IPSAS: benchmark for financial reporting by governments.

International Public Sector Accounting Standards

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<table>
<thead>
<tr>
<th>Cash accounting</th>
<th>Accrual accounting</th>
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<tbody>
<tr>
<td>• Payments and receipts: in the year of cash flow</td>
<td>• Revenue and expenses: in the year to which they relate</td>
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<tr>
<td>• Financial statements:</td>
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<tr>
<td>– Cash flow statement (payments and receipts)</td>
<td>– Cash flow statement</td>
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<td></td>
<td>– Statement of financial performance</td>
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<td></td>
<td>– Statement of financial position (assets and liabilities)</td>
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<tr>
<td>• Net assets/equity unknown</td>
<td>• Net assets/equity known</td>
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</table>
Many countries used to expense military equipment, rather than recognize it as an asset.
IPSAS requires military equipment to be recognized as property, plant and equipment
Central governments using accrual accounting

Australia  Canada  Finland  France

Greece  Italy  New-Zealand  United Kingdom

United States  South-Africa  Sweden  Switzerland
Why IPSAS?

- IPSAS are high-quality international standards
  - transparency and credibility

- IPSAS and IFRS are similar
  - understandable for people who know company accounts

- IPSAS contains cash flow statement
  - understandable for people who know cash accounting

- IPSAS and GFS (Government Finance Statistics) are similar
  - avoids duplication of efforts for governments
IPSAS Board (organ of IFAC): 17 members

- Public member
- Government - preparer
- National standard setter
- Court of audit
- Audit firm
International organizations supporting IPSAS

- European Union
- OECD
- ESA
- EUMETSAT
- INTERPOL
- NATO
- North Atlantic Treaty Organisation
- The World Bank
- International Monetary Fund
Global Presence of IPSAS or IPSAS-similar standards
**IPSAS**

**Sector-neutral standards**
- property, plant and equipment
- revenues from sales
- impairment cash-generating assets
- consolidation
- financial instruments
- entity combinations
- intangible assets
- sub-soil oil reserves

**Public-sector specific standards**
- cultural heritage
- revenues tax and subsidies
- impairment non-cash-generating assets
- general government sector
- budget figures in financial statements
- social security

**IFRS**

**Private-sector specific standards**
- earnings per share
- share-based payments
- goodwill business combinations
IPSAS and GFSM 2001 are increasingly similar

- IMF is an observer on IPSASB meetings
- IPSASB and GFS eliminate unnecessary differences
- Some deviations:
  - Military fixed assets
  - Fair value
Available on the IPSASB Web Site

• All IPSASs (26 accrual and 1 cash)
• All draft standards
• IPSASB Update on most recent IPSASB meeting
• IPSASB meeting papers (before each meeting)
• Free of charge at: www.ipsasb.org
IPSAS. For better decision making and accountability in government.

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