

**SUMMARY OF PRESENTATION AND DISCLOSURE REQUIREMENTS – ED 72 ON TRANSFER EXPENSES**

PRESENTATION	With performance obligations	Without performance obligations
	<b>Binding arrangements and payables</b>	<b>Payables</b>
	When either party to the binding arrangement has performed, recognise a binding arrangement asset or liability in the statement of financial position, depending on the relationship between the transfer provider's performance and the transfer provider's payment.	
	<p>A binding arrangement asset:</p> <ul style="list-style-type: none"> <li>• Represents the transfer provider's right to have goods or services transferred to the 3<sup>rd</sup> party beneficiary where the transfer recipient has received consideration.</li> <li>• Arises when consideration is provided by the transfer provider, or there is an obligation to transfer consideration that is unconditional (payable), before the goods or services are provided to the 3<sup>rd</sup> party beneficiary.</li> <li>• Is assessed for impairment using IPSAS 21 on <i>Impairment of Non-cash-generating Assets</i>.</li> </ul>	
	<p>Binding arrangement liability:</p> <ul style="list-style-type: none"> <li>• Represents the transfer provider's obligation to pay consideration in exchange for goods or services transferred by the transfer recipient to the 3<sup>rd</sup> party beneficiary.</li> <li>• Arises where a transfer recipient transfers goods or services to the 3<sup>rd</sup> party beneficiary before the transfer provider provides consideration or before payment is due. This excludes amounts presented as a payable.</li> </ul> <p>An example of a binding arrangement liability could be where a transfer recipient is required to provide Good A and then Good B to a 3<sup>rd</sup> party beneficiary, but the payment is only due once Good B is provided. When Good B is provided, it represents a binding arrangement liability.</p>	
A payable is a transfer provider's obligation to pay consideration that is unconditional. An obligation is unconditional if only the passage of time is required before the payment of that consideration is due.	A transfer provider presents payables from transfer expenses without performance obligations separately from other payables, either in the statement of financial position or the notes.	

DISCLOSURE	<b>Objective of the disclosure is to disclose sufficient information to enable users of financial statements to understand the nature, amount, timing and uncertainty of expenses and cash flows arising from transfer expenses. To achieve this objective, disclose quantitative and qualitative information about all of the following:</b>	
	<b>(a) Expenses from transfer expenses</b>	
	<b><i>Both expenses with and without performance obligations</i></b>	
	Disclose the information in the notes, unless presented in the statement of financial performance separately from other expenses, on expenses recognised from:	
	<ul style="list-style-type: none"> <li>• binding arrangements for transfer expenses <i>with performance obligations</i> by major classes;</li> <li>• binding arrangements for transfer expenses <i>without performance obligations</i> by major classes; and</li> <li>• transfer expenses <i>without binding arrangements</i> by major classes.</li> </ul>	
	<b>Practical expedients</b>	
	Where practical expedients are applied about the existence of a significant financing component, disclose that fact.	
	<b><i>With performance obligations</i></b>	<b><i>Without performance obligations</i></b>
<p><i>Impairment losses</i></p> <p>Disclose impairment losses recognised i.a.w IPSAS 21 on binding arrangement assets. Disclose separately from other impairment losses on binding arrangements.</p>	<p>Disclose the following:</p> <ul style="list-style-type: none"> <li>• Reconciliation of the opening and closing balance of payables from binding arrangements without performance obligations, if not otherwise separately presented or disclosed.</li> <li>• Where the transfer of resources is conditional on a transfer recipient undertaking specified activities a description of the activities to be undertaken.</li> <li>• Amount of liabilities forgiven.</li> <li>• Where a transfer provider cannot reliably measure a liability for a transfer expense without performance obligations, an explanation of the nature of the transfer expense and why a reliable measure is not available.</li> </ul>	
<p><i>Disaggregation of expenses</i></p> <p>Disaggregate into categories that depict how the nature, timing, amount and uncertainty of expenses and cash flows are affected by economic factors.</p> <p>Provide sufficient information to enable users to understand relationship between disaggregated expenses and expense information shown in reportable segments.</p>	<p><i>Disaggregation of expenses</i></p> <p>Disaggregate into categories that depict how the nature, timing, amount and uncertainty of expenses and cash flows are affected by economic factors.</p> <p>Provide sufficient information to enable users to understand relationship between disaggregated expenses and expense information shown in reportable segments.</p>	

(b) Binding arrangements	
<i>With performance obligations</i>	<i>Without performance obligations</i>
<i>Binding arrangement balances</i>	<i>Payable balance</i>
<p>(a) The opening and closing balances of the transfer provider's binding arrangement assets, payables and binding arrangement liabilities.</p> <p>(b) Expenses recognised in the reporting period that were included in the transfer provider's binding arrangement asset balance at the beginning of the period.</p> <p>(c) Expenses recognised in the reporting period from performance obligations satisfied (or partially satisfied) by the transfer recipient in previous periods (for example, changes in transaction consideration).</p>	<p>Disclose the following:</p> <p>(a) Opening and closing balances of payables from binding arrangements without performance obligations if not separately disclosed.</p> <p>(b) Expenses recognised in the reporting period that were included in the payables at the beginning of the period.</p>
<p>Provide an explanation of the significant changes in the transfer provider's binding arrangement asset or binding arrangement liability balances during the reporting period. Examples could include:</p> <ul style="list-style-type: none"> <li>• Changes due to public sector combinations.</li> <li>• Cumulative catch up adjustments (e.g. from changes in measure of progress, change in estimate of transaction consideration, or modification to binding arrangement).</li> <li>• Impairment of a binding arrangement asset.</li> <li>• A change in the time frame for an obligation to pay consideration to become unconditional.</li> <li>• A change in the time frame for a performance obligation of the transfer recipient to be satisfied.</li> </ul> <p>Disclosure could include qualitative or quantitative information.</p>	
<p>Provide an explanation of:</p> <ul style="list-style-type: none"> <li>• how the timing of the satisfaction of performance obligations by the transfer recipient relates to the typical timing of payment; and</li> <li>• the effect that those factors have on the binding arrangement asset and liability balances.</li> </ul> <p>This could include providing qualitative information.</p>	

DISCLOSURES

<b>DISCLOSURES</b>	<i>Transfer recipient's performance obligations</i>	
	<p>Disclose information about the transfer recipient's performance obligations, including a description of:</p> <ul style="list-style-type: none"> <li>• Significant payment terms, e.g. when payment is due, whether there is a significant financing component, whether there is variable consideration and if it is constrained.</li> <li>• The nature of the goods or services that have been or will be transferred to the 3<sup>rd</sup> party beneficiary.</li> </ul>	
	<i>Transaction consideration allocated to the transfer recipients remaining performance obligation</i>	
	<p>Disclose the following about a transfer recipient's remaining performance obligations:</p> <p>(a) Aggregate amount of transaction consideration allocated to the transfer recipient's unsatisfied performance obligations at the end of the reporting period.</p> <p>(b) Explanation of when the transfer provider expects to recognise an as expense the amount disclosed above. This can be disclosed in the following ways:</p> <ul style="list-style-type: none"> <li>• On a quantitative basis based on time bands most appropriate for the duration of the resource recipient's remaining performance obligations. OR</li> <li>• Using qualitative information.</li> </ul> <p>Need not provide this disclosure if the transfer recipient's performance obligation is part of a binding arrangement with an original expected duration of one year or less.</p> <p>Explain qualitatively whether the arrangement has a duration of one year or less, as well as if there is any expenditure not included in the transaction consideration disclosed above (e.g. constrained estimates of variable consideration).</p>	
		<p><i>Transfer expenses subject to appropriations</i></p> <p>Where a transfer provider agrees to provide a transfer of resources subject to appropriations being authorised, and has not recognised a liability or expense as the appropriation has not yet been authorised, consider whether a contingent liability should be disclosed.</p>

<b>DISCLOSURES</b>		<p><i>Transfer expenses where the transfer provider cannot monitor the transfer recipient's satisfaction of performance obligations</i></p> <p>Disclose the fact that the entity does not monitor the satisfaction of performance obligations and explain why.</p>
	<b>(c) The significant judgements and changes applied to binding arrangements</b>	
	<p>Disclose judgement, changes in judgement, that significantly affect the determination of the amount and timing of expenses. Explain judgements affecting:</p> <ul style="list-style-type: none"> <li>• Timing of satisfaction of performance obligations by the transfer recipient.</li> <li>• Transaction consideration and amounts allocated to the performance obligations.</li> </ul>	<p>Disclose judgement, changes in judgement, that significantly affect the determination of the amount and timing of expenses. Explain judgements affecting:</p> <ul style="list-style-type: none"> <li>• The determination of whether a promised transfer meets the criteria to be a present obligation.</li> <li>• The estimation of liabilities that include variable costs.</li> </ul>
	<i>Determining the timing of satisfaction of performance obligations by the transfer recipient</i>	
	<p>For performance obligations satisfied over time, disclose:</p> <ul style="list-style-type: none"> <li>• A description of the method used to determine how expenses are recognised.</li> <li>• Explain why those methods are a faithful depiction of the transfer of goods or services to 3<sup>rd</sup> party beneficiaries.</li> </ul> <p>For performance obligations satisfied over time, disclose judgements made to determine when the 3<sup>rd</sup> party beneficiary obtains control of the promised goods or services.</p>	
	<i>Determining the transaction consideration and the amounts allocated to the transfer recipient's performance obligations</i>	
<p>Disclose information about the methods, inputs and assumptions used for the following:</p> <ul style="list-style-type: none"> <li>• Determining the transaction consideration, e.g. estimating variable consideration, adjusting consideration for the effects of time value of money and measuring non-cash consideration.</li> <li>• Assessing whether an estimate of variable consideration is constrained.</li> <li>• Allocating the transaction consideration, e.g. estimating stand-alone purchase prices of promised goods or services and allocating discounts and variable consideration to a specific part of a binding arrangement.</li> </ul>		

