



THE ASSOCIATION
OF INTERNATIONAL
ACCOUNTANTS

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ASSOCIATION OF INTERNATIONAL ACCOUNTANTS

International Public Sector Accounting Standards Board
(IPSASB) Consultation

Social Benefits: Disclosure of Cash Transfers to Individuals or Households Proposed International Public Sector
Accounting Standard and Consultation Paper
Exposure Draft 34

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Association of International Accountants

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Company number 00264086. The AIA is a Recognised Qualifying Body for company auditors in the UK.

Introduction

These comments are submitted by the Association of International Accountants, with input from a technical committee and members of the Association. AIA would like to thank Rachel Banfield, Associate Dean Accounting and Finance, Leeds Metropolitan University for her input in this consultation response.

About AIA

AIA is one of six statutorily Recognised Qualifying Bodies (RQBs) in the United Kingdom for statutory auditors under the Companies Act 2006. The AIA professional qualification is recognised throughout the European Union and in other major financial centres around the world.

The Association promotes and supports the advancement of the accountancy profession both in the UK and internationally. Whilst supporting international accounting and auditing standards the AIA seeks to ensure that its examinations and membership requirements support the development of the accountancy profession in the countries in which it examines.

The AIA's examinations for membership have been held half-yearly on a world wide basis for 80 years. The examinations are based on International Financial Reporting and International Auditing Standards and are complimented by a range of variant papers applicable to local tax and company law in key jurisdictions together with an optional paper in Islamic Accounting. As an RQB under the UK Companies Act 2006 the AIA offers to students who take its examinations commencing in or after June 1991 and go on as members to complete special audit-based practical training under the AIA, an accountancy qualification which is recognised by the UK Government under that Act as a recognised professional qualification for statutory auditors in the UK.

AIA members are fully professionally qualified to undertake accountancy employment in the public and private sectors.

Specific Matters for Comment

1. The scope of this ED is appropriate (paragraphs 2–8). If you do not think that the scope is appropriate please detail how you would modify the scope. Please state your reasons.

AIA considers the scope of the ED to be appropriate; however, although paragraph 7 is headed “Government Business Enterprises” it contains the fact that the standard applies to all public sector entities. This fact should be stated more clearly at the beginning of the scoping section as it could be easily missed by including it under this heading.

2. The new definitions in this ED at paragraph 10 are sufficiently clear and comprehensive. If you disagree, please indicate (a) how these definitions should be modified and (b) which new terms should be defined. Please state your reasons.

AIA is of the opinion that the definitions are clear and comprehensive with the exception of the definition for “Threshold eligibility criteria” which is described as ALL the criteria an individual must satisfy, rather than the MINIMUM criteria.

3. The requirements for the determination of amounts expected to be transferred to eligible individuals or households are appropriate (paragraphs 30–44). If you do not think that they are appropriate please indicate what those requirements should be. Please state your reasons.

AIA agrees the requirements detailed are appropriate; however paragraph 31 states that the estimate should not be offset by estimates of inflows from other levels of government. This may make reporting inaccurate or imbalanced in the case of some public sector entities who, for example, make payments to council tenants and then receive contributions back from the government to cover the payments they have made.

4. The disclosure requirements in paragraph 45 are appropriate. If you think that they are unduly onerous, which disclosures should not be required? Conversely, if you think that the disclosures are inadequate, what further disclosures would you include? Please state your reasons.

The disclosure requirements follow naturally from the document; however, AIA believes that some entities may struggle to provide the information with any accuracy without implementing new reporting systems which could be cost onerous.

5. The disclosure requirements in paragraph 45 are going to provide information that is verifiable. If you think that the disclosure requirements are not going to provide information that is verifiable, please identify the specific disclosures and state what those implications are.

Verifiability may only be possible by the introduction of new reporting systems which, as stated above, will be cost onerous. AIA proposes that this should be reflected in the lead time for compliance with the standard.

6. The implementation arrangements are appropriate (paragraphs 50–53). If the implementation arrangements are inappropriate, please specify how you would change them. Please state your reasons.

AIA agrees that the implementation arrangements are appropriate but suggests that clarification on the extent of comparative data could be useful, e.g. one year or more?