



**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) 71 issued by the International Public Sector Accounting Standards Board (IPSASB) titled *Revenue without Performance Obligations*. The responses provided relate to the Specific Matters for Comment as 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 revenue without performance obligations.

#### Specific Matter for Comment 1: (Paragraphs 14-21)

Do you agree with the IPSASB's proposals that for the purposes of this [draft] Standard, Revenue without Performance Obligations, a specified activity and eligible expenditure give rise to present obligations? Are there other examples of present obligations that would be useful to include in the [draft] Standard?

#### **PAFA's Response:**

**We are in agreement with the board's proposal that a specified activity and an eligible expenditure give rise to present obligations.**

Specific Matter for Comment 2: (Paragraph 31)

The flowchart that follows paragraph 31 of this [draft] Standard illustrates the process a transfer recipient undertakes to determine whether revenue arises and, if so, the relevant paragraphs to apply for such revenue recognition. Do you agree that the flowchart clearly illustrates the process? If not, what clarification is necessary?

**PAFA's Response:**

**We agree that the flowchart clearly illustrates the process a transfer recipient undertakes to determine whether revenue arises. There is however need to state which IPSAS to refer to in a case where the inflow results from a contribution from owners.**

Specific Matter for Comment 3: (Paragraphs 57-58)

Do you agree that sufficient guidance exists in this [draft] Standard to determine when a present obligation is satisfied and when revenue should be recognized? For example, point in time or over time. If not, what further guidance is necessary to enhance clarity of the principle?

**PAFA's Response:**

**We are in agreement that sufficient guidance has been provided to determine when a present obligation is satisfied and when revenue should be recognized.**

Specific Matter for Comment 4: (Paragraphs 80-81)

Do you agree sufficient guidance exists in this [draft] Standard to identify and determine how to allocate the transaction price between different present obligations? If not, what further guidance is necessary to enhance clarity of the principle?

**PAFA's Response:**

**We are in agreement that sufficient guidance has been provided to determine how to allocate the transaction price between different present obligations.**

Specific Matter for Comment 5: (Paragraphs 84-85)

Do you agree with the IPSASB's proposals that receivables within the scope of this [draft] Standard should be subsequently measured in accordance with the requirements of IPSAS 41, Financial Instruments? If not, how do you propose receivables be accounted for?

**PAFA's Response:**

**We are in agreement with the board's proposal on measurement of receivables.**