

Answers to Review Questions

Question 1

An entity should prepare transitional IPSAS financial statements where it is taking advantage of some or all of the exemptions provided by IPSAS 33 that affect fair presentation and compliance.

An entity's first IPSAS financial statements need to fairly present the financial position, financial performance, and cash flows of the entity. This will not be the case where an entity is using the exemptions provided by IPSAS 33 that affect the fair presentation of the financial statements and the entity's ability to assert compliance with accrual basis IPSAS.

Until such time as the first-time adopter is able to assert compliance with accrual basis IPSAS, the first-time adopter should prepare transitional IPSAS financial statements. A first-time adopter can claim full compliance with IPSAS only when it has complied with all the requirements of the applicable IPSAS effective at that date (with the exception of those exemptions permitted by IPSAS 33 that do not affect fair presentation and compliance).

Question 2

The answer is (b) and (d).

The exemptions from recognizing and measuring property, plant, and equipment and non-exchange revenue will prevent an entity from fairly presenting its financial position, financial performance and/or cash flows. The disclosure of related party information is necessary for users to fully understand the financial statements. These exemptions therefore affect fair presentation and compliance.

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