

PROJECT HISTORY

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Revenue – IFRS 15 alignment

Staff presented an Issues Paper outlining proposals to replace IPSAS 9, *Revenue from Exchange Transactions* and IPSAS 11, *Construction Contracts* with an IPSAS that is primarily based on the IASB pronouncement from IFRS 15, *Revenue from Contracts with Customers*. The IPSASB decided that, in dealing with commercial-style revenue transactions, there are no major public sector issues that warrant departure, after considering the alignment with IFRS 15. The IPSASB decided to approve the terminology changes, and with some clarifications, the definitions to address the convergence of the development of an IPSAS based on IFRS 15. The IPSASB also decided to retain the term “Fair Value.”

The IPSASB instructed staff to consider terms such as Binding Arrangements, Binding Arrangement Asset, Binding Arrangement Liability and Customer for suitability and consistency with existing IPSAS.

Revenue – Public Sector Performance Obligation Approach

Staff presented an Issues Paper outlining proposals on how the IFRS 15 five-step revenue recognition model could be broadened for use in a public sector environment to develop the Public Sector Performance Obligation Approach (PSPOA). The IPSASB decided to proceed with the PSPOA for transactions with performance obligations that do not fit within the IFRS 15 requirements. The Board instructed staff to commence drafting relevant guidance text to possibly be incorporated into an IFRS 15 aligned standard to address public sector issues regarding:

- Binding arrangements;
- Commercial substance;
- Customer; and
- Distinct;

The Board also instructed staff to develop options for accounting for capital grants, transactions with time requirements and transfers between levels of government.

The Board also decided not to change the current recognition requirements in IPSAS 23, *Revenue from Non-Exchange Transactions (Taxes and Transfers)* but rather directed staff to draft text to encourage entities to disclose qualitative information about any volunteer services received.

Social Contributions

Staff presented an Issues Paper setting out proposed guidance on accounting for revenue from social contributions. Staff noted that, in line with the IPSASB's previous discussions in developing ED 63, *Social Benefits*, the proposals adopted the same principles as for accounting for taxation revenue. The IPSASB supported these proposals, and instructed staff to simplify the draft guidance provided by referring to tax and other compulsory levies.