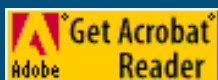


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IFAC's International Public Sector Accounting Standards Board Issues Proposed Standard on Employee Benefits

(New York/October 26, 2006) -- For the majority of public sector entities, the costs of employee benefits have a major impact on financial performance and financial position. To assist governments and other public sector entities in appropriately accounting for these benefits, the International Public Sector Accounting Standards Board (IPSASB) of the International Federation of Accountants (IFAC) has issued an exposure draft (ED) of a proposed new International Public Sector Accounting Standard (IPSAS), ED 31, [Employee Benefits](#).

"The proposed standard will contribute to more transparent and consistent accounting for employee benefits, which is essential to ensure responsible financial reporting by governments and other entities," emphasizes IPSASB Chair Philippe Adhémar. "The significance of employee benefits for the vast majority of public sector entities cannot be overestimated. The ED's requirements that entities account for obligations under public sector defined benefit plans and, when appropriate, recognize liabilities related to those obligations are particularly notable and may lead to important changes in existing practice for many public sector entities globally."

ED 31 is based on International Accounting Standard (IAS) 19, *Employee Benefits*, and addresses the four categories of employee benefits dealt with in IAS 19:

- Short-term employee benefits;
- Post-employment benefits;

- Other long-term employee benefits; and
- Termination benefits.

The proposed standard also deals with a number of issues of specific relevance to the public sector, including:

- Determining the risk-free discount rate to be applied for discounting obligations arising from post-employment benefits;
- The treatment of post-employment benefits provided through composite social security programs; and
- Mechanisms for the orderly implementation of the proposed standard in the public sector.

This ED was developed in accordance with one of the IPSASB's key strategic aims: promoting convergence with International Financial Reporting Standards (IFRSs) where the requirements of IFRSs are applicable to the public sector. It is also critical to the IPSASB's work to improve the quality of financial information reported by public sector entities around the world.

How to Comment

The IPSASB has identified a number of issues of particular significance to the public sector and is particularly keen to obtain constituents' views on how the ED deals with these issues. Comment on these and other issues raised in the ED are requested by February 28, 2007. It may be viewed by going to <http://www.ifac.org/EDs>. Comments may be submitted by email to publicsectorpubs@ifac.org. They can also be faxed to the attention of the IPSASB Technical Director at +1 (212) 286-9570 or mailed to IFAC, 545 Fifth Avenue, 14th Floor, New York, NY 10017, USA. All comments will be considered a matter of public record and will ultimately be posted on IFAC's website.

IFAC is the worldwide organization for the accountancy profession dedicated to serving the public interest by strengthening the profession and contributing to the development of strong international economies. IFAC's current membership consists of approximately 160 professional accountancy bodies in 120 countries, representing more than 2.5 million accountants in public practice, education, government service, industry and commerce. In addition to setting international public sector financial reporting standards through the IPSASB, IFAC, through its independent standard-setting boards, sets ethics, auditing and assurance, and education standards. It also issues guidance to encourage high-quality performance by professional accountants in business.

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