Australian Government

Australian Accounting Standards Board

AASB Staff Report:

Australian Accounting Standards Board and International Public Sector Accounting Standards Board Pronouncements

– A Comparison

May 2017

Foreword

The Australian Heads of Treasuries Accounting and Reporting Advisory Committee (HoTARAC) is an intergovernmental committee that advises Australian Heads of Treasuries on accounting and reporting issues[1].

HoTARAC advocates and provides input to the development of high-quality accounting standards to ensure Public Sector financial reporting enhances accountability and meets user needs and public interests. As such, HoTARAC works closely with standard setters – including the Australian Accounting Standards Board (AASB) – to ensure accounting standards meet those objectives.

On behalf of HoTARAC, I thank the AASB for the work they've undertaken to clearly identify the differences between Australian Accounting Standards based on International Financial Reporting Standards and the International Public Sector Accounting Standards. We are pleased that the AASB is responding to our feedback to the review of IFRS adoption, which indicated that some areas of existing standards require further modification, explanation or specific guidance for the public sector to improve the preparation and usefulness of public sector entity financial statements.

This report is a welcome first step for further discussion and informed debate with regard to what – if any – additional not-for-profit (NFP) modifications to the existing Standards are required.

We look forward to working with the AASB on this project as it progresses, along with their other key projects on improving the Financial Reporting Framework and the Reduced Disclosure Regime.

David Nicol
CHAIR
HEADS OF TREASURIES ACCOUNTING AND REPORTING ADVISORY COMMITTEE

---

[1] The Committee is comprised of the senior accounting policy representatives from all Australian States, Territories and the Australian Government.

Principal authors

Robert Keys, Practice Fellow
Eric Lee, Project Manager
Teng Zhou, Former Technical Associate

Obtaining a copy of this publication

This AASB Staff Report is available on the AASB website.

Enquiries

Australian Accounting Standards Board
PO Box 204
Collins Street West
Victoria 8007
AUSTRALIA

Tel +61 3 9617 7637
publications@aasb.gov.au
www.aasb.gov.au

Copyright

© Commonwealth of Australia 2017

This work is copyright. Apart from any use as permitted under the Copyright Act 1968, no part may be reproduced by any process without prior written permission. Requests and enquiries concerning reproduction and rights should be addressed to the National Director, Australian Accounting Standards Board, PO Box 204, Collins Street West, Victoria 8007.

Disclaimer

The views expressed in AASB Staff Reports are those of the principal author(s) and those views do not necessarily coincide with the views of the Australian Accounting Standards Board.

Contents

INTRODUCTION

Background

Consistent with the AASB's Strategy[1], a key feature of the Australian Accounting Standards Board's pronouncements (AASBs) is that the International Accounting Standards Board's (IASB) Financial Reporting pronouncements (IFRSs) and transaction-neutrality are used as a starting point, then modified to address as necessary:

- user needs
- prevalence and magnitude of issues specific to the not-for-profit (NFP) sector
- NFP application issues
- undue cost or effort considerations.

Like transactions and events should be accounted for in a like manner, for all types of entities, to reflect their economic substance (ie transaction neutrality) unless there is a compelling reason not to do so.

Modifications are made to IFRSs by:

- amending, adding or deleting a scoping, definition, recognition, measurement, presentation or disclosure requirement by way of 'Aus' paragraphs, or
- adding NFP-specific guidance by way of Appendix or specific examples[2].

The AASB also considers International Public Sector Accounting Standards (IPSASs) issued by the International Public Sector Accounting Standards Board (IPSASB) when developing pronouncements, irrespective of whether there is a corresponding IFRS.[3]

Feedback received from NFP sector stakeholders identified in **AASB Research Report No 4: *Review of Adoption of International Financial Reporting Standards in Australia* (2017)**[4] suggested more modifications to IFRSs as adopted in Australia and further guidance material might be warranted for the NFP sector. That research however, was not designed to obtain detailed feedback on what further modifications are needed and which AASBs should be amended for that sector.

---

1 *AASB Strategy 2015-2019* (page 1) states: '1. Use IFRS and transaction-neutrality as a starting point, taking into account cost/benefit considerations and user needs'.

2 See *AASB Staff Paper: Modifications to Australian Accounting Standards for Not-for-Profit Entities* (2017) www.aasb.gov.au/admin/file/content102/c3/AASB_Staff_Paper_Modification_to%20Australian_Accounting_Standards_for_NFP_Entities.pdf

3 Paragraph 37 of *AASB Policies and Processes* (March 2011) states:

> "The AASB contributes to the technical agenda and processes of the IPSASB in order to foster the development of IPSASs on the basis that IPSASs are expected, in due course, to become the most relevant and appropriate Standards for public sector not-for-profit entities. The AASB is pursuing this aspiration on the grounds that the IPSASB will:
> (a) continue to base IPSASs on IFRSs, departing from IFRSs only to the extent appropriate for public sector issues; and
> (b) develop high-quality Standards on topics affecting the public sector that are not dealt with by the IASB."

4 See www.aasb.gov.au/admin/file/content102/c3/AASB_Review_of_IFRS_research_report_03-17.pdf

Report objective

The objective of this Report is:

- to provide a snapshot as at 1 May 2017 of the differences between the AASB's pronouncements (AASBs) and the IPSASB's pronouncements (IPSASs), primarily by comparing each AASB with its corresponding IPSAS; and
- to use that snapshot as the basis for:
- a conversation with stakeholders about whether amendments to AASBs are needed, including whether more guidance needs to be developed for the NFP sector; and
- a better informed broader debate about whether – and if so how – IPSASs should be adopted for NFP accounting in Australia.

Why compare AASBs with IPSASs?

Analysis of differences between AASBs and corresponding international NFP sector pronouncements is useful as a basis for gaining a better understanding of the need for further amendments to AASBs and to inform stakeholders for further discussion and consultation.

The IPSASB is the international independent board that develops IPSASs for use by governments and other public sector entities around the world. Accordingly, comparison of AASBs with IPSASs is particularly relevant for the public sector.

Furthermore, as IPSASB has converged with most of the IFRSs by modifying them – for example, by providing additional (and sometimes different) principles and guidance to address NFP-specific issues[5] – in many instances they are relevant to the NFP private sector.

In addition, the New Zealand public benefit entity frameworks for both the public and private sectors are based on IPSASs.

Scope of the comparison

What we included

The bulk of this Report is contained in Appendix 1, which provides the comparison of the latest version of each AASB (as amended, as if it has been adopted in full) as at 1 May 2017, relative to the latest version of its corresponding accrual-based IPSAS (as amended, is if it has been adopted in full).

Comparisons pertinent to AASB Interpretations are either incorporated into a comparison of an AASB Standard with its corresponding IPSASB Standard (IPSASB has not issued any separate IPSAS Interpretations), where they are related by topic, or as a separate high-level comparison in its own right.

Comparisons are generally made on a detailed paragraph-by-paragraph basis unless the differences are so substantive that a high-level comparison is more appropriate.

---

5 The IPSASB develops accrual-based IPSASs to address public sector financial reporting issues by:

- addressing public sector financial reporting issues that have not been comprehensively or appropriately dealt with in existing IFRSs or for which there is no related IFRS; and
- developing IPSASs that are converged with IFRSs by adapting them to the public sector context.

See the IPSASB Policy Paper *Process for Reviewing and Modifying IASB Documents* (October 2008), particularly the Introduction.

Some AASBs, such as AASB 9 *Financial Instruments*, AASB 15 *Revenue from Contracts with Customers* and AASB 16 *Leases* are not yet effective for an extended period[6], but can be early adopted. Detailed comparisons for the superseded AASBs are not provided. Instead, a footnote is included in the high-level comparisons relating to some of the new AASBs to provide an overview of how the superseded AASBs compare with the current IPSASs (because, in these cases, the superseded AASBs and the current IPSASs are based on the same superseded IFRSs).

What we excluded

The scope of comparisons made in Appendix 1 of this Report exclude or make only cursory reference to:

- AASBs that are not applicable to NFPs and have no corresponding IPSASs, such as AASB 120 *Accounting for Government Grants and Disclosure of Government Assistance*, AASB 133 *Earnings per Share* and AASB 1039 *Concise Financial Reports*
- superseded AASBs or replaced AASB requirements (including any related Interpretations), such as AASB 111 *Construction Contracts*, AASB 117 *Leases*, AASB 118 *Revenue* and AASB 139 *Financial Instruments: Recognition and Measurement*[7]
- imminent AASBs (and IPSASs), such as anticipated AASB 1059 *Service Concession Arrangements: Grantors*[8], AASB 17 *Insurance Contracts* and the Revised AASB *Conceptual Framework* (comparisons of each of these with their corresponding IPSAS will be undertaken in due course)
- requirements in AASBs that are not relevant to the objective of this Report, including:
  - transitional requirements that will not have an impact once the Standards to which they relate are fully implemented, such as AASB 1057 *Application of Australian Accounting Standards* and any transitional provisions included in individual pronouncements
  - AASB 1048 *Interpretation of Standards*, which is merely a 'service' Standard giving effect to AASB Interpretations (however, as noted above, each applicable AASB Interpretation is included within the scope of this Report).

How we made the comparisons

Each AASB and its corresponding IPSAS were compared for the purpose of identifying their different requirements. The comparison tables in Appendix 1 to this Report (set out in AASB Standard numerical order and then in Interpretation numerical order) highlight the differences and provide an assessment of the expected or potential impact of those differences in practice for each relevant AASB.

At the end of each comparison table in Appendix 1 we provide an 'overall comment' expressing our view as to whether and if so how we suggest the AASB could address the identified substantive differences.

---

6 Their application dates are as follows:
- AASB 9 applies to annual reporting periods beginning on or after 1 January 2018
- AASB 15, for not-for-profit entities, applies to annual reporting periods beginning on or after 1 January 2019
- AASB 16 applies to annual reporting periods beginning on or after 1 January 2019.

7 AASB 139 requirements have been replaced by AASB 9 *Financial Instruments*, except for the hedge accounting requirements, which are retained in AASB 139 as a limited alternative to the new hedge accounting requirements in AASB 9.

8 Therefore, IPSAS 32 *Service Concession Arrangements: Grantor* is also excluded from this Report.

The following approach was taken:

- Significant wording differences – including additional guidance – have been included regardless of whether our ultimate assessment was that the differences would not be significant in practice. This was often the case where an IPSAS has additional NFP public sector guidance/examples that do not change the fundamental accounting.
- Substantive Aus paragraphs applicable to NFPs have been included even where there is no assessed difference between those Aus paragraphs and IPSAS requirements. (See also the *AASB Staff Paper: Modifications to Australian Accounting Standards for Not-for-Profit Entities* (2017)).
- If, after analysis, an apparent difference could or would be expected to arise in practice, it is highlighted in yellow under the heading 'Comparison with AASB'. Generally, graduated terminology has been used to convey judgement about the practical impact of the differences. For example, graduating phrases like 'could give rise to a difference', 'will give rise to a difference' and 'will give rise to a significant difference' are used.
- In making overall judgements about the significance of the differences in relation to particular AASBs, differences in presentation and disclosures were regarded as relatively less significant than differences in scope, definitions, recognition and measurement.
- Differences arising from the varying constituent bases of the AASB and IPSASB and their experiences with accrual accounting – and the fact AASB expresses its pronouncements within the context of a single jurisdiction – are considered in determining the practical impact. For example, differences in recognition requirements for heritage assets contained in AASB 116 *Property, Plant and Equipment* compared with IPSAS 17 *Property, Plant, and Equipment* are significant differences in the context of accounting for heritage assets. Heritage assets however, are not expected to be material for most NFP entities in Australia.
- Some differences are referred to in a number of comparison tables due to their pervasive nature. For example, AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* has no corresponding IPSAS, resulting in differences being identified in the high-level comparison of AASB 5 and IPSASs as well as in, for example, the detailed comparison of AASB 116 *Property, Plant and Equipment* and IPSAS 17 *Property, Plant, and Equipment*. Furthermore, the implications of AASB 1049 *Whole of Government and General Government Sector Financial Reporting*, and the differences between AASB 13 *Fair Value Measurement* and various IPSASs that include fair value measurement requirements are identified in a number of comparison tables.
- Differences in defined terms pertinent to particular pronouncements are in the detailed comparisons relating to those pronouncements. Some pervasive differences in defined terms however, are summarised in a *Comparison of Definitions of General Terms* rather than in the detailed comparisons.

In analysing the comparisons, the AASBs and IPSASs can be categorised as shown in Table 1.

Table 1: Categories of Pronouncements.

	Category	Type of comparison provided in Appendix 1 of this Report	Number of AASB Standards	Number of AASB Interpretations[9]
A	AASBs and IPSASs based on the same version of IFRSs[10]	Detailed	21	3
B	AASBs based on a more recent version of IFRSs than IPSASs	High-level	9	0
C	AASBs and IPSASs addressing the same topic, but one or both are not based on IFRSs	Detailed	5	1
D	AASBs based on IFRSs with no corresponding IPSASs	High-level	10	15
E	AASBs not based on IFRSs, with no corresponding IPSASs	High-level	2	7
F	IPSASs with no corresponding AASBs or IFRSs[11]	High-level	-	-
G	AASBs applicable to NFP public sector entities but not pertinent to this Report	None	4	0

The most promising areas that could point towards potential improvements to AASBs are some of the differences identified in relation to some of the AASBs in Categories A and C and in relation to the IPSASs in Category F, as noted in *Our findings* section below.

Limitations on use

Some caveats:

1. Developing the comparisons involved judgement – none of the explicit or implicit judgements reflected in this Report are authoritative.
2. Best endeavours were made to identify all differences between AASBs and IPSASs, however some differences may have been inadvertently understated or overstated.
3. The fact that differences have not been identified in some comparisons does not necessarily imply both the AASB and IPSAS could not be improved. This Report does not identify or address those potential improvements.
4. Feedback on any errors or omissions in the details of the comparisons is welcome, particularly from practitioners – see the *Feedback sought* section below.

---

9 For the purpose of Table 1, Interpretations are grouped according to 'Category' but not 'type of comparison'. Irrespective of their Category, they may be compared in detailed or at a high-level in Appendix 1. For example, in some cases, Interpretations and corresponding IPSASs are based on the same version of IFRSs (ie Category A) but are not compared in detail (eg Interpretation 16 *Hedges of a Net Investment in a Foreign Operation*).

10 For the purpose of this Report, an AASB and an IPSAS are regarded as being based on the same version of an IFRS (Category A) even if the AASB includes amendments made to the IFRS that the IPSASB has not yet considered for inclusion in the corresponding IPSAS. An AASB and an IPSAS are regarded as being based on different versions of an IFRS (Category B) where the AASB is based on an IFRS and the IPSAS is based on a superseded version of that IFRS.

11 There are three IPSASB Recommended Practice Guidelines with no corresponding AASBs (or IFRSs). See Table 2 *Summary of findings*.

Our findings

There is a high degree of consistency between AASBs and IPSASs. However, there are several significant differences, some of which point toward possible improvements the AASB could consider making to certain AASBs, as described below and identified in Table 2.

Table 2 provides an overview of our assessment for each AASB as to the extent to which we think the differences between it and its corresponding IPSAS that are pertinent to this Report would have an impact in practice (on a scale of **L**ow, **M**edium, **H**igh). We have summarised our preliminary view on whether we think the identified differences provide a basis or trigger for the AASB to consider improvements to individual AASBs and the priorities each should be given (on a scale of **1** = high priority, **2** = medium priority, **3** = low priority, **4** = contribute to/await IPSASB deliberations, **X** = no priority is evident).

Differences that point towards AASB improvements

IPSASs that might address issues more appropriately

Some of the differences could be considered by the AASB as a basis for improving AASBs. These include, in order of priority (depicted as priority Level 1 in Table 2):

Public sector combinations	To address some of the differences between AASB 3 *Business Combinations* and IPSAS 40 *Public Sector Combinations*, particularly in relation to amalgamations. Although the IASB has a project on business combinations under common control that is expected to address some of the issues faced by NFP sector entities in Australia, IPSAS 40's guidance on amalgamations might be useful for additional circumstances.[12] At its May 2017 meeting the AASB decided to consider IPSAS 40 as part of its consideration of the IASB project.
Disaggregated disclosures	To address some of the differences between AASB 1052 *Disaggregated Disclosures* and IPSAS 18 *Segment Reporting*. AASB 1052 applies to only a limited range of entities – local governments and government departments. Although issued in December 2007, it was derived from requirements carried over substantially unamended from the relevant requirements that were originally in now superseded AAS 27 *Financial Reporting by Local Governments* (issued June 1996) and AAS 29 *Financial Reporting by Government Departments* (issued October 1996). In contrast, IPSAS 18 was issued in June 2002 and was based on IAS 14 *Segment Reporting*. Paragraph BC5 of AASB 1052 indicates the AASB's intention to review the requirements in AASB 1052. It would be timely to initiate such a review.
The definition of 'contributions by owners'	To address some of the differences between AASB 1004 *Contributions*/AASB 1058 *Income of Not-for-Profit Entities*/Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities* and IPSAS 23 *Revenue from Non-Exchange Transactions*. These AASBs would be expected to give rise to less equity recognition compared with IPSAS 23. This is because IPSAS 23 takes a more substance-over-form approach in identifying contributions by owners. Furthermore, the 'ownership contributions' definition in IPSASB's *The Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities* is significantly

12 In its submission during the IPSASB's deliberations leading to IPSAS 40, the AASB expressed broad qualified support for classifying certain public sector combinations as amalgamations and accounting for them using the modified pooling of interests method (AASB submission to IPSASB ED 60 *Public Sector Combinations* [30 June 2016]).

Public sector combinations	To address some of the differences between AASB 3 *Business Combinations* and IPSAS 40 *Public Sector Combinations*, particularly in relation to amalgamations. Although the IASB has a project on business combinations under common control that is expected to address some of the issues faced by NFP sector entities in Australia, IPSAS 40's guidance on amalgamations might be useful for additional circumstances.[12] At its May 2017 meeting the AASB decided to consider IPSAS 40 as part of its consideration of the IASB project.
	broader than the definition in AASBs. IPSASB's approach to dealing with ownership contributions might be appropriate in the Australian context. At its May 2017 meeting the AASB decided to consider the definition of contributions by owners as part of its project on assessing the NFP modifications required to the updated IASB *Conceptual Framework*.
The effect predetermined activities might have on assessments of control	To address a difference between AASB 10 *Consolidated Financial Statements* and IPSAS 35 *Consolidated Financial Statements*. Compared with AASB 10, IPSAS 35 makes more explicit reference to control in the case of an entity established with predetermined activities. Furthermore, the New Zealand External Reporting Board (NZXRB) decided to provide more guidance on the relationship between predetermined activities and control in its Standard PBE IPSAS 35 *Consolidated Financial Statements*. The AASB should consider the suitability of the IPSASB and/or NZXRB approach to predetermined activities for the Australian NFP sector.

AASBs due for review

AASB also has some requirements that are due for review from a NFP perspective. These could serve as a trigger for the AASB to consider improvements to certain AASBs. In particular (depicted as priority Levels 1, 2 or 3 in Table 1):

AASB 1049 *Whole of Government and General Government Sector Financial Reporting*	The AASB has considered a project plan for a post-implementation review of AASB 1049, particularly in light of the Australian Bureau of Statistics Government Finance Statistics Manual (ABS GFS Manual) having been recently revised and feedback the AASB received on Invitation to Comment (ITC) 34 *AASB Agenda Consultation 2017-2019* about AASB 1049's implementation costs and its usefulness for users. A possible source for identifying improvements to AASB 1049 might be IPSAS 22 *Disclosure of Financial Information about the General Government Sector*. At its May 2017 meeting the AASB decided to obtain an independent review of the costs and benefits of AASB 1049.
AASB 13 *Fair Value Measurement*	While some constituents who participated in the AASB agenda consultation and IFRS review project were critical of AASB 13 they are seeking further guidance rather than a shift away from fundamentals. At its May 2017 meeting the AASB decided to add this project to its work plan.
AASB 1050 *Administered Items*	Although this Standard was issued in December 2007, the requirements are substantially unchanged from when they were originally located in the now superseded AAS 29 (originally issued October 1996). The basis for conclusions to AASB 1050 (paragraph BC5) indicates the AASB's intention to review the requirements in AASB 1050. It would be timely to initiate such a review.
AASB 1055 *Budgetary Reporting*	AASB 1055 is only applicable to whole of governments, general government sectors (GGSs) and NFP entities within GGSs. At the time AASB 1055 was issued, the AASB decided not to expand the scope of the budgetary reporting requirements to a broader range of public sector entities, eg local governments or NFP entities controlled by government outside GGSs. The AASB noted it could in the future, as a separate project, address budgetary reporting

requirements of a broader range of public sector entities (see paragraph BC9 of AASB 1055). It would be timely to initiate such a project, as part of the AASB's Reporting Framework project.

IPSASs that address issues not yet addressed by the AASB

IPSASB has guidance that is not specifically addressed by the AASB. This could be considered by the AASB as a trigger or basis for considering the issues in an Australian context. These are, in priority order (depicted as priority Levels 1 or 3 in Table 1):

- RPG 3 *Reporting Service Performance Information* (the AASB is already undertaking a project on service performance reporting, which is being informed by RPG 3).
- RPG 1 *Reporting on the Long-Term Sustainability of an Entity's Finances*.
- RPG 2 *Financial Statement Discussion and Analysis*.

Current and future IPSASB projects

Further differences are the subject of current or future IPSASB projects. Accordingly, the AASB should monitor and participate in the related IPSASB projects and consider incorporating any IPSASB decisions into the following AASBs in due course (depicted as priority Level 4 in Table 1):

AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*, particularly in relation to social benefit obligations	IPSASB is undertaking a project on social benefits, for which an Exposure Draft is scheduled for mid-2017.
AASB 9 *Financial Instruments*, particularly in relation to public sector specific financial instruments	IPSASB is undertaking a project on public sector specific financial instruments, for which an Exposure Draft is scheduled in late 2017. It might also help resolve, or provide a trigger for resolving, some differences relating to AASB 132 *Financial Instruments: Presentation* and IPSAS 28 *Financial Instruments: Presentation*, including those relating to financial guarantees issued by NFP public sector entities and the treatment of non-contractual receivables arising from statutory requirements.
AASB 116 *Property, Plant and Equipment* and AASB 138 *Intangible Assets*, particularly in relation to heritage assets	IPSASB is undertaking a project on heritage, for which an Exposure Draft is scheduled for mid-2018.
AASB 1058 *Income of Not-for-Profit Entities*	IPSASB is undertaking projects on revenue and non-exchange expenses, for which Exposure Drafts are scheduled for late 2018.
AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*	The IPSASB has identified some NFP public sector specific issues (as summarised in the high-level comparison of AASB 5 and IPSASs in Appendix 1 of this Report) that are not explicitly addressed in AASB 5. The IPSASB might initiate a project on this topic in due course.

Differences that do not point towards AASB improvements

It would not be appropriate for the AASB to remove the vast majority of the current differences, identified in Appendix 1 of this Report, by aligning with IPSASs. This is so where, broadly:

- IPSASs are based on older versions of IFRSs (Category B in Table 1)

- there are no IPSASs that specifically address certain topics addressed by AASBs (Categories D and E in Table 1)[13]
- there are topics not addressed by the IASB and an IPSAS was developed earlier than or at about the same time as a corresponding AASB and therefore the AASB had the opportunity to consider the IPSAS during development (some of Category C in Table 1)
- the identified differences do not have a substantive enough impact in practice to justify AASB resources being used to address them.

These differences are depicted as priority Level X (ie no priority evident) in Table 1, although some of these differences could give cause for the AASB to encourage the IPSASB to consider addressing them, eg Interpretation 1030 *Depreciation of Long-Lived Physical Assets: Condition-Based Depreciation and Related Methods* and Interpretation 1055 *Accounting for Road Earthworks*.

For all differences between IPSASs and AASBs that do not point to AASB improvements, the AASB should monitor and contribute to any deliberations of the IPSASB that might affect those differences, if and when the IPSASB addresses them. Once IPSASB has finalised its deliberations, if differences between IPSASs and IFRSs emerge, the AASB should consider whether to incorporate them into AASBs for the NFP sector.

Otherwise, many of these differences between AASBs and IPSASs are so fundamental that they could not be removed in Australia without changing the AASB's current 'transaction neutral' approach to adopting (and adapting) IFRSs for the NFP sector. Accordingly, these fundamental differences are more relevant to a debate on whether IPSASs should be adopted in Australia in their entirety (with or without modifications), rather than as a basis for making individual amendments to specific AASBs.

What's next?

Further research relating to this project

The following actions will be taken to expand on and complement the research contained in this Report:

- further comparisons of AASBs with New Zealand and UK public sector accounting standards[14]
- further research aimed at gaining a better understanding of user needs
- the list of differences between AASBs and IPSASs contained in this Report will be reviewed and updated to ensure a comprehensive list of differences is maintained periodically.

Implications for other AASB projects

The results of this Report are expected to contribute to a number of other AASB projects, including:

- The Australian Financial Reporting Framework – to simplify and clarify who should publicly lodge financial reports.

---

13 Many of the differences identified in relation to AASBs in Categories D and E are not expected to be substantive in practice to the extent IPSASB's decision to not issue corresponding IPSASs reflects the low priority nature of the issues in a NFP public sector context.

14 Consistent with the Trans-Tasman relationship and because the New Zealand public benefit entity frameworks for both the public and private sectors are based on IPSASs, New Zealand is selected as the first national jurisdiction to be the subject of a comparison with AASBs. A comparison with the UK will also be undertaken and reported because the UK adopts a broadly similar approach to Australia – basing its NFP public sector requirements on IFRSs, with adaptations or interpretations for the public sector context.

- The NFP Standard Setting Framework – replacing the AASB's *Process for Modifying IFRS Standards for NFP*.
- Reduced Disclosure Requirements.
- Service Performance Reporting.

Feedback sought

We want to hear your views on any aspects relevant to this Report and will conduct outreach and consultation activities to facilitate this. In particular we are interested to hear:

- if you agree or disagree with our identification and assessments of practical impacts of the differences
- which differences you think cause the most difficulty in practice and which of those the AASB should address
- what you think is the priority for addressing any differences.

Table 2: Summary of our findings.

Category	AASBs applicable NFP public sector entities and corresponding IPSASs	Type of comparison included in Appendix 1	Low impact	Medium impact	High impact	Suggested AASB priority[15]
G	AASB 1 *First-time Adoption of Australian Accounting Standards* and IPSAS 33	None	•			X
D	AASB 2 *Share-based Payments*	High-level	•			X
A	AASB 3 *Business Combinations* and IPSAS 40	Detailed			•	1
D	AASB 4 *Insurance Contracts*	High-level, with AASBs 1023/1038	•			X
D	AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*	High-level		•		4
D	AASB 6 *Exploration for and Evaluation of Mineral Resources*	High-level	•			X
B	AASB 7 *Financial Instruments: Disclosures* and IPSAS 30	Detailed	•			X
B	AASB 9 *Financial Instruments* and IPSAS 29	High-level, with AASB 139			•	4
A	AASB 10 *Consolidated Financial Statements* and IPSAS 35	Detailed		•		1
A	AASB 11 *Joint Arrangements* and IPSAS 37	Detailed	•			X
A	AASB 12 *Disclosure of Interests in Other Entities* and IPSAS 38	Detailed	•			X
D	AASB 13 *Fair Value Measurement*	High-level		•		1
D	AASB 14 *Regulatory Deferral Accounts*	High-level	•			X
B	AASB 15 *Revenue from Contracts with Customers* and IPSAS 9/IPSAS 11	High-level			•	X
B	AASB 16 *Leases* and IPSAS 13	High-level			•	X
B	AASB 101 *Presentation of Financial Statements* and IPSAS 1	Detailed, with AASB 1054			•	X
A	AASB 102 *Inventories* and IPSAS 12	Detailed		•		X
A	AASB 107 *Statement of Cash Flows* and IPSAS 2	Detailed		•		X
A	AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* and IPSAS 3	Detailed	•			X
A	AASB 110 *Events after the Reporting Period* and IPSAS 14	Detailed	•			X
D	AASB 112 *Income Taxes*	High-level	•			X
A	AASB 116 *Property, Plant and Equipment* and IPSAS 17	Detailed, with AASB 1051			•	4
A	AASB 119 *Employee Benefits* and IPSAS 39	Detailed	•			X
A	AASB 121 *The Effects of Changes in Foreign Exchange Rates* and IPSAS 4	Detailed	•			X
B	AASB 123 *Borrowing Costs* and IPSAS 5	Detailed		•		X
B	AASB 124 *Related Party Disclosures* and IPSAS 20	Detailed			•	X
A	AASB 127 *Separate Financial Statements* and IPSAS 34	Detailed		•		X
A	AASB 128 *Investments in Associates and Joint Ventures* and IPSAS 36	Detailed		•		X
A	AASB 129 *Financial Reporting in Hyperinflationary Economies* and IPSAS 10	Detailed	•			X

15 This column reflects our views on the priority the AASB should give to particular identified issues pertinent to this Report, on a scale of **1** = high priority, **2** = medium priority, **3** = low priority, **4** = contribute to/await IPSASB deliberations, **X** = no priority evident.

Category	AASBs applicable NFP public sector entities and corresponding IPSASs	Type of comparison included in Appendix 1	Low impact	Medium impact	High impact	Suggested AASB priority[15]
A	AASB 132 *Financial Instruments: Presentation* and IPSAS 28	Detailed		•		4
D	AASB 134 *Interim Financial Reporting*	High-level			•	X
A	AASB 136 *Impairment of Assets* and IPSAS 21/IPSAS 26	Detailed		•		X
A	AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and IPSAS 19	Detailed			•	4
A	AASB 138 *Intangible Assets* and IPSAS 31	Detailed	•			4
B	AASB 139 *Financial Instruments: Recognition and Measurement* and IPSAS 29	High-level, with AASB 9	•			X
A	AASB 140 *Investment Property* and IPSAS 16	Detailed	•			X
A	AASB 141 *Agriculture* and IPSAS 27	Detailed	•			X
C	AASB 1004 *Contributions* and IPSAS 23	High-level with AASB 1058 and Interp 1038			•	1
D	AASB 1023 *General Insurance Contracts*	High-level, with AASBs 4/1038	•			X
D	AASB 1038 *Life Insurance Contracts*	High-level, with AASBs 4/1023	•			X
G	AASB 1048 *Interpretation of Standards*	None	•			X
C	AASB 1049 *Whole of Government and General Government Sector Financial Reporting* and IPSAS 22	Detailed			•	1
E	AASB 1050 *Administered Items*	High-level			•	2
A	AASB 1051 *Land Under Roads* and IPSAS 17	Detailed, with AASB 116		•		X
C	AASB 1052 *Disaggregated Disclosures* and IPSAS 18	Detailed			•	1
G	AASB 1053 *Application of Tiers of Australian Accounting Standards*	High-level		•		X
B	AASB 1054 *Australian Additional Disclosures* and IPSAS 1	Detailed, with AASB 101	•			X
C	AASB 1055 *Budgetary Reporting* and IPSAS 24	Detailed			•	3
E	AASB 1056 *Superannuation Entities*	High-level	•			X
G	AASB 1057 *Application of Australian Accounting Standards*	None	•			X
C	AASB 1058 *Income of Not-for-Profit Entities* and IPSAS 23	Detailed, with AASB 1004 and Interp 1038			•	4
	Interpretations					
D	Interpretation 1 *Changes in Existing Decommissioning, Restoration and Similar Liabilities* and IPSAS 19	Detailed, with AASB 137	•			X
A	Interpretation 2 *Members' Shares in Co-operative Entities and Similar Instruments* and IPSAS 28	Detailed, with AASB 132	•			X
D	Interpretation 5 *Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds* and IPSAS 19/IPSAS 36/IPSAS 37	Detailed, with AASB 137, 128 and 11	•			X
D	Interpretation 6 *Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment* and IPSAS 19	Detailed, with AASB 137	•			X
D	Interpretation 7 *Applying the Restatement Approach under AASB 129 Financial Reporting in Hyperinflationary Economies* and IPSAS 10	Detailed, with AASB 129	•			X
D	Interpretation 10 *Interim Financial Reporting and Impairment* and IPSAS 21/IPSAS 26	Detailed, with AASB 136	•			X

Category	AASBs applicable NFP public sector entities and corresponding IPSASs	Type of comparison included in Appendix 1	Low impact	Medium impact	High impact	Suggested AASB priority[15]
D	Interpretation 12 *Service Concession Arrangements*	None	•			X
D	Interpretation 14 *AASB 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* and IPSAS 39	Detailed, with AASB 119	•			X
A	Interpretation 16 *Hedges of a Net Investment in a Foreign Operation* and IPSAS 29	High-level, with AASB 9	•			X
D	Interpretation 17 *Distributions of Non-cash Assets to Owners*	High-level	•			X
D	Interpretation 19 *Extinguishing Financial Liabilities with Equity Instruments* and IPSAS 29	Detailed, with AASB 9	•			X
D	Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine*	High-level	•			X
D	Interpretation 21 *Levies* and IPSAS 19/IPSAS 1	Detailed, with AASBs 137 and 101/1054	•			X
D	Interpretation 22 *Foreign Currency Transactions and Advance Consideration* and IPSAS 4	Detailed, with AASB 121	•			X
D	Interpretation 107 *Introduction of the Euro* and IPSAS 4	Detailed, with AASB 121	•			X
D	Interpretation 125 *Income Taxes – Changes in the Tax Status of an Entity or its Shareholders*	High-level, with AASB 112	•			X
D	Interpretation 129 *Service Concession Arrangements: Disclosures*	None	•			X
A	Interpretation 132 *Intangible Assets – Web Site Costs* and IPSAS 31	Detailed, with AASB 138	•			X
E	Interpretation 1003 *Australian Petroleum Resource Rent Tax*	High-level, with AASB 112	•			X
E	Interpretation 1019 *The Superannuation Contributions Surcharge*	None	•			X
E	Interpretation 1030 *Depreciation of Long-Lived Physical Assets: Condition-Based Depreciation and Related Methods* and IPSAS 17	Detailed, with AASB 116		•		X
E	Interpretation 1031 *Accounting for the Goods and Services Tax (GST)*	High-level	•			X
C	Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities* and IPSAS 23	Detailed, with AASB 1004 and 1058			•	1
E	Interpretation 1047 *Professional Indemnity Claims Liabilities in Medical Defence Organisations*	None	•			X
E	Interpretation 1052 *Tax Consolidation Accounting*	High-level, with AASB 112	•			X
E	Interpretation 1055 *Accounting for Road Earthworks* and IPSAS 17	Detailed, with AASB 116	•			X
	Other					
F	IPSASB Recommended Practice Guideline 1 *Reporting on the Long-Term Sustainability of an Entity's Finances*	High-level	•			3
F	AASB introductory comments relating to the IASB's IFRS Practice Statement *Management Commentary* and IPSASB Recommended Practice Guideline 2	High-level	•			3
F	IPSASB Recommended Practice Guideline 3 *Reporting Service Performance Information*	High-level		•		1
	Glossary of selected defined general terms not dealt with in specific comparisons	Detailed	•			X

APPENDIX 1

Comparison tables:

comparing each AASB with its corresponding IPSAS

First-time Adoption – AASB 1

Relevant pronouncements:

- AASB 1 *First-time Adoption of Australian Accounting Standards*, based on IFRS 1
- IPSAS 33 *First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs)*[1]

AASB Aus paragraphs: pertinent not-for-profit specific paragraph Aus3.2 is included in AASB 1.

	AASB requirement	IPSAS requirement
High-level comparison	Para. 1 – the objective of AASB 1 is to ensure that an entity's first Australian-Accounting-Standards financial statements, and its interim financial reports for part of the period covered by those financial statements, contain high quality information that: ▪ is transparent for users and comparable over all periods presented ▪ provides a suitable starting point for accounting in accordance with AASBs ▪ can be generated at a cost that does not exceed the benefits. Para. 3 – an entity's first Australian-Accounting-Standards financial statements are the first annual financial statements in which the entity adopts AASBs, by an explicit and unreserved statement in those financial statements of compliance with AASBs. Para. Aus3.2 – in rare circumstances, a not-for-profit public sector entity may experience extreme difficulties in complying with the requirements of certain AASBs due to information deficiencies that have caused the entity to state non-compliance with previous GAAP. In these circumstances, the conditions specified in para. 3 for the application of AASB 1 are taken to be satisfied provided the entity: ▪ discloses in its first Australian-Accounting-Standards financial statements: o an explanation of information deficiencies and its strategy for rectifying those deficiencies; and o the AASBs that have not been complied with; and ▪ makes an explicit and unreserved statement of compliance with other AASBs for which there are no information deficiencies.	Para. 1 – the objective of IPSAS 33 is to provide guidance to a first-time adopter that prepares and presents financial statements following the adoption of accrual basis IPSASs, in order to present high quality information: ▪ that provides transparent reporting about a first-time adopter's transition to accrual basis IPSASs ▪ that provides a suitable starting point for accounting in accordance with accrual basis IPSASs irrespective of the basis of accounting the first-time adopter has used prior to the date of adoption ▪ where the benefits are expected to exceed the costs. ***Comparison with AASB*** Both AASB 1 and IPSAS 33 address transitional issues. As noted in the Scope of the comparison section of the Introduction to this Report, transitional requirements are not within the scope of this Report. Both AASB 1 and IPSAS 33 provide a substantial number of exceptions and exemptions to certain aspects of other AASBs and other IPSASs, respectively, consistent with their own objectives (which are broadly similar) within the context of their own environments/jurisdictional responsibilities and legacy issues (which are different). Accordingly, expect significant differences in practice in accounting for the first-time adoption of AASBs compared with IPSASs.

Overall comment: the differences identified in this table are not pertinent to this Report.

Back to Table 2

1 Paras. BC3 and BC4 of IPSAS 33 note that the IPSASB agreed the project giving rise to IPSAS 33 was not an IFRS convergence project. However, the IPSASB did consider the transitional exemptions included in IFRS 1 in developing the IPSAS.

Share-based Payments – AASB 2

Relevant pronouncements:

- AASB 2 *Share-based Payments*, based on IFRS 2
- IPSAS: there is no specific IPSAS that prescribes requirements relating to share-based payments

AASB Aus paragraphs: no pertinent not-for-profit specific paragraphs are included in AASB 2.

	AASB requirement	IPSAS requirement
High-level comparison and Scope	Para. 1 – the objective of AASB 2 is to specify the financial reporting by an entity when it undertakes a share-based payment transaction. In particular, it requires an entity to reflect in its profit or loss and financial position the effects of share-based payment transactions, including expenses associated with transactions in which share options are granted to employees. Appendix A – definition of 'share-based payment transaction': a transaction in which the entity: ▪ receives goods or services from the supplier of those goods or services (including an employee) in a share-based payment arrangement; or ▪ incurs an obligation to settle the transaction with the supplier in a share-based payment arrangement when another group entity receives those goods or services.	There is no specific IPSAS that prescribes accounting requirements for share-based payments, nor that defines the scope of share-based payments. Para. 25 of IPSAS 25 *Employee Benefits* – IPSAS 25 shall be applied by an employer in accounting for all employee benefits, except share-based transactions (see the relevant international or national accounting standard dealing with share-based transactions). Para. 3(e) of IPSAS 28 *Financial Instruments: Presentation*[1] – an entity that prepares and presents financial statements under the accrual basis of accounting shall apply IPSAS 28 to all types of financial instruments except for financial instruments, contracts and obligations under share-based payment transactions to which the relevant international or national accounting standard dealing with share-based payments applies, except for: ▪ contracts within the scope of paras. 4-6 (eg certain contracts to buy or sell a non-financial item that can be settled net in cash or another financial instrument) of IPSAS 28, to which IPSAS 28 applies; or ▪ paras. 38 and 39 of IPSAS 28 (which addresses treasury shares), which shall be applied to treasury shares purchased, sold, issued, or cancelled in connection with employee share option plans, employee share purchase plans, and all other share-based payment arrangements. Para. 3(d) of IPSAS 30 *Financial Instruments: Disclosures* – IPSAS 30 shall be applied by all entities to all types of financial instruments, except financial instruments, contracts and obligations under share-based payment transactions to which the relevant international or national accounting standard dealing with share-based payment applies, except for contracts within the scope of paras. 4-6 of IPSAS 29, to which IPSAS 30 applies. ***Comparison with AASB*** There would be significant differences in practice, but only to the extent not-for-profit public sector entities are involved with share-based payments, which is unlikely.

Overall comment: even though AASB 2 is not expected to be relevant in a not-for-profit context, it would not be appropriate for the AASB to exclude the sector from its application to align with IPSASB as that would create a gap in accounting requirements.

Back to Table 2

1 Para. BC25 of IPSAS 28 states: "When this Standard was issued, the IPSASB considered that IFRIC 11 [*Group and Treasury Share Transactions*] is not relevant for the types of instruments entered into in the public sector as it deals with share-based payment transactions. While share-based payments may be common in [Government Business Enterprises (GBE's)], (the term in square brackets is no longer used following the issue of *The Applicability of IPSASs* in April 2016), they do not occur frequently in entities that are not GBE's. As a result, the IPSASB has not included any principles from IFRIC 11 in IPSAS 28." (IFRIC 11 has been superseded since IPSAS 28 was issued).

Business Combinations – AASB 3

Relevant pronouncements:

- AASB 3 *Business Combinations*, based on IFRS 3[1]
- IPSAS 40 *Public Sector Combinations*, the Accounting for Acquisitions part of which is based on IFRS 3.

AASB Aus paragraphs: the following pertinent not-for-profit specific paragraphs are included in AASB 3: Aus2.1 and Aus63.1-Aus63.9.

	AASB requirement	IPSAS requirement
Scope	Para. 2 – AASB 3 applies to a transaction or other event that meets the definition of a 'business combination'.	Para. 3 – IPSAS 40 applies to a transaction or other event that meets the definition of a 'public sector combination'. ***Comparison with AASB*** Expect significant differences in practice. AASB 3 prescribes requirements for a narrower range of circumstances than IPSAS 40 – see the comparison of the respective definitions of 'business combination' and 'public sector combination' below.
	Para. 2(c) – AASB 3 does not apply to a combination of entities or businesses under common control (paras. B1-B4 provide related application guidance).	IPSAS 40 does not exclude a public sector combination of parties that are under common control from its scope. ***Comparison with AASB*** Expect significant differences in practice.
	AASB 3 does not explicitly exclude the assumption of a liability or a group of liabilities that do not constitute a business from its scope (however, they would be excluded by virtue of the definition of a 'business' in Appendix A of AASB 3).	Para. 3(c) – IPSAS 40 does not apply to the assumption of a liability or a group of liabilities that does not constitute an operation. In such cases an entity shall identify and recognise the individual liabilities assumed. ***Comparison with AASB*** Do not expect differences in practice.
	Para. Aus2.1 – a restructure of administrative arrangements, as defined in Appendix A of AASB 1004 *Contributions*, is outside the scope of AASB 3. AASB 1004 specifies requirements for restructures of administrative arrangements. (See the discussion of Restructures of administrative arrangements under the Accounting for Amalgamations section below.)	IPSAS 40 does not explicitly address restructures of administrative arrangements (however, as noted above, it includes public sector combinations of parties that are under common control within its scope). ***Comparison with AASB*** There could be differences in practice.
Defined Terms	Consistent, insofar as they are specific to the topic of business combinations, except as noted below. Any substantive differences in terms used in both Standards but defined in other Standards are identified in the comparisons of those other Standards. Substantive differences in any general terms and their definitions in both Standards are identified in the Comparison of Definitions of General Terms at the end of this Appendix.	
	Appendix A – 'business' is defined as an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits directly to investors or other owners, members or participants. Appendix A – 'business combination' is	Para. 5 – 'operation' is defined as an integrated set of activities and related assets and/or liabilities that is capable of being conducted and managed for the purpose of achieving an entity's objectives, by providing goods and/or services. Para. 5 – 'public sector combination' is defined as the bringing together of separate operations into one

1 Paras. 54-59 of AASB 1004 *Contributions* specify requirements for restructures of administrative arrangements applicable to government departments and other government controlled not-for-profit entities. Those paras. are also included in this comparison, given that they are limited to a restructure of administrative arrangements that is a transfer of a business as defined in AASB 3.

	AASB requirement	IPSAS requirement
	defined as a transaction or other event in which an acquirer obtains control of one or more businesses. Transactions sometimes referred to as 'true mergers' or 'mergers of equals' are also business combinations as that term is used in AASB 3.	public sector entity. Para. 5 – an 'amalgamation' gives rise to a resulting entity and is either: ▪ a public sector combination in which no party to the combination gains control of one or more operations; or ▪ a public sector combination in which one party to the combination gains control of one or more operations, and in which there is evidence that the combination has the economic substance of an amalgamation. ***Comparison with AASB*** Of themselves, the respective definitions of 'business' and 'operation' are not expected to give rise to differences in practice. The respective definitions of 'business combination' and 'public sector combination'/'amalgamation' will give rise to significant differences in practice. This is because AASB 3 presumes the existence of an acquirer that obtains control of an acquiree. The IPSAS 40 definitions do not presume there is an acquirer, nor that one combining operation necessarily obtains control of another combining operation.
	----- ACCOUNTING FOR AMALGAMATIONS -----	
When to apply the amalgamation method	AASB 3 does not permit merger/amalgamation/pooling of interest method accounting (although, see the discussion of Restructures of administrative arrangements and Restructures of local governments below). As noted above, AASB 3 presumes a business combination involves an acquisition and therefore specifies acquisition accounting requirements.	Paras. 7-8 – provide guidance on whether a public sector combination is to be classified as an amalgamation or an acquisition. Paras. 12-13 – provide a list of indicators that may provide evidence that the combination is an amalgamation. Para. 15 – a resulting entity shall account for each amalgamation by applying the modified pooling of interests method of accounting. Paras. 16-49 – provide guidance on the application of the modified pooling of interests method of accounting, including that the resulting entity: ▪ recognises the assets, liabilities and any non-controlling interests that are recognised in the financial statements of the combining operations as at the amalgamation date ▪ measures those assets, liabilities and non-controlling interests at their carrying amounts in the financial statements of the combining operations, adjusted to conform to the resulting entity's accounting policies. Para. 50 – provides guidance on the resulting entity's first set of financial statements where a resulting entity is not a new entity following a public sector combination. Para. 51 – specifies disclosure requirements for a resulting entity that is not a new entity following a public sector combination. Para. 53-57 – provides guidance on disclosure requirements of the resulting entity. ***Comparison with AASB*** There will be significant differences in practice – AASB 3 requires acquisition accounting to be applied in circumstances when IPSAS 40 requires amalgamation accounting.
Restructures of administrative arrangements	***Definition, recognition and measurement*** AASB 1004, Appendix A – defines 'restructure of administrative arrangements'	***Definition, recognition and measurement*** As noted in the Defined terms section above, para. 5 clarifies the meaning of 'amalgamation'. It is expected

	AASB requirement	IPSAS requirement
	as the reallocation or reorganisation of assets, liabilities, activities and responsibilities amongst the entities that the government controls that occurs as a consequence of a rearrangement in the way in which activities and responsibilities as prescribed under legislation or other authority are allocated between the government's controlled entities. The scope of the requirements relating to restructures of administrative arrangements is limited to the transfer of a business (as defined in AASB 3). The requirements do not apply to, for example, a transfer of an individual asset or a group of assets that is not a business. AASB 1004, paras. 54-59 – apply only to government departments and other government controlled not-for-profit entities involved in a restructure of administrative arrangements and specify that the restructure is to be accounted for as transactions with owners (distributions to or contributions by) by both the transferor and transferee in respect of assets and liabilities transferred, as applicable. AASB 1004, para. BC28 – AASB 1004 does not specify the measurement basis to be adopted for assets and liabilities transferred in the course of a restructure of administrative arrangements and therefore they could be measured at fair value or book value. (Given the common practice in Australia by government controlled not-for-profit public sector entities of adopting fair value, in light of the requirements in AASB 1049 *Whole of Government and General Government Sector Financial Reporting*, it is expected that fair value would be adopted.)	that a restructure of administrative arrangements would normally meet that definition. The Accounting for amalgamations sub-section immediately above summarises the IPSAS 40 accounting requirements for amalgamations. IPSAS 23 *Revenue from Non-Exchange Transactions (Taxes and Transfers)* does not explicitly address restructures of administrative arrangements. Indeed, they are scoped out of IPSAS 23 because public sector entity combinations are scoped out. ***Comparison with AASB*** There could be differences in practice. For example, in contrast to AASB 1004, IPSAS 40 specifies measurement requirements. Furthermore, AASB 1004 treats the net transfer received by a transferee as a contribution by owners; whereas IPSAS 40 does not characterise it as such – although the outcome is broadly the same in terms of its effect on net assets/equity.
	Disclosures AASB 1004, para. 57 – when activities are transferred as a consequence of a restructure of administrative arrangements, a government controlled not-for-profit transferee entity shall disclose the expenses and income attributable to the transferred activities for the reporting period, showing separately those expenses and items of income recognised by the transferor during the reporting period. If disclosure of this information would be impracticable, that fact shall be disclosed, together with an explanation of why this is the case. AASB 1004, para. 58 – for each material transfer, the assets and liabilities transferred as a consequence of a restructure of administrative arrangements during the reporting period shall be disclosed by class, and the counterparty transferor/transferee entity shall be identified. With respect to transfers that are individually immaterial, the assets and liabilities transferred shall be disclosed on an aggregate basis. AASB 1004, para. 59 – the disclosures	***Disclosures*** Para. 53 – the resulting entity shall disclose information that enables users to evaluate the nature and financial effect of an amalgamation. Para. 54 – to meet the objective in para. 53, the resulting entity shall disclose for each amalgamation during the reporting period (they are not all listed in the following, for the sake of brevity): ▪ name and description of each combining operation ▪ amalgamation date ▪ primary reasons for the amalgamation ▪ amounts recognised as of the amalgamation date for each major class of assets and liabilities transferred ▪ adjustments made to the carrying amounts of assets and liabilities ▪ analysis of net assets/equity recognised in accordance with IPSAS 40 ▪ information about any comparative information provided. As noted above, IPSAS 23 does not address restructures of administrative arrangements.

	AASB requirement	IPSAS requirement
	required by para. 58 will assist users to identify the assets and liabilities recognised or derecognised as a result of a restructure of administrative arrangements separately from other assets and liabilities and to identify the transferor/transferee entity.	***Comparison with AASB*** Expect significant differences in practice – IPSAS 40 has more extensive disclosures, although it does not specify the equivalent of para. 57 of AASB 1004.
Restructures of local governments	***Definition, Recognition and Measurement*** Para. Aus63.1 – where assets and liabilities are transferred to a local government from another local government at no cost, or for nominal consideration, pursuant to legislation, ministerial directive or other externally imposed requirements the transferee local government shall recognise assets and liabilities and any gain or loss. Para. Aus63.2 – assets transferred to a local government from another local government at no cost, or for nominal consideration, by virtue of legislation, ministerial directive or other externally imposed requirement shall be recognised initially either at the amounts at which the assets were recognised by the transferor local government as at the date of the transfer, or at their fair values. Para. Aus63.3 – a restructure of local governments involves the transfer of assets and liabilities of a local government to another local government, at no cost or for nominal consideration, by virtue of legislation, ministerial directive or other externally imposed requirement. This gives rise to assets and liabilities and a gain or loss of the transferee local government. A restructure of local governments may take the form of a new local government being constituted and other local governments being abolished as a result of a State government's policy to effectively amalgamate a number of local governments. Para. Aus63.4 – a restructure of local governments involves a change in the resources controlled by the local governments involved in the restructure. The transferor local government will decrease its assets by the carrying amount of the assets transferred. The transferred assets will usually be recognised by the transferee at their carrying amounts in the books of the transferor at the time of the transfer. Such amounts provide a practical basis for recognising the transfer of assets, particularly when many assets are involved, as is usually the case in a restructure of local governments. However, the recognition of transferred assets at fair value is permitted by AASB 3. Para. Aus63.5 – the restructures of local governments referred to in paras. Aus63.3 and Aus63.4 do not involve transfers between the local government and its ownership group but give rise to a gain or loss that is recognised in the statement of comprehensive income.	***Definition, Recognition and Measurement*** IPSAS 40 does not explicitly address restructures of local governments – accordingly, the general requirements in IPSAS 40 would apply where a restructure of local governments meets the definition of a public sector combination. As noted in the Defined terms section above, para. 5 clarifies the meaning of 'amalgamation'. It is expected that restructures of local governments would normally meet that definition. The Accounting for amalgamations sub-section above summarises the IPSAS 40 accounting requirements for amalgamations. ***Comparison with AASB*** There will be significant differences in practice. For example, AASB 3 requires the transferee to recognise a gain for net assets transferred; whereas IPSAS 40 requires an amount to be recognised directly in net assets/equity.

	AASB requirement	IPSAS requirement
	Disclosures Para. Aus63.6 – assets and liabilities transferred during the reporting period and recognised in accordance with para. Aus63.1 shall be disclosed separately, by class, by way of note or otherwise, and the transferor local government shall be identified. Para. Aus63.7 – any gain or loss recognised in accordance with para. Aus63.1 shall be separately disclosed in the statement of comprehensive income. Para. Aus63.8 – the disclosures required by para. Aus63.6 will assist users to identify the assets and liabilities recognised as a result of a restructure separately from other assets and liabilities and to identify the transferor local government. In addition, the disclosures required by para. Aus63.7 will assist users to identify separately the gain or loss which results from a restructure of local governments. Para. Aus63.9 – local governments are not required to apply paras. 59 to 63 and the related Appendix B Application Guidance paras. of AASB 3 when disclosing information about restructures of local governments.	***Disclosures*** Para. 53 – the resulting entity shall disclose information that enables users to evaluate the nature and financial effect of an amalgamation. (For further details, see the discussion of Disclosures under the Restructure of administrative arrangements sub-section above.) ***Comparison with AASB*** Expect significant differences in practice – IPSAS 40 has more extensive disclosure requirements for amalgamations.
----- ACCOUNTING FOR ACQUISITIONS -----		
When to apply the acquisition method	Para. 6 – for each business combination, one of the combining entities shall be identified as the acquirer. Para. 7 – the guidance in AASB 10 *Consolidated Financial Statements* shall be used to identify the acquirer – the entity that obtains control of another entity. If a business combination has occurred but applying the guidance in AASB 10 does not clearly indicate which of the combining entities is the acquirer, the factors in paras. B14-B18 shall be considered in making that determination. (Paras. B14-B18 are not reproduced here).	Para. 5 – an 'acquisition' is a public sector combination in which one party to the combination gains control of one or more operations, and there is evidence that the combination is not an amalgamation. Para. 60 – for each acquisition, the party to the combination that gains control of one or more operations shall be identified as the acquirer. ***Comparison with AASB*** There could be significant differences in practice, particularly in circumstances where it is difficult to identify an acquirer.
Classification or designation of identifiable assets and liabilities at acquisition date	Para. 16 – in some situations, AASBs provide for different accounting depending on how an entity classifies or designates a particular asset or liability. Examples of classifications or designations that the acquirer shall make on the basis of the pertinent conditions as they exist at the acquisition date include but are not limited to: ▪ classification of particular financial assets and liabilities as measured at fair value through profit or loss or at amortised cost, or as a financial asset measured at fair value through other comprehensive income in accordance with AASB 9 *Financial Instruments* ▪ designation of a derivative instrument as a hedging instrument in accordance with AASB 9 ▪ assessment of whether an embedded derivative should be separated from a host contract in accordance with	Para. 70 – in some situations, IPSASs provide for different accounting depending on how an entity classifies or designates a particular asset or liability. Examples of classifications or designations that the acquirer shall make on the basis of the pertinent conditions as they exist at the acquisition date include but are not limited to: ▪ classification of particular financial assets and liabilities as measured at fair value or at amortised cost, in accordance with IPSAS 29 *Financial Instruments: Recognition and Measurement* ▪ designation of a derivative instrument as a hedging instrument in accordance with IPSAS 29 ▪ assessment of whether an embedded derivative should be separated from a host contract in accordance with IPSAS 29 (which is a matter of 'classification' as IPSAS 40 uses that term). ***Comparison with AASB*** The outcome under AASB 3 might differ from the outcome under IPSAS 40, even using acquisition

	AASB requirement	IPSAS requirement
	AASB 9 (which is a matter of 'classification' as AASB 3 uses that term).	accounting, by virtue of other AASBs differing from their corresponding IPSASs. For example, differences between AASB 9 and IPSAS 29 could result in differences in outcomes.
Leases	Para. 28A – the acquirer shall recognise right-of-use assets and lease liabilities for leases identified in accordance with AASB 16 *Leases* in which the acquiree is the lessee. The acquirer is not required to recognise right-of-use assets and lease liabilities for: - leases for which the lease term (as defined in AASB 16) ends within 12 months of the acquisition date - leases for which the underlying asset is of low value (as described in paragraphs B3–B8 of AASB 16). Para. 28B – The acquirer shall measure the lease liability at the present value of the remaining lease payments (as defined in AASB 16) as if the acquired lease were a new lease at the acquisition date. The acquirer shall measure the right-of-use asset at the same amount as the lease liability, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.	Para. AG72 – the acquirer shall recognise no assets or liabilities related to an operating lease in which the acquired operation is the lessee except as required by paras. AG 73 and AB74. Para. AG 73 – the acquirer shall determine whether the terms of each operating lease in which the acquired operation is the lessee are favourable or unfavourable. The acquirer shall recognise an intangible asset if the terms of an operating lease are favourable relative to market terms and a liability if the terms are unfavourable relative to market terms. Para. AG89 provides guidance on measuring the acquisition-date fair value of assets subject to operating leases in which the acquired operation is the lessor. Para. AG74 – an identifiable intangible asset may be associated with an operating lease, which may be evidenced by market participants' willingness to pay a price for the lease even if it is at market terms. For example, a lease of gates at an airport or of retail space in a prime shopping area might provide entry into a market or other future economic benefits or service potential that qualify as identifiable intangible assets, for example, as a relationship with users of a service. In that situation, the acquirer shall recognise the associated identifiable intangible asset(s) in accordance with para. AG75 (not repeated here). ***Comparison with AASB*** Expect differences in practice – see the separate high-level comparison of AASB 16 and IPSAS 13 *Leases*. (AASB 3 previously included the same guidance as IPSAS 40, but that guidance was deleted through an amendment brought about by AASB 16.)
Assets held for sale	Para. 31 – the acquirer shall measure an acquired non-current asset (or disposal group) that is classified as held for sale at the acquisition date in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* at fair value less costs to sell in accordance with paras. 15-18 of AASB 5.	IPSAS 40 does not explicitly address acquired non-current assets (or disposal groups) that are held for sale. ***Comparison with AASB*** This will give rise to differences in practice because there is no IPSAS that corresponds to AASB 5 (see the separate high-level comparison of AASB 5 and IPSASs).
Recognising and measuring goodwill or a gain from a bargain purchase	AASB 3 does not explicitly address the relationship between cash flows and goodwill.	Para. 86 – the acquirer shall recognise goodwill only to the extent that the acquisition will result in: - the generation of cash inflows (such as the acquisition of a cash-generating operation); and/or - a reduction in the net cash outflows of the acquirer. An acquirer shall recognise any further excess of (a) over (b) in para. 85 (which is, broadly, (a) consideration transferred less (b) the amounts to be recognised for identifiable net assets acquired) as a loss in surplus or deficit. Para. AG93 – the acquirer shall recognise goodwill only to the extent that the acquirer estimates there will be favourable changes to its net cash flows, either from increased cash inflows or decreased cash outflows. An acquirer shall not recognise goodwill related to service potential other than cash flows. ***Comparison with AASB***

	AASB requirement	IPSAS requirement
		There are likely to be significant differences in practice.
Bargain purchases	AASB 3 does not explicitly address circumstances when a public sector entity obtains control of an operation in a non-exchange transaction in which it transfers consideration that is not approximately equal to the fair value of the acquired operation. (AASB 1058 *Income of Not-for-Profit Entities* does not apply to business combinations within the scope of AASB 3.)	Para. 91 – in the public sector, an entity sometimes obtains control of an operation in a non-exchange transaction in which it transfers consideration that is not approximately equal to the fair value of the acquired operation. Such circumstances include, but are not limited to: - compensated seizures of operations or entities - the transfer of an operation to the acquirer by a donor for nominal consideration. Para. 92 – where the economic substance of the public sector combination is that of an acquisition, such non-exchange acquisitions are treated as bargain purchases and accounted for in accordance with paras. 88-90. ***Comparison with AASB*** Do not expect there to be differences in practice.
	AASB 3 – does not explicitly address circumstances when a public sector entity obtains control of an operation in a non-exchange transaction (including 'bailouts'), in which it transfers no consideration. (AASB 1058 *Income of Not-for-Profit Entities* does not apply to business combinations within the scope of AASB 3.)	Para. 93 – in the public sector, an entity sometimes obtains control of an operation in a non-exchange transaction, in which it transfers no consideration. Such circumstances include, but are not limited to: - uncompensated seizures of operations or entities (also known as forced nationalizations) - the transfer of an operation to the entity by a donor for no consideration. Such transfers may take the form of a bequest - the transfer of an operation to the entity where the operation has net liabilities. The entity may accept the transfer of net liabilities to prevent the cessation of the operation. Such transactions are sometimes known as 'bailouts'. Para. 94 – where the economic substance of the public sector combination is that of an acquisition, the acquirer that obtains control of an acquired operation in a non-exchange transaction in which it transfers no consideration does not recognise goodwill. The acquirer recognises a gain or a loss in surplus or deficit in accordance with para. 86. ***Comparison with AASB*** There could be differences in practice in a 'bailout' scenario.
Change in criteria for transfers, concessionary loans or similar benefits	AASB 3 – does not explicitly address circumstances when the criteria upon which a transfer, concessionary loan or similar benefit previously received by an acquirer or an acquired operation change as a result of an acquisition. (Paras. 5.1.1A and B5.1.2A of AASB 9 *Financial Instruments* address the initial measurement of financial assets where fair value differs from transaction price.)	Para. 114 – a transfer, concessionary loan or similar benefit, previously received by an acquirer or an acquired operation on the basis of criteria that change as a result of an acquisition, shall be reassessed prospectively in accordance with other IPSASs (paras. AG109-AG111 provide related application guidance). Para. AG109 – prior to an acquisition taking place, an acquirer or an acquired operation may receive a transfer from a third party, based on specified criteria. For example, a national government may provide grants to those municipalities where the municipality's revenue per head of population is below a threshold. An acquisition by a municipality of a cash-generating operation may increase the revenue per head of population of the municipality so that it is above the threshold. This may cause the government to review the grant. Para. AG110 – the acquirer shall not account for any revisions to the grant amount as part of the acquisition, but accounts for any revisions at the point the grantor

	AASB requirement	IPSAS requirement
		makes its intentions known in accordance with other IPSASs. Para. AG111 – similar circumstances may arise in respect of concessionary loans and other benefits. The acquirer shall not account for any revisions to those transactions as part of the acquisition, but accounts for any revisions at the point the grantor makes its intentions known in accordance with other IPSASs. ***Comparison with AASB*** There could be differences in practice – see also the separate high-level comparisons of AASB 9 and IPSAS 29; and AASB 1058 *Income of Not-for-Profit Entities* and IPSAS 23 *Revenue from Non-exchange Transactions (Taxes and Transfers)*.
Tax forgiveness	AASB 3 – does not explicitly address circumstances when acquisitions involving public sector entities may result in a tax authority forgiving amounts of tax subsequent to the acquisition.	Para. 114 – acquisitions involving public sector entities may result in a tax authority forgiving amounts of tax subsequent to the acquisition. The acquirer shall account for the tax forgiven prospectively in accordance with the relevant international or national accounting standard dealing with income taxes. ***Comparison with AASB*** There is no IPSAS that corresponds to AASB 112 *Income Taxes*. There could be differences in practice, but only to the extent not-for-profit public sector entities are subject to income tax or income tax equivalents (which is not expected to be common). (See also the high-level comparison of AASB 112 and IPSASs.)
Application Guidance	Guidance on accounting for a reverse acquisition is consistent.	
	Paras. B25-B27 – provide guidance on measuring earnings per share during the period in which a reverse acquisition occurs.	IPSAS 40 does not explicitly address issues relating to earnings per share. ***Comparison with AASB*** There could be differences in practice, to the extent earnings per share is pertinent to not-for-profit public sector entities (AASB 133 *Earnings per Share* is not applicable to not-for-profit public sector entities).
	Para. B57-B62 – provide further guidance on acquirer share-based payment awards exchanged for awards held by the acquiree's employees.	IPSAS 40 does not explicitly address issues relating to acquirer share-based payment awards exchanged for awards held by the acquiree's employees. ***Comparison with AASB*** There could be differences in practice – see also the separate high-level comparison of AASB 2 *Share-based Payment and* IPSASs.

Overall comment: to the extent the IASB project on business combinations under common control does not address all the relevant issues, the AASB should consider the guidance on amalgamations in IPSAS 40 as a basis for amending AASB 3. At its May 2017 meeting the AASB decided to consider IPSAS 40 as part of its consideration of the IASB project.

Back to Table 2

Insurance Contracts – AASBs 4/1023/1038

Relevant pronouncements:

- AASB 4 *Insurance Contracts*, based on IFRS 4; and AASB 1023 *General Insurance Contracts*, and AASB 1038 *Life Insurance Contracts*[1]
- IPSAS: there is no specific IPSAS that prescribes requirements for insurance contracts

AASB Aus paragraphs: no pertinent not-for-profit specific paragraphs are included in AASB 4.

	AASB requirement	IPSAS requirement
High-level comparison	AASB 4, para.1 – the objective of AASB 4, in conjunction with AASB 1023 and AASB 1038, is to specify the financial reporting for insurance contracts by any entity that issues such contracts (ie an insurer) until the AASB and the IASB complete the second phase of the project on insurance contracts. In particular, AASB 4 requires: ▪ limited improvements to accounting by insurers for insurance contracts ▪ disclosure that identifies and explains the amounts in an insurer's financial statements arising from insurance contracts and helps users of those financial statements understand the amount, timing and uncertainty of future cash flows from insurance contracts.	There is no specific IPSAS that prescribes requirements for insurance contracts. IPSAS 9 *Revenue from Exchange Transactions*, para. 10(d) – states that IPSAS 9 does not deal with revenues arising from insurance contracts within the scope of the relevant international or national accounting standard dealing with insurance contracts. IPSAS 19 *Provisions, Contingent Liabilities and Contingent Assets*, para. 1(d) – states that an entity that prepares and presents financial statements under the accrual basis of accounting shall apply IPSAS 19 in accounting for provisions, contingent liabilities, and contingent assets, except insurance contracts within the scope of the relevant international or national accounting standard dealing with insurance contracts. IPSAS 28 *Financial Instruments: Presentation*, para. 3(d) – states that an entity that prepares and presents financial statements under the accrual basis of accounting shall apply IPSAS 28 to all types of financial instruments except financial instruments that are within the scope of the international or national accounting standard dealing with insurance contracts because they contain a discretionary participation feature. IPSAS 29 *Financial Instruments: Recognition and Measurement*, para. 2(e) – states that IPSAS 29 shall be applied by all entities to all types of financial instruments, except rights and obligations arising under a contract that is within the scope of the relevant international or national accounting standard dealing with insurance contracts because it contains a discretionary participation feature. IPSAS 31 *Intangible Assets*, para. 3(i) – states that IPSAS 31 shall be applied in accounting for intangible assets, except deferred acquisition costs, and intangible assets, arising from an insurer's contractual rights under insurance contracts within the scope of the relevant international or national accounting standard dealing with insurance contracts. ***Comparison with AASB*** Expect significant differences in the accounting for insurance contracts in practice.

1 The 'Comparison with IFRS 4' sections of AASB 1023 and AASB 1038 note that IFRS 4 has been implemented in Australia using three AASBs:
- AASB 4, which applies to fixed-fee service contracts that meet the definition of an insurance contract
- AASB 1023, which applies to general insurance contracts
- AASB 1038, which applies to life insurance contracts.

The IASB is expected to replace IFRS 4 with IFRS 17 *Insurance Contracts* (previously referred to as IFRS 4 Phase II). As a result, the AASB intends incorporating IFRS 17 into a new AASB 17 *Insurance Contracts* (and thereby replacing AASB 4, AASB 1023 and AASB 1038) in Quarter 2 2017, and making it applicable to for-profit entities. The AASB will subsequently undertake a project that considers modifying AASB 17 for not-for-profit private and public sector entities, with an Exposure Draft scheduled for Quarter 3 2017.

	AASB requirement	IPSAS requirement
Scope	AASB 4, Appendix A; AASB 1023, para. 19.1; and AASB 1038, para. 20.1 – define 'insurance contract' as a contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. AASB 4, Appendix B; AASB 1023, Appendix; and AASB 1038, Appendix provide guidance on this definition.	IPSAS 28, para. AG6 – for the purposes of IPSAS 28, an insurance contract is a contract that exposes the insurer to identified risks of loss from events or circumstances occurring or discovered with a specified period, including death (ie in the case of an annuity, the survival of the annuitant), sickness, disability, property damage, injury to others, and interruption of operations. Additional guidance on insurance contracts is available in the relevant international or national standard dealing with insurance contracts. ***Comparison with AASB*** Do not expect significant differences relating to scope.

Overall comment: it would not be appropriate for the AASB to exclude the not-for-profit sector from the application of AASB 4, AASB 1023 and AASB 1038 to align with IPSASB as that would create a gap in accounting requirements.

Back to Table 2

Non-current Assets Held for Sale and Discontinued Operations – AASB 5

Relevant pronouncements:

- AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*, based on IFRS 5
- IPSAS: there is no specific IPSAS that prescribes requirements for non-current assets held for sale and discontinued operations

AASB Aus paragraphs: the following pertinent not-for-profit specific paragraphs are included in AASB 5: Aus2.1-Aus2.4.

	AASB requirement	IPSAS requirement
High-level comparison	Para. 1 – the objective of AASB 5 is to specify the accounting for assets held for sale, and the presentation and disclosure of discontinued operations. In particular, AASB 5 requires assets that meet the criteria to be classified as held for sale to be: ▪ measured at the lower of carrying amount and fair value less costs to sell, and depreciation on such assets to cease ▪ presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of comprehensive income.	IPSAS 14 *Events after the Reporting Date*, para. 31(d) – states that an example of non-adjusting events after the reporting date that would generally result in disclosure is announcing a plan to discontinue an operation or major program, disposing of assets, or settling liabilities attributable to a discontinued operation or major program, or entering into binding agreements to sell such assets or settle such liabilities. IPSAS 19 *Provisions, Contingent Liabilities and Contingent Assets*, para. 6 – states that IPSAS 19 applies to provisions for restructuring (including operations being discontinued operations). An entity shall disclose information that enables users to evaluate the financial effects of a restructuring. As a result of Part II of *Improvements to IPSASs* 2015, paras. BC8 of IPSAS 14, BC1 of IPSAS 19, BC19 of IPSAS 26 *Impairment of Cash-Generating Assets*, BC15 of IPSAS 27 *Agriculture*, and BC11 of IPSAS 31 *Intangible Assets* all state – stakeholders indicated that IPSASs referred to non-current assets held for sale and disposal groups inconsistently. The IPSASB concluded that IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* may only be appropriate for the public sector in certain circumstances, for the following reasons: ▪ Sales of assets in the public sector may not be completed within one year because of the levels of approval required. This raises questions about the relevance and consistency of information provided in accordance with IFRS 5. In particular, the IPSASB notes that, under IFRS 5, non-current assets held for sale are not depreciated. The IPSASB has concerns that not depreciating assets for an extended period of time may be inappropriate. ▪ Many assets in the public sector are disposed of through a transfer or distribution for no or nominal consideration. As IFRS 5 deals with sales at fair value, the measurement and disclosure requirements may not provide relevant information for these transfers. However, the IPSASB recognizes that the measurement and disclosure requirements in IFRS 5 may be appropriate where sales are intended to take place at fair value. ▪ Many discontinued operations in the public sector are operations that previously provided services at no or nominal cost. As IFRS 5 deals with discontinued operations that were either cash-generating units or a group of cash-generating units prior to disposal or being classified as held

	AASB requirement	IPSAS requirement
		for sale, the disclosure requirements may not provide relevant information for public sector discontinued operations. However, the IPSASB recognizes that the disclosure requirements in IFRS 5 may be appropriate where discontinued operations were previously either cash-generating units or one or more groups of cash generating units. Because the IPSASB had concluded that IFRS 5 would only be appropriate in the public sector in limited circumstances, the IPSASB agreed to remove references in IPSASs to international or national accounting standards dealing with non-current assets held for sale and discontinued operations. The IPSASB had concerns that retaining this reference may result in entities following the requirements of IFRS 5 in circumstances where this may not be appropriate. The IPSASB noted that IPSAS 3 provides guidance on selecting accounting policies for transactions that are not specifically addressed in IPSASs. This guidance would permit entities to adopt an accounting policy that is consistent with IFRS 5 where the entity considers this is appropriate. ***Comparison with AASB*** Expect significant differences in the accounting for (including presentation of) non-current assets held for sale and discontinued operations.
Scope	Para. Aus2.1 – the requirements of AASB 5 do not apply to: - the restructuring of administrative arrangements - the restructuring of administered activities of government departments. Para. Aus2.2 – AASB 1004 *Contributions* includes requirements for the disclosure of assets, liabilities and items of equity resulting from the restructuring of administrative arrangements. Para. Aus2.3 – an administered activity of a government department does not give rise to income and expenses of the department reporting the administered activity (see AASB 1050 *Administered items*) and therefore, from the point of view of the department, the discontinuance of an administered activity does not give rise to a discontinued operation. However, if a government were to discontinue an activity that one of its departments had disclosed as an administered activity, from the point of view of that government the discontinuance may constitute a discontinued operation. Para. Aus2.4 – although AASB 3 *Business Combinations* contains requirements relating to the restructuring of local governments, these requirements only apply to the local government receiving assets or liabilities as a result of the restructuring. AASB 5 applies to the local government transferring assets and liabilities where the restructuring results in a discontinued operation of the transferor local government. Paras. 6 and 7 – a non-current asset (or disposal group) is held for sale if its carrying amount will be recovered principally through	IPSASB does not define 'held for sale' or 'discontinued operation'. ***Comparison with AASB*** There could be significant differences in practice.

	AASB requirement	IPSAS requirement
	a sale transaction rather than through continuing use. It must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups) and its sale must be highly probable. Appendix A: definition of 'discontinued operation' – a component of an entity that either has been disposed of or is classified as held for sale and: ▪ represents a separate major line of business or geographical area of operations; ▪ is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operation; or ▪ is a subsidiary acquired exclusively with a view to resale.	

Overall comment: IPSASB has identified some not-for-profit public sector specific issues that are not addressed in AASB 5. The AASB should monitor any project IPSASB might initiate in relation to those issues and consider at that time whether they provide a basis for improving AASB 5.

Back to Table 2

Exploration for and Evaluation of Mineral Resources – AASB 6

Relevant pronouncements:

- AASB 6 *Exploration for and Evaluation of Mineral Resources*, based on IFRS 6
- IPSAS: there is no specific IPSAS that prescribes requirements for the accounting for exploration for and evaluation of mineral resources

AASB Aus paragraphs: no pertinent not-for-profit specific paragraphs are included in AASB 6.

	AASB requirement	**IPSAS requirement**
High-level comparison	Para. 2 – AASB 6 requires: ▪ limited improvements to existing accounting practices for exploration and evaluation expenditures ▪ entities that recognise exploration and evaluation assets to assess such assets for impairment in accordance with AASB 6 and measure any impairment in accordance with AASB 136 *Impairment of Assets* ▪ disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognised.	There is no specific IPSAS that specifies requirements for the accounting for the exploration for and evaluation of mineral resources. IPSAS 31 *Intangible Assets*, para. 3(c) – states that IPSAS 31 shall be applied in accounting for intangible assets, except the recognition and measurement of exploration and evaluation assets (see the relevant international or national accounting standard dealing with exploration for, and evaluation of, mineral resources). ***Comparison with AASB*** Expect significant differences in the accounting for exploration for and evaluation of mineral resources.
Scope	Para. 5 – an entity shall not apply AASB 6 to expenditures incurred: ▪ before the exploration for and evaluation of mineral resources, such as expenditures incurred before the entity has obtained the legal rights to explore a specific area ▪ after the technical feasibility and commercial viability of extracting a mineral resource are demonstrable. Appendix A: definition of 'exploration for and evaluation of mineral resources' – the search for mineral resources, including minerals, oil natural gas and similar non-regenerative resources after the entity has obtained legal rights to explore in a specific area, as well as the determination of the technical feasibility and commercial viability of extracting the mineral resource.	IPSASs do not define 'exploration for and evaluation of mineral resources'. ***Comparison with AASB*** Expect significant differences as a result of AASB 6, in contrast to IPSASs, defining 'exploration for and evaluation of mineral resources'.

Overall comment: it would not be appropriate for AASB to exclude the not-for-profit sector from the application of AASB 6 as that would create a gap in accounting requirements.

Back to Table 2

Financial Instruments: Disclosures – AASB 7

Relevant pronouncements:

- AASB 7 *Financial Instruments: Disclosures*, based on IFRS 7
- IPSAS 30 *Financial Instruments: Disclosures*, based on IFRS 7 including amendments up to April 2009[1]

AASB Aus paragraphs: no pertinent not-for-profit specific paragraphs are included in AASB 7.

	AASB requirement	IPSAS requirement
Scope	Consistent	
Defined terms	Consistent, insofar as they are specific to the topic of disclosures about financial instruments, except as noted below. Any substantive differences in terms used in both Standards but defined in other Standards are identified in the comparisons of those other Standards. Substantive differences in any general terms and their definitions in both Standards are identified in the Comparison of Definitions of General Terms at the end of this Appendix.	
	Appendix A – defines 'credit risk rating grades' as rating of credit risk based on the risk of a default occurring on the financial instrument.	Para. 8 – defines 'past due' in relation to a financial asset as when a counterparty has failed to make a payment when contractually due. ***Comparison with AASB*** See 'Comparison with AASB' section immediately below, under the Disclosure section.
Disclosure	AASB 7 reflects amendments made by the IASB up to date, including those brought about by AASB 9/IFRS 9 *Financial Instruments*, which were issued in December 2009 to replace (except for hedge accounting requirements) AASB 139/IAS 39 *Financial Instruments: Recognition and Measurement*.	IPSAS 30 does not (yet – see para. BC4 of IPSAS 29 *Financial Instruments: Recognition and Measurement*) reflect amendments made by the IASB since April 2009, including those brought about by IFRS 9 in December 2009. IPSAS 30 has minimal differences from the version of IFRS 7 that immediately preceded the amendments arising from IFRS 9 (the main exception relates to concessionary loans – see below). ***Comparison with AASB*** There are significant differences, too numerous to itemise for the purpose of this comparison. In the main, the differences are the same as those between the post- and pre-IFRS 9 versions of IFRS 7; which are the same differences between the post- and pre-AASB 9 versions of AASB 7. (See also the separate high-level comparison of AASB 9 and IPSAS 29).
	AASB 7 does not explicitly specify particular disclosures for concessionary loans.	Para. 37 – for concessionary loans granted, an entity shall disclose: ▪ a reconciliation between the opening and closing carrying amounts of the loans, including: o nominal value of new loans

1 Therefore, IPSASB has not yet considered any amendments made to IFRS 7 since April 2009 as part of its approach to IFRS convergence (see *The IPSASB's Strategy for 2015 Forward: Leading through Change* (September 2015, page 11).) IPSASB has a financial instruments project in which it is reviewing IPSAS 30 in the light of IFRS 7 and IFRS 9 requirements. An Exposure Draft is scheduled for mid 2017. (see https://www.ipsasb.org/projects/financial-instruments-update-project)

	AASB requirement	IPSAS requirement
		granted during the period ○ the fair value adjustment on initial recognition ○ loans repaid during the period ○ impairment losses recognised ○ any increase during the period in the discounted amount arising from the passage of time ○ other changes. ▪ nominal value of the loans at the end of the period ▪ the purpose and terms of the various types of loans ▪ valuation assumptions. ***Comparison with AASB*** Expect significant differences in practice.

Overall comment: it would not be appropriate for the AASB to amend AASB 7 to align with IPSAS 30 for the not-for-profit sector as IPSAS 30 is based on a superseded version of IFRS 7.

Back to Table 2

Financial Instruments – AASBs 9/139

Relevant pronouncements:

- AASB 9 *Financial Instruments* (based on IFRS 9), AASB 139 *Financial Instruments: Recognition and Measurement* as amended as a consequence of AASB 9 (based on IAS 39 as amended as a consequence of IFRS 9), Interpretation 16 *Hedges of a Net Investment in a Foreign Operation* (based on IFRIC 16) and Interpretation 19 *Extinguishing Financial Liabilities with Equity Instruments* (based on IFRIC 19).
- IPSAS 29 *Financial Instruments: Recognition and Measurement*[1], based on the pre-IFRS 9 version of IAS 39 including amendments up to 31 December 2008 as well as amendments made to IAS 39 as part of the *Improvements to IFRSs* issued in April 2009. IPSAS 29 also incorporates IFRIC 9 *Reassessment of Embedded Derivatives* and IFRIC 16.

AASB Aus paragraphs: pertinent not-for-profit specific paragraph Aus2.1.1 and the related Appendix C *Australian implementation guidance for not-for-profit entities* is included in AASB 9. They address non-contractual receivables arising from statutory requirements[2].

High-level comparison[3]

As noted above, in contrast to AASB 9 (which incorporates IFRS 9), IPSAS 29 is based on the principles of the pre-IFRS 9 version of IAS 39[4]. This means AASBs 9/139 and IPSAS 29 are fundamentally different in some respects. In particular, AASB 9 adopts a conceptually-based classification approach for all financial assets; whereas IPSAS 29 adopts a more rule-based classification approach. There are also differences between AASB 9 and IPSAS 29 in relation to embedded derivatives, impairment and measurement of unquoted equity instruments, and potentially, (depending on whether the limited option to continue to apply AASB 139 is adopted) hedge accounting.

There are no substantive differences between AASB 9 and IPSAS 29 for the classification and measurement of financial liabilities, except for the recognition of changes in own credit risk in other comprehensive income for liabilities designated as at fair value through profit or loss.

In light of the fundamentally different requirements for financial assets and own credit risk financial liabilities designated as at fair value through profit or loss, and the IPSASB's current project to consider the suitability of IFRS 9 in a not-for-profit public sector context, a detailed comparison of the requirements is of limited value.

In summary, the following are some examples of differences between AASBs 9/139 and IPSAS 29 that will give rise to significant differences in practice:

Classification of Financial Assets

AASB 139 requires financial assets to be classified in one of the following categories:

- financial assets at fair value through profit or loss
- available-for-sale financial assets
- loans and receivables
- held-to-maturity investments;

whereas AASB 9 divides all financial assets into those measured at amortised cost, those measured at fair value through profit or loss, and those measured at fair value through other comprehensive income.

Embedded Derivatives

AASB 9 and IPSAS 29 treat embedded derivatives differently. In contrast to IPSAS 29, AASB 9 does not require an assessment or separation of any embedded derivatives for financial assets that are within the scope of AASB 9. Instead, the classification and measurement requirements of AASB 9 are applied to the instrument.

---

1 IPSASB has a financial instruments project in which it is reviewing IPSAS 29 in the light of IFRS 7 *Financial Instruments: Disclosures* and IFRS 9 requirements. An Exposure Draft is scheduled for mid 2017. (see https://www.ipsasb.org/projects/financial-instruments-update-project)

2 Some discussion of the requirements in Appendix C of AASB 9 and how they differ from the requirements in IPSASs is included in the separate detailed comparisons of AASB 132 *Financial Instruments: Presentation* and IPSAS 28 – in the Other section; and AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and IPSAS 19 – in the Disclosure section.

3 AASB 9 is not required to be applied until annual reporting periods beginning on or after 1 January 2018. Therefore, most if not all not-for-profit public sector entities will not apply it for the first time until their reporting period ending 30 June 2019. In the meantime, those entities will continue to apply the pre-AASB 9 version of AASB 139. Although this high-level comparison focuses on comparing AASB 9 and IPSAS 29; until AASB 9 is applied, it is relevant to note that the pre-AASB 9 version of AASB 139 and IPSAS 29 (which incorporates IFRIC 9 and IFRIC 16 as authoritative appendices) are broadly consistent. The main difference, as identified by the IPSASB in its 'Comparison with IAS 39', is that IPSAS 29 contains additional application guidance to deal with concessionary loans and financial guarantee contracts entered into at nil or nominal consideration. AASB 139 does not deal with these areas.

4 IAS 39 requirements have been replaced by IFRS 9, except for the hedge accounting requirements, which are retained in IAS 39 as a limited alternative to the new hedge accounting requirements in IFRS 9.

Impairment

AASB 9 adopts the expected loss model where entities are required to recognise an allowance for either 12-month or lifetime expected losses depending on whether there has been a significant increase in credit risk since initial recognition. IPSAS 29 adopts an incurred loss model, which requires entities to only consider those losses that arise from past events and current conditions. In addition to those factors, AASB 9 also requires entities to consider forward-looking information that is available to determine impairment.

Measurement of unquoted equity instruments

IPSAS 29 requires fair value measurement for unquoted equity instruments except when fair value cannot be reliably determined, in which case measurement at cost is permitted. AASB 9 requires all equity instruments to be measured at fair value, but acknowledges that, under certain circumstances, the cost may be an appropriate estimate of fair value.

Hedge Accounting

On first-time adoption of AASB 9, an entity that has existing hedges may elect to continue to apply the hedge accounting requirements in AASB 139. If it makes that election, it must do so for all hedges, whether existing or new hedges. The hedge accounting requirements in AASB 139 and IPSAS 29 are not substantively different and thus there is not expected to be any differences in practice if an entity adopts IPSAS 29 or elects to continue with the hedge accounting requirements in AASB 139.

However, if an entity elects to adopt hedge accounting but does not adopt AASB 139 hedge accounting requirements or is not eligible to adopt those requirements, the hedge accounting requirements in AASB 9 apply. In contrast to AASB 139 (and IPSAS 29), these hedge accounting requirements adopt a principle-based approach and align hedge accounting with risk management activities to better reflect these activities in the financial statements. Some of the specific differences between these hedge accounting requirements in AASB 9 and IPSAS 29 are:

- AASB 9 allows hedge accounting to be applied to a wider range of circumstances by allowing entities to designate non-derivative financial assets (or liabilities) that are accounted for at fair value through profit or loss as hedging instruments. In contrast, IPSAS 29 only allows derivatives to be designated as hedging instruments and non-derivative financial assets (or liabilities) used as a hedge of a foreign currency risk.
- AASB 9 allows more instruments to be classified as hedged items than IPSAS 29.
- IPSAS 29 requires an entity to perform a numerical test of hedge effectiveness by using a numerical range of 80-125%; whereas AASB 9 outlines more principle-based criteria with no specific numerical thresholds.
- AASB 9 allows more flexibility in modifying a hedging relationship, also known as rebalancing, without terminating the hedge.
- In contrast to IPSAS 29, AASB 9 does not allow a hedge relationship to be terminated voluntarily unless there is a change in risk management objective, the hedge expires or the hedged item is no longer eligible as a hedged item.

Conclusion

Overall, the current differences between AASBs 9/139 and IPSAS 29 noted above will give rise to significant differences in practice.

It would not be appropriate for the AASB to amend AASBs 9/139 to align with IPSAS 29 for the not-for-profit sector as IPSAS 29 is based on the pre-IFRS 9 version of IAS 39.

Back to Table 2

Consolidated Financial Statements – AASB 10

Relevant pronouncements:

- AASB 10 *Consolidated Financial Statements* (based on IFRS 10), and related parts of Interpretation 5 *Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds* (based on IFRIC 5)
- IPSAS 35 *Consolidated Financial Statements*, based on IFRS 10 including amendments up to 31 December 2014[1]

AASB Aus paragraphs: the following pertinent not-for-profit specific paragraphs are included in AASB 10: Aus4.1 and Aus4.2.

Australian Implementation guidance for not-for-profit entities is included as Appendix E (IG paragraphs) to AASB 10 and is an integral part of AASB 10.

	AASB requirement	IPSAS requirement
Scope	Para. Aus4.1 – a parent that meets the criteria in para. 4(a)(i)-(iii) need not present consolidated financial statements if its ultimate or intermediate parent produces financial statements that are available for public use in which subsidiaries are consolidated or are measured at fair value through profit or loss and: ▪ both the parent and its ultimate or intermediate parent are not-for-profit entities complying with AASBs; or ▪ both the parent and its ultimate or intermediate parent are complying with AASBs – Reduced Disclosure Requirements; or ▪ the parent is complying with AASBs – Reduced Disclosure Requirements and its ultimate or intermediate parent is a not-for-profit entity complying with AASBs. Para. 4(a)(i) – one of the criteria a parent must satisfy to meet the exemption from consolidation is that it is a wholly-owned subsidiary or is a partially owned subsidiary of another entity and all its other owners, including those not otherwise entitled to vote, have been informed about, and do not object to, the parent not presenting consolidated financial statements. AASB 1049 *Whole of Government and General Government Sector Financial Reporting* paras. 19 and 20 – a government shall present GGS financial statements in which it consolidates only entities that are within the GGS, using the consolidation procedures specified in AASB 10. A GGS investment in a government controlled entity that is within the public non-financial corporations (PNFC) sector or the public financial corporations (PFC) sector is recognised as an asset. (Para. BC 11 of AASB 2011-5 *Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation* and AASB 2011-6 *Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity*	Para. 5 – a controlling entity that meets the criteria in para. 5(a)-(d) need not present consolidated financial statements if its ultimate or any intermediate controlling entity produces financial statements that are available for public use and comply with IPSASs, in which controlled entities are consolidated or are measured at fair value through surplus or deficit. Para. 5(a) – one of the criteria a controlling entity must satisfy to meet the exemption from consolidation is that it is itself a controlled entity and the information needs of users are met by its controlling entity's consolidated financial statements, and, in the case of a partially owned controlled entity, all its other owners, including those not otherwise entitled to vote, have been informed about, and do not object to, the entity not presenting consolidated financial statements. IPSAS 22 *Disclosure of Financial Information about the General Government Sector*, para. 23-25 – in presenting financial information about the GGS, entities shall not apply the requirements of IPSAS 35 in respect of entities in the PFC and PNFC sectors. The GGS shall recognise its investment in the PFC and PNFC sectors as an asset. ***Comparison with AASB*** The respective relief from the requirement to present consolidated financial statements are broadly the same. (The references to AASB 1049 and IPSAS 22 are shown for completeness – see the separate comparison of AASB 1049 and IPSAS 22 for a more fulsome analysis of their differences.) The differences mainly reflect the jurisdiction specific factors relevant for each Standard setter.

1 Therefore, IPSASB has not yet considered any amendments made to IFRS 10 since December 2014 as part of its approach to IFRS convergence (see *The IPSASB's Strategy for 2015 Forward: Leading through Change* (September 2015, page 11).)

	AASB requirement	IPSAS requirement
	Method and Proportionate Consolidation – Reduced Disclosure Requirements explains that the AASB's view is based on the principle that financial statement users would be able to satisfy their information needs through the consolidated financial statements prepared by the parent higher up in the group. However, the AASB decided that such relief should not be available in relation to the General Government Sector (GGS) of each Federal, State and Territory Government due to the unique circumstances related to the GGS, its relationship to the whole of government and its macro-economic significance. The AASB also decided that the partial consolidation basis for GGS financial statements required by AASB 1049 would not be amended.)	Accordingly, do not expect differences in practice, except to the extent that para. 4(a)(i) of AASB 10 provides greater relief from consolidation than para. 5(a) of IPSAS 35, by virtue of AASB 10 allowing the exemption on the presumption that an entity's parent's consolidated financial statements satisfy the needs of the subsidiary's users. In contrast, IPSAS 35 requires judgement as to whether a controlling entity's consolidated financial statements would satisfy the needs of the controlled entity's users (and see also the discussion about para. 9 of IPSAS 35, within this Scope section below).
	Para. Aus4.2 – the ultimate Australian parent shall present consolidated financial statements that consolidate its investments in subsidiaries when the parent and/or the group is a reporting entity, except if the ultimate Australian parent is required to measure all of its subsidiaries at fair value through profit or loss.	IPSAS 35 does not address the situation of an ultimate national controlling entity. ***Comparison with AASB*** This would result in differences in practice as, under AASB 10, an ultimate Australian parent that is not an investment entity would be required to present consolidated financial statements that consolidate its investments in subsidiaries even if its overseas ultimate or intermediate parent also presents consolidated financial statements that are available for public use and comply with IFRSs (or, indeed, IPSASs). In contrast, the requirements of IPSAS 35 are not affected by national borders.
	AASB 10 does not explicitly provide additional public sector specific guidance about when the exemption from consolidation would not apply.	Para. 8 – a controlled entity is not excluded from consolidation because its activities are dissimilar to other entities within the economic entity. Para. 9 – the exemption from preparing consolidated financial statements in para. 5 does not apply where the information needs of a controlled entity's users would not be met by the consolidated financial statements of its controlling entity. For example, consolidated financial statements at a whole-of-government level may not meet the information needs of users in respect of key sectors of a government. In many jurisdictions there are legislated financial reporting requirements intended to address the information needs of such users. ***Comparison with AASB*** There could be significant differences in practice, depending on how the criterion in para. 5(a) combined with para. 9 of IPSAS 35, is applied in practice.
	Interpretation 5, para. 8 – If a contributor to a decommissioning fund determines that it has control or joint control of, or significant influence over, the fund by reference to AASB 10, AASB 11 *Joint Arrangements* and AASB 128 *Investments in Associates and Joint Ventures*, it shall account for its interest in the fund in accordance with those Standards.	IPSAS 35 does not provide explicit guidance on accounting for interests in decommissioning funds. ***Comparison with AASB*** Do not expect any greater differences in practice for decommissioning funds than for other entities that need to be assessed for control, because para. 8 of Interpretation 5

	AASB requirement	IPSAS requirement
		merely codifies what would be expected in practice.[2] However, more generally, to the extent there are different interpretations of control under AASB 10 compared with IPSAS 35 as discussed below (see for example the comparison of para. B53 of AASB 10 with para. 27 of IPSAS 35 in the Defined terms section below), significant differences could arise in practice.
Defined terms	Consistent, insofar as they are specific to the topic of consolidated financial statements, except as noted below. Any substantive differences in terms used in both Standards but defined in other Standards are identified in the comparisons of those other Standards. Substantive differences in any general terms and their definitions in both Standards are identified in the Comparison of Definitions of General Terms at the end of this Appendix.	
	AASB 10 does not provide additional public sector specific guidance on the terminology used to refer to an economic entity, or the need to refer to constitutional arrangements.	Para. 16 – other terms sometimes used to refer to an economic entity include administrative entity, financial entity, consolidated entity, and group. An economic entity may include entities with both social policy and commercial objectives. Para. 17 – the determination of an economic entity will need to be made having regard to the constitutional arrangements in a jurisdiction. ***Comparison with AASB*** Do not expect significant differences in practice.
	Para. B53 and related Example 11 – refers to an entity established with predetermined activities, but does not go so far as to say the right to direct the relevant activities may have been exercised at the time that the entity was established. Predetermined activities are generally no longer considered when assessing control under AASB 10.	Para. 27– in the case of an entity established with predetermined activities, the right to direct the relevant activities may have been exercised at the time that the entity was established, but is still considered in the assessment of control. ***Comparison with AASB*** This could give rise to significant differences in practice, with fewer entities being consolidated under AASB 10 than under IPSAS 35.
	Para.17 – an investor controls an investee if the investor not only has power over the investee and exposure or rights to variable returns from its involvement with the investee, but also has the ability to use its power to affect the investor's returns from its involvement with the investee. Para. IG18 – the nature of 'returns' in a not-for-profit context has a broad scope, encompassing financial, non-financial, direct and indirect benefits, whether positive or negative, including the achievement or furtherance of the investor's objectives.	Para. 35 – an entity controls another entity if the entity not only has power over the entity being assessed for control and exposure or rights to variable benefits from its involvement with the other entity, but also has the ability to use its power to affect the nature or amount of the benefits from its involvement with the entity being assessed for control. ***Comparison with AASB*** Do not expect differences in practice.
Recognition	Para. B94 – requires an entity to attribute the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests.	Para. 49 – requires an entity to attribute surplus or deficits and each gain or loss directly recognised in net assets/equity to the owner of the controlling entity and to the non-controlling interests. ***Comparison with AASB*** IPSASs do not adopt the concept of 'other

2 Para. BC2 of IFRIC 5 states: "On the issue of whether the fund should be consolidated or equity accounted, the IFRIC concluded that the normal requirements … apply and that there is no need for interpretative guidance".

	AASB requirement	IPSAS requirement
		comprehensive income' (see the separate comparison of AASB 101 *Presentation of Financial Statements* and IPSAS 1 *Presentation of Financial Statements*). However, within that context, the requirements relating to attributing the various components to the parent and non-controlling interests are broadly similar under both IPSAS 35 and AASB 10. Therefore, do not expect substantive differences in practice.
Measurement	Para. 32 – if an investment entity has a subsidiary that is not itself an investment entity and whose main purpose and activities are providing services that relate to the investment entity's investment activities, it shall consolidate that subsidiary and apply the requirements of AASB 3 *Business Combinations* to the acquisition of any such subsidiary.	Para. 57 – if an investment entity has a controlled entity that is not itself an investment entity and whose main purpose and activities are providing services that relate to the investment entity's investment activities, it shall consolidate that controlled entity and apply the requirements of IPSAS 40 *Public Sector Combinations* to the acquisition of any such controlled entities. ***Comparison with AASB*** This could give rise to significant differences in practice to the extent AASB 3 differs from IPSAS 40 (see the separate comparison of AASB 3 and IPSAS 40).
	Para. 33 – a parent entity that is not itself an investment entity is required to consolidate all entities that it controls, including those controlled through an investment entity subsidiary.	Para. 58 – a controlling entity that is not itself an investment entity is required to present consolidated financial statements in which it: ▪ measures the investments of a controlled investment entity at fair value through surplus or deficit ▪ consolidates the other assets, liabilities, revenue and expenses of the controlled investment entity. ***Comparison with AASB*** This would give rise to significant differences in accounting for the investments of controlled investment entities in the consolidated financial statements of a parent entity that is not itself an investment entity. IPSAS 35 would measure such investments at fair value through surplus or deficit, whereas AASB 10 would consolidate the underlying assets and liabilities.
Other	Appendix E – Australian Implementation Guidance for not-for-profit entities is an integral part of AASB 10. The guidance explains and illustrates the principles in the AASB 10 for not-for-profit entities, particularly to address circumstances where a for-profit perspective taken in the body of AASB 10 does not readily translate to a not-for-profit perspective.	IPSAS 35 is drafted from a not-for-profit public sector perspective and therefore includes relevant guidance within its body. It also provides Illustrative Examples that accompany, but are not part of, the Standard. ***Comparison with AASB*** Do not expect differences in practice, except potentially in relation to the effect predetermined activities might have on the assessment of control. In developing the Australian Implementation Guidance, the AASB considered the examples being developed by the IPSASB at the time. In subsequently finalising its examples, the IPSASB considered the AASB examples. Accordingly, there is a strong correlation between the two sets of examples, despite the more than two-year time difference between issuing them.

Overall comment: the AASB took account of the IPSASB deliberations as the respective Standards, including

	AASB requirement	IPSAS requirement

Appendix E of AASB 10, were being developed. However, given IPSAS 35 makes more explicit reference to control in the case of an entity established with predetermined activities (and the New Zealand External Reporting Board (NZXRB) decided to provide more guidance on the relationship between predetermined activities and control in its Standard PBE IPSAS 35 *Consolidated Financial Statements*) the AASB should consider the suitability of the IPSASB and/or NZXRB approach to predetermined activities for the Australian not-for-profit sector.

Back to Table 2

Joint Arrangements – AASB 11

Relevant pronouncements:

- AASB 11 *Joint Arrangements* (based on IFRS 11), and related parts of Interpretation 5 *Right to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds* (based on IFRIC 5)
- IPSAS 37 *Joint Arrangements*, based on IFRS 11 including amendments up to 31 December 2014[1]

AASB Aus paragraphs: no pertinent not-for-profit specific paragraphs are included in AASB 11 or Interpretation 5.

	AASB requirement	IPSAS requirement
Scope	Interpretation 5, para. 8 – if a contributor to a decommissioning fund determines that it has control or joint control of, or significant influence over, the fund by reference to AASB 10 *Consolidated Financial Statements*, AASB 11 and AASB 128 *Investments in Associates and Joint Ventures*, it shall account for its interest in the fund in accordance with those Standards.	No explicit guidance on accounting for interests in decommissioning funds. ***Comparison with AASB*** Do not expect significant differences in practice because para. 8 of Interpretation 5 merely codifies what would be expected in practice.[2]
Defined terms	Consistent, insofar as they are specific to the topic of joint arrangements. Any substantive differences in terms used in both Standards but defined in other Standards are identified in the comparisons of those other Standards. Substantive differences in any general terms and their definitions in both Standards are identified in the Comparison of Definitions of General Terms at the end of this Appendix.	
Recognition, Measurement and Disclosure	Paras. 21A and B33A – when an entity acquires an interest in a joint operation that is a business, as defined in AASB 3 *Business Combinations*, it shall apply the principles for business combinations in AASB 3 and other AASBs that do not conflict with the guidance in AASB 11 and disclose the information required by those Standards in relation to business combinations.	Paras. 24A and AG33A – when an entity acquires an interest in a joint operation in which the activity of the joint operation constitutes an operation, as defined in IPSAS 40 *Public Sector Combinations*, it shall apply the principles of acquisition accounting in IPSAS 40 and other IPSASs that do not conflict with the guidance in IPSAS 37 and disclose the information that is required in those IPSASs in relation to acquisitions. ***Comparison with AASB*** Do not expect significant differences in practice (although see the separate comparison of AASB 3 and IPSAS 40 in relation to the impact of the definition of 'business' in AASB 3 differing from the definition of 'operation' in IPSAS 40).

Overall comment: no significant practical differences between AASB 11/Interpretation 5 and IPSAS 37 have been identified.

Back to Table 2

1 Therefore, IPSASB has not yet considered any amendments made to IFRS 11 since December 2014 as part of its approach to IFRS convergence (see *The IPSASB's Strategy for 2015 Forward: Leading through Change* (September 2015, page 11).)

2 Para. BC2 of IFRIC 5 states: "On the issue of whether the fund should be consolidated or equity accounted, the IFRIC concluded that the normal requirements … apply and that there is no need for interpretative guidance".

Disclosure of Interests in Other Entities – AASB 12

Relevant pronouncements:

- AASB 12 *Disclosure of Interests in Other Entities*, based on IFRS 12
- IPSAS 38 *Disclosure of Interests in Other Entities*, based on IFRS 12 including amendments up to 31 December 2014[1]

AASB Aus paragraphs: no pertinent not-for-profit specific paragraphs are included in AASB 12.

Australian implementation guidance for not-for-profit entities is included as Appendix E (IG paragraphs) to AASB 12 and is an integral part of AASB 12.

	AASB requirement	IPSAS requirement
Scope	Consistent	
Defined terms	Consistent, insofar as they are specific to the topic of disclosure of interests in other entities. Any substantive differences in terms used in both Standards but defined in other Standards are identified in the comparisons of those other Standards. Substantive differences in any general terms and their definitions in both Standards are identified in the Comparison of Definitions of General Terms at the end of this Appendix.	
Disclosure	Paras. 7 and 8 – disclosure is required to be made about significant judgements and assumptions made in determining: - control, joint control or significant influence over another entity including changes in the conclusions during the year - the type of joint arrangement (ie joint operation or joint venture) when the arrangement has been structured through a separate vehicle.	Para 12 – disclosure is required to be made about the methodology used to determine: - control, joint control or significant influence over another entity - the type of joint arrangement (ie joint operation or joint venture) when the arrangement has been structured through a separate vehicle. ***Comparison with AASB*** This could give rise to differences in disclosures because AASB 12 requires disclosure of significant judgements and assumptions whereas IPSAS 38 requires disclosure of the methodology used.
	AASB 10 *Consolidated Financial Statements* requires a parent entity that is not itself an investment entity to consolidate its investment entity subsidiaries.	Para. 34 – a controlling entity that controls an investment entity and is not itself an investment entity is required to disclose in its consolidated financial statements the same information required for an investment entity, in respect of such unconsolidated controlled entities. ***Comparison with AASB*** AASB 12 does not have similar disclosure requirements to IPSAS 38 because of the AASB 10 requirement. (See also the separate comparison of AASB 10 and IPSAS 35 *Consolidated Financial Statements*.) Accordingly, this would give rise to IPSAS 38 having additional disclosures, to compensate for non-consolidation.
	AASB 12 does not specify disclosure requirements relating to non-quantifiable ownership interests.	Para. 49 and 50 – in respect of each non-quantifiable ownership interest, an entity is required to disclose: - the name of the entity in which it has an ownership interest - the nature of its ownership interest in the entity. ***Comparison with AASB*** This could give rise to IPSAS 38 having additional

1 Therefore, IPSASB has not yet considered any amendments made to IFRS 12 since December 2014 as part of its approach to IFRS convergence (see *The IPSASB's Strategy for 2015 Forward: Leading through Change* (September 2015, page 11).)

	AASB requirement	IPSAS requirement
		disclosures.
	AASB 12 does not specify disclosures regarding intention, or changes in that intention, to dispose of controlling interests. However, AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* contains related requirements[2]. For example, para. 30 of AASB 5 – an entity shall present and disclose information that enables users of the financial statements to evaluate the financial effects of disposals of non-current assets.	Paras. 51-55 – a non-investment entity is required to disclose information regarding its interests in a controlled entity when, at the point at which control arose, the entity has the intention of disposing of that interest. Para. 56 – in the period in which the entity disposes of the controlling interest or ceases to have the intention to dispose of the controlling interest it shall disclose: - the fact there has been a disposal or change of intention - the effect of the disposal or change of intention on the consolidated financial statements. ***Comparison with AASB*** Do not expect significant differences in disclosures, although IPSAS 38 has more explicit disclosure requirements about changes of intentions.
Other	Appendix E – Australian Implementation Guidance for not-for-profit entities is an integral part of AASB 12. The Guidance explains and illustrates the definition of ‘structured entity’ for not-for-profit entities, to address circumstances where the for-profit perspective taken in the body of AASB 12 does not readily translate to a not-for-profit perspective.	IPSAS 38 is drafted from a not-for-profit public sector perspective and therefore includes guidance about structured entities for not-for-profit entities within its body. ***Comparison with AASB*** The guidance in Australian Implementation Guidance on identifying structured entities of not-for-profit entities and determining control of such entities is similar to that in IPSAS 38. However, unlike AASB 10, para. 27 of IPSAS 35 notes that, in the case of an entity established with predetermined activities, the right to direct the relevant activities may have been exercised at the time the entity was established. Accordingly, there could be differences in the disclosures made under the respective Standards in practice in relation to entities established where the relevant activities are predetermined. (See also the separate comparison of AASB 10 and IPSAS 35).

Overall comment: AASB 12 is a disclosure only Standard. As noted in the Introduction to this Report, differences in disclosures are regarded as less significant than the other types of differences. Some of the differences between AASB 12 and IPSAS 38 are a consequence of differences in other Standards. Accordingly, it would not be appropriate for the AASB to amend AASB 12 to remove the differences for the not-for-profit sector.

Back to Table 2

2 There is no IPSAS that corresponds to AASB 5 (see the separate high-level comparison of AASB 5 and IPSASs).

Fair Value Measurement – AASB 13

Relevant pronouncements:

- AASB 13 *Fair Value Measurement*, based on IFRS 13
- IPSAS: there is no specific IPSAS that prescribes requirements relating to fair value measurement. However, a number of IPSASs specify that the items within their scope be measured at fair value. Some of those IPSASs provide guidance about how that fair value is to be measured, and related disclosures.[1]

AASB Aus paragraphs: pertinent not-for-profit specific paragraph Aus93.1 is included in AASB 13.

	AASB requirement	IPSAS requirement
High-level comparison *Definition, Measurement, Techniques*	Para. 1 – the objective of AASB 13 is to: ▪ define fair value ▪ set out in a single AASB a framework for measuring fair value ▪ require disclosures about fair value measurements. Para. 9 – fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Para. 15 – a fair value measurement assumes that the asset or liability is exchanged in an orderly transaction between market participants to sell the asset or transfer the liability at the measurement date under current market conditions. Para. 16 – a fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either: ▪ in the principal market for the asset or liability; or ▪ in the absence of a principal market, in the most advantageous market for the asset or liability. Paras. 61-66 – provide guidance on appropriate valuation techniques for measuring fair value. Those techniques include: ▪ Para. B5 – the market approach, which uses prices and other relevant information generated by market transactions involving identical or comparable (ie similar) assets, liabilities or a group of assets and liabilities, such as business ▪ Para. B8 – the cost approach, which reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement	There is no one specific IPSAS that provides guidance on the fair value measurement and related disclosures. Further, IPSASB currently has not considered the applicability of IFRS 13 to public sector entities.[2] IPSAS 9 *Revenue from Exchange Transactions*, para. 11 – fair value is defined as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. IPSAS 30 *Financial Instruments: Disclosures*, para. 32 – fair value measurements recognised for each class of financial instrument in the statement of financial position shall be disclosed. An entity shall classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy shall have the following levels: ▪ Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities ▪ Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as price) or indirectly (ie derived from prices) ▪ Level 3 inputs for the asset or liability that are not based on observable market data (unobservable inputs). IPSAS 17 *Property, Plant, and Equipment*, para. 44 – when an asset chooses the revaluation model as its accounting policy, after recognition as an asset, an item of property, plant, and equipment whose fair value can be measured reliably shall be carried at a revalued amount, being its fair value at the date of the revaluation, less any subsequent accumulated depreciation, and subsequent accumulated impairment losses. Revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. IPSAS 17, para. 45 – the fair value of items of plant and equipment is usually their market value determined by appraisal. Current market prices can usually be obtained for land, non-specialised building, motor vehicles, and many types of plant and equipment.

1 The IPSASB is currently undertaking a Public Sector Measurement Project (see http://www.ipsasb.org/projects/public-sector-measurement).
2 See www.ipsasb.org/system/files/meetings/files/Agenda-Item-1.7-IFRS-Tracking-Table-March-2017-v2.pdf

	AASB requirement	IPSAS requirement
	cost) ▪ Para. B10 – the income approach, converts future amounts (eg cash flows or income and expenses) to a single current (ie discount) amount. When the income approach is used, the fair value measurement reflects current market expectations about those future amounts. Paras. 72-90 – provide guidance on a fair value hierarchy that categorises into three levels (paras. 76-90) the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs). AASB 2016-4 *Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities* Basis for Conclusions states: "BC12 The AASB noted that fair value under AASB 13 is defined as an exit price. Therefore, CRC [current replacement cost] under AASB 13 is conceptually different from DRC [depreciated replacement cost] as a measure of value in use under AASB 136, being an entry price. The AASB noted, however, that: (a) the description of the cost approach in AASB 13 indicates that CRC incorporates obsolescence as does the definition of DRC under AASB 136, where accumulated depreciation encompasses obsolescence; (b) valuers use similar approaches in determining DRC and CRC. Factors such as physical obsolescence, functional obsolescence and economic obsolescence are all considered in determining each measure; and (c) valuers' practice involves considering as a starting point whether the valuation is of a specialised asset in its current use or an alternative use and whether there are any restrictions on the use of the asset. BC13 The AASB concluded that DRC as a measure of value in use of specialised assets that are rarely sold is unlikely to be materially different from DRC (or CRC) as a measure of fair value of such assets. This is because, for non-cash-generating specialised assets, the market is typically inactive and their highest and best uses would usually be their current uses rather than their sale, resulting in CRC of such	IPSAS 17, para. 47 – if no evidence is available to determine the market value in an active and liquid market of an item of property, the fair value may be established by reference to other items with simialr characteristics, in similar circumstances and location. In the case of specialised buildings and other man-made structures, fair value may be estimated using depreciated replacement cost, or the restoration or service units approaches (see IPSAS 21). IPSAS 17, para. 48 – if there is no market-based evidence of fair value because of the specialised nature of the item of plant and equipment, an entity may need to estimate fair value using, for example, reproduction cost, depreciated replacement cost, or the restoration cost or service units approaches (see IPSAS 21). IPSASB *Conceptual Framework* Basis for Conclusions[3] states (footnote omitted): "BC7.20 The Exposure Draft did not propose fair value as a measurement basis. Rather it proposed market value, which was defined in the same way as fair value in the IPSASB's literature at the time the Conceptual Framework was developed. A number of respondents challenged the omission of fair value as a measurement basis. They pointed out that fair value is a measurement basis that is defined and used in specifying measurement requirements by many global and national standard setters and that a definition of fair value had been used extensively in IPSASB's literature. Many supporters of fair value considered that the definition should be an exit value as defined in International Financial Reporting Standards (IFRS). BC7.21 The IPSASB's rationale for the approach proposed in the Exposure Draft was that fair value is similar to market value and the inclusion of both measurement bases could be confusing to users of financial statements. The IPSASB also noted that fair value in IFRS is explicitly an exit value—unlike the definition of fair value in the IPSASB's literature at the time the Conceptual Framework was developed. Therefore, the relevance of fair value in the public sector is likely to be primarily limited to providing information on financial capacity, rather than on providing information on operating capacity and the cost of services. In addition, in this chapter replacement cost is a measurement basis in its own right, rather than a valuation technique to determine fair value. BC7.22 In the public sector many assets are specialized and differences in entry and exit prices are therefore significant. Where an asset will provide future services or economic benefits with a greater value than the asset's exit price, a measure reflecting exit values is not the most relevant basis. Where the most resource efficient course is to sell the asset—because the value of the services that it will provide or the expected cash flows from use is not as great as the value receivable from sale, the most relevant measurement basis is likely to be net selling price, which reflects the costs of sale and, although likely to

3 As noted in the Introduction to this Report, a comparison of the AASB *Conceptual Framework* and the IPSASB *Conceptual Framework* will be undertaken in due course.

	AASB requirement	IPSAS requirement
	assets being not materially different from their DRC."	be based on market evidence, does not assume the existence of an open, active and orderly market. BC7.23 In considering the merits of fair value as a measurement basis, the IPSASB accepted that fair value provides a relevant basis for assessing a financial return. Where assets are stated at fair value, financial performance can be assessed in the context of the return implicit in market values. However, public sector activities are not generally carried out with a view to obtaining a financial return, so the relevance of assessing any such return is limited." ***Comparison with AASB*** Fair value in AASB 13 is explicitly an exit value, which is fundamentally different from how it is currently defined in IPSASs. Therefore, conceptually, there are differences in what the respective Standards refer to as fair value measurements. However, differences may or may not arise in practice. This is due to the valuation techniques/approaches for measuring fair value adopted under the two sets of Standards. For example: ▪ where market-based evidence is available, such as for many financial instruments, it is expected that the same evidence would be used under both sets of Standards ▪ where market-based evidence is not available, such as for specialised buildings and other man-made structures and specialised plant and equipment, broadly, there could be a difference if an entity estimates fair value by using current replacement cost under AASB 13 and uses the depreciated replacement cost approach, restoration cost approach, or service units approach, as appropriate, under IPSAS 17. This is because current replacement cost under AASB 13 would not necessarily reflect the same kinds of factors that the depreciated replacement cost approach, the restoration cost approach or the service units approach reflect under IPSAS 17[4].
Disclosures	Para. 91 – an entity shall disclose information that helps users of its financial statements assess both of the following: ▪ for assets and liabilities that are measured at fair value on a recurring or non-recurring basis in the statement of financial position after initial recognition, the valuation techniques and inputs used to develop those measurements. ▪ for recurring fair value measurements using significant unobservable inputs (Level 3), the effect of the measurements on profit or loss or other comprehensive income for the period.	Individual IPSASs that specify fair value measurement contain disclosure requirements relating to that measurement. They are not repeated in this high-level summary. Where pertinent, the disclosures are highlighted as differences in the relevant separate comparison tables. ***Comparison with AASB*** The broad thrust of the respective disclosures are similar (see, for example, the detailed comparison of AASB 16 and IPSAS 17). However, there could be differences in practice.

[4] IPSASs appear to use the term 'depreciated replacement cost' in a narrower way than how the AASB uses the terms 'depreciated replacement cost' and 'current replacement cost'. That is, IPSASs could be regarded as using the term in such a way that explicitly presumes it does not encapsulate impairments, and therefore IPSAS 17 effectively supplements the 'depreciated replacement cost' approach with the restoration cost approach or the service units approach, to ensure the effects of impairments are taken into account in measuring the fair value of an asset. In contrast, the AASB uses the terms 'depreciated replacement cost' and 'current replacement cost' in a way that implicitly encapsulates impairments.

	AASB requirement	IPSAS requirement
	Para. Aus93.1 – notwithstanding para. 93, in respect of not-for-profit public sector entities, for assets within the scope of AASB 116 *Property, Plant and Equipment* for which the future economic benefits are not primarily dependent on the asset's ability to generate net cash inflows, the following requirements do not apply: ▪ in para. 93(d), the text "For fair value measurements categorised within Level 3 of the fair value hierarchy, an entity shall provide quantitative information about the significant unobservable inputs used in the fair value measurement. An entity is not required to create quantitative information to comply with this disclosure requirement if quantitative unobservable inputs are not developed by the entity when measuring fair value (eg when an entity uses prices from prior transactions or third-party pricing information without adjustment). However, when providing this disclosure an entity cannot ignore quantitative unobservable inputs that are significant to the fair value measurement and are reasonably available to the entity." ▪ para. 93(f) – which relates to certain disclosures about unrealised gains and losses included in profit or loss ▪ para. 93(h)(i) – which relates to certain disclosures about the effects of changes in reasonably possible alternative assumptions used in estimating Level 3 fair values.	
Standards that require fair value measurement	Below are those AASBs and IPSASs that include requirements relating to fair value measurement. In general, where pertinent, the related individual comparison tables include references to differences in measurement requirements between an AASB and its corresponding IPSAS.	
	▪ AASB 3 *Business Combinations*	▪ IPSAS 40 *Public Sector Combinations*
	▪ AASB 7 *Financial Instruments: Disclosure*	▪ IPSAS 30 *Financial Instruments: Disclosures*
	▪ AASB 9 *Financial Instruments*	▪ IPSAS 29 *Financial Instruments: Recognition and Measurement*
	▪ AASB 10 *Consolidated Financial Statements*	▪ IPSAS 35 *Consolidated Financial Statements*
	▪ AASB 15 *Revenue from Contracts with Customers*	▪ IPSAS 9 *Revenue from Exchange Transactions* ▪ IPSAS 11 *Construction Contracts*
	▪ AASB 16 *Leases*	▪ IPSAS 13 *Leases*
	▪ AASB 102 *Inventories*	▪ IPSAS 12 *Inventories*
	▪ AASB 116 *Property, Plant and Equipment* ▪ AASB 1051 *Land under Roads*	▪ IPSAS 17 *Property, Plant, and Equipment*
	▪ AASB 119 *Employee Benefits*	▪ IPSAS 25 *Employee Benefits*
	▪ AASB 128 *Investments in Associates and Joint Ventures*	▪ IPSAS 36 *Investments in Associates and Joint Ventures*

	AASB requirement	IPSAS requirement
	- AASB 136 *Impairment of Assets*	- IPSAS 21 *Impairment of Non-Cash-Generating Assets* - IPSAS 26 *Impairment of Cash-Generating Assets*
	- AASB 138 *Intangible Assets*	- IPSAS 31 *Intangible Assets*
	- AASB 140 *Investment Property*	- IPSAS 16 *Investment Property*
	- AASB 141 *Agriculture*	- IPSAS 27 *Agriculture*
	- AASB 1004 *Contributions* - AASB 1058 *Income of Not-for-Profit Entities*	- IPSAS 23 *Revenue from Non-Exchange Transactions (Taxes and Transfers)*

Overall comment: broadly, there could be differences in practice in the measurement of fair value under AASB 13 and IPSASs (particularly IPSAS 17), and potentially for disclosures. However, the differences between AASB 13 and IPSASs do not provide a basis for amending AASB 13 for the not-for-profit sector. While there has been some criticism of AASB 13 by some AASB constituents raised as part of the AASB agenda consultation and IFRS review project, those constituents have only sought more guidance rather than a shift away from fundamentals. At its May 2017 meeting the AASB decided to add this project to its work plan.

Back to Table 2

Regulatory Deferral Accounts – AASB 14

Relevant pronouncements:

- AASB 14 *Regulatory Deferral Accounts*, based on IFRS 14
- IPSAS: there is no specific IPSAS that prescribes requirements relating to regulatory deferral accounts

AASB Aus paragraphs: no pertinent not-for-profit specific paragraphs are included in AASB 14.

	AASB requirement	IPSAS requirement
High-level comparison	Para. 2 – AASB 14 requires: ▪ limited changes to the accounting policies that were applied in accordance with previous generally accepted accounting principles (previous GAAP) for regulatory deferral account balances, which are primarily related to the presentation of these accounts ▪ disclosures that: o identify and explain the amounts recognised in the entity's financial statements that arise from rate regulation o help users of the financial statements to understand the amount, timing and uncertainty of future cash flows from any regulatory deferral account balances that are recognised.	There is no specific IPSAS that specifies requirements for regulatory deferral accounts. Indeed, IPSASs make no explicit reference to 'regulatory deferral accounts'. ***Comparison with AASB*** Expect significant differences in the accounting for regulatory deferral accounts.
Scope	Para. 5 – an entity is permitted to apply the requirements of AASB 14 in its first Australian-Accounting-Standards financial statements if and only if it: ▪ conducts rate-regulated activities; and ▪ recognised amounts that qualify as regulatory deferral account balances in its financial statements in accordance with its previous GAAP. Para. 6 – an entity shall apply the requirements of AASB 14 in its financial statements for subsequent periods if and only if, in its first Australian-Accounting-Standards financial statements, it recognised regulatory deferral account balances by electing to apply the requirements of AASB 14. Appendix A: definition of 'regulatory deferral account balance' – the balance of any expense (or income) account that would not be recognised as an asset or a liability in accordance with other Standards, but that qualifies for deferral because it is included, or is expected to be included, by the rate regulator in establishing the rate(s) that can be charged to customers. Appendix A: definition of 'rate regulation' – a framework for establishing the prices that can be charged to customers for goods or services and that framework is subject to oversight and/or approval by a rate regulator.	IPSASs do not explicitly specify requirements for rate-regulated activities. Nor do they define 'regulatory deferral account balances' or 'rate regulation'. ***Comparison with AASB*** There could be significant differences as a result of AASB 14, in contrast to IPSASs, specifying requirements for, and defining rate regulation.

Overall comment: it would not be appropriate for AASB to exclude the not-for-profit sector from the application of AASB 14 as that would create a gap in accounting requirements.

Back to Table 2

Revenue from Contracts with Customers – AASB 15

Relevant pronouncements:

- AASB 15 *Revenue from Contracts with Customers*, based on IFRS 15.
- IPSAS 9 Revenue *from Exchange Transactions* (based on IAS 18 *Revenue* (Revised 1993), which has since been superseded by IFRS 15) and IPSAS 11 *Construction Contracts* (based on IAS 11 *Construction Contracts* (Revised 1993), which has since been superseded by IFRS 15).[1]

See also the separate detailed comparison of AASB 1004 *Contributions*/AASB 1058 *Income of Not-for-Profit Entities*/Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities* with IPSAS 23 *Revenue from Non-Exchange Transactions*.

AASB Aus paragraphs: AASB 15 includes Aus paras. (Aus5.1, Aus7.1, Aus9.1 and AusB34.1) and authoritative guidance (Appendix F) for not-for-profit entities, to assist those entities applying the Standard. It addresses the following aspects of accounting for contracts with customers:

- identifying a contract with a customer
- identifying performance obligations
- allocating the transaction price to performance obligations.

High-level comparison[2]

As noted above, IPSAS 9 and IPSAS 11 are based on the principles of superseded IAS 18 *Revenue* (incorporated into AASB 118 *Revenue*) and IAS 11 *Construction Contract*s (incorporated into AASB 111 *Construction Contracts*), rather than those of IFRS 15 *Revenue from Contracts with Customers* (incorporated into AASB 15). IPSAS 9 and IPSAS 11 adopt a 'risks and rewards' approach whereas AASB 15 adopts a 'transfer of control' approach. Accordingly, a detailed comparison of requirements is of limited value.

AASB 15 also has more guidance on when to identify separate goods and services in contracts, the impact of the time value of money, and the accounting for warranties, rights of return, and licences of intellectual property than IPSAS 9 and IPSAS 11.

Conclusion

The timing of when to recognise revenue and the revenue recognition profile may differ significantly, although the significance of the impact on recognised amounts in practice will depend on circumstances.

It would not be appropriate for the AASB to amend its requirements to align with IPSASB on these matters for the not-for-profit sector as IPSAS 9 and IPSAS 11 are based on superseded IAS 18 and IAS 11, respectively.

Back to Table 2

---

1 IPSASB has a revenue project in which it is reviewing its current pronouncements relating to revenue, including IPSAS 9, IPSAS 11 and IPSAS 23.

2 AASB 15 is not required to be applied by not-for-profit entities until annual reporting periods beginning on or after 1 January 2019. Therefore, most if not all not-for-profit public sector entities will not apply it for the first time until their reporting period ending 30 June 2020. In the meantime, those entities will continue to apply AASBs 118 and 111. Although this high-level comparison focuses on comparing AASB 15 and IPSASs 9 and 11; until AASB 15 is applied, it is relevant to note that IASs 18 and 11 (and therefore AASBs 118 and 111) and IPSASs 9 and 11 are broadly consistent.

- The main difference, as identified by the IPSASB in its 'Comparison with IAS 18', is that commentary additional to that in IAS 18 (and therefore AASB 118) has been included in IPSAS 9 to clarify the applicability of the requirements to accounting by public sector entities.
- The main differences as identified by the IPSASB in its 'Comparison with IAS 11', are:
- commentary additional to that in IAS 11 (and therefore AASB 111) has been included in IPSAS 11 to clarify the applicability of the requirements to accounting by public sector entities
  - IPSAS 11 includes binding arrangements that do not take the form of a legal contract, and cost-based and non-commercial contracts within its scope
  - IPSAS 11 makes it clear that the requirement to recognise an expected deficit on a contract immediately it becomes probable that contract costs will exceed total contract revenues applies only to contracts in which it is intended at inception of the contract that contract costs are to be fully recovered from the parties to that contract
  - IPSAS 11 includes additional examples to illustrate its application to non-commercial contracts.

In comparison with IAS 11, AASB 111 includes:

- para. Aus18.1, which refers to borrowing costs
- Australian Guidance on non-commercial contracts, which notes that they may not take the form of a documented contract; and that a 'cost plus contract' may be referred to as a 'cost based contract' in a non-commercial context.

Leases – AASB 16

Relevant pronouncements:

- AASB 16 *Leases*[1], based on IFRS 16
- IPSAS 13 *Leases*[2], based on IAS 17 including amendments made to IAS 17 as part of the *Improvements to IFRSs* issued in April 2009. IAS 17 has since been superseded by IFRS 16.

AASB Aus paragraphs: pertinent not-for-profit specific paragraphs are included in AASB 16, including paras. Aus25.1, AusC5.1, AusC5.2, AusC8.1, and AusC11.1, which apply to lessees that are not-for-profit entities. Those paras. address circumstances where the lease has significantly below-market terms and conditions principally to enable the entity to further its objectives.

High-level comparison[3]**:**

As noted above, IPSAS 13 is based on the principles of superseded IAS 17 (incorporated into AASB 117 *Leases*) rather than those of IFRS 16 (incorporated into AASB 16). This means AASB 16 and IPSAS 13 are fundamentally different, particularly in relation to the accounting by a lessee.

Accounting by a lessee

AASB 16 adopts a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligations to make lease payments. A lessee can elect to adopt this same approach for short-term leases or where the underlying asset is of low value, or it can elect to recognise the associated lease payments as an expense.

In contrast, IPSAS 13 requires a lessee to classify a lease as either a finance lease or operating lease, depending on the level of risks and rewards incidental to ownership that have been transferred. Finance leases are recognised as assets and liabilities at amounts equal to the lower of the present value of the minimum lease payments or the fair value of the leased property. Lease payments under operating leases are recognised as expenses.

In light of the fundamentally different requirements for a lessee in relation to long-term leases and underlying assets of high value, and the IPSASB's current project to consider the suitability of IFRS 16 for lessees in a not-for-profit public sector context, a detailed comparison of the requirements applying to lessees is of limited value.

In summary, under AASB 16, a lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows applying AASB 107 *Statement of Cash Flows*. Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. AASB 16 also contains disclosure requirements for lessees. Lessees will need to apply judgement in deciding upon the information to disclose to meet the objective of providing a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the lessee.

Accounting by a lessor

AASB 16 substantially carries forward the lessor accounting requirements in AASB 117 (which is broadly consistent with IPSAS 13). Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. AASB 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk.

---

1 AASB 16 also gave rise to consequential amendments to other AASBs. Not all these amendments have been reflected in the comparison tables relating to those other AASBs because any differences that arise are merely as a consequence of AASB 16.

2 IPSASB has a leases project in which it is reviewing IPSAS 13 in the light of IFRS 16 requirements for lessees. An Exposure Draft is scheduled for mid to late 2017. At its September 2016 meeting, the IPSASB decided not to adopt the lessor accounting requirements in IFRS 16.

3 AASB 16 is not required to be applied until annual reporting periods beginning on or after 1 January 2019. Therefore, most if not all not-for-profit public sector entities will not apply it for the first time until their reporting period ending 30 June 2020. In the meantime, those entities will continue to apply AASB 117. Although this high-level comparison focuses on comparing AASB 16 and IPSAS 13; until AASB 16 is applied, it is relevant to note that IAS 17 (and therefore AASB 117) and IPSAS 13 are broadly consistent. The main differences, as identified by the IPSASB in its 'Comparison with IAS 17', are:

- commentary additional to that in IAS 17 (and therefore AASB 117) has been included in IPSAS 13 to clarify the applicability of the requirements to accounting by public sector entities
- IPSAS 13 has additional implementation guidance that illustrates the classification of a lease, the treatment of a finance lease by a lessee, the treatment of a finance lease by a lessor, and the calculation of the interest rate implicit in a finance lease.

Conclusion

Overall, the current differences between AASB 16 and IPSAS 13 will give rise to significant differences in practice. In particular, this will occur for the accounting by lessees in long-term leases of high value underlying assets, with AASB 16 recognising more lease assets and liabilities than IPSAS 13.

It would not be appropriate for AASB to amend its requirements to align with IPSASB on these matters for the not-for-profit sector as IPSAS 13 is based on superseded IAS 17.

Back to Table 2

Presentation of Financial Statements – AASBs 101/1054

Relevant pronouncements:

- AASB 101 *Presentation of Financial Statements* (based on IAS 1), AASB 1054 *Australian Additional Disclosures* (with no corresponding IFRS) and Interpretation 21 *Levies* (based on IFRIC 21)
- IPSAS 1 *Presentation of Financial Statements*, based on IAS 1 including amendments made as part of the *Improvements to IFRSs* issued in May 2008 and April 2009[1]

AASB Aus paragraphs: the following pertinent not-for-profit specific paragraphs are included in AASB 101: Aus7.2, Aus16.3 and Aus19.1.

	AASB requirement	IPSAS requirement
Scope	Consistent	
Defined terms	Consistent, insofar as they are specific to the topic of presentation of financial statements, except as noted below. Any substantive differences in terms used in these Standards but defined in other Standards are identified in the comparisons of those other Standards. Substantive differences in any general terms and their definitions in the Standards are identified in the Comparison of Definitions of General Terms at the end of this Appendix.	
	Para. 7[2] – 'other comprehensive income' comprises items of income and expense (including reclassification adjustments) that are not recognised in profit or loss as required or permitted by other AASBs.	IPSAS 1 does not adopt the concept of other comprehensive income. ***Comparison with AASB*** This will give rise to significant differences in presentation. It is a pervasive issue that causes consequential differences in presentation and disclosures, as noted where relevant below. However, although IPSASs do not adopt the concept of 'other comprehensive income', there are items that particular IPSASs require to be recognised directly in net assets/equity (as distinct from being recognised in surplus or deficit). Therefore, within that context, the requirements are broadly similar under AASB 101 and IPSAS 1.
	Para. Aus7.2 – in respect of public sector entities, local governments, governments and most, if not all, government departments are reporting entities.	*The Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities*, paras. 4.1 and 4.10 – a public sector reporting entity is a government or other public sector organisation, program or identifiable area of activity that prepares general purpose financial reports. It may not always be clear whether there are service recipients or resource providers that are dependent on general purpose financial reports (GPFRs) of, for example, individual government departments and agencies, particular programs or identifiable areas of activity for information for accountability and decision-making purposes. Determining whether these organisations, programs or activities should be identified as reporting entities and, consequently, be required to prepare GPFRs will involve the exercise of professional judgement. ***Comparison with AASB*** There could be significant differences in practice, particularly resulting from differences in the

1 Therefore, IPSASB has not yet considered any other amendments made to IAS 1 (2003) since April 2009 as part of its approach to IFRS convergence (see *The IPSASB's Strategy for 2015 Forward: Leading through change* (September 2015, page 11).)

2 Para. references in this column are to AASB 101, unless otherwise indicated.

	AASB requirement	IPSAS requirement
		judgements about whether government departments are reporting entities.
Complete set of Financial Statements	Para. 10A – an entity may present a single statement of profit or loss and other comprehensive income, with profit or loss and other comprehensive income presented in two sections. The sections shall be presented together, with the profit or loss section presented first followed directly by the other comprehensive income section. An entity may present the profit or loss section in a separate statement of profit or loss. If so, the separate statement of profit or loss shall immediately precede the statement presenting comprehensive income, which shall begin with profit or loss. Para. 29 of AASB 1049 *Whole of Government and General Government Sector Financial Reporting* – the whole of government statement of comprehensive income and GGS statement of comprehensive income, and notes thereto, shall be presented in a manner consistent with the requirements for a single statement of comprehensive income in AASB 101.	IPSAS 1 does not adopt the concept of 'other comprehensive income'. ***Comparison with AASB*** This will give rise to significant differences in presentation, although for whole of governments and GGSs the differences are mitigated to some extent because they are required to present a single statement under AASB 1049.
	AASB 1055 *Budgetary Reporting* addresses the budgetary disclosure requirements for the whole of government, GGS and not-for-profit entities within the GGS of each government. (For example, para. 12 of AASB 1055 acknowledges that budget information may be presented in the corresponding financial statements or disclosed with corresponding information about administered items.)	Paras. 21(e) and 24 – a complete set of financial statements comprises, when the entity makes publicly available its approved budget, a comparison of budget and actual amounts either as a separate additional financial statement or as a budget column in the financial statements. ***Comparison with AASB*** Do not expect significant differences in practice in the manner in which budget information is presented in a complete set of financial statements – see the separate comparison of AASB 1055 and IPSAS 24 *Presentation of Budget Information in Financial Statements*.
Definition, Recognition, Measurement, Presentation and Disclosure	Aus19.1 – in relation to para. 19 (which contemplates a 'true and fair override' in extremely rare circumstances), the following shall not depart from a requirement in an AASB: ▪ entities required to prepare financial reports under Part 2M.3 of the Corporations Act ▪ private and public sector not-for-profit entities ▪ entities applying AASB – Reduced Disclosure Requirements.	Para. 31 – does not prohibit not-for-profit public sector entities from applying the 'true and fair override'. ***Comparison with AASB*** This will give rise to significant differences in practice, albeit only in extremely rare circumstances.
Compliance with Standards	AASB 101 – does not explicitly address departures from AASBs in order to comply with other regulatory requirements. AASB 1054, para. 7 – an entity shall not describe financial statements as complying with AASBs unless they comply with all the requirements of AASBs.	Para. 37 – departures from the requirements of an IPSAS in order to comply with statutory/legislative financial reporting requirements in a particular jurisdiction do not constitute departures that conflict with the objective of financial statements set out in IPSAS 1 as outlined in para. 31. If such departures are material, an entity cannot claim to be complying with IPSASs. ***Comparison with AASB*** Do not expect differences in practice.
Reporting Periods	AASB 101 – does not provide public sector specific examples of why reporting dates might change.	Para. 67 – in exceptional circumstances, an entity may be required to, or decide to, change its reporting date, for example in order to align the reporting cycle more closely with the budgeting cycle. A further

	AASB requirement	IPSAS requirement
		example is where, in making the transition from cash to accrual accounting, an entity changes the reporting date for entities within the economic entity to enable the preparation of consolidated financial statements. ***Comparison with AASB*** Do not expect differences in practice – the disclosure requirements relating to reporting periods are the same.
Going Concern	Interpretation 21 *Levies*, Para. 10 – the preparation of financial statements under the going concern assumption does not imply that an entity has a present obligation to pay a levy that will be triggered by operating in a future period.	IPSAS 1 does not provide guidance on how a liability to pay levies if that liability is within the scope of AASB 137 may be recognised and presented. ***Comparison with AASB*** Do not expect differences in practice – the going concern assumptions are the same.
Comparative Information	Para. 38C – an entity may present comparative information in addition to the minimum comparative financial statements required by AASBs, as long as that information is prepared in accordance with AASBs. This comparative information may consist of one or more statements referred to in para. 10, but need not comprise a complete set of financial statements. When this is the case, the entity shall present related note information for those additional statements. Para 38D – for example, an entity may present a third statement of profit or loss and other comprehensive income (thereby presenting the current period, the preceding period and one additional comparative period). However, the entity is not required to present a third statement of financial position, a third statement of cash flows or a third statement of changes in equity (ie an additional financial statement comparative). The entity is required to present, in the notes to the financial statements, the comparative information related to that additional statement of profit or loss and other comprehensive income.	IPSAS 1 does not provide guidance on what and how additional comparative information may be presented. ***Comparison with AASB*** Do not expect differences in practice.

	AASB requirement	IPSAS requirement
	Paras. 10(f) and 40A – an entity shall present a third statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements required in paragraph 38A if: ▪ it applies an accounting policy retrospectively, makes a retrospective restatement of items in its financial statements or reclassifies items in its financial statements; and ▪ the retrospective application, retrospective restatement or the reclassification has a material effect on the information in the statement of financial position at the beginning of the preceding period. Para. 40C – when an entity is required to present an additional statement of financial position in accordance with para. 40A, it must disclose the information required by paras. 41-44 and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. However, it need not present the related notes to the opening statement of financial position as at the beginning of the preceding period.	IPSAS 1 does not require that a complete set of financial statements include a third statement of financial position in any circumstances. ***Comparison with AASB*** This will give rise to significant differences in presentation and disclosures.
Line items, sub-totals	Para. 54 – the statement of financial position shall include line items that present the following amounts (not all are listed here): (f) biological assets within the scope of AASB 141 *Agriculture* (h) trade and other receivables (j) the total of assets classified as held for sale and assets included in disposal groups classified as held for sale in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* (k) trade and other payables; (n) liabilities and assets for current tax, as defined in AASB 112 *Income Taxes* (o) deferred tax liabilities and deferred tax assets, as defined in AASB 112 (p) liabilities included in disposal groups classified as held for sale in accordance with AASB 5 (r) issued capital and reserves attributable to owners of the parent.	Para. 88 – as a minimum, the face of the statement of financial position shall include line items that present the following amounts (not all are listed here): (g) recoverables from non-exchange transactions (taxes and transfers) (h) receivables from exchange transactions (j) taxes and transfers payable (k) payables under exchange transactions (o) net assets/equity attributable to owners of the controlling entity. ***Comparison with AASB*** This could give rise to differences in presentation and disclosures. IPSAS 1 is expressed more explicitly in not-for-profit public sector terms.
Statement of Financial Position	Para. 55A – when an entity presents additional subtotals in accordance with para. 55, those subtotals shall: ▪ be comprised of line items made up of amounts recognised and measured in accordance with AASBs ▪ be presented and labelled in a manner that makes the line items that constitute the subtotal clear and understandable ▪ be consistent from period to period, in accordance with para. 45 ▪ not be displayed with more prominence than the subtotals and totals required in AASBs for the statement of financial	IPSAS 1 does not provide detailed guidance on how additional subtotals should be presented in the statement of financial position. ***Comparison with AASB*** This could give rise to differences in presentation and disclosures in relation to the statement of financial position.

	AASB requirement	IPSAS requirement
	position.	
Statement of Financial Performance	Para 81A – the statement of profit or loss and other comprehensive income (statement of comprehensive income) shall present, in addition to the profit or loss and other comprehensive income sections: ▪ profit or loss ▪ total other comprehensive income ▪ comprehensive income for the period, being the total of profit or loss and other comprehensive income. If an entity presents a separate statement of profit or loss it does not present the profit or loss section in the statement presenting comprehensive income. Para. 81B – an entity shall present the following items, in addition to the profit or loss and other comprehensive income sections, as allocation of profit or loss and other comprehensive income for the period: ▪ profit or loss for the period attributable to: o non-controlling interests o owners of the parent. ▪ comprehensive income for the period attributable to: o non-controlling interests o owners of the parent. If an entity presents profit or loss in a separate statement it shall present profit or loss for the period attributable to non-controlling interests and owners of the parent in that statement. Para. 82A – The other comprehensive income section shall present line items for the amounts for the period of: ▪ items of other comprehensive income (excluding amounts in the next solid dot point below), classified by nature and grouped into those that, in accordance with other AASBs: o will not be reclassified subsequently to profit or loss o will be reclassified subsequently to profit or loss when specific conditions are met ▪ the share of the other comprehensive income of associates and joint ventures accounted for using the equity method, separated into the share of items that, in accordance with other AASBs: o will not be reclassified subsequently to profit or loss o will be reclassified subsequently to profit or loss when specific conditions are met.	IPSAS 1 does not adopt the concept of 'other comprehensive income'. ***Comparison with AASB*** This will give rise to significant differences in presentation and disclosures in relation to financial performance – although see also the discussion of para. 7 of AASB 101 in the Defined terms section above.
	Para. 85A – when an entity presents additional subtotals in accordance with para. 85 (which requires presentations of additional subtotals when relevant to an understanding of financial performance),	IPSAS 1 does not provide detailed guidance on how additional subtotals should be presented in the statement of financial performance. ***Comparison with AASB*** This could give rise to differences in presentation and

	AASB requirement	IPSAS requirement
	those subtotals shall: ▪ be comprised of line items made up of amounts recognised and measured in accordance with AASBs ▪ be presented and labelled in a manner that makes the line items that constitute the subtotal clear and understandable ▪ be consistent from period to period, in accordance with para. 45 ▪ not be displayed with more prominence than the subtotals and totals required in AASBs for the statement(s) presenting profit or loss and other comprehensive income. Para. 85B – an entity shall present the line items in the statement(s) presenting profit or loss and other comprehensive income that reconcile any subtotals presented in accordance with para. 85 with the subtotals or totals required in AASBs for such statement(s). Para. 86 – because the effects of an entity's various activities, transactions and other events differ in frequency, potential for gain or loss and predictability, disclosing the components of financial performance assists users in understanding the financial performance achieved and in making projections of future financial performance. An entity includes additional line items in the statement(s) presenting profit or loss and other comprehensive income and it amends the descriptions used and the ordering of items when this is necessary to explain the elements of financial performance. An entity considers factors including materiality and the nature and function of the items of income and expense. For example, a financial institution may amend the descriptions to provide information that is relevant to the operations of a financial institution. An entity does not offset income and expense items unless the criteria in para. 32 are met. Paras. 90-96 provide guidance on other comprehensive income for the period.	disclosures in relation to financial performance.
	Para. 87 – An entity shall not present any items of income or expense as extraordinary items, in the statement(s) presenting profit or loss and other comprehensive income or in the notes.	Para. BC10 – IPSAS 1 does not explicitly preclude the presentation of revenue and expense as extraordinary items. The IPSASB is of the view that IPSASs should not prohibit entities from disclosing extraordinary items in the notes to, or on the face of, the statement of financial performance. This is because they believe that the disclosure of information about extraordinary items may be consistent with the objectives and qualitative characteristics of financial reporting. ***Comparison with AASB*** There will be significant differences in practice in relation to the presentation of extraordinary items.
	AASB 1049, para. 30 – for the purpose of presentation, all amounts relating to an item included in the determination of comprehensive result (total change in net worth [before transactions with owners in their capacity as owners]) shall be classified as transactions or other economic flows in a manner that is consistent with applying the	Neither IPSAS 1 nor IPSAS 22 *Disclosure of Financial Information about the General Government Sector* require items in the statement of financial performance to be classified as transactions or other economic flows. ***Comparison with AASB*** There will be significant differences in practice for

	AASB requirement	IPSAS requirement
	principles in the ABS GFS Manual from the GAAP perspective.	classification of items in whole of government and GGS statements of financial performance. (See also the separate comparison of AASB 1049 and IPSAS 22.)
Statement of Changes in Equity	Para. 106 – an entity shall present a statement of changes in equity as required by para. 10. The statement of changes in equity includes the following information: ▪ total comprehensive income for the period, showing separately the total amounts attributable to owners of the parent and to non-controlling interests ▪ for each component of equity, the effects of retrospective application or retrospective restatement recognised in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* ▪ for each component of equity, a reconciliation between the carrying amount at the beginning and the end of the period, separately (as a minimum) disclosing changes resulting from: o profit or loss o other comprehensive income o transactions with owners in their capacity as owners, showing separately contributions by and distributions to owners and changes in ownership interests in subsidiaries that do not result in a loss of control. Para. 106A – for each component of equity an entity shall present, either in the statement of changes in equity or in the notes, an analysis of other comprehensive income by item (see para. 106(d)(ii)).	Para. 118 – An entity shall present a statement of changes in net assets/equity showing on the face of the statement: ▪ surplus or deficit for the period ▪ each item of revenue and expense for the period that, as required by other IPSASs, is recognised directly in net assets/equity, and the total of these items ▪ total revenue and expense for the period (calculated as the first two dot points immediately above), showing separately the total amounts attributable to owners of the controlling entity and to non-controlling interest ▪ for each component of net assets/equity separately disclosed, the effects of changes in accounting policies and corrections of errors recognised in accordance with IPSAS 3 *Accounting Policies, Changes in Accounting Estimates and Errors*. Para. 119 – an entity shall also present, either on the face of the statement of changes in net assets/equity or in the notes: ▪ the amounts of transactions with owners acting in their capacity as owners, showing separately distributions to owners ▪ the balance of accumulated surpluses or deficits at the beginning of the period and at the reporting date, and the changes during the period ▪ to the extent that components of net assets/equity are separately disclosed, reconciliation between the carrying amount of each component of net assets/equity at the beginning and the end of the period, separately disclosing each change. ***Comparison with AASB*** This could give rise to differences in presentation and disclosures in relation to the statement of changes in equity, caused mainly by, as noted above, IPSAS 1 not adopting the concept of comprehensive income.
	Para. 107 – an entity shall present, either in the statement of changes in equity or in the notes, the amount of dividends recognised as distributions to owners during the period, and the related amount of dividends per share.	Para. 117 – when an entity provides a dividend or similar distribution to its owners and has share capital, it shall disclose, either on the face of the statement of financial performance or the statement of changes in net assets/equity, or in the notes, the amount of dividends or similar distributions recognised as distributions to owners during the period, and the related amount per share. ***Comparison with AASB*** This could give rise to differences in presentation and disclosures in relation to the statement of changes in equity.
	Para. 109 – except for changes resulting from transactions with owners in their capacity as owners (such as equity contributions, reacquisitions of the entity's own equity instruments and dividends) and transaction costs directly related to such transactions, the overall change in equity during a period	IPSAS 1 does not explicitly note that non-owner movements in equity represent the total amount of revenue, gains and expenses. ***Comparison with AASB*** Do not expect differences.

	AASB requirement	IPSAS requirement
	represents the total amount of income and expense, including gains and losses, generated by the entity's activities during that period.	
	AASB 101 does not explicitly discuss alternative formats for presenting the statement of changes in equity.	Para. 125 – the requirements in paras. 118 and 119 may be met by using a columnar format that reconciles the opening and closing balances of each element within net assets/equity. An alternative is to present only the items set out in para. 118 in the statement of changes in net assets/equity. Under this approach, the items described in para. 119 are shown in the notes. ***Comparison with AASB*** Do not expect substantive differences, although formats might differ in practice.
Disclosure and Notes	Aus16.3 – not-for-profit entities need not comply with the para. 16 requirement to make an explicit and unreserved statement of compliance with IFRSs. Para. 7 of AASB 1054 – an entity whose financial statements comply with AASBs shall make an explicit and unreserved statement of such compliance in the notes.	Para. 28 – an entity whose financial statements comply with IPSASs shall make an explicit and unreserved statement of such compliance in the notes. ***Comparison with AASB*** No difference in principle.
	Para. 80 – An entity without share capital, such as a partnership or trust, shall disclose information equivalent to that required by para. 79(a), showing changes during the period in each category of equity interest, and the rights, preferences and restrictions attaching to each category of equity interest.	Para. 95 – When an entity has no share capital, it shall disclose net assets/equity, either on the face of the statement of financial position or in the notes, showing separately: ▪ contributed capital, being the cumulative total at the reporting date of contributions from owners, less distributions to owners ▪ accumulated surpluses or deficits ▪ reserves, including a description of the nature and purpose of each reserve within net assets/equity ▪ non-controlling interests. ***Comparison with AASB*** Expect differences in practice. It is unlikely that IPSAS 1 specifically identifying categories of equity will give rise to differences. However, in contrast to IPSAS 1, AASB 101 requires disclosure of the rights, preferences and restrictions attaching to each category.
	Para. 114 – examples of systematic ordering or grouping of the notes include: ▪ giving prominence to the areas of its activities that the entity considers to be most relevant to an understanding of its financial performance and financial position, such as grouping together information about particular operating activities; ▪ grouping together information about items measured similarly such as assets measured at fair value; or ▪ following the order of the line items in the statement(s) of profit or loss and other comprehensive income and the statement of financial position, such as: ○ statement of compliance with IFRSs (see para. 16) ○ significant accounting policies	Para. 129 – notes are normally presented in the following order, which assists users in understanding the financial statements and comparing them with financial statements of other entities: ▪ a statement of compliance with IPSASs (see para. 28) ▪ a summary of significant accounting policies applied (see para. 132) ▪ supporting information for items presented on the face of the statement of financial position, statement of financial performance, statement of changes in net assets/equity, or cash flow statement, in the order in which each statement and each line item is presented ▪ other disclosures, including: ○ contingent liabilities (see IPSAS 19 *Provisions, Contingent Liabilities and Contingent Assets*), and unrecognised contractual commitments

	AASB requirement	IPSAS requirement
	applied (see para. 117) ○ supporting information for items presented in the statements of financial position and in the statement(s) of profit or loss and other comprehensive income, and in the statements of changes in equity and of cash flows, in the order in which each statement and each line item is presented ○ other disclosures, including: ▪ contingent liabilities (see AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*) and unrecognised contractual commitments ▪ non-financial disclosures, eg the entity's financial risk management objectives and policies (see AASB 7 *Financial Instruments: Disclosures*).	○ non-financial disclosures, eg the entity's financial risk management objectives and policies (see IPSAS 30 *Financial Instruments: Disclosures*). ***Comparison with AASB*** This could give rise to differences in the presentation of and disclosures in notes.
	Para. Aus136.2 – notwithstanding para. Aus136.1, a not-for-profit entity need not present the disclosures required by paras. 134-136 (which relate to information that enables users to evaluate the entity's objectives, policies and processes for managing capital).	IPSAS 1 does not provide relief from disclosure of information that enables users to evaluate the entity's objectives, policies and processes for managing capital. ***Comparison with AASB*** This could give rise to differences in disclosures.
	AASB 1054, para. 8 – an entity shall disclose in the notes: ▪ the statutory basis or other reporting framework, if any, under which the financial statements are prepared ▪ whether, for the purposes of preparing the financial statements, it is a for-profit or not-for-profit entity.	IPSAS 1 does not require disclosure in the notes of the reporting framework adopted, nor whether the entity is for-profit or not-for-profit. ***Comparison with AASB*** This could give rise to differences in disclosures.
	AASB 1054, para. 9 – an entity shall disclose in the notes whether the financial statements are general purpose financial statements or special purpose financial statements. AASB 1049, para. 12 – para. 9 of AASB 1054 does not apply to GGSs.	IPSAS 1 does not require disclosure of whether the financial statements are general purpose financial statements or special purpose financial statements. ***Comparison with AASB*** This could give rise to differences in disclosures.
	AASB 1054, para. 10 – an entity shall disclose fees to each auditor or reviewer, including any network firm, separately for: ▪ the audit or review of the financial statements ▪ all other services performed during the reporting period. AASB 1054, para. 11 – for para. 10, an entity shall describe the nature of other services.	IPSAS 1 does not require disclosure of audit and non-audit services fees. ***Comparison with AASB*** This could give rise to differences in disclosures.
	AASB 1054, para. 12 – the term 'imputation credits' is used in paras. 13-15 to also mean 'franking credits'. The disclosures required by paras. 13 and 15 shall be made separately in respect of any New Zealand imputation credits and any Australian imputation credits. AASB 1054, para. 13 – an entity shall disclose the amount of imputation credits available for use in subsequent reporting periods.	IPSAS 1 does not specify disclosure requirements in relation to imputation credits. ***Comparison with AASB*** This could give rise to differences in disclosures.

	AASB requirement	IPSAS requirement
	AASB 1054, para. 15 – where there are different classes of investors with different entitlements to imputation credits, disclosures shall be made about the nature of those entitlements for each class where this is relevant to an understanding of them.	
	AASB 1054, para. 16 – when an entity uses the direct method to present its statement of cash flows, the financial statements shall provide a reconciliation of the net cash flow from operating activities to profit (loss). AASB 107 *Statement of Cash Flows*, para. Aus20.2 – not-for-profit entities that use the direct method and that highlight the net cost of services in their statement of comprehensive income are required to disclose a reconciliation of operating cash flows to net cost of services.	IPSAS 2 *Cash Flow Statements*, para. 29 – entities reporting cash flows from operating activities using the direct method are also encouraged to provide a reconciliation of the surplus/deficit from ordinary activities with the net cash flow from operating activities. This reconciliation may be provided as part of the cash flow statement or in the notes to the financial statements. ***Comparison with AASB*** This could give rise to differences in disclosures.

Overall comment: it would not be appropriate for the AASB to amend its requirements to align with IPSASB on these matters for the not-for-profit sector as IPSAS 1 is based on the superseded revised 2003 version of IAS 1. Therefore, the IPSASB has not yet considered the latest version of IAS 1 from a not-for-profit public sector perspective.

Back to Table 2

Inventories – AASB 102

Relevant pronouncements:

- AASB 102 *Inventories*, based on IAS 2
- IPSAS 12 *Inventories*, based on IAS 2 (Revised 2003)[1]

AASB Aus paragraphs: the following not-for-profit specific paragraphs are included in AASB 102: Aus2.1, Aus6.1, Aus8.1, Aus8.2, Aus9.1, Aus9.2, Aus10.1, Aus10.2, Aus34.1 and Aus36.1.

	AASB requirement	IPSAS requirement
Scope	Consistent.	
	Para. Aus2.1 – AASB 102 excludes work-in-progress of services for no or nominal consideration directly in return from the recipients.	Para. 2(d) – IPSAS 12 excludes work-in-progress of services to be provided for no or nominal consideration directly in return from the recipients. ***Comparison with AASB*** No differences.
Defined terms	Consistent, insofar as they are specific to the topic of inventories, except as noted below. Any substantive differences in terms used in both Standards but defined in other Standards are identified in the comparisons of those other Standards. Substantive differences in any general terms and their definitions in both Standards are identified in the Comparison of Definitions of General Terms at the end of this Appendix.	
	Para. Aus6.1 – defines 'inventories held for distribution' in respect of not-for-profit entities.	IPSAS 12 does not define 'inventories held for distribution', although some guidance on the term is provided in para.11. Para. 12 – provides examples of inventories in the public sector. ***Comparison with AASB*** Do not expect differences in practice.
Recognition	Consistent.	
	Para. Aus34.1 – when inventories held for distribution are distributed, the carrying amount of those inventories shall be recognised as an expense.	Para. 44 – when inventories are distributed, the carrying amount shall be recognised as an expense. ***Comparison with AASB*** No difference.
Measurement	Para. Aus8.1 – an entity may hold inventories whose future economic benefits or service potential are not directly related to their ability to generate net cash inflows. These types of inventories may arise when an entity has determined to distribute certain goods at no charge or for a nominal amount. These inventories should be measured at the amount the entity would need to pay to acquire the economic benefits or service potential if this was necessary to achieve the objectives of the entity or, where the economic benefits or service potential cannot be acquired in the market, an estimate of the replacement cost. Para Aus8.2 – the replacement cost that an entity would be prepared to incur in respect of an item of inventory would reflect any obsolescence or any other impairment.	Para. 43 – an entity may hold inventories whose future economic benefits or service potential are not directly related to their ability to generate net cash inflows. Those inventories should be measured at replacement cost. ***Comparison with AASB*** Do not expect differences in practice.
	Para. Aus9.1 – inventories held for	Para. 17 – inventories held for distribution at no or

1 Therefore, IPSASB has not yet considered any amendments made to IAS 2 since 2003 as part of its approach to IFRS convergence (see *The IPSASB's Strategy for 2015 Forward: Leading through Change* (September 2015, page 11).)

	AASB requirement	IPSAS requirement
	distribution are to be measured at cost, adjusted when applicable for any loss of service potential. Para. Aus9.2 – different bases may be applied to measure a loss of service potential for inventories held for distribution. Current replacement cost would be used to measure a loss of service potential for many inventories.	nominal charge are to be measured at the lower of cost and current replacement cost. ***Comparison with AASB*** In contrast to IPSAS 12, under AASB 102 a loss of service potential may at times be identified on a more relevant basis than current replacement cost. Therefore, significant differences could arise in practice for some inventories.
	Para. Aus10.1 – where inventories are acquired for consideration significantly less than fair value principally to enable the entity to further its objectives, the cost shall be the current replacement cost as at the date of acquisition. Para. Aus10.2 – as a practical expedient, the entity may elect to recognise an item of inventory acquired for consideration that is significantly less than fair value principally to enable the entity to further its objectives based on an assessment of the materiality either of the individual item or of inventories at an aggregate or portfolio level.	Para. 16 – inventories acquired through a non-exchange transaction are to be measured at their fair value as at the date of acquisition. ***Comparison with AASB*** This may result in different measurement amounts for inventories acquired at no or nominal cost, to the extent current replacement cost differs from fair value (see also the separate high-level comparison of AASB 13 and IPSASs).
Disclosure	Para. Aus36.1(h) – as a consequence of the requirement in para. Aus9.1, disclosure is made of the assessment basis for loss of service potential of inventories held for distribution.	As noted above, para. 17 of IPSAS 12 specifies inventories held for distribution at no or nominal charge be measured at the lower of cost and current replacement cost. ***Comparison with AASB*** Would result in more disclosures under AASB 102 as a consequence of the differences relating to para. Aus9.1 of AASB 102 noted above.

Overall comment: although there are some potential differences in relation to the measurement of inventories held for distribution when there is a loss of service potential, the AASB addressed these issues more recently (May 2007) than the IPSASB (December 2006) and therefore it would not be appropriate to amend AASB requirements on these matters to align with IPSAS 12.

Back to Table 2

Statement of Cash Flows – AASB 107

Relevant pronouncements:

- AASB 107 *Statement of Cash Flows*, based on IAS 7
- IPSAS 2 *Cash Flow Statements*, based on IAS 7 as amended up to April 2009[1]

AASB Aus paragraphs: pertinent not-for-profit specific paragraph Aus20.2 is included in AASB 107.

	AASB requirement	IPSAS requirement
Scope	Consistent.	
Defined terms	Consistent, insofar as they are specific to the topic of statement of cash flows. Any substantive differences in terms used in both Standards but defined in other Standards are identified in the comparisons of those other Standards. Substantive differences in any general terms and their definitions in both Standards are identified in the Comparison of Definitions of General Terms at the end of this Appendix.	
Presentation	AASB 107 does not include extensive public sector specific commentary on the usefulness of information about net cash flows arising from operating activities.	Para. 21 – the amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the entity are funded: - by way of taxes (directly and indirectly); or - from the recipients of goods and services provided by the entity. ***Comparison with AASB*** Do not expect differences in practice.
	AASB 107 does not include an extensive list of examples of operating cash flows particularly pertinent to public sector entities. However, in relation to whole of governments and general government sectors, AASB 1049 *Whole of Government and General Government Sector Financial Reporting* provides an extensive list by cross referencing to the Australian Bureau of Statistics Government Finance Statistics Manual (ABS GFS Manual) – see Chapter 12 of the ABS GFS Manual. Para. 33(c) of AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* includes requirements in relation to disclosure of cash flows of discontinued operations.[2]	Para. 22 – the following are specific examples of cash flows from operating activities particularly pertinent to not-for-profit public sector entities: - cash receipts from taxes, levies, and fines - cash receipts from grants or transfers and other appropriations or other budget authority made by central government or other public sector entities - cash payments to other public sector entities to finance their operations (not including loans) - cash receipts or payments from discontinuing operations - cash receipts or payments in relation to litigation settlements. ***Comparison with AASB*** Do not expect differences in practice, except in relation to the manner in which cash flows of discontinued operations might be presented or disclosed.
	Para. 20 – under the indirect method, the net operating cash flows are determined by adjusting profit or loss for the effects of: - changes during the period in inventories and operating receivables and payables - non-cash items such as depreciation, provisions, deferred taxes, unrealised foreign currency gains and losses, and undistributed profits of associates - all other items for which the cash effects are investing or financing cash flows. Alternatively, the net operating cash flows may be presented under the indirect method by	Para. 30 – under the indirect method, net operating cash flows are determined by adjusting surplus or deficit from ordinary activities for the effects of: - changes during the period in inventories and operating receivables and payables - non-cash items such as depreciation, provisions, deferred taxes, unrealised foreign currency gains and losses, undistributed profits of associates, and non-controlling interests - all other items for which the cash effects are investing or financing cash flows. ***Comparison with AASB*** Unlike AASB 107, IPSAS 2 does not allow an

1 Therefore, IPSASB has not yet considered any amendments made to IAS 7 since April 2009 as part of its approach to IFRS convergence (see *The IPSASB's Strategy for 2015 Forward: Leading through Change* (September 2015, page 11).)

2 There is no IPSAS that corresponds to AASB 5 (see the separate high-level comparison of AASB 5 and IPSASs).

	AASB requirement	IPSAS requirement
	showing the revenues and expenses disclosed in the statement of comprehensive income and the changes during the period in inventories and operating receivables and payables.	alternative presentation for net operating cash flows under the indirect method. This may give rise to differences in presentation.
	Paras. 21-24 – the collection of taxes by one level of government for another level of government is not to be reported net.	Paras. 32(a) and 33 – the collection of taxes by one level of government for another level of government, not including taxes collected by a government for its own use as part of a tax-sharing arrangement, may be reported on a net basis when the cash flows reflect the activities of the other level of government rather than those of the collecting government. ***Comparison with AASB*** Expect significant differences in practice.
	AASB 107 does not clarify circumstances where an entity is unable to distinguish appropriations attributable to current activities, capital works or contributed capital. However, Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities* addresses the essential characteristics of contributions by owners and provides indicators of when those characteristics exist. AASB 1004 *Contributions* might also be relevant, particularly in relation to restructures of administrative arrangements and contributions by owners.	Para. 24 – where an entity is unable to separately identify appropriations or budgetary authorisations into current activities, capital works, and contributed capital, the appropriation or budget authorisation should be classified as operating cash flows, and this fact should be disclosed in the notes to the financial statements. ***Comparison with AASB*** This could give rise to differences in classification of cash flows, and consequential note disclosures. However, typically in Australia, appropriations are attributable to current activities, capital works or contributed capital.
Disclosure	Para. Aus20.2 – not-for-profit entities that use the direct method and that highlight the net cost of services in their statement of comprehensive income are required to disclose in the complete set of financial statements a reconciliation of operating cash flows to net cost of services.	Para. 29 – entities that report operating cash flows using the direct method are encouraged to provide a reconciliation of the surplus/deficit from ordinary activities with the net operating cash flows. This reconciliation may be provided as part of the cash flow statement or in the notes. ***Comparison with AASB*** AASB 107 requires not-for-profit entities to disclose a reconciliation of operating cash flows to net cost of services whereas IPSAS 2 merely encourages a similar disclosure. This might result in additional disclosures under AASB 107.
	Para. 40(d) – where an entity acquires another entity it shall disclose the amount of assets and liabilities other than cash or cash equivalents over which control is obtained.	Para. 53 – where a public sector entity that prepares reports under the cash basis is acquired by another public sector entity, the acquiring entity would not be required to disclose the assets and liabilities (other than cash and cash equivalents) of the entity acquired, as that entity would not have recognised noncash assets or liabilities. ***Comparison with AASB*** Do not expect differences in practice as, under AASBs, Australian public sector entities adopt the accrual basis of accounting.
	Para. 44A-44E – an entity is required to provide disclosures that enable users to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.	IPSAS 2 does not require disclosures that enable users to evaluate changes in liabilities arising from financing activities. ***Comparison with AASB*** This is likely to result in additional disclosures under AASB 107.

Overall comment: there are some differences in presentation and disclosure requirements. However, the more substantive difference relates to the collection of taxes by one level of government for another level of government – IPSAS 2 allows netting in certain circumstances, AASB 107 does not. IPSASB has not explicitly identified this as a difference from IAS 7 in its 'Comparison with IAS 7' – nor has it identified a not-for-profit public sector reason for the difference. Accordingly, there is currently no basis for the AASB to consider amending its requirements on this matter to align with IPSAS 2 for the not-for-profit public sector.

Back to Table 2

Accounting Policies, Changes in Accounting Estimates and Errors – AASB 108

Relevant pronouncements:

- AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*, based on IAS 8
- IPSAS 3 *Accounting Policies, Changes in Accounting Estimates and Errors*, based on IAS 8 as amended in May 2008[1].

AASB Aus paragraphs: no pertinent not-for-profit specific paragraphs are included in AASB 108.

	AASB requirement	IPSAS requirement
Scope	Consistent	
	Para. 4 – the tax effects of corrections of prior period errors and of retrospective adjustments made to apply changes in accounting policies are to be accounted for in accordance with AASB 112 *Income Taxes*. AASB 112 para. Aus2.1 – for public sector entities and for the purpose of AASB 112, income taxes include forms of income tax that may be payable by a public sector entity under their own enabling legislation or other authority. These forms of income tax are often referred to as 'income tax equivalents'.	Para. 4 – the tax effects of corrections of prior period errors and of retrospective adjustments made to apply changes in accounting policies are not considered in IPSAS 3 – they are not relevant for many not-for-profit public sector entities. International or national accounting standards dealing with income taxes contain guidance on the treatment of tax effects. ***Comparison with AASB*** There is no IPSAS that corresponds to AASB 112. There could be differences in practice, but only to the extent not-for-profit public sector entities are subject to income tax or income tax equivalents (which is not expected to be common). (See also the high-level comparison of AASB 112 and IPSASs.)
Defined terms	Consistent, insofar as they are specific to the topic of accounting policies, changes in accounting estimates and errors. Any substantive differences in terms used in both Standards but defined in other Standards are identified in the comparisons of those other Standards. Substantive differences in any general terms and their definitions in both Standards are identified in the Comparison of Definitions of General Terms at the end of this Appendix.	
Recognition and Measurement	Consistent.	
Disclosure	Consistent	
	Para. 28(f)(ii) – an entity is required to disclose, to the extent practicable, the effects of initial application of a Standard on basic and diluted earnings per share, if AASB 133 *Earnings per Share* is applicable. Para. 49 – an entity is required to disclose, to the extent practicable, the effects of corrections of prior period errors on basic and diluted earnings per share, if AASB 133 is applicable. (AASB 133 is only applicable in relation to an entity that has shares that are or will be traded in a public market).	IPSAS 3 does not address earnings per share as it is not relevant in a not-for-profit public sector context. ***Comparison with AASB*** Do not expect differences in practice. (AASB 133 is not applicable to not-for-profit public sector entities.)

Overall comment: there are no identified practical substantive differences.

Back to Table 2

1 Therefore, IPSASB has not yet considered any amendments made to IAS 8 since May 2008 as part of its approach to IFRS convergence (see *The IPSASB's Strategy for 2015 Forward: Leading through Change* (September 2015, page 11).

Events after the Reporting Period – AASB 110

Relevant pronouncements:

- AASB 110 *Events after the Reporting Period*, based on IAS 10
- IPSAS 14 *Events After The Reporting Date*, based on IAS 10 as amended up to May 2008[1]

AASB Aus paragraphs: no pertinent not-for-profit specific paragraphs are included in AASB 110.

	AASB requirement	IPSAS requirement
Scope	Consistent	
Defined terms	Consistent, insofar as they are specific to the topic of events after the reporting period, except as noted below. Any substantive differences in terms used in both Standards but defined in other Standards are identified in the comparisons of those other Standards. Substantive differences in any general terms and their definitions in both Standards are identified in the Comparison of Definitions of General Terms at the end of this Appendix.	
	AASB 110 uses the term 'events after the reporting period'.	Para 5 – uses the term 'events after the reporting date'. Para. 6 – defines 'reporting date' and 'date of authorisation for issue'. ***Comparison with AASB*** Do not expect differences in practice.
	Para. 4 – the process involved in authorising financial statements for issue will vary depending upon the management structure, statutory requirements and procedures followed in preparing and finalising financial statements. Para. 5 – the date financial statements are authorised for issue is when the board of directors authorise them for issue and not when shareholders approve the financial statements. Para. 6 – when financial statements are required to be submitted to a supervisory board for approval, the financial statements are authorised for issue when the management authorises them for issue to the supervisory board.	Para. 7 – the process involved in preparing and authorising the financial statements for issue may vary for different types of entities within and across jurisdictions and can depend upon the nature of the entity, the governing body structure, the statutory requirements relating to that entity, and the procedures followed in preparing and finalising the financial statements. Para. 8 – the date of authorisation for issue of the financial statements will be determined in the context of the particular jurisdiction. When an entity is required to submit its financial statements to another body, the date of authorisation for issue of the financial statements depends on whether the other body has the power to require changes to the audited financial statements or whether the submission of financial statements is merely a matter of protocol or process. ***Comparison with AASB*** Although AASB 110 does not explicitly anticipate a circumstance where a supervisory board has the power to require changes to the audited financial statements, do not expect significant differences in practice.
Recognition and Measurement	AASB 110 does not include explicit guidance regarding announcements of government intentions (although see paras. Aus26.1 and Aus26.2 of AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*).	Para. 9 – in most cases, the announcement of government intentions will not lead to the recognition of adjusting events and would generally qualify for disclosure as non-adjusting events. ***Comparison with AASB*** Do not expect differences in practice.
	AASB 110 does not include a specific example to note that the determination after reporting date of the amount of revenue in a revenue-sharing agreement between	Para. 11(d) – an example of an adjusting event is the determination after reporting date of the amount of revenue collected during the reporting period to be shared with another government under a revenue-sharing agreement in place during the reporting period.

1 Therefore, IPSASB has not yet considered any amendments made to IAS 10 since May 2008 as part of its approach to IFRS convergence (see *The IPSASB's Strategy for 2015 Forward: Leading through Change* (September 2015, page 11).)

	AASB requirement	IPSAS requirement
	governments is an adjusting event.	***Comparison with AASB*** Do not expect differences in practice.
	AASB 110 does not include a specific example to note that a post-balance date decision to provide additional benefits under a community service program is not an adjusting event.	Para. 13(b) – an example of a non-adjusting event is where an entity charged with operating particular community service programs decides after the reporting date, but before the financial statements are authorised, to provide additional benefits to participants of those programs. The entity would not adjust the expenses recognised in its financial statements in the current reporting period, although the additional benefits may need to be disclosed as non-adjusting events. ***Comparison with AASB*** Do not expect differences in practice.
	AASB 10 does not include explicit commentary about going concern in the context of governments as a whole.	Para. 17 – the assessment of going concern is likely to be of more relevance for individual entities than for a government as a whole. ***Comparison with AASB*** Do not expect differences in practice.
	AASB 10 does not include explicit commentary about going concern in the context of other public sector entities.	Para. 19-21 – in relation to the assessment of going concern in a public sector entity context: ▪ need to consider a wide range of factors such as performance of the entity, restructuring of organisational units, likelihood of continued government funding and potential sources of replacement funding ▪ going concern issues generally only arise if the government announces its intention to cease funding for those entities whose operations are substantially funded by the government ▪ need to consider any deterioration in operating results and financial position after the reporting date of self-funded entities and entities that need to recover the cost of goods and services from users. ***Comparison with AASB*** Do not expect differences in practice.
	Para. 15 – if the going concern assumption is no longer appropriate, the effect is so pervasive that a fundamental change in the basis of accounting is required, rather than an adjustment to the amounts recognised within the original basis of accounting.	Para. 22 – if the going concern assumption is no longer appropriate, an entity is required to reflect the change in its financial statements. Judgement is required in determining whether a change in the carrying value of assets and liabilities is required. Para. 23 – when the going concern assumption is no longer appropriate, it is also necessary to consider whether the change in circumstances leads to the creation of additional liabilities or triggers clauses in debt contracts leading to the reclassification of certain debts as current liabilities. ***Comparison with AASB*** May lead to significant differences in measurement. Neither AASB 110 nor IPSAS 14 are specific on what measurement basis would apply when an entity is not a going concern. May lead to significant differences in presentation as AASB 110 makes clear an entity must present on a different basis of accounting, but IPSAS 14 is less clear.
Disclosure	Consistent	

Overall comment: the only identified substantive difference that could potentially lead to differences in practice relates to circumstances where the going concern assumption is no longer appropriate – AASB 110 is more prescriptive than IPSAS 14. This difference does not provide a basis for the AASB to consider amending its requirements in relation to this matter as the matter has not given rise to insurmountable issues in practice.

Back to Table 2

Income Taxes – AASB 112

Relevant pronouncements:

- AASB 112 *Income Taxes* (based on IAS 12), Interpretation 125 *Income Taxes – Changes in the Tax Status of an Entity or its Shareholders* (based on SIC-25), Interpretation 1003 *Australian Petroleum Resource Rent Tax* (with no corresponding IFRIC), Interpretation 1052 *Tax Consolidation Accounting* (with no corresponding IFRIC)
- IPSAS: there is no specific IPSAS that prescribes requirements for the accounting for income taxes (including income tax equivalents)

AASB Aus paragraphs: the following pertinent not-for-profit specific paragraphs are included in AASB 112: Aus2.1, Aus4.1 and Aus33.1.

	AASB requirement	IPSAS requirement
High-level comparison	Objective – the objective of AASB 112 is to prescribe the accounting treatment for income taxes, including how to account for the current and future tax consequences of: ▪ the future recovery (settlement) of the carrying amount of assets (liabilities) that are recognised in an entity's statement of financial position ▪ transactions and other events of the current period that are recognised in an entity's financial statements. AASB 112 requires an entity to recognised a deferred tax liability (deferred tax asset), with certain limited exceptions. AASB 112 also deals with the recognition of deferred tax assets arising from unused tax losses or unused tax credits, the presentation of income taxes in the financial statements and the disclosure of information relating to income taxes. Interpretation 125 – addresses how an entity should account for the tax consequences of a change in the tax status or that of its shareholders. Interpretation 1003 – addresses only the question of whether Australian Petroleum Resource Rent Tax (PRRT) is an income tax within the scope of AASB 112. Para. 9 states that Australian PRRT is an income tax within the scope of AASB 112. Interpretation 1052 – addresses the issues of: ▪ once tax consolidation is adopted: ○ whether current taxes in relation to wholly-owned subsidiaries' transactions should be recognised by the subsidiaries and/or the head entity, or only by the group ○ whether the deferred tax effects of the assets and liabilities of wholly-owned subsidiaries should be recognised by the subsidiaries or the head entity, or only by the group on consolidation ▪ how tax funding (or contribution) arrangements should be accounted for ▪ what disclosures are appropriate.	There is no specific IPSAS that specifies requirements for the accounting for income taxes, including income tax equivalents. IPSAS 3 *Accounting Policies, Changes in Accounting Estimates and Errors*, para. 4 – the tax effects of corrections of prior period errors and of retrospective adjustments made to apply changes in accounting policies are not considered in IPSAS 3, as they are not relevant for many public sector entities. International or national accounting standards dealing with income taxes contain guidance on the treatment of tax effects. IPSAS 4 *The Effects of Changes in Foreign Exchange Rates*, para. 59 – for reporting entities subject to income taxes, guidance on the treatment of (a) tax effects associated with the gains and losses on foreign currency transactions, and (b) exchange differences arising on translating the financial performance and financial position of an entity (including a foreign operation) into different currency, can be found in the relevant international or national accounting standards dealing with income taxes. IPSAS 6 *Consolidated and Separate Financial Statements*, para. 46 – guidance on accounting for temporary differences that arise from the elimination of surpluses and deficits resulting from transactions within the economic entity, can be found in the relevant international or national accounting standard dealing with income taxes. IPSAS 14 *Events after the Reporting Date*, para. 31(j) – an example of an adjusting event after reporting date that would generally result in disclosure is, in the case of entities that are liable for income tax or income tax equivalents, changes in tax rates or tax laws enacted or announced after the reporting date that have a significant effect on current and deferred tax assets and liabilities (guidance on accounting for income taxes can be found in the relevant international or national accounting standard dealing with income taxes). IPSAS 17 *Property, Plant, and Equipment*, para. 58 – guidance on the effects on taxes on surpluses, if any, resulting from the revaluation of property, plant, and equipment can be found in the relevant international or national accounting standard dealing with income taxes. IPSAS 18 *Segment Reporting*, para. 38 – in some jurisdictions, a government or government entity may control a commercial public sector entity that is subject to income tax or income tax equivalents. These entities may be required to apply accounting standards such as IAS 12. IPSAS 19 *Provisions, Contingent Liabilities and*

	AASB requirement	IPSAS requirement
		Contingent Assets, para. 14 – IPSAS 19 does not apply to provisions for income taxes or income tax equivalents (guidance on accounting for income taxes is found in IAS 12). IPSAS 28 *Financial Instruments: Presentation*, para. 40A – income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction shall be accounted for in accordance with the relevant international or national accounting standard dealing with income taxes. IPSAS 31 *Intangible Assets*, para. 3(h) – AASB 31 shall be applied in accounting for intangible assets, except deferred tax assets (see the relevant international or national accounting standard dealing with income taxes). ***Comparison with AASB*** There could be differences in practice, but only to the extent not-for-profit public sector entities are subject to income tax or income tax equivalents (which is not expected to be common).
Scope	AASB 112, para. 2 – income taxes include all domestic and foreign taxes which are based on taxable profits. They also include taxes, such as withholding taxes, which are payable by a subsidiary, associate or joint arrangement on distributions to the reporting entity. AASB 112, para. Aus2.1 – income taxes also include forms of income tax that may be payable by a public sector entity under their own enabling legislation or other authority. These forms of income tax are often referred to as 'income tax equivalents'.	IPSASs do not explicitly describe the scope of 'income taxes'. ***Comparison with AASB*** Expect differences in the types of items that are regarded as 'income taxes'.

Overall comment: it would not be appropriate for the AASB to exclude the not-for-profit sector from the application of AASB 112 to align with IPSASB as that would create a gap in accounting requirements.

Back to Table 2

Property, Plant and Equipment – AASBs 116/1051

Relevant pronouncements:

- AASB 116 *Property, Plant and Equipment* (based on IAS 16), AASB 1051 *Land under Roads* (with no corresponding IFRS), Interpretation 1030 *Depreciation of Long-Lived Physical Assets: Condition-Based Depreciation and Related Methods* (with not corresponding IFRIC) and Interpretation 1055 *Accounting for Road Earthworks* (with no corresponding IFRIC)
- IPSAS 17 *Property, Plant, and Equipment*, based on IAS 16 as amended up to May 2008[1]

AASB Aus paragraphs: the following pertinent not-for-profit specific paragraphs are included in AASB 116: Aus6.1, Aus6.2, Aus15.1, Aus15.3, Aus39.1, Aus40.1, Aus40.2 and Aus77.1

	AASB requirement	**IPSAS requirement**
Scope	Para.2 – AASB 116 shall be applied in accounting for property, plant and equipment except when another Standard requires or permits a different accounting treatment.	Para.5 – IPSAS 17 applies to property, plant and equipment including: ▪ weapons systems ▪ service concession arrangement assets after initial recognition and measurement in accordance with IPSAS32 *Service Concession Arrangements: Grantor*. Para. 20 – weapons systems will normally meet the definition of property, plant, and equipment, and should be recognized as an asset in accordance with this Standard. Weapons systems include vehicles and other equipment, such as warships, submarines, military aircraft, tanks, missile carriers and launchers that are used continuously in the provision of defence services, even if their peacetime use is simply to provide deterrence. Some single-use items, such as certain types of ballistic missiles, may provide an ongoing service of deterrence against aggressors and, therefore, can be classified as weapons systems. ***Comparison with AASB*** Do not expect differences in practice in relation to weapons systems. There could be differences in practice in relation to assets arising from service concession arrangements – see also the forthcoming separate comparison of (what is anticipated to be) AASB 1059 *Service Concession Arrangements: Grantor* and IPSAS 32, to be completed once AASB 1059 has been issued.
	Para 3 – AASB 116 does not apply to: ▪ property, plant and equipment classified as held for sale in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*; ▪ the recognition and measurement of exploration and evaluation assets (see AASB 6 *Exploration for and Evaluation of Mineral Resources*).	IPSAS 17 does not exclude from its scope property, plant and equipment held for sale or exploration and evaluation assets. Nor does it include within its scope bearer plants. ***Comparison with AASB*** Significant differences are expected in practice because there are no IPSASs that correspond to AASB 5 and AASB 6. (See also the separate high-level comparisons of AASB 5 and IPSASs, and AASB 6 and IPSASs.)

1 Therefore, IPSASB has not yet considered any amendments made to IAS 16 since May 2008 as part of its approach to IFRS convergence (see *The IPSASB's Strategy for 2015 Forward: Leading through Change* (September 2015, page 11).)

	AASB requirement	IPSAS requirement
Defined terms	Consistent, insofar as they are specific to the topic of property, plant and equipment (although IPSAS 17 does not define land under roads). Any substantive differences in terms used in these Standards but defined in other Standards are identified in the comparisons of those other Standards. Substantive differences in any general terms and their definitions in the Standards are identified in the Comparison of Definitions of General Terms at the end of this Appendix.	
Recognition *Heritage assets*	Para. Aus6.2 – examples of property, plant and equipment held by not-for-profit public sector entities include, but are not limited to, infrastructure, cultural, community and heritage assets.	Para. 9 – an entity is not required to recognise heritage assets that would otherwise meet the definition of, and recognition criteria for, property, plant and equipment. If an entity does recognise heritage assets, it must apply the disclosure requirements of IPSAS 17 and may, but is not required to, apply the measurement requirements of IPSAS 17. ***Comparison with AASB*** There could be significant differences in practice if entities applying IPSAS 17 elect to not recognise heritage assets.
Weapons systems	AASB 116 does not explicitly mention weapons systems. (AASB 1049 provided some transitional relief for defence weapons platforms.)	Para. 20 – weapons systems will normally meet the definition of property, plant and equipment, and should be recognised as an asset in accordance with IPSAS 17. Weapons systems include vehicles and other equipment, such as warships, submarines, military aircraft, tanks, missile carriers and launchers that are used continuously in the provision of defence services, even if their peacetime use is simply to provide deterrence. Some single-use items, such as certain types of ballistic missiles may provide an ongoing service of deterrence against aggressors and, therefore can be classified as weapons systems. ***Comparison with AASB*** Do not expect any differences in practice.
Land under roads	AASB 1051, para. 8 – an entity may elect (by way of a one-off final election) to recognise as an asset, subject to satisfaction of the asset recognition criteria, land under roads acquired before the end of the first reporting period ending on or after 31 December 2007. AASB 1051, para. 15 – land under roads acquired after the end of the first reporting period ending on or after 31 December 2007 is accounted for in accordance with AASB 116. Interpretation 1055, para. 5 – road earthworks shall be recognised as assets only in accordance with the requirements for the recognition of an item of property, plant and equipment in AASB 116.	IPSAS 17 does not explicitly mention land under roads, nor road earthworks. ***Comparison with AASB*** Expect significant differences in practice, although the differences might be mitigated to the extent the requirement in AASB 1049 *Whole of Government and General Government Sector Financial Reporting* to adopt an option that aligns with GFS could result in some not-for-profit public sector entities recognising as assets land under roads that satisfy the asset recognition criteria, which would be consistent with GFS and IPSAS 17.[2]

2 Although, see paras. BC14 and BC15 of AASB 1051, which state:

BC14: "In relation to GGSs and whole of governments, the Board considered the relationship between this Standard and the principle in AASB 1049 *Whole of Government and General Government Sector Financial Reporting* that GGSs and whole of governments should adopt optional treatments in Australian Accounting Standards that align with the principles or rules in the Australian Bureau of Statistics (ABS) Government Finance Statistics (GFS) Manual. The Board noted that the recognition relief provided in this Standard for land under roads is potentially inconsistent with GFS principles. However, the Board also noted that land under roads is not recognised under GFS in practice in certain circumstances, depending on the availability of information pertinent to measurement. Accordingly, the Board concluded that the impact of AASB 1049 relative to this Standard on the recognition of land under roads would be expected to be limited.

BC15: Accordingly, the Board decided that the broad principle adopted in AASB 1049 that a GAAP option should be adopted where it aligns with GFS should be retained without an exception for land under roads. In making this decision, the Board also noted that any difference between GFS principles and practice is beyond the control of the AASB, and that land under roads does not create unique issues in a GAAP/GFS harmonisation context."

	AASB requirement	IPSAS requirement
Road earthworks	Interpretation 1055, paras. 18-20 – an entity is required to derecognise road earthworks in relation to physical deterioration and obsolescence.	IPSAS 17 does not explicitly mention road earthworks. ***Comparison with AASB*** Do not expect differences in practice.
Measurement	Heritage assets are subject to the measurement requirements of AASB 116. See also paras. Paras. G1-G4 of the Australian implementation guidance in AASB 116.	Para. 9 – if an entity elects to recognise heritage assets, it is not required to apply the measurement requirements of IPSAS 17. ***Comparison with AASB*** Expect significant differences in practice.
	Para. Aus.15.1 – a not-for-profit entity shall initially measure the cost of an item of property, plant and equipment at fair value in accordance with AASB 13 *Fair Value Measurement* where the consideration for the asset is significantly less than fair value principally to enable the entity to further its objectives. Para. Aus15.3 – the initial recognition and measurement at fair value of an item of property, plant and equipment, in accordance with para. Aus15.1, does not constitute a revaluation.	Paras. 27-29 – where an asset is acquired through a non-exchange transaction, its cost shall be measured at its fair value as at the date of acquisition. Para. 28 provides some examples, and para. 29 clarifies the relationship of initial measurement at fair value to revaluations. ***Comparison with AASB*** There could be differences in how fair value is determined in practice under AASB 16 and IPSAS 17 (see also the separate high-level comparison of AASB 13 and IPSASs).
	AASB 13 provides the requirements and guidance for determining fair value.	Paras. 45-48 – specifies requirements and provides clarifications on how fair value for public sector property, plant and equipment should be determined under the revaluation model. ***Comparison with AASB*** There could be differences in how fair value is determined in practice under AASB 116 and IPSAS 17 (see the separate high-level comments in the comparison of AASB 13 and IPSASs).
	Para. Aus39.1 – if the carrying amount of a class of assets is increased as a result of a revaluation, the net revaluation increase shall be recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus. However, the net revaluation increase shall be recognised in profit or loss to the extent that it reverses a net revaluation decrease of the same class of assets previously recognised in profit or loss. Para. Aus.40.1 – if the carrying amount of a class of assets decreased as a result of a revaluation, the net revaluation decrease shall be recognised in profit or loss. However, the net revaluation decrease shall be recognised in other comprehensive income to the extent of any credit balance existing in any revaluation surplus in respect of that same class of asset. The net revaluation decrease recognised in other comprehensive income reduces the amount accumulated in equity under the heading of revaluation surplus. Para. Aus.40.2 – revaluation increases and revaluation decreases relating to individual assets within a class of property, plant and equipment shall be offset against one another within that class but shall not be offset in respect of assets in different classes.	Para. 54 – if the carrying amount of a class of assets is increased as a result of a revaluation, the increase shall be credited directly to revaluation surplus. However, the increase shall be recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same class of assets previously recognised in surplus or deficit. Para. 55 – if the carrying amount of a class of assets is decreased as a result of a revaluation, the decrease shall be recognised in surplus or deficit. However, the decrease shall be debited directly to revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that class of assets. Para. 56 – revaluation increases and decreases relating to individual assets within a class of property, plant, and equipment must be offset against one another within that class but must not be offset in respect of assets in different classes. ***Comparison with AASB*** Do not expect differences in practice, even though IPSASs do not adopt the concept of 'other comprehensive income' (see the separate comparison of AASB 101 *Presentation of Financial Statements* and IPSAS 1 *Presentation of Financial* Statements). Within that context, the requirements relating to the recognition of revaluation increases and decreases are broadly similar under AASB 116 and IPSAS 17.

	AASB requirement	IPSAS requirement
	AASB 116 does not explicitly mention the effect of poorly maintained assets on useful life.	Para. 68 – some assets may be poorly maintained or maintenance may be deferred indefinitely because of budgetary constraints. Where asset management policies exacerbate the wear and tear of an asset, its useful life should be reassessed and adjusted accordingly. ***Comparison with AASB*** Do not expect differences in practice.
	Para. 63 – to determine whether an item of property, plant and equipment is impaired, an entity applies AASB 136 *Impairment of Assets*.	Para. 79 – to determine whether an item of property, plant and equipment is impaired, an entity applies IPSAS 21 *Impairment of Non-cash Generating Assets* or IPSAS 26 *Impairment of Cash-Generating Assets*, as appropriate. ***Comparison with AASB*** This could give rise to differences, particularly in relation to non-cash-generating asset impairments – see the separate detailed comparison of AASB 136 and IPSASs 21/26.
	Interpretation 1055, paras. 16-17, 21 and 22 – an entity is required to apply AASB 116 in estimating and reassessing the useful life of road earthworks.	As noted above, IPSAS 17 does not explicitly refer to road earthworks. ***Comparison with AASB*** There could be differences in practice, given that the AASB determined it necessary to issue Interpretation 1055 to address concerns about diverse or unacceptable practices occurring or developing.
	Interpretation 1030, para. 8 – condition-based depreciation and other methods of depreciation of long-lived physical assets, including infrastructure assets, that include any of the particular characteristics listed in para. 8(a)-(e) do not comply with AASB 116, and shall not be adopted.	IPSAS 17 does not explicitly address condition-based depreciation. ***Comparison with AASB*** There could be differences in practice, given that the AASB determined it necessary to issue Interpretation 1030 to address concerns about diverse, and potentially inappropriate, practices developing and/or becoming entrenched.
Presentation and Disclosure	AASB 116 does not specify disclosure requirements relating to the determination of fair value. However, AASB 13 requires disclosures on valuation techniques and inputs used in determining fair value.	Para. 92 – an entity is required to disclose the methods and significant assumptions applied in determining the fair value of each class of property, plant and equipment that is stated at revalued amounts, including the extent to which the determination of fair value was supported by market evidence, or was more heavily based on other factors. ***Comparison with AASB*** Do not expect significant differences in disclosures – see also the separate high-level comparison of AASB 13 and IPSASs.
	No requirement to disclose the sum of all revaluation surpluses and deficits for individual items of property, plant and equipment within a class.	Para. 92 – requires an entity to disclose for each class of property, plant and equipment that is stated at revalued amounts: - the sum of all revaluation surpluses for individual items of property, plant, and equipment within that class; and - the sum of all revaluation deficits for individual items of property, plant, and equipment within that class. ***Comparison with AASB*** Greater level of disclosure under IPSAS 17.
	Para. Aus77.1 – for each revalued class of property, plant and equipment, the requirement in para. 77(e) to disclose the carrying amount that would have been recognised had the assets been carried under the cost model does not apply.	Para. 92(f) and (g) – an entity is not required to disclose the carrying amount that would have been recognised had the assets been carried under the cost model. ***Comparison with AASB*** Do not expect a difference in practice.

	AASB requirement	IPSAS requirement

Overall comment: the more substantive differences relate to heritage assets, land under roads, condition-based depreciation and road earthworks. The IPSASB is undertaking a project on heritage, and the AASB should contribute to and monitor it with a view to considering whether the outcome of the project should lead to amendments to AASB 116. Land under roads is an AASB legacy issue – it would not be an efficient use of AASB resources to readdress that issue at this time. The AASB could encourage the IPSASB to consider incorporating the guidance in Interpretations 1030 and 1050 into IPSAS 17 the next time IPSASB reviews that IPSAS.

Back to Table 2

Employee Benefits – AASB 119

Relevant pronouncements:

- AASB 119 *Employee Benefits* (based on IAS 19) and Interpretation 14 *AASB 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* (based on IFRIC 14)
- IPSAS 39 *Employee Benefits*, based on IAS 19 including amendments up to 31 December 2015[1]

AASB Aus paragraphs: pertinent not-for-profit specific paragraph Aus83.1 is included in AASB 119.

	AASB requirement	IPSAS requirement
Scope	Para. 3 – AASB 119 does not deal with reporting by employee benefit plans (see AASB 1056 *Superannuation Entities*).	Para. 3 – IPSAS 39 does not deal with reporting by employee retirement benefit plans (see the relevant international or national accounting standard dealing with employee retirement benefit plans). ***Comparison with AASB*** There could be differences in practice (see the separate high-level comparison of AASB 1056 and IPSASs).
	AASB 119 does not explicitly state that it does not deal with benefits provided by composite social security programmes that are not consideration in exchange for service rendered by employees or past employees of public sector entities.	Para. 3 – IPSAS 39 does not deal with benefits provided by composite social security programmes that are not consideration in exchange for service rendered by employees or past employees of public sector entities. ***Comparison with AASB*** Do not expect differences in practice. Benefits provided by composite social security programmes would only fall within the scope of AASB 119 (and IPSAS 39) if they are in exchange for service rendered by employees or for termination of employment (see the (consistent) definitions of 'employee benefits' in the respective paras. 8 of both Standards).
Defined terms	Consistent, insofar as they are specific to the topic of employee benefits, except as noted below. Any substantive differences in terms used in both Standards but defined in other Standards are identified in the comparisons of those other Standards. Substantive differences in any general terms and their definitions in both Standards are identified in the Comparison of Definitions of General Terms at the end of this Appendix.	
	Para. 153 – the non-exhaustive list of examples of other long-term employee benefits does not include 'compensation payable by the entity until an individual enters new employment' that is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service.	Para. 155(f) – other long-term employee benefits include 'compensation payable by the entity until an individual enters new employment' if it is not expected to be settled wholly before twelve months after the end of the reporting period in which the employees render the related service. ***Comparison with AASB*** Do not expect differences in practice where compensation payable to a former employee until they find new employment meets the definition of 'employee benefits' as it is in exchange for service rendered by the employee.
Recognition	Para. 41 – an entity participating in a defined benefit plan that shares risks between entities	Para. 41 – an entity participating in a defined benefit plan that shares risks between various

1 Therefore, IPSASB has not yet considered any amendments made to IAS 19 since December 2015 as part of its approach to IFRS convergence (see *The IPSASB's Strategy for 2015 Forward: Leading through Change* (September 2015, page 11).)

	AASB requirement	IPSAS requirement
	under common control shall obtain information about the plan as a whole measured in accordance with AASB 119 on the basis of assumptions that apply to the plan as a whole. If there is a contractual agreement or stated policy for charging to individual group entities the net defined benefit cost for the plan as a whole measured in accordance with AASB 119, the entity shall, in its separate or individual financial statements, recognise the net defined benefit cost so charged. If there is no such agreement or policy, the net defined benefit cost shall be recognised in the separate or individual financial statements of the group entity that is legally the sponsoring employer for the plan. The other group entities shall, in their separate or individual financial statements, recognise a cost equal to their contribution payable for the period.	entities under common control obtains information about the plan as a whole, measured in accordance with IPSAS 39 on the basis of assumptions that apply to the plan as a whole. If there is a contractual agreement, binding agreement, or stated policy for charging to the net defined benefit cost for the plan as a whole measured in accordance with IPSAS 39 to individual entities within the economic entity, the entity shall, in its separate or individual financial statements, recognise the net defined benefit cost so charged. If there is no such agreement, arrangement, or policy, the net defined benefit cost shall be recognised in the separate or individual financial statements of the entity that is legally the sponsoring employer for the plan. The other entities shall, in their separate or individual financial statements, recognise a cost equal to their contribution payable for the period. Para. 42 – where a controlling entity and a controlled entity participate in a defined benefit plan, the controlled entity accounts on a defined contribution basis and the controlling entity accounts on a defined benefit basis in its consolidated financial statements, unless there is a contractual agreement, binding arrangement, or stated policy for charging the net benefit cost for the plan as a whole measured in accordance with IPSAS 39 to individual entities within the economic entity. ***Comparison with AASB*** Do not expect differences in practice as para. 42 of IPSAS 39 merely provides an explicit public sector perspective for the general principles that are within the respective paras. 41 of both Standards. However, there would be no differences only if the controlling entity is legally the sponsoring entity (which is generally expected to be the case in a not-for-profit public sector context in Australia).
	Para. 45 – state plans are characterised as defined benefit or defined contribution, depending on the entity's obligation under the plan. State plans are normally contribution plans.	Para. 46 – entities covered by state plans account for those plans as either defined contribution or defined benefit plans. If an entity's only obligation is to pay the contributions as they fall due, and the entity has no obligation to pay future benefits, it accounts for that state plan as a defined contribution plan. Para. 47 – a state plan may be classified as a defined contribution plan by a controlled entity. However, it is a rebuttable presumption that a state plan will be characterised as a defined benefit plan by its controlling entity. Where that presumption is rebutted the state plan is accounted for as a defined contribution plan. ***Comparison with AASB*** There could be differences in practice, to the extent the IPSAS 39 rebuttable presumption leads to a controlling entity treating a state plan as a defined benefit plan that AASB 119 would

	AASB requirement	IPSAS requirement
		treat as a defined contribution plan. However, given the general guidance in AASB 119 for distinguishing between defined contribution and defined benefit plans, that is not expected to be the case.[2]
Measurement	Does not specifically acknowledge that public sector bonus plans might be related to service delivery objectives or aspects of financial performance.	Para. 20 – specifically acknowledges that public sector bonus plans might be related to service delivery objectives or aspects of financial performance. ***Comparison with AASB*** Do not expect differences in practice as para. 20 of IPSAS 39 does not prescribe how to measure such plans, and therefore the general measurement requirements in para. 19 of IPSAS 39 (which are consistent with the general measurement requirements in para. 19 of AASB 119) apply.
	Para. Aus83.1 – in respect of not-for-profit public sector entities, post employment benefit obligations denominated in Australian currency shall be discounted using market yields on government bonds.	Para. 88 – judgement is used in assessing whether a discount rate that reflects the time value of money is best approximated by reference to market yields at the end of reporting period on government bonds, high quality corporate bonds, or by another financial instrument. That assessment will be based on jurisdiction specific circumstances. For example, there may be jurisdictions where there is no deep market in government bonds. In such a case, the rate might best be determined by reference to market yields on high quality corporate bonds. ***Comparison with AASB*** The difference can be partly explained by the fact that IPSASs are not drafted within the context of a particular national jurisdiction. This could give rise to differences in practice if different discount rates are used. There is unlikely to be any difference when there is a deep market in government bonds.
	AASB 119 does not specify a rebuttable presumption that long-term disability payments are not usually subject to the same degree of uncertainty as the measurement of post-employment benefits, although para. 154 states that the measurement of other long-term benefits is not usually subject to the same degree of uncertainty as the measurement of post-employment benefits.	Para. 156 – the measurement of other long-term benefits is not usually subject to the same degree of uncertainty as the measurement of post-employment benefits. Para.157 – there is a rebuttable presumption that long-term disability payments are not usually subject to the same degree of uncertainty as the measurement of post-employment benefits. Where this presumption is rebutted, the entity considers whether some or all long-term disability payments should be accounted for in accordance with paras. 57-154 (being the requirements for post-employment benefits – defined benefit plans). ***Comparison with AASB*** There could be differences in practice if the IPSAS 39 presumption is rebutted. This is because, in those circumstances, in contrast to AASB 119, long-term disability benefits would

2 Although para. 47 of IPSAS 39 could be read as implying a controlled entity can choose whether to classify a state plan as a defined contribution plan (ie it states “a state plan **may** be classified as …” (emphasis added)); within the context of para. 46, that is not the case.

	AASB requirement	IPSAS requirement
		be required to be measured according to defined benefit plan measurement requirements.
Presentation	Para. 120(c) – recognise re-measurements of the net defined benefit liability (asset) in other comprehensive income.	Para. 122(c) – recognise re-measurements of the net defined benefit liability (asset) in net assets/equity. ***Comparison with AASB*** This would give rise to a difference in presentation as a consequence of IPSASs not adopting the concept of 'other comprehensive income' (see the separate comparison of AASB 101 *Presentation of Financial Statements* and IPSAS 1 *Presentation of Financial Statements*). However, within that context, the requirements relating to the recognition of re-measurements are broadly similar under AASB 119 and IPSAS 39.
Disclosure	Does not require disclosure of the basis on which the discount rate has been determined – in part because the selection of the discount rate is restricted (see the discussion about para. Aus83.1 above).	Para. 141(d) – disclose the basis on which the discount rate has been determined. ***Comparison with AASB*** This could give rise to differences in disclosure.
Other	AASB Interpretation 14 – addresses: ▪ when refunds or reductions in future contributions should be regarded as available in accordance with the definition of the asset ceiling in para. 8 of AASB 119 ▪ how a minimum funding requirement might affect the availability of reductions in future contributions ▪ when a minimum funding requirement might give rise to a liability.	IPSASB has not issued an Interpretation on the limit on a defined benefit asset, minimum funding requirements and their interaction. Nor has it incorporated IFRIC 14 into IPSAS 39. ***Comparison with AASB*** There could be significant differences in practice, to the extent Interpretation 14 was issued to reduce divergent practices (see para. BC2 of Interpretation 14).

Overall comment: although some differences exist, they are generally not expected to be significant in practice. Therefore, it is not currently necessary for the AASB to consider amending its requirements to align with IPSAS 39 for the not-for-profit sector.

Back to Table 2

The Effects of Changes in Foreign Exchange Rates – AASB 121

Relevant pronouncements:

- AASB 121 *The Effects of Changes in Foreign Exchange Rates* (based on IAS 21), Interpretation 22 *Foreign Currency Transactions and Advance Consideration* (based on IFRIC 22), Interpretation 107 *Introduction of the Euro* (based on SIC-7)
- IPSAS 4 *The Effects of Changes in Foreign Exchange Rates*, based on IAS 21 as amended in 2005[1]

AASB Aus paragraphs: no pertinent not-for-profit specific paragraphs are included in AASB 121.

	AASB requirement	IPSAS requirement
Scope	Consistent	
Defined terms	Consistent, insofar as they are specific to the topic of the effects of changes in foreign exchange rates, except as noted below. Any substantive differences in terms used in both Standards but defined in other Standards are identified in the comparisons of those other Standards. Substantive differences in any general terms and their definitions in both Standards are identified in the Comparison of Definitions of General Terms at the end of this Appendix.	
	AASB 121 does not contain an explicit requirement that an entity consider the currency that revenue (such as taxes, grants and fines) is raised from, in determining its functional currency.	Para. 11(a)(i) – an entity considers the currency that revenue (such as taxes, grants and fines) is raised from, in determining its functional currency. ***Comparison with AASB*** Do not expect differences in practice. The IPSAS 4 approach reflects the fact that, in contrast to the AASB, IPSASB generally sets IPSASs without regard to national borders.
	AASB 121 does not include public sector specific examples of when activities of a foreign operation are carried out as an extension of the reporting entity compared with being carried out with autonomy.	Para. 13 (a) – gives public sector specific examples of when the activities of a foreign operation are carried out as an extension of the reporting entity and when they are being carried out with a significant degree of autonomy. ***Comparison with AASB*** Do not expect differences in practice.
	Para. 16 – a contract to receive (or deliver) a variable number of the entity's own equity instruments or a variable amount of assets in which the fair value to be received (or delivered) equals a fixed or determinable number of units of currency is a monetary item.	IPSAS 4 does not provide clarification relating to contracts to receive (or deliver) a variable number of the entity's own equity instruments or a variable amount of assets in which the fair value to be received (or delivered) equals a fixed or determinable number of units of currency. ***Comparison with AASB*** Do not expect differences in practice as these instruments are rare in the not-for-profit public sector
Recognition	Interpretation 22, para. 8 – the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset or non-monetary liability	IPSAS 4 does not provide clarification relating to determining the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense, income (or part of it) on the de-recognition of a non-monetary asset or non-

1 Therefore, IPSASB has not yet considered any amendments made to IAS 21 since 2005 – nor has it yet considered SIC-7 – as part of its approach to IFRS convergence (see *The IPSASB's Strategy for 2015 Forward: Leading through Change* (September 2015, page 11).)

	AASB requirement	IPSAS requirement
	arising from the payment or receipt of advance consideration. Interpretation 22, para. 9 – if there are multiple payments or receipts or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration.	monetary liability arising from the payment or receipt of advance consideration in a foreign currency. ***Comparison with AASB*** Do not expect differences in practice as Interpretation 22 is consistent with the principle in IPSAS 4.
Measurement	AASB 121 does not clarify how the presentation currency of a national or state/provincial government is normally determined.	Para. 43 – for national or state/provincial governments, the presentation currency is normally determined by the ministry of finance (or similar authority), or established in legislation. ***Comparison with AASB*** Do not expect differences in practice. The IPSAS 4 approach reflects the fact IPSASB generally sets IPSASs without regard to national or state/provincial borders.
	Interpretation 107, para. 3 – the requirements of AASB 121 regarding the translation of foreign currency transactions and financial statements of foreign operations shall be strictly applied to the changeover to the euro. The same rationale applies to the fixing of exchange rates when countries join Economic and Monetary Union (EMU) at later stages. (Interpretation 107, para. 4 goes on to explain what para. 3 means.)	IPSAS 4 does not clarification of how it is to be applied on changeover to the euro. ***Comparison with AASB*** Do not expect differences in practice, given that the nature of SIC-7 is to merely reinforce the application of IFRS 21 and it is unlikely that Australia will be changing its currency in the near future.
Presentation	Consistent	
Disclosure	Consistent	

Overall comment: there are no identified substantive differences.

Back to Table 2

Borrowing Costs – AASB 123

Relevant pronouncements:

- AASB 123 *Borrowing Costs*, based on IAS 23
- IPSAS 5 *Borrowing Costs*, based on IAS 23 (1993)[1].

AASB Aus paragraphs: the following pertinent not-for-profit specific paragraphs are included in AASB 123: Aus8.1, Aus8.2 and Aus26.1.

	AASB requirement	IPSAS requirement
Scope	Para. 4 – an entity is not required to apply AASB 123 to borrowing costs directly attributable to the acquisition, construction or production of: - a qualifying asset measured at fair value, for example a biological asset; or - inventories that are manufactured, or otherwise produced, in large quantities on a repetitive basis.	IPSAS 5 applies to all qualifying assets, although it allows adoption of either a benchmark treatment or an allowed alternative treatment (see the discussion of paras. 14 and 18 below). ***Comparison with AASB*** Do not expect significant differences in practice.
Defined terms	Consistent, insofar as they are specific to the topic of borrowing costs, except as noted below. Any substantive differences in terms used in both Standards but defined in other Standards are identified in the comparisons of those other Standards. Substantive differences in any general terms and their definitions in both Standards are identified in the Comparison of Definitions of General Terms at the end of this Appendix.	
	Para 6(a) – borrowing costs may include interest expense calculated using the effective interest rate method. ('Effective interest rate' is defined in Appendix A of AASB 9 *Financial Instruments* and includes transaction costs and all premiums or discounts)	Para 6(a-c) – borrowing costs may include interest on borrowings and amortisation of discounts, premiums and ancillary costs. Para 6(d) – borrowing costs may include finance charges in relation to service concession arrangements. ***Comparison with AASB*** Do not expect significant differences in practice on items included in borrowing costs.
Recognition	Para. 8 – an entity shall capitalise borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. Para. Aus8.1 – a not-for-profit public sector entity may elect to recognise borrowing costs as expense in the period in which they are incurred.	Para.14 – borrowing costs shall be recognised as an expense in the period in which they are incurred (benchmark treatment). Para. 18 – borrowing costs that are directly attributable to the acquisition, construction, or production of a qualifying asset shall be capitalised as part of the cost of that asset (alternative treatment). ***Comparison with AASB*** There could be differences in practice. Not-for-profit public sector entities applying AASB 123 have the same accounting policy options as in IPSAS 5 for the treatment of borrowing costs – subject to para.13 of AASB 1049, applicable to whole of governments and general government sectors, which restricts options in other AASBs to those that align with Government Finance Statistics (GFS). GFS requires borrowing costs to be expensed.
	Para. Aus8.2 – paras. 9-26, 27 and 28 (which contain requirements and guidance on the capitalisation of borrowing costs) apply only	The structure of IPSAS 5, in distinguishing between the benchmark treatment and the allowed alternative treatment, makes it clear which requirements and

1 Therefore, IPSASB has not yet considered any amendments made to IAS 23 since 1993 as part of its approach to IFRS convergence (see *The IPSASB's Strategy for 2015 Forward: Leading through Change* (September 2015, page 11).)

	AASB requirement	IPSAS requirement
	when a not-for-profit public sector entity elects to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset.	guidance apply in the different circumstances. ***Comparison with AASB*** Do not expect differences in practice.
	AASB 123 does not provide explicit guidance on the amount of borrowing costs to be capitalised in circumstances where a controlling entity transfers funds to a controlled entity at less than current cost. However, consistent with paras. 5.1.1A and B5.1.2A of AASB 9 *Financial Instruments* and para. 8 of AASB 1058 *Income of Not-for-Profit Entities*, the funds transferred are recognised at fair value with a consequential impact on the amount of borrowing costs that would be eligible for capitalisation (being the fair value of the loan at the effective interest rate).	Paras. 26-28 – when a controlling entity transfers funds to a controlled entity: ▪ at partial cost, the controlled entity may only capitalise the portion of borrowing costs which it itself has incurred; and ▪ for no cost, neither the controlling entity nor the controlled entity would meet the criteria for capitalisation of borrowing costs. ***Comparison with AASB*** Although para. AG88 (and para. IE39) of IPSAS 29 *Financial Instruments: Recognition and Measurement* and para. 105A of IPSAS 23 *Revenue from Non-exchange Transactions (Taxes and Transfers)* would also recognise the funds transferred at fair value, IPSAS 5 limits the borrowing costs on concessionary loans from a controlling entity to a controlled entity that are eligible for capitalisation to the amount transferred at the nominal (below-market) interest rate. Accordingly, borrowing costs that could be capitalised under AASB 123 would be significantly higher than the amount that could be capitalised under IPSAS 5.
Measurement	Para. 18 – expenditures on a qualifying asset include only those expenditures that result in payments of cash, transfers of other assets or the assumption of interest-bearing liabilities. Expenditures are reduced by any progress payments received and grants received in connection with the asset.	Para. 32 – outlays on a qualifying asset include only those outlays that have resulted in payments of cash, transfers of other assets, or the assumption of interest-bearing liabilities. IPSAS 5 does not explicitly refer to the treatment of grants received in connection with a qualifying asset. ***Comparison with AASB*** This could give rise to significantly different measurement amounts for qualifying asset where capitalisation of borrowing costs occurs. However, as noted above, the AASB 1049 requirement (by virtue of the GFS requirement) to expense borrowing costs means the difference is unlikely to be significant in practice for whole of governments and GGSs and for other not-for-profit public sector entities that measure qualifying assets at fair value.
Disclosure	Consistent	
	Para Aus26.1 – a not-for-profit public sector entity shall disclose the accounting policy adopted for borrowing costs.	Para. 40(a) – the financial statements shall disclose the accounting policy adopted for borrowing costs. ***Comparison with AASB*** No difference.

Overall comment: the identified differences are not expected to be substantive in practice given the widespread adoption of fair value measurement by Australian not-for-profit public sector entities in the context of AASB 1049 requirements. Therefore, it is not necessary for the AASB to consider amending its requirements to align with IPSAS 5 for the not-for-profit sector.

Back to Table 2

Related Party Disclosures – AASB 124

Relevant pronouncements:

- AASB 124 *Related Party Disclosure*, based on IAS 24
- IPSAS 20 *Related Party Disclosures*, based on IAS 24 (Reformatted 1994)[1]

AASB Aus paragraphs: the following pertinent not-for-profit specific paragraphs are included in AASB 124: Aus9.1, Aus9.1.1 and Aus13.1.

Australian implementation guidance for not-for-profit public sector entities is included as IG paragraphs in AASB 124 and is an integral part of AASB 124.

	AASB requirement	IPSAS requirement
Objective	Para. 1 – the objective of AASB 124 is to ensure that an entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and profit or loss may have been affected by the existence of related parties and by transactions and outstanding balances, including commitments, with such parties.	Objective para. – the objective of IPSAS 20 is to require the disclosure of the existence of related party relationships where control exists, and the disclosure of information about transactions between the entity and its related parties in certain circumstances. This information is required for accountability purposes, and to facilitate a better understanding of the financial position and performance of the reporting entity. The principal issues in disclosing information about related parties are: • identifying which parties control or significantly influence the reporting entity • determining what information should be disclosed about transactions with those parties. ***Comparison with AASB*** The stated objectives are different – AASB 124 focuses on financial position and performance whereas IPSAS 20 also explicitly refers to accountability. This could give rise to differences in practice to the extent the IPSAS 20 objective would result in the disclosure of transactions that are immaterial for assessing, for example, financial position.
Scope	Consistent	
Defined terms	There are several differences insofar as they are specific to the topic of related party disclosures, as noted below. Any substantive differences in terms used in both Standards but defined in other Standards are identified in the comparisons of those other Standards. Substantive differences in any general terms and their definitions in both Standards are identified in the Comparison of Definitions of General Terms at the end of this Appendix.	
	AASB 124 does not explicitly exclude from the definition of 'related party transactions' those transactions arising because of economic dependence of the reporting entity or the government of which it forms part. However, para. 11(d) states that a customer, supplier, franchisor, distributor or general agent with whom an entity transacts a significant volume of business is not a related party simply because of the resulting economic dependence.	Para. 4 – 'related party transactions' exclude transactions with any other entity that is a related party solely because of its economic dependence on the reporting entity or the government of which it forms part. ***Comparison with AASB*** Do not expect differences in practice.
	AASB 24 does not provide explicit guidance	Para. 13 – related party relationships may arise

1 Therefore, IPSASB has not yet considered any amendments made to IAS 24 since 1994 as part of its approach to IFRS convergence (see *The IPSASB's Strategy for 2015 Forward: Leading through Change* (September 2015, page 11).)

	AASB requirement	IPSAS requirement
	relating to economic dependency's role in creating related party transactions.	through external operating relationships between the reporting entity and the related party. Such relationships will often involve a degree of economic dependency. Para.14 – economic dependency, together with other factors, may give rise to significant influence, and therefore a related party relationship. Judgement is required in assessing the impact of economic dependence on a relationship. Where the reporting entity is economically dependent on another entity, the reporting entity is encouraged to disclose the existence of that dependency. ***Comparison with AASB*** Do not expect differences in practice.
	AASB 124 does not define 'oversight', nor does it use that term in a way that means control or significant influence.[2]	Para. 4 – 'oversight' is defined as the supervision of the activities of an entity, with the authority and responsibility to control, or exercise significant influence over, the financial and operating decisions of the entity. ***Comparison with AASB*** Do not expect differences in practice, despite the two Standards using different terminology.
	Para. 9 – definition of 'related party', part (b)(v) – an entity is related to a reporting entity if the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity. Para. 22 – participation by a parent or subsidiary in a defined benefit plan that shares risks between group entities is a transaction between related parties (see para. 42 of AASB 119 *Employee Benefits*).	IPSAS 20 does not explicitly state that an entity is related to another entity by virtue of being a post-employment benefit plan. Nor does it explicitly refer to participation by a controlling entity or a controlled entity in a defined benefit plan being a transaction between related parties. However, paras. 41 and 42 of IPSAS 25 *Employee Benefits* specify related party disclosure requirements in such circumstances. ***Comparison with AASB*** Do not expect differences in practice.
	AASB 124 does not explicitly state that a minister or government agency holding shares in a public sector entity that has a corporate structure is a related party if those shares give them voting power with significant influence.	Para. 17 – the definition of 'related party' includes any individuals owning, directly or indirectly, an interest in the voting power of the reporting entity that gives them significant influence. The holding of an interest in the voting power of an entity can arise when a public sector entity has a corporate structure, and a minister or government agency holds shares in the entity. ***Comparison with AASB*** Do not expect differences in practice.
	Para. 9 – definition of 'close members of the family of a person' – those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include: ▪ that person's children and spouse or domestic partner ▪ children of that person's spouse or domestic partner ▪ dependants of that person or that person's	Para. 4 – definition of 'close members of the family of an individual' – close relatives of the individual or members of the individual's immediate family who can be expected to influence, or be influenced by, that individual in their dealings with the entity. ***Comparison with AASB*** Although the definitions are broadly similar in scope, the reference to 'family members' in AASB 124, compared with the reference to 'close relatives' in IPSAS 20, could be interpreted as

2 The term 'oversight' is used in para. IG22(b) of AASB 10 *Consolidated Financial Statements* in a way that distinguishes oversight from control.

	AASB requirement	IPSAS requirement
	spouse or domestic partner.	suggesting the IPSAS 20 definition is broader. Therefore, there could be differences in practice.
	Para. Aus9.1 – definition of a 'director': - a person who is a director under the Corporations Act; and - in the case of entities governed by bodies not called a board of directors, a person who, regardless of the name that is given to the position, is appointed to the position of member of the governing body, council, commission or authority.	IPSAS 20 does not define 'director' but does use the term. ***Comparison with AASB*** Do not expect differences in practice.
	AASB 124 does not provide explicit guidance on determining whether a key advisor meets the definition of 'key management personnel'. However, para. IG3 requires entities to consider the facts and circumstances in assessing whether a person is a member of the key management personnel.	Para. 7 – judgement is required in assessing whether an individual is a key advisor, and whether that advisor satisfies the definition of key management personnel, or is a related party. ***Comparison with AASB*** Do not expect differences in practice.
Disclosure and Presentation	Para. 13 – if neither the entity's parent nor the ultimate controlling party produces consolidated financial statements available for public use, the name of the next most senior parent that does so shall be disclosed.	IPSAS 20 does not specify disclosure of the name of the next most senior controlling entity that produces consolidated reports for public use where neither the entity's controlling entity nor the ultimate controlling party produces consolidated financial statements for public use. ***Comparison with AASB*** Expect a greater level of disclosure under AASB 124 than IPSAS 20.
	Para. Aus13.1 – when any of the parent entities and/or ultimate controlling parties named in accordance with para. 13 is incorporated or otherwise constituted outside Australia, an entity shall: - identify which of those entities is incorporated overseas and where - disclose the name of the ultimate controlling entity incorporated within Australia.	IPSAS 20 does not address the situation of overseas controlling entities and/or ultimate controlling parties. ***Comparison with AASB*** This could give rise to differences in practice as a consequence of the requirements in IPSAS 20 not being affected by national borders.
	Para. 15 – the requirement to disclose related party relationships between a parent and its subsidiaries is in addition to the disclosure requirements in AASB 127 *Separate Financial Statements* and AASB 12 *Disclosure of Interests in Other Entities*.	IPSAS 20 does not mention the relationship between its disclosure requirements and those in IPSAS 34 *Separate Financial Statements* and IPSAS 38 *Disclosure of Interests in Other Entities*. ***Comparison with AASB***. Do not expect differences in practice (see also the separate comparisons of AASB 127 and IPSAS 34; and AASB 12 and IPSAS 38.
	Para. 17 – an entity shall disclose key management personnel compensation in total and for each of the following categories: - short-term employee benefits - post-employment benefits - other long-term benefits - termination benefits - share-based payment.	Para. 34(a) – an entity shall disclose the aggregate remuneration of key management personnel and the number of individuals, determined on a full-time equivalent basis, receiving remuneration within this category, showing separately major classes of key management personnel and including a description of each class. Para. 34(b) – an entity shall disclose the total amount of all other remuneration and compensation provided to key management personnel, and close members of the family of key management personnel, during the reporting period, showing separately the aggregate amounts provided to: - key management personnel; and - close members of the family of key

	AASB requirement	IPSAS requirement
		management personnel. Para. 37 – remuneration of key management personnel can include a variety of direct and indirect benefits. Where the cost of these benefits is determinable, that cost will be included in the aggregate remuneration disclosed. Where the cost of these benefits is not determinable, a best estimate of the cost to the reporting entity or entities will be made and included in the aggregate remuneration disclosed. Para. 38 – when non-monetary remuneration that is able to be reliably measured has been included in the aggregate amount of remuneration of key management personnel disclosed for the period, disclosure would also be made of the basis of measurement of the non-monetary remuneration. ***Comparison with AASB*** There are significant differences. In contrast to AASB 124, IPSAS 20: ▪ does not require disclosure of a breakdown of the different categories of key management personnel compensation ▪ requires disclosure of the number of key management personnel, and separate aggregates of key management personnel remuneration (that is for services provided in the capacity of an employee of the entity) and other remuneration or compensation. IPSAS 20 also requires disclosure of a further breakdown of the latter category between key management personnel and close family members of key management personnel (AASB 124 does not require disclosure of compensation of close family members of key management personnel). Furthermore, IPSAS 20 requires disclosure of the basis of measurement of any non-monetary remuneration of key management personnel that is included in the aggregate.
	Para. 17A – if an entity obtains key management personnel services from a 'management entity', the entity is not required to apply the requirements in para. 17 to the compensation paid or payable by the management entity to the management entity's employees or directors. (See also para. IG7 of AASB 124).	IPSAS 20 does not explicitly address the situation when an entity obtains key management personnel services from a management entity. ***Comparison with AASB*** There could be significant differences in practice because AASB 124 gives relief where a treasury acts as a management entity for a not-for-profit public sector entity.
	Para. 18A – amounts incurred by the entity for the provision of key management personnel services that are provided by a separate management entity shall be disclosed. (See also para. IG8 of AASB 124, which clarifies that no such disclosure is required where an entity is not obligated to reimburse the management entity for key management personnel services it has obtained).	IPSAS 20 does not require disclosure of amounts provided to a separate management entity for the provision of key management personnel services. ***Comparison with AASB*** Expect differences in practice.
	Para. 18 – if an entity has had related party transactions during the period, it shall disclose the nature of the related party relationship as well as information about those transactions and outstanding balances necessary for users to understand the potential effect of the relationship on the financial statements. At a minimum, disclosures include:	Para. 27 – if an entity has had related party transactions, other than transactions that would occur within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those which it is reasonable to expect the entity would have adopted if dealing with that individual or entity at arm's length in the same circumstances, it shall disclose:

	AASB requirement	IPSAS requirement
	▪ the amount of the transactions ▪ the amount of outstanding balances, and o their terms and conditions, including whether they are secured, and the nature of the consideration to be provided in settlement; and o details of any guarantees given or received ▪ provisions for doubtful debts related to the amount of outstanding balances ▪ the expense recognised during the period in respect of bad or doubtful debts due from related parties. Para. IG11 – many entities in the not-for-profit public sector are likely to engage frequently with persons who are a related party in the normal course of business on terms and conditions no different to those applying to the general public. Such an entity may determine that information about related party transactions occurring during the course of delivering its public service objectives and which occur on no different terms to that of the general public is not material for disclosure.[3]	▪ the nature of the related party relationships ▪ the types of transactions that have occurred ▪ the elements of the transactions necessary to clarify the significance of these transactions to its operations and sufficient to enable the financial statements to provide relevant and reliable information for decision making and accountability purposes. Para. 30(c) – an entity is required to disclose how the broad terms and conditions of transactions with related parties differ from those normally associated with similar transactions with unrelated parties. ***Comparison with AASB*** Could result in differences in practice in relation to disclosing related party transactions. IPSAS 20 has more explicit disclosure requirements when terms and conditions differ from normal (see also the discussion of paras. 25 and 26 of AASB 124 below).
	Para.19 – disclosures required by para. 18 are to be made separately for each of the following categories: ▪ the parent; ▪ entities with joint control of, or significant influence over, the entity; ▪ subsidiaries; ▪ associates; and ▪ joint ventures in which the entity is a joint venturer. Para. 20 – the classification of amounts payable to, and receivable from, related parties in the different categories as required in para. 19 is an extension of the disclosure requirement in AASB 101 *Presentation of Financial Statements* for information to be presented either in the statement of financial position or in the notes. The categories are extended to provide a more comprehensive analysis of related party balances and apply to related party transactions.	Para. 24 – some IPSASs require disclosure of transactions with related parties. For example, IPSAS 1 *Presentation of Financial Statements* requires disclosure of amounts payable to and receivable from controlling entities, fellow controlled entities, associates and other related parties. ***Comparison with AASB*** There could be differences in practice.
	Para 21(g) – a transfer under a finance arrangement (including a loan) is a transaction that is disclosed if it is with a related party. (See also the disclosure requirements in para. 18 noted above).	Para. 34(c) – an entity shall disclose in respect of loans that are not widely available to persons who are not key management personnel and loans whose availability is not widely known by members of the public, for each individual member of key management personnel and each close member of the family of key management personnel:

3 The AASB's Tentative Agenda Decision *Materiality of Key Management Personnel Related Party Transactions for Public Sector Entities*, addressing the issue of whether a transaction with a key management personnel related party that is not part of a public service provider/taxpayer relationship is always material, even if on normal terms and conditions, was issued on 21 December 2016 for comment by 8 February 2017. It expressed the AASB's conclusion that such transactions should not be automatically presumed to be material by nature. At its March 2017 meeting, the AASB decided to finalise the Agenda Decision with some amendments but retaining the main conclusion.

	AASB requirement	IPSAS requirement
		- the amount of loans advanced during the period and terms and conditions thereof - the amount of loans repaid during the period - the amount of the closing balance of all loans and receivables - where the individual is not a director or member of the governing body or senior management group of the entity, the relationship of the individual to such body or group. Para. 39 – the disclosure required by para. 34(c) is required for accountability purposes. The exercise of judgement may be necessary in determining which loans should be disclosed to satisfy the requirements of IPSAS 20. That judgement should be exercised after consideration of the relevant facts, and in a manner consistent with the achievement of the objectives of financial reporting. ***Comparison with AASB*** There could be significant differences in practice because IPSAS 20 has more explicit disclosure requirements relating to loans to each individual key management personnel and each of their close family members that are not widely available to persons who are not key management personnel and loans whose availability is not widely known by members of the public. However, such loans are unlikely to arise in an Australian not-for-profit public sector context.
	Para. 21 – the following are examples of transactions that are disclosed if they are with a related party: (g) transfers under finance arrangements (including loans and equity contributions in cash or in kind) (i) commitments to do something if a particular event occurs or does not occur in the future, including executory contracts (recognised and unrecognised) (j) settlement of liabilities on behalf of the entity or by the entity on behalf of that related party.	Para 28 – the following are examples of situations where related party transactions may lead to disclosures by a reporting entity: (d) agency arrangements (h) finance (including loans, capital contributions, grants whether in cash or in kind, and other financial support, including cost-sharing arrangements). ***Comparison with AASB*** There could be differences in practice, although both Standards merely provide a non-exhaustive list of examples.
	Para. 25 – a reporting entity is exempt from the disclosure requirements of para. 18 in relation to related party transactions and outstanding balances, including commitments, with: - a government that has control or joint control of, or significant influence over, the reporting entity; and - another entity that is a related party because the same government has control or joint control of, or significant influence over, both the reporting entity and the other entity. See also para. IG13, which clarifies the application of para. 25 to a not-for-profit public sector entity. Para. 26 – if a reporting entity applies the exemption in para. 25, it shall disclose the following about the transactions and related outstanding balances referred to in para. 25: - the name of the government and the nature	IPSAS 20 does not provide an exemption for government-related entities from the requirements to disclose related party transactions in accordance with para. 27 – although, as noted above, para. 27 already excludes related party transactions that are on normal terms and conditions. ***Comparison with AASB*** This would give rise to significant differences in disclosures.

<table>
<tr><th></th><th>AASB requirement</th><th>IPSAS requirement</th></tr>
<tr><td></td><td>of its relationship with the reporting entity (ie control, joint control or significant influence)
▪ the following information in sufficient detail to enable users of the entity's financial statements to understand the effect of related party transactions on its financial statements:
o the nature and amount of each individually significant transaction; and
o for other transactions that are collectively, but not individually, significant, a qualitative or quantitative indication of their extent. Types of transactions include those listed in para. 21.
Para. 27 – in using its judgement to determine the level of detail to be disclosed in accordance with the requirements in para. 26(b), the reporting entity shall consider the closeness of the related party relationship and other factors relevant in establishing the level of significance of the transaction such as whether it is:
• significant in terms of size
▪ carried out on non-market terms
▪ outside normal day-to-day business operations, such as the purchase and sale of businesses
▪ disclosed to regulatory or supervisory authorities
▪ reported to senior management
▪ subject to shareholder approval.</td><td></td></tr>
<tr><td>Other</td><td>AASB 124 includes implementation guidance for not-for-profit public sector entities in relation to identifying key management personnel, key management personnel compensation, related party transactions and government-related entities.</td><td>IPSAS 20 includes requirements and guidance within the body of the Standard; and provides limited implementation guidance, by way of example disclosures, which accompanies but is not part of IPSAS 20.
Comparison with AASB
In contrast to AASB 124, IPSAS 20 provides an illustrative set of disclosures. The AASB 124 Implementation Guidance reflects the fact that, unlike the IPSAS 20, much of the text of the body of AASB 124 and Illustrative Examples is expressed from the perspective of for-profit entities. Therefore, the AASB 124 Implementation Guidance explains and illustrates the principles being applied to not-for-profit public sector entities, particularly where a for-profit perspective does not readily translate to a not-for-profit public sector perspective. Accordingly, it is not expected that, of itself, the Guidance would give rise to significant differences in practice.</td></tr>
</table>

Overall comment: despite there being a number of substantive differences between AASB 124 (which was extended to not-for-profit public sector entities in March 2015) and IPSAS 20 (which was issued in October 2002), they do not provide a basis for making improvements to AASB 124 given how recently AASB 124 was developed relative to IPSAS 20.

Back to Table 2

Separate Financial Statements – AASB 127

Relevant pronouncements:

- AASB 127 *Separate Financial Statement*, based on IAS 27
- IPSAS 34 *Separate Financial Statement*, based on IAS 27 including amendments up to 31 December 2014[1]

AASB Aus paragraphs: pertinent not-for-profit specific paragraph Aus16.1 is included in AASB 127.

	AASB requirement	IPSAS requirement
Scope	Consistent	
Defined terms	Consistent, insofar as they are specific to the topic of separate financial statements. Any substantive differences in terms used in both Standards but defined in other Standards are identified in the comparisons of those other Standards. Substantive differences in any general terms and their definitions in both Standards are identified in the Comparison of Definitions of General Terms at the end of this Appendix.	
Recognition and Measurement	Para. 10 – when an entity prepares separate financial statements, it shall account for investments in subsidiaries, joint ventures and associates either: - at cost; - in accordance with AASB 9 *Financial Instruments*; or - using the equity method as described in AASB 128 *Investments in Associates and Joint Ventures*.	Para. 12 – when an entity prepares separate financial statements, it shall account for similar investments in controlled entities, joint ventures and associates either: - at cost; - in accordance with IPSAS 29 *Financial Instruments: Recognition and Measurement*; or - using the equity method as described in IPSAS 36 *Investments in Associates and Joint Ventures*. ***Comparison with AASB*** Do not expect differences in practice, except to the extent AASB 9 differs from IPSAS 29, and AASB 128 differs from IPSAS 36. (For further analysis, see the separate comparisons of AASB 9 and IPSAS 29; and AASB 128 and IPSAS 36.)
	A parent entity that is not itself an investment entity is required to measure its investment in its investment entity subsidiary in accordance with para. 10 of AASB 127 as a separate standalone investment.	Para.14 – if a controlling entity that is not itself an investment entity is required, in accordance with IPSAS 35 *Consolidated Financial Statements*, to measure the investments of a controlled investment entity at fair value through surplus or deficit in accordance with IPSAS 29 and consolidate the other assets and liabilities and revenue and expenses of the controlled investment entity in accordance with IPSAS 35, it shall also account for that investment in the controlled investment entity in the same way in its separate financial statements. ***Comparison with AASB*** Expect significant differences in accounting for controlled investment entities in the separate financial statements of parent entities that are not themselves investment entities as there is a fundamental difference in approach with

1 Therefore, IPSASB has not yet considered any amendments made to IAS 27 since December 2014 as part of its approach to IFRS convergence (see *The IPSASB's Strategy for 2015 Forward: Leading through Change* (September 2015, page 11).)

	AASB requirement	IPSAS requirement
		IPSAS reflecting the consolidation approach in the separate financial statements, and AASB treating the investment as a standalone investment.
Disclosure	Para. Aus16.1 – when a parent entity elects not to prepare consolidated financial statements in accordance with AASB 10 and instead prepares separate financial statements, it shall disclose in those separate financial statements the disclosures specified in para. 16, being, in summary: - details about the financial statements - a list of significant investments in controlled entities, joint ventures and associates - a description of the method used to account for the controlled entities, joint ventures and associates.	Para. 20 – when a parent entity elects not to prepare consolidated financial statements in accordance with IPSAS 35 and instead prepares separate financial statements, it shall disclose in those separate financial statements: - details about the financial statements - a list of significant investments in controlled entities, joint ventures and associates - a description of the method used to account for the controlled entities, joint ventures and associates. ***Comparison with AASB*** The disclosure requirements are consistent.
	AASB 127 does not require a controlling entity that is not itself an investment entity to disclose that it is required to account for the investments of a controlled investment entity differently from the other assets and liabilities and income and expenses of that controlled investment entity. This is because a parent entity that is not itself an investment entity is required to measure its investment in its investment entity subsidiary in accordance with para. 10 of AASB 127, rather than treat the underlying assets and liabilities and income and expenses differently.	Para. 22 – if a controlling entity that is not itself an investment entity is required to measure the investments of a controlled investment entity at fair value through surplus or deficit in accordance with IPSAS 29 and consolidate the other assets and liabilities and revenue and expenses of the controlled investment entity in accordance with IPSAS 35, it shall disclose that fact. ***Comparison with AASB*** Would result in more disclosures under IPSAS 34, but that is merely a consequence of the difference relating to para. 14 of IPSAS 34 noted in the Recognition and Measurement section above.

Overall comment: the identified differences are a consequence of differences between other AASBs and IPSASs and therefore, of themselves, do not provide a basis for the AASB to consider amending AASB requirements to align with IPSAS 34 for the not-for-profit sector.

Back to Table 2

Investments in Associates and Joint Ventures – AASB 128

Relevant pronouncements:

- AASB 128 *Investments in Associates and Joint Ventures* (based on IAS 28) and related parts of Interpretation 5 *Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds* (based on IFRIC 5)
- IPSAS 36 *Investments in Associates and Joint Ventures*, based on IAS 28 including amendments up to 31 December 2014[1]

AASB Aus paragraphs: the following pertinent not-for-profit specific paragraphs are included in AASB 128: Aus10.1, Aus17.1 and Aus17.2.

	AASB requirement	IPSAS requirement
Scope	Para. 2 – AASB 128 shall be applied by all entities that are investors with joint control of, or significant influence over, an investee.	Para. 3 – IPSAS 36 shall be applied by all entities that are investors with significant influence over, or joint control of, an investee where the investment leads to the holding of a quantifiable ownership interest. Para. 4 – quantifiable ownership interest includes ownership interests arising from investments in the formal equity structure of another entity. Quantifiable ownership interests may also include ownership interests arising from other investments in which the entity's ownership interest can be measured reliably. ***Comparison with AASB*** There could be differences in practice because AASB 128 appears to have a broader notion of investments in associates or joint ventures that is within its scope, by virtue of not restricting such investments to those with quantifiable ownership interests.
	AASB 128 does not explicitly refer to the possibility that 'investments' do not necessarily give rise to ownership interests. However, Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities* does explicitly acknowledge that possibility. In particular, para. 11 of Interpretation 1038 requires that if a transfer to a wholly-owned public sector entity is classified by the transferee as a contribution by owners, and the transferor is the transferee's controlling government or another entity controlled directly or indirectly by that government, that transferor classifies the transfer as the acquisition of an ownership interest in the transferee, if the transferor makes the transfer to an investee. (And para. 7 of Interpretation 1038 specifies the circumstances in which a transferee recognises a transfer as a contribution by owners, which is when the transfer satisfies the definition of 'contribution by owners' in	Para. 5 – some contributions made by public sector entities may be referred to as an 'investment', but may not give rise to an ownership interest. Para. 7 of IPSAS 1 *Presentation of Financial Statements* defines 'contributions from owners' as future economic benefits or service potential that has been contributed to the entity by parties external to the entity, other than those that result in liabilities of the entity, that establish a financial interest in the net assets/equity of the entity, which: ▪ conveys entitlement both to (i) distributions of future economic benefits or service potential by the entity during its life, such distributions being at the discretion of the owners or their representatives, and to (ii) distributions of any excess of assets over liabilities in the event of the entity being wound up; and/or ▪ can be sold, exchanged, transferred, or

1 Therefore, IPSASB has not yet considered any amendments made to IFRS 7 since December 2014 as part of its approach to IFRS convergence (see *The IPSASB's Strategy for 2015 Forward: Leading through Change* (September 2015, page 11).)

	AASB requirement	IPSAS requirement
	Appendix A of AASB 1004 *Contributions*, being: future economic benefits that have been contributed to the entity by parties external to the entity, other than those which result in liabilities of the entity, that give rise to a financial interest in the net assets of the entity which: - conveys entitlement both to distributions of future economic benefits by the entity during its life, such distributions being at the discretion of the ownership group or its representatives, and to distributions of any excess of assets over liabilities in the event of the entity being wound up; and/or - can be sold, transferred or redeemed. Interpretation 1038, para. 8 – regardless of the other features or conditions of a transfer, the transfer is a contribution by owners where its equity nature is evidenced by any of the following: - the issuance, in relation to the transfer, of equity instruments which can be sold, transferred or redeemed - a formal agreement, in relation to the transfer, establishing a financial interest in the net assets of the transferee which can be sold, transferred or redeemed - formal designation of the transfer (or a class of such transfers) by the transferor or a parent of the transferor as forming part of the transferee's contributed equity, either before the transfer occurs or at the time of the transfer.)	redeemed. ***Comparison with AASB*** There could be significant differences in practice. This is because, although the definitions of 'contributions by owners' in AASB 1004 and 'contributions from owners' in IPSAS 1 are ostensibly the same, the additional requirements in Interpretation 1038 render the scope of the definition narrower in practice under AASB 128 compared with IPSAS 1's definition.[2] When the differences that could arise from the differences between para. 2 of AASB 128 and paras. 3 and 4 of IPSAS 36 (discussed above – where AASB 128 has a relatively broader notion of investments in associates and joint ventures) are considered together with the differences between AASB 1004's 'contributions by owners' and IPSAS 1's 'contributions from owners' (discussed here – where AASB has a relatively narrower notion of contributions by owners), the effect of the combined differences might be less than would otherwise be expected.
	Interpretation 5, para. 8 – if a contributor to a decommissioning fund determines that it has control or joint control of, or significant influence over, the fund by reference to AASB 10 *Consolidated Financial Statements*, AASB 11 *Joint Arrangements* and AASB 128, it shall account for its interest in the fund in accordance with those Standards.	No explicit guidance on accounting for interests in decommissioning funds. ***Comparison with AASB*** Do not expect differences in practice because para. 8 of Interpretation 5 merely codifies what would be expected in practice.[3]
Defined terms	Consistent, insofar as they are specific to the topic of investments in associates and joint ventures. Any substantive differences in terms used in both Standards but defined in other Standards are identified in the comparisons of those other Standards. Substantive differences in any general terms and their definitions in both Standards are identified in the Comparison of Definitions of General Terms at the end of this Appendix.	
Recognition and Measurement	Para. Aus10.1 – not-for-profit entities shall initially measure the cost of an investment in an associate or joint venture at fair value in accordance with AASB 13 *Fair Value Measurement* where the consideration for the investment is significantly less than fair value principally to enable the entity to further its objectives. AASB 1058 *Income of*	Para. 16 – on initial recognition the investment in an associate or a joint venture is recognised at cost. IPSAS 23 *Revenue from Non-Exchange Transactions (Taxes and Transfers)*, para. 42 – an asset acquired through a non-exchange transaction shall initially be measured at its fair value as at the date of acquisition.

2 Furthermore, the 'ownership contributions' definition in IPSASB's *Conceptual Framework* is significantly broader than the definition in AASBs.

3 Para. BC2 of IFRIC 5 states: "On the issue of whether the fund should be consolidated or equity accounted, the IFRIC concluded that the normal requirements … apply and that there is no need for interpretative guidance."

	AASB requirement	IPSAS requirement
	Not-for-Profit Entities addresses the recognition of related amounts.	***Comparison with AASB*** There could be differences in practice – see the separate high-level comparison of AASB 1058 and IPSAS 23.
	Para. Aus17.1 – an entity that meets the criteria in paras. 17(a)-(c) need not apply the equity method in accounting for an interest in an associate or joint venture if its ultimate or any intermediate parent produces financial statements that are available for public use in which subsidiaries are consolidated or are measured at fair value through profit or loss in accordance with AASB 10 and: ▪ the investor or the joint venturer and its ultimate or intermediate parent are: ○ both not-for-profit entities complying with AASBs; or ○ both entities complying with AASBs – Reduced Disclosure Requirements; or ▪ the investor or the joint venturer is an entity complying with AASBs – Reduced Disclosure Requirements and its ultimate or intermediate parent is a not-for-profit entity complying with AASBs. Para. 17(a) – one of the criteria an investor in an associate or joint venture must satisfy to meet the exemption from applying the equity method is that it is a wholly-owned subsidiary, or is a partially-owned subsidiary of another entity and its other owners, including those not otherwise entitled to vote, have been informed about, and do not object to, the entity not applying the equity method.	Para. 23 – an entity that meets the criteria in para. 23(a)-(d) need not apply the equity method to its investment in an associate or a joint venture if the entity is a controlling entity that is exempt from preparing consolidated financial statements by the scope exemption in para. 5 of IPSAS 35 *Consolidated Financial Statements*. Para. 23(a) – one of the criteria an investor in an associate or joint venture must satisfy to meet the exemption from applying the equity method is that it is itself a controlled entity and the information needs of users are met by its controlling entity's consolidated financial statements, and, in the case of a partially owned entity, all its other owners, including those not otherwise entitled to vote, have been informed about, and do not object to, the entity not applying the equity method. ***Comparison with AASB*** The respective reliefs from the requirement to apply the equity method are fundamentally the same. The differences reflect the jurisdiction specific factors relevant for AASB and IPSASB. Accordingly, do not expect differences in practice, except to the extent para. 17(a) of AASB 128 provides greater relief from the equity method than para. 23(a) of IPSAS 36, by virtue of AASB 128 allowing the exemption on the presumption that an entity's parent's consolidated financial statements satisfy the needs of the subsidiary's users. In contrast, IPSAS 36 requires judgement as to whether a controlling entity's consolidated financial statements would satisfy the needs of the controlled entity's users.
	Para. Aus17.2 – an ultimate Australian entity with joint control over, or significant influence over, an investee shall apply the equity method in accounting for interests in associates and joint ventures when either the entity or the group is a reporting entity, or both the entity and the group are reporting entities, except if the ultimate Australian parent is required, in accordance with paragraph 31 of AASB 10, to measure all of its subsidiaries at fair value through profit or loss.	IPSAS 36 does not address the situation of an ultimate national entity. ***Comparison with AASB*** This would result in differences in practice as, under AASB 128, an ultimate Australian entity with joint control or significant influence that is not an investment entity would be required to apply the equity method irrespective of the accounting adopted by its overseas ultimate or intermediate parent.
	Paras. 20-21 – any retained portion of an investment in an associate or joint venture that has not been classified as held for sale shall be accounted for using the equity method until disposal of the portion that is classified as held for sale takes place.	IPSAS 36 does not distinguish between investments in associates or joint ventures that are or are not held for sale. ***Comparison with AASB*** This would give rise to differences in practice once an investment meets the criteria in AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* to be classified as held for sale. This is because there is no IPSAS that corresponds to AASB 5 (see the separate high-level comparison of AASB 5 and IPSASs).
	Para. 22 – an entity shall discontinue the use of the equity method from the date when its investment ceases to be an associate or a joint venture as follows: ▪ If the investment becomes a subsidiary,	Para. 26 – an entity shall discontinue the use of the equity method from the date when its investment ceases to be an associate or a joint venture as follows: ▪ If the investment becomes a controlled entity,

	AASB requirement	IPSAS requirement
	the entity shall account for its investment in accordance with AASB 3 *Business Combinations* and AASB 10 *Consolidated Financial Statements*. - If the retained interest in the former associate or joint venture is a financial asset, the entity shall measure the retained interest at fair value. The fair value of the retained interest shall be regarded as its fair value on initial recognition as a financial asset in accordance with AASB 9 *Financial Instruments*. The entity shall recognise in profit or loss any difference between: o the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture; and o the carrying amount of the investment at the date the equity method was discontinued.	the entity shall account for its investment in accordance with IPSAS 40 *Public Sector Combinations* and IPSAS 35 *Consolidated Financial Statements*. - If the retained interest in the former associate or joint venture is a financial asset, the entity shall measure the retained interest at fair value. The fair value of the retained interest shall be regarded as its fair value on initial recognition as a financial asset in accordance with IPSAS 29 *Financial Instruments: Recognition and Measurement*. If an entity is precluded by IPSAS 29, paras. AG113 and AG114 from measuring the retained interest at fair value, the entity shall measure the retained interest at the carrying amount of the investment at the date that it ceases to be an associate or joint venture and that carrying amount shall be regarded as its cost on initial recognition as a financial asset in accordance with IPSAS 29. The entity shall recognise in surplus or deficit any difference between: o the fair value (or, where relevant, the carrying amount) of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture; and o the carrying amount of the investment at the date the equity method was discontinued. ***Comparison with AASB*** This could give rise to differences in practice because AASB 128 requires the retained interest that is a financial asset to be measured at fair value, which is not necessarily so under IPSAS 36. (See also the separate comparisons of AASB 3 and IPSAS 40; and AASB 9 and IPSAS 29.)
	Para. 34 – When, in accordance with para. 33, the financial statements of an associate or a joint venture used in applying the equity method are prepared as of a date different from that used by the entity, adjustments shall be made for the effects of significant transactions or events that occur between that date and the date of the entity's financial statements. In any case, the difference between the end of the reporting period of the associate or joint venture and that of the entity shall be no more than three months. The length of the reporting periods and any difference between the ends of the reporting periods shall be the same from period to period.	Para. 36 – the most recent available financial statements of the associate or joint venture are used by the entity in applying the equity method. When the end of the reporting period of the entity is different from that of an associate or a joint venture the entity either: - obtains, for the purpose of applying the equity method, additional financial information as of the same date as the financial statements of the entity; or - uses the most recent financial statements of the associate or joint venture adjusted for the effects of significant transactions or events that occur between the date of those financial statements and the date of the entity's financial statements. ***Comparison with AASB*** This could give rise to differences in practice, although they are not expected to be significant.
	Para. 36A – notwithstanding the requirement in para. 36, if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, retain the fair value measurement applied by that investment entity associate or joint venture	Para. 39 – notwithstanding the requirements in paragraph 38, if an entity has an interest in an associate or a joint venture that is an investment entity, the entity shall, when applying the equity method, retain the fair value measurement applied by that investment entity associate or joint venture to its interest in controlled entities. ***Comparison with AASB***

	AASB requirement	IPSAS requirement
	to the investment entity associate's or joint venture's interests in subsidiaries.	This could give rise to significant differences, although the effect of AASB 1049 *Whole of Government and General Government Sector Financial Reporting* limiting options in AASBs that align with GFS might limit the significance of any differences for certain not-for-profit public sector entities. This is because the approach under IPSAS 36 (which is permitted under AASB 128) would more closely align to GFS principles than the alternative AASB 128 approach.
	Para. 41A – the net investment in an associate or joint venture is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the net investment (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows from the net investment that can be reliably estimated. It may not be possible to identify a single, discrete event that caused the impairment. Rather the combined effect of several events may have caused the impairment. Losses expected as a result of future events, no matter how likely, are not recognised. Objective evidence that the net investment is impaired includes observable data that comes to the attention of the entity about the particular loss events listed in para. 41A. Paras. 41B and 41B – provide further guidance on the types of events that do or do not provide objective evidence of impairment.	Para. 45 – whenever application of IPSAS 29 indicates that the investment in an associate or a joint venture may be impaired, an entity applies IPSAS 26, *Impairment of Cash-Generating Assets*, and, possibly, IPSAS 21 *Impairment of Non-Cash-Generating Assets*. ***Comparison with AASB*** AASB 128 contains more extensive specific guidance. There could be a difference, to the extent AASB 136 *Impairment of Assets* differs from IPSASs 21 and 26. (See the separate comparisons of AASB 136 and IPSASs 21 and 26.)
	AASB 128 does not explicitly address the impairment of an investment in associate or joint venture that is a non-cash generating asset.	Para. 47 – IPSAS 21 requires that, if the recoverable service amount of an asset is less than its carrying amount, the carrying amount shall be reduced to its recoverable service amount. Recoverable service amount is the higher of an asset's fair value less costs to sell and its value in use. Value in use of a non-cash-generating asset is defined as the present value of the asset's remaining service potential. The present value of the remaining service potential may be assessed using the depreciated replacement cost approach, the restoration cost approach or the service units approach, as appropriate. ***Comparison with AASB*** This will give rise to differences because the requirements under AASB 136 and IPSAS 21 relating to the impairment of non-cash-generating assets are different. (See the separate comparison of AASB 136 and IPSAS 21.)
Presentation	Para. 15 – unless an investment, or a portion of an investment, in an associate or a joint venture is classified as held for sale in accordance with AASB 5, the investment, or any retained interest in the investment not classified as held for sale, shall be classified as a non-current asset.	Para. 21 – requires an investment in an associate or a joint venture accounted for using the equity method to be classified as a non-current asset. ***Comparison with AASB*** This will give rise to differences in practice because there is no IPSAS that corresponds to AASB 5 (see the separate high-level comparison of AASB 5 and IPSASs).
	Para. 25 – if an entity's ownership interest in an associate or a joint venture is reduced, but the investment continues to be classified either as an associate or a joint venture respectively, the entity shall reclassify to	Para. 28 – if an entity's ownership interest in an associate or a joint venture is reduced, but the investment continues to be classified either as an associate or a joint venture respectively, the entity shall transfer directly to accumulated surpluses or

	AASB requirement	IPSAS requirement
	profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.	deficits the proportion of the gain or loss that had previously been recognised in net assets/equity relating to that reduction in ownership interest if that gain or loss would be required to be transferred directly to accumulated surpluses or deficits on the disposal of the related assets or liabilities. ***Comparison with AASB*** This will give rise to a difference due to recognising the gain or loss in profit/loss under AASB 28, but in accumulated surplus/deficit under IPSAS 36. Furthermore, IPSASs do not adopt the concept of 'other comprehensive income' (see the separate comparison of AASB101 *Presentation of Financial Statements and* IPSAS 1 *Presentation of Financial Statements*).

Overall comment: the difference arising from IPSAS 36's reference to quantifiable ownership interest is not expected to be significant in practice. The difference relating to the respective definitions of contributions by/from owners is discussed in the separate comparison of AASB 1004/AASB 1058/Interpretation 1038 and IPSAS 23. Most of the other identified substantive differences are consequences of differences between other AASBs and IPSASs. Accordingly, of themselves, none of the differences provide a basis for the AASB to consider amending AASB 128 to align with IPSAS 36 for the not-for-profit sector.

Back to Table 2

Financial Reporting in Hyperinflationary Economies – AASB 129

Relevant pronouncements:

- AASB 129 *Financial Reporting in Hyperinflationary Economies* (based on IAS 29) and Interpretation 7 *Applying the Restatement Approach under AASB 129* Financial Reporting in Hyperinflationary Economies (based on IFRIC 7)
- IPSAS 10 *Financial Reporting in Hyperinflationary Economies*, based on IAS 29 as amended up to May 2008[1].

AASB Aus paragraphs: no pertinent not-for-profit specific paragraphs are included in AASB 129.

	AASB requirement	IPSAS requirement
Scope	Consistent	
Defined terms	In contrast to IPSAS 10, AASB 129 does not have a separate Definitions section. However, the meaning of the terms used are consistent, insofar as they are specific to the topic of financial reporting in hyperinflationary economies. Any substantive differences in terms used in both Standards but defined in other Standards are identified in the comparisons of those other Standards. Substantive differences in any general terms and their definitions in both Standards are identified in the Comparison of Definitions of General Terms at the end of this Appendix.	
Measurement and presentation	Para. 6 – entities might prepare financial statements on the historical cost basis, where some assets and liabilities are measured at fair value (where the entity is required, or chooses, to do so) or based on a current cost approach (reflecting changes in specific prices of assets held).	IPSAS 10 does not explicitly note that financial statements might be prepared under different bases, but nor does it prohibit different bases from being adopted. ***Comparison with AASB*** Do not expect significant differences. AASB 129 was written in the context of AASBs allowing current cost accounting. However, present AASBs specify historical cost accounting modified by AASBs. Accordingly, current cost accounting is not required or permitted as the primary financial statements.
	Paras. 29-31 – provide guidance for entities that prepare financial statements based on a current cost approach: Para. 29 – items stated at current cost are not restated because they are already expressed in terms of the measuring unit current at the end of the reporting period. Other items in the statement of financial position are restated in accordance with the requirements for financial statements prepared on the historical cost basis. Para. 30 – the current cost statement of comprehensive income, before restatement, generally reports costs current at the time at which the underlying transactions or events occurred. Cost of sales and depreciation are recorded at current costs at the time of consumption; sales and other expenses are recorded at their money amounts when they occurred. Therefore all amounts need to be restated into the measuring unit current at the end of the reporting period by applying a general price index. Para. 31 – the gain or loss on the net monetary	IPSAS 10 does not provide explicit guidance for entities that prepare financial statements prepared on a current cost basis. ***Comparison with AASB*** There could be differences in practice where current cost is provided.

1 Therefore, IPSASB has not yet considered any amendments made to IAS 29 since May 2008 as part of its approach to IFRS convergence (see *The IPSASB's Strategy for 2015 Forward: Leading through Change* (September 2015, page 11).)

	AASB requirement	IPSAS requirement
	position is accounted for in accordance with the requirements for the recognition and measurement of the gain or loss on the net monetary position in financial statements prepared on the historical cost basis.	
	Para. 32 – the restatement of financial statements in accordance with AASB 129 may give rise to differences between the carrying amount of individual assets and liabilities in the statement of financial position and their tax bases. These differences are accounted for in accordance with AASB 112 *Income Taxes*.	IPSAS 10 does not provide explicit guidance on the effect of hyperinflation on the differences between carrying amounts and tax bases and how those effects should be accounted for. ***Comparison with AASB*** There is no IPSAS that corresponds to AASB 112. There could be differences in practice, but only to the extent not-for-profit public sector entities are subject to income tax or income tax equivalents (which is not expected to be common). (See also the high-level comparison of AASB 112 and IPSASs.)
	Interpretation 7, para. 4 – at the end of the reporting period, deferred tax items are recognised and measured in accordance with AASB 112. However, the deferred tax figures in the opening statement of financial position for the reporting period shall be determined as follows: ▪ the entity remeasures the deferred tax items in accordance with AASB 112 after it has restated the nominal carrying amounts of its non-monetary items at the date of the opening statement of financial position of the reporting period by applying the measuring unit at that date ▪ the deferred tax items remeasured in accordance with the previous dot point are restated for the change in the measuring unit from the date of the opening statement of financial position of the reporting period to the end of that reporting period. The entity applies the approach above in restating the deferred tax items in the opening statement of financial position of any comparative periods presented in the restated financial statements for the reporting period in which the entity applies AASB 129.	IPSAS 10 does not provide explicit guidance on how an entity should account for opening deferred tax items in its restated financial statements. ***Comparison with AASB*** As noted in the discussion of para. 32 of AASB 129 above, there is no IPSAS that corresponds to AASB 112 (and therefore, nor Interpretation 7). There could be differences in practice, but only to the extent not-for-profit public sector entities are subject to income tax or income tax equivalents (which is not expected to be common). (See also the high-level comparison on AASB 12 and IPSASs.)
	AASB 129 does not refer to budgetary information included in financial statements prepared under hyperinflationary economic conditions (and nor does AASB 1055 *Budgetary Reporting*).	Para. 10 – budgetary information included in financial statements should be restated in accordance with IPSAS 10. ***Comparison with AASB*** This could give rise to significant differences in budgetary information. However, no practical effect is expected, given AASB 129 and AASB 1055 were adopted within an Australian context at a time when hyperinflation did not exist, was not expected to arise and has not emerged since. If Australia were to become a hyperinflationary economy, the requirements relating to budgetary reporting would need to be reconsidered. (See also the separate comparison of AASB 1055 and IPSAS 24 *Presentation of Budget Information in Financial Statements*.)

	AASB requirement	IPSAS requirement
	Interpretation 7, para. 3 – in the reporting period in which an entity identifies the existence of hyperinflation in the economy of its functional currency, not having been hyperinflationary in the prior period, the entity shall apply the requirements of AASB 129 as if the economy had always been hyperinflationary. Therefore, in relation to non-monetary items measured at historical cost, the entity's opening statement of financial position at the beginning of the earliest period presented shall be restated to reflect the effect of inflation from the date the assets were acquired and the liabilities were incurred or assumed until the end of the reporting period. For non-monetary items carried in the opening statement of financial position at amounts current at dates other than those of acquisition or incurrence, that restatement shall reflect instead the effect of inflation from the dates those carrying amounts were determined until the end of the reporting period. Interpretation 7, para. 5 – after an entity has restated its financial statements, all corresponding figures in the financial statements for a subsequent reporting period, including deferred tax items, are restated by applying the change in the measuring unit for that subsequent reporting period only to the restated financial statements for the previous reporting period.	IPSAS 10 does not address the accounting to be adopted in circumstances when hyperinflation exists in a period that follows a period when hyperinflation did not exist. ***Comparison with AASB*** There could be significant differences in practice.
Disclosure	Para. 39 – requires an entity to disclose whether the financial statements are based on an historical cost approach or a current cost approach.	IPSAS 10 does not specify a requirement to disclose whether the financial statements are based on an historical cost approach or a current cost approach. ***Comparison with AASB*** This could give rise to different disclosures in practice. In Australia the statutory requirements are for historical cost, modified by AASBs – current cost accounting is not required or permitted as primary financial statements.

Overall comment: hyperinflation is not currently a significant practical concern in the Australian not-for-profit sector context. Accordingly, the identified substantive differences do not currently provide a basis for the AASB to consider amending AASB 129 to align with IPSAS 10 for the not-for-profit sector.

Back to Table 2

Financial Instruments: Presentation – AASB 132

Relevant pronouncements:

- AASB 132 *Financial Instruments: Presentation* (based on IAS 32) and Interpretation 2 *Members' Shares in Co-operative Entities and Similar Instruments* (based on IFRIC 2)
- IPSAS 28 *Financial Instruments: Presentation*, based on IAS 32 including amendments up to 31 December 2008 and IFRIC 2[1]

AASB Aus paragraphs: no pertinent not-for-profit specific paragraphs are included in AASB 132.

	AASB requirement	IPSAS requirement
Scope	Para. 4(d) – AASB 132 does not apply to insurance contracts as defined in AASB 4 *Insurance Contracts*.	Para. 3(c) – IPSAS 28 does not apply to obligations arising from insurance contracts. However, an entity may apply IPSAS 28 to insurance contracts which involve the transfer of financial risk. There is no IPSAS that specifies the accounting for insurance contracts. Instead, IPSAS 28 refers to 'the international or national accounting standard dealing with insurance contracts'. ***Comparison with AASB*** There could be significant differences in practice due to the definitions of 'insurance contract' applied under each Standard differing, or an entity applying the option in IPSAS 28 in relation to insurance contracts that involve the transfer of financial risk. (See also the high-level comparison of AASB 4 (and AASB 1023 *General Insurance Contracts* and AASB 1038 *Life Insurance Contracts*) and IPSASs.)
	Para. 8 – AASB 132 shall be applied to those contracts to buy or sell a non-financial item that can be settled net in cash or another financial instrument, or by exchanging financial instruments, as if the contracts were financial, with the exception of contracts that were entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the entity's expected purchase, sale, or usage requirements. However, AASB 132 shall be applied to those contracts that an entity designates as measured at fair value through profit or loss in accordance with paragraph 2.5 of AASB 9 *Financial Instruments*.[2]	Para. 4 – IPSAS 28 shall be applied to those contracts to buy or sell a non-financial item that can be settled net in cash or another financial instrument, or by exchanging financial instruments, as if the contracts were financial, with the exception of contracts that were entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the entity's expected purchase, sale, or usage requirements. (IPSAS 28 does not (yet – see para. BC4 of IPSAS 29 *Financial Instruments: Recognition and Measurement*) reflect amendments made by the IASB since December 2008, including those brought about by IFRS 9 *Financial Instruments* and amendments to IFRS 9.) ***Comparison with AASB*** Expect differences in practice. (See also the separate high-level comparison of AASB 9 and IPSAS 29.)
Defined terms	Consistent, insofar as they are specific to the topic of the presentation of financial instruments,	

1 Therefore, IPSASB has not yet considered any amendments made to IAS 32 since 2008 as part of its approach to IFRS convergence (see *The IPSASB's Strategy for 2015 Forward: Leading through Change* (September 2015, page 11).) IPSASB has a financial instruments project in which it is reviewing IPSAS 28 in the light of IFRS 7 and IFRS 9 requirements. An Exposure Draft is scheduled for mid 2017. (see https://www.ipsasb.org/projects/financial-instruments-update-project)

2 This requirement was brought about by the issue of AASB 9 *Financial Instruments* and amendments thereto (see AASB 2014-1 *Amendments to Australian Accounting Standards* (June 2014)), which post-dates IPSAS 28.

	AASB requirement	IPSAS requirement
	except as noted below. Any substantive differences in terms used in both Standards but defined in other Standards are identified in the comparisons of those other Standards. Substantive differences in any general terms and their definitions in both Standards are identified in the Comparison of Definitions of General Terms at the end of this Appendix.	
	Appendix A of AASB 15 *Revenue from Contracts with Customers* – defines a contract as an agreement between two or more parties that creates enforceable rights and obligations. Appendix F of AASB 15 provides not-for-profit specific guidance regarding that definition.	Para. AG20 – an entity considers the substance rather than the legal form of an arrangement in determining whether it is a 'contract' for purposes of IPSAS 28. Contracts, for the purposes of IPSAS 28, are generally evidenced by the following (although this may differ from jurisdiction to jurisdiction): - contracts involve willing parties entering into an arrangement - the terms of the contract create rights and obligations for the parties to the contract, and those rights and obligations need not result in equal performance by each party. For example, a donor funding arrangement creates an obligation for the donor to transfer resources to the recipient in terms of the agreement concluded, and establishes the right of the recipient to receive those resources. These types of arrangements may be contractual even though the recipient did not provide equal consideration in return ie, the arrangement does not result in equal performance by the parties - the remedy for non-performance is enforceable by law. ***Comparison with AASB*** Do not expect differences in practice.
Disclosure	Para. 43 – an entity is required to disclose the information specified in paras. 13B-13E of AASB 7 *Financial Instruments: Disclosures* for recognised financial instruments that are within the scope of para. 13A (which relates to recognised financial instruments that are set off in accordance with para. 42 of AASB 132) of AASB 7.	IPSAS 28 does not specify additional disclosures for recognised financial instruments that are set off in accordance with para. 47 of IPSAS 28. ***Comparison with AASB*** Expect differences in practice.
Other *Financial guarantees*	AASB 132 does not include a discussion of financial guarantees issued by not-for-profit public sector entities. Para. BC14 of AASB 2016-8 *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities [AASB 9 & AASB 15]* – notes that the AASB decided not to address non-contractual payables at the time it issued AASB 2016-8, given the scope of the project was related to income of not-for-profit entities. However, the AASB decided to consider non-contractual payables at a future date while monitoring the work of the IPSASB on its public sector specific financial instruments project.	Paras. AG3-AG4 – provide guidance in relation to whether financial guarantees issued by not-for-profit public sector entities are contractual and therefore within the scope of IPSAS 28. ***Comparison with AASB*** There could be differences in practice.
	AASB 132 does not include a discussion of insurance contracts compared with financial guarantee contracts in the public sector.	Paras. AG5-AG9 – provide guidance on distinguishing between insurance contracts and financial guarantee contracts in the public sector. ***Comparison with AASB*** There could be differences in practice.
Non-exchange revenue transactions	AASB 132 does not provide guidance on when assets and liabilities arising from non-exchange revenue transactions are financial	Paras. AG21-AG22 – provide guidance on when assets and liabilities arising from non-exchange revenue transactions are financial assets or

	AASB requirement	IPSAS requirement
	assets or financial liabilities Appendix C of AASB 9 *Financial Instruments* provides some guidance in relation to non-contractual receivables arising from statutory requirements from the perspective of not-for-profit entities. For example, para. C5 states that an entity initially recognises and measures a statutory receivable as if it were a financial asset when statutory requirements establish a right for the entity to receive cash or another financial asset.	financial liabilities. Assets and liabilities arising from non-exchange revenue transactions are accounted for in accordance with IPSAS 23 *Revenue from Non-Exchange Transactions (Taxes and Transfers)*. If non-exchange revenue transactions are contractual, an assessment is made of whether the assets or liabilities that arise are financial assets or financial liabilities by using paras. 10 and AG10-AG18 of IPSAS 28. ***Comparison with AASB*** There could be differences in practice. (See also the separate high-level comparisons of AASB 9 and IPSAS 29 *Financial Instruments: Recognition and Measurement*; and AASB 15 *Income of Not-for-Profit Entities* and IPSAS 23)
Statutory obligations	Para. AG12 – liabilities or assets that are not contractual (such as income taxes that are created as a result of statutory requirements imposed by governments) are not financial liabilities or financial assets. Accounting for income taxes is dealt with in AASB 112 *Income Taxes*.	Para. AG23 – provides clarification that statutory obligations can be accounted for in a number of ways: - obligations to pay income taxes are accounted for in accordance with the relevant international or national accounting standard dealing with income taxes - obligations to provide social benefits are accounted for in accordance with IPSAS 3, *Accounting Policies, Changes in Accounting Estimates and Errors* and IPSAS 19 *Provisions, Contingent Liabilities and Contingent Assets* - other statutory obligations are accounted for in accordance with IPSAS 19. ***Comparison with AASB*** Of itself, the additional guidance in IPSAS 28 is not expected to give rise to differences in practice (although see the separate high-level comparison of AASB 112 and IPSASs; and the separate comparison of AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and IPSAS 19).
Equity instruments	AASB 132 does not explicitly address aspects of contributed capital in the public sector. However, paras. 8 and 22-24 of Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities* do address such issues. Para. 8 of Interpretation 1038 – regardless of the other features or conditions of a transfer, a transfer is a contribution by owners where its equity nature **is** evidenced by any of: - the issuance, in relation to the transfer, of equity instruments which can be sold, transferred or redeemed - a formal agreement, in relation to the transfer, establishing a financial interest in the net assets of the transferee which can be sold,	Para. AG25 – it is not common for entities in the public sector to have contributed capital comprising equity instruments, for example, shares and other forms of unitised capital. Where entities do issue equity instruments, the ownership and use of those instruments may be restricted by legislation. Para. AG26 – contributed capital[3] in the public sector may also be evidenced by transfers of resources between parties. An interest in the net assets/equity of an entity **may** be evidenced by: - a formal agreement, in relation to the transfer, establishing or increasing an existing financial interest in the net assets/equity of an entity that can be sold, transferred or redeemed - a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets/equity, either before the

3 The IPSAS 1 *Presentation of Financial Statements* defines 'contributions from owners'. Furthermore, para. 5.33 of the IPSASB *Conceptual Framework* defines 'ownership contributions' as inflows of resources to an entity, contributed by external parties in their capacity as owners, which establish or increase an interest in the net financial position of the entity. (See also the separate comparison of AASB and IPSASB *Conceptual Frameworks* – to be completed once the IASB has issued its revised *Conceptual Framework*.)

	AASB requirement	IPSAS requirement
	transferred or redeemed ▪ formal designation of the transfer (or a class of such transfers) by the transferor or a parent of the transferor as forming part of the transferee's contributed equity, either before the transfer occurs or at the time of the transfer.	contribution occurs or at the time of the contribution. Para. AG27 – for the purpose of IPSAS 28, the term 'equity instrument' may be used to denote the following: ▪ a form of unitised capital such as ordinary or preferences shares; ▪ transfers of resources (either designated or agreed as such between the parties to the transaction) that evidence a residual interest in the net assets of another entity; and/or ▪ financial liabilities in the legal form of debt that, in substance, represent an interest in an entity's net assets. ***Comparison with AASB*** There could be significant differences in practice. This is because Interpretation 1038 is more restrictive than IPSAS 28 as to when an interest in the net assets/equity of an entity would exist. Furthermore, the ability to designate a transfer as equity under Interpretation 1038 and IPSAS 28 means that economically similar transfers could be accounted for differently. (See also the separate high-level comparison of AASB 1004 *Contributions*/AASB 1058 *Income of Not-for-Profit Entities*/Interpretation 1038 and IPSAS 23.)

Offsetting	Paras. AG38B-AG38D – provide guidance that an entity currently has a legally enforceable right to set off recognised amounts when the right of set-off:
	▪ is not contingent on a future event; and
	▪ is legally enforceable in:
	  ○ the normal course of business;
	  ○ in the event of default; and
	  ○ in the event of insolvency or bankruptcy.
	▪ The right of set-off may vary from one legal jurisdiction to another.
		Para. AG63 – provides guidance on offsetting a financial asset and financial liability, but the guidance in IPSAS 28 does not make explicit reference to circumstances where the right of set-off is contingent on a future event, and the circumstances under which legal enforceability must be present. Nor does it refer to the potential differences between legal jurisdictions.
		Comparison with AASB
		There could be differences in practice.

	Para. AG38F – clarifies that if an entity can settle amounts in a manner such that the outcome is, in effect, equivalent to net settlement, the entity will meet the net settlement criterion in para. 42(b).	IPSAS 28 does not clarify that if an entity can settle amounts in a manner that is equivalent to net settlement, then the net settlement criterion in para. 47(b) is met. ***Comparison with AASB*** There could be differences in practice.

Overall comment: IPSASB is undertaking a project on public sector specific financial instruments, for which an Exposure Draft is scheduled in late 2017. The AASB should contribute to and monitor that project – it might help resolve some of the current differences, including those relating to the treatment of non-contractual receivables arising from statutory requirements. It might also provide a trigger for the AASB to consider differences relating to financial guarantees issued by not-for-profit public sector entities. Accordingly, currently, the differences do not provide a basis for the AASB to consider amending AASB 132 to align with IPSAS 28 for the not-for-profit sector.

Back to Table 2

Interim Financial Reporting – AASB 134

Relevant pronouncements:

- AASB 134 *Interim Financial Reporting*, based on IAS 34
- IPSAS: there is no specific IPSAS that prescribes requirements for interim financial reporting

AASB Aus paragraphs: pertinent not-for-profit specific paragraph Aus2.1 is included in AASB 134.

	AASB requirement	IPSAS requirement
High-level comparison	Objective – the objective of AASB 134 is to prescribe the minimum content of an interim financial report and to prescribe the principles for recognition and measurement in complete or condensed financial statements for an interim period. Para. 1 – AASB 134 does not mandate which entities should be required to publish interim financial reports, how frequently, or how soon after the end of an interim period. AASB 134 applies if an entity is required or elects to publish an interim financial report in accordance with AASBs. Para. Aus2.1 – AASB 134 does not apply to interim financial reports for the General Government Sector of each government. Para. 4: definition of 'interim financial report' – a financial report containing either a complete set of financial statements (as described in AASB 101 *Presentation of Financial Statements*) or a set of condensed financial statements (as described in AASB 134) for an interim period.	There is no specific IPSAS that specifies requirements relating to interim financial reporting. IPSAS 1 *Presentation of Financial Statements*, para. 3 – states that IPSAS 1 does not apply to condensed interim financial information. ***Comparison with AASB*** Expect significant differences in practice.

Overall comment: it would not be appropriate for the AASB to exclude the not-for-profit sector from the application of AASB 134 as that would create a gap in accounting requirements.

Back to Table 2

Impairment of Assets – AASB 136

Relevant pronouncements:

- AASB 136 *Impairment of Assets*[1] (based on IAS 36) and Interpretation 10 *Interim Financial Reporting and Impairment* (based on IFRIC 10)
- IPSAS 21 *Impairment of Non-Cash-Generating Assets* and IPSAS 26 *Impairment of Cash-Generating Assets*[2], both based on IAS 36 (2004)[3]

AASB Aus paragraphs: the following pertinent not-for-profit specific paragraphs are included in AASB 136: Aus5.1, Aus6.2 (see the Comparison of Definitions of General Terms), Aus61.1 and Aus120.1.

	AASB requirement	IPSAS requirement
Scope	Para. 2 – AASB 136 does not apply to the impairment of certain assets that are within the scope of other asset-specific AASBs relating to inventories, contract assets and assets arising from costs to obtain or fulfil a contract, employee benefits assets, financial assets and investment property.	IPSAS 21, para. 2 and IPSAS 26, para. 2 – IPSAS 21 and IPSAS 26 do not apply to the impairment of certain assets that are within the scope of other asset-specific IPSASs relating to inventories, assets arising from construction contracts, financial assets, employee benefits assets and investment property. ***Comparison with AASB*** The scope exclusions of AASB 136 and IPSAS 21/26 listed in their respective paras. 2 are ostensibly the same. However, to the extent the scope of each identified AASB differs from the scope of its corresponding IPSAS, the results could be different in practice (see in particular the separate high-level comparisons of AASB 15 *Revenue from Contracts with Customers* and IPSAS 11 *Construction Contracts*, and AASB 9 *Financial Instruments* and IPSAS 29 *Financial Instruments: Recognition and Measurement*).
	Para. 2 – AASB 136 does not apply to the impairment of certain assets that are within the scope of other asset-specific AASBs relating to biological assets, deferred tax assets and certain assets arising from insurer's contractual rights under insurance contracts.	IPSAS 26, para. 2 – IPSAS 26 does not apply to the impairment of certain assets that are within the scope of other asset-specific IPSASs or relevant international or national accounting standards to which IPSAS 26 refers. ***Comparison with AASB*** The scope exclusions of AASB 136 and IPSAS 26 listed in their respective paras. 2 are ostensibly the same. However, to the extent the scope of each identified AASB differs from the scope of its corresponding IPSAS (or relevant international or national standard referred to by IPSAS 26), the results could be different in practice (see the separate comparison of AASB 141 *Agriculture* and IPSAS 27 *Agriculture*; and the separate high-level comparisons of AASB 112 *Income Taxes* and IPSASs, and AASBs 4 *Insurance Contracts*/1023 *General Insurance Contracts* /1038 *Life Insurance Contracts* and IPSASs). The AASB 136 scope exclusions apply to both cash-generating and non-cash-generating assets (to the extent non-cash-generating assets are within the scope of AASB 136 more generally – see the discussions of paras. 5 and Aus5.1 below) whereas the IPSAS 26 scope exclusions apply only to cash-generating assets. This could give rise to differences.

1 Incorporating amendments, including AASB 2016-4 *Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Assets of Not-for-Profit Entities* (June 2016).
2 Both IPSAS 21 and IPSAS 26 were amended by IPSAS *Impairment of Revalued Assets (Amendments to IPSAS 21 and IPSAS 26)* (July 2016).
3 Therefore, IPSASB has not yet considered any amendments made to IAS 8 since 2004 as part of its approach to IFRS convergence (see *The IPSASB's Strategy for 2015 Forward: Leading through Change* (September 2015, page 11).)

AASB requirement	IPSAS requirement
Para. 2 – AASB 136 does not apply to the impairment of non-current assets (or disposal groups) classified as held for sale in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*.	IPSAS 21, para. 2 and IPSAS 26, para. 2 – do not exclude the impairment of non-current assets classified as held for sale from the scope of IPSAS 21 or IPSAS 26. ***Comparison with AASB*** This will give rise to differences in practice because there is no IPSAS that corresponds to AASB 5 (see the separate high-level comparison of AASB 5 and IPSASs).
AASB 136 does not have a catch-all scope exclusion clarifying which requirements prevail in circumstances where impairment requirements are also included in other AASBs.	IPSAS 21, para. 2 and IPSAS 26, para. 2 – IPSAS 26 does not apply to the impairment of other assets in respect of which accounting requirements for impairment are included in another IPSAS. ***Comparison with AASB*** Do not expect differences in practice as it is expected that where an AASB other than AASB 136 includes impairment requirements for particular types of assets that are in conflict with AASB 136, those requirements would prevail over the more general AASB 136 requirements – consistent with the principle that specific requirements override general requirements.
Para. 5 – AASB 136 applies to assets that are carried at revalued amounts in accordance with AASB 116 *Property, Plant and Equipment* and AASB 138 *Intangible Assets*. The only difference between an asset's fair value and its fair value less costs of disposal is the direct incremental costs attributable to the disposal of the asset. ▪ If the disposal costs are negligible, recoverable amount of the revalued asset is necessarily close to, or greater than, its revalued amount. In this case, after the revaluation requirements have been applied, it is unlikely that the revalued asset is impaired and recoverable amount need not be estimated. ▪ If the disposal costs are not negligible, and the assets value in use is less than its revalued amount, an entity applies AASB 136 to determine whether the asset may be impaired after the revaluation requirements have been applied.	Although not explicitly stated, IPSAS 21 and IPSAS 26 both include within their scopes assets that are carried at revalued amounts in accordance with IPSAS17 *Property, Plant, and Equipment* and IPSAS 31 *Intangible Assets*. Neither IPSAS explicitly discusses the relationship between fair value and fair value less costs to sell, and therefore do not explicitly state that the recoverable service amount (IPSAS 21) or recoverable amount (IPSAS 26) need not be estimated where costs of sale are negligible. ***Comparison with AASB*** Para. 5 of AASB 136 effectively narrows the range of assets within the scope of AASB 136 compared with IPSASs 21 and 26. Furthermore, in contrast to IPSASs 21 and 26, because current replacement cost is consistent with the cost approach to determining fair value under AASB 13 *Fair Value Measurement*, it is unnecessary to determine value in use under AASB 136. However, it is not expected that these differences would give rise to a significant impact in practice.
Para. Aus5.1 – many assets of not-for-profit entities that are not held primarily for their ability to generate net cash inflows are typically specialised assets held for continuing use of their service capacity. Given that these assets are rarely sold, their cost of disposal is typically negligible. The recoverable amount of such assets is expected to be materially the same as fair value, determined under AASB 13. Accordingly, AASB 136: ▪ does not apply to such assets that are regularly revalued to fair value under the revaluation model in AASB 116 and AASB 138 ▪ applies to such assets accounted for under the cost model in	Although not explicitly stated, IPSAS 21 applies to all non-cash-generating property, plant and equipment and non-cash-generating intangible assets that are measured at revalued amounts. ***Comparison with AASB*** Revalued non-cash-generating assets referred to in para. Aus5.1 of AASB 136 are outside the scope of AASB 136 but within the scope of IPSAS 21. Accordingly, less work is required by AASBs, although the impact on measurement of the assets will depend on the differences discussed in paras. 45-50 of IPSAS 21 under the Measurement section below. (See also the separate high-level comparison of AASB 13 and IPSASs.)

	AASB requirement	IPSAS requirement
	AASB 116 and AASB 138. (Given the requirement in AASB 1049 *Whole of Government and General Government Sector Financial Reporting* that limits an option in an AASB to that which aligns with GFS (and GFS generally requires fair value), combined with the common practice that not-for-profit public sector entities in Australia adopt fair value, assets that are not held primarily for their ability to generate net cash inflows would be expected to be scoped out of AASB 136 by virtue of para. Aus5.1[4].)	
Defined terms	Consistent, insofar as they are specific to the topic of impairment of assets, except as noted below. Any substantive differences in terms used in both Standards but defined in other Standards are identified in the comparisons of those other Standards. Substantive differences in any general terms and their definitions in both Standards are identified in the Comparison of Definitions of General Terms at the end of this Appendix.	
	Para. 6 – 'corporate assets' are assets other than goodwill that contribute to the future cash flows of both the cash-generating unit under review and other cash-generating units. Para. 100 – corporate assets include group or divisional assets such as the building of a headquarters or a division of the entity, EDP equipment or a research centre. The structure of an entity determines whether an asset meets AASB 136's definition of corporate assets for a particular cash-generating unit. The distinctive characteristics of corporate assets are that they do not generate cash inflows independently of other assets or groups of assets and their carrying amount cannot be fully attributed to the cash-generating unit under review.	IPSAS 21 and IPSAS 26 do not include a definition of 'corporate assets' because it would be rare in a not-for-profit public sector context that an asset used for more than one cash-generating unit would not also contribute service potential to non-cash-generating activities (see paras. BC15 and BC16 of IPSAS 21 and para. BC15 of IPSAS 26). ***Comparison with AASB*** This could give rise to differences in how corporate assets are tested for impairment – see the discussion of para. 101 of AASB 136 and paras. 93-96 of IPSAS 26 in the Recognition section below.
	AASB 136 does not contain definitions for cash-generating assets and non-cash-generating assets. As noted in the Scope section above, para. Aus5.1 states that many assets of not-for-profit entities that are not held primarily for their ability to generate net cash inflows are typically specialised assets held for continuing use of their service capacity, and goes on to scope them out of AASB 136 where they are fair valued. Illustrative Examples that accompany but are not part of AASB 136 indicate how cash-generating units are	IPSAS 21, para.14 – cash-generating assets are assets held with the primary objective of generating a commercial return. IPSAS 21, para.14 – non-cash-generating assets are assets other than cash-generating assets. IPSAS 21, paras.16-20 and IPSAS 26 paras.14-18 – provide further explanations of cash-generating assets and how they are distinguished from non-cash-generating assets. Implementation Guidance that accompanies but is not part of IPSAS 26 provides examples indicating how cash-generating units are identified in various situations: - reduction in demand related to a single-product unit - government air freight unit that leases an aircraft

4 AASB 2016-4 *Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities*, which introduced para. Aus5.1 into AASB 136, states in para. 1 that one of its objectives is to clarify that the recoverable amount of primarily non-cash-generating assets of not-for-profit entities, which are typically specialised in nature and held for continuing use of their service capacity, is expected to be materially the same as fair value determined under AASB 13, with the consequence that AASB 136 does not apply to such assets that are regularly revalued to fair value under the revaluation model in AASB 116 and AASB 138; and AASB 136 applies to such assets accounted for under the cost model in those Standards.

	AASB requirement	IPSAS requirement
	identified in various situations: ▪ retail store chain ▪ plant for an immediate step in a production process ▪ single product entity ▪ magazine titles ▪ building half-rented to others and half-occupied for own use	▪ crushing plant in waste disposal entity ▪ routes provided by bus company ***Comparison with AASB*** The respective definitions, explanations and examples could conceivably give rise to differences in practice, depending on the measurement differences discussed below. The scope of the definition of non-cash-generating assets in IPSAS 21 (which effectively refers to there being no primary objective of a 'commercial return') broadly coincides with the reference to 'assets not held to generate net cash inflows' in para. Aus5.1 of AASB 136.
Recognition	Para. 80 – for the purpose of impairment testing, goodwill acquired in a business combination shall, from the acquisition date, be allocated to each of the acquirer's cash-generating units, or groups of cash-generating units, that is expected to benefit from the synergies of the combination. Para. 81 – goodwill recognised in a business combination is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognised. Goodwill does not generate cash flows independently of other assets or groups of assets, and often contributes to the cash flows of multiple cash-generating units.	IPSAS 21, para. 20A – for the purpose of impairment, goodwill is considered a cash-generating asset. Goodwill does not generate economic benefits independently of other assets. Goodwill is only recognised where it gives rise to cash inflows or reductions in an acquirer's net cash outflows. No goodwill is recognised in respect of service potential that does not give rise to related cash flows. The recoverable service amount used to assess impairment in IPSAS 21 includes service potential. Consequently, an entity applies IPSAS 26 rather than IPSAS 21 to determine whether to impair goodwill. ***Comparison with AASB*** Do not expect differences in practice as AASB 136 applies the same tests for impairment as IPSAS 26.
	Para. 8 – an asset is impaired when its carrying amount exceeds its recoverable amount.	IPSAS 21, para. 25 – a non-cash-generating asset is impaired when its carrying amount exceeds its recoverable service amount. IPSAS 21, para. 33 – the concept of materiality applies in identifying whether the recoverable service amount of an asset needs to be estimated. For example, if previous assessments show that an asset's recoverable service amount is significantly greater than its carrying amount, the entity need not re-estimate the asset's recoverable service amount if no events have occurred that would eliminate that difference. Similarly, previous analysis may show that an asset's recoverable service amount is not sensitive to one (or more) of the indications listed in para. 27. IPSAS 26, para. 21 – a cash-generating asset is impaired when its carrying amount exceeds its recoverable amount. ***Comparison with AASB*** For cash-generating assets, there is no difference. For non-cash-generating assets, the measurement of recoverable amount in accordance with AASB 136 could be different from the measurement of recoverable service amount in accordance with IPSAS 21, depending on how the approaches to determining recoverable service amount are applied (see the discussion of para. 6 of AASB 136 compared with paras. 6, 44-50 and 52 of IPSAS 21 under the Measurement section below). The difference between recoverable amount under AASB 136 and recoverable service amount under IPSAS 21 is pervasive to this comparison and therefore is not repeated in the discussion below except in relation to measurement.
	Para.12 – in assessing whether there is any indication that an asset may be impaired, an entity shall consider, as a minimum, particular indications from external sources of information (with	IPSAS 21 and IPSAS 26 – in assessing whether there is any indication that an asset may be impaired, an entity shall consider, as a minimum, particular indications from external sources of information (IPSAS 21, paras. 27, 28 and 30 and Implementation Guidance and IPSAS 26,

	AASB requirement	IPSAS requirement
	examples listed) and from internal sources of information (with examples listed).	para. 25 – which list examples). ***Comparison with AASB*** The lists of external and internal indications differ (eg in contrast to IPSASs 21 and 26, AASB 136 gives an example relating to dividends from a subsidiary, jointly controlled entity or associate; and in contrast to AASB 136, IPSASs 21 and 26 give an example of a decision to halt the construction of the asset before it is complete or in a usable condition), and, unlike AASB 136, IPSAS 21 provides specific examples of indications for impaired non-cash-generating assets. However, each of the three standards provide a non-exhaustive list of indicators, and therefore differences in practice are not expected to arise as the principles for identifying impairment underlying each Standard are broadly similar.
	Para. 61 – an impairment loss on a non-revalued asset is recognised in profit or loss. However, an impairment loss on a revalued asset is recognised in other comprehensive income to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Such an impairment loss on a revalued asset reduces the revaluation surplus for that asset. Para. Aus61.1 – notwithstanding para. 61, in respect of not-for-profit entities, an impairment loss on a revalued asset is recognised in other comprehensive income to the extent that the impairment loss does not exceed the amount in the revaluation surplus for the class of asset. Such an impairment loss on a revalued asset reduces the revaluation surplus for the class of asset.	IPSAS 21, para. 54A and IPSAS 26, para.73A – an impairment loss on a non-revalued asset is recognised in surplus or deficit. However, an impairment loss on a revalued asset is recognised in revaluation surplus to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that class of assets. Such an impairment loss on a revalued asset reduces the revaluation surplus for that class of assets.[5] ***Comparison with AASB*** IPSASs do not adopt the concept of 'other comprehensive income' (see the separate comparison of AASB 101 *Presentation of Financial Statements* and IPSAS 1 *Presentation of Financial Statements*). However, within that context, the requirements relating to the recognition of revaluation decreases are broadly similar under both IPSASs 21/26 and AASB 136.
	AASB 136 does not address circumstances where an estimated impairment loss is greater than carrying amount.	IPSAS 21, para.56 – where the estimated impairment loss is greater than the carrying amount of the asset, the carrying amount is reduced to zero, with a corresponding amount recognised in surplus or deficit. A liability would be recognised only if another IPSAS so requires. An example is when a purpose-built military installation is no longer used and the entity is required by law to remove such installations if not usable. The entity may need to make a provision for dismantling costs if required by IPSAS 19 *Provisions, Contingent Liabilities and Contingent Assets*. ***Comparison with AASB*** Do not expect differences in practice as, in contrast to AASB 136, IPSAS 21 merely provides a signpost to the requirements in other IPSASs.
	AASB 136 does not explicitly address goodwill acquired in an acquisition of a non-cash-generating operation.	IPSAS 26, para. 90B – where goodwill is acquired in an acquisition of a non-cash-generating operation that results in a reduction in the net cash outflows of the acquirer, references in paras. 90D-90O (which address the allocation of goodwill to cash-generating assets) and 97A-97H (which address impairment testing cash-generating units with goodwill and non-controlling interests) to a cash

5 There appears to be an inconsistency within the suite of IPSASs. Paras. 84 and 85 of IPSAS 31 *Intangible Assets* require revaluations of intangible assets to be accounted for on an asset by asset basis; whereas para. 54A of IPSAS 21 and para. 73A of IPSAS 26 require an impairment loss on a revalued asset to be accounted for on a class basis.

AASB requirement	IPSAS requirement
	generating unit to which goodwill is allocated should be read as references also to the acquirer. ***Comparison with AASB*** Although AASB 136 does not explicitly address goodwill of a non-cash-generating operation, the requirements in IPSAS 26 for allocating such goodwill is consistent with the general requirements in AASB 136.
Para. 101 – because corporate assets do not generate separate cash inflows, the recoverable amount of an individual corporate asset cannot be determined unless management has decided to dispose of the asset. As a consequence, if there is an indication that a corporate asset may be impaired, recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of this cash-generating unit or group of cash-generating units. Para. 102 – in testing a cash-generating unit for impairment, an entity shall identify all the corporate assets that relate to the cash-generating unit under review.	IPSAS 21 and IPSAS 26 do not include specific guidance on corporate assets impairment. IPSAS 21, para. BC16 – in a non-cash-generating context, the concept of a service-generating unit is not warranted particularly because IPSAS 21 applies to individual assets and it is possible to identify the service potential of individual assets. Corporate assets are often an integral part of the service delivery function and their impairment is to be dealt with as for any other non-cash-generating assets of the entity. ***Comparison with AASB*** There could be differences in practice, because AASB 136 requires corporate assets to be treated as part of a cash-generating unit, whereas IPSAS 21 and IPSAS 26 would treat them as non-cash-generating assets. However, the extent of the difference will depend on the measurement differences discussed below. See also the discussion of para. 6 of AASB 136 under the Defined Terms section above.
AASB 136 does not address the interaction between non-cash-generating assets and cash-generating units. However, the guidance on corporate assets is similar.	IPSAS 26, para.93 – where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset shall be allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit. The carrying amount of the non-cash-generating asset shall reflect any impairment losses at the reporting date that have been determined under the requirements of IPSAS 21. IPSAS 26, para. 95 – in some cases, non-cash-generating assets contribute to cash-generating units. Where a cash-generating unit subject to an impairment test contains a non-cash-generating asset, that non-cash-generating asset is tested for impairment in accordance with the requirements of IPSAS 21. A proportion of the carrying amount of that non-cash-generating asset, following that impairment test, is included in the carrying amount of the cash-generating unit. The proportion reflects the extent to which the service potential of the non-cash-generating asset contributes to the cash-generating unit. The allocation of any impairment loss for the cash-generating unit is then made on a pro rata basis to all cash-generating assets in the cash-generating unit, subject to the limits in para. 92. The non-cash-generating asset is not subject to a further impairment loss beyond that which has been determined in accordance with IPSAS 21. IPSAS 26, para. 96 – where an asset releases service potential to one or more cash-generating activities, but not to non-cash-generating activities, entities refer to the relevant international and national accounting standard dealing with such circumstances. ***Comparison with AASB*** There could be differences in practice.
Revising an impairment loss: AASB 136 does not provide a list of indicators that an impairment loss recognised in prior periods that particularly relate to the nature of non-cash-generating assets within its scope	Revising an impairment loss: IPSAS 21, paras. 60 and 62 – in assessing whether there is a reversal of an impairment loss, an entity is required to consider a non-exhaustive list of both external and internal sources of information about indicators of a reversal. (The list is basically the opposite of the indicators of impairment

	AASB requirement	IPSAS requirement
	(see paras. 5 and Aus5.1) may no longer exist or may have decreased	in para. 27.) IPSAS 21 para. 63 – a commitment to discontinue or restructure an operation in the near future is an indication of a reversal of an impairment loss of an asset belonging to the operation, where such a commitment constitutes a significant long-term change, with a favourable effect on the entity, in the extent or manner of use of that asset. Circumstances where such a commitment would be an indication of reversal of impairment often relate to cases where the expected discontinuance or restructuring of the operation would create opportunities to enhance the utilisation of the asset. An example is an x-ray machine that has been underutilised by a clinic managed by a public hospital and, as a result of restructuring, is expected to be transferred to the main radiology department of the hospital where it will have significantly better utilisation. In such a case, the commitment to discontinue or restructure the clinic's operation may be an indication that an impairment loss recognised for the asset in prior periods may have to be reversed. IPSAS 21, para. 66 – an entity is required to make a formal estimate of recoverable service amount only if an indication of a reversal of an impairment loss is present. Para. 60 identifies key indications that an impairment loss recognised for an asset in prior periods may no longer exist or may have decreased. ***Comparison with AASB*** Because IPSAS 21 provides a non-exhaustive list of indicators, differences in practice are not expected to arise as the principles for identifying the reversal of an impairment underlying each Standard are broadly similar.
	Para. Aus120.1 – notwithstanding para. 120, in respect of not-for-profit entities, a reversal of an impairment loss on a revalued asset is recognised in other comprehensive income and increases the revaluation surplus. However, to the extent that an impairment loss on the same class of asset was previously recognised in profit or loss, a reversal of that impairment loss is also recognised in profit or loss	IPSAS 21, para. 69A and IPSAS 26, para. 108A – a reversal of an impairment loss on a revalued asset is recognised directly in the revaluation reserve and increases the revaluation surplus for that class of assets. However, to the extent that an impairment loss on the same class of revalued assets was previously recognised in surplus or deficit, a reversal of that impairment loss is also recognised in surplus or deficit. ***Comparison with AASB*** IPSASs do not adopt the concept of 'other comprehensive income' (see the separate detailed comparison of AASB 101 and IPSAS 1). However, within that context, the requirements relating to the recognition of a reversal of an impairment loss are broadly similar under both IPSASs 21/26 and AASB 136.
	Para. 122 – a reversal of an impairment loss for a cash-generating unit shall be allocated to the assets of the unit, except for goodwill, pro rata with the carrying amounts of those assets. These increases in carrying amounts shall be treated as reversals of impairment losses for individual assets and recognised in accordance with para. 119. Interpretation 10, Para. 8 – An entity shall not reverse an impairment loss recognised in a previous interim period in respect of goodwill.	IPSAS 26, para. 110 – a reversal of an impairment loss for a cash-generating unit shall be allocated to the cash-generating assets of the unit, except for goodwill, pro rata with the carrying amounts of those assets. These increases in carrying amounts shall be treated as reversals of impairment losses for individual assets and recognised in accordance with para. 108. No part of the amount of such a reversal shall be allocated to a non-cash-generating asset contributing service potential to a cash-generating unit. ***Comparison with AASB*** There would be differences in practice. Unlike AASB 136, IPSAS 26 prohibits the allocation of an impairment loss reversal to a non-cash-generating asset that contributes service potential to a cash-generating unit.
	AASB 136 does not address the redesignation of assets from cash-generating to non-cash-generating, or vice versa.	IPSAS 21, para. 71 and IPSAS 26, para.112 – the redesignation of an asset from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset shall only occur when there is clear evidence that such a

	AASB requirement	IPSAS requirement
		redesignation is appropriate. A redesignation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss. At the subsequent reporting date after a redesignation, an entity shall consider, as a minimum, the listed indications in para. 25. IPSAS 21, para. 72 and IPSAS 26, para. 113 – there are circumstances in which public sector entities may decide that it is appropriate to redesignate a cash-generating asset as a non-cash-generating asset. For example, an effluent treatment plant was constructed primarily to treat industrial effluent from an industrial estate at commercial rates, and excess capacity has been used to treat effluent from a social housing unit, for which no charge is made. The industrial estate has recently closed and, in future, the site will be developed for social housing purposes. In light of the closure of the industrial estate, the public sector entity decides to redesignate the effluent treatment plant as a non-cash-generating asset. ***Comparison with AASB*** Differences could arise in practice to the extent AASB 136 and IPSASs 21/26 treat cash-generating and non-cash-generating assets within their respective scopes differently (see the discussion throughout this comparison).
Measurement	Determining value in use through discounting estimated future cash flows: the discount rate: Para. 56 – the discount rate is estimated from the rate implicit in current market transactions for similar assets or from the weighted average cost of capital of a listed entity that has a single asset (or a portfolio of assets) similar in terms of service potential and risks to the asset under review.	Determining value in use through discounting estimated future cash flows: the discount rate: IPSAS 26, para. 69 – the rate is estimated from the rate implicit in current market transactions for similar assets. ***Comparison with AASB*** In contrast to AASB 136, IPSAS 26 does not explicitly acknowledge the use of weighted average cost of capital of a listed entity as a basis for estimating the discount rate. This could give rise to differences in practice.
	As noted in the discussion of para. Aus5.1 of AASB 136 under the Scope section and para. 8 under the Recognition section above, an impaired non-cash-generating asset measured at cost is required to be written down to recoverable amount. AASB 136, para. 6 – 'recoverable amount' is the higher of fair value less costs to sell and value in use; and 'value in use' is the present value of the cash flows expected to be derived from the asset (which, for non-cash generating assets, would be expected to be zero).	IPSAS 21, para. 52 – an impaired non-cash-generating asset is required to be written down to its recoverable service amount. IPSAS 21, para. 6 – 'recoverable service amount' is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use; and 'value in use of a non-cash-generating asset' is the present value of the asset's remaining service potential. IPSAS 21, paras. 45-50 – value in use of a non-cash-generating asset is determined using one of the following approaches: • the depreciated replacement cost approach • the restoration cost approach • the service unit approach. ***Comparison with AASB*** This could give rise to differences in practice, even in circumstances where disposal costs are negligible (which is expected to be the case for many assets, including those within the scope of para. Aus5.1 of AASB 136), because of the potential for differences in the measurement of: • recoverable amount under AASB 136 and recoverable service amount under IPSAS 21 • fair value under AASB 13 and IPSAS 21 (see the separate high-level comparison of AASB 13 and IPSASs). Under AASB 136, assets not generating cash flows that are measured at cost will have a nil value in use, but their fair value under AASB 13 (and recoverable amount under AASB 136) is likely to be estimated as current replacement cost. Under IPSASs, the depreciated replacement cost

	AASB requirement	IPSAS requirement
		approach, restoration cost approach or service units approach, as appropriate, will be acceptable as an estimate of fair value (under IPSAS 17) or value in use (under IPSAS 21) and, therefore, the recoverable service amount (also under IPSAS 21). However, whether current replacement cost is consistent with the amount determined under IPSASs will depend on how the IPSASs' approaches are applied in practice. Assets not generating cash flows that are measured at fair value, including specialised assets and other assets held for service potential (including corporate assets), may be measured at current replacement cost under AASB 13. They may be measured using the depreciated replacement cost approach, restoration cost approach or service units approach, as appropriate, under IPSAS 17. Again, whether the two amounts under the respective Standards are consistent will depend on how the requirements in IPSAS 17 are applied (see the separate high-level comparison of AASB 13 and IPSASs). Furthermore, if there is an impairment trigger, AASB 13 would address the impairment (see the discussion of para. Aus5.1 under the Scope section above), but under IPSASs they will need to be subject to impairment tests under IPSAS 21. There will be differences in practice where assets are measured at cost and disposal costs are not negligible.
	Para. 64 – if an impairment loss is recognised, any related deferred tax assets or liabilities are determined in accordance with AASB 112 by comparing the revised carrying amount of the asset with its tax base (see Illustrative Example 3).	IPSAS 21 and IPSAS 26 do not provide guidance on deferred tax assets or liabilities related to an impairment loss. ***Comparison with AASB*** There is no IPSAS that corresponds to AASB 112. There could be differences in practice, but only to the extent not-for-profit public sector entities are subject to income tax or income tax equivalents (which is not expected to be common). (See also the high-level comparison of AASB 112 and IPSASs.)
Presentation	Consistent presentation requirements apply	
Disclosure	AASB 136 does not require disclosure of the criteria used to distinguish between cash-generating and non-cash-generating assets.	IPSAS 21, para. 72A and IPSAS 26, para. 114 – an entity is required to disclose the criteria developed by the entity to distinguish cash-generating assets from non-cash-generating assets. IPSAS 26, para.116 – in some cases it may not be clear whether the primary objective of holding an asset is to generate a commercial return. Judgement is needed to determine whether to apply IPSAS 26 or IPSAS 21. ***Comparison with AASB*** Expect disclosures under IPSASs 21 and 26 to be greater than under AASB 136 (see also the discussion of paras. 93, 95 and 96 of IPSAS 26 under the Recognition section above).
	Para. 130(f) – where an impairment loss has been recognised or reversed, and if the recoverable amount is fair value less costs of disposal, the entity shall disclose: ▪ the level of the fair value hierarchy (see AASB 13) within which the fair value measurement of the asset (cash-generating unit) is categorised in its entirety (without taking into account whether the 'costs of disposal' are observable) ▪ for fair value measurements categorised within Level 2 and Level 3 of the fair value hierarchy,	IPSAS 26, para. 120(f) and IPSAS 21, para. 77(f) – where an impairment loss has been recognised or reversed, and if the recoverable amount (IPSAS 26) or recoverable service amount (IPSAS 21) is fair value less costs to sell, the entity shall disclose the basis used to determine fair value less costs to sell (such as whether fair value was determined by reference to an active market). ***Comparison with AASB*** There is no IPSAS that corresponds to AASB 13 (see the separate high-level comparison of AASB 13 and IPSASs). Accordingly, expect disclosures under AASB 136 to be greater than under IPSASs 21 and 26.

	AASB requirement	IPSAS requirement
	a description of the valuation technique(s) used to measure fair value less costs of disposal. If there has been a change in valuation technique, the entity shall disclose that change and the reason(s) for making it ▪ for fair value measurements categorised within Level 2 and Level 3 of the fair value hierarchy, each key assumption on which management has based its determination of fair value less costs of disposal. Key assumptions are those to which the asset's (cash-generating unit's) recoverable amount is most sensitive. The entity shall also disclose the discount rate(s) used in the current measurement and previous measurement if fair value less costs of disposal is measured using a present value technique.	
	Para. 134 – for each cash-generating unit (group of units) for which the carrying amount of goodwill or intangible assets with indefinite useful lives allocated to that unit (group of units) is significant in comparison with the entity's total carrying amount of goodwill or intangible assets with indefinite useful lives, an entity is required to disclose: ▪ the level of the fair value hierarchy (see AASB 13) within which the fair value measurement is categorised in its entirety ▪ if there has been a change in valuation technique, the change and the reason(s) for making it.	IPSAS 26 does not require disclosure of the level of the fair value hierarchy used, nor whether there has been a change in valuation technique and reason for the change. ***Comparison with AASB*** Expect disclosures under AASB 136 to be greater than those under IPSAS 26.
Application Guidance	Consistent Application Guidance for present value techniques to measure value in use	
	Appendix C of AASB 136 sets out requirements, as an integral part of the Standard, on impairment testing cash-generating units with goodwill and non-controlling interests, including material on: ▪ allocation of goodwill ▪ testing for impairment ▪ allocating an impairment loss.	IPSAS 26 does not include additional requirements for impairment testing cash-generating units with goodwill and non-controlling interests. ***Comparison with AASB*** There could be differences in practice.

Overall comment: some of the identified potential substantive differences are a consequence of differences between other AASBs and IPSASs. Furthermore, in the context of the Australian not-for-profit public sector, where adoption of fair value measurement is widespread, it is not expected that the other differences between AASB 136 and IPSAS 21/IPSAS 26 justify the AASB considering amending its requirements for the not-for-profit sector to align with IPSASB on those differences.

Back to Table 2

Provisions, Contingent Liabilities and Contingent Assets – AASB 137

Relevant pronouncements:

- AASB 137 *Provision, Contingent Liabilities and Contingent Assets* (based on IAS 37), Interpretation 1 *Changes in Existing Decommissioning, Restoration and Similar Liabilities* (based on IFRIC 1), related parts of Interpretation 5 *Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds* (based on IFRIC 5), Interpretation 6 *Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment* (based on IFRIC 6) and Interpretation 21 *Levies* (based on IFRIC 21)
- IPSAS 19 *Provisions, Contingent Liabilities and Contingent Assets*, based on IAS 37 (1998)[1]

AASB Aus paragraphs: the following pertinent not-for-profit specific paragraphs are included in AASB 137: Aus26.1 and Aus26.2.

	AASB requirement	IPSAS requirement
Scope	AASB 137 does not exclude provisions and contingent liabilities arising from social benefits from its scope (and paras. Aus26.1 and Aus26.2 explicitly address them (and more) from a local government, government department and government perspective – see in the Recognition section below).	Para. 1(a) – IPSAS 37 does not apply to provisions and contingent liabilities arising from social benefits provided by an entity for which it does not receive consideration that is approximately equal to the value of the goods and services provided directly in return from recipients of those benefits. Paras. 7-11 – clarify the scope exclusion in para. 1(a) relating to social benefits, the reasons for it, and its consequences. Para. 77 – contracts to provide social benefits entered into with the expectation that the entity does not receive consideration that is approximately equal to the value of goods and services provided, directly in return from the recipients of those benefits, despite potentially being onerous under para. 76, are excluded from the scope of IPSAS 37. Para. 99 – states "Where an entity **elects** to recognise in its financial statements provisions for social benefits for which it does not receive consideration that is approximately equal to the value of goods and services provided, directly in return from the recipients of those benefits …" (emphasis added) (See also IPSASB Consultation Paper *Recognition and Measurement of Social Benefits* (July 2015, comments due 31 January 2016).The project is ongoing.) ***Comparison with AASB*** This could result in significantly different accounting for provisions and contingent liabilities – particularly those arising from social benefits, although the Aus paras. in AASB 137 address a broader range of issues than just social benefits.
	Interpretation 5, Para. 10 – clarifies that when a contributor to a decommissioning fund has an	IPSAS 19 does not explicitly address a contributor's obligations to a decommissioning

1 Therefore, IPSASB has not yet considered any amendments made to IAS 37 since 1998 as part of its approach to IFRS convergence (see *The IPSASB's Strategy for 2015 Forward: Leading through Change* (September 2015, page 11).)

	AASB requirement	IPSAS requirement
	obligation to make potential additional contributions, for example, in the event of the bankruptcy of another contributor or if the value of the investment assets held by the fund decreases to an extent that they are insufficient to fulfil the fund's reimbursement obligations, this obligation is a contingent liability within the scope of AASB 137. The contributor shall recognise a liability only if it is probable that additional contributions will be made.	fund. ***Comparison with AASB*** There could be significant differences in practice.
	Interpretation 1003 *Australian Petroleum Resource Rent Tax*, Para. 9 – clarifies that Australian Petroleum Resource Rent Tax (PRRT) is income tax within the scope of AAB 112 *Income Taxes* (and is therefore outside the scope of AASB 137).	IPSAS 19 does not explicitly address PRRT. ***Comparison with AASB*** Interpretation 1003 was issued in response to the different views for accounting for Australian PRRT. In the absence of an equivalent Interpretation under IPSAS, this could give rise to significant differences in practice, but only to the extent not-for-profit public sector entities are subject to PRRT.
Defined terms	Consistent, insofar as they are specific to the topic of provisions, contingent liabilities and contingent assets, except as noted below. Any substantive differences in terms used in both Standards but defined in other Standards are identified in the comparisons of those other Standards. Substantive differences in any general terms and their definitions in both Standards are identified in the Comparison of Definitions of General Terms at the end of this Appendix.	
	AASB 137 does not explicitly address payables arising from social benefits, although paras. Aus26.1 and Aus26.2 address related issues without explicitly referring to 'payables'. For example, para. Aus26.1 states: A present obligation for social welfare payments arises only when entitlement conditions are satisfied for payment during a particular payment period.	Paras. 11 and 19 – payables are liabilities to pay for goods or services that have been received or supplied, and have been invoiced or formally agreed with the supplier (and include payments in respect of social benefits where formal agreements for specified amounts exist). ***Comparison with AASB*** There could be significant differences in practice, with AASB recognising a liability when entitlement conditions for social benefits are satisfied, whereas it seems IPSAS 19 might not recognise the liability until later.
	Interpretation 6, Para.9 – in relation to waste electrical and electronic equipment, participation in the market during the measurement period is the obligating event in accordance with para. 14(a) of AASB 137. As a consequence, a liability for waste management costs for historical household equipment does not arise as the products are manufactured or sold. Because the obligation for historical household equipment is linked to participation in the market during the measurement period, rather than to production or sale of the items to be disposed of, there is no obligation unless and until a market share exists during the measurement period. The timing of the obligating event may also be independent of the particular period in which the activities to perform the waste management are undertaken and the related costs incurred.	IPSAS 19 does not explicitly address liabilities arising from participating in a specific market – waste electrical and electronic equipment. ***Comparison with AASB*** There could be significant differences in practice.
Recognition	Paras. Aus26.1-Aus26.2 – provides guidance on the recognition by a local government, government department or government of a liability arising from a local government or government existing public policy, budget policy, election promise or statement of intent. (The guidance is broader than social benefits and clarifies that a liability is only recognised when conditions of entitlement are satisfied. Further, the guidance strongly implies, but is not definitive, that any liability that arises and meets the recognition	Provisions and contingent liabilities arising from social benefits are scoped out of IPSAS 19 (see the discussion of para. 1(a) under the Scope section above). ***Comparison with AASB*** There could be significant differences in practice.

	AASB requirement	IPSAS requirement
	criteria would not be recognised as a provision – rather it would be recognised as a payable.)	
	AASB 137 does not include an example of an item that was previously dealt with as a contingent liability becoming probable and therefore recognised as a provision.	Para. 38 – an example of an item previously dealt with as a contingent liability that becomes probable and therefore recognised as a provision is where a local government has breached an environmental law where, originally, it was unclear whether any damage was caused, but it has now become clear that there was damage. ***Comparison with AASB*** Do not expect differences in practice.
	Para. 60 – where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as borrowing cost.	Para. 70 – where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense. ***Comparison with AASB*** There could be differences in practice (see also the separate detailed comparison of AASB 123 *Borrowing Costs* and IPSAS 5 *Borrowing Costs*.)
	Para. 73 – examples of evidence that an entity has started to implement a restructuring plan include: ▪ the public announcement of the main features of the plan ▪ dismantling plant ▪ selling assets.	Para. 85 – examples of evidence that a government or an individual entity has started to implement a restructuring plan include: ▪ the public announcement of the main features of the plan ▪ the sale or transfer of assets ▪ notification of intention to cancel leases ▪ the establishment of alternative arrangements for clients of services. ***Comparison with AASB*** Do not expect differences in practice.
	Para. 75 – if an entity starts to implement a restructuring plan, or announces its main features to those affected, only after the reporting period, disclosure is required under AASB 110 *Events after the Reporting Period*, if the restructuring is material and non-disclosure could influence the economic decisions that users make on the basis of the financial statements.	Para. 92 – even if public sector restructuring does not lead to the recognition of a provision, the planned transaction may require disclosure under other standards, such as IPSAS 14 *Events After the Reporting Date* (see also para. 87 of IPSAS 19), and IPSAS 20 *Related Party Disclosures*. ***Comparison with AASB*** Do not expect differences in practice. (See also the separate comparisons of AASB 110 and IPSAS 14; and AASB 124 *Related Party Disclosures* and IPSAS 20.)
	Interpretation 5, para. 7 – a contributor to a decommissioning fund shall recognise its obligation to pay decommissioning costs as a liability and recognise its interest in the fund separately unless the contributor is not liable to pay decommissioning costs even if the fund fails to pay.	As noted in the Scope section above, IPSAS 19 does not explicitly address a contributor's obligations to a decommissioning fund. ***Comparison with AASB*** There could be significant differences in practice.
	Interpretation 5, para.9 – if a contributor to a decommissioning fund does not have control or joint control of, or significant influence over, the fund, the contributor shall recognise the right to receive reimbursement from the fund as a reimbursement in accordance with AASB 137. This reimbursement shall be measured at the lower of: • the amount of the decommissioning obligation	IPSAS 19 does not explicitly address a contributor's right to receive reimbursement from a decommissioning fund. ***Comparison with AASB*** There could be significant differences in practice. (See also the separate detailed comparisons of AASB 10 and IPSAS 35 *Consolidated Financial Statements*, AASB 11 and IPSAS 37 *Joint Arrangements*, and

	AASB requirement	IPSAS requirement
	recognised; and ▪ the contributor's share of the fair value of the net assets of the fund attributable to contributors. Changes in the carrying value of the right to receive reimbursement other than contributions to and payments from the fund shall be recognised in profit or loss in the period in which these changes occur. (Interpretation 5, para. 8 – the contributor shall determine whether it has control or joint control of, or significant influence over, the fund by reference to AASB 10 *Consolidated Financial Statements*, AASB 11 *Joint Arrangements* and AASB 128 *Investments in Associates and Joint Ventures*. If it does, the contributor shall account for its interest in the fund in accordance with those AASBs.)	AASB 128 and IPSAS 36 *Investments in Associates and Joint Ventures*.)
	Interpretation 21, para.8 – the obligating event that gives rise to a liability to pay a levy imposed on an entity by a government is the activity that triggers the payment of the levy, as identified by the legislation. For example, if the activity that triggers the payment of the levy is the generation of revenue in the current period and the calculation of that levy is based on the revenue that was generated in a previous period, the obligating event for that levy is the generation of revenue in the current period. The generation of revenue in the previous period is necessary, but not sufficient, to create a present obligation. Interpretation 21, para.9 – an entity does not have a constructive obligation to pay a levy that will be triggered by operating in a future period as a result of the entity being economically compelled to continue to operate in that future period. Interpretation 21, para.10 – the preparation of financial statements under the going concern assumption does not imply that an entity has a present obligation to pay a levy that will be triggered by operating in a future period. Interpretation 21, para.11 – the liability to pay a levy is recognised progressively if the obligating event occurs over a period of time (ie if the activity that triggers the payment of the levy, as identified by the legislation, occurs over a period of time). For example, if the obligating event is the generation of revenue over a period of time, the corresponding liability is recognised as the entity generates that revenue. Interpretation 21, para.12 – if an obligation to pay a levy is triggered when a minimum threshold is reached, the accounting for the liability that arises from that obligation shall be consistent with the principles established in paras. 8-14 of this Interpretation (in particular, paras. 8 and 11). For example, if the obligating event is the reaching of a minimum activity threshold (such as a minimum amount of revenue or sales generated or outputs produced), the corresponding liability is recognised when that minimum activity threshold is reached. Interpretation 21, para.13 – an entity shall apply the same recognition principles in the interim financial report that it applies in the annual financial statements. As a result, in the interim financial report, a liability to pay a levy:	IPSAS 19 does not explicitly address liabilities that arise from an obligation to pay a levy imposed by a government. ***Comparison with AASB*** There could be significant differences in practice. (See also the high-level comparison of AASB 134 *Interim Financial Reporting* and IPSASs.)

	AASB requirement	IPSAS requirement
	▪ shall not be recognised if there is no present obligation to pay the levy at the end of the interim reporting period ▪ shall be recognised if a present obligation to pay the levy exists at the end of the interim reporting period. Interpretation 21, para.14 – an entity shall recognise an asset if it has prepaid a levy but does not yet have a present obligation to pay that levy.	
Measurement	Interpretation 1 – provides guidance on how to account for the effect of changes in the measurement of existing decommissioning, restoration and similar liabilities.	IPSAS 19 does not explicitly address the accounting for the effect of changes in the measurement of existing decommissioning, restoration and similar liabilities. ***Comparison with AASB*** There could be differences in practice.
	AASB 137 does not provide educational material on the effect of unwinding of a discount.	Para. 54 – when a provision is discounted over a number of years, the present value of the provision will increase each year as the provision comes closer to the expected time of settlement. ***Comparison with AASB*** Do not expect differences in practice.
	Para. 47 – the discount rate shall be a pre-tax rate.	Para. 57 – in some jurisdictions, income taxes or income tax equivalents are levied on a public sector entity's surplus for the period. Where such income taxes are levied on public sector entities, the discount rate selected should be a pre-tax rate. (See also para. 56). ***Comparison with AASB*** Do not expect differences in practice.
Presentation	Consistent	
Disclosure	AASB 137 specifies disclosure requirements in paras. 84 and 85 for each class of provision, which would include provisions for social benefits.	Para. 99 – where an entity elects to recognise in its financial statements provisions for social benefits for which it does not receive consideration that is approximately equal to the value of goods and services provided, directly in return from the recipients of those benefits, it shall make the disclosures required in paras. 97 and 98 in respect of those provisions. ***Comparison with AASB*** This would result in significantly different disclosures for provisions for social benefits – para. 85 of AASB 137 disclosure requirements apply to both recognised and unrecognised social benefits; whereas the para. 98 of IPSAS 19 disclosures apply only to recognised provisions for social benefits. (See also the discussion of para. 1(a) of IPSAS 19 in the Scope section above for the implications of the IPSAS 19 option to recognise provisions for social benefits).

AASB requirement	IPSAS requirement
Interpretation 1, para.6(d) – AASB 101 requires disclosure in the statement of comprehensive income of each component of other comprehensive income or expense. In complying with this requirement, the change in the revaluation surplus arising from a change in the liability shall be separately identified and disclosed as such.	***Comparison with AASB*** IPSASs do not adopt the concept of 'other comprehensive income' (see the separate comparison of AASB 101 *Presentation of Financial Statements* and IPSAS 1 *Presentation of Financial Statements*). This could give rise to differences in disclosure.
Interpretation 5, para.11 – a contributor to a decommissioning fund shall disclose the nature of its interest in the fund and any restrictions on access to the assets in the fund. Interpretation 5, para.12 – when a contributor to a decommissioning fund has an obligation to make potential additional contributions that is not recognised as a liability (see para. 10), it shall make the disclosures required by para. 86 of AASB 137. Interpretation 5, para.13 – when a contributor to a decommissioning fund accounts for its interest in the fund in accordance with para. 9, it shall make the disclosures required by para. 85(c) of AASB 137.	As noted in the Scope section above, IPSAS 19 does not explicitly address contributors to decommissioning funds. ***Comparison with AASB*** There could be significant differences in practice.
AASB 137 does not explicitly refer to the use of external valuations (nor does AASB 13 *Fair Value Measurement*).	Para. 103 – an entity may in certain circumstances use external valuation to measure a provision. In such cases, information relating to the valuation can usefully be disclosed. ***Comparison with AASB*** Do not expect differences in practice.
AASB 137 does not provide relief from its para. 86 disclosures for contingent liabilities that arise from social benefits.	Para. 104 – the disclosure requirements in para. 100 do not apply to contingent liabilities that arise from social benefits provided by an entity for which it does not receive consideration that is approximately equal to the value of goods or services provided, directly in return from the recipients of those benefits (see also the discussions of paras. 1(a) and 7-11 in the Scope section above in relation to IPSAS 19's exclusion of social benefits from its scope). ***Comparison with AASB*** This would result in significantly more disclosures under AASB 137 for contingent liabilities that arise from social benefits.
AASB 137 does not provide an example of disclosures about a contingent asset in a public sector context.	Para. 106 – provides a public sector example of the types of disclosures that would be made, and the factors that would trigger their disclosure, under para. 105 in relation to a contingent asset. ***Comparison with AASB*** Do not expect differences in practice.
AASB 137 does not explicitly address contingent assets that might exist in relation to taxation revenues. Appendix C of AASB 9 *Financial Instruments* addresses non-contractual receivables arising from statutory requirements. It does not explicitly refer to contingent assets relating to taxation revenues. However, it states: ▪ an entity recognises and measures a statutory receivable as if it were a financial	Para. 107 – the disclosure requirements in para. 105 encompass contingent assets from both exchange and non-exchange transactions. Whether a contingent asset exists in relation to taxation revenues rests on the interpretation of what constitutes a taxable event. The determination of the taxable event for taxation revenue and its possible implications for the disclosure of contingent assets related to taxation revenues are to be dealt with as a part of a separate project on non-exchange

	AASB requirement	IPSAS requirement
	asset when statutory requirements establish a right for the entity to receive cash or another financial asset. Such a right arises on the occurrence of a past event. ▪ a past event relating to taxes occurs as specified for each tax levied in the relevant tax law. For income tax, the taxable event is the end of the taxation period in respect of which taxable income of a taxpayer is determined.	revenue. (IPSAS 23 *Revenue from Non-exchange Transactions (Taxes and Transfers)*, para. 36 – an item that possesses the essential characteristics of an asset, but fails to satisfy the criteria for recognition may warrant disclosure in the notes as a contingent asset (see IPSAS 19).) ***Comparison with AASB*** There could be significant differences in practice.

Overall comment: IPSASB is undertaking a project on social benefits, for which an Exposure Draft is scheduled in mid 2017. The AASB should contribute to and monitor that project with a view to considering whether to amend AASB 137 in due course. Accordingly, currently, IPSAS 19 does not provide a basis for the AASB to consider amending AASB 137 and related Interpretations to align with IPSAS 19 for the not-for-profit sector.

Back to Table 2

Intangible Assets – AASB 138

Relevant pronouncements:

- AASB 138 *Intangible Assets* (based on IAS 38) and Interpretation 132 *Intangible Assets – Web Site Costs* (based on SIC-32)
- IPSAS 31 *Intangible Assets*, based on IAS 38 (as at December 2008)[1]. IPSAS 31 also incorporates SIC-32.

AASB Aus paragraphs: the following pertinent not-for-profit specific paragraphs are included in AASB 138: Aus24.1, Aus85.1, Aus86.1, Aus86.2 and Aus124.1.

	AASB requirement	IPSAS requirement
Scope	AASB 138 does not explicitly exclude intangible assets that are powers and rights conferred by legislation, a constitution, or by equivalent means.	Para. 3(g) – intangible assets that are powers and rights conferred by legislation, a constitution, or by equivalent means are explicitly excluded from the scope of IPSAS 31. ***Comparison with AASB*** There could be differences in practice.
	Para. 2(a) – AASB 138 shall be applied in accounting for intangible assets, except intangible assets that are within the scope of another AASB. (The AASB Standard *Service Concession Arrangements: Grantor* is anticipated to be issued as AASB 1059 and apply to service concession assets within its scope).	Para. 6(e) – recognition and initial measurement of service concession assets that are within the scope of IPSAS 32 *Service Concession Arrangements: Grantor* are excluded from the scope of IPSAS 31. However, IPSAS 31 applies to the subsequent measurement and disclosure of such assets. ***Comparison with AASB*** Differences may arise in practice to the extent the forthcoming AASB Standard differs from IPSAS 32 (a separate detailed comparison of the AASB Standard and IPSAS 32 will be done in due course).
	AASB 138 does not explicitly mention intangible heritage assets. (In contrast, AASB 116 *Property, Plant and Equipment* has separate Australian implementation guidance (paras. G1-G4) relating to heritage and cultural assets.)	Para.11 – an entity is not required to recognise intangible heritage assets that would otherwise meet the definition of, and recognition criteria for, intangible assets. If an entity does recognise intangible heritage assets, it must apply the disclosure requirements of IPSAS 31 and may, but is not required to, apply its measurement requirements. ***Comparison with AASB*** Expect significant differences in practice.
Defined terms	Consistent, insofar as they are specific to the topic of intangible assets. Any substantive differences in terms used in both Standards but defined in other Standards are identified in the comparisons of those other Standards. Substantive differences in any general terms and their definitions in both Standards are identified in the Comparison of Definitions of General Terms at the end of this Appendix.	

1 Therefore, IPSASB has not yet considered any amendments made to IAS 38 since 2008 as part of its approach to IFRS convergence (see *The IPSASB's Strategy for 2015 Forward: Leading through Change* (September 2015, page 11).)

	AASB requirement	IPSAS requirement
Recognition	Para. 21 – an intangible asset shall be recognised if, and only if: - it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity - the cost of the asset can be measured reliably. Para. Aus24.1 – notwithstanding para. 24 (relating to an intangible asset being required to be measured initially at cost), not-for-profit entities shall initially measure the cost of the asset at fair value where the consideration for the asset is significantly less than fair value principally to enable the entity to further its objectives. AASB 1058 *Income of Not-for-Profit Entities* addresses the recognition of related amounts.	Para. 28 – an intangible asset shall be recognised if, and only if: - it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity - the cost or fair value of the asset can be measured reliably. Para. 31 – an intangible asset shall be measured initially at cost. Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition shall be measured at its fair value as at that date. ***Comparison with AASB*** There could be differences in how fair value is determined in practice under AASB 138 and IPSAS 31 (see also the separate high-level comparison of AASB 13 and IPSASs).
	Paras. 45 and 46 – for the purpose of measurement, an entity determines whether a transaction involving the exchange of a non-monetary asset for an intangible asset has commercial substance by considering the extent to which its future cash flows are expected to change as a result of the transaction. An exchange transaction has commercial substance if: - the configuration (ie risk, timing and amount) of the cash flows of the asset received differs from the configuration of the cash flows of the asset transferred; or - the entity-specific value of the portion of the entity's operations affected by the transaction changes as a result of the exchange; and - the difference in (a) or (b) is significant relative to the fair value of the assets exchanged. For the purpose of determining whether an exchange transaction has commercial substance, the entity specific value of the portion of the entity's operations affected by the transaction shall reflect post-tax cash flows. The result of these analyses may be clear without an entity having to perform detailed calculations.	Para. 44 – addresses the exchange of a non-monetary asset for an intangible asset, but does not address the characteristics of commercial substance. (Paras. 36-38 of IPSAS 16 *Investment Property* do in the context of investment property; and paras. 38-40 of IPSAS 17 *Property, Plant, and Equipment* do in the context of property, plant and equipment. Para. BC5 of IPSAS 31 notes that the IPSASB decided the guidance is unnecessary in the context of IPSAS 31 because the issue is addressed in IPSAS 23 *Revenue from Non-exchange Transactions (Taxes and Transfers)*). ***Comparison with AASB*** Do not expect differences in practice.

	AASB requirement	IPSAS requirement
Measurement	Para. Aus85.1 – if the carrying amount of a class of assets is increased as a result of a revaluation, the net revaluation increase shall be recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus. However, the net revaluation increase shall be recognised in profit or loss to the extent that it reverses a net revaluation decrease of the same class of assets previously recognised in profit or loss. Para. Aus86.1 – if the carrying amount of a class of assets decreased as a result of a revaluation, the net revaluation decrease shall be recognised in profit or loss. However, the net revaluation decrease shall be recognised in other comprehensive income to the extent of any credit balance existing in any revaluation surplus in respect of that same class of assets. The net revaluation decrease recognised in other comprehensive income reduces the amount accumulated in equity under the heading of revaluation surplus. Para. Aus86.2 – revaluation increases and revaluation decreases relating to individual assets within a class of intangible assets shall be offset against one another within that class but shall not be offset in respect of assets in different classes.	Para. 84 – if an intangible asset's carrying amount is increased as a result of a revaluation, the increase shall be credited directly to revaluation surplus. However, the increase shall be recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit. Para. 85 – if an intangible asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognised in surplus or deficit. However, the decrease shall be recognised directly in net assets/equity to the extent of any credit balance in the revaluation surplus in respect of that asset. The decrease recognised directly in net assets/equity reduces the amount accumulated in net assets/equity under the heading of revaluation surplus. (Para. BC9 of IPSAS 31 explains that IPSASB considered adopting the class of asset approach in IPSAS 17 but concluded that it was not necessary because intangible assets differ from property, plant, and equipment in that they are less likely to be homogeneous. One of the major types of intangible assets of public sector entities is internally-developed software, for which detailed information is available on an individual asset basis.) ***Comparison with AASB*** This could give rise to significant differences as, in contrast to AASB 138, IPSAS 31 requires revaluations of intangible assets to be accounted for on an asset-by-asset basis.
	Para. 94 – the useful life of a reacquired right recognised as an intangible asset in a business combination is the remaining contractual period of the contract in which the right was granted and shall not include renewal periods.	Para. 93A – the useful life for: ▪ a license or similar right previously granted by one combining operation to another combining operation that is recognised by the resulting entity in an amalgamation; or ▪ a reacquired right recognised as an intangible asset in an acquisition is the remaining period of the binding arrangement (including rights from contracts or other legal rights) in which the right was granted and shall not include renewal periods. ***Comparison with AASB*** Do not expect differences in practice, although AASB does not allow amalgamation accounting (see the separate comparison of AASB 3 *Business Combinations* and IPSAS 40 *Public Sector Combinations*).
	Para 115A – in the case of a reacquired right in a business combination, if the right is subsequently reissued (sold) to a third party, the related carrying amount, if any, shall be used in determining the gain or loss on reissue.	Para. 114A – in the case of: ▪ a license or similar right previously granted by one combining operation to another combining operation that is recognised by the resulting entity in an amalgamation; or ▪ a reacquired right recognised as an intangible asset in an acquisition, if the right is subsequently reissued (sold) to a third party, the related carrying amount, if any, shall be used in determining the gain or loss on reissue. ***Comparison with AASB*** Expect differences in practice to the extent IPSAS 31 acknowledges amalgamation accounting (see the separate comparison of AASB 3 and

	AASB requirement	IPSAS requirement
		IPSAS 40).
Disclosure	Para. Aus124.1 – notwithstanding para. 124(a)(iii), for each revalued class of intangible assets, the requirement to disclose the carrying amount that would have been recognised had the assets been carried under the cost model does not apply.	Para. 123(iii) – an entity is required to disclose the carrying amount that would have been recognised had the revalued class of intangible assets been measured after recognition using the cost model. ***Comparison with AASB*** This could give rise to a greater level of disclosure under IPSAS 31.

Overall comment: some of the differences arise as a consequence of differences between other AASBs and IPSASs. The more substantive identified differences that are not consequential relate to conferred rights, heritage assets, and the treatment of revaluations by class vs asset basis. The conferred rights issue is not expected to be substantive in practice in Australia. Issues relating to intangible heritage assets can be considered in the context of the IPSASB's current project on heritage. The treatment of revaluations on a class basis (AASB 138) rather than an individual asset basis (IPSAS 31) has not given rise to known practice issues. Accordingly, the differences do not currently provide a basis for the AASB to consider amending AASB 138 to align with IPSAS 31 for the not-for-profit sector.

Back to Table 2

Financial Instruments: Recognition and Measurement – AASB 139

Relevant pronouncements:

- AASB 139 *Financial Instruments: Recognition and Measurement* (based on IAS 39)
- IPSAS 29 *Financial Instruments: Recognition and Measurement,* based on IAS 39 (as at December 2008). IPSAS 29 also incorporates IFRIC 9 *Reassessment of Embedded Derivatives* and IFRIC 16 *Hedges of a Net Investment in a Foreign Operation*.

AASB Aus paragraphs: no pertinent not-for-profit specific paragraphs are included in AASB 139.

This comparison is incorporated into the comparison of AASB 9 *Financial Instruments*/AASB 139 and IPSAS 29.

Back to Table 2

Investment Property – AASB 140

Relevant pronouncements:

- AASB 140 *Investment Property*, based on IAS 40
- IPSAS 16 *Investment Property*, based on IAS 40 including amendments made up to May 2008 but excluding amendments to IAS 40 consequent upon the issue of IFRS 4 *Insurance Contracts* and IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*[1]

AASB Aus paragraphs: the following pertinent not-for-profit specific paragraphs are included in AASB 140: Aus9.1 and Aus20.1

	AASB requirement	IPSAS requirement
Scope	Consistent	
Defined terms	Consistent, insofar as they are specific to the topic of investment property, except as noted below. Any substantive differences in terms used in both Standards but defined in other Standards are identified in the comparisons of those other Standards. Substantive differences in any general terms and their definitions in both Standards are identified in the Comparison of Definitions of General Terms at the end of this Appendix.	
	Para. 5 – defines investment property as property (land or a building – or part of a building – or both) held (by the owner or by the lessee as a right-of-use asset) to earn rentals or for capital appreciation or both, rather than for: ▪ use in the production or supply of goods or services or for administrative purposes; or ▪ sale in the ordinary course of business. Para. 5 – defines owner-occupied property as property held (by the owner or by the lessee as a right-of-use asset) for use in the production or supply of goods or services or for administrative purposes.	Para. 7 – defines investment property as property (land or a building – or part of a building – or both) held to earn rentals or for capital appreciation or both, rather than for: ▪ use in the production or supply of goods or services or for administrative purposes; or ▪ sale in the ordinary course of operations. Para. 7 – defines owner-occupied property as property held (by the owner or by the lessee under a finance lease) for use in the production or supply of goods or services or for administrative purposes. ***Comparison with AASB*** There will be significant differences. This is as a consequence of the differences between AASB 16 *Leases* and IPSAS 13 *Leases* (see the separate high-level comparison of AASB 16 and IPSAS 13). In particular, the definition of investment property is broader under AASB 140 because 'right-of-use asset' (AASB 140) is a broader notion than 'finance lease' (IPSAS 16). This has pervasive consequences relating to the comparisons in the remainder of this table. However, they are not identified and highlighted because, as noted above, IPSASB has not yet considered IFRS 16 *Leases*.[2] Prior to the amendments, there were no substantive differences between the AASB 140 paras. deleted or

1 This is because, at the time, the IPSASB had not considered the applicability of IFRS 4 and IFRS 5 to public sector entities. IPSASB has also not yet considered any other amendments made to IAS 40 since May 2008 as part of its approach to IFRS convergence (see *The IPSASB's Strategy for 2015 Forward: Leading through Change* (September 2015, page 11)), including, as noted in this comparison table, amendments made to IAS 40 through IFRS 16 *Leases*.

2 For completeness, the following lists the paragraph numbers in the pre-amendments version of AASB 140 that were deleted/amended/inserted by AASB 16 (with their corresponding IPSAS 16 paragraph numbers shown in brackets) and that are pertinent to this comparison of AASB 140 and IPSAS 16:

para. 3 deleted [para. 5]	para. 6 deleted [para. 8]	para. 7 amended [para. 10]
para. 8(c) amended [para. 12(c)]	para. 9(c) amended [para. 13(c)]	para. 16 amended [para. 20]
para. 19A inserted	para. 25 deleted [para. 34]	para. 26 deleted [para. 35]
para. 29A inserted	para. 34 deleted [para. 43]	para. 40A inserted
para. 41 amended [para. 50]	para. 50(d) amended [para. 59(d)]	para. 53 amended [para. 62]
para. 53A amended [para. 62A]	para. 54 amended [para. 63]	para. 56 amended [para. 65]
para. 60 amended [para. 71]	para. 61 amended [para. 72]	para. 74 amended [para. 85]
para. 75(b) deleted [para. 86(b)	para. 78 amended [para. 89]	

	AASB requirement	IPSAS requirement
		amended by AASB 16 and their corresponding IPSAS 16 paras..
	Para. Aus9.1 – the following are examples of property held to meet service delivery objectives rather than for rental or capital appreciation. They do not meet the definition of investment property and will be accounted for under AASB 116 *Property, Plant and Equipment*: ▪ property held for strategic purposes ▪ property held to provide a social service, including those which generate cash inflows where the rental revenue is incidental to the purpose for holding the property.	Para. 13(f) and (g) – the following are not investment property and are outside the scope of IPSAS 16. They would be accounted for in accordance with IPSAS 17 *Property, Plant, and Equipment*: ▪ property held to provide a social service rather than for rental or capital appreciation and which also generates cash flows. Any rental revenue generated is incidental to the purposes for which the property is held ▪ property held for strategic purposes. ***Comparison with AASB*** Do not expect differences in practice (except to the extent AASB 116 and IPSAS 17 differ – see the separate detailed comparison of AASB 116 and IPSAS 17).
	AASB 140 does not provide public sector specific examples of property held for rental or for capital appreciation.	Para. 9 – provides examples of circumstances in which public sector entities may hold property to earn rental and for capital appreciation. ***Comparison with AASB*** Do not expect differences in practice.
	AASB 140 does not provide public sector specific clarification about circumstances where, through administrative arrangements, an entity controls an asset that is legally owned by another entity.	Para.11 – in some public sector jurisdictions, certain administrative arrangements exist such that an entity may control an asset that is legally owned by another entity. In such circumstances, references to owner-occupied property means property occupied by the entity that recognises the property in its financial statements. ***Comparison with AASB*** Do not expect differences in practice.
	Para. 14A – judgement is needed to determine whether the acquisition of investment property is the acquisition of an asset or a group of assets or a business combination within the scope of AASB 3 *Business Combinations*. Reference should be made to AASB 3 to determine whether it is a business combination. Determining whether a specific transaction meets the definition of a business combination as defined in AASB 3 and includes an investment property as defined in AASB 140 requires the separate application of both Standards.	Para. 18A – judgement is needed to determine whether the acquisition of investment property is the acquisition of an asset or a group of assets or a public sector combination within the scope of IPSAS 40 *Public Sector Combinations*. Reference should be made to IPSAS 40 to determine whether it is a public sector combination. Determining whether a specific transaction meets the definition of a public sector combination as defined in IPSAS 40 and includes an investment property as defined in IPSAS 16 requires the separate application of both Standards. ***Comparison with AASB*** Do not expect significant differences in practice (although see the separate comparison of AASB 3 and IPSAS 40 in relation to the impact of the definition of 'business combination' in AASB 3 differing from the definition of 'public sector combination' in IPSAS 40).
Recognition	AASB 140 does not provide public sector specific example is given in relation to when the use of property may change over time.	Para. 67 – provides a public sector specific example of when the use of property may change over time. ***Comparison with AASB*** Do not expect differences in practice.
	AASB 140 does not provide public sector specific clarification of when a government property department may consider a building as inventory or investment property.	Para. 69 – provides a public sector specific example of when a government property department may consider a building as inventory or investment property. ***Comparison with AASB*** Do not expect differences in practice.
Measurement	Para. Aus20.1 – where consideration for an investment property is significantly less than fair value principally to enable the entity to further its objectives, its cost shall be initially measured at fair value in accordance with AASB 13 *Fair Value Measurement*. AASB 1058 *Income of*	Para. 27 – where an investment property is acquired through a non-exchange transaction, its cost shall be measured at its fair value as at the date of acquisition. ***Comparison with AASB*** There could be differences in how fair value is determined in practice under AASB 140 and IPSAS 16 (see also the

	AASB requirement	IPSAS requirement
	Not-for-Profit Entities addresses the recognition of related amounts.	separate high-level comparison of AASB 13 and IPSASs). The range of investment property within the scope of para. 27 of IPSAS 16 is likely to be broader than the range of investment property that falls within the scope of para. Aus20.1 of AASB 140. However, because AASB 1049 *Whole of Government and General Government Sector Financial Reporting* restricts an option in AASBs that aligns with GFS, combined with the general practice in Australia of not-for-profit public sector entities adopting fair value, it means that the investment property outside the scope of para. Aus20.1 of AASB 140 but within the scope of para. 27 of IPSAS 16, would be expected to be measured at fair value (see also the separate comparison of AASB 1049 and IPSAS 22 *Disclosure of Financial Information about the General Government Sector*).
	Para. 32A – as an exception to the general requirement in para. 30 to adopt either the fair value model or the cost model for all investment property, subsequent to initial recognition, an entity may: (a) choose either the fair value model or the cost model for all investment property backing liabilities that pay a return linked directly to the fair value of, or returns from, specified assets including that investment property (b) choose either the fair value model or the cost model for all other investment property, regardless of the choice made in (a). Para. 32B – some insurers and other entities operate an internal property fund that issues notional units, with some units held by investors in linked contracts and others held by the entity. Para. 32A does not permit an entity to measure the property held by the fund partly at cost and partly at fair value. Para. 32C – if an entity chooses different models for the two categories described in para. 32A, sales of investment property between pools of assets measured using different models shall be recognised at fair value and the cumulative change in fair value shall be recognised in profit or loss. Accordingly, if an investment property is sold from a pool in which the fair value model is used into a pool in which the cost model is used, the property's fair value at the date of the sale becomes its deemed cost.	IPSAS 16 does not allow an entity to adopt different measurement models for different categories of investment property. ***Comparison with AASB*** This could give rise to significant differences in practice.
	AASB 140 does not provide specific requirements and clarifications about how fair value is to be determined in accordance with AASB 13.	Paras. 45 – 47, 52 – 56, 58 and 60 – provide specific requirements and clarifications on how fair value should be determined. ***Comparison with AASB*** There could be differences in how fair value is determined in practice under AASB 140 and IPSAS 16 (see also the separate high-level comparison of AASB 13 and IPSASs).
Disclosure	AASB 140 does not contain disclosure requirements about assumptions applied in determining fair value. However, AASB 13 requires disclosures on valuation techniques and inputs used in determining fair value.	Para. 86(d) – an entity shall disclose the methods and significant assumptions applied in determining the fair value of investment property, including a statement whether the determination of fair value was supported by market evidence, or was more heavily based on other factors (which the entity shall disclose) because of the nature of the property and lack of comparable market data.

	AASB requirement	IPSAS requirement
		Comparison with AASB Do not expect significant differences in disclosures (see also the separate high-level comparison of AASB 13 and IPSASs).

Overall comment: with the exception of the implications of the amendments to AASB 140 brought about by AASB 16, the only identified potentially substantive difference is that IPSAS 16 does not allow the adoption of different measurement models for different categories of investment property. It is not expected that this difference would be substantive in practice in the Australian not-for-profit sector context. Accordingly, the differences do not currently provide a basis for the AASB to consider amending AASB 140 to align with IPSAS 16 for the not-for-profit sector.

Back to Table 2

Agriculture – AASB 141

Relevant pronouncements:

- AASB 141 *Agriculture*, based on IAS 41
- IPSAS 27 *Agriculture*, based on IAS 41 as amended up to 31 December 2008[1]

AASB Aus paragraphs: pertinent not-for-profit specific paragraph Aus38.1 is included in AASB 141.

	AASB requirement	IPSAS requirement
Scope and defined terms	Definitions are consistent, insofar as they are specific to the topic of agriculture, except as noted below. Any substantive differences in terms used in both Standards but defined in other Standards are identified in the comparisons of those other Standards. Substantive differences in any general terms and their definitions in both Standards are identified in the Comparison of Definitions of General Terms at the end of this Appendix.	
	Para. 1 – AASB 141 applies to certain government grants# when they relate to agricultural activity #Para. Aus38.1 – for not-for-profit entities, government grants related to biological assets are scoped out of AASB 141 and are within the scope of AASB 1058 *Income of Not-for-Profit Entities*.	Para. 2 – IPSAS 27 does not explicitly refer to government grants related to agricultural activity. ***Comparison with AASB*** The scope of AASB 141 is the same as the scope of IPSAS 27. The respective AASB and IPSAS requirements relating to government grants are addressed in the separate comparison of AASB 1058 and IPSAS 23 *Revenue from Non-Exchange Transactions (Taxes and Transfers)*.
	AASB 141 does not provide explicit clarification that AASB 141 does not apply to biological assets held for the provision or supply of services.	Paras. 3 and 4 – clarify that IPSAS 27 does not apply to biological assets held for the provision or supply of services (eg biological assets used for research, transportation, customs control). ***Comparison with AASB*** There could be significant differences in practice if, although unlikely, some biological assets held for the provision or supply of services fall within the scope of AASB 141 but outside the scope of IPSAS 27.
	Para. 5 – 'agricultural activity' is defined as the management by an entity of the biological transformation and harvest of biological assets for sale or for conversion into agricultural produce or into additional biological assets.	Para. 9 – 'agricultural activity' is defined as the management by an entity of the biological transformation and harvest of biological assets for: - sale; - distribution at no charge or for a nominal charge; or - conversion into agricultural produce or into additional biological assets for sale or for distribution at no charge or for a nominal charge. ***Comparison with AASB*** IPSAS 27 has a broader definition of agricultural activity. By virtue of AASB 1049's requirement for fair value measurement and the common practice of other not-for-profit public sector entities adopting fair value, the measurement of assets captured by this IPSAS 27 scope inclusion would not be expected to differ from AASBs. However,

1 Therefore, IPSASB has not yet considered any amendments made to IAS 41 since December 2008 as part of its approach to IFRS convergence (see *The IPSASB's Strategy for 2015 Forward: Leading through Change* (September 2015, page 11).

	AASB requirement	IPSAS requirement
		fair value changes for these assets would be recognised in surplus or deficit under IPSAS 27, but in other comprehensive income under AASB 141.
Recognition	Consistent for items within the scope of both Standards.	
Measurement	Fair value is determined in accordance with AASB 13 *Fair Value Measurement*.	Paras. 14 and 21-25 – specify how fair value should be determined, including when an active market exists and when an active market does not exist. ***Comparison with AASB*** There could be differences in how fair value is determined in practice under AASB 141 and IPSAS 27. For example, if an entity has access to two active markets, under para. 24 of AASB 13 it uses the most advantageous market; whereas under para. 21 of IPSAS 27 it uses the price existing in the market expected to be used (see also the separate high-level comparison of AASB 13 and IPSASs).
	Para 12 – all biological assets acquired, whether or not through a 'non-exchange' transaction, must be measured at fair value less costs to sell except where fair value cannot be measured reliably (which is consistent with the requirement in para. 8 of AASB 1058).	Para. 17 – where an entity acquires a biological asset through a non-exchange transaction, the biological asset is measured on initial recognition and at each reporting date at its fair value less costs to sell except where fair value cannot be measured reliably. ***Comparison with AASB*** There could be differences in how fair value is determined in practice under AASB 141 and IPSAS 27 (see also the separate high-level comparison of AASB 13 and IPSASs).
Disclosure	Para 42 – disclosures on description of groups of biological assets may take the form of a narrative or quantified description.	Paras. 41 – disclosures on description of biological assets would take the form of a quantified description and may be accompanied by a narrative description. ***Comparison with AASB*** Could result in different forms of disclosures.
	AASB 141 does not include an explicit requirement to disclose the nature and extent of restrictions on the entity's use or capacity to sell biological assets.	Para. 47(b) – disclose the nature and extent of restrictions on the entity's use or capacity to sell biological assets. ***Comparison with AASB*** Could result in a greater level of disclosure under IPSAS 27.

Overall comment: the impacts of the identified substantive differences are not expected to be significant in practice. Accordingly, the differences do not provide a basis for the AASB to consider amending AASB 141 to align with IPSAS 27 for the not-for-profit sector.

Back to Table 2

Contributions/Income of Not-for-Profit Entities – AASBs 1004/1058

Relevant pronouncements:

- AASB 1004 *Contributions* (December 2007, as amended, including amendments arising from AASB 1058 *Income of Not-for-Profit Entities*)[1], AASB 1058 (December 2016), and Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities* (December 2007, as amended)
- IPSAS 23 *Revenue from Non-Exchange Transactions (Taxes and Transfers)* (December 2006, as amended)[2]

See also the separate high-level comparison of AASB 15 *Revenue from Contracts with Customers* and IPSAS 9 *Revenue from Exchange Transactions* and IPSAS 11 *Construction Contracts*.

AASB Aus paragraphs: AASB 1004 and AASB 1058 are Australian-only Standards.

High-level comparison[3]:

IPSAS 23 (issued in December 2006) adopts a 'non-exchange' approach whereas AASB 1058, a much more recent Standard (issued in December 2016), adopts a fundamentally different 'performance obligation' approach. Accordingly a detailed comparison of requirements is of limited value.

IPSAS 23 defines non-exchange transactions as those transactions where one entity either receives value from another entity without directly giving equal value in exchange or gives value to another entity without directly receiving value in exchange. Para. 7 states that:

- 'conditions on transferred assets' are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor
- 'restrictions on transferred assets' are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Conditions (as distinct from restrictions) on a transferred asset give rise to deferral of revenue until the conditions are removed, restrictions result in immediate recognition of revenue.

In contrast, AASB 1058 applies to all transactions where the consideration to acquire an asset is significantly less than fair value principally to enable the entity to further its objectives, which is likely to result in a narrower scope of transactions applying AASB 1058 compared with IPSAS 23. Where a performance obligation arises from an enforceable agreement that is sufficiently specific however, AASB 15 applies, resulting in revenue recognition as the performance obligation is satisfied.

Under AASB 15, a performance obligation does not necessarily require a return of assets and does not require the transfer of goods or services to be received by one of the parties to the arrangement, unlike IPSAS 23's non-exchange definition and conditions approach. AASB 1058's performance obligation approach will result in a broader group of transactions qualifying for deferral of income than IPSAS 23's condition approach. AASB 1058 requires all financial assets received in an enforceable transfer to enable the entity to acquire or construct a recognisable non-financial asset that is to be controlled by the entity to be recognised as a liability, unlike IPSAS 23, which only recognises a liability when there is a return obligation. Where a performance obligation does not arise or there is no transfer to acquire or construct an asset, the outcomes of AASB 1058 and IPSAS 23 result in similar recognition of income immediately.

---

1 The requirements relating to restructures of administrative arrangements in paras. 54-59 of AASB 1004 are not discussed in this high-level comparison. They are discussed instead in the separate detailed comparison of AASB 3 *Business Combinations* and IPSAS 40 *Public Sector Combinations*.

2 The IPSASB is undertaking a revenue project that includes a review of IPSAS 23.

3 AASB 1058 (and the amendments to AASB 1004 and Interpretation 1038 brought about by AASB 1058) is not required to be applied until annual reporting periods beginning on or after 1 January 2019. Therefore, most if not all not-for-profit public sector entities will not apply it for the first time until their reporting period ending 30 June 2020. In the meantime, those entities will continue to apply AASB 1004 and Interpretation 1038 (pre the AASB 1058 amendments). Although this high-level comparison focuses on comparing AASB 1004 as amended/AASB 1058/Interpretation 1038 as amended and IPSAS 23; until AASB 1058 is applied, it is relevant to note that AASB 1004 (pre the AASB 1058 amendments) and IPSAS 23 both adopt a 'non-exchange' approach. AASB 1004 refers to 'non-reciprocal transfers', defining them as a transfer in which the entity receives assets or services or has liabilities extinguished without directly giving approximately equal value in exchange to the other party or parties to the transfer.

IPSAS 23 requires assets recognised to be measured at fair value. However, AASB 1058 does not specify the measurement basis for relevant assets – instead, it requires other relevant AASBs be applied. Other AASBs that result in the recognition of assets (including lease assets under AASB 16 *Leases*), with the exception of AASB 102 *Inventories*, require the use of fair value. See also the separate high-level comparison of AASB 13 *Fair Value Measurement and* IPSASs.

IPSAS 23 has a different recognition point for non-contractual receivables arising from statutory requirements than is specified in Appendix C of AASB 9 *Financial Instruments*, which will give rise to significant differences in practice.

Both AASB 1058 and IPSAS 23 require transactions meeting the definition of contributions by owners to be recognised as equity transactions. The definition of contributions in these Standards are broadly consistent, however, Interpretation 1038 provides more extensive guidance and restrictions than IPSAS 23 and is expected to give rise to significant differences in practice, resulting in comparatively greater equity recognition under IPSAS 23 compared with Interpretation 1038. IPSAS 23 takes a more substance-over-form approach in identifying contributions by owners. Furthermore, in contrast to Interpretation 1038, IPSAS 23 does not address issues relating to symmetry between a transferee and transferor in relation to contributions by and distributions to owners; and it explicitly addresses transactions that involve redemptions of ownership interests. In addition, the 'ownership contributions' definition in IPSAS *Conceptual Framework* is significantly broader than the current definition in AASB 1004 and AASB 1058 and further significant differences would arise when that definition is applied.

AASB 1004, para. 32 requires parliamentary appropriations over which a government department gains control during the reporting period to be recognised as a direct adjustment to equity where the appropriation satisfies the definition of a contribution by owners. There is likely to be similar accounting under IPSAS 23.

AASB 1058 requires local governments, government departments, GGSs and whole of governments to recognise an inflow of resources in the form of volunteer services as an asset (or an expense, when the definition of an asset is not met) if:

- the fair value of those services can be measured reliably
- the services would have been purchased if they had not been donated.

Other entities may recognise volunteer services if they can be reliably fair valued. However, IPSAS 23 does not impose any restrictions on when they can be recognised, giving rise to significant differences in practice.

The disclosures required by AASB 1058 and IPSAS 23 will give rise to significant differences in practice.

Conclusion

Expect significant differences in practice.

It would not be appropriate for the AASB to amend its requirements to align with IPSASB on these matters for the not-for-profit sector as the AASBs that are the subject of this comparison were recently considered in detail within the current Australian not-for-profit sector environment having regard to the related IPSAS 23. IPSASB is undertaking projects on revenue and non-exchange expenses, for which Exposure Drafts are scheduled for late 2018. The AASB should contribute to and monitor the IPSASB projects with a view to amending AASBs as appropriate for the not-for-profit sector. Accordingly, the differences identified above do not provide a basis for the AASB to consider amending AASBs to align with IPSAS 23, except perhaps in relation to the definition and identification of contributions by/from owners – there is merit in the IPSAS 23's more substance-over-form approach in the not-for-profit public sector. Furthermore, the 'ownership contributions' definition in IPSASB's *Conceptual Framework* is significantly broader than the definition in AASBs.

At its May 2017 meeting the AASB decided to consider the definition of contributions by owners as part of its project on assessing the not-for-profit modifications required to the updated IASB *Conceptual Framework*. The AASB could consider whether IPSASB's approach to dealing with ownership contributions might be appropriate in the Australian not-for-profit public sector context.

Back to Table 2

General Insurance Contracts – AASB 1023

Relevant pronouncements:

- AASB 1023 *General Insurance Contracts*

AASB Aus paragraphs: AASB 1023 is an Australian specific Standard.

This comparison is incorporated into the comparison of AASB 4 *Insurance Contracts*/AASB 1023/AASB 1038 *Life Insurance Contracts* and IPSASs.

Back to Table 2

Life Insurance Contracts – AASB 1038

Relevant pronouncements:

- AASB 1038 *Life Insurance Contracts*

AASB Aus paragraphs: AASB 1038 is an Australian specific Standard.

This comparison is incorporated into the comparison of AASB 4 *Insurance* Contracts/AASB 1023 *General Insurance Contracts*/AASB 1038 and IPSASs.

Back to Table 2

Interpretation of Standards – AASB 1048

Relevant pronouncements:

- AASB 1048 *Interpretation of Standards*
- IPSAS: there is no corresponding IPSAS – IPSASB does not issue separate interpretations

AASB Aus paragraphs: AASB 1048 is an Australian specific Standard.

There is no comparison relating to AASB 1048. It is a 'service' standard giving effect to Interpretations. To the extent relevant, AASB Interpretations are addressed in each separate comparison included in this Appendix.

Back to Table 2

Whole of Government and General Government Sector Financial Reporting – AASB 1049

Relevant pronouncements[1]**:**

- AASB 1049 *Whole of Government and General Government Sector Financial Reporting* (October 2007, as amended)
- IPSAS 22 *Disclosure of Financial Information about the General Government Sector* (December 2006, as amended)

AASB Aus paragraphs: AASB 1049 is an Australian specific Standard.

	AASB requirement	IPSAS requirement
Scope	Para. 7 – a government shall prepare both whole of government financial statements and general government sector (GGS) financial statements, whether presented together or separately, in accordance with AASB 1049. Generally, AASB 1049 requires other applicable AASBs to apply to both the whole of government and GGS financial statements, with limited, albeit significant, exceptions/modifications (see the discussion of para. 9 below.)	Para. 2 – a government that prepares and presents consolidated financial statements under the accrual basis of accounting and elects to disclose financial information about the GGS shall do so in accordance with IPSAS 22. A government's consolidated financial statements are prepared and presented in accordance with the suite of IPSASs, without exceptions. ***Comparison with AASB*** Expect there to be significant differences in practice. Unlike AASB 1049, IPSAS 22 does not include whole of government financial statements within its scope. This has significant implications for recognition, measurement, presentation and disclosure differences, as noted below. (To the extent individual AASBs and IPSASs are applicable, see also the separate individual comparisons of each AASB and each corresponding IPSAS.) Unlike AASB 1049, which mandates preparation of GGS financial statements, IPSAS 22 does not mandate their preparation – it merely specifies requirements if such statements are prepared.
	Para. 19 – a government shall present GGS financial statements in which it consolidates only entities that are within the GGS, using the consolidation procedures specified in AASB 10 *Consolidated Financial Statements*.	Para. 6 – IPSAS 22 disaggregates the consolidated financial statements of a government. It prohibits the presentation, as part of the GGS, of any entity not consolidated within a government's financial statements. Para. 24 – in presenting financial information about the GGS, entities shall not apply the

1 Because AASB 1049 specifies requirements for both whole of government and GGS financial reporting; and IPSAS 22 only specifies requirements relating to GGS financial information, this comparison, whilst addressing some issues from a whole of government perspective, focuses on differences relating to the respective requirements applicable to GGS. Furthermore, both AASB 1049 and IPSAS 22 arise from the fact that financial reporting under statistical standards differs from financial reporting under accounting standards. However, the financial reporting statistical standards to which AASB 1049 and IPSAS 22 relate, differ. In particular, AASB 1049 relates to the Australian Bureau of Statistics Government Finance Statistics Manual (ABS GFS Manual) whereas IPSAS 22 does not refer to a particular basis of statistical financial reporting. This comparison of AASB 1049 and IPSAS 22 does not include a comparison of the ABS GFS Manual and, for example, the IMF GFS Manual. However, although some differences remain, AASB staff are aware that the ABS has undertaken a substantial amount of work in harmonising the two Manuals.

	AASB requirement	IPSAS requirement
		requirements of IPSAS 35 *Consolidated Financial Statements* in respect of public financial corporations (PFCs) and public non-financial corporations (PNFCs). ***Comparison with AASB*** Do not expect differences in practice, to the extent AASB 10 and IPSAS 35 *Consolidated Financial Statements* are compatible (see the separate detailed comparison of AASB 10 and IPSAS 35).
	Para. 11 – where an AASB explicitly excludes from its scope not-for-profit entities, such as AASB 8 *Operating Segments*, the whole of government financial statements and the GGS financial statements are not required to adopt the requirements of that Standard. Para. 48 – specifies disclosures of functional information by a whole of government and a GGS. Paras. 52-58 – specify disclosure of whole of government sector information. AASB 1052 *Disaggregated Disclosures* is only applicable to local governments and government departments and therefore is not relevant in the context of this comparison.	Para. 7 – IPSAS 18 *Segment Reporting* requires the disclosure of certain information about the service delivery activities of the entity and the resources allocated to support those activities for accountability and decision-making purposes. Para. 8 – the disclosure of information about the GGS does not replace the need to make disclosures about segments in accordance with IPSAS 18. ***Comparison with AASB*** This would give rise to differences in practice (see the separate detailed comparison of AASB 1052 *Disaggregated Disclosures* and IPSAS 18 *Segment Reporting*). In relation to the disclosure of functional information, see also the discussion about paras. 48-50 of AASB 1049 and para. 38 of IPSAS 22, and, in relation to disclosure of sector information, see also the discussion about paras. 52-58 of AASB 1049, in the Disclosures section below.
	Para. 12 – para. 9 of AASB 1054 *Australian Additional Disclosures* applies to the whole of government. It does not apply to the GGS. Accordingly, the GGS is not required to disclose whether its financial statements are general purpose financial statements or special purpose financial statements.	IPSAS 22 does not address the general purpose/special purpose nature of GGS financial statements because it specifies requirements for the circumstances when government general purpose consolidated financial statements include financial information about the GGS – it does not contemplate that information being presented as separate financial statements. ***Comparison with AASB*** Do not expect differences in practice in relation to the 'status' of GGS financial statements.
Defined terms	Consistent, insofar as they are specific to the common aspects of the two Standards, except as noted below. Any substantive differences in terms used in both Standards but defined in other Standards are identified in the comparisons of those other Standards. Substantive differences in any general terms and their definitions in both Standards are identified in the Comparison of Definitions of General Terms at the end of this Appendix.	
	Appendix A – includes definitions of: ▪ ABS GFS Manual ▪ cash surplus/(deficit)* ▪ government ▪ government units* ▪ institutional unit* ▪ key fiscal aggregates ▪ net lending/(borrowing)* ▪ net operating balance* ▪ net worth* ▪ other economic flows*	IPSAS 22 does not include definitions of terms in Manuals describing statistical bases of financial reporting. ***Comparison with AASB*** As noted in the footnote to this comparison, this comparison does not compare the ABS GFS Manual with other manuals about statistical bases of financial reporting (such as the IMF GFS Manual) that might be adopted within an IPSAS-adopting jurisdiction. However, it is noted that the ABS has undertaken significant work recently in harmonising the ABS GFS Manual with the IMF GFS Manual. The definitions per se are not expected to give rise to differences.

	AASB requirement	IPSAS requirement
	▪ transactions*. The terms marked with * are either defined in, or based on their definition in, the ABS GFS Manual.	
Recognition and Measurement	Para. 9 – unless otherwise specified in AASB 1049, the whole of government and GGS financial statements shall adopt the same accounting policies and be prepared in a manner consistent with other applicable AASBs. Para. 13 – where compliance with the Australian Bureau of Statistics Government Finance Statistics Manual (ABS GFS Manual) would not conflict with AASBs, the principles and rules in the ABS GFS Manual shall be applied. In particular, certain AASBs allow optional treatments within their scope. Those optional treatments aligned with the principles or rules in the ABS GFS Manual shall be applied.	Para. 23 – financial information about the GGS shall be disclosed in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements of the government (except in relation to the consolidation of PFCs and PNFCs). (The consolidated financial statements of a government are required to be prepared in accordance with all IPSASs without restrictions on any options within those IPSASs.) ***Comparison with AASB*** Broadly, the accounting policies applicable to the GGS under AASB 1049 and IPSAS 22 are prescribed by the suite of AASBs and IPSASs, respectively. Therefore, to the extent there are differences in the respective topic-based Standards, there will be differences in practice (see each of the individual separate comparisons of all of the AASBs and IPSASs.) Significant differences are expected to arise by virtue of para. 13 of AASB 1049, which limits options in AASBs that align with ABS GFS; whereas IPSAS 22 has no equivalent restriction. In practice in Australia, AASB 1049 requires all assets to be fair valued (because the ABS GFS Manual adopts market value) where that is an option under other AASBs.
	Para. 20 – a GGS equity investment in a government controlled entity that is a PFC or a PNFC shall be recognised as an asset in the GGS statement of financial position. It shall be measured: ▪ at fair value, where fair value is reliably measurable; or ▪ at the government's proportional share of the carrying amount of net assets of the PFC or PNFC before consolidation eliminations, where fair value is not reliably measurable and the carrying amount of net assets before consolidation eliminations is not less than zero; or ▪ at zero, where fair value is not reliably measurable and the carrying amount of net assets of the PFC or PNFC before consolidation eliminations is less than zero. Any change in carrying amount of the investment from period to period shall be accounted for as if the change in carrying amount is a change in fair value and accounted for in a manner consistent with the requirements in AASB 9.	Para. 25-32 – the GGS shall recognise its investment in a PFC and PNFC as an asset, and shall account for that asset at the carrying amount of the net assets of its investee. Para. 31 – consistent with the GGS being a disaggregation of the consolidated financial statements of a government, changes in the carrying amount of the net assets of PFCs and PNFCs will be recognised in the same manner as they are recognised in the consolidated financial statements of a government. ***Comparison with AASB*** This would be expected to give rise to significant differences in the measurement of investments in PFCs and PNFCs where fair value is reliably measurable or if net assets are negative. There are also significant differences in the treatment of changes in a GGS's investment in PFCs and PNFCs.
	Para. 21 – if the carrying amount of net assets of a PFC or PNFC is less than zero, a liability may need to be recognised by the GGS to the extent a present obligation exists.	IPSAS 22 does not explicitly contemplate the carrying amount of net assets of a PFC or PNFC being less than zero. ***Comparison with AASB*** There could be significant differences in practice.
	Para. 24 – investments in jointly controlled entities and associates shall be measured using the equity method of accounting, unless the	IPSAS 22 does not explicitly refer to the measurement of a GGS's investments in jointly controlled entities and associates.

	AASB requirement	IPSAS requirement
	investment is classified as held for sale in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*, in which case AASB 5 is applied.	***Comparison with AASB*** This could give rise to differences in practice. (See the separate comparison of AASB 11 *Joint Arrangements* and IPSAS 37 *Joint Arrangements*; and AASB 12 *Disclosure of Interests in Other Entities* and IPSAS *Disclosure of Interests in Other Entities*.) Furthermore, there is no IPSAS that corresponds to AASB 5 (see the separate high-level comparison of AASB 5 and IPSASs).
Presentation and Disclosure	Para. 7 – a government shall prepare both whole of government financial statements and GGS financial statements, whether presented together or separately in accordance with AASB 1049. Para. 8 – a government shall, at all times, make its GGS financial statements available at the same time that its whole of government financial statements are made available. Para. 39(a)(iii) – where the GGS financial statements and whole of government financial statements are presented separately from each other, a cross-reference to each other shall be made prominently in the note containing the summary of significant accounting policies.	Para. 35 – the manner of presentation of the GGS disclosures shall be no more prominent than the government's financial statements prepared in accordance with IPSASs. ***Comparison with AASB*** Expect differences in practice in the way GGS information is presented relative to whole of government information, even though the sentiment of AASB 1049 and IPSAS 22 are broadly consistent with respect to the prominence given to GGS information relative to whole of government information.
	Paras. 27-37 – the whole of government and GGS financial statements shall be presented in a manner consistent with the requirements in AASB 101 *Presentation of Financial Statements*, incorporating classifications (eg transactions and other economic flows in the statement of comprehensive income) and key fiscal aggregates consistent with GFS principles. Para. 41(a)(i) and (ii) – disclosures shall be made for the whole of government and the GGS of: ▪ ABS GFS Manual measures of key fiscal aggregates, where they differ from how they are measured under AASB 1049 ▪ reconciliations of key fiscal aggregates measured in accordance with the ABS GFS Manual and AASB 1049.	IPSAS 1 *Presentation of Financial Statements* specifies requirements relating to the presentation of a government's financial statements. It does not make explicit reference to the GGS, GFS nor GFS key fiscal aggregates. IPSAS 22 also does not explicitly refer to GFS key fiscal aggregates. ***Comparison with AASB*** Expect significant differences in practice. (See also the separate comparison of AASB 101 and IPSAS 1.) Although the GGS statements of financial performance might adopt a transactions/other economic flows classification under both AASB 1049 and IPSAS 22, that same classification system is also required for the whole of government under AASB 1049 but is not expected to be applied by a government under IPSASs.
	Paras. 39 and 39A – in addition to the disclosures required by other AASBs in the note containing the summary of significant accounting policies, the following disclosures shall be made prominently in that note: ▪ for the whole of government and the GGS: ○ a statement that the financial statements are prepared in accordance with AASB 1049 ○ a reference to the version of the ABS GFS Manual used as the basis for GFS information included in the financial statements, and when an entity has not applied the most recent version of the ABS GFS Manual ○ where the GGS financial statements and whole of government financial statements are presented separately from each other, a cross-reference to each other ▪ for the GGS only: ○ a statement of the purpose for which the	IPSAS 22 does not specify that any information about the GGS be disclosed in the summary of significant accounting policies. Para. 132 of IPSAS 1 specifies requirements for what is to be disclosed in the summary of significant accounting policies. ***Comparison with AASB***. Expect AASB 1049 would lead to a greater level of disclosure in the note containing the summary of significant accounting policies. (See also the separate comparison of AASB 101 and IPSAS 1.)

	AASB requirement	IPSAS requirement
	GGS financial statements are prepared ○ a description of the GGS ○ a description of how the GGS financial statements differ from the whole of government financial statements in terms of the treatment of the government's investments in PFCs and PNFCs. Para. 117 of AASB 101 – specifies more generally the information that is required to be disclosed in relation to significant accounting policies.	
	Paras. 48-50 – in respect of each broad function identified in Table 2.6 "Government Purpose Classification: Major Groups" of the ABS publication Australian System of Government Finance Statistics: Concepts, Sources and Methods, 2005 (ABS Catalogue No. 5514.0), the whole of government and the GGS shall disclose by way of note: ▪ a description of that function ▪ the carrying amount of assets recognised in the respective statements of financial position reliably attributable to that function ▪ expenses, excluding losses, included in operating result in the respective statements of comprehensive income for the reporting period reliably attributable to that function. Para. 51 – AASB 8 *Operating Segments* does not apply to the whole of government or the GGS. The bases used in the ABS GFS Manual for identifying functions do not necessarily accord with the criteria for identifying segments contained in AASB 8. However, AASB 8 may be useful in identifying the expenses, excluding losses, included in operating result and assets that are reliably attributable to each function.	Para. 38 – IPSAS 22 neither requires nor prohibits entities disclosing GGS information from presenting disaggregated GGS information classified by economic nature or consistent with the Classification of Functions of Government (COFOG) classification basis. In some jurisdictions, the COFOG classifications adopted in respect of the GGS disclosures may be similar to the classifications adopted in accordance with IPSAS 18 *Segment Reporting*. ***Comparison with AASB*** Expect differences in disclosures to the extent disaggregation (if it is done at all under IPSAS 22) is done on a different basis. (See also the separate detailed comparison of AASB 1052 *Disaggregated Disclosures* (which is only applicable to local governments and government departments) and IPSAS 18).
	Paras. 52-58 – the whole of government shall disclose certain information in respect of the GGS, PNFC sector and PFC sector including: ▪ financial statements that are consistent with the whole of government's financial statements ▪ a reconciliation of the sector information that is required to be disclosed to the corresponding whole of government information.	IPSAS 22 does not require disclosure of PNFC sector and PFC sector financial statements. Para. 43 – the GGS disclosures shall be reconciled to the consolidated financial statements of the government, showing separately the amount of the adjustment to each equivalent item in those financial statements. ***Comparison with AASB*** Expect the information disclosed about the PFC sector and PNFC sector to be more extensive under AASB 1049 than under IPSAS 22. However, broadly, the requirements for reconciliations to whole of government information are consistent.
Other	Para. 38 of *AASB Policies and Processes* (March 2011) – when developing Standards for application by public sector entities the AASB considers differences between the requirements of the Standards and the basis of preparing information required by GFS, with a view to removing those differences where appropriate, having regard to IFRSs and IPSASs.	Para. 3 of IPSASB Policy Paper *Process for Considering GFS Reporting Guidelines during Development of IPSASs* (February 2014) – the process described in the Policy Paper that will be adopted during the revision and development of IPSASs gives effect to the IPSASB's view that: • unnecessary differences between GFS reporting guidelines and IPSASs should be avoided • the reduction of unnecessary differences is an important factor in the review and

	AASB requirement	IPSAS requirement
		development of IPSASs. ***Comparison with AASB*** There could be differences in the application of the respective Standard setters' policies in considering GFS when developing or amending Standards, even though their sentiment towards 'harmonisation' of financial reporting requirements and GFS are broadly similar.

Overall comment: AASB 1049 and IPSAS 22 are fundamentally different. At its May 2017 meeting the AASB considered a project plan for a post-implementation review of AASB 1049, particularly in light of the ABS GFS Manual having been recently revised and feedback the AASB received on ITC 34 *AASB Agenda Consultation 2017-2019* about AASB 1049's implementation costs and its usefulness for users. At the meeting the AASB decided to obtain an independent review of the costs and benefits of AASB 1049.

Back to Table 2

Administered Items – AASB 1050

Relevant pronouncements:

- AASB 1050 *Administered Items*. There is no corresponding IFRS dealing specifically with administered items.
- IPSAS: there is no specific IPSAS that prescribes requirements for the accounting for administered items.

AASB Aus paragraphs: AASB 1050 is an Australian specific Standard.

	AASB requirement	IPSAS requirement
High-level comparison	Para. 1 – the objective of AASB 1050 is to specify requirements for government departments relating to administered items. Disclosures made in accordance with AASB 1050 provide users with information relevant to assessing the performance of a government department, including accountability for resources entrusted to it. Para. 7 – in its complete set of financial statements a government department shall disclose in relation to its administered activities administered income, expenses, assets, and liabilities by major classes. In relation to administered income and expenses, amounts reliably attributable to each activity and amounts not so reliably attributable. AASB 1050 does not formally define 'administered items', but para. 11 clearly distinguishes them from controlled items. Para. 24 – administered income, expenses, assets and liabilities are reported on the same basis adopted for the recognition of the elements of the financial statements.	There is no specific IPSAS that specifies requirements for the accounting for administered items.[1] ***Comparison with AASB*** Expect significant differences in the way administered items are accounted for in practice.

Overall comment: although AASB 1050 was issued in December 2007, the requirements are substantially unchanged from when they were originally located in the now superseded AAS 29 *Financial Reporting by Government Departments* (originally issued October 1996). The basis for conclusions to AASB 1050 (paragraph BC5) indicates the AASB's intention to review the requirements in AASB 1050, and it would be timely to initiate such a review.

Back to Table 2

1 The Preface to AASB 1050 states that, consistent with AASB 1050, para. 12 of IPSAS 9 *Revenue from Exchange Transactions* notes that amounts collected on behalf of third parties in a custodial or agency relationship are excluded from revenue.

Land Under Roads – AASB 1051

Relevant pronouncements:

- AASB 1051 *Land Under Roads*
- IPSAS 17 *Property, Plant, and Equipment*, based on IAS 16

AASB Aus paragraphs: AASB 1051 is an Australian specific Standard.

This comparison is incorporated into the comparison of AASB 116 *Property, Plant and Equipment* and IPSAS 17.

Back to Table 2

Disaggregated Disclosures – AASB 1052

Relevant pronouncements:

- AASB 1052 *Disaggregated Disclosures* (December 2007, as amended)[1], paras. 7(a)(ii), 7(b)(ii) and 8 of AASB 1050 *Administered Items*, and paras. 48-51 of AASB 1049 *Whole of Government and General Government Sector Financial Reporting*
- IPSAS 18 *Segment Reporting* (January 2010), based on IAS 14 *Segment Reporting* (Revised 1997)[2]

AASB Aus paragraphs: AASB 1052 is an Australian specific Standard.

	AASB requirement	IPSAS requirement[3]
Scope	AASB 1052 applies to general purpose financial statements of local governments and government departments. AASB 1052, para. 8 – AASB 1052 does not specify disaggregated disclosure requirements for whole of governments or General Government Sectors (GGSs). Such requirements are contained in AASB 1049[4]. (See the separate comparison of AASB 1049 and IPSAS 22 *Disclosure of Financial Information about the General Government Sector*). Disclosure requirements are different for local governments and government departments[5]: ▪ AASB 1052, paras. 11-14 only apply to local governments ▪ AASB 1052, paras. 15-21 only apply to government departments. AASB 1052, para. 21 – AASB 1050 also contains requirements relating to the disclosure of administered income and expenses attributable to a government department's activities. The principles in AASB 1052 are used in satisfying the requirements in AASB 1050. (See also the high-level comparison of AASB 1050 and IPSASs.)	Para. 1 – an entity that prepares and presents financial statements under the accrual basis of accounting shall apply IPSAS 18 in the presentation of segment information. Para. 6 – if both consolidated financial statements of a government or other economic entity and the separate financial statements of the parent entity are presented together, segment information need be presented only on the basis of the consolidated financial statements. ***Comparison with AASB*** Expect significant differences in practice. For example, in contrast to AASB 1049, IPSAS 18 (and IPSAS 22) do not specify segment-like information requirements for GGSs. Furthermore, the range of entities within the scope of IPSAS 18 is broader than local governments, government departments and whole of governments.
Defined terms	There are differences in terms used and whether they are defined, as noted below. Any substantive differences in terms used in both Standards but defined in other Standards are identified in the comparisons of those other Standards. Substantive differences in any general terms and their definitions in both Standards are identified in the Comparison of Definitions of General Terms at the end of this Appendix.	
	AASB 1052 uses the term 'function or	Para. 9 – a segment is a distinguishable activity or

1 AASB 8 *Operating Segments*, which is based on IFRS 8, does not apply to not-for-profit public sector entities.
2 IAS 14 was superseded by IFRS 8 in 2007.
3 Given the number and content of paragraphs in IPSAS 18 are significantly greater than the relevant paragraphs in AASB 1050, AASB 1052 and AASB 1049, in the interest of containing the length of this comparison, not all the IPSAS 18 paragraphs are noted in this column. Rather, those paragraphs that give the gist of the issue noted as a difference are provided.
4 AASB 1049 specifies disclosure requirements for both 'functional information' and 'whole of government sector information'. This comparison compares the AASB 1049 'functional information' requirements, rather than the 'sector information' requirements, with IPSAS 18's 'segment information' requirements.
5 Para. BC 11 of AASB 1052 states "The Board decided to retain, substantially unchanged, the requirements relating to segment-like reporting from paragraphs 86 to 89 of AAS 27 [*Financial Reporting by Local Governments*] and paragraphs 12.7 to 12.7.4 of AAS 29 [*Financial Reporting by Government Departments*] and relocate them into a separate new topic-based Standard. Because of the differing requirements, the Board concluded that they should be expressed separately for local government and government departments. A longer-term separate project on disaggregated disclosures for local governments and government departments will be progressed in due course."

<table>
<tr><th></th><th>AASB requirement</th><th>IPSAS requirement[3]</th></tr>
<tr><td></td><td>activity’ in relation to local governments, ‘activity’ in relation to government departments, and AASB 1049 uses the term ‘function’ in relation to whole of governments and GGSs.

AASB 1052, para. 14 – AASB is not applicable to local governments. The bases considered appropriate for identifying broad functions or activities of local governments would not necessarily accord with the criteria for identification of segments contained in AASB 8. However, preparers may find that the guidance contained in AASB 8 is useful in identifying the income, expenses and assets that are reliably attributable to the broad functions or activities of the local government.

AASB 1052, para. 20 – judgement is required to identify those activities of a government department that warrant separate disclosure. Exercising this judgement involves consideration of:
the objectives of the government department
the likely users of the general purpose financial statements
the activity level that may be relevant to users’ assessments of the performance of the government department
the concept of materiality. AASB 101 Presentation of Financial Statements and AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors define an item as material if its omission or misstatement could influence the economic decisions of users of the financial statements.
AASB 1049, para. 48 – the whole of government and GGS shall disclose information about each broad function identified in Table 2.6 “Government Purpose Classification: Major Groups” of the ABS publication Australian System of Government Finance Statistics: Concepts, Sources and Methods, 2005 (ABS Catalogue No. 5514.0).</td><td>group of activities of an entity for which it is appropriate to separately report financial information for the purpose of (a) evaluating the entity’s past performance in achieving its objectives, and (b) making decisions about the future allocation of resources.

Para. 15 – determining the activities that should be grouped as separate segments and reported in the financial statements for accountability and decision-making purposes involves judgement. In making that judgement, preparers of the financial statements will consider such matters as:
the objective of reporting financial information by segment as identified in para. 9
the expectations of members of the community and their elected or appointed representatives regarding the key activities of the entity
the qualitative characteristics of financial reporting
whether a particular segment structure reflects the basis on which the governing body and senior manager require financial information to enable them to assess the past performance of the entity in achieving its objectives, and to make decisions about the allocation of resources to achieve entity objectives in the future.
Para. 65 – it is anticipated that segments will usually be based on the major goods and services the entity provides, the programs it operates, or the activities it undertakes. This is because information about these segments provides users with relevant information about the performance of the entity in achieving its objectives, and enables the entity to discharge its accountability obligations. However, in some organisations, a geographical or other basis may better reflect the basis on which services are provided and resources allocated within the entity and, therefore, will be adopted for the financial statements.

Comparison with AASB

Expect significant differences, especially for whole of governments and GGSs.</td></tr>
<tr><td></td><td>AASB 1050, AASB 1052 and AASB 1049 do not formally define function/activity assets, liabilities, revenue/income and expenses.</td><td>Para. 27 – defines ‘segment assets’, ‘segment expense’, segment liabilities, and ‘segment revenue’.

Comparison with AASB

Expect significant differences in practice, as identified in the para. comparisons below.</td></tr>
<tr><td>Disclosure</td><td>AASB 1052, para. 11 – a local government shall disclose in respect of each broad function or activity:
by way of note:
the nature and objectives of that function/activity
the carrying amount of assets that are reliably attributable to that function/activity
by way of note or otherwise:
income for the reporting period that is reliably attributable to that</td><td>Para. 74 – if not otherwise disclosed in the financial statements or elsewhere in the annual report, the entity is encouraged to disclose the broad operating objectives established for each segment at the commencement of the reporting period, and to comment on the extent to which those objectives were achieved.

Para. 73 – if not otherwise disclosed in the financial statements or elsewhere in the annual report, an entity shall indicate:
the types of goods and services included in each reported service segment
the composition of each reported geographical</td></tr>
</table>

AASB requirement	IPSAS requirement[3]
function/activity, with component revenues from related grants disclosed separately as a component thereof o expenses for the reporting period that are reliably attributable to that function/activity. AASB 1052, paras. 15 and 16 – a government department shall disclose: ▪ in summarised form, the identity and purpose of each major activity undertaken by the government department during the reporting period ▪ if not otherwise disclosed in, or in conjunction with, the government department's complete set of financial statements, a summary of the government department's objectives ▪ expenses reliably attributable to each of the activities, showing separately each major class of expenses ▪ income reliably attributable to each of the activities, showing separately user charges, income from government and other income by major class of income ▪ assets deployed and liabilities incurred that are reliably attributable to each of the activities. AASB 1050, para. 7 – a government department shall disclose the following in relation to activities administered by the government department: ▪ administered income, showing separately, in respect of each major class of income, the amounts reliably attributable to each of the government department's activities and the amounts not attributable to activities ▪ administered expenses, showing separately, in respect of each major class of expense, the amounts reliably attributable to each of the government department's activities and the amounts not attributable to activities. AASB 1050, para. 8 – AASB 1052 specifies requirements for the disclosure of income and expenses attributable to a government department's activities. The principles in AASB 1052 are applied in disclosing administered income and expenses reliably attributable to activities in accordance with para. 7 of AASB 1050. AASB 1049, para. 48 – in respect of each broad function, the whole of government and GGS shall disclose by way of note: ▪ a description of that function ▪ the carrying amount of assets recognised in the respective statements of financial position that are reliably attributable to that function ▪ expenses, excluding losses, included in operating result in the respective statements of comprehensive income	segment ▪ if neither a service nor geographical basis of segmentation is adopted, the nature of the segment and activities encompassed by it. An entity shall disclose the following items for each segment: Para. 52 – segment revenue and segment expense. Segment revenue from budget appropriation or similar allocation, segment revenue from other external sources, and segment revenue from transactions with other segments shall be separately reported. Para. 53 – the total carrying amount of segment assets. Para. 54 – the total carrying amount of segment liabilities. Para. 55 – the total cost incurred during the period to acquire segment assets that are expected to be used during more than one period. Para. 56 – an entity is encouraged, but not required, to disclose the nature and amount of any items of segment revenue and segment expense that are of such size, nature, or incidence that their disclosure is relevant to explain the performance of each segment for the period. Para. 57 – IPSAS 1 *Presentation of Financial Statements* requires that when items of revenue or expense are material, their nature and amount of such items are disclosed separately. IPSAS 1 identifies a number of examples of such items, including write-downs of inventories and property, plant, and equipment; provisions for restructurings; disposals of property, plant, and equipment; privatizations and other disposals of long-term investments; discontinued operations; litigation settlements; and reversals of provisions. The encouragement in para. 56 is not intended to change the classification of any such items or to change the measurement of such items. The disclosure encouraged by that para., however, does change the level at which the significance of such items is evaluated for disclosure purposes from the entity level to the segment level. Para. 58 – IPSAS 18 does not require a segment result to be disclosed. However, if a segment result is calculated and disclosed, it is an operating result that does not include finance charges. ***Comparison with AASB*** This will give rise to significant differences in disclosures in practice, particularly in relation to, for example: ▪ descriptions of and other information about the nature and objective of functions/activities/segments (IPSAS 18 merely encourages such disclosure but goes further than AASB 1052/AASB 1050/AASB 1049 by encouraging disclosure of the extent to which a segment's objectives were achieved) ▪ the specifications relating to items of income/revenue attributable to functions/activities/segments differ, and AASB 1049 does not contain any requirements relating to income attributable to functions of whole of governments and GGSs ▪ the specifications relating to items of expenses attributable to functions/activities/segments differ. Although AASB 1050, AASB 1052 and IPSAS 18 are broadly the same, AASB 1049 expresses the requirement in relation to expenses excluding losses

AASB requirement	IPSAS requirement[3]
for the reporting period that are reliably attributable to that function.	▪ the specifications relating to assets attributable to functions/activities/segments differ. IPSAS 18 requirements are broadly similar to those in AASB 1052 for local governments and government departments and in AASB 1049 for whole of governments and GGSs, but there are no such requirements in AASB 1050 for government departments' administered assets ▪ the specifications relating to liabilities attributable to functions/activities/segments differ. AASB 1052 for government departments and IPSAS 18 contain requirements whereas AASB 1050, AASB 1052 for local governments and AASB 1049 do not ▪ the specifications relating to the total cost incurred during the period to acquire segment assets that are expected to be used during more than one period. This is only a requirement in IPSAS 18 ▪ judgements about materiality at a segment level compared with at an entity level – IPSAS 18 provides guidance on this issue beyond that provided in the AASBs ▪ function/activity/segment result – IPSAS 18 provides guidance on this issue beyond that provided in the AASBs.
AASB 1050, AASB 1052 and AASB 1049 do not address cash flows attributable to functions or activities.	Para. 59 – an entity is encouraged but not required to disclose segment cash flows consistent with the requirements of IPSAS 2 *Cash Flow Statements*. IPSAS 2 requires that an entity present a cash flow statement that separately reports cash flows from operating, investing, and financing activities. It also requires the disclosure of information about certain cash flows. The disclosure of cash flow information about each segment can be useful in understanding the entity's overall financial position, liquidity, and cash flows. Para. 60 – an entity that does not disclose segment cash flows in accordance with IPSAS 2 is encouraged, but not required, to disclose for each reportable segment: ▪ segment expense for depreciation and amortisation of segment assets ▪ other significant non-cash expenses ▪ significant non-cash revenues that are included in segment revenue. This will enable users to determine the major sources and uses of cash in respect of segment activities for the period. ***Comparison with AASB*** This could give rise to differences in disclosures.
AASB 1050, AASB 1052 and AASB 1049 do not address an entity's aggregate share of the net surplus (deficit) of associates, joint ventures, or other investments accounted for under the equity method attributable to functions or activities.	Para. 61 – an entity shall disclose for each segment the aggregate of the entity's share of the net surplus (deficit) of associates, joint ventures, or other investments accounted for under the equity method, if substantially all of those associates' operations are within that single segment. Para. 63 – if an entity's aggregate share of the net surplus (deficit) of associates, joint venture, or other investments accounted for under the equity method is disclosed by segment, the aggregate investments in those associates and joint ventures shall also be disclosed by segment. ***Comparison with AASB*** This could give rise to significant differences in

	AASB requirement	IPSAS requirement[3]
		disclosures.
	AASB 1052, para. 12 – the information provided by way of note in accordance with para. 11 shall be aggregated and reconciled to agree with the related information in the financial statements of the **local government**. AASB 1049, para. 49 of AASB 1049 – the information provided by way of note in accordance with para. 48 shall be aggregated. A reconciliation of the aggregate amount of expenses, excluding losses, included in operating result to the aggregate of expenses from transactions recognised in the statement of comprehensive income shall be disclosed. AASB 1050, and AASB 1052 for government departments, do not require reconciliations.	Para. 64 – an entity shall present a reconciliation between the information disclosed for segments and the aggregated information in the consolidated or entity financial statements. In presenting the reconciliation, segment revenue shall be reconciled to entity revenue from external sources (including disclosure of the amount of entity revenue from external sources not included in any segment's revenue); segment expense shall be reconciled to a comparable measure of entity expense; segment assets shall be reconciled to entity assets; and segment liabilities shall be reconciled to entity liabilities. ***Comparison with AASB*** Expect significant differences, although less so in relation to local governments.

	AASB 1052, para. 13 – AASB 1052 requires disclosure of information about the assets, income and expenses of the **local government** according to the broad functions or activities of the local government, whether they be related to service delivery or undertaken for commercial objectives. Disclosure of this information assists users in identifying the resources committed to particular functions/activities of the local government, the costs of service delivery that are reliably attributable to those functions/activities, and the extent to which the local government has recovered those costs from income that is reliably attributable to those functions/activities. Function/activity classification of financial information will also assist users in assessing the significance of any financial or non-financial performance indicators reported by the local government.
	
	AASB 1050, AASB 1052 and AASB 1049 do not address the relationship between service functions/activities and geographical functions/activities.
		Para. 66 – IPSAS 18 adopts the view that disclosure of minimum information about both service segments and geographical segments is likely to be useful to users for accountability and decision-making purposes. Therefore, if an entity reports segment information on the basis of:
		
		▪ the major goods and services the entity provides, the programs it operates, the activities it undertakes, or other service segments, it is also encouraged to report the following for each geographical segment that is reported internally to the governing body and the senior manager of the entity:
		  ○ segment expense
		  ○ total carrying amount of segment assets
		  ○ total outlay during the period to acquire segment assets that are expected to be used during more than one period (property, plant, equipment, and intangible assets)
		
		▪ geographical segments or another basis is not encompassed by the first dot point above, the entity is encouraged to also report the following segment information for each major service segment that is reported internally to the governing body and the senior manager of the entity:
		  ○ segment expense
		  ○ total carrying amount of segment assets
		  ○ total outlay during the period to acquire segment assets that are expected to be used during more than one period (property, plant, equipment, and intangible assets).
		
		Comparison with AASB
		
		This could give rise to significant differences in disclosures even though IPSAS 18 merely encourages the disclosures.

Segment Accounting Policies	AASB 1050, AASB 1052 and AASB 1049 do not explicitly clarify how accounting policies adopted for preparing and presenting the financial statements of the consolidated group or entity are adopted for disclosing information about functions or activities.	Para. 42 – while the accounting policies used in preparing and presenting the financial statements of the entity as a whole are also the fundamental segment accounting policies, segment accounting policies include, in addition, policies that relate specifically to segment reporting, such as the method of pricing inter-segment transfers, and the basis for allocating revenues and expenses to segments. Para. 43 – segment information shall be prepared in conformity with the accounting policies adopted for

	AASB requirement	IPSAS requirement[3]
		preparing and presenting the financial statements of the consolidated group or entity. Para. 45 – as noted in para. 42, accounting policies that deal with entity only issues such as inter-segment pricing may need to be developed. IPSAS 1 requires disclosure of accounting policies necessary to understand the financial statements. Consistent with those requirements, segment specific policies may need to be disclosed. Para. 46 – IPSAS 18 permits the disclosure of additional segment information that is prepared on a basis other than the accounting policies adopted for the consolidated or entity financial statements provided that: - the information is relevant for performance assessment and decision-making purposes - the basis of measurement for this additional information is clearly described. ***Comparison with AASB*** This could give rise to differences in practice.
	AASB 1050, AASB 1052 and AASB 1049 do not explicitly address inter-function/activity transfers.	Para. 67 – in measuring and reporting segment revenue from transactions with other segments, inter-segment transfers shall be measured on the basis that they occur. The basis of pricing inter-segment transfers and any change therein shall be disclosed in the financial statements. ***Comparison with AASB*** This could give rise to differences in disclosures (and measurement of inter-function/activity/segment transfers).
Newly Identified Segments	AASB 1050, AASB 1052 and AASB 1049 do not provide explicit guidance on reporting newly identified segments, including the implications for comparative information. The requirements relating to comparative information in paras. 38-38D of AASB 101 *Presentation of Financial Statements* would apply.	Para. 49 – if a segment is identified as a segment for the first time in the current period, prior period segment data that is presented for comparative purposes shall be restated to reflect the newly reported segment as a separate segment, unless it is impracticable to do so. Para. 50 – new segments may be reported in financial statements in differing circumstances. For example, an entity may change its internal reporting structure from a service segment structure to a geographical segment structure and management may consider it appropriate that this segment structure also be adopted for external reporting purposes. An entity may also undertake significant new or additional activities, or increase the extent to which an activity previously operating as an internal support service provides services to external parties. In these cases, new segments may be reported for the first time in the general purpose financial statements. Where this occurs, IPSAS 18 requires that prior period comparative data should be restated to reflect the current segment structure where practicable. ***Comparison with AASB*** This is not expected to give rise to differences in practice.

	AASB requirement	IPSAS requirement[3]
	AASB 1050, AASB 1052 and AASB 1049 do not explicitly address changes in accounting policies related specifically to function/activity reporting. AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* would apply.	Para. 68 – changes in accounting policies adopted for segment reporting that have a material effect on segment information shall be disclosed, and prior period segment information presented for comparative purposes shall be restated, unless it is impracticable to do so. Such disclosure shall include a description of the nature of the change, the reasons for the change, the fact that comparative information has been restated or that it is impracticable to do so, and the financial effect of the change if it is reasonably determinable. If an entity changes the identification of its segments and it does not restate prior period segment information on the new basis because it is impracticable to do so, then for the purpose of comparison, an entity shall report segment data for both the old and the new bases of segmentation in the year in which it changes the identification of its segments. Para. 71 – some changes in accounting policies relate specifically to segment reporting. Examples include changes in identification of segments and changes in the basis for allocating revenues and expenses to segments. Such changes can have a significant impact on the segment information reported, but will not change aggregate financial information reported for the entity. To enable users to understand the changes and to assess trends, prior period segment information that is included in the financial statements for comparative purposes is restated, if practicable, to reflect the new accounting policy. ***Comparison with AASB*** This is not expected to give rise to differences in disclosures.
Attributing Items to Segments	AASB 1052, para. 19 – in some instances it may not be possible to reliably attribute all expenses, income, assets and liabilities to each of the major activities of a **government department**. Paras. 15 and 16 require that the complete set of financial statements of a government department only disclose, on an activity by activity basis, information about the expenses, income, assets and liabilities that can be reliably attributed to major activities. AASB 1052, para. 21 – AASB 1050 also contains requirements relating to the disclosure of administered income and expenses attributable to a government department's activities. The principles in AASB 1052 are used in satisfying the requirements in AASB 1050. (See also the high-level comparison of AASB 1050 and IPSASs.) AASB 1049 does not explicitly address the difficulties that might be encountered in reliably attributing items to functions.	Para. 31– public sector entities can generally identify the costs of providing certain groups of goods and services or of undertaking certain activities and the assets that are necessary to facilitate those activities. This information is needed for planning and control purposes. However, in many cases the operations of government agencies and other public sector entities are funded by 'block' appropriations, or appropriations on a 'line item' basis reflecting the nature of the major classes of expenses or expenditures. These 'block' or 'line item' appropriations may not be related to specific service lines, functional activities or geographical regions. In some cases, it may not be possible to directly attribute revenue to a segment or to allocate it to a segment on a reasonable basis. Similarly, some assets, expenses and liabilities may not be able to be directly attributed, or allocated on a reasonable basis, to individual segments because they support a wide range of service delivery activities across a number of segments or are directly related to general administration activities which are not identified as a separate segment. The unattributed or unallocated revenue, expense, assets and liabilities would be reported as an unallocated amount in reconciling the segment disclosures to the aggregate entity revenue as required by para. 64 of IPSAS 18. ***Comparison with AASB*** Of itself, this is not expected to give rise to differences in disclosures.
	AASB 1050, AASB 1052 and AASB 1049 do not provide explicit guidance on the allocation of assets that are jointly used by two or more functions/activities and the way in which asset, liability, revenue and expense items are allocated to	Para. 47 – assets that are jointly used by two or more segments shall be allocated to segments if, and only if, their related revenues and expenses are also allocated to those segments. ***Comparison with AASB*** This could give rise to differences in practice.

AASB requirement	IPSAS requirement[3]
functions/activities.	
AASB 1050, AASB 1052 and AASB 1049 do not provide examples of assets that are attributable or not attributable to functions/activities.	Para. 33 – examples of segment assets include current assets that are used in the operating activities of the segment; property, plant and equipment; assets that are the subject of finance leases; and intangible assets. If a particular item of depreciation or amortisation is included in segment expense, the related asset is also included in segment assets. Segment assets do not include assets used for general entity or head office purposes, for example: - the office of the central administration and policy development unit of a department of education is not included in segments reflecting the delivery of primary, secondary and tertiary educational services; or - the parliamentary or other general assembly building is not included in segments reflecting major functional activities such as education, health and defence when reporting at the whole-of-government level. Segment assets include operating assets shared by two or more segments if a reasonable basis for allocation exists. ***Comparison with AASB*** This could give rise to differences in practice.
AASB 1050, AASB 1052 and AASB 1049 do not explicitly address goodwill in the context of functions/activities reporting.	Para. 34 – the consolidated financial statements of a government or other entity may encompass operations acquired in a public sector combination that gives rise to purchased goodwill (guidance on accounting for the acquisition of an operation is included in IPSAS 40 *Public Sector Combinations*). In these cases, segment assets will include goodwill that is directly attributable to a segment or that can be allocated to a segment on a reasonable basis, and segment expense includes related impairment of goodwill. ***Comparison with AASB*** This could give rise to differences in practice.
AASB 1050, AASB 1052 and AASB 1049 do not provide examples or other guidance in relation to liabilities that are attributable or not attributable to functions/activities.	Para. 35 – examples of segment liabilities include trade and other payables, accrued liabilities, advances from members of the community for the provision of partially subsidised goods and services in the future, product warranty provisions arising from any commercial activities of the entity, and other claims relating to the provision of goods and services. Segment liabilities do not include borrowings, liabilities related to assets that are the subject of finance leases, and other liabilities that are incurred for financing rather than operating purposes. If interest expense is included in segment expense, the related interest-bearing liability is included in segment liabilities. Para. 36 – the liabilities of segments whose operations are not primarily of a financial nature do not include borrowings and similar liabilities because segment revenues and expenses do not include financing revenues and expenses. Further, because debt is often issued at the head office level or by a central borrowing authority on an entity-wide or government-wide basis, it is often not possible to directly attribute, or reasonably allocate, the interest-bearing liability to the segment. However, if the financing activities of the entity are identified as a separate segment, as may occur at the whole-of-government level, expenses of the 'finance' segment will include interest expense, and the related interest-bearing liabilities will be included in segment liabilities.

AASB requirement	IPSAS requirement[3]
	Comparison with AASB This could give rise to differences in practice.
AASB 1050, AASB 1052 and AASB 1049 do not explicitly address adjustments to be made to the carrying amounts of the identifiable assets and liabilities of an entity acquired in an acquisition for the purposes of determining amounts to be attributable to assets and liabilities of functions/activities.	Para. 37 – IPSAS 40 may require adjustments to be made to the carrying amounts of the identifiable assets and liabilities of an operation acquired in an acquisition. Measurements of segment assets and liabilities include any adjustments to the prior carrying amounts of the identifiable segment assets and segment liabilities of an operation acquired in an acquisition, even if those adjustments are made only for the purpose of preparing consolidated financial statements and are not recorded in either the controlling entity's separate or the controlled entity's individual financial statements. Similarly, if property, plant, and equipment has been revalued subsequent to acquisition in accordance with the revaluation model in IPSAS 17 *Property, Plant and Equipment*, measurements of segment assets reflect those revaluations. ***Comparison with AASB*** Do not expect differences to arise in practice.
AASB 1050, AASB 1052 and AASB 1049 do not explicitly address the attribution of income tax to functions or activities of an entity that is subject to AASB 112 *Income Taxes*.	Para. 38 – in some jurisdictions, a government or government entity may control a commercial public sector entity that is subject to income tax or income tax equivalents. These entities may be required to apply accounting standards such as IAS 12 *Income Taxes* which prescribe the accounting treatment of income taxes or income tax equivalents. Such standards may require the recognition of income tax assets and liabilities in respect of income tax expenses, or income tax equivalent expenses, which are recognised in the current period and are recoverable or repayable in future periods. These assets and liabilities are not included in segment assets or segment liabilities because they arise as a result of all the activities of the entity as a whole and the tax arrangements in place in respect of the entity. However, assets representing taxation revenue receivable which is controlled by a taxing authority will be included in segment assets of the authority if they can be directly attributed to that segment or allocated to it on a reliable basis. ***Comparison with AASB*** This could give rise to differences in practice.
Guidance on cost allocation can be found in other AASB Standards, for example AASB 102 *Inventories*.	Para. 39 – some guidance for cost allocation can be found in other IPSASs. For example, IPSAS 12 *Inventories* provides guidance for attributing and allocating costs to inventories, and IPSAS 11 *Construction Contracts* provides guidance for attributing and allocating costs to contracts. That guidance may be useful in attributing and allocating costs to segments. ***Comparison with AASB*** Do not expect differences, even though AASB 111 *Construction Contracts* has been superseded by AASB 15 *Revenue from Contracts with Customers*.
AASB 107 *Statement of Cash Flows* provides guidance on whether bank overdrafts should be included as a component of cash or should be reported as borrowings.	Para. 40 – IPSAS 2 *Cash Flow Statements* provides guidance on whether bank overdrafts should be included as a component of cash or should be reported as borrowings. ***Comparison with AASB*** Do not expect differences in practice.
AASB 1050, AASB 1052 and AASB 1049 do not provide explicit guidance on the consolidation issues in relation to function/activity information.	Para. 41 – segment revenue, segment expense, segment assets and segment liabilities are determined before balances and transactions between entities within the economic entity are eliminated as part of the consolidation process, except to the extent that such

	AASB requirement	IPSAS requirement[3]
		intra-economic entity balances and transactions are between entities within a single segment. ***Comparison with AASB*** Do not expect differences in practice.
	AASB 1050, AASB 1052 and AASB 1049 do not address, in the context of functions/activities, arrangements that take the form of a joint venture or an investment in an associate that is accounted for by the equity method of accounting, and a jointly controlled entity that is accounted for by proportionate consolidation.	Para. 32 – governments and their agencies may enter into arrangements with private sector entities for the delivery of goods and services, or to conduct other activities. In some jurisdictions, these arrangements take the form of a joint venture or an investment in an associate that is accounted for by the equity method of accounting. Where this is the case, segment revenue will include the segment's share of the equity accounted net surplus (deficit), where the equity accounted surplus (deficit) is included in entity revenue, and it can be directly attributed or reliably allocated to the segment on a reasonable basis. In similar circumstances, segment revenue and segment expense will include the segment's share of revenue and expense of a jointly controlled entity that is accounted for by proportionate consolidation. ***Comparison with AASB*** This could give rise to differences in disclosures.

Overall comment: the identified substantive differences provide a basis for the AASB to consider the differences between AASB 1052 and IPSAS 18. AASB 1052 applies to only a limited range of entities – local governments and government departments. Although issued in December 2007, it was derived from requirements carried over substantially unamended from the relevant requirements that were originally in now superseded AAS 27 *Financial Reporting by Local Governments* (issued June 1996) and AAS 29 *Financial Reporting by Government Departments* (issued October 1996). In contrast, IPSAS 18 was issued in June 2002 and was based on IAS 14. Paragraph BC5 of AASB 1052 indicates the AASB's intention to review the requirements in AASB 1052. It would be timely to initiate such a review.

Back to Table 2

Reduced Disclosure Requirements – AASB 1053

Relevant pronouncements:

- AASB 1053 *Application of Tiers of Australian Accounting Standards*
- IPSAS: there is no specific IPSAS that prescribes reduced disclosure requirements for particular types of entities

AASB Aus paragraphs: AASB 1053 is an Australian specific Standard.

	AASB requirement	IPSAS requirement
Scope	AASB 1053 allows entities satisfying certain criteria to opt for the reduced disclosure requirements regime. Paras. 7-9 – there are two Tiers of reporting requirements for preparing general purpose financial statements: ▪ Tier 1: Australian Accounting Standards, which requires application of all standards in full ▪ Tier 2[1]: Australian Accounting Standards – Reduced Disclosure Requirements, which requires all the recognition and measurement requirements of Tier 1 but substantially reduced disclosure requirements Paras. 11-13 – when applying the two tiers of reporting requirements for not-for-profit entities preparing general purpose financial statements: ▪ Tier 1 applies mandatorily only to the Australian Government and State, Territory and Local Governments ▪ Tier 2 applies to all not-for-profit entities other than the Australian Government and State, Territory and Local Governments. Para. 15 – even if Tier 2 is available through AASB 1053, regulators might exercise a power to require the application of Tier 1 reporting requirements.	All the disclosure requirements specified in individual IPSASs are applicable all types and sizes of entities that are subject to the suite of IPSASs. That is, IPSASB has not introduced a reduced disclosure regime. ***Comparison with AASB*** Expect differences in practice for entities that are eligible to adopt the AASB's Tier 2.

Overall comment: it would not be appropriate for the AASB to exclude not-for-profit sector entities from the application of AASB 1053 as it would create a gap in the relief from making certain disclosures that is appropriate for entities that are currently eligible to adopt Tier 2.

Back to Table 2

1 The disclosures required by Tier 2 and the disclosures required by the IASB's *International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs)* are highly similar. However, Tier 2 requirements and the *IFRS for SMEs* are not directly comparable in terms of recognition and measurement.

Australian Additional Disclosures – AASB 1054

Relevant pronouncements:

- AASB 1054 *Australian Additional Disclosures*
- IPSAS 1 *Presentation of Financial Statements*, base on IAS 1

AASB Aus paragraphs: AASB 1054 is an Australian specific Standard.

This comparison is incorporated into the detailed comparison of AASB 101 *Presentation of Financial Statements* and IPSAS 1.

Back to Table 2

Budgetary Reporting – AASB 1055

Relevant pronouncements:

- AASB 1055 *Budgetary Reporting* (July 2014)
- IPSAS 24 *Presentation of Budget Information in Financial Statements* (December 2016)

AASB Aus paragraphs: AASB 1055 is an Australian specific Standard.

	AASB requirement	IPSAS requirement
Scope	Para. 2 – AASB 1055 applies to: ▪ whole of government general purpose financial statements of each government ▪ financial statements of each government's GGS ▪ general purpose financial statements of each not-for-profit reporting entity within the GGS ▪ financial statements of each not-for-profit entity within the GGS that are, or are held out to be, general purpose financial statements. Paras. 6 and 7 – AASB 1055 only applies when an entity referred to in para. 2 presents to parliament budgeted financial statements reflecting controlled items or budgeted financial information reflecting major classes of administered items, and those statements/information is separately identified as relating to that entity.	Para. 2 – an entity that prepares and presents financial statements under the accrual basis of accounting shall apply IPSAS 24. Para. 3 – IPSAS 24 applies to public sector entities which are required or elect to make their approved budget(s) publicly available. ***Comparison with AASB*** Expect differences in practice. A wider range of entities are subject to IPSAS 24, including local governments and government controlled not-for-profit entities that are outside the GGS.[1] Furthermore, there could be a difference because the AASB 1055 criterion of 'presents to parliament' is narrower than the IPSAS 24 criterion of 'make … publicly available'.
Defined terms	There are substantive differences in terms and their definitions, as noted below. Any substantive differences in terms used in both Standards but defined in other Standards are identified in the comparisons of those other Standards. Substantive differences in any general terms and their definitions in both Standards are identified in the Comparison of Definitions of General Terms at the end of this Appendix.	
	Appendix A – provides definitions for the following terms: ▪ ABS GFS Manual ▪ entity within the GGS ▪ General Government Sector (GGS)* ▪ government ▪ government units* ▪ institutional unit* ▪ non-profit institution*. * these definitions are those found in the ABS GFS Manual.	Para. 7 – provides definitions for the following terms: ▪ accounting basis ▪ annual budget ▪ appropriation ▪ approved budget ▪ budgetary basis ▪ comparable basis ▪ final budget ▪ multi-year budget ▪ original budget. Paras. 8-10 – provides clarification and guidance on 'approved budgets'. ***Comparison with AASB*** Do not expect the fact that different terms are defined in the Standards to, of themselves, give rise to differences in practice. However, in defining 'budgetary

1 Para. BC9 of AASB 1055 states "The Board noted it could in the future, as a separate project, address budgetary reporting requirements of a broader range of public sector entities."

	AASB requirement	IPSAS requirement
		basis' as including accrual, cash, or other basis of accounting, IPSAS 24 differs from AASB 1055, which only contemplates an accrual budgetary basis (see the discussion of paras. 39-44 of IPSAS 24 in the Presentation and Disclosure section below).
	Para. 9 – the original budget is the first budget presented to parliament in respect of the reporting period.	Para. 7 – 'original budget' is the initial approved budget for the budget period. Paras. 11-12 – provides clarification on what the original and final budget may include. ***Comparison with AASB*** Expect significant differences in practice. Under AASB 1055 the 'original budget' is that submitted to parliament for approval; whereas under IPSAS 24 it is the budget that has been approved. Furthermore, AASB 1055 refers to the reporting period; whereas IPSAS 24 refers to the budget period (see the discussion of paras. 39-44 of IPSAS 24 in the Presentation and Disclosure section below).
	Paras. 6(f) and 7(b) – use the term 'actual amount' without further clarification.	Para. 13 – the term actual or actual amount is used to describe the amounts that result from execution of the budget. In some jurisdictions, budget out-turn, budget execution, or similar terms may be used with the same meaning as actual or actual amount. ***Comparison with AASB*** Do not expect differences in practice.
Presentation and Disclosure	Para. 6 – where an entity's budgeted: ▪ statement of financial position; ▪ statement of profit or loss and other comprehensive income; ▪ statement of changes in equity; or ▪ statement of cash flows; reflecting controlled items is presented to parliament and is separately identified as relating to that entity, the entity shall disclose for the reporting period: ▪ that original budgeted financial statement presented to parliament, presented and classified on a basis that is consistent with the presentation and classification adopted in the corresponding financial statement prepared in accordance with AASBs ▪ explanations of major variances between the actual amounts presented in the financial statements and the corresponding original budget amounts. Para. 7 – where an entity within the GGS's budgeted financial information reflecting major classes of administered income and expenses, or major classes of administered assets and liabilities, is presented to parliament and is separately identified as relating to that entity, the entity shall disclose for the reporting period: ▪ that original budgeted financial information presented to parliament, presented and classified on a basis that is consistent with the presentation and classification adopted for the corresponding information about administered items disclosed in	Para. 14 – subject to para. 21, an entity shall present a comparison of the budget amounts for which it is held publicly accountable and actual amounts, either as a separate additional financial statement or as additional budget columns in the financial statements currently presented in accordance with IPSASs. The comparison of budget and actual amounts shall present separately for each level of legislative oversight: ▪ the original and final budget amounts ▪ the actual amounts on a comparable basis ▪ by way of note disclosure, an explanation of material differences between the budget for which the entity is held publicly accountable and actual amounts, unless such explanation is included in other public documents issued in conjunction with the financial statements, and a cross reference to those documents is made in the notes. Para. 16 – an explanation of the material differences between actual amounts and the budget amounts will assist users in understanding the reasons for material departures from the approved budget for which the entity is held publicly accountable. Para. 17 – depending on circumstances, material differences may be determined by reference to, for example, differences between actual and original budget, or actual and final budget. Para. 31-36 – all comparisons of budget and actual amounts shall be presented on a comparable basis to the budget. ***Comparison with AASB*** AASB 1055 is written in the context of accrual budgets; whereas IPSAS 24 is written more generically, anticipating accrual, cash or some other basis for budgets. There are significant differences, as summarised in the following: ▪ where the presentation and classification of the original budget and actual financial

<table>
<tr><th></th><th>AASB requirement</th><th>IPSAS requirement</th></tr>
<tr><td></td><td>accordance with AASB 1050 Administered Items
explanations of major variances between the actual amounts disclosed in the financial statements in accordance with AASB 1050 and the corresponding original budget amounts.
Para. 11 – any revised budget that is presented to parliament during the reporting period may be disclosed in the financial statements in addition to the original budget and might need to be referred to in explanations of major variances.
Para. 15 – the explanations of major variances required to be disclosed are those relevant to an assessment of the discharge of accountability and to an analysis of performance, not merely focusing on the numerical differences between original budget and actual amounts. They include high-level explanations of the causes of major variances rather than merely the nature of the variances. </td>
<td>information differ, AASB 1055 requires the budget information to be recast to align with the actual financial information (in line with AASBs); whereas IPSAS 24 requires actual information to align with the original budget (although see the discussion of paras. 47-51 of IPSAS 24 below).
AASB 1055 only requires disclosure of the original presented budget (but acknowledges revised budgets might also be disclosed – see para. 11); whereas IPSAS 24 requires both the initial approved budget and the final approved budget to be disclosed.
AASB 1055 requires disclosure of explanations of major variances between actual and original budget amounts; whereas IPSAS 24 requires disclosure of explanations of material variances between actual amounts and the amounts in the budget for which the entity is held publicly accountable (which may be the original or final budget).
AASB 1055, in contrast to IPSAS 24, requires disclosure of explanations of variances in the financial statements, even if explanations are provided in other public documents issued in conjunction with the financial statements. A cross-reference to other public documents would not be sufficient under AASB 1055.
AASB 1055 requires the budget information to relate to the reporting period; whereas IPSAS 24 does not have such a restriction (eg IPSAS 24 contemplates multi-year budget periods – see para. 44).
AASB 1055 explicitly addresses administered items; whereas IPSAS 24 does not (see also the high-level comparison of AASB 1050 and IPSASs).
It is not expected that differences would arise in the interpretation of ‘major variances’ combined with para. 15 in AASB 1055 and ‘material variances’ in IPSAS 24. </td></tr>
<tr><td></td><td>AASB 1055 does not provide guidance on linking budget and actual data to nonfinancial budget data and service achievements.[2]</td>
<td> Para. 28 – additional budget information, including information about service achievements, may be presented in documents other than financial statements. A cross reference from financial statements to such documents is encouraged, particularly to link budget and actual data to nonfinancial budget data and service achievements.
(The IPSASB has issued Recommended Practice Guideline RPG 3 Reporting Service Performance Information (March 2015). Para. 45 of RPG3 notes that where an entity has publicly reported planned performance indicators the actual performance indicators presented will usually be consistent with those previously made public. Those entities that publish their budget information and apply IPSAS 24 should consider the relationship between that information and the service performance information that they report.) </td></tr>
</table>

2 The AASB has an active project on *Reporting Service Performance Information*.

	AASB requirement	IPSAS requirement
		Comparison with AASB There could be differences in presentation and disclosures in relation to service achievements.
	Para. 11 – any revised budget disclosed in the financial statements in addition to the original budget might need to be referred to in explanations of major variances. Para. 15 – if revised budgets are presented to parliament, even when there are no major numerical differences between the original budget and actual amounts, an entity might need to have regard to those revised budgets and include explanations of major numerical differences between them and actual amounts.	Para. 29 – an entity shall present an explanation of whether changes between the original and final budget are a consequence of reallocations within the budget, or of other factors: ▪ by way of note disclosure in the financial statements; or ▪ in a report issued before, at the same time as, or in conjunction with, the financial statements, and shall include a cross reference to the report in the notes to the financial statements. ***Comparison with AASB*** This could give rise to differences in disclosures. AASB 1055 does not require disclosure of explanations for the changes between the original and final budget. Nor does it allow cross-referencing to a report as a substitute for disclosure in the financial statements.
	AASB 1055 does not require disclosure of an explanation of the budgetary basis and classification basis adopted in the budget, nor the period of the budget.	Paras. 39-44 – an entity shall explain the budgetary basis and classification basis adopted in the approved budget, and the period of the budget. ***Comparison with AASB*** Any differences in disclosures relating to paras. 39-44 of IPSAS 24 are a consequence of IPSAS 24 not requiring the budget information to be recast to align with the financial statements prepared in accordance with IPSASs.
	Paras. 6 and 7 – only contemplate an entity's budget being for the entire entity. Para. BC16 – there is a variety of circumstances that could occur that would make difficult the application of the principles that budgeted and actual numbers should be reported and variances explained. For example, after an original budget is presented to parliament, entities might be divided or combined (ie restructured) in ways that mean actual numbers do not directly relate meaningfully to original budget numbers. However, the principles in AASB 1055 could still be applicable. For example, in some of these circumstances, the original budgets presented to parliament can sensibly be divided or combined in a way that aligns with a post-budget restructure and thereby facilitate explanations of individual variances. However, in other circumstances it might be necessary to explain a restructuring descriptively because any allocation of the original budget would be quite arbitrary and may not have been replaced for the new entities involved by other budgets presented to parliament in the period of the restructuring.	Paras. 45 and 46 – an entity shall identify the entities included in the approved budget, to identify the extent to which the entity's activities are subject to an approved budget, and how the budget entity differs from the entity reflected in the financial statements. ***Comparison with AASB*** Any differences that arise in relation to paras. 45 and 46 of IPSAS 24 are a consequence of IPSAS 24 not requiring the budget information to be recast to align with the financial statements prepared in accordance with IPSASs.
	Paras. 6 and 7 – the budget information is required to be presented and classified on a basis that is consistent with the presentation and classification adopted in the corresponding financial statements/information prepared in accordance with AASBs.	Paras. 47-51 – where the accrual financial statements and the accrual budget are not prepared on a comparable basis, the actual amounts presented on a comparable basis to the budget shall be reconciled to total revenues, total expenses, and net cash flows from operating activities, investing activities, and financing activities. ***Comparison with AASB***

	AASB requirement	IPSAS requirement
		The differences in disclosures arising from paras. 47-51 of IPSAS 24 are a consequence of IPSAS 24 not requiring the budget information to be recast to align with the financial statements prepared in accordance with IPSASs.

Overall comment: there are fundamental differences identified between AASB 1055 and IPSAS 24. The basic requirements underlying AASB 1055 (originally issued March 2013) were first included in AASB 1049 *Financial Reporting of General Government Sectors by Governments*, issued in September 2006, which is about the same time IPSAS 24 was issued – December 2006. Therefore, the AASB was broadly aware of IPSAS 24's approach during its own deliberations; and para. BC2 of AASB 1055 notes that IPSAS 24 does not provide an appropriate basis for budgetary reporting in the Australian environment, particularly because it gives primacy to the budget basis of presentation and classification over the accounting basis of presentation and classification and contemplates explanations of variances being disclosed outside the financial report. AASB 1055 incorporates decisions the AASB made following its post-implementation review of the October 2007 version of AASB 1049, including the budgetary reporting requirements. Accordingly, IPSAS 24 does not currently provide an appropriate basis for the AASB to make improvements to AASB 1055.

At the time AASB 1055 was issued, the AASB decided not to expand the scope of the budgetary reporting requirements to a broader range of public sector entities, eg local governments or NFP entities controlled by government outside GGSs. The AASB noted it could in the future, as a separate project, address budgetary reporting requirements of a broader range of public sector entities (see para. BC9 of AASB 1055). It would be timely to initiate such a project, as part of the AASB's Reporting Framework project.

Back to Table 2

Superannuation Entities – AASB 1056

Relevant pronouncements:

- AASB 1056 *Superannuation Entities*, which is **not** based on IAS 26 *Accounting and Reporting by Retirement Benefit Plans*[1]
- IPSAS: there is no specific IPSAS that prescribes requirements for the accounting by superannuation entities

AASB Aus paragraphs: AASB 1056 is an Australian specific Standard.

	AASB requirement	IPSAS requirement
High-level comparison	Para. 1 – the objective of AASB 1056 is to specify requirements for the general purpose financial statements of superannuation entities with a view to providing users with information useful for decision making in a superannuation entity context. Para. 7 – except in specified circumstances, AASB 1056 requires a superannuation entity to apply other applicable AASBs. One of the main exceptions is to require most assets to be measured at fair value.	There is no specific IPSAS that prescribes requirements for the accounting by superannuation entities. Indeed, IPSAS 1 *Presentation of Financial Statements* and IPSAS 25 *Employee Benefits* only mention superannuation in the context of an entity as an employer, rather than in the context of a superannuation entity itself. Accordingly, it is expected that applicable IPSASs would apply to superannuation entities adopting the IPSAS suite of Standards. ***Comparison with AASB*** Expect significant differences in the accounting by superannuation entities.
Scope	Appendix A: definition of 'superannuation entity' – an entity that constitutes one or more superannuation plan(s) or an approved deposit fund. Appendix A: definition of 'superannuation plan' – an entity that is: ▪ regulated under the *Superannuation Industry (Supervision) Act 1993*, or similar legislative requirements in the case of an exempt public sector superannuation plan; and ▪ established and maintained: ○ in order to receive superannuation contributions; and ○ for the primary purpose of providing benefits to members upon their retirement, death, disablement or other event that qualifies as a condition of release for member benefits. *Superannuation plans may be constituted as separate entities or as a number of separate entities established to administer aspects of the plan (such as when one entity administers contributions and another administers benefit payments).* Appendix A: definition of 'approved deposit fund' – an entity that is an approved deposit fund within the meaning of section 10 of the *Superannuation Industry (Supervision) Act 1993*.	IPSASs do not define 'superannuation entity' or related terms. IPSAS 25 (para. 27) merely refers to 'pension scheme', 'superannuation scheme' and 'retirement benefit scheme' in relation to an entity as an employer. ***Comparison with AASB*** Expect differences in the types of entities that are regarded as 'superannuation entities'.

Overall comment: it would not be appropriate for the AASB to exclude not-for-profit sector entities from the application of AASB 1056 as it would create a gap in accounting requirements.

Back to Table 2

1 Paras. BC7 to BC11 of AASB 1056 explain the AASB's reasons for not adopting IAS 26. The Preface to AASB 1056 lists the main differences between AASB 1056 and IAS 26. Furthermore, Interpretation 1019 *The Superannuation Contributions Surcharge* could also be relevant to this comparison, but see the separate comment on Interpretation 1019 later in this Appendix.

Application of Australian Accounting Standards – AASB 1057

Relevant pronouncements:

- AASB 1057 *Application of Australian Accounting Standards*.
- IPSAS: each IPSAS includes a Scope section, which specifies the entities to which the IPSAS applies.

AASB Aus paragraphs: AASB 1057 is an Australian specific Standard.

No comparison has been prepared:

- AASB 1057 is merely a 'service' Standard to capture within a single Standard the application requirements of individual AASBs.
- Where relevant, each comparison of an AASB with its corresponding IPSAS in this Appendix identifies where there are differences in the range of not-for-profit public sector entities that are subject to the requirements of the AASB and IPSAS.

Back to Table 2

Income of Not-for-Profit Entities – AASB 1058

Relevant pronouncements:

- AASB 1058 *Income of Not-for-Profit Entities*
- IPSAS 23 *Revenue from Non-Exchange Transactions (Taxes and Transfers)*

AASB Aus paragraphs: AASB 1058 is an Australian specific Standard.

This comparison is incorporated into the comparison of AASB 1004 *Contributions*/AASB 1058/Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities* and IPSAS 23.

Back to Table 2

Service Concession Arrangements – Interpretation 12

Relevant pronouncements:

- Interpretation 12 *Service Concession Arrangements: Disclosures*, based on IFRIC 12
- IPSAS: there is no specific IPSAS that prescribes requirements relating to accounting by operators for public-to-private service concession arrangements.

No comparison has been prepared:

Interpretation 12 provides guidance on the accounting for public-to-private concession arrangements by operators only. It applies if:

- the grantor controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them, and at what price; and
- the grantor controls – through ownership, beneficial entitlement or otherwise – any significant residual interest in the infrastructure at the end of the term of the arrangement.

IPSASB does not provide explicit guidance regarding the accounting by operators for public-to-private service concession arrangements.

Back to Table 2

Distributions of Non-cash Assets to Owners – Interpretation 17

Relevant pronouncements:

- Interpretation 17 *Distributions of Non-cash Assets to Owners*, based on IFRIC 17[1]
- IPSAS: there is no specific IPSAS that prescribes requirements relating to distributions of non-cash assets to owners.

AASB Aus paragraphs: no pertinent not-for-profit specific paragraphs are included in Interpretation 17.

	AASB requirement	IPSAS requirement
High-level comparison and scope	Interpretation 17 applies to the following types of non-reciprocal distributions of assets by an entity to its owners in their capacity as owners: ▪ distributions of non-cash assets ▪ distributions that give owners a choice of receiving either non-cash assets or a cash alternative. Interpretation 17 addresses: ▪ when an entity should recognise a liability for a dividend that will involve the distribution of non-cash assets ▪ how an entity should measure that liability ▪ how an entity should account for any difference between the carrying amount of the assets distributed and the carrying amount of the dividend payable at the time the entity settles the dividend payable.	There is no specific IPSAS that prescribes requirements for the accounting for distributions as dividends of non-cash assets to owners. ***Comparison with AASB*** Expect differences in practice. (See also the separate comparison of AASB 1004 *Contributions* (in particular, paras. 54-59 relating to restructure of administrative arrangements)/Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities* (in particular, para. 11, relating to consistent classification of contributions by owners) and IPSAS 23 *Revenue from Non-Exchange Transactions (Taxes and Transfers).*)

Overall comment: it would not be appropriate for the AASB to exclude the not-for-profit sector from the application of Interpretation 17 as it would create a gap in accounting requirements.

Back to Table 2

1 Although initially it might appear that aspects of AASB 1004 *Contributions* and Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities* are related to Interpretation 17:
- the scope of the requirements relating to restructures of administrative arrangements in AASB 1004 is limited to the transfer of a business (as defined in AASB 3 *Business Combinations*). The requirements do not apply to, for example, a transfer of an individual asset or group of assets that is not a business; and
- the scope of the requirements in Interpretation 1038 are focused on contributions by owners of a transferee (and, symmetrically, distributions to owners of a transferor) and are not expressed in the context of dividends.

Therefore, for the purpose of this high-level comparison, neither AASB 1004 nor Interpretation 1038 are regarded as being related to Interpretation 17.

Stripping Costs in the Production Phase of a Surface Mine – Interpretation 20

Relevant pronouncements:

- Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine*, based on IFRIC 20
- IPSAS: there is no specific IPSAS that prescribes requirements for stripping costs in the production phase of a surface mine.

AASB Aus paragraphs: Not-for-profit specific paragraphs are included in Interpretation 20, including Aus16.1 and AusA1.1

	AASB requirement	IPSAS requirement
High-level comparison	Para. 5 – Interpretation 20 considers when and how to account separately for the two benefits of (a) usable ore that can be used to produce inventory and (b) improved access to further quantities of material that will be mined in future periods, as well as how to measure these benefits both initially and subsequently.	There is no specific IPSAS that prescribes requirements for stripping costs in the production phase of a surface mine. Accordingly, IPSAS 1 *Presentation of Financial Statements*, IPSAS 12 *Inventories*, IPSAS 17 *Property, Plant, and Equipment*, and IPSAS 31 *Intangible Assets* would apply. ***Comparison with AASB*** Expect significant differences in practice.
Scope	Para. 6 – Interpretation 20 applies to waste removal costs that are incurred in surface mining activity during the production phase of the mine (‘production stripping costs’).	IPSAS does not separately define the scope of ‘production stripping costs’. ***Comparison with AASB*** Expect significant differences in practice.

Overall comment: it would not be appropriate for the AASB to exclude the not-for-profit sector from the application of Interpretation 20 as it would create a gap in accounting requirements.

Back to Table 2

Service Concession Arrangements: Disclosures – Interpretation 129

Relevant pronouncements:

- Interpretation 129 *Service Concession Arrangements: Disclosures*, based on Interpretation SIC-29
- IPSAS 32 *Service Concession Arrangements: Grantor* (2011)

No comparison has been prepared:

It is expected the AASB will amend Interpretation 129 to no longer apply to grantors, as a result of the anticipated AASB 1059 *Service Concession Arrangements: Grantors*. Anticipated AASB 1059 will contain disclosure requirements applicable to grantors. A comparison of what is anticipated to be AASB 1059 with IPSAS 32 will be prepared in due course.

Back to Table 2

The Superannuation Contributions Surcharge – Interpretation 1019

Relevant pronouncements:

- Interpretation 1019 *The Superannuation Contributions Surcharge*

No comparison has been prepared:

- In para. BC99 of AASB 1056 *Superannuation Entities*, the AASB states: "The AASB concluded it will reconsider the status of Interpretation 1019 and whether it might need to address the surcharge on superannuation contributions for high income earners introduced in 2013, once the impact of the implementation of that surcharge is clear." (footnote omitted)

Back to Table 2

Accounting for the Goods and Services Tax (GST) – Interpretation 1031

Relevant pronouncements:

- Interpretation 1031 *Accounting for the Goods and Services Tax (GST)*. There is no corresponding IFRIC dealing specifically with goods and services taxes.
- IPSAS: there is no specific IPSAS that prescribes requirements for the accounting for goods and services taxes.

AASB Aus paragraphs: Interpretation 1031 is an Australian specific Interpretation.

	AASB requirement	IPSAS requirement
High-level comparison	Para. 5 – Interpretation 1031 addresses: ▪ whether the GST should be recognised as part of the revenue of a supplier and as part of the cost of acquisition of assets and/or part of an item of expense of a purchaser ▪ whether amounts reported in the statement of cash flows should be reported on a gross basis.	There is no specific IPSAS that specifies requirements for the accounting for the GST (or a GST or similar) from a taxpayer's perspective. ***Comparison with AASB*** Expect significant differences in practice.
Scope	Para. 1 – legislation introducing the goods and services tax is titled *A New Tax System (Goods and Services Tax) Act 1999*.	There is no specific IPSAS that specifies the scope of a GST or similar. ***Comparison with AASB*** Expect significant differences in practice.

Overall comment: it would not be appropriate for the AASB to exclude the not-for-profit sector from the application of Interpretation 1031 as it would create a gap in accounting requirements.

Back to Table 2

Professional Indemnity Claims Liabilities in Medical Defence Organisations – Interpretation 1047

Relevant pronouncements:

- Interpretation 1047 *Professional Indemnity Claims Liabilities in Medical Defence Organisations.* There is no corresponding IFRIC
- IPSAS: there is no specific IPSAS that prescribes requirements for the accounting for professional indemnity claims liabilities in medical defence organisations.

AASB Aus paragraphs: Interpretation 1047 is an Australian specific Interpretation.

No comparison has been prepared:

- The AASB is considering issues relevant to Interpretation 1047 as part of its insurance project.

Back to Table 2

Reporting on the Long-Term Sustainability of an Entity’s Finances – IPSASB RPG 1

Relevant pronouncements:

- AASB: there is no AASB that explicitly addresses reporting on the long-term sustainability of an entity’s finances
- IPSASB Recommended Practice Guideline RPG 1 *Reporting on the Long-Term Sustainability of an Entity’s Finances* (July 2013)

In the absence of a corresponding AASB, there is no comparison between AASB and IPSAS in relation to the reporting on the long-term sustainability of an entity’s finances provided in this Appendix.

IPSASB RPG 1, para. 1 – the RPG provides information on the impact of current policies and decisions made at the reporting date on future inflows and outflows and supplements information in the general purpose financial statements. The aim of such reporting is to provide an indication of the projected long-term sustainability of an entity’s finances over a specified time horizon in accordance with stated assumptions.

Overall comment: the AASB could consider using IPSASB RPG 1 as a trigger for developing guidance on the topic in the Australian context.

Back to Table 2

Financial Statement Discussion and Analysis – IPSASB RPG 2

Relevant pronouncements:

- AASB: there is no AASB that explicitly addresses financial statement discussion and analysis in a not-for-profit public sector context[1]
- IPSASB Recommended Practice Guideline RPG 2 *Financial Statement Discussion and Analysis* (July 2013)

In the absence of a corresponding AASB, and in light of the AASB's introductory comments to IASB's IFRS Practice Statement *Management Commentary* (see the footnote below), there is no comparison between AASB and IPSAS in relation to financial statement discussion and analysis provided in this Appendix.

IPSASB RPG 2, para. 1 – this RPG provides guidance for preparing and presenting financial statement discussion and analysis. Financial statement discussion and analysis will assist users to understand the financial position, financial performance and cash flows presented in the general purpose financial statements.

Overall comment: the AASB could consider using IPSASB RPG 2 as a trigger for developing guidance on the topic in the Australian context.

Back to Table 2

---

1 The AASB has published introductory comments on its website relating to the IASB's IFRS Practice Statement *Management Commentary*. The Practice Statement (issued December 2010) is a broad framework for the presentation of narrative reporting to accompany financial statements prepared in accordance with IFRSs. The AASB notes that it has included the IFRS Practice Statement on the AASB website, thereby making it available to all entities, including public sector entities. The AASB goes on to say:

> "… subject to the next paragraph, entities preparing general purpose financial statements may elect to apply the principles contained in the IFRS Practice Statement in the presentation of narrative reporting to accompany financial statements prepared in accordance with Australian Accounting Standards.
> The AASB acknowledges other guidance on management commentary already exists in Australia, and that existing guidance might take precedence over the IFRS Practice Statement. Entities are still required to comply with all applicable laws and regulations."

Reporting Service Performance Information – IPSASB RPG 3

Relevant pronouncements:

- AASB: there is no AASB that explicitly addresses reporting service performance information[1]
- IPSASB Recommended Practice Guideline RPG 3 *Reporting Service Performance Information* (March 2015)

In the absence of a corresponding AASB, there is no comparison between AASB and IPSAS relating to reporting service performance information provided in this Appendix.

IPSASB RPG 3, para. 1 – this RPG provides guidance on reporting service performance information in general purpose financial reports. Service performance information is information on the services that the entity provides, an entity's service performance objectives and the extent of its achievement of those objectives. Service performance information assists users of general purpose financial reports to assess the entity's service efficiency and effectiveness.

Overall comment: the AASB is already undertaking a project on service performance reporting, which is being informed by IPSASB RPG 3.

Back to Table 2

1 The AASB has a current project on its standard setting work program Reporting Service Performance Information. The objective is to develop a standard that establishes the principles for not-for-profit entities to report their service performance information.

Comparison of Definitions of General Terms

Relevant pronouncements:

- AASB Glossary of Defined Terms
- IPSASB Glossary of Defined Terms

Notes on the following comparison table:

The following comparison table includes only selected defined general terms that are used in AASBs and/or IPSASs pertinent to this Report and not previously dealt with fully by this Report. Therefore, generally, it does not include differences in terms or definitions that are:

- pertinent to the separate comparisons of specific AASBs with their corresponding IPSASs
- termed and defined in a consistent way by both AASB and IPSASB
- defined only in AASBs that are not applicable to not-for-profit public sector entities.

Accordingly, the following table only includes:

- a term or definition that is provided in an AASB or an IPSAS, but not both (even though it might be contained in a pronouncement that is not a Standard – eg the IPSASB *Preface to International Public Sector Accounting Standards*)
- a term or definition that is provided in both an AASB and an IPSAS, but they are not corresponding Standards. (This is because they would not generally otherwise have been included in the comparison of an AASB with its corresponding IPSAS)
- examples of terms or definitions that are useful for illustrating the approach (and therefore the impact on the language) adopted by the IPSASB as a standard setter for only the not-for-profit public sector, compared with the AASB as a standard setter for all sectors
- a term or definition that warrants due prominence due to its pervasiveness, despite it having been mentioned in the pertinent individual comparison.

In selecting terms and definitions to be included in the table, the following rebuttable presumption has been adopted:

- a term defined in one Standard that is used without explicit definition in another Standard should be subject to the same definition.

	AASB Definition	IPSAS Definition
THE UNDERLYING ACCOUNTING BASIS		
accrual basis	when the accrual basis of accounting is used, an entity recognises items as assets, liabilities, equity, income and expenses (the elements of financial statements) when they satisfy the definitions and recognition criteria for those elements in the *Framework*. (AASB 101, para. 28)	a basis of accounting under which transactions and other events re recognised when they occur (and not only when cash or its equivalent is received or paid). Therefore, the transactions and events are recorded in the accounting records and recognised in the financial statements of the periods to which they relate. The elements recognised under accrual accounting are assets, liabilities, net assets/equity, revenue, and expenses. (IPSAS 1) ***Comparison with AASB*** Although the respective definitions are expressed differently (AASB links it directly to the *Framework*; IPSASB provides a more general definition), no difference is expected to arise in practice.
ENTITIES THAT ARE THE SUBJECT OF THE STANDARDS		
not-for-profit public sector entities to which the Standards apply	**reporting entity** is an entity in respect of which it is reasonable to expect the existence of users who rely on the entity's general purpose financial statements for information that will be useful to them for making and evaluating decisions about the allocation of resources. A reporting entity can be a single entity or a	the IPSASs are designed to apply to public sector entities that: ▪ are responsible for the delivery of services to benefit the public and/or to redistribute income and wealth ▪ mainly finance their activities, directly or indirectly, by means of taxes and/or

	AASB Definition	IPSAS Definition
	group comprising a parent and all of its subsidiaries. (AASBs 101, 1053, 1057) **government** refers to government, government agencies and similar bodies whether local, national or international. (AASB 124) **government** is the Australian Government, the Government of the Australian Capital Territory, New South Wales, the Northern Territory, Queensland, South Australia, Tasmania, Victoria or Western Australia. (AASB 101, 1049, 1055) **local government** is an entity comprising all entities controlled by a governing body elected or appointed pursuant to a Local Government Act or similar legislation (AASB 101) **government department** is a government controlled entity, created pursuant to administrative arrangements or otherwise designated as a government department by the government which controls it. (AASB 101)	transfers from other levels of government, social contributions, debt or fees ▪ do not have a primary objective to make profits. (*Preface*, para. 10) IPSASs are designed for: ▪ national, regional, state/provincial and local governments ▪ government ministries, departments, programs, boards, commissions, agencies ▪ public sector social security funds, trusts, and statutory authorities ▪ international government organisations. (*Conceptual Framework* para. 1.8) ***Comparison with AASB*** The types of entities for which the respective Standards are designed are similar, albeit expressed differently and through different styles of pronouncements. As noted in the comparison of AASB 101 (para. Aus7.2) and IPSAS 1 (paras. 4.1 and 4.10 of IPSAS *Framework*), there might be significantly different judgements made about whether government departments are reporting entities. However, this would be expected to reflect particular circumstances – Australia is a single jurisdiction and therefore the AASB is in a position to make a more definitive statement about the reporting entity status of government departments than IPSASB is in a position to do globally.
general government sector	institutional sector comprising all government units and non-profit institutions controlled and mainly financed by government. Defined in the ABS GFS Manual (Glossary, page 256). (AASB 1049)	comprises all organisational entities of the general government as defined in statistical bases of financial reporting. (IPSAS 22) ***Comparison with AASB*** This is an example where IPSASB defines a term more generically than AASB due to its global constituent base. The differences in the definitions would not have an impact in practice within the Australian context.
not-for-profit entity	an entity whose principal objective is not the generation of profit. A not-for-profit entity can be a single entity or a group of entities comprising the parent entity and each of the entities that it controls. (AASBs 102, 116, 136)	IPSASB does not explicitly define not-for-profit entity. ***Comparison with AASB*** There could be a difference in practice as a result of different judgements made about particular entities in certain circumstances.
THE FINANCIAL STATEMENTS TO WHICH THE STANDARDS RELATE		
general purpose	**general purpose financial statements** are financial statements that are intended to meet the needs of users who are not in a position to require an entity to prepare reports tailored to their particular information needs. (AASBs 101, 1053, 1057)	**general purpose financial reports** are financial reports intended to meet the information needs of users who are unable to require the preparation of financial reports tailored to meet their specific information needs. (*Preface*, para. 9) ***Comparison with AASB*** The definitions are substantively the same. The type of pronouncement used to

	AASB Definition	IPSAS Definition
		express the definition would not have an impact in practice.
special purpose	**special purpose financial statements** are financial statements other than general purpose financial statements. (AASB 1054)	Not defined. However, para. BC1.3 of IPSAS *Framework* states "The IPSASB is aware that the requirements of IPSASs have been (and may continue to be) applied effectively and usefully in the preparation of some special purpose financial reports." ***Comparison with AASB*** No difference in practice.
THE STATEMENT OF FINANCIAL POSITION		
unit of account	the level at which an asset or a liability is aggregated or disaggregated in a Standard for recognition purposes. (AASB 13)	IPSASs do not currently use the phrase 'unit of account'. ***Comparison with AASB*** The absence of the term in IPSASs is not expected to have an impact in practice. Furthermore, IPSASB has not yet considered IFRS 13.
class	**class of assets** is a grouping of assets of a similar nature and use in an entity's operations. (AASB 136)	**class of property, plant and equipment** is a grouping of assets of a similar nature or function in an entity's operations that is shown as a single item for the purpose of disclosure in the financial statements. (IPSAS 17) ***Comparison with AASB*** IPSASB links class to disclosure in the financial statements. This could have implications in circumstances where requirements are specified in relation to a class of assets rather than for individual assets (such as the revaluation model for property, plant and equipment). It could also impact presentation and disclosure.
THE STATEMENT OF FINANCIAL PERFORMANCE		
Income/revenue	**income:** increases in economic benefits during the accounting period in the form of inflows or enhancements of assets or decreases of liabilities that result in an increase in equity, other than those relating to contributions from equity participants. (AASB 15) **revenue:** income arising in the course of an entity's ordinary activities. (AASB 15)	**revenue:** the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets/equity, other than increases relating to contributions from owners. (IPSAS 1) ***Comparison with AASB*** The AASB distinguishes between income from ordinary activities whereas IPSASB does not. This will have an impact on presentation.
Result	**profit or loss** is the total of income less expenses, excluding the components of other comprehensive income. (AASB 101) **other comprehensive income** comprises items of income and expense (including reclassification adjustments that are not recognised in profit or loss as required or permitted by other Australian Accounting Standards. (AASB 101) **total comprehensive income is** the change in equity during a period resulting from transactions and other events, other than those changes resulting from transactions with owners in their capacity as owners.	All items of revenue and expense recognised in a period are required to be included in **surplus or deficit**, unless an IPSAS requires otherwise. (IPSAS 1 para. 99) ***Comparison with AASB*** There will be significant differences in practice (see the comparison of AASB 101 and IPSAS 1).

	AASB Definition	IPSAS Definition
	(AASB 101)	
MEASUREMENT		
active market	a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. (AASB 13)	a market in which all the following conditions exist: - the items traded within the market are homogeneous - willing buyers and sellers can normally be found at any time - prices are available to the public. (IPSAS 21) ***Comparison with AASB*** There could be differences in practice depending on how the respective definitions are applied. (See also the comparison of AASB 13 and IPSASs.)
cost	the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction, or, when applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Australian Accounting Standards, for example AASB 2 *Share-based Payment*. (AASBs 116, 138, 140)	the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction. (IPSAS 16) ***Comparison with AASB*** There could be differences in practice (see also the comparison of AASB 2 and IPSASs).
costs to sell	the incremental costs directly attributable to the disposal of an asset (or disposal group), excluding finance costs and income tax expense. (AASB 5) The incremental costs directly attributable to the disposal of an asset, excluding finance costs and income taxes. (AASB 141)	the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income taxes. Disposal may occur through sale or through distribution at no charge or for a nominal charge. (IPSAS 27) ***Comparison with AASB*** No difference in practice. The IPSASB definition merely adds some clarifying text that might be particularly pertinent in a not-for-profit context.
EXAMPLES OF DIFFERENT TERMS/DEFINITIONS REGARDED BY IPSASB AS MORE APT IN A NOT-FOR-PROFIT PUBLIC SECTOR CONTEXT		
subsidiary	**subsidiary** is an entity that is controlled by another entity. (AASB 10)	**controlled entity** is an entity that is controlled by another entity. (IPSAS 35) ***Comparison with AASB*** This is an example where the term used to describe the same definition is different. It would not have an impact in practice. IPSASB has opted to use a more generic term ('controlled entity' rather than 'subsidiary') that it regards as more apt for a not-for-profit public sector context.
joint control	the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. (AASB 128)	the agreed sharing of control of an arrangement by way of a binding arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. (IPSAS 36) ***Comparison with AASB*** This is an example where the words used in the definition of the same term differ. It would not have an impact in practice. IPSASB has opted to use more generic language ('binding arrangement' rather

	AASB Definition	IPSAS Definition
		than 'contractually agreed') that it regards as more apt for a not-for-profit public sector context

Overall Comment: there is no basis for aligning AASB with IPSASB on these matters.

Back to Table 2

Acknowledgements

The principal authors express special thanks to the following:

- other AASB staff for their contribution to this Report
- AASB members for their comments on earlier drafts
- HoTARAC for its support and providing the Foreword to this Report

However, any errors or omissions remain the responsibility of the principal authors.