

## PROJECT HISTORY

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The IPSASB continued its discussion of the Non-Exchange Expenses project through consideration of a joint agenda item that also addressed the Revenues project.

The IPSASB reviewed the results of outreach interviews conducted with preparers of financial statements regarding issues encountered using the existing guidance for non-exchange transactions. IPSASB members expressed interest in user feedback and provided suggestions for continued efforts to contact financial statement users.

The IPSASB then considered existing guidance for expenses contained in IPSASB literature. The overview of current standards will serve as a reference point for the non-exchange expenses project as the project continues to progress.

The IPSASB then discussed an Issues Paper on the non-exchange/exchange classification approach to accounting for transactions in the public sector. IPSASB members discussed the advantages and disadvantages of the non-exchange/exchange classification approach, as well as potential modifications to existing guidance that could be considered. IPSASB members agreed that the non-exchange/exchange classification approach should be presented as an alternative for recognition for both revenues and expenses.

The IPSASB considered an Issues Paper about a performance obligation approach to accounting for some revenue and expense transactions in the public sector. The objective of the paper was for the IPSASB to determine the extent of revenue and expense transactions for which it would like to develop the performance obligation approach.

The IPSASB noted that the performance obligation approach in IFRS 15, *Revenue from Contracts with Customers* would only be able to be applied to some revenue and expense transactions that contained performance obligations. The IPSASB agreed that it would like to develop a performance obligation approach that could be applied to a much broader range of revenue and expense transactions that contained performance obligations. This included transactions that would meet the criteria set forth in IFRS 15 and transactions out of the scope of IFRS 15 that are subject to performance obligations.

The IPSASB agreed that a performance obligation approach could not be applied to transactions that are not subject to performance obligations, and that these transactions would need to be dealt with separately.

The IPSASB agreed that the performance obligation approach needed to take a broad view of binding arrangements in the public sector, noting that specific legislative requirements can give rise to performance obligations. The IPSASB also agreed that the performance obligation approach needed to take a broad view of the enforceability of binding arrangements, which is not just through legal means.

The IPSASB considered a Paper seeking a decision about whether or not to develop consultation papers (or a consultation paper) for the revenue and non-exchange expenses projects.

The IPSASB agreed to develop one consultation paper for both revenue and non-exchange expenses that would set out the two alternative approaches it has been considering – that is, an exchange/non-exchange classification approach and a performance obligation/no performance obligation approach. The IPSASB

noted that the manner in which the consultation paper was packaged may need to be reconsidered as the shape and size of the paper became evident.