PROJECT HISTORY

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The IPSASB considered a number of consequential amendments relating to:

- QCs and constraints;
- Hierarchy for selection of accounting policies where there is no IPSAS; and
- Use of terms ‘group entity’ and ‘economic entity.’

The IPSASB agreed to delete Appendix A in IPSAS 1 and references to it in the current suite of IPSASs. Except for recognition criteria the IPSASB also agreed to replace the terms ‘reliable’ and ‘reliability’ with the terms ‘faithfully representative’ and ‘faithful representation’.

Because it is likely that the recognition criteria will be considered in a future separate project, the IPSASB decided not to modify these criteria at present. Footnotes and a revision to the Basis for Conclusions of IPSAS 1 will explain the meaning of the term ‘reliable’ in the context of recognition criteria and the reasons for the IPSASB’s approach.

The IPSASB agreed to update the sections of IPSAS 1 dealing with the hierarchy of sources for the selection of accounting policies when there is no IPSAS that specifically applies to a transaction, event or condition. These revisions will acknowledge the IPSASB’s Conceptual Framework and the QCs and constraints in the Framework.

In its discussion of the reporting entity the Conceptual Framework used the term ‘group reporting entity’. IPSASB’s literature uses the term ‘economic entity’, which is defined in IPSAS 1 as “a group of entities comprising a controlling entity and one or more controlled entity.” The IPSASB considered a staff proposal to replace the term ‘economic entity’ with ‘group entity’ or ‘group reporting entity’ throughout the IPSASB’s literature. The IPSASB rejected this proposal, because it considers that the term ‘economic entity’ is consistent with the Framework. The term ‘economic entity’ is therefore be retained.