

PROJECT HISTORY

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The IPSASB considered a draft Exposure Draft (ED) proposing amendments to the Cash Basis IPSAS, Financial Reporting Under the Cash Basis of Accounting. The amendments are directed at (a) overcoming obstacles to adoption of the IPSAS that arise as a result of the requirements relating to consolidation, external assistance and third party payments; and (b) clarifying that the role of the Cash Basis IPSAS is as an intermediate step on the transition to the accrual basis of financial reporting and adoption of the accrual IPSASs, rather than an end in itself. The draft ED also proposes a number of “housekeeping” type amendments to ensure that the requirements and encouragements in the Cash Basis IPSAS are not inconsistent with those in the accrual IPSASs, unless intended to be so to reflect the cash basis focus in this Standard.

The IPSASB approved issue of the ED subject to amendments to the text to strengthen and clarify the intent of certain of the requirements in Part 1 and encouragements in Part 2.

The ED proposes amendments to the Cash Basis IPSAS to remove from Part 1 of the IPSAS, and recast as encouragements in Part 2 of the IPSAS with some refinements, the requirements that:

- (a) Controlling entities prepare and present consolidated financial statements that consolidate all controlled entities. The ED proposes that Part 2 of the IPSAS will encourage controlling entities to prepare consolidated financial statements that consolidate all controlled entities. Part 2 will also encourage entities that do not consolidate all controlled entities to prepare financial statements that reflect the budget sector, general government sector or other representation of core government activities;
- (b) Reporting entities disclose in a separate column in the statement of cash receipts and payments the amount of payments made by third parties. The ED proposes that Part 2 of the IPSAS will encourage the note disclosure of certain information about third party payments; and
- (c) Reporting entities disclose information about external assistance received during the reporting period and the amount of undrawn external assistance that is available to the entity. The ED proposes that Part 2 of the IPSAS will encourage disclosure of information about external assistance and other assistance received as cash or in the form of third party payments, and the amount of undrawn assistance.

The ED will identify, and seek comment on, only those paragraphs or sections of the Cash Basis IPSAS that are proposed for amendment as part of this limited scope review. This is consistent with the usual format of EDs proposing amendments to IPSASs. A copy of the complete draft Cash Basis IPSAS “marked-up” to identify all proposed amendments will also be included on the IPSASB website (www.ipsasb.org) at the same time as the ED is issued. The web-based copy is provided as a resource for constituents wishing to place the amendments proposed by this ED in the context of the full IPSAS.

Issue Date and Exposure Period.

The IPSASB directed that the ED should be issued early in 2016 with a six month exposure period.