

Public Financial Management: Financial Reporting

Unit 1 Context of Financial Reporting

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Unit Overview

The first three units of this module provide a significant amount of context and concepts as a base for the rest of the module. Unit 1 introduces you to the need for organisations to produce financial reports, and considers why it would be useful for such financial reporting to be consistent worldwide. The unit explores the differences between the private and public sectors, as well as identifying key users of financial information and the context for developing financial reporting standards. These financial reporting standards will be explored further in Unit 2.

Understanding this financial reporting context is crucial for the rest of the module. In later units, you will look in more detail at specific elements of financial reporting and the requirements of individual international standards.

Learning outcomes

When you have completed this unit and its reading, you will be able to:

- argue for and against the need for financial reporting standards
- discuss the unique characteristics of the public sector in comparison with the private sector
- discuss the international conceptual frameworks for financial reporting, including users, qualitative characteristics, reporting entity, elements, recognition and measurement.



Reading for Unit 1

Eddie McLaney and Peter Atrill (2018) 'What are accounting and finance?' In *Accounting: An Introduction*.

Barry Elliott and Jamie Elliott (2019) Sections from Chapter 1 'Accounting and Reporting on a cash flow basis' and Chapter 6 'Financial reporting – evolution of global standards'. In *Financial Accounting and Reporting*. 19th Edition.

David Alexander and Christopher Nobes (2010) Sections from Chapter 4 'The regulation of accounting'. In *Financial Accounting: An International Introduction*.

Thomas Müller-Marqués Berger and Ernst & Young (2018) Sections from I 'Introduction: General information about IPSASs and the IPSASB'. In *IPSAS Explained. A Summary of International Public Sector Accounting Standards*.

IPSASB (2014) *The Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities*.

IFRS (2018) *Conceptual Framework for Financial Reporting: Project Summary*.

1.1 Introduction

In this module, you will study financial reporting in a variety of industries, contexts and countries, including both public and private sector entities. First, though, it is essential that you understand what accountancy actually is and what financial reporting means. Whether you have studied accounting before or this is a totally new topic for you, it is crucial that you are clear about the context for the remainder of the module.


Accounting may be defined as ‘the process of identifying, measuring and communicating financial information about an entity to permit informed judgements and decisions by users of the information’ (Weetman, 2011: p. 19).

The communication of financial information by accountants to users outside an organisation is financial reporting, and is the focus of this module.



Reading 1.1

Please now study sections from Chapter 1 ‘What are accounting and finance?’ of McLaney and Atrill (2012)’s account of the meaning of these terms, providing an overview of what accountancy is and the distinction between accountancy and finance.


 As you work through this reading, make brief notes to ensure you would be able to explain accounting.

McLaney & Atrill (2012)
Sections from Chapter 1
‘What are accounting
and finance?’ *Accounting: An Introduction*.



Reading 1.2

Next, turn to Elliott and Elliott (2019) and study Sections 1.1 ‘Introduction’, 1.2 ‘Shareholders’ and 1.3 ‘What skills does an accountant require in respect of external reports?’ on pages 3–4.

 These sections provide an overview of what accountancy is and introduces financial reporting for external users. Financial reporting for people *outside* an organisation will be the focus of this module, so make sure your notes on the reading are clear on this topic.

Elliott & Elliott (2019)
Sections from Chapter 1
‘Accounting and reporting
on a cash flow basis’
in *Financial Accounting
and Reporting*,

The above readings provide an introductory overview of elements in accounting and external financial reporting. Although focusing primarily on the United Kingdom, the contents apply globally. Later in the module you will explore the application of such accounting in a range of countries. During the rest of this module you will study many of these elements in more detail, so do not be too concerned if you do not fully understand certain items at this point.

As mentioned earlier, this module will cover financial reporting in both the private and public sectors. The next section explores the differences between these two sectors.

1.2 Private Versus Public Sectors

Within this module, we will explore financial reporting in both the private and public sectors. We will consider the differences between these two sectors before looking at their respective financial reporting approaches.

Firstly, it is important to recognise that the private and public sector are fundamentally different, and that organisations within the private sector differ from those in the public sector. These differences form the basis of the argument that financial reporting should be specific to the target sector.

Let's explore the different types of entity in the private sector before considering the unique characteristics of the public sector.



Reading 1.3

Please read the Section 4.3 'Entities' on pages 50–53 in Alexander and Nobes (2010).



As you study this reading, make notes on the different types of private sector entity.

Alexander & Nobes (2010) Section 4.3 'Entities'. *Financial Accounting: An International Introduction*.

From this reading, you should have identified the four main types of entity in the private sector: sole trader, partnership, private company and public company. We will consider these later in the module, though the main focus on financial reporting will be on private or public companies.

However, this reading only considers entities in the private sector and it is important for us to consider the public sector as well. Later in this unit (Sections 1.4 and 1.5), we will study the conceptual frameworks which provide the basis for the development of financial reporting standards. The International Public Sector Accounting Standards Board's (IPSASB) Conceptual Framework for General Purpose Reporting by Public Sector Entities (2014) actually includes a section setting out the key characteristics of the public sector, which we will study in the following reading.



Reading 1.4

Please read Section 3.2 'Key characteristics of the public sector' in Müller-Marqués Berger and Ernst & Young (2018).



As you study this reading, make notes on the specific characteristics of the public sector and consider how these differ to private sector entities.

Müller-Marqués Berger and Ernst & Young (2018) Section 3.2 'Key characteristics of the public sector' in *IPSAS Explained: A Summary of International Public Sector Accounting Standards*.

You should now appreciate the unique characteristics of the public sector and be aware of some examples of public sector entities, such as regional and local government. What does the public sector look like in your own country? The next exercise helps you to consider this.

 **Exercise 1.1**

Taking your own country or another country of interest, identify the following:

- services included in the public sector
- examples of public sector entities

Share your answer on the VLE and discuss the similarities or differences between countries with your tutor and other students.

It should be noted that the public sector has become increasingly complex, with some of the boundaries between the public and private sector becoming blurred – for example, in the case of state-owned enterprises and public-private partnerships (PPP). The latter are partnerships between public and private sector organisations, formed to deliver public sector projects, assets or services; you will study them in more detail in Unit 6.

1.3 Rationale for Financial Reporting Standards

Financial reports are prepared by organisations to show external users (such as the public or shareholders) how the organisation is performing, and to summarise its financial position. This external financial reporting is important for how a public entity is viewed and how its use of public money is demonstrated, or how a company is seen by outsiders. For example, has the organisation wasted public money? The media and general public will be keen to know the answers to such questions. Has the company made a profit? Current and future investors will be keen to know the answer to this question.


However, accounting is not an exact science. There is not necessarily one single way of presenting financial information, and an organisation's managers or accountants will likely be trying to show as positive a picture as possible. How, then, can shareholders or members of the public rely on the information included in the financial reports?

One such way is through the use of auditors. External auditors are accountants, independent from the organisation, who inspect the financial reports and provide an opinion on whether they give a true and fair view of the organisation's performance and financial position. However, what guides the auditors on how the financial reports should be presented? Each auditor could make a different judgement.

To address this rather circular argument, there is a need for some sort of guidance on how entities should prepare their financial reports.

**Reading 1.5**

Please read Section 6.2 'Why do we need financial reporting standards?' and Section 6.3 'Why do we need standards to be mandatory?' on pages 135–38 of Elliott and Elliott (2019). The development of accounting standards began in the private sector before moving into the public sector, but the arguments apply to both sectors, albeit from different perspectives.


 This reading focuses on the private sector; as you read these sections, try to suggest in your notes some reasons why financial reporting standards are needed in the public sector as well.

Elliott & Elliott (2019)
Sections from Chapter 6
'Financial reporting –
evolution of global
standards' in *Financial
Accounting and Report-
ing*.

You may have come up with a range of suggestions about why financial reporting standards are needed – such as to provide confidence in the information being reported, and to ensure consistency between companies or between public sector entities. However, although there are strong arguments for having financial reporting standards, there are also arguments against them!

**Reading 1.6**

Elliott and Elliott (2019) summarise some of the arguments both for and against financial reporting standards. Read Section 6.4 'Arguments in support of standards' and Section 6.5 'Arguments against standards' on pages 138–39.

 Make notes on the key arguments put forward. Again, try to think of these arguments from the public sector perspective as well as that of the private sector.

- How do Elliott and Elliott's arguments in support of financial reporting standards compare with your suggestions?
- Which argument (for or against standards) do you find most convincing?

Elliott & Elliott (2019)
Sections from Chapter 6
'Financial reporting –
evolution of global
standards' in *Financial
Accounting and Report-
ing*.

Whether you support the argument for financial reporting standards or not will be an individual viewpoint. However, for now at least, financial reporting standards look like they are here to stay.

1.3.1 Financial reporting standards

There are a variety of financial reporting standards that organisations may choose to, or have to, adopt. Some countries develop their own national standards which may apply to the private and/or public sector. Countries may also adopt international standards rather than developing their own individual ones. Indeed, the use of international standards is being encouraged as a means to establish global consistency in financial reporting.

There are two types of international standards:

- International Financial Reporting Standards (IFRS) – developed by the International Accounting Standards Board (IASB)

- International Public Sector Accounting Standards (IPSAS) – developed by the IPSASB.

Typically, the IFRS are applied in the private sector and IPSAS in the public sector, though this does vary by country. When you study the development of IFRS and IPSAS in Unit 2, you will see that often the IPSAS are based on IFRS. In this unit, though, you will explore the basis for the development of these accounting standards: the conceptual frameworks.

1.4 International Conceptual Framework – Public Sector


You have seen in Section 1.3 that there is an argument for having financial reporting standards. As you will learn in the rest of this module, there are a range of standards in place, each setting out guidance for specific aspects of external financial reporting. Setting accounting standards to be adopted globally is a big job; indeed, it will involve countless people across many countries and different organisations. How, then, can we be sure that each of the standards is based on the same underlying core principles? This is the purpose of the conceptual framework.

The Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities (referred to as the Conceptual Framework) aims to establish the concepts that underpin financial reporting by public sector entities and the development of IPSAS. The following reading explains this further. There is an equivalent conceptual framework on which IFRS are based, which we will look at in Section 1.5.



Reading 1.7

Please turn to Müller-Marqués Berger and Ernst & Young (2018) and read Sections 3.1 'Background' and 3.3 'Role and authority of the Framework' on pages 28–31. You will recall that we studied Section 3.2 'Key characteristics of the public sector' earlier in this unit.

 As you study the above reading, make notes on the development and content of the IPSAS Conceptual Framework. However, you should note that this is very much an introductory reading and you will go on to look at the various chapters within the IPSAS Conceptual Framework later in the unit.

Müller-Marqués Berger & Ernst & Young (2018) Sections 3.1 'Background' and 3.3 'Role and authority of the Framework' in *IPSAS Explained: A Summary of International Public Sector Accounting Standards*.

Some of the terms mentioned and issues covered in the Conceptual Framework are important and you will come back to look at them in more detail during the module. However, it might be helpful to clarify a couple of terms here, before we move on.

General Purpose Financial Reports (GPFR) are financial statements published for users who do not have the right to demand financial information to meet their needs, such as members of the public (Müller-Marqués Berger & Ernst & Young, 2018). You will explore some of the users of GPFR in more detail

in Section 1.4.1; you will also come back to consider the financial statements included within GPFR later in the module.

Recommended Practice Guidelines (RPG) are publications, produced by the IPSASB, that provide guidance on aspects of financial reporting that are outside the financial statements (IFAC, 2013).

Who does the IPSAS Conceptual Framework apply to? It applies to financial reporting by public sector entities that apply IPSAS. This may include national, regional and local governments as well as other public sector entities, including international governmental organisations. We will come back to consider the extent of IPSAS adoption in Unit 2, with examples, and we will look at public sector reporting entities later in this unit (Section 1.4.3).

Now, though, let's look at the content of the IPSAS Conceptual Framework in more detail.

1.4.1 Objectives and users

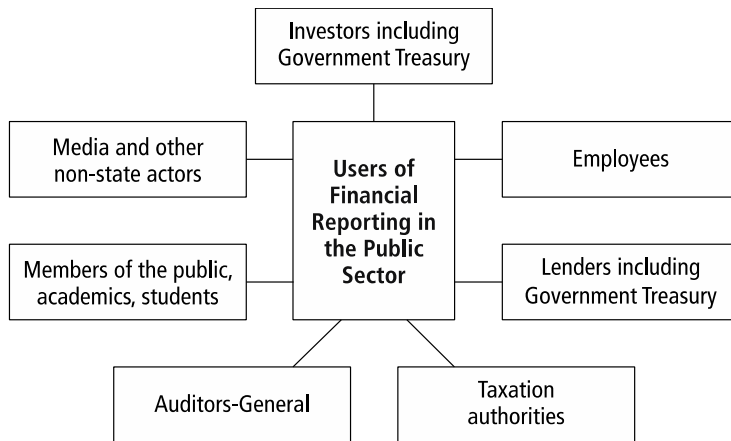
As mentioned in the earlier reading, Chapter 2 of the IPSAS Conceptual Framework covers the objectives and users of GPFRs. In this section, we will explore these in more detail.

Objectives

According to the IPSAS Conceptual Framework, the objectives of financial reporting by public sector entities are to 'provide information about the entity that is useful to users of GPFRs for accountability purposes and for decision-making purposes' (IPSASB, 2014: p. 13). In other words, the purpose of financial reporting is not simply for financial reports to be produced, but rather to provide useful information to the users of GPFRs. Consequently, the IPSAS Conceptual Framework concludes that the objectives of financial reporting are determined by the information needs of its users (IPSASB, 2014).

Users

Financial reports are produced by organisations for a range of potentially interested parties. As the IPSASB (2014) states, the purpose of financial reporting is to provide information for the organisation's users. It is important to recognise the various users, as well as how their needs for information may differ. Some potential users are summarised in Figure 1.1.

Figure 1.1 Users of financial reporting in the public sector

The following reading explores some of these users and their potential information needs in more detail.



Reading 1.8

Please turn to Müller-Marqués Berger and Ernst & Young (2018) and read Section 3.4 'Objectives and users of general purpose financial reporting' on pages 31–32.

As you study this section of the IPSAS Conceptual Framework, make note of the key users and consider what information they require.

Müller-Marqués Berger & Ernst & Young (2018)
Section 3.4 'Objectives and users of general purpose financial reporting' in *IPSAS Explained: A Summary of International Public Sector Accounting Standards*.

Public sector entities have a range of stakeholders who may be interested in their financial reports for a variety of reasons and may, therefore, require different pieces of information. The following exercise helps you to think through potential users and their needs.



Exercise 1.2

For a public sector entity of your choice, identify its key users and briefly explain what information these users may need from the financial reports.

Share your answer to the above exercise on the VLE and discuss your findings with your tutor and other students.

1.4.2 Qualitative characteristics

In order for the financial reports produced by public entities to meet the needs of their users, it is crucial that the information has certain characteristics. For example, can members of the public understand the information included, and can lenders rely on the information being accurate?

The IPSASB (2014) suggests that the qualitative characteristics of GPF for public sector entities are:

- relevance


- faithful representation
- understandability
- timeliness
- comparability
- verifiability.

These are important concepts and the following reading helps to explain what they actually mean.



Reading 1.9

Please read paragraphs 3.1 to 3.42 in *The Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities*, pages 28–34 of IPSASB (2014).

 As you study this reading, please make notes on the meaning of each of the qualitative characteristics put forward by the IPSASB.

IPSASB (2014) Sections 3.1 to 3.42. *The Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities*.

We have considered the objectives and users of financial reports, as well as the qualitative characteristics such reports should possess. Now we will turn our attention to the actual public sector entity that produces the financial reports.

1.4.3 Reporting entity

According to the IPSAS Conceptual Framework (IPSASB, 2014), a public sector reporting entity is basically a government or other public sector organisation, programme or identifiable area of activity that prepares GPFR. Examples of such public sector reporting entities include the Ministry of Finance at central government level, and United Nations system organisations such as UNICEF. You will consider other public sector reporting entities who have adopted IPSAS in more detail in Unit 2. For now, let's consider the reporting entity more generically.

As you will recall from earlier in this unit, Chapter 4 of the IPSAS Conceptual Framework focuses on the reporting entity. This section of the IPSAS Conceptual Framework tries to bring some consensus about what a reporting entity in the public sector actually is, and which entities should produce GPFR. The next reading is taken from Chapter 4 of the IPSAS Conceptual Framework.

**Reading 1.10 and 1.11**

Please read Section 3.6 'Reporting entity' in Müller-Marqués Berger and Ernst & Young (2018) and Chapter 4: 'Reporting entity' on pages 43–45 of the IPSASB (2014)'s *The Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities*.



Make notes on the key points.

Müller- Marqués Berger & Ernst & Young (2018) Section 3.6 'Reporting entity' in *IPSAS Explained: A Summary of International Public Sector Accounting Standards*.

IPSASB (2014) Chapter 4 'Reporting entity'. *The Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities*.

You may have noted from this reading that a public sector reporting entity may consist of two or more separate entities presenting GPFR as though they were a single entity. These are known as consolidated or group accounts; we will return to look at this concept in more detail in Unit 7.

You may recall some of the unique characteristics of public sector entities we considered in Section 1.2. It is worth noting that the IPSASB is very aware of the unique nature of public sector entities and has tried take such characteristics into consideration when developing the IPSAS Conceptual Framework.

1.4.4 Elements and recognition

As you may recall from earlier in the unit, Chapter 5 of the IPSAS Conceptual Framework covers 'Elements in financial statements' with Chapter 6 titled 'Recognition in financial statements'. In this section, you will look at each of these related topics in turn.

Elements

Elements are essentially the 'building blocks' that make up a financial statement. The IPSAS Conceptual Framework aims to group together elements that share common economic characteristics. The core elements are:

- assets
- liabilities
- revenues
- expenses
- ownership contributions
- ownership distributions.

It is essential that you have a good understanding of the first four elements in particular. The following readings help to provide definitions for these elements.

**Reading 1.12**

Please turn to Müller-Marqués Berger and Ernst & Young (2018) and read Section 3.7 'Elements in the financial statements' on pages 34–35.



Make notes on the definitions of each of the elements, ensuring that you understand the various terms used within them.

Müller-Marqués Berger & Ernst & Young (2018) Section 3.7 'Elements in the financial statements' in *IPSAS Explained: A Summary of International Public Sector Accounting Standards*.

**Reading 1.13**

Next, please read 'Chapter 5: Elements in financial statements' on pages 49–56 of the IPSASB (2014)'s *The Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities*.



Supplement your earlier notes on each of the elements.

IPSASB (2014) Chapter 5 'Elements in financial statements'. *The Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities*.

These elements are important concepts, and you will look at and apply some of them later in the module. For example, assets are studied in Unit 4 and liabilities are covered in Unit 5.

For now, though, you should know the definition of each element included in the IPSAS Conceptual Framework. The next step is to know when such elements should be included in financial statements; this is known as *recognition* and is covered in the next chapter of the IPSAS Conceptual Framework and the following section.

Recognition

Recognition is all about which items should actually be included in financial statements. In simple terms, any item that meets the definition of an element (as above) and can be measured in a way that achieves the IPSAS Conceptual Framework's qualitative characteristics (Section 1.4.2) should be recognised in the financial statements. So, the two key criteria for an item to be recognised in the financial statements are:

1. meets the definition of an element
2. can be measured in a way that achieves the qualitative characteristics.

The next reading looks in more detail at what the IPSAS Conceptual Framework says about recognition.

**Reading 1.14 and 1.15**

Please read Section 3.8 'Recognition in financial statements' on pages 36–37 of Müller-Marqués Berger and Ernst & Young (2018); then read 'Chapter 6: Recognition in Financial Statements' on pages 72–74 of the IPSASB (2014)'s *The Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities*.



Make notes on the key points, ensuring that you understand the conditions for recognition in the financial statements. Also, note the specific circumstances for disclosure and derecognition.

Müller- Marqués Berger & Ernst & Young (2018) Section 3.8 'Recognition in financial statements' in *IPSAS Explained: A Summary of International Public Sector Accounting Standards*.

IPSASB (2014) Chapter 6 'Recognition in financial statements'. *The Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities*.

In practice, there may be complexities in identifying whether an item meets the definition of an element or should be recognised in financial statements. Remember that these chapters in the IPSAS Conceptual Framework lay down the underlying principles on which the IPSAS are developed. Individual IPSAS then set out the details on how to prepare the financial statements. For example, there is an IPSAS covering assets that sets out

considerably more detail than the simple definition you have studied so far, as you will see later in the module.

If an item is going to be recognised in financial statements, though, the next step is to determine how to measure its value to be included.

1.4.5 Measurement

The measurement section of the IPSAS Conceptual Framework is concerned with how much items within the financial statements or report should be valued at. For example, if you bought a brand-new car for £30,000 five years ago, how much do you think that car would be worth today? Unless it is a rare classic car, then it is likely to have reduced in value.


As another example, if an organisation bought some land and buildings ten years ago for £200,000, do you think they will be worth more, less or the same today? In this case, the new valuation is likely to depend on the individual circumstances, such as whether the buildings have been refurbished or are dilapidated, but property quite often increases in value over time.

These questions of how much an item should be valued at are crucial for the preparation and review of financial reports. The definitions of assets and liabilities were covered above (Section 1.4.4). Chapter 7 of the IPSAS Conceptual Framework focuses on the Measurement of Assets and Liabilities in Financial Statements.



Reading 1.16

Please read Section 3.8 'Measurement of assets and liabilities in financial statements' on pages 37–44 in Müller-Marqués Berger and Ernst & Young (2018).

 Make notes on the key points from this reading, ensuring that you understand alternative methods for measuring assets and liabilities. Take your time to understand the different measurement methods. You may find the summaries in Tables 14 and 15 particularly useful.

Müller-Marqués Berger & Ernst & Young (2018) Section 3.8 'Measurement of assets and liabilities in financial statements' in *IPSAS Explained: A Summary of International Public Sector Accounting Standards*.

Measurement is a complex subject and this reading only provides an introduction. It may be useful to reiterate here that the IPSAS Conceptual Framework sets out underlying principles on which individual IPSAS are developed. So, for example, the IPSAS covering assets will go into additional detail on measurement bases. For now, you are expected to have an overview of the key bases and their meanings.

Later in the module, you will come back to apply these underlying elements, recognition and measurement principles set out in the IPSAS Conceptual Framework.

1.5 International Conceptual Framework – Private Sector

In the previous section, we studied the IPSASB's Conceptual Framework for General Purpose Financial Reporting, which is specific to the public sector and the IPSAS. This section considers the equivalent conceptual framework for the private sector: the Conceptual Framework for Financial Reporting (IFRS Conceptual Framework).

As you might expect, many of the concepts included within the IFRS Conceptual Framework are similar to those within the IPSAS Conceptual Framework. However, there are also some differences.

The IFRS developed and published the revised IFRS Conceptual Framework for Financial Reporting in 2018, essentially to improve the former framework. It has the following structure:

- Chapter 1 The objectives of financial reporting
- Chapter 2 Qualitative characteristics of useful financial information
- Chapter 3 Financial statements and the reporting entity
- Chapter 4 The elements of financial statements
- Chapter 5 Recognition and derecognition
- Chapter 6 Measurement
- Chapter 7 Presentation and disclosure



Reading 1.17

Please read Ernst & Young's Project Summary on the IFRS Conceptual Framework for Financial Reporting (IFRS, 2018), which provides an excellent overview.

Make notes on the key points, particularly the sections on qualitative characteristics of useful financial information, elements of financial statements and measurement.

IFRS (2018) *IFRS Conceptual Framework for Financial Reporting: Project Summary*.
Reproduced in the Module Reader.

You will have noted that the IFRS Conceptual Framework identifies the two fundamental characteristics of relevance and faithful representation, in addition to the enhancing qualitative characteristics of comparability, verifiability, timeliness and understandability. These characteristics are the same as for the IPSAS Conceptual Framework – but if you need reminding what the characteristics mean, please turn back to your notes from Section 1.4.2.

The definitions of assets, liabilities, income and expenses have all been updated in this revised version of the IPSAS Conceptual Framework and it is important that you are familiar with them. If you are uncertain, take your time to look again at the reading above now.



Exercise 1.3

Identify four similarities or differences between the IPSASB's and IFRS's conceptual frameworks. Share your thoughts on the VLE and note the ideas made by your fellow students to supplement your own thoughts.

1.6 Conclusion

This unit has set the scene before you study the specifics of financial reporting in more detail in the rest of this module.

You have seen that there are arguments both for and against having standards that set out how financial reporting should be undertaken. The IPSASB has developed an IPSAS Conceptual Framework which covers financial reporting by public sector entities, as well as providing the foundation for the development of individual IPSAS. Within the IPSAS Conceptual Framework, you have explored the users of public sector financial reports, qualitative characteristics and the public sector reporting entity, including ways in which the public sector differs from private sector organisations. The IPSAS Conceptual Framework also introduced you to elements of financial statements and how they are recognised and measured. You have learned that an equivalent conceptual framework was developed by the IFRS for the private sector, and you considered the similarities and differences between the components of these frameworks.

In the following units, you will study specific IPSAS and IFRS in more detail. First, though, you will continue to set the context for financial reporting in Unit 2 by looking at the development of IPSAS and IFRS, along with some further accounting concepts.

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