



**International Public Sector Accounting Standards
(IPSAS) Workshop**

Central Rift Branch, Nakuru

**Recommended Practice Guidance under IPSAS
accrual**

By CPA Cliff Nyandoro

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Sustainability

Why sustainability reporting?

Sustainability reporting enables organizations to consider their impacts of wide range of sustainability issues, enabling them to be more transparent about the risks and opportunities they face.

This includes disclosure on the risks which face the financial sustainability of an entity.

Sustainability



Financial statement analysis

Financial statements analysis helps to assess the financial performance of an entity over a period of time or in comparison with industry peers.

It can also provide crucial information on achievement of objectives, both commercial and social.

Two commonly methods used are;

- ❑ trend analysis
- ❑ ratio analysis

Reporting Service performance

- This is guided by Public Benefit Entity (PBE) Financial Reporting Standard (FRS) 48.
- Effective date is 1 January 2021.
- Application date for the entity is 1 July 2021.

This Standard was issued in November 2017 and establishes requirements for PBEs to select and present service performance information.

Reporting Service performance

Public benefit entities are defined as 'reporting **entities** whose primary objective is to provide goods or services for the general **public** or social **benefit** and where any risk capital has been provided with a view to supporting that primary objective rather than with a view to a financial return to equity shareholders'.

Reporting Service performance

PBEs within the scope of this Standard will need to provide users with:

- Sufficient contextual information to understand why the entity exists, what it intends to achieve in broad terms over the medium to long term, and how it goes about this; and
- Information about what the entity has done during the reporting period in working towards its broader aims and objectives.

This is more like articulating the strategic objectives of an organisation.

Reporting Service performance

This Standard applies to:

- (a) All not-for-profit public benefit entities; and
- (b) Public sector public benefit entities required by legislation to provide information in respect of service performance in accordance with generally accepted accounting practice (GAAP).
- If an entity is required by legislation to report service performance information on only some of its activities, this Standard applies only to those activities.

Earlier application is permitted.

IPSAS 39 –KEY ENTRIES (DB)

Changes in PA/DBO	Accounting Treatment (Recognition)	Double Entry
Current service cost	Operating cost	Dr. Income Cr. Liability(DBO)
Interest Cost	Financial cost	Dr. Income Cr. Liability(DBO)
Return on plan assets	Financial income	Dr. Asset (PA) Cr. Income
Past Service costs (if any)	Operating cost	Dr. Income Cr. Liability (DBO)
Curtailments and settlements if any	Operating cost	Dr. Income Cr. Liability (DBO)

Interactive Session



