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Meeting:	International Public Sector Accounting Standards Board	**Agenda Item 2**
Meeting Location:	Virtual Meeting	
Meeting Date:	July 28, 2022	

For:
☐ Approval
☒ Discussion
☐ Information

REVENUE AND TRANSFER EXPENSES

Project summary	The aim of the Revenue project is to develop one or more standards that provide recognition and measurement requirements for revenue transactions. The aim of the Transfer Expenses project is to develop a standard that provides recognition and measurement requirements applicable to providers of transfer expense transactions, except for social benefits.	
Drafting Group	• Ian Carruthers, IPSASB Chair (Drafting Group Chair) • Todd Beardsworth, IPSASB Member • Claudia Beier, IPSASB Member • Lindy Bodewig, IPSASB Member • Lynn Pamment, IPSASB Member • Patricia Siqueira Varela, IPSASB Member • Johanna Clark, UNICEF • Nicole Smith, European Commission	
Meeting objectives	***Topic***	***Agenda Item***
Project management	Revenue and Transfer Expenses: Project Roadmap	2.1.1
	Selected Instructions up to Previous Meeting	2.1.2
	Selected Decisions up to Previous Meeting	2.1.3
Decisions required at this meeting	**Revenue**	
	Revenue – Capital Transfer Examples	2.2.1
Other supporting items	Instructions up to Previous Meeting	2.3.1
	Decisions up to Previous Meeting	2.3.2

Prepared by: Edwin Ng (July 2022)

Agenda Item 2.1.1

REVENUE AND TRANSFER EXPENSES: PROJECT ROADMAP

Meeting	Completed Actions or Discussions / Planned Actions or Discussions:
Revenue	
March 2015	1. Approve Project Brief
June 2016	1. Discussion of the performance obligation approach with the Consultative Advisory Group 2. Discussion of IPSAS 23 Implementation Issues with Consultative Advisory Group
June 2017	1. Approve Consultation Paper
March 2018 to December 2018	1. Review Responses to the Consultation Paper
March 2019	1. Preliminarily approve the core text and authoritative guidance of the Exposure Draft for revenue with performance obligations 2. Develop Underlying Principles of Core Text and Authoritative Guidance for revenue without performance obligations
June 2019	1. Preliminarily approve updates to the core text and authoritative guidance of the Exposure Draft for revenue with performance obligations
September 2019	1. Review first draft of Exposure Draft for revenue without performance obligations, and discuss issues
December 2019	1. Approve Exposure Drafts
March 2020 to September 2020	1. Documents Out for Comment
December 2020 to March 2021	1. Review Responses 2. Discuss Issues
June 2021 to March 2022	1. Review Responses 2. Discuss Issues 3. Develop IPSAS
June 2022 to September 2022	1. Review Responses 2. Discuss Issues 3. Develop IPSAS
December 2022	1. Approve IPSAS
Transfer Expenses	
March 2018	1. Review of responses – PSPOA 2. Review of responses – subsequent measurement of non-contractual payables
June 2018	1. Discussion of use of PSPOA for non-exchange expenses
September 2018	1. Discussion of use of PSPOA for non-exchange expenses
March 2019	1. Initial discussion of objective and scope 2. Initial discussion of definitions 3. Discussion of PSPOA 4. Initial discussion of presentation

	5. Initial discussion of effective date and transition requirements 6. Initial review of draft ED
June 2019	1. Discussion of scope and definitions 2. Discussion of subsidies and premiums 3. Discussion of additional material to be included in the ED 4. Discussion of examples to be included in the ED
September 2019	1. Disclosures – discussion of issues 2. Review of initial draft of ED
December 2019	1. Review of draft ED final amendments 2. Review of examples – exception basis only 3. Approval of ED
March 2020 to September 2020	1. Document Out for Comment
December 2020 to April 2021	1. Review Responses 2. Discuss Issues
June 2021 to March 2022	1. Review Responses 2. Discuss Issues 3. Develop IPSAS
June 2022 to September 2022	1. Review Responses 2. Discuss Issues 3. Develop IPSAS
December 2022	1. Approve IPSAS

SELECTED INSTRUCTIONS UP TO PREVIOUS MEETING[1]

Meeting	Instruction	Actioned
Revenue		
June 2022	1. Ensure that the definition of capital transfer appropriately describes the transaction.	1. In progress.
June 2022	2. Draft application guidance, implementation guidance and illustrative examples on capital transfers. Explicitly note in the drafting that revenue recognition in a capital transfer is considered independently from how the funding is structured in the binding arrangement.	2. In progress.
June 2022	3. Draft basis for conclusions to explain that capital transfers are expected to arise from a binding arrangement.	3. In progress.
June 2022	4. Rework the examples to change one variable at a time. Reflect how each change would impact the accounting outcomes.	4. See Agenda Item 2.2.1.

[1] Only the instructions which relate to capital transfers have been included in this table. For the full set of instructions, please refer to Agenda Item 2.3.1.

SELECTED DECISIONS UP TO PREVIOUS MEETING[2]

Meeting	Decision	BC Reference
Revenue		
June 2022	1. The accounting for capital transfers is addressed by the general model on revenue arising from binding arrangements.	1. Drafting in progress.

2 Only the decisions which relate to capital transfers have been included in this table. For the full set of decisions, please refer to Agenda Item 2.3.2.

Revenue – Capital Transfer Examples

Question

1. Does the IPSASB agree with the revised examples for revenue from capital transfer transactions?

Recommendation

2. Staff recommend replacing the capital transfer examples in Exposure Draft 71 with the revised examples in this paper.

Background

3. At the June 2022 meeting, staff presented a paper (Agenda Item 3.2.8) on revenue from capital transfers which included three examples. The IPSASB decided that the accounting for capital transfers can be addressed by the general model on revenue arising from binding arrangements and does not require the development of separate principles.

4. However, the Board instructed staff to rework the examples to only change one variable at a time and reflect how each change would impact the accounting outcomes. This paper addresses this instruction.

Analysis

5. Staff revised the examples from the June 2022 paper into the following sample fact patterns:

    (a) Example 1: Entire transfer relates to the construction of an asset;

    (b) Example 2: Same fact pattern as example 1, but adds a transfer of funds relating to the operation of the asset after its construction;

    (c) Example 3: Same fact pattern as example 2, but adds a separate penalty for ceasing to operate the asset as specified in the arrangement; and

    (d) Example 4: Example of an operating transfer to contrast the accounting with revenue from capital transfers.

6. The revised examples are presented in Appendix 1 of this paper.

Decision Required

7. Does the IPSASB agree with the staff's recommendation?

Appendix 1: Illustrative Examples of Capital Transfers

Example 1: Transfer Only Relates to Construction of an Asset

1. Entity A enters a binding arrangement with Entity B. The terms of the binding arrangement are as follows:

   (a) Entity A is to receive a capital transfer of CU22 million in cash from Entity B. This CU22 million amount is based on budgeted construction and related costs;

   (b) The funding is used to construct a building, but there are no terms specifying how the building is to be used after construction. The funding is to be fully paid by Entity B to Entity A at the beginning of the construction period;

   (c) Entity A is required to have a detailed construction plan outlining the activities to be completed in each major significant of construction (e.g., clearing the site, foundations, framing, etc.) along with the budgeted costs of these activities. To facilitate Entity B's enforcement of the binding arrangement, the terms also require Entity A to provide detailed progress reports at each significant stage of construction; and

   (d) Upon completion of construction, Entity A obtains control of the building. If construction of the building is not completed within 5 years, Entity A retains control of any construction in progress, but any funds that have not been spent on construction are to be returned to Entity B.

2. Entity A has determined in Step 2 of the revenue model that the construction of the building is one compliance obligation and that completion of the construction activities noted in the construction plan, as measured by the costs spent on these activities, is an appropriate proxy for measuring the satisfaction of this obligation. In this example, the substance of the binding arrangement is to provide funding for the construction of the building, and there was no transfer relating to the use of the building.

3. Upon receipt of the CU22 million, Entity A recognizes cash and deferred revenue (a liability) for the full amount of CU22 million because the entity has not yet started satisfying its compliance obligation (construction of the building).

4. As Entity A completes the construction activities in its construction plan, the costs incurred in completing these activities is used to determine the percentage of construction completed. In Step 5 of the revenue model, this percentage is applied to the CU22 million to determine the revenue that should be recognized throughout the construction period.

Example 2: Transfer Relates to the Construction and Operation of an Asset

1. Building on Example 1, the binding arrangement now states that:

   (a) The funding amount has been increased to CU32 million. The amount is based on budgeted construction costs of CU20 million, overhead costs of CU2 million, and a subsidy of CU10 million to cover some of the costs of operating the building as a public library for the first 10 years after completion of the building;

   (b) Throughout the 10-year period, Entity A is required to provide evidence to Entity B that the building has been operated as a public library. The evidence can include documentation such as audit financial statements which provide details on the operating costs incurred by Entity A; and

   (c) If Entity A stops operating the building as a library at any time during the 10-year period, it is required to repay a portion of the CU10 million operating transfer to Entity B based on the amount of time remaining in the 10-year period. For example, if Entity A stops operating the building as a library at two years into the 10-year period, it is required to return CU8 million to Entity B.

2. In this fact pattern, Entity A concludes from Step 2 of the revenue model that the binding arrangement consists of two compliance obligations: the construction of the building and the operation of the building as a library for a 10-year period. Applying steps 3 and 4 of the revenue model to the sample fact pattern, Entity A has allocated CU22 million to the construction of the building and CU10 million to its operation as a public library.

3. For the compliance obligation relating to the construction of the building, like Example 1, Entity A recognizes deferred revenue of CU22 million upon receipt of the funds. Entity A then recognizes the CU22 million over the construction period based on its construction progress as determined by the direct construction costs incurred.

4. For the compliance obligation relating to the operation of the building as a library, Entity A has determined that this compliance obligation is satisfied as the building is being operated as a library during the 10-year period, and therefore would recognize deferred revenue upon initial receipt of the funds. After construction has been completed, Entity A recognizes CU1 million of revenue per year as it operates the building as a public library.

5. In this example, the identification of the compliance obligations and the allocation of the transaction consideration to each compliance obligation is based on the substance of the transfers in accordance with the terms of the binding arrangement.[3]

[3] Note to Members (Not Part of the Example): In more complex scenarios, the separation of the consideration for the construction and operation of the building may not be explicitly stated. To appropriately identify and measure the compliance obligations these scenarios, an entity will need to apply the guidance on identifying compliance obligations and measurement (steps 2-4 in the revenue model) to the specific terms of the binding arrangement and related facts and circumstances. Staff is considering the drafting of additional implementation guidance or illustrative examples to cover these scenarios.

Example 3: Transfer Relates to the Construction and Operation of an Asset, and an Additional Penalty is Payable if the Entity Ceases Operation of the Asset

1. In this example, the binding arrangement now includes all the terms from Example 2 with the addition of the following:

   (a) In addition to the terms in Example 2, the binding arrangement now imposes a penalty of CU5 million under specific conditions. Within the 10-year period, if Entity A stops operating the building as a library, it is required to pay a penalty of CU5 million to Entity B.

   (b) The CU5 million penalty is payable **in addition to** the return of the transfer relating to construction or operation of the asset. For clarity, if Entity A has completed construction of the building and operated it as a library for 9 years but stops operating the library at the beginning of the 10th year, it is required to pay CU6 million. The CU6 million consists of returning CU1 million of unearned revenue based on the terms of the CU10 million transfer to operate the building as a library **and** the CU5 million penalty.

2. In this example, the accounting for the CU22 million and CU10 million portions of the transfer for construction and operation of the building as a library will be the same as Examples 1 and 2. That is, the CU32 million will be recorded as deferred revenue upon receipt. Subsequently, the CU22 million will be recognized as the building is constructed and the CU10 million will be recognized over the 10-year operating period.

3. The additional CU5 million penalty is not recognized by Entity A because it is a contingent liability[4] that is not a present obligation (as described in ED 81). This penalty only becomes a present obligation once the past event (breaching the terms of the agreement by not operating the building as a library) has occurred. Entity A will need to consider if disclosure of the contingent liability is required by IPSAS 19, *Provisions, Contingent Liabilities and Contingent Assets*.

[4] IPSAS 19.18 states, "A contingent liability is: (a) A possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or (b) A present obligation that arises from past events, but is not recognized because: (i) It is not probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation; or (ii) The amount of the obligation cannot be measured with sufficient reliability."

Example 4: Transfer Relates to the Operation of an Asset

1. The following illustrates the accounting for revenue from an operating transfer to highlight the differences with revenue from capital transfers.

2. In this example:

   (a) Entity A already owns the building;

   (b) The binding arrangement includes the terms relating to a CU10 million transfer to subsidize the operation of the building as a public library for the next 10 years;

   (c) Throughout the 10-year period, Entity A is required to provide evidence to Entity B that the building has been operated as a public library; and

   (d) If Entity A stops operating the building as a library at any time during the 10-year period, it is required to repay a portion of the CU10 million operating transfer to Entity B based on the amount of time remaining in the 10-year period.

3. In this fact pattern, the CU10 million transfer relates entirely to the compliance obligation to operate the existing building as a public library over a 10-year period. Upon initial receipt, the CU10 million is recognized as deferred revenue (a liability).

4. Entity A has determined that this compliance obligation is satisfied as the building is being operated as a library throughout the 10-year period. Therefore, Entity A recognizes revenue of CU1 million per year as it operates the building as a public library.

INSTRUCTIONS UP TO PREVIOUS MEETING

Meeting	Instruction	Actioned
Revenue		
June 2022	1. Relocate authoritative guidance on non-contractual receivables to better communicate its application to receivables from any revenue transaction arising outside of a contract.	1. In progress.
June 2022	2. Further consider what additional non-authoritative guidance (in addition to those proposed in Agenda Item 3.2.6 from June 2022) will help entities apply IPSAS 41 principles to the subsequent measurement of non-contractual receivables	2. In progress.
June 2022	3. Work with the Drafting Group to ensure disclosures guidance is succinct and effectively presented. Consider if disclosures on significant judgments could apply to all revenues.	3. In progress.
June 2022	4. Draft Basis for Conclusions reflecting how the Board addresses comments about disclosure overload and that entity will need to consider which disclosures apply to their specific transaction.	4. In progress.
June 2022	5. Ensure that the definition of capital transfer appropriately describes the transaction.	5. In progress.
June 2022	6. Draft application guidance, implementation guidance and illustrative examples on capital transfers. Explicitly note in the drafting that revenue recognition in a capital transfer is considered independently from how the funding is structured in the binding arrangement.	6. In progress.
June 2022	7. Draft basis for conclusions to explain that capital transfers are expected to arise from a binding arrangement.	7. In progress.
June 2022	8. Rework the examples to change one variable at a time. Reflect how each change would impact the accounting outcomes.	8. See Agenda Item 2.2.1.

March 2022	1. Incorporate a diagram into the existing Basis for Conclusions to clarify the relationship between the new term 'compliance obligation' and present obligations and performance obligations.	1. Incorporated into the Basis for Conclusion (BC) and reviewed by the Drafting Group
March 2022	2. Work with the Drafting Group to revise the definition of 'compliance obligation' and ensure the guidance clarifies that compliance is in relation to the terms of the binding arrangement.	2. Incorporated and reviewed by the Drafting Group – see Agenda Item 3.3.1
March 2022	3. Incorporate proposed non-authoritative guidance, with revisions to clarify the implications of internal and external factors on accounting for a binding arrangement.	3. Incorporated and reviewed by the Drafting Group – see Agenda Item 3.3.1
October 2021	1. Consider how to communicate alignment with IFRS in supplemental materials.	1. Pending
September 2021	1. Revise authoritative guidance to articulate the principle related to the recognition of a liability (deferred revenue) associated with an entity's (i.e., transfer recipient's) present obligation(s) in a binding arrangement, and ensure non-authoritative guidance clarifies how other liabilities that may arise in a binding arrangement should be accounted for using other IPSAS.	1. Incorporated and reviewed by the Drafting Group – see Agenda Item 3.3.1
September 2021	2. Consider the identified principle in the context of existing Capital Transfers examples (proposed in ED 71) to confirm that the principle is appropriate, and incorporate additional drafting if necessary.	2. See Agenda item 3.2.8
September 2021	3. Ensure the draft IPSAS include clear structure and signposting for ease of use.	3. In progress
June 2021	1. Provide non-authoritative guidance to clarify that an entity should consider both explicit and implicit consequences in its assessment of the mechanisms of enforceability in a binding arrangement.	1. In progress
March 2021	1. Recommend amended title(s) for the proposed revenue standard(s) when all key decisions have been made in the Revenue project.	1. In progress – tentatively expect to the title "Revenue" based on October 2021 Agenda Item 3.2.1 decision to have only one Revenue IPSAS

March 2021	2. Draft additional Basis for Conclusions paragraphs to address concerns from specific constituents to explain why the IPSASB decided to move away from using exchange and non-exchange as defined terms to classify revenue and to explain that it remains an appropriate concept used to describe the economic substance of such transactions in the public sector.	2. Drafted – pending review by Drafting Group
March 2021	3. Clarify the guidance for situations where the satisfaction of a present or performance obligation occurs prior to the receipt of cash and incorporate this guidance in an example on multi-year arrangements.	3. In progress
December 2020	1. Regarding the staff's proposal to revise the disclosures in the three EDs based on the nature and risks of the various types of revenue and transfer expenses applicable to the public sector, revisit the analysis in more detail and include consideration of which types of revenue and transfer expense transactions are the most prominent in the public sector.	1. See Agenda Item 3.2.7
December 2019	1. All instructions provided up until December 2019 were reflected in the Exposure Draft (ED) 70, Revenue with Performance Obligations and Exposure Draft (ED) 71, Revenue without Performance Obligations	1. All instructions provided up until December 2019 were reflected in the Exposure Draft (ED) 70, Revenue with Performance Obligations and Exposure Draft (ED) 71, Revenue without Performance Obligations
Transfer Expenses		
June 2022	1. Explicitly state in the draft standard that the transfer provider needs to first consider if the transfer transaction arises from a binding arrangement that results in an asset upon initial recognition, then consider the subsequent derecognition of the asset and recognition of an expense.	1. Drafting in progress.
June 2022	2. Explain the interaction between constructive obligations and	2. Drafting in progress.

	contract accounting principles in the draft standard.	
June 2022	3. Draft non-authoritative implementation guidance for appropriations based on discussions with board members.	3. Drafting in progress.
June 2022	4. Reconsider the interaction with the impairment standards to develop principles that can be applied to the transfers of cash and non-cash assets.	4. Drafting in progress.
March 2022	1. Relocated the proposed guidance on the relationship between the definition of transfer expense and existence of transfer provider's binding arrangement asset to the Basis for Conclusions and review the text to ensure that this does not remove necessary guidance.	1. Relationship is incorporated into Agenda Items 3.2.1-3.2.2. Drafting in progress.
March 2022	2. Incorporate proposed non-authoritative guidance, with revisions to clarify the implications of internal and external factors on accounting for a binding arrangement.	2. Incorporated into Agenda Item 3.2.2. Drafting pending.
March 2022	3. Revise the drafting to enhance the clarity of the text and ensure consistency with the principles in the draft revenue IPSAS, where appropriate.	3. Drafting in progress.
March 2022	4. Consider appropriate disclosure requirements in light of the revised drafting.	4. Drafting in progress.
March 2022	5. Revise the drafting for consistency and clarity, ensuring that text matches the principle that transaction consideration should be allocated to transfer rights.	5. Incorporated into Agenda Item 3.2.2. Drafting in progress.
March 2022	6. Consider whether Implementation Guidance may be helpful, based on clarity of principles in authoritative text, to reduce complexity of the drafting.	6. Drafting in progress.
December 2021	1. Review the distinction between transfer expenses where the transfer of resources is not related to a liability, and those where the transfer of resources settles a liability arising outside a binding arrangement, and develop an overview of the *Transfer Expenses* IPSAS scope and 'landscape', taking into account: the starting	1. Accounting model has been reworked. See Agenda Item 3.2.2.

	point needs to be the definition of a transfer expense; the need to ensure there are no gaps in the guidance; the IPSASB's earlier decision that IPSAS 19 is the residual guidance; and the examples of transactions provided by IPSASB members.	
December 2021	2. Revise the drafting of the proposed accounting model for transfer expenses without binding arrangements in the context of the landscape overview instructed under item 8.2.1 to provide additional guidance for transfers of resources made to settle a liability, taking into account: the need to avoid duplicating guidance that already exists in IPSAS 19; and providing clearer signposting on when a transfer provider should apply the requirements of IPSAS 19.	2. Drafting in progress.
December 2021	3. Incorporate the flowchart from the presentation into the guidance in the *Transfer Expenses* IPSAS.	3. Drafting in progress.
December 2021	4. Consider how to communicate the reasons for measuring non-cash transfers at the carrying amount of the resource transferred, and the consistency with the measurement of the resources received in the *Revenue* IPSAS.	4. Drafting in progress.
December 2021	5. Revise the drafting of the proposed accounting model for transfer expenses with binding arrangements to provide additional guidance for transfers of resources made to settle a liability, taking into account: the interaction between the recognition of an asset where resources are transferred prior to the transfer recipient fulfilling its obligations and the definition of a transfer expense; and the impact of monitoring arrangements on the recognition of the asset.	5. Drafting in progress
December 2021	6. Revise the proposed drafting related to cost of services provided by transfer provider and impairment.	6. Drafting in progress.
September 2021	1. Consider the need for additional illustrative examples to demonstrate how service potential is generated	1. Drafting in progress.

	when the transfer recipient fulfills certain present obligations.	
September 2021	2. Draft a Basis for Conclusion that highlights how the proposed change in principle from what was proposed in ED 72 responds to constituent concerns about the practicality and implementation of proposed guidance.	2. Drafting in progress.
September 2021	3. Propose revised or additional guidance on the subsequent measurement of the transfer provider's asset, including guidance on when the asset should be impaired.	3. Drafting in progress
September 2021	4. Ensure the draft IPSAS include clear structure and signposting for ease of use.	4. Drafting in progress.
June 2021	1. Provide non-authoritative guidance to clarify that an entity should consider both explicit and implicit consequences in its assessment of the mechanisms of enforceability in a binding arrangement.	1. Drafting in progress.
April 2021	1. Reconsider the working title of the proposed transfer expense standard after reviewing and assessing constituent comments on scope.	1. In progress – tentatively expect to retain the title 'Transfer Expenses' based on September 2021 Agenda Item 4.2.3
April 2021	2. Consider whether there are any useful implementation examples that clearly communicate the principles and are jurisdictionally neutral.	2. Drafting in progress.
April 2021	3. Clarify in guidance that the transfer provider may provide non-cash assets as part of the fulfillment of specific obligations in a binding arrangement.	3. Drafting in progress.
April 2021	4. Propose guidance on how to account for transfer expense transactions in both the separate and consolidated financial statements of counterparties within the same economic entity, with consideration of any relevant existing guidance in IPSAS 35.	4. Drafting in progress.
April 2021	5. Consider whether disclosures are necessary for binding arrangements that are equally unfulfilled at	5. Drafting in progress.

	reporting date; and if so, what disclosures are required.	
April 2021	6. Provide specific guidance through examples on accounting for partially fulfilled binding arrangements.	6. Drafting in progress.
December 2020	1. Regarding the staff's proposal to revise the disclosures in the three EDs based on the nature and risks of the various types of revenue and transfer expenses applicable to the public sector, revisit the analysis in more detail and include consideration of which types of revenue and transfer expense transactions are the most prominent in the public sector.	1. Drafting in progress.
December 2019	1. All instructions provided up until December 2019 were reflected in the Exposure Draft (ED) 72, *Transfer Expenses*	1. All instructions provided up until December 2019 were reflected in the Exposure Draft (ED) 72, *Transfer Expenses*

DECISIONS UP TO PREVIOUS MEETING

Meeting	Decision	BC Reference
Revenue		
June 2022	1. IPSAS 41 accounting principles should be applied by analogy to subsequently measure non-contractual receivables, as proposed in the ED.	1. Drafting in progress.
June 2022	2. The disclosure requirements proposed in the ED remain appropriate and should be retained, in the revised order proposed.	2. Drafting in progress.
June 2022	3. The accounting for capital transfers is addressed by the general model on revenue arising from binding arrangements.	3. Drafting in progress.
March 2022	1. The term 'compliance obligation' should be used for the single concept of an entity's legally binding obligation arising from a revenue transaction with a binding arrangement.	1. Incorporated – drafted Basis for Conclusion (BC) is pending review
March 2022	2. After approval of the new Revenue and Transfer Expenses pronouncements, if the IPSASB votes to re-expose, the new Exposure Draft should include a Specific Matter for Comment related to the new term for the single concept of an entity's legally binding obligation in a revenue transaction with binding arrangements.	2. Pending
March 2022	3. An entity should consider whether changes in external factors indicate a change in the substance of its binding arrangement, or collectively with internal factors (such as intention to enforce) inform subsequent measurement considerations.	3. Incorporated – drafted BC is pending review
December 2021	1. An entity's obligation in a binding arrangement in Revenue accounting is a narrower concept than 'present obligation' in the IPSASB Conceptual Framework: it is a legally binding obligation in a binding arrangement, which is a unit of account for revenue accounting, to use resources	1. Incorporated – BC presented March 2022 Agenda Item 8.2.3

	received/receivable in compliance with the terms of the binding arrangement.	
December 2021	2. The existing term 'performance obligation' should be adopted for binding obligations arising from revenue transactions with binding arrangements subject to any further staff analysis.	2. Incorporated – BC presented March 2022 Agenda Item 8.2.3
December 2021	3. The proposed guidance should be incorporated in the Revenue IPSAS to clarify how an entity should distinguish its individual obligations in a binding arrangement, with refinements.	3. Incorporated – drafted BC is pending review
December 2021	4. Specified activities and eligible expenditures are examples of ways in which an entity may fulfill its obligations in a binding arrangement.	4. Incorporated – drafted BC is pending review
October 2021	1. Revenue guidance should be presented as a single IPSAS.	1. Incorporated – BC presented March 2022 Agenda Item 8.2.3
September 2021	1. A transfer recipient recognizes a liability (deferred revenue) in its binding arrangement when it has received resources prior to fulfilling its present obligation(s), and the enforceable terms of the binding arrangement require the entity (i.e., the transfer recipient) to transfer resources to another party if it does not fulfill its present obligations.	1. Incorporated – drafted BC is pending review
September 2021	2. A liability (deferred revenue) is extinguished as the transfer recipient fulfills its present obligations to earn revenue.	2. Incorporated – drafted BC is pending review
September 2021	3. The detailed review of guidance in the draft pronouncements, based on Board decisions for the Revenue and Transfer Expenses projects, be delegated to the Drafting Group.	3. In progress. BC pending.
September 2021	4. The guidance in the draft IPSAS based on ED 71 and ED 72 be reordered to require the entity to consider up front whether the transaction arises without or with a binding arrangement.	4. In progress. BC pending.
June 2021	1. Retain the definition of a 'binding arrangement' in the Revenue standard(s), as it is conceptually consistent with the definitions elsewhere in IPSAS literature, with	1. Incorporated – drafted BC is pending review

	the following minor wording revisions: include "for the purposes of this Standard," and "enforceability through legal or equivalent means", and change "both parties" to "the parties".	
June 2021	2. Clarify in the Revenue and Transfer Expenses standards that enforceability is based on the entity's ability to enforce the binding arrangement and uncertainty of enforcement is a measurement issue.	2. Incorporated – drafted BC is pending review
June 2021	3. Confirm that enforceability is the ability to impose consequences on parties that do not fulfill their agreed-upon obligations in the binding arrangement, and the guidance proposed in paragraph 21 should be added as Application Guidance.	3. Incorporated – drafted BC is pending review
June 2021	4. Confirm that the assessment of enforceability of a binding arrangement occurs at inception and when a significant external change indicates that there may be a change in the enforceability of that binding arrangement.	4. Incorporated – drafted BC is pending review
June 2021	5. Confirm that legal or equivalent means is consistent with 'legal obligation' as described in the Conceptual Framework Chapter 5 and is not 'non-legally binding obligation'	5. Incorporated – drafted BC is pending review
June 2021	6. Revise the definition of a liability in the IPSASB's Conceptual Framework by replacing 'outflow of resources' with 'transfer of resources' as the revised wording clarifies (i.e., does not substantially change) the underlying concepts.	6. Processed in the Conceptual Framework project. Also incorporated in drafting.
June 2021	7. Incorporate additional guidance and examples into the Conceptual Framework on 'transfer of resources', as outlined in the Agenda Item, to clarify the ambiguities associated with what entails a 'transfer of resources'	7. Processed in the Conceptual Framework project.
April 2021	1. Confirm, for revenue, that there is no initial recognition when no party has fulfilled its stated obligations under the binding arrangement, unless the binding arrangement is	1. Incorporated in drafting. BC pending

	onerous. Accounting for the binding arrangement begins when the binding arrangement is at least partially fulfilled (i.e., at least one party begins to fulfill one or more of its stated obligations).	
April 2021	2. An entity's right and obligation within a binding arrangement are directly linked and interdependent. When the binding arrangement is wholly unfulfilled, the combined right and obligation constitutes a single asset or liability.	2. Incorporated in drafting. BC pending
March 2021	1. Revise the title(s) of the proposed revenue standard(s) to reflect the nature of revenue transactions in the public sector.	1. In progress – tentatively expect to the title "Revenue" based on October 2021 Agenda Item 3.2.1 decision to have only one Revenue IPSAS
March 2021	2. For the time being, continue to present revenue guidance as two separate standards with the standard based on ED 71, *Revenue without Performance Obligations* first (i.e., Option 1).	2. N/A – no longer necessary based on October 2021 Agenda Item 3.2.1 decision to have a single Revenue IPSAS
March 2021	3. Retain the concept of a binding arrangement as a fundamental concept for revenue accounting, and that the existence of rights and obligations within, and enforceability of, a binding arrangement mean that it contains at least one present obligation.	3. Incorporated and reviewed in 2021
March 2021	4. Adopt the principle that enforceability of a binding arrangement can arise from various mechanisms, so long as the mechanism(s) provide the entity with the ability to enforce the binding arrangement and hold the parties accountable to the satisfaction of stipulated obligations.	4. Incorporated and reviewed in 2021
March 2021	5. Highlight that an entity should assess all relevant factors at the transaction date to determine whether an arrangement is enforceable.	5. Incorporated and reviewed in 2021
March 2021	6. Retain revenue from performance obligations as a separate type of revenue.	6. Incorporated and reviewed by the Drafting Group concurrent with other 2021 decisions

March 2021	7. Highlight that performance obligations are a subset of present obligations that embody a specific transfer of a distinct good or service to a purchaser or third-party beneficiary.	7. Incorporated and reviewed by the Drafting Group concurrent with other 2021 decisions
March 2021	8. Revise existing Application Guidance to state that, where there is objective evidence that a portion of consideration relates to the transfer of distinct goods or services to the purchaser/transfer provider or a third-party beneficiary, disaggregate the transaction price and account for the component(s) relating to the transfer of distinct goods or services in accordance with ED 70, *Revenue with Performance Obligations* then use ED 71 to account for any remaining component(s). If the portion is unclear, account for the entire transaction in accordance with ED 71.	8. N/A – no longer necessary based on October 2021 Agenda Item 3.2.1 decision to have a single Revenue IPSAS
March 2021	9. Highlight that enforceability in a binding arrangement gives rise to a liability (deferred revenue) for the transfer recipient to the extent that the terms of the arrangement are not yet satisfied.	9. Incorporated – drafted BC is pending review
March 2021	10. Proceed with the proposed Revenue project plan, use in-period review sessions as needed, and revisit the need, role, and composition of a Task Force in Q2 2021.	10. See September 2021 Agenda Item 4.2.5
December 2020	1. Reorder the draft guidance in ED 70 and ED 71 to begin with ED 71, either as a separate standard, or a combined standard.	1. N/A – based on October 2021 Agenda Item 3.2.1
December 2020	2. Address concerns over the nature and length of disclosures in all three EDs by taking a principles-based approach focusing on the nature of the transactions and their risks.	2. In progress, concurrently with IPSASB's decision on Agenda Item 3.2.7
December 2019	1. All decisions made up until December 2019 were reflected in the Exposure Draft (ED) 70, *Revenue with Performance Obligations* and Exposure Draft	1. All decisions made up until December 2019 were reflected in the Exposure Draft (ED) 70, *Revenue with Performance Obligations* and Exposure Draft

	[(ED) 71, *Revenue without Performance Obligations*]()	[(ED) 71, *Revenue without Performance Obligations*]()
Transfer Expenses		
June 2022	1. Subject to drafting instructions, the key transfer expense accounting principle is determining whether the entity controls a transfer right.	1. Drafting in progress.
June 2022	2. Subject to drafting instructions, a liability should be recognized prior to the transfer if: (a) In transactions arising from a binding arrangement, the transfer recipient fulfilled its compliance obligations; or (b) In transactions not involving a binding arrangement, the facts and circumstances results in: A constructive obligation as described in IPSAS 19 or a legal obligation which requires an outflow of resources.	2. Drafting in progress.
June 2022	3. Subject to instructions on drafting implementation guidance, appropriations are addressed by the general accounting model for transfer expenses and no additional authoritative guidance is needed.	3. Drafting in progress.
June 2022	4. Onerous contracts are not applicable to transfer expenses.	4. Drafting in progress.
March 2022	1. An entity should consider whether changes in external factors indicated a change in the substance of its binding arrangement, or collectively with internal factors (such as intention to enforce) inform subsequent measurement considerations.	1. Drafting of Basis for Conclusion (BC) pending
December 2021	1. Non-cash resources transferred by a transfer provider should be measured at their carrying amount in line with the requirements in other IPSAS.	1. Incorporated – see draft text in March Agenda Item 8.3.1 BC pending
September 2021	1. Where the transfer provider in a binding arrangement transfers cash or other resources prior to the transfer recipient fulfilling its obligations, the transfer provider's enforceable right to have the	1. Incorporated in December 2021 – see draft text in March Agenda Item 8.3.1 BC pending

	transfer recipient fulfill its obligations (or face consequences outlined in the binding arrangement) meets the definition of an asset.	
September 2021	2. As an asset may exist where the transfer provider transfers cash or other resources prior to the transfer recipient fulfilling its obligations, the accounting model adopted in ED 72 for transfer expenses where the transfer recipient has a present obligation should not be retained.	2. Incorporated in December 2021 – see draft text in March Agenda Item 8.3.1 BC pending
September 2021	3. Revisions, proposed in the Appendices, to address constituent concerns should be incorporated into the draft IPSAS based on ED 72 (except for Recommendation 3 on binding arrangements and onerous contracts).	3. Incorporated in December 2021 – see draft in March Agenda Item 8.3.1 BC pending
September 2021	4. The distinction between transfer expenses with performance obligations and transfer expenses without performance obligations previously proposed in ED 72 should be removed, as it is not useful from a transfer provider perspective.	4. Incorporated in December 2021 – see draft text in March Agenda Item 8.3.1 BC pending
September 2021	5. The detailed review of guidance in the draft pronouncements, based on Board decisions for the Revenue and Transfer Expenses projects, be delegated to the Drafting Group.	5. In progress. BC pending
September 2021	6. The guidance in the draft IPSAS based on ED 71 and ED 72 be reordered to require the entity to consider up front whether the transaction arises without or with a binding arrangement.	6. Incorporated in December 2021 – see preliminary draft in March Agenda Item 8.3.1 BC pending
June 2021	1. Incorporate the definition of a 'binding arrangement' (as decided above for Revenue) into the final Transfer Expenses standard to ensure the standards are conceptually consistent and freestanding.	1. Incorporated in September 2021 – see preliminary draft in March Agenda Item 8.3.1 BC pending
June 2021	2. Clarify in the Revenue and Transfer Expenses standards that enforceability is based on the entity's ability to enforce the binding arrangement and uncertainty of enforcement is a measurement issue.	2. Incorporated in September 2021 – see preliminary draft in March Agenda Item 8.3.1 BC pending

June 2021	3. Confirm that enforceability is the ability to impose consequences on parties that do not fulfill their agreed-upon obligations in the binding arrangement, and the guidance proposed in paragraph 21 should be added as Application Guidance.	3. Incorporated in September 2021 – see preliminary draft in March Agenda Item 8.3.1 BC pending
June 2021	4. Confirm that the assessment of enforceability of a binding arrangement occurs at inception and when a significant external change indicates that there may be a change in the enforceability of that binding arrangement.	4. Incorporated in September 2021 – see preliminary draft in March Agenda Item 8.3.1 BC pending
June 2021	5. Confirm that legal or equivalent means is consistent with 'legal obligation' as described in the Conceptual Framework Chapter 5 and is not 'non-legally binding obligation'	5. Incorporated in September 2021 – see preliminary draft in March Agenda Item 8.3.1 BC pending
June 2021	6. Revise the definition of a liability in the IPSASB's Conceptual Framework by replacing 'outflow of resources' with 'transfer of resources' as the revised wording clarifies (i.e., does not substantially change) the underlying concepts.	6. Processed in the Conceptual Framework project. Also incorporated in preliminary draft in March Agenda Item 8.3.1
April 2021	1. Address principle-related issues raised by constituents first, before considering other issues raised.	1. In progress
April 2021	2. Revise the presentation of guidance in the transfer expense standard to better reflect the public sector.	2. Incorporated in September 2021 – see preliminary draft in March Agenda Item 8.3.1 BC pending
April 2021	3. Retain binding arrangement as a fundamental concept for transfer expense accounting. Principles related to binding arrangements should be consistent. Identification and assessment of a binding arrangement is from the perspective of the entity.	3. Incorporated in June 2021 – see preliminary draft in March Agenda Item 8.3.1 BC pending
April 2021	4. Confirm that, in a binding arrangement, each party will have at least one present obligation.	4. Incorporated in June 2021 – see preliminary draft in March Agenda Item 8.3.1 BC pending
April 2021	5. Confirm that enforceability can be demonstrated by various mechanisms in transfer expense	5. Incorporated in June 2021 – see preliminary draft in March Agenda Item 8.3.1

	accounting, and all relevant factors should be considered in that analysis.	BC pending
April 2021	6. Confirm that enforceability of a binding arrangement may give rise to an asset for the transfer provider when it is partially fulfilled.	6. In progress – Decision will be addressed concurrently with September 2021 Agenda Item 4.2.2
April 2021	7. Be conceptually consistent with the present obligation principles developed for revenue, and consider substance of the arrangement from the different perspectives (transfer provider vs. transfer recipient) in assessing whether to retain the distinction of performance obligations for transfer expense accounting.	7. See September 2021 Agenda Item 4.2.4 BC pending
April 2021	8. Consider the implication of the IPSASB's decision on the treatment of "consideration not directly attributable to the transfer of distinct goods or services" at a later date, based on the decision to either retain or remove the distinction of transfer expenses with and without performance obligations.	8. N/A – distinction removed based on September 2021 Agenda Item 4.2.4 BC pending
April 2021	9. Incorporate executory contract accounting principles without explicitly referring to the term executory contracts. Drafting should refer to specific principles to account for binding arrangements.	9. Incorporated in June 2021 – see preliminary draft in March Agenda Item 8.3.1 BC pending
April 2021	10. Confirm, for transfer expenses, that there is no initial recognition when no party has fulfilled its stated obligations under the binding arrangement, unless the binding arrangement is onerous. Accounting for the binding arrangement begins when the binding arrangement is at least partially fulfilled (i.e., at least one party begins to fulfill one or more of its stated obligations).	10. Incorporated in June 2021 – see preliminary draft in March Agenda Item 8.3.1 BC pending
April 2021	11. Confirm an entity's right and obligation within a binding arrangement are directly linked and interdependent. When the binding arrangement is wholly unfulfilled, the combined right and obligation constitute a single asset or liability.	11. Incorporated in June 2021 – see preliminary draft in March Agenda Item 8.3.1 BC pending

December 2020	1. Address concerns over the nature and length of disclosures in all three EDs by taking a principles-based approach focusing on the nature of the transactions and their risks.	1. Drafting in progress
December 2019	1. All decisions made up until December 2019 were reflected in the Exposure Draft (ED) 72, *Transfer Expenses*	1. All decisions made up until December 2019 were reflected in the Exposure Draft (ED) 72, *Transfer Expenses*