

Introduction to International Public Sector Accounting Standards (IPSAS)

The PSA Handbook is the primary authoritative source of public sector GAAP.

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Disclaimer

The Handbook of International Public Sector Accounting Pronouncements is the primary authoritative source of international generally accepted accounting principles for public sector entities.

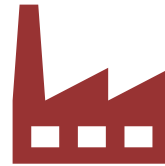
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SESSION 4: Revenues

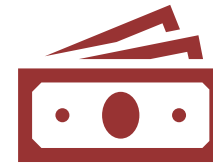
Session Agenda



Introduction



Revenue from
Exchange
Transactions

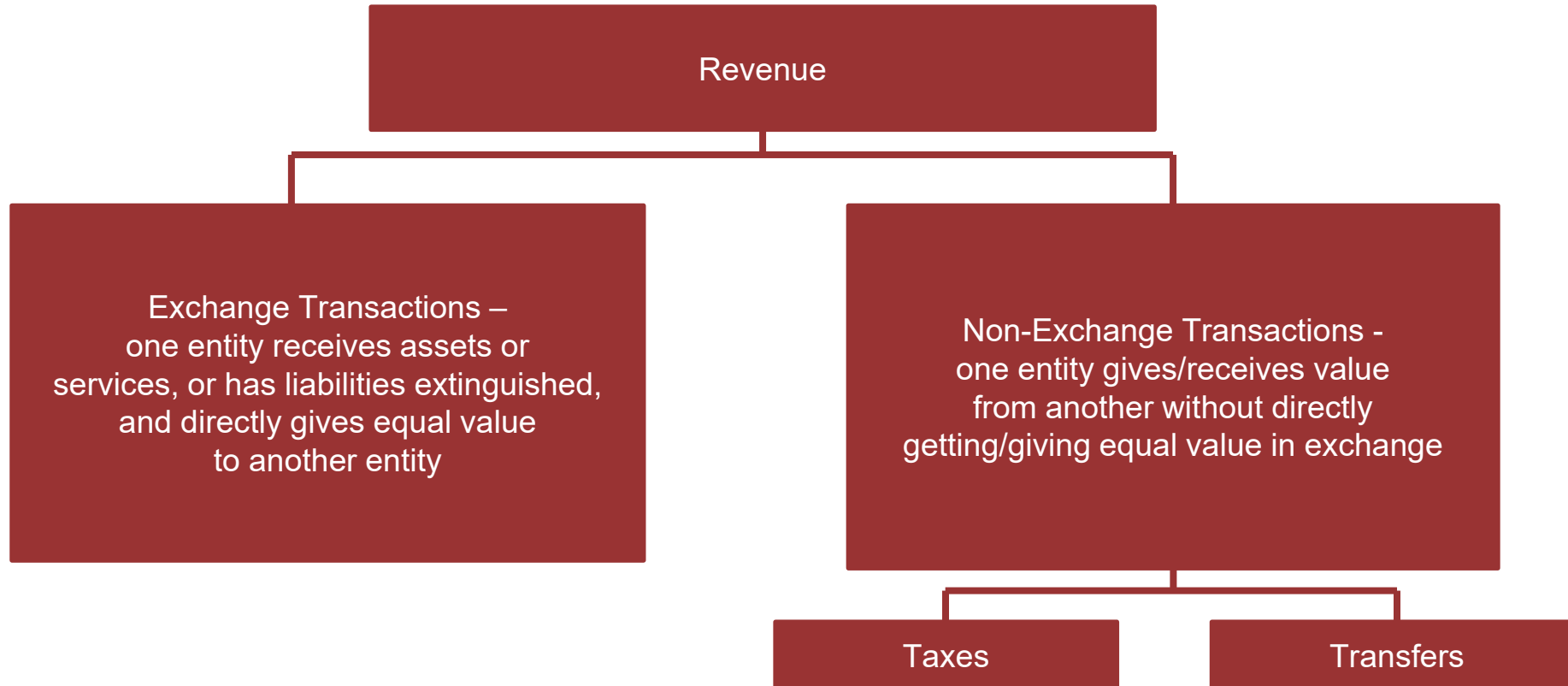


Revenue from
Non-Exchange
Transactions: Taxes

Definition of Revenue

- Gross inflow of economic benefits or service potential resulting in increases in net assets/equity
- Excludes contributions from owners
- Excludes amounts collected as an agent and financing inflows
- When collection not probable, expense recognized

Types of Revenue



IPSAS[®] 9: Revenue from Exchange Transactions

Recognition and Measurement

- Revenue recognized from
 - Rendering of services on percentage completion method
 - Sale of goods when significant risks and rewards of ownership and effective control transferred
 - Interest on time proportion basis using effective yield
 - Royalties as earned
 - Dividends when right to receive payment established
- Measured at fair value of consideration
- Recognized when recognition criteria met

Rendering Services

- Recognize by reference to stage of completion at reporting date
- Conditions:
 - Amount of revenue can be measured reliably
 - Probable that service potential or economic benefits will flow to the entity
 - Stage of completion can be measured reliably
 - Costs incurred and costs to complete can be measured reliably

Examples of Rendering Services

Housing

Transportation

Managing
toll roads

Financial services fees

Admission
fees

Tuition fees

Franchise or
concession fees

Sale of Goods

- Recognize revenue from the sale of goods when all the following conditions have been satisfied:
 - The entity has transferred to the purchaser the significant risks and rewards of ownership of the goods
 - The entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold
 - The amount of revenue can be measured reliably
 - It is probable that the economic benefits or service potential associated with the transaction will flow to the entity
 - The costs incurred or to be incurred in respect of the transaction can be measured reliably

Other Exchange Revenues



Interest

Royalties

Dividends

IPSAS[®] 23: Revenue from Non-exchange Transactions: Taxes

Accounting for Taxes

- Entity that imposes taxes recognizes the assets when
 - Taxable event occurs
 - Recognition criteria satisfied
- Taxable event – event subject to taxation
- Assets measured at fair value at acquisition date - best estimate of the inflow taking into account
 - Probability resources will flow
 - Fair value of resultant assets
- Revisions accounted for in current period

Other Tax Accounting Issues

- Resources received prior to the taxable event are recognized as advance receipts of taxes
- Taxation revenue is gross amount
 - Not reduced for expenses paid through the tax system
 - Not grossed up for tax expenditures
- Taxes levied for specific purposes



Disclosures

Disclose:

- Revenue from non-exchange transactions
- Receivables recognized
- Amounts of advance receipts
- Amount of liabilities forgiven
- Accounting policies adopted
- Basis on which the fair value was measured
- Information about taxes that cannot be measured reliably

