deleted by *The Applicability of IPSASs*, issued in April 2016. An entity shall apply those amendments for annual financial statements covering periods beginning on or after January 1, 2018. Earlier application is encouraged. If an entity applies the amendments for a period beginning before January 1, 2018, it shall disclose that fact.

...

### **Basis for Conclusions**

*This Basis for Conclusions accompanies, but is not part of, IPSAS 33.*

...

### **Revision of IPSAS 33 as a result of the IPSASB’s *The Applicability of IPSASs*, issued in April 2016**

- BC118. The IPSASB issued *The Applicability of IPSASs* in April 2016. This pronouncement amends references in all IPSASs as follows:
  - (a) Removes the standard paragraphs about the applicability of IPSAS to “public sector entities other than GBEs” from the scope section of each Standard;
  - (b) Replaces the term “GBE” with the term “commercial public sector entities”, where appropriate; and



- (c) Amends paragraph 10 of the *Preface to International Public Sector Accounting Standards* by providing a positive description of public sector entities for which IPSASs are designed.

The reasons for these changes are set out in the Basis for Conclusions to IPSAS 1.

### **Amendments to IPSAS 34, *Separate Financial Statements***

Paragraphs 4 and 5 are deleted. Paragraph 32A is added. New text is underlined and deleted text is struck through.

#### **Scope**

...

4. ~~This Standard applies to all public sector entities other than Government Business Enterprises (GBEs).~~ [Deleted]
5. ~~The *Preface to International Public Sector Accounting Standards* issued by the IPSASB explains that GBEs apply IFRSs issued by the IASB. GBEs are defined in IPSAS 1, *Presentation of Financial Statements*.~~ [Deleted]

...

#### **Effective Date**

...

- 32A. Paragraphs 4 and 5 were deleted by *The Applicability of IPSASs*, issued in April 2016. An entity shall apply those amendments for annual financial statements covering periods beginning on or after January 1, 2018. Earlier application is encouraged. If an entity applies the amendments for a period beginning before January 1, 2018, it shall disclose that fact.

...

#### **Basis for Conclusions**

*This Basis for Conclusions accompanies, but is not part of, IPSAS 34.*

...

#### **Revision of IPSAS 34 as a result of the IPSASB's *The Applicability of IPSASs*, issued in April 2016**

- BC10. The IPSASB issued *The Applicability of IPSASs* in April 2016. This pronouncement amends references in all IPSASs as follows:
- (a) Removes the standard paragraphs about the applicability of IPSAS to "public sector entities other than GBEs" from the scope section of each Standard;
  - (b) Replaces the term "GBE" with the term "commercial public sector entities", where appropriate; and
  - (c) Amends paragraph 10 of the *Preface to International Public Sector Accounting Standards* by providing a positive description of public sector entities for which IPSASs are designed.

The reasons for these changes are set out in the Basis for Conclusions to IPSAS 1.

## Amendments to IPSAS 35, *Consolidated Financial Statements*

Paragraphs 11, 12 and 13 are deleted. Paragraph 79A is added. Paragraph 8 is amended. New text is underlined and deleted text is struck through.

### Scope

...

8. A controlled entity is not excluded from consolidation because its activities are dissimilar to those of the other entities within the economic entity, for example, the consolidation of ~~Government Business Enterprises (GBEs)~~ commercial public sector entities with entities in the budget sector. Relevant information is provided by consolidating such controlled entities and disclosing additional information in the consolidated financial statements about the different activities of controlled entities. For example, the disclosures required by IPSAS 18, *Segment Reporting*, help to explain the significance of different activities within the economic entity.

...

### Government Business Enterprises

11. ~~This Standard applies to all public sector entities other than GBEs.~~ [Deleted]
12. ~~The Preface to International Public Sector Accounting Standards issued by the IPSASB explains that GBEs apply IFRSs issued by the IASB. GBEs are defined in IPSAS 1, Presentation of Financial Statements.~~ [Deleted]
13. ~~Although GBEs are not required to comply with this Standard in their own financial statements, the provisions of this Standard will apply where a public sector entity that is not a GBE has one or more controlled entities that are GBEs. In these circumstances, this Standard shall be applied in consolidating GBEs into the financial statements of the economic entity.~~ [Deleted]

...

### Effective Date

...

- 79A. Paragraphs 11, 12 and 13 were deleted and paragraph 8 was amended by *The Applicability of IPSASs*, issued in April 2016. An entity shall apply those amendments for annual financial statements covering periods beginning on or after January 1, 2018. Earlier application is encouraged. If an entity applies the amendments for a period beginning before January 1, 2018, it shall disclose that fact.

### Basis for Conclusions

*This Basis for Conclusions accompanies, but is not part of, IPSAS 35.*

### Scope (paragraphs 3–11)

*Application of the Consolidation Requirements to all Controlled Entities*

...

BC8. The IPSASB deliberated extensively on the issue of whether all controlled entities should be consolidated, having regard to users' needs. The IPSASB focused on the information provided by consolidated financial statements, whilst noting that users' information needs may also be met through other statements and reports such as (i) separate financial statements of both controlling and controlled entities; (ii) performance reports; and (iii) statistical reports. Although some of the IPSASB's discussions were relevant to any type of public sector entity that is a controlling entity, many of the matters considered were more pertinent at the whole of government level. The IPSASB considered views on the usefulness of consolidation in relation to the following types of controlled entities (whilst noting that these broad categories would not be universally applicable):

- (c) Departments and ministries;
- (d) Government agencies;
- (e) [Government Business Enterprises (GBE)] (the term in square brackets is no longer used following the issue of *The Applicability of IPSASs* in April 2016);
- (f) Financial institutions (excluding government sponsored enterprises); and
- (g) Other investments (including intentional investments, incidental investments and investment entities). The term "incidental investments" was used to refer to interests acquired in the course of meeting another objective, such as preventing the collapse of a private sector entity.

...

BC10. The IPSASB noted arguments in support of requiring consolidation of all controlled entities of a government, including the following:

- (a) Consolidated financial statements provide a panoramic view of a government's activities and current financial position. This panoramic view ensures that users do not lose sight of the risks associated with certain sectors. It shows the performance of the government as a whole.
- (b) Identifying categories of entities which should not be consolidated could be difficult. Such attempts could lead to rules-based standards. For example, there could be difficulties in separately identifying entities rescued from financial distress on a consistent basis across jurisdictions and over time. Similar issues could arise in respect of any separate proposals for GBEs. Although the term GBE ~~is~~ was a defined term within IPSASs when this Standard was issued, the IPSASB noted that there ~~are~~ were differences in the way this definition is being applied in practice in different jurisdictions. In addition to the issue of clearly identifying any group of entities for which different accounting requirements would be appropriate, the IPSASB noted that similar activities can be conducted by a variety of entity types both within and across jurisdictions. So, although proposals for different accounting treatments might lead to consistent treatment for a group of entities within a jurisdiction, it might not result in comparable accounting for similar activities.

...

**Revision of IPSAS 35 as a result of the IPSASB's *The Applicability of IPSASs*, issued in April 2016**

BC56. The IPSASB issued *The Applicability of IPSASs* in April 2016. This pronouncement amends references in all IPSASs as follows:

- (a) Removes the standard paragraphs about the applicability of IPSAS to “public sector entities other than GBEs” from the scope section of each Standard;
- (b) Replaces the term “GBE” with the term “commercial public sector entities”, where appropriate; and
- (c) Amends paragraph 10 of the *Preface to International Public Sector Accounting Standards* by providing a positive description of public sector entities for which IPSASs are designed.

The reasons for these changes are set out in the Basis for Conclusions to IPSAS 1.

## **Amendments to IPSAS 36, *Investments in Associates and Joint Ventures***

Paragraphs 6 and 7 are deleted. Paragraph 51A is added. New text is underlined and deleted text is struck through.

### **Scope**

...

~~6. This Standard applies to all public sector entities other than Government Business Enterprises (GBEs). [Deleted]~~

~~7. The *Preface to International Public Sector Accounting Standards* issued by the IPSASB explains that GBEs apply IFRSs issued by the IASB. GBEs are defined in IPSAS 1, *Presentation of Financial Statements*. [Deleted]~~

...

### **Effective Date**

...

51A. Paragraphs 6 and 7 were deleted by *The Applicability of IPSASs*, issued in April 2016. An entity shall apply those amendments for annual financial statements covering periods beginning on or after January 1, 2018. Earlier application is encouraged. If an entity applies the amendments for a period beginning before January 1, 2018, it shall disclose that fact.

...

### **Basis for Conclusions**

*This Basis for Conclusions accompanies, but is not part of, IPSAS 36.*

...

### **Revision of IPSAS 36 as a result of the IPSASB’s *The Applicability of IPSASs*, issued in April 2016**

BC14. The IPSASB issued *The Applicability of IPSASs* in April 2016. This pronouncement amends references in all IPSASs as follows:

- (a) Removes the standard paragraphs about the applicability of IPSAS to “public sector entities other than GBEs” from the scope section of each Standard;

- (b) Replaces the term “GBE” with the term “commercial public sector entities”, where appropriate; and
- (c) Amends paragraph 10 of the *Preface to International Public Sector Accounting Standards* by providing a positive description of public sector entities for which IPSASs are designed.

The reasons for these changes are set out in the Basis for Conclusions to IPSAS 1.

## **Amendments to IPSAS 37, *Joint Arrangements***

Paragraphs 5 and 6 are deleted. Paragraph 42A is added. New text is underlined and deleted text is struck through.

### **Scope**

...

- 5. ~~This Standard applies to all public sector entities other than Government Business Enterprises (GBEs).~~ [Deleted]
- 6. ~~The *Preface to International Public Sector Accounting Standards* issued by the IPSASB explains that GBEs apply IFRSs issued by the IASB. GBEs are defined in IPSAS 1, *Presentation of Financial Statements*.~~ [Deleted]

...

### **Effective Date**

...

- 42A. Paragraphs 5 and 6 were deleted by *The Applicability of IPSASs*, issued in April 2016. An entity shall apply those amendments for annual financial statements covering periods beginning on or after January 1, 2018. Earlier application is encouraged. If an entity applies the amendments for a period beginning before January 1, 2018, it shall disclose that fact.

...

### **Basis for Conclusions**

*This Basis for Conclusions accompanies, but is not part of, IPSAS 37.*

...

### **Revision of IPSAS 37 as a result of the IPSASB’s *The Applicability of IPSASs*, issued in April 2016**

- BC8. The IPSASB issued *The Applicability of IPSASs* in April 2016. This pronouncement amends references in all IPSASs as follows:
  - (a) Removes the standard paragraphs about the applicability of IPSAS to “public sector entities other than GBEs” from the scope section of each Standard;
  - (b) Replaces the term “GBE” with the term “commercial public sector entities”, where appropriate; and

- (c) Amends paragraph 10 of the *Preface to International Public Sector Accounting Standards* by providing a positive description of public sector entities for which IPSASs are designed.

The reasons for these changes are set out in the Basis for Conclusions to IPSAS 1.

### **Amendments to IPSAS 38, *Disclosure of Interests in Other Entities***

Paragraphs 5 and 6 are deleted. Paragraph 61A is added. New text is underlined and deleted text is struck through.

#### **Scope**

...

5. ~~This Standard applies to all public sector entities other than Government Business Enterprises (GBEs).~~ [Deleted]
6. ~~The *Preface to International Public Sector Accounting Standards* issued by the IPSASB explains that GBEs apply IFRSs issued by the IASB. GBEs are defined in IPSAS 1, *Presentation of Financial Statements*.~~ [Deleted]

...

#### **Effective Date**

...

- 61A. Paragraphs 5 and 6 were deleted by *The Applicability of IPSASs*, issued in April 2016. An entity shall apply those amendments for annual financial statements covering periods beginning on or after January 1, 2018. Earlier application is encouraged. If an entity applies the amendments for a period beginning before January 1, 2018, it shall disclose that fact.

...

#### **Basis for Conclusions**

*This Basis for Conclusions accompanies, but is not part of, IPSAS 38.*

...

#### **Revision of IPSAS 38 as a result of the IPSASB's *The Applicability of IPSASs*, issued in April 2016**

- BC14. The IPSASB issued *The Applicability of IPSASs* in April 2016. This pronouncement amends references in all IPSASs as follows:
- (a) Removes the standard paragraphs about the applicability of IPSAS to “public sector entities other than GBEs” from the scope section of each Standard;
  - (b) Replaces the term “GBE” with the term “commercial public sector entities”, where appropriate; and
  - (c) Amends paragraph 10 of the *Preface to International Public Sector Accounting Standards* by providing a positive description of public sector entities for which IPSASs are designed.

The reasons for these changes are set out in the Basis for Conclusions to IPSAS 1.

**Amendments to RPG 1, *Reporting on the Long-Term Sustainability of an Entity's Finances***

Paragraph 5 is deleted. Paragraph 6 is amended. The term “Government Business Enterprise” in Appendix A is deleted. New text is underlined and deleted text is struck through.

**Scope**

...

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

6. Although this RPG does not apply directly to ~~GBEs~~ commercial public sector entities, the future inflows and outflows related to a ~~GBE~~ commercial public sector entity, controlled by the reporting entity, over the specified time horizon of the projections are within the scope of this RPG.

...

**Appendix A**

**Terms in this RPG Defined in IPSASSs**

Term	Definition
<b>Assets</b>	Resources controlled by an entity as a result of past events and from which future economic benefits or service potential are expected to flow to the entity.
<b>Cash</b>	Comprises cash on hand and demand deposits.
<b>Cash equivalents</b>	Short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.
<b>Controlled entity</b>	An entity, including an unincorporated entity such as a partnership, which is under the control of another entity (known as the controlling entity).
<b>Controlling entity</b>	An entity that has one or more controlled entities.
<b>Government Business Enterprise</b>	An entity that has all the following characteristics: <del>(a) Is an entity with the power to contract in its own name;</del> <del>(b) Has been assigned the financial and operational authority to carry on a business;</del> <del>(c) Sells goods and services, in the normal course of its business, to other entities at a profit or full cost recovery;</del> <del>(d) Is not reliant on continuing government funding to be a going concern (other than purchases of outputs at arm's length); and</del> <del>(e) Is controlled by a public sector entity.</del>
<b>General government sector</b>	Comprises all organizational entities of the general government as defined in statistical bases of financial reporting.
<b>Liabilities</b>	Present obligations of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits or service potential.
<b>Reporting date</b>	The date of the last day of the reporting period to which the financial statements relate.

Term	Definition
<b>Revenue</b>	The gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets/equity, other than increases relating to contributions from owners.

...

### Basis for Conclusions

*This Basis for Conclusions accompanies, but is not part of, RPG 1.*

...

### Definitions

*Long-Term Fiscal Sustainability*

...

BC10. When this RPG was issued, the IPSASB decided to retain the definition of long-term fiscal sustainability used in the Consultation Paper for ED 46 and subsequently for this RPG, except for widening the scope to reflect that it can apply to all public sector entities (except [Government Business Enterprises]) (the term in square brackets is no longer used following the issue of *The Applicability of IPSASs* in April 2016) rather than limiting it to governments. In coming to this conclusion the IPSASB noted the need for governments and public sector entities to both (a) provide services and meet obligations relating to entitlement programs and (b) meet financial obligations, principally debt servicing. The IPSASB also noted that many governments have sovereign powers to enact legislation for new taxation sources and to vary the levels of existing taxation, while acknowledging that in a global environment the ability to increase taxation might be practically constrained by a number of considerations. The IPSASB took the view that, provided an entity gives appropriate attention to the dimensions of long-term fiscal sustainability, as explained in paragraphs 27–40, users will be given adequate information about whether an entity can maintain existing service levels, meet obligations to the current and future beneficiaries of entitlement programs and meet financial obligations without increasing revenue from taxation and other sources or increasing borrowing.

...

### Basis for Conclusions

*This Basis for Conclusions accompanies, but is not part of, RPG 1.*

...

### **Revision of RPG 1 as a result of the IPSASB’s *The Applicability of IPSASs*, issued in April 2016**

BC35. The IPSASB issued *The Applicability of IPSASs* in April 2016. This pronouncement amends references in all IPSASs as follows:

- (a) Removes the standard paragraphs about the applicability of IPSAS to “public sector entities other than GBEs” from the scope section of each Standard;
- (b) Replaces the term “GBE” with the term “commercial public sector entities”, where appropriate; and



- (c) Amends paragraph 10 of the *Preface to International Public Sector Accounting Standards* by providing a positive description of public sector entities for which IPSASs are designed.

The reasons for these changes are set out in the Basis for Conclusions to IPSAS 1.

## **Amendments to RPG 2, *Financial Statement Discussion and Analysis***

Paragraph 6 is deleted. The term “Government Business Enterprise” in Appendix A is deleted. New text is underlined and deleted text is struck through.

### **Scope**

...

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

...

### **Appendix A**

#### **Terms in this RPG Defined in IPSASs**

<b>Term</b>	<b>Definition</b>
<b>Approved budget</b>	The expenditure authority derived from laws, appropriation bills, government ordinances, and other decisions related to the anticipated revenue or receipts for the budgetary period.
<b>Government Business Enterprise</b>	An entity that has all the following characteristics: (a) <del>Is an entity with the power to contract in its own name;</del> (b) <del>Has been assigned the financial and operational authority to carry on a business;</del> (c) <del>Sells goods and services, in the normal course of its business, to other entities at a profit or full cost recovery;</del> (d) <del>Is not reliant on continuing government funding to be a going concern (other than purchases of outputs at arm's length); and</del> (e) <del>Is controlled by a public sector entity.</del>

### **Basis for Conclusions**

*This Basis for Conclusions accompanies, but is not part of, RPG 2.*

...

#### **Revision of RPG 2 as a result of the IPSASB’s *The Applicability of IPSASs*, issued in April 2016**

BC14. The IPSASB issued *The Applicability of IPSASs* in April 2016. This pronouncement amends references in all IPSASs as follows:

- (a) Removes the standard paragraphs about the applicability of IPSAS to “public sector entities other than GBEs” from the scope section of each Standard;
- (b) Replaces the term “GBE” with the term “commercial public sector entities”, where appropriate; and

- (c) Amends paragraph 10 of the *Preface to International Public Sector Accounting Standards* by providing a positive description of public sector entities for which IPSASs are designed.

The reasons for these changes are set out in the Basis for Conclusions to IPSAS 1.

### **Amendments to RPG 3, *Reporting Service Performance Information***

Paragraph 3 is amended. New text is underlined and deleted text is struck through.

#### **Scope**

...

3. ~~This RPG is applicable to all public sector entities other than Government Business Enterprises (GBEs).~~ Although this RPG does not apply directly to ~~GBEs~~ commercial public sector entities, the services provided by a ~~GBE~~ commercial public sector entity controlled by the reporting entity are within the scope of this RPG.

...

#### **Basis for Conclusions**

*This Basis for Conclusions accompanies, but is not part of, RPG 3.*

...

#### **Scope**

- BC8. When this RPG was issued, ~~¶~~the IPSASB considered whether the RPG should apply to [Government Business Enterprises (GBEs)] (the term in square brackets is no longer used following the issue of *The Applicability of IPSASs* in April 2016). While acknowledging that GBEs provide services and may report service performance information on those services the IPSASB decided that this RPG should apply to all public sector entities other than GBEs. When this RPG was issued, ~~¶~~this ~~is~~ was consistent with the *Preface to International Public Sector Accounting Standards*, which ~~stated~~ stated that the IPSASB ~~developed~~ developed accounting standards and other publications for use by public sector entities, other than GBEs. This exclusion from the scope should not be read as implying that the guidance could not be applied by GBEs or that there is any barrier to GBEs in applying this guidance.

- BC9. In reaching this conclusion the IPSASB noted that where a controlling entity ~~reports~~ reports service performance information according to the recommendations in this RPG it may provide information on services provided by one or more controlled GBEs. Although the GBEs' own reporting ~~is~~ was not within the scope of this RPG, the IPSASB decided that the information reported by the controlling entity—about the GBEs' services—~~needed~~ needed to follow the RPG's requirements, if the controlling entity ~~is~~ was to assert compliance with the RPG.

...

#### **Revision of RPG 3 as a result of the IPSASB's *The Applicability of IPSASs*, issued in April 2016**

- BC43. The IPSASB issued *The Applicability of IPSASs* in April 2016. This pronouncement amends references in all IPSASs as follows:

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- (a) Removes the standard paragraphs about the applicability of IPSAS to “public sector entities other than GBEs” from the scope section of each Standard;
- (b) Replaces the term “GBE” with the term “commercial public sector entities”, where appropriate; and
- (c) Amends paragraph 10 of the *Preface to International Public Sector Accounting Standards* by providing a positive description of public sector entities for which IPSASs are designed.

The reasons for these changes are set out in the Basis for Conclusions to IPSAS 1.

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