



# PAFA

PAN AFRICAN FEDERATION  
OF ACCOUNTANTS

**BUILDING A BRIDGE TO A BRIGHTER AFRICA**

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## **The International Public Sector Accounting Standards Board (IPSASB)**

*Website submission*

### **PREFACE**

The Pan-African Federation of Accountants (PAFA), is the continental body representing Africa's professional accountants. Our objective is to accelerate the development of the profession and strengthen the voice of the accountancy profession within Africa and worldwide.

In its unique regional capacity to facilitate PAOs and present a unified position of the profession, PAFA presents below its comments on Exposure Draft (ED) 72 issued by the International Public Sector Accounting Standards Board (IPSASB) titled *Transfer Expenses*. The responses provided relate to the Specific Matters for Comment as included in the ED.

### **Objective of the Exposure Draft**

The objective of this Exposure Draft is to propose improvements to the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about transfer expenses.

#### Specific Matter for Comment 1:

Do you agree that the scope of this [draft] Standard is clear? If not, what changes to the scope or definition of transfer expense would you make?

#### **PAFA's Response:**

**We agree that the scope of this standard is clear and the rationale provided in paragraphs BC4–BC15 is justifiable.**

Specific Matter for Comment 2:

Do you agree with the proposals in this [draft] Standard to distinguish between transfer expenses with performance obligations and transfer expenses without performance obligations, mirroring the distinction for revenue transactions proposed in ED 70, Revenue with Performance Obligations, and ED 71, Revenue without Performance Obligations? If not, what distinction, if any, would you make?

**PAFA's Response:**

**We agree with the proposals given.**

Specific Matter for Comment 3:

Do you agree with the proposal in this [draft] Standard that, unless a transfer provider monitors the satisfaction of the transfer recipient's performance obligations throughout the duration of the binding arrangement, the transaction should be accounted for as a transfer expense without performance obligations?

**PAFA's Response:**

**We are in agreement with the proposal given.**

Specific Matter for Comment 4:

Do you agree with the recognition and measurement requirements for transfer expenses with performance obligations? If not, how would you recognize and measure transfer expenses with performance obligations?

**PAFA's Response:**

**We are in agreement with the recognition and measurement requirements provided.**

Specific Matter for Comment 5:

If you consider that there will be practical difficulties with applying the recognition and measurement requirements for transfer expenses with performance obligations, please provide details of any anticipated difficulties, and any suggestions you have for addressing these difficulties.

**PAFA's Response:**

**We do not anticipate any difficulties in applying the recognition and measurement requirements proposed in this standard.**

Specific Matter for Comment 6:

Do you agree with the recognition and measurement requirements for transfer expenses without performance obligations? If not, how would you recognize and measure transfer expenses without performance obligations?

**PAFA's Response:**

**We are in agreement.**

Specific Matter for Comment 8:

This [draft] Standard proposes that, when a binding arrangement is subject to appropriations, the transfer provider needs to consider whether it has a present obligation to transfer resources, and should therefore recognize a liability, prior to the appropriation being authorized. Do you agree with this proposal? If not, why not? What alternative treatment would you propose?

**PAFA's Response:**

**We are in agreement with the proposal given.**

Specific Matter for Comment 9:

Do you agree the disclosure requirements in this [draft] Standard are appropriate to provide users with sufficient, reliable and relevant information about transfer expenses? In particular, (a) Do you think there are any additional disclosure requirements that should be included? (b) Are any of the proposed disclosure requirements unnecessary?

**PAFA's Response:**

**We are in agreement with the disclosure requirements given. We may need to wait until the standard comes into effect and assess compliance in order to evaluate whether there will be need for additional disclosure requirements.**