EUROPEAN PUBLIC SECTOR ACCOUNTING

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Public sector accounting (PSA) and reporting was subject to considerable national reforms during the last decades and is in the focus of the European Commission aiming to harmonize the accounting systems of its Member States by developing European Public Sector Accounting Standards (EPSAS). Therefore, the topic is of high relevance for both academia and practitioners.

This book provides different views about PSA in Europe as of today. It spans topics such as history of PSA, its differences to private sector accounting and finance statistics, as well as budgeting. A main part is devoted to International Public Sector Accounting Standards (IPSAS) by addressing their spread, conceptual framework and selected public sector specific standards, including a case study. Also, consolidated financial reporting is covered by drawing examples.

This textbook is not only of use for students and researchers, but interested readers that seek for broad perspectives on PSA such as practitioners and members of intergovernmental organisations. It intends to complement university teaching modules on PSA as those accessible for free under www.offene.uni-rostock.de/online-course-european-public-sector-accounting.
CHAPTER 10
OVERVIEW OF IPSAS ON PUBLIC SECTOR SPECIFIC TOPICS

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SUMMARY
This chapter sets forth the IPSAS content by reviewing relevant norms. The hierarchy of IPSASB announcements and the set of IPSAS financial statements are briefly explained. Still, the focus of this chapter is on selected IPSAS referring to specific balance sheet items, namely property, plant and equipment (IPSAS 17, 21, 26), revenue from non-exchange transactions with the related recoverables (IPSAS 23) and service concessions and the related assets and liabilities (IPSAS 32). Each standard is summarized in brief and for each accounting field, definition, initial recognition and subsequent measurement is introduced.

KEYWORDS
Public sector specific standards, IPSAS, non-cash generating assets

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1. Introduction and background

As IPSASs, their spread and use, and also objectives and users of IPSAS financial statements, have already been introduced in previous chapters of this book, this chapter directly turns to the delimitation of selected thematic areas of IPSASs. It was made clear that, in general, the IPSASB uses IFRSs as basis of reference for IPSAS development. However, for some public sector specific topics, there are no corresponding IFRS, so that the IPSASB pronounced self-standing IPSASs. These public sector specific standards are in the focus of this and the subsequent chapter: whereas Chapter 10 aims to introduce accounting for certain balance sheet items by using selected IPSAS, Chapter 11 reviews a case study that applies these standards. Therefore, the original texts of the standards and other pronouncements of the IPSASB are used.¹

This section will provide some background to IPSASs, whereas in Section 2 the IPSASs selected for Chapters 10 and 11 are briefly derived. The main sections of this chapter will then explain the accounting rules for accounting for property, plant and equipment (PPE, Section 3), revenue from non-exchange transactions (Section 4) and service concessions from the perspective of the grantor (Section 5). The final section gives a short conclusion. Chapter 11 then proceeds with a case study corresponding to the IPSAS introduced here.

Before, however, the hierarchy of IPSASB pronouncements needs to be reviewed in order to clarify their degree of bindingness. Four levels of bindingness are distinguished as shown in Figure 10.1. In the first level, only the accrual-based standards and the annual improvements to IPSAS, if effective yet, or the cash-based standard are binding. If a specific economic transaction is not addressed in a corresponding IPSAS, on a second level, requirements of other IPSASs that deal with similar or related topics are to be used. If still fruitless’, the Conceptual Framework (CF) can be consulted on level 3, to find information with respect to definitions, accounting criteria and measurement methods. If the accounting treatment of an economic

¹ The chapters rely on the 2018 Handbook of IPSAS Pronouncements.