



# PAFA

PAN AFRICAN FEDERATION  
OF ACCOUNTANTS

**BUILDING A BRIDGE TO A BRIGHTER AFRICA**

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## **The International Public Sector Accounting Standards Board (IPSASB)**

*Website submission*

### **PREFACE**

The Pan-African Federation of Accountants (PAFA), is the continental body representing Africa's professional accountants. Our objective is to accelerate the development of the profession and strengthen the voice of the accountancy profession within Africa and worldwide.

In its unique regional capacity to facilitate PAOs and present a unified position of the profession, PAFA presents below its comments on Exposure Draft (ED) 67 issued by the International Public Sector Accounting Standards Board (IPSASB) titled *Collective and Individual Services and Emergency Relief* (Amendments to IPSAS 19). The responses have been presented in sequence of the specific matters for comment as they have been included in the ED.

### **Objective of the Exposure Draft**

The objective of this Exposure Draft is to propose improvements to the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about collective services, individual services and emergency relief.

### **IPSAS Addressed:**

<i>IPSAS</i>	<i>Summary of Proposed Change</i>
<i>IPSAS 19, Provisions, Contingent Liabilities and Contingent Assets</i>	<i>Provide guidance on accounting for collective and individual services and emergency relief.</i>
<i>IPSAS 42, Social Benefits</i>	<i>Consequential amendment to provide a cross reference to the additional guidance included in IPSAS 19 for certain transactions outside the scope of IPSAS 42.</i>

Specific Matter for Comment 1:

Do you agree with the definitions of collective services and individual services that are included in this Exposure Draft? If not, what changes would you make to the definitions?

**PAFA response:**

**We agree with the definitions of collective services and individual services included in ED 67. In addition to the definitions given, we propose that examples for each category of services be provided. This will give a clearer understanding of what these services entail.**

Specific Matter for Comment 2:

Do you agree that no provision should be recognized for collective services? If not, under what circumstances do you think a provision would arise?

**PAFA response:**

**We agree that no provision should be recognized for collective services since such services are considered to be ongoing activities of a public sector entity that delivers them. Consequently such an entity incurs expenses and acquires resources through exchange transactions to provide the services. These exchange transactions would be accounted for in accordance with other IPSAS.**

Specific Matter for Comment 3:

Do you agree that no provision should be recognized for individual services? If not, under what circumstances do you think a provision would arise?

**PAFA response:**

**We agree that no provision should be recognized for individual services since the delivery of individual services represents ongoing activities of the public sector entity that provides the services. The delivery of individual services results in the public sector entity incurring expenses and acquiring resources through exchange transactions. Such exchange transactions would be accounted for in accordance with other IPSAS.**

Specific Matter for Comment 4:

Do you agree with the proposed accounting for emergency relief? If not, how do you think emergency relief should be accounted for?

**PAFA response:**

**We agree that a provision should be recognized in circumstances where emergency relief is provided in response to specific emergencies that require a separate decision to be made by a government or public sector entity. Where the criteria for recognizing a provision are not met, an entity would consider whether the disclosure of a contingent liability will be necessary.**

**We are also in agreement that where delivery of emergency relief is comparable to the delivery of collective and/or individual services, then no provision is recognized by an entity delivering such services as part of its ongoing activities.**