

Impact of recently issued IASB Accounting Standards on the IPSASB Work Plan

Public Sector Standards (PS)



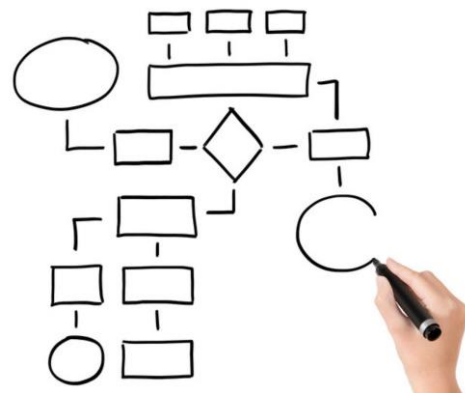
Not-for-profit Standards (NFP)



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November 2017

Session Outline

- Overview of IPSASB's Strategic Objectives
- Impact of IASB's recently issued accounting standards on IPSASB Work Plan
 - IFRS 17 *Insurance Contracts*
 - IFRS 16 *Leases*
 - Other recent IASB accounting standards
- Looking forward – the IPSASB Work Plan



Overview of IPSASB Strategic Objectives

As proposed in the draft *Strategy and Work Plan 2019-2023*

Developing IPSAS and other financial reporting guidance for the public sector

Setting standards on public sector specific issues

Maintaining IFRS convergence

Developing guidance to meet users' broader financial reporting needs

Raising awareness of IPSAS and the benefits of accrual adoption

Promoting adoption and implementation of IPSASs

Advocating the benefits of accrual in strengthening Public Financial Management

Overview of IPSASB's Work:

Consideration of recently issued IASB Standards

IASB Standard	IPSASB Project	Current status
IFRS 9 – <i>Financial Instruments</i>	ED 62 – <i>Financial Instruments</i>	Comment period closes: NZASB – 13 Nov 17 IPSASB – 31 Dec 17
IFRS 13 – Fair Value Measurement	Public Sector Measurement	CP/ED expected to be approved Dec 18
IFRS 15 – Revenue from Contracts with Customers	CP – Revenue and Non-Exchange Expenses	Comment period closes: NZASB – 22 Nov 17 IPSASB – 15 Jan 18
IFRS 16 – Leases	Leases	ED expected to be approved Dec 17
IFRS 17 – Insurance Contracts	No active project	

Impact of IFRS 17 Insurance Contracts on Public Sector

IPSASB

- Currently no IPSAS on accounting for insurance contracts
- The IPSASB has not considered the applicability of IFRS 17 to public sector entities
- The IPSASB has not identified any demand for an IPSAS, but expects that public sector entities will apply IFRS 17 or an equivalent national insurance standard



Impact of IFRS 17 Insurance Contracts on the Public Sector



- In NZ, Public Sector PBE's currently apply PBE IFRS 4 *Insurance Contracts*
- Public Sector PBE insurers e.g. ACC, and EQC*
- NZASB will consider the *PBE Policy Approach* for IFRS 17 in Feb 18 and decide whether to develop a PBE IFRS 17
- Key question is the scope of IFRS 17 and whether it will capture the same public sector insurers currently applying PBE IFRS 4



Impact of IFRS 16 Leases on Public Sector

IPSASB

- IPSASB commenced project to develop an IPSAS converged with IFRS 16 (to the extent appropriate) in March 2016
- ED expected to be approved at Dec 17 IPSASB meeting
- Key Board decisions to date
 - To apply the right-of-use model to **lessee** accounting
 - To adopt the IFRS 16 recognition exemptions to **lessee** accounting
 - Measurement
 - leases that are exchange transactions at cost; and
 - concessionary leases at fair value
 - Decided not to adopt the **lessor** accounting requirements in IFRS 16



Impact of IFRS 16 Leases on Public Sector Lessor Accounting

IPSASB

- IFRS 16 retained the classification of leases for lessors as either an operating lease or finance lease
- IPSASB consider the accounting for lease arrangements for lessees and lessors should be based on a consistent approach
- IPSASB lessor model
 - Lessor continues to recognise underlying leased asset on its balance sheet
 - Lessor recognises a lease receivable for expected lease payments and a matching liability for unearned revenue (obligation to provide right-of-use asset)
 - Difficulties developing a lessor approach for concessionary leases

Looking Forward – IPSASB's Work Plan 2018

A focus on completion of current projects to maintain IFRS convergence and address **public sector specific issues**

Project	Current status	Planned position by end of 2018	Expected completion after 2018
Social Benefits	ED issued Oct 2017	IPSAS Dec 2018	-
Update to IPSAS 28 – 30, Financial Instruments	ED issued Aug 2017	IPSAS Sep 2018	-
Leases	ED expected to be approved Dec 2017	-	IPSAS June 2019
Public Sector Specific Financial Instruments	CP issued July 2016	-	ED June 2019
Heritage	CP issued April 17	-	ED H1 2020
Infrastructure Assets	Discussion of issues		ED H1 2020

Looking Forward – IPSASB's Work Plan 2018

Accounting for Revenue and Non-Exchange Expenses CP issued August 2017

Project	Planned position by end of 2018	Expected completion after 2018
Revenue		
Revenue from Contracts with Customers (IFRS 15)	-	ED Mar 2019
Grants and other transfers		ED Sep 2019
Limited Update of IPSAS 23 Revenue from Non-Exchange Transactions	-	ED Mar 2019
Non-Exchange Expenses		
Collective and individual services	-	ED Mar 2019
Grants and Other Transfers	-	ED Sep 2019

Looking Forward – IPSASB's Work Plan 2018

Project	Planned position by end of 2018	Expected completion after 2018
Public Sector Measurement		
Principles of Measurement	-	ED Dec 18
Consequential Amendments		CP Dec 18

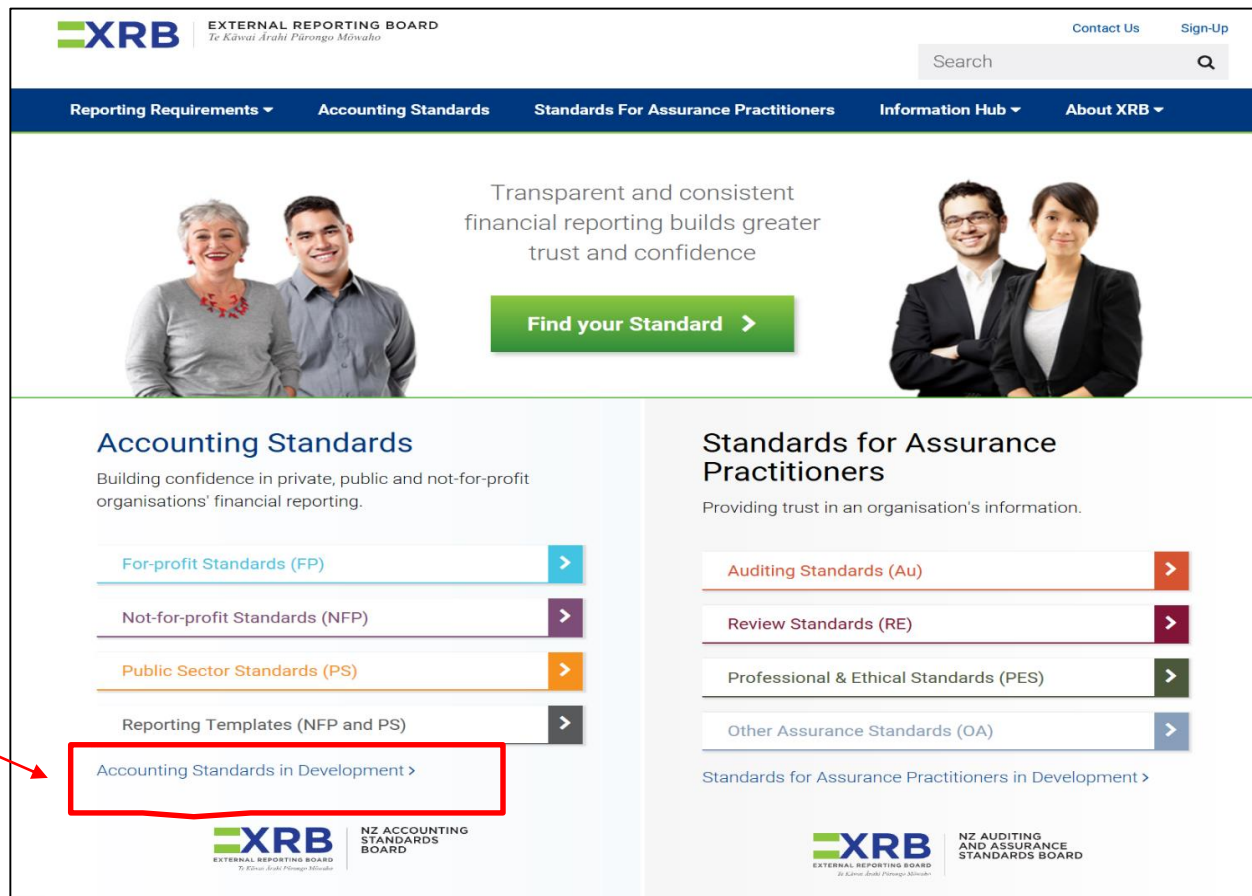
Project	Planned position by end of 2018	Expected completion after 2018
Strategy and Work Plan 2019-2023	CP expected to be issued Dec 17, with planned approval in Dec 18	-

Looking Forward – IPSASB's Work Plan 2018

IPSASB Work Plan Consultation Documents	2017	2018		2019		2020	
	H2	H1	H2	H1	H2	H1	H2
Update to IPSASs 28-30, Financial Instruments	ED						
Social Benefits	ED						
Leases		ED					
Strategy and Work Plan 2019-2023		CP					
Public Sector Measurement							
(i) Principles of Measurement			ED				
(ii) Consequential Amendments			CP				
Revenue							
(i) Revenue from contracts with Customers (IFRS 15)				ED			
(ii) Limited Update of IPSAS 23				ED			
(iii) Grants and Other Transfers					ED		
Non-Exchange Expenses							
(i) Collective and Individual Services				ED			
(ii) Grants and Other Transfers					ED		
Public Sector Specific Financial Instruments					ED		
Infrastructure Assets						ED	
Heritage						ED	

Further Information

www.xrb.govt.nz



The screenshot shows the XRB (External Reporting Board) website. At the top is the XRB logo and the text 'EXTERNAL REPORTING BOARD Te Kāwai Arahi Pūrongo Māwha'. To the right are links for 'Contact Us' and 'Sign-Up', and a search bar. Below this is a navigation menu with links: 'Reporting Requirements', 'Accounting Standards', 'Standards For Assurance Practitioners', 'Information Hub', and 'About XRB'. The main banner features a photo of a smiling couple on the left and a man and woman on the right, with the text 'Transparent and consistent financial reporting builds greater trust and confidence' and a green button that says 'Find your Standard >'. Below the banner, there are two main sections. The left section is titled 'Accounting Standards' and describes building confidence in private, public and not-for-profit organisations' financial reporting. It lists several categories: 'For-profit Standards (FP)', 'Not-for-profit Standards (NFP)', 'Public Sector Standards (PS)', 'Reporting Templates (NFP and PS)', and 'Accounting Standards in Development >'. A red arrow points to the 'Accounting Standards in Development >' link. The right section is titled 'Standards for Assurance Practitioners' and describes providing trust in an organisation's information. It lists categories: 'Auditing Standards (Au)', 'Review Standards (RE)', 'Professional & Ethical Standards (PES)', 'Other Assurance Standards (OA)', and 'Standards for Assurance Practitioners in Development >'. At the bottom of each section is the respective board's logo: 'NZ ACCOUNTING STANDARDS BOARD' on the left and 'NZ AUDITING AND ASSURANCE STANDARDS BOARD' on the right.

Accounting Standards
Building confidence in private, public and not-for-profit organisations' financial reporting.

- For-profit Standards (FP) >
- Not-for-profit Standards (NFP) >
- Public Sector Standards (PS) >
- Reporting Templates (NFP and PS) >
- Accounting Standards in Development >

Standards for Assurance Practitioners
Providing trust in an organisation's information.

- Auditing Standards (Au) >
- Review Standards (RE) >
- Professional & Ethical Standards (PES) >
- Other Assurance Standards (OA) >
- Standards for Assurance Practitioners in Development >



EXTERNAL REPORTING BOARD

Te Kāwai Ārahi Pūrongo Mōwaho

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