

PROJECT HISTORY

Contact: João Fonseca (joaofonseca@ipsasb.org)

The IPSASB considered the responses to Exposure Draft (ED) 56, *The Applicability of IPSASs*, the draft final pronouncement *The Applicability of IPSASs* and the draft *Amendments to Preface to International Public Sector Accounting Standards* (the Preface). An Issues Paper raised the key issues to be determined before the IPSASB could consider approving the final pronouncement and the amendments to the Preface.

Review of responses

All respondents supported the ED main proposal of deleting the definition of a Government Business Enterprise and supporting guidance and providing a high-level description of the characteristics of public sector entities for which IPSASs are designed. However, the majority of respondents provided additional comments with suggestions or clarifications in one or more areas of ED 56.

Characteristics of public sector entities

In response to numerous comments about the proposed revised description of public sector entities for which IPSASs are designed, the IPSASB agreed the following wording of paragraph 10 of the Preface:

The IPSASs are designed to apply to public sector entities¹ that meet all the following criteria:

- (a) Are responsible for the delivery of services² to benefit the public and/or to redistribute income and wealth;
- (b) Mainly finance their activities, directly or indirectly, by means of taxes and/or transfers from other levels of government, social contributions, debt or fees; and
- (c) Do not have a primary objective to make profits.

“Commercial entities” and “commercial public sector entities”

The IPSASB decided to replace the term “government business enterprise” with a single term “commercial public sector entities” in all IPSASs and Recommended Practice Guidelines (RPGs). The IPSASB also decided that the term “commercial public sector entities” should not be defined or described and that its interpretation should be left to regulators.

Other suggested amendments to IPSASB’s literature

The IPSASB decided to accept respondents’ suggestions related to the reinforcement of ED 56’s approach of providing a high-level description of the characteristics of public sector entities for which IPSASs are designed .

Approval of The Applicability of IPSASs and Amendments to Preface to International Public Sector Accounting Standards

¹ Paragraph 1.8 of *The Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities* identifies a wide range of public sector entities for which IPSASs are designed.

² Services encompasses goods, services and policy advice, including to other public sector entities.

The IPSASB approved the final pronouncement of *The Applicability of IPSASs* and the *Amendments to Preface to International Public Sector Accounting Standards* with 17 votes in favor and one absentee.

Effective date and publication

The IPSASB decided that the final pronouncement *The Applicability of IPSASs* should have an effective date of January 1, 2018, with earlier application encouraged. *The Applicability of IPSASs* and the *Amendments to Preface to International Public Sector Accounting Standards* will be published in April 2016.