

## PROJECT HISTORY

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The IPSASB considered an Issues Paper and an initial review of responses to the Consultation Paper (CP), *Recognition and Measurement of Social Benefits*. The initial review of responses considered Specific Matter for Comment (SMC) 1, which dealt with the scope of the project and the related definitions.

### *SMC 1 (a), Scope*

In developing the CP, the IPSASB adopted a scope for the project that was based on Government Finance Statistics (GFS). A consequence of this decision is that the scope of this project was limited to those benefits that are provided to protect the entire population, or a particular segment of the population, against social risks.

Staff reported that a majority of respondents supported or partially supported the scope of the project. However, a significant minority of respondents did not support the proposed scope. The IPSASB discussed the reasons given for not supporting the proposed scope.

A majority of respondents supported the use of the GFS boundary and the concept of social risks as the basis for the scope of the project. A number of respondents had commented that adopting the same boundary as GFS would help them classify transactions. This was because they were already making those decisions under the statistical reporting framework. Conversely, other respondents indicated that applying the social risks concept was difficult in practice. The IPSASB noted the views of respondents, and accepted that if the existing boundary was to be retained, a future IPSAS would need to include guidance on applying the concept of social risks.

The IPSASB shared respondents' concerns that the proposed scope might lead to different accounting treatments for transactions that have the same economic substance. The IPSASB agreed that this was a significant risk that would need to be addressed.

The IPSASB noted that the question as to whether exchange transactions were within the scope of the project would be discussed at a later date, as there was a later SMC on this topic.

One respondent did not consider it appropriate to recognize potentially large liabilities on the balance sheet when the future tax revenues that would finance the liabilities would not be recognized. The respondent did not consider that such an accounting treatment would meet the objectives of financial reporting. The IPSASB noted that it had already considered this issue in developing the CP.

The Chair summarized the discussion to this point:

- The IPSASB was content with the focus on individuals and households, but had some concerns about the application of the concept of social risks.
- The IPSASB also supported the view that the scope of the project should not result in different accounting treatments for transactions with the same economic substance.

As a result of its discussions, the IPSASB directed staff to explore alternatives for the project scope that might address the IPSASB's concerns. The IPSASB suggested the transfer of goods and/or services to

individuals and households as a starting point for this exploration. Staff will report its conclusions at the IPSASB's June meeting.

*SMC 1 (b), Definitions*

Staff reported the responses to the definitions. Staff recommended that decisions regarding the definitions be deferred, as the definitions are dependent on the scope of the project. As the IPSASB had not taken a decision on the scope of the project, staff considered that any decisions regarding the definitions would be premature. The IPSASB agreed with this view.