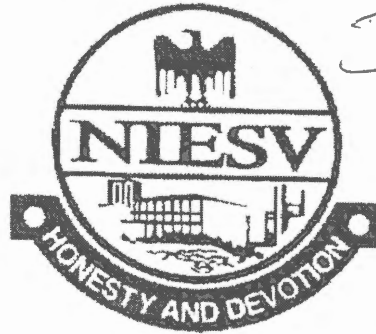
THE NIGERIAN INSTITUTION OF ESTATE SURVEYORS AND VALUERS

PROFESSIONAL QUALIFYING EXAMINATION

LECTURE NOTES 2nd Edition

Adult Route To Membership Of Niesv, 2016



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PROFESSIONAL QUALIFYING EXAMINATION

LECTURE NOTES 2nd Edition

ADULT ROUTE TO MEMBERSHIP OF NIESV, 2016

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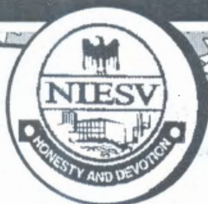
Dr. Ajayi-Patuola, FNIVS RSV
Plot 759, Independent Avenue (BASSAN PLAZA)
CBD. P.M.B. 5175, Wuse, Abuja.
Tel: 09-4604710, 4604711, 08023469157
E-mail: info@niesv.org.ng, natsec@niesv.org.ng
Website: www.niesv.org.com

Designed and Produced by:
Nightingale Publications & Research International
Centre for African Development Studies,
Federal Ministry of Education,
Abuja FCT. Nigeria +2348020764823
Website: www.nightingalepub.com



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Published by Nigerian Institution of Estate Surveyors and Valuers

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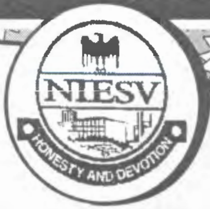
Designed by: **NIGHTINGALE PUBLICATIONS & RESEARCH INTERNATIONAL**

ISBN 978-1-159993-541-8

Designed and Produced by:
Nightingale Publications & Research International

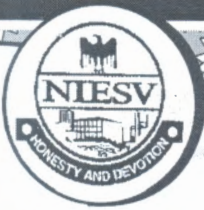


National Secretariat
Plot 759, Independence Avenue (Bassan Plaza), Central Business District, Abuja
P.M.B. 5175, Wuse, Abuja. Tel: 08078193014, 08078193015

Lagos Liaison Office:
Plot A, Block 12, Elephant Cement Way,
(Opposite Lagos State Secretariat Mosque) CBD, Alausa, Ikeja
P.O. Box 2325, Lagos. Tel: 08078193027

Enugu Liaison Office:
Block A, Akalaka House,
127/129, Chime Avenue,
New Heaven, Enugu
Tel: 080781193029

Website: www.niesv.org.ng



Preface to the 1st Edition

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The idea to commence a Adult route to membership of NIESV was considered by the Council in 2013 at Uyo-Akwa-Ibom State Council Meeting. A committee was formed to look into modalities for recruiting mature Estate Surveyors into the profession. The outcome of this Committee is the manifestation of this Lecture Notes. The Membership Committee ensures that candidates with a Degree or HND in Estate Management and Valuation, who have attained the age of at least 50 years and have been in practice for over two decades should be allowed to apply for this special route.

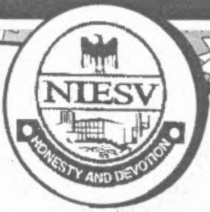
Scholars and practitioners are engaged to prepare lecture notes for the task tailored in line with our Professional Examination syllabuses. I am particularly grateful to this group of researchers who did not only provide educative and teaching materials on relevant areas of our practice, but did it with a dispatch. Thank you for this outstanding task.

The President of NIESV, Olorogun James Omeru has been very supportive in ensuring that success of this lofty project is achieved. He particularly chaired a meeting of a group of Land Administrators in Benin City in 2013 and promised to put an end to non-professionals heading our State and National Ministries of Lands in Nigeria.

The programme is intended to bring mature members of profession into our membership cadre through a well formulated and rigorous training over a specified period.

This particular edition covers Principles of Valuation, Building Construction Professional Practice, Advanced Valuation I and II, and Professional Report Writing.

Dr. B.J. Patunola Ajayi
Chairman, NIESV Membership Committee,
Abuja, FCT-Nigeria



Preface to the 2nd Edition

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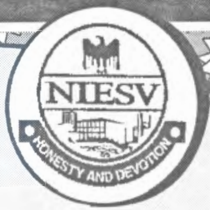
The success of the first edition of this book propels the Membership Committee of the NIESV to search for an improvement and an introduction of new topics in this edition Emerging Global challenges in Real Estate Surveying and Valuation Practice call for learning new topics to solve them. this edition includes International Financial Reporting Standards, Land Administration and Management, Property Rating and Taxation and other contemporary topics.

Additional member was invited to contribute chapters to this edition to augument the existing pool of discussions and enriching this edition.

The enthusiasm displayed by these energic and brilliant contributors is not only to be appreciated but the promptness in responding to the submission of topics covered are invaluably commendable. I appreciate the contributions and support of our amiable President Olorogun James Omeru, for his effort in seeing to the successful production of the book and training that subsequently followed.

Thank you Almighty God for making an idea of a young guy from far away Bauchi a reality and sparing our lives to this moment.
Thank you all.

Dr. B.J. Patunola Ajayi
Chairman, NIESV Membership Committee
Abuja, FCT, Nigeria.



Forward

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The World is changing and the global process of doing business is equally changing, that is why it is paramount to adapt to the changes in order for us to be relevant as leaders in real estate business arena. It is pathetic to note that majority of our ministries of land are being directed by personnels who are not well versed in the profession of Estate Surveying and Valuation. To make the needed impact that the contemporary change demands, we must device a way to bring them under our umbrella. That is the reason for Adult Route to Membership.

The idea to train and absorb our mature members into the members' fold of the profession through a special route was first considered in 2013 and a Committee was established to give modalities in order to achieve this purpose.

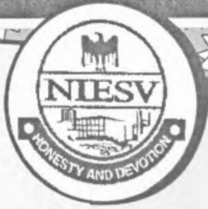
I congratulate the First Vice President and Chairman, NIESV Membership Committee for working tirelessly in ensuring that this Lecture Notes is prepared and published in a book format.

I also appreciate the efforts of the contributors - ***ESV. Adedayo Adebayo, ESV. Iroham C.O, ESV. Olurotimi Kemiki, ESV. Salau L. Tunde*** *and* ***ESV. Bamidele Ogunleye*** *for forwarding their write-ups for publication without any pecuniary attachment whatsoever. Thank you for this selfless service to humanity.*

It is my firm believe that, this book shall not only be beneficial to the candidate on Adult Route but also, other probationers aspiring to sit for our Professional Qualifying Examination (PQE). I hereby recommend this book to the general community of Professional Estate Surveyors and Valuers, Probationers, Students and General Public who intend to improve their knowledge in Real Estate Profession through a self study.

Thank you all

Oloorogun James Omeru (FNISV)
President, The Nigerian Institution of Estate Surveyors and Valuers
Abuja, F.C.T-Nigeria.



List of Contributors

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The Nigerian Institution of Estate Surveyors and Valuers (NIESV) is grateful to the following scholars for contributing to the writing of chapters of this book. Their efforts shall be recognised for providing a selfless service to the Institution. Thankyou.

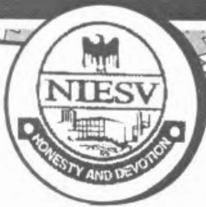
1. ***ESV. Adedayo Adebayo (PhD).*** *A Lecturer at the Department of Estate Management and Valuation, Federal University of Technology, Akure, Ondo State - Nigeria.*

2. ***ESV. Iroham C.O. (PhD)*** *- Lectures at the Department of Estate Management, College of Science and Technology, Covenant University, Ota, Ogun State - Nigeria.*

3. ***ESV. Olurotimi Kemiki (PhD):*** *A Lecturer at the Department of Estate Management and Valuation, Federal University of Technology, Minna Niger State - Nigeria. Chairman, NIESV, Niger State Branch.*

4. ***ESV. Salau Liadi Tunde (PhD):*** *Head of Deportment, Department of Estate Management and Valuation, Federal Polytechnic, Bauchi and Chairman, NIESV, Bauchi/Gombe States Branch.*

5. ***ESV. (Chief) Bamidele Ogunleye (PhD):*** *The Chairman, Ondo State Branch of NIESV and a Lecturer at the Department of Estate Management, and Valuation, Federal University of Technology, Akure, Ondo State.*



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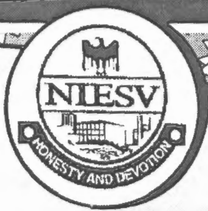

Pedagogy International Public Sector Accounting Standard (IPSAS); International Financial Reporting Standard (IFRS); & International Valuation Standards

A BACKGROUND TO IPSAS AND IFRS

The essence of effective communication is to get the message across to the audience in an understandable manner. Since the language the whole world understands is hinged on money, hence the need for the professionals concerned with interpreting financial matters (Accountants) bringing out a language the whole world would understand easily. This has given rise to the implementation of reporting standards such as International Public Sector Accounting Standards (IPSAS) and International Financial Reporting Standards (IFRS).

The public sector organizations across the world had to contend with accounting challenges that stem from the use of cash-based accounting systems and a historical lack of standardized international reporting practices. International Public Sector Accounting Standards (IPSAS), which is designed for the use in preparing general purpose financial statement, set unified guidelines for accounting to be used at public sector entities across the globe. The information contained in accrual accounting IPSAS financial statements is considered useful, both for accountability and for decision-making purposes. Financial reports prepared in accordance with IPSAS allow users to assess the accountability for all resources the entity controls and the deployment of those resources, assess the financial position, financial performance, and cash flows of the entity and make decisions about providing resources to, or doing business with, the entity. Hence, the standards will enable comparison of data across organizations and assist in improving financial accounting transparency.

IPSAS is developed by an independent private standard setting board known as The International Public Sector Accounting Standards Board (IPSASB), under the auspices of the International Federation of Accountants (IFAC). IPSASB, which was formerly the IFAC public sector committee that has been developing and issuing accounting standards for the public sector since 1997, has no power in compelling countries to adopt IPSAS, however, the standards have vital role to play in the development and revision of national public sector accounting standards. The framework of IPSAS reflects an accural-based approach not found in most other public sector accounting standards and is based on a unified standard void of individual national laws. The standard is designed for use in preparing general-purpose financial statement in line with recognition, measurement, presentation and disclosure for transactions and events, for instance the payment of government taxes. IPSAS is however not adopted for government business enterprises (GBE) such as public utilities and public transportation companies. The IAS and IFRS are instead adopted for these entities. IPSAS made provision for about 38 standards based on accural accounting system and 1 standard based on cash accounting system. This invariably has buttresed the import of the accural system intended to be adopted for all government agencies. However, it should be noted that even though IPSASB has observed that the switch to accrual-based financial reporting is actually the goal for all public financial reporting, it has come to terms with the fact that the adoption of a cash basis IPSAS will realistically be a more intermediate goal for some government. Hence, IPSASB is also considering collaboration with budgeting (which in many jurisdictions remains on a cash basis) and statistical reporting standards, such as that included in the Government Finance Statistics Manual (GFSM), issued by the International Monetary Fund (IMF).

IPSASB is constituted by 18 members out of whom 15 are drawn from IFAC member bodies while the remaining three are public members having expertise in public sector financial reporting. All the members that constitute IPSASB, including the chair and deputy chair, are appointed by the IFAC Board on the recommendation of the IFAC Nominating Committee. IPSASB has been given a standard project which entails the responsibility of development of International Public Sector Accounting Standards (IPSAS) for financial reporting by government and other public sector entities. The Standard Project of IPSASB was established in late 1996 having the following objectives required to be developed by the end of November 2001 as at the initial stage of the project: A background paper identifying current practices and issues in public sector financial reporting; A core set of IPSAS based (to the extent appropriate) on the International Accounting Standards in place as at August 1997; An IPSAS on the cash

basis of accounting; Guidance on the transition from the cash to the accrual basis of accounting.

For the counterparts in private settings who are profit oriented, in a bid to making company accounts understandable and comparable across international boundaries, a unified sytem of standard was adopted popularly known as the International Financial Reporting Standards (IFRS). As the world is becoming more globalised particularly for companies having international shareholding and trade across several nations, the need to replace the many different national accounting standards for a unified system across the globe was sought. Although attempts for the harmonisation of accounting standards started across the European Union, the concept has been appreciated all over the world. Whether there is actually a de facto existence of this unified standard as acclaimed is another issue for debate.

Initially standards known as the International Accounting Standards (IAS) were issued by International Accounting Standards Committee (IASC) between 1973 and 2001. However, on April 1, 2001the body responsible for these standards transformed to become the International Accounting Standard Board (IASB). The Board which is an independent accounting standard setting body based in London consists of 15 members from Nine countries including the United States. The Board which is charged with the responsibility of setting international standards for the preparation of public company financial statements now known as International Financial Reporting Standards (IFRS) is founded by contributions from major accounting firms, private financial institutions and industrial companies, central and development banks, national funding regimes and other international and professional organisations throughout the world. During its first meeting the new Board adopted existing IAS and Standing Interpretations Committee standards (SICs). The IASB has however continued to develop standards calling the new standards "International Financial Reporting Standards". The IFRS while adopting 41 standards from IAS has 15 standards which are summarizedly supposed to capture Statement of Financial Position; Statement of Comprehensive Income; Statement of Changes in Equity; Statement of Cashflows; and Notes to the Financial Statement amongst others.

Approximately 120 nations and reporting jurisdictions permit or require IFRS for domestic listed Companies although approximately 90 countries have fully conformed to IFRS. Some of such countries include Australia with effect from on or after January 1, 2005; Canada and Korea, January 1, 2011; European Union, January 1, 2005; India, April 1 2016; Japan, on or after March ending 2015; Pakistan, January 1, 2004; South Africa, January 1, 2005; Mexico, in 2012; Turkey; Zimbabwe amongst others. The United States is yet to begin the adoption of IFRS. However, like many other economies of the world, the US Financial Accounting Standard Board (FASB) has opted for convergence whereby FASB and IASB continue working together to develop high quality, compatible accounting standards (this case the US GAAP and the IFRS) over time

In Nigeria, the quest for this global harmonisation of financial reporting saw the greenlight when in July 2010, the Federal Executive Council approved the Road map for Nigeria's adoption of the standards. This was followed with the enactment of the Financial Reporting Council of Nigeria Act in 2011. Prior to this time, the Nigerian Accounting Standard Board (NASB) incorporated under the company Act 1968 and officially opened on September 9, 1982 was the only recognized body in Nigeria responsible for developing and issuing, in the public interest, a single set of high quality accounting standards that require transparent and comparable information in general purpose financial statements. The NASB Act was however enacted on 10th July 2003 by Act No 22 of 2003, established to amongst others develop and publish accounting standards; promote and enforce compliance with accounting standards; and provide penalties for non-compliance. NASB had issued 30 Standards, known as Statement of Accounting Standards (SAS) before being transformed to the Financial Reporting Council (FRC).The FRC among other things is charged with the responsibility of implanting the road map for adoption of IFRS in Nigeria. In 2012 Nigeria commenced phased adoption of IFRS with all companies quoted on the stock exchange and companies with significant public interest required to comply in the first phase.

REPORTING STANDARDS FOR VALUERS

There are no outlandish standards in reporting valuation exercise in the real estate profession. Thus, the mere fact that accountants are working towards cutting edge reporting standards to be indelibly followed by professionals who give advice on financial decisions does not mean the valuation profession is quiescent. Notable amongst valuation standards include The Appraisal and Valuation Manual of the UK Royal Institution of Chartered Surveyors (Red Book); The Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Fondation in US; The Australian Property Institute's Professional Practice; Canadian Uniform

Standards of Professional Appraisal Practice and The European Group of Valuers' Association (TEGOVA) which approved European Practice Standards (Blue Book).

However, it can be gathered that the wakeup call for eminent standards of reporting valuation can still be traced back to propelling forces by accountants. It can be deduced that complexities in the economic climate and need for international investors in property to compare and judge the performance of their investment has triggered accountants to urge property professionals to harmonize valuation standards to meet International Accounting Standards. The Basel Accord on banking regulations starting from Basel 1 as it is properly known in the 80's and the need for valuers to comply with International Accounting Standards did call for standardised valuation reporting. More so, standards in valuation reporting were hinged on financial debacles. For instance, the financial crises in the UK in the early 70's and her property market collapse in the 90's; the USA saving and loan crises in the 80's can be attributed to unproper valuation used in securing bank loans. These are also spring boards engineering the emergence of standards in valuation reporting.

Apart from the financial upheaval of the early 70's that prompted the RICS in the UK to adopt standard of reporting, the need for standards has transcended local and regional boundaries to having international denotation predicated upon three other primary reasons. These are the formation of the European Group of Valuers of Fixed Assets coming on board in 1977. This group adopted the RICS model to suit Europeans. Thereafter the International Assets Valuation Standards Committee (TIAVSC) was formed in 1982. This committee extended the European sets of standards through out the world. The name of the committee was changed to the International Valuation Standards Committee (IVSC) in 1994. The other reason is the influence European Union (EU) has on the removal of barrier amongst member countries to foster trade.

Valuation standards can be defined as established procedural rules that are widely acceptable and meet minimum ethical convention. There is no hard and fast definition to this concept; however, it should be geared towards meeting the aforemention. This invariably is what IPSAS and IFRS is out to achieve when compared to the objectives of The International Valuation Standard Committee (IVSC, 2011) summarised as follows: To promote consistency and aid in the understanding of the various types of valuation by identifying or developing globally accepted principles and definitions; To identify and propagate common principles for the undertaking of valuation assignments and the reporting of valuation; To identify specific matters that require consideration and methods commonly used when valuing different types of assets or liabilities; To identify the appropriate valuation processes and reporting disclosures for the major purposes for which valuations are required; To reduce diversity of practice by enabling the convergence of different valuation standards used in specific sectors and stages.

The International Valuation Standard just like the other accounting standards did not just emerge on the scene, rather standards have metamorphosed over the years to the widely acclaimed International Standard. In order for standards to be adopted various brainstorming sessions have been carried out by bodies in forms of committees. In the 70's delibrations for a merger of a Technical Committee of the Royal Institution of Chartered Surveyors (RICS) and representatives of US Appraisal Organisation resulted to the formation of The International Assets Valuation Standards Committee (TIAVSC) in 1981. TIAVSC was charged majorly with the responsibilities of formulating and publishing in the public interest valuation standards for property valuation and to promote their worldwide acceptance; and harmonising standards amongst the world's state and to identify and make disclosure of differences in statements and/or applications of standards as they occur. In 1994 TIAVSC changed its name to International Valuation Standards Committee (IVSC). The International Valuation Standards Committee (IVSC) was renamed in 2008 to International Valuation Standards Council and so her acronym (IVSC) was retained. The IVSC which has membership with affiliated professional bodies from 52 countries including Nigeria is divided into three broad category of application: General Standards covering scope of work, implementation and reporting; Asset Standards covering business and business interests, tangible assets, plant and equiptment, real property interests, investment property under construction, financial instruments; and Valuation Application which deals with valuation for financial reporting and valuation of real property interests for secured lending.

PROVISIONS OF IPSAS

As highlighted earlier IPSAS on accural basis has 38 standards while IPSAS on cash basis has 1 standard. The 1 standard cash base financial reporting of IPSAS which is not numbered is in two parts. The first part addresses mandatory reporting requirements while part two encourages disclosure so as to support the information reported in part one. However, since the heart beat of IPSAS is on accural

basis that will be the focus of this segment with highlight on each of the standards.

· IPSAS 1, Presentation of Financial Statements
(Annual periods beginning on or after January 1, 2008)
To set out the manner in which general-purpose financial statements shall be prepared under the accrual basis of accounting, including guidance for their structure and the minimum requirements for content.

· IPSAS 2, Presentation of Financial Statements
(Periods beginning on or after July 1, 2001)
To require the presentation of information about historical changes in a public sector entity's cash and cash equivalents by means of a cash flow statement that classifies cash flows during the period according to operating, investing, and financing activities.

· IPSAS 3, Accounting Policies, Changes in Accounting Estimates and Errors (Annual periods beginning on or after January 1, 2008)
To prescribe the criteria for selecting and changing accounting policies, together with the accounting treatment and disclosure of changes in accounting policies, changes in accounting estimates, and corrections of errors.

· IPSAS 4, The Effects of Changes in Foreign Exchange Rates
(Annual periods beginning on or after January 1, 2010)
Deals with accounting for foreign currency transactions and foreign operations. IPSAS 4 sets out the requirements for determining which exchange rate to use for the recognition of certain transactions and balances and how to recognise in the financial statements the financial effect of changes in exchange rates.

· IPSAS 5, Borrowing Costs (Periods beginning on or after July 1, 2001)
Prescribe the accounting treatment for borrowing costs and requires either the immediate expensing of borrowing costs or as an allowed alternative treatment, the capitalization of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset.

· IPSAS 6, Consolidated Financial Statements and Accounting for Controlled Entities (Annual periods beginning on or after January 1, 2008, IPSASs 34-38 (Interests in Other Entities) are effective for annual periods beginning on or after 1 January 2017, replacing IPSASs 6-8. Earlier application permitted).
Requires all controlling entities to prepare consolidated financial statements which consolidate all controlled entities on a line by line basis. The standard also contains a detailed discussion of the concept of control as it applies in the public sector and guidance on determining whether control exists for financial reporting purposes.

· IPSAS 7, Accounting for Investments in Associates (Annual periods beginning on or after January 1, 2008, IPSASs 34-38 (Interests in Other Entities) are effective for annual periods beginning on or after 1 January 2017, replacing IPSASs 6-8. Earlier application permitted).
Requires all investments in associates to be accounted for in the consolidated financial staements using the equity method of accounting, except when the investment is acquired and held exclusively with a view to its disposal in the near future in which case the cost method is required.

· IIPSAS 8, Financial Reporting of Interests in Joint Ventures (Annual periods beginning on or after January 1, 2008, IPSASs 34-38 (Interests in Other Entities) are effective for annual periods beginning on or after 1 January 2017, replacing IPSASs 6-8. Earlier application permitted).
Requires proportionate consolidation to be adopted as the benchmark treatment for accounting for such joint ventures entered into by public sector entities. However, IPSAS 8 permits – as an allowed alternative – joint ventures to be accounted for using the equity method of accounting

· IPSAS 9, Revenue from Exchange Transactions (Periods beginning on or after July 1, 2002)
Establishes requirements for the accounting treatment of revenue from exchange transactions. Non- exchange revenue such as taxation is not addressed in this standard . Non- exchange revenue is to be dealt with as a separate project

· IPSAS 10, Financial Reporting in

Hyperinflationary Economies (Periods beginning on or after July 1, 2002)

Describes characteristics of an economy that indicate whether it is experiencing a period of hyperinflation and provides guidance on restating the financial statements in a hyperinflationary environment to ensure useful information is provided

- IPSAS 11, Construction Contracts (Periods beginning on or after July 1, 2002)

Deals with both commercial and non-commercial contracts and provides guidance on the allocation of contract costs and where applicable contract revenue to the reporting periods in which construction work is performed.

- IPSAS 12, Inventories (Annual periods beginning on or after January 1, 2008)

Establishes the accounting treatment of inventories held by public sector entities and deals with inventories held for sale in an exchange transaction and certain inventories held for distribution at no or nominal charge. The IPSAS excludes from its scope work-in-progress of services to be provided at no or nominal charge from recipients because they are not dealt with by IAS 2 inventories and because they involve public sector specific issues which require further consideration

- IPSAS 13, Leases (Annual periods beginning on or after January 1, 2008)

To prescribe, for lessees and lessors, the appropriate accounting policies and disclosures to apply in relation to finance and operating leases

- IPSAS 14, Events after the Reporting Date (Annual periods beginning on or after January 1, 2008)

The IPSAS is based on IAS 10, Events After the Balance Sheet Date (Balance Sheet is now also known as Statement of Financial Position by IFRS). This IPSAS revised in 1999 has been amended where necessary to reflect the public sector operating environment. The standard establishes criteria for deciding whether the financial statements should be adjusted for an event occuring after the reporting date. It distinguishes between adjustable events (those that provide evidence of conditions that existed at the reporting date) and non-adjustable events (those that are indicative of conditions that arose after the reporting date).

- IPSAS 15, Financial Instruments: Disclosure and Presentation (

The IPSAS is based on IAS 32 Financial Instruments: Disclosure and Presentation (Revised 1998). The Standards include requirements for disclosures about both on-balance sheet and off-balance sheet (statement of financial position) instruments, and the classification of financial instruments as financial assets, liabilities or equity. Some respondents noted that the IPSAS would have only limited application for public sector entities which did not hold financial assets, liabilities or equity. The PSC has included as an appendix to the IPSAS a guide to assist entities in identifying the requirements of the Standard that will apply to them.

- IPSAS 16, Investment Property (Annual periods beginning on or after January 1, 2008)

Based on IAS 40 Investment Property (issued 2000) and provides guidance on identifying investment properties in the public sector. The Standard: requires that investment property initially be recognised at cost and explains that where an asset is acquired at no or nominal cost, its cost is its fair value as at the date it is first recognised in the financial statement; requires that subsequent to initial recognition investment property be measured consistent with either the fair value model or the cost model; and include transitional provisions of the initial adoption of the IPSAS.

IPSAS 17, Property, Plant and Equipment (Annual periods beginning on or after January 1, 2008)

To prescribe the principles for the initial recognition and subsequent accounting (determination carrying amount and the depreciation charges and impairment losses) for property, plant and equipment so that users of financial statements can discern information about an entity's investment in its property, plant and equipment and the changes in such investment. It does not require or prohibit the recognition of heritage assets.

- IPSAS 18, Segment Reporting (Periods beginning on or after July 1, 2003)

To establish principles for reporting financial information by segments to better understand the entity's past performance and to identify the resources allocated to support the major activities of the entity, and enhance the transparency of financial reporting and enable the entity to better discharge its accountability obligations.

- IPSAS 19, Provisions, Contingent Liabilities and Contingent Assets (Periods beginning on or after

January 1, 2004)

To prescribe appropriate recognition criteria and measurement bases for provisions, contingent liabilities and contingent assets, and to ensure that sufficient information is disclosed in the notes to the financial statements to enable users to understand their nature, timing, and amount. IPSAS 19 thus aims to ensure that only genuine obligations are dealt within the financial statements. Planned future expenditure, even where authorized by management, is excluded from recognition, as are accruals for self-insured losses, general uncertainties, and other events that have not yet taken place.

- IPSAS 20, Related Party Disclosure (Annual periods beginning on or after January 1, 2004)

To ensure that financial statements disclose the existence of related-party relationships and transactions between the entity and its related parties. This information is required for accountability purposes and to facilitate a better understanding of the financial position and performance of the reporting entity.

- IPSAS 21, Impairment of Non-Cash Generating Assets (Annual periods beginning on or after January 1, 2006)

To ensure that noncash-generating assets are carried at no more than their recoverable service amount, and to prescribe how recoverable service amount is calculated. Prescribes the procedures that an entity applies to determine whether a non-cash generating asset is impaired and to ensure that the impairment losses are recognised. The standard also specifies when an entity would reverse an impairment loss and prescribes disclosures.

- IPSAS 22, Disclosure of Financial Information about the General Government Sector (Annual periods beginning on or after April 1, 2009)

Establishes requirements for governments that choose to disclose information about the general government sector and that prepare their financial statements under the accral basis of accounting

- IPSAS 23, IPSAS 23 Revenue from Non-Exchange Transactions (Taxes and Transfers) (Annual periods beginning on or after June 30, 2008)

Addresses: Recognition and measurement of revenue from taxes; recognition of revenue from transfers, which include grants from other governments and international organisations, gifts and donations; how conditions and restrictions on the use of transferred resources are to be reflected in the financial statements.

- IPSAS 24, Presentation of Budget Information in Financial Statements (Annual periods beginning on or after January 1, 2009)

Applies to entities that adopt the accrual basis of financial reporting, it identifies disclosures to be made by governments and other public sector entities that make their approved budgets publicly available. Also, it requires public sector entities to include a comparison of budget and actual amounts in the financial reports and an explanation of any material differences between budget and actual amount.

- IPSAS 25, Employee Benefits (Periods beginning on or after January 1, 2011)

Considers the reporting requirements for the four categories of employee benefits dealt with in the IASB's IAS 19 Employee Benefits, these are short term employee benefits such as wages and social security contributions; post-employment benefits, including pensions and other retirement benefits; other long-term employee benefits; and termination benefits. The new IPSAS also deals with specific issues for the public sector, including the discount rate related to post-employment benefits, treatment of post employment benefits provided through composite social security programs, and long term disability benefits.

- IPSAS 26, Impairment of Cash-Generating Assets (Periods beginning on or after April 1, 2009)

Some public sector entities (other than government business enterprises, which would already be using full IFRSs) may be operating assets with the main purpose of generating a commercial return (rather than providing a public service). IPSAS 26, which is based on IAS 36 Impairment of Assets, applies to such assets. It sets out the procedures for a public sector entity to determine whether a cash generating asset has lost future economic benefit or service potential and to ensure that impairment losses are recognised in its financial reports.

- IPSAS 27, Agriculture (Periods beginning on or after April 1, 2011)

Prescribes the accounting tratment and disclosures related to agricultural activity, a matter not covered in other standards, agricultural activity is the management by an entity of the biological transformation of living animals or plants (biological assets) for sale or for

distribution at no charge or for a nominal charge or for conversion into agricultural produce or into additional biological assets. IPSAS 27 is primarily drawn from the IASB's IAS 41 Agriculture, with limited changes dealing with public sector specific issues. For example IPSAS 27 addresses biological assets held for transfer or distribution at no charge or for a nominal charge to other public sector bodies or to not-for-profit organisations. IPSAS 27 also includes disclosure requirements that are aimed at enhancing consistency with the statistical basis of accounting that governs the Government Finance Statistics Manual

- IPSAS 28, Financial Instruments: Presentation (Periods beginning on or after January 1, 2013)

Draws primarily on IAS 32, establishing principles for presenting finacial statements as liabilities or equity, and for offseting financial assets and financial liabilities

- IPSAS 29, Financial Instruments: Recognition and Measurement (Periods beginning on or after January 1, 2013)

Draws primarily on IAS 39, establishing principles for recognising and measuring financial assets, financial liabilities, and some contracts to buy or sell non-financial items

- IPSAS 30, Financial Instruments: Disclosures (Periods beginning on or after January 1, 2013)

Draws on IFRS 7 and requires disclosures for the types of loans describerd in IPSAS 29. It enables users to evaluate: the significance of the financial instruments in the entity's financial position and performance; the nature and extent of risks arising from financial instruments to which the entity is exposed; and how those risks are managed.

- IPSAS 31, Intangible Assets (Periods beginning on or after April 1, 2011)

Covers the accounting for and disclosure of intangible assets, It is primarily drawn from IAS 38 Intangible Assets. It also contains extracts from SIC 32 Intangible Assets-Web Site Costs, adding application guidance and ilustrations that have not yet been incorporated into the IAS. At this point, IPSAS 31 does not deal with uniquely public sector issues, such as powers and rights conferred by legislation, a constitution, or by equivalent means; the IPSASB will reconsider the applicability of the standard to these powers and rights in the context of its conceptual framework project which is currently in progress.

- IPSAS 32, Service Concession Arrangements: Grantor (Periods beginning on or after January 1, 2014)

Provides for the recognition, measurement, and disclosure of service concession assets and related liabilities, revenue and expenses by the grantor, the criteria in IFRIC 12 Service Concession Arrangements for determining whether the operator controlled the asset used in a service concession arrangement are also used in IPSAS 32 to assess whether the grantor controlled the asset. IPSAS 32 also craetes symmetry with IFRIC 12 on relevant accounting issues (i.e. liabilities, revenues, and expenses) from the grantor's point of value. In addition, IPSAS 32 is consistent with SIC-29 Service Concession Arrangements: Disclosure

- IPSAS 33, First-time Adoption of Accrual Basis IPSAS's (Annual periods beginning on or after 1 January 2017. Earlier application permitted)

Addresses the transition from either a cash basis, or an accrual basis under another reporting framework, or a modified version of either the cash or accural basis of accounting, consequently, the IPSASB states that the new IPSAS is not aimed at IFRS convergence, nevertjeless, the IPSASB did consider the transitional exemptions included in IFRS1 First-time Adoption of International Financial Reporting Standards in developing the standard.

- IPSAS 34, Separate Financial Statements (Annual Periods Beginning on or after 1 January 2017. Earlier Application Permitted-but only if IPSAS 35, IPSAS 36, IPSAS 37 and IPSAS 38 are applied from the same date)

To prescribe how to account for investments in controlled entities, joint ventures and associates in separate financial statements.

- IPSAS 35, Consolidated Financial Statements (Annual Periods Beginning on or after 1 January 2017. Earlier Application Permitted-but only if IPSAS 34, IPSAS 36, IPSAS 37 and IPSAS 38 are applied from the same date)

To establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities

- IPSAS 36, Investments in Associates and Joint Ventures

(Annual Periods Beginning on or after 1 January 2017. Earlier Application Permitted-but only if IPSAS 34, IPSAS 35, IPSAS 37 and IPSAS 38 are applied from the same date)

To prescribe the accounting for investments in associates and joint ventures and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures

- IPSAS 37, Joint Arrangements (Annual Periods Beginning on or after 1 January 2017. Earlier Application Permitted-but only if IPSAS 34, IPSAS 35, IPSAS 36 and IPSAS 38 are applied from the same date)

To introduce new accounting requirements for joint arrangements, replacing IPSAS 8 Interests in Joint Ventures. The option to apply the proportional consolidation method when accounting for jointly controlled entities is removed. Additionally, IPSAS 37 eliminates jointly controlled assets to now only differentiate between joint operations and joint ventures

- IPSAS 38, Disclosure of Interests in Other Entities (Annual Periods Beginning on or after 1 January 2017. Earlier Application Permitted-but only if IPSAS 34, IPSAS 35, IPSAS 36 and IPSAS 37 are applied from the same date)

To require information to be disclosed in an entity's financial statements that will enable users of those statements to evaluate the nature of, and risks associated with, the entity's interests in controlled entities, unconsolidated controlled entities, joint arrangements and associates, and structured entities that are not consolidated, and the effects of those interests on its financial position, financial performance and cash flows

International Financial Reporting Standards (IFRS)

S/N	NAME	ISSUED
IFRS 1	First-time Adoption of International Financial Reporting Standards	2008
IFRS 2	Share-Based Payment	2004
IFRS 3	Business combinations	2008
IFRS 4	Insurance Contracts	2004
IFRS 5	Non-current Asset held for sale and discountinued operation	2004
IFRS 6	Exploration for and Evaluation of Mineral Assets	2004
IFRS 7	Financial Instruments: Disclosures	2005
IFRS 8	Operating Segments	2006
IFRS 9	Financial Instruments	2014
IFRS 10	Consolidated Financial Statements	2011
IFRS 11	Joint Arrangements	2011
IFRS 12	Disclosure of Interests in other entities	2011
IFRS 13	Fair Value Measurement	2011
IFRS 14	Regulatory Deferral Accounts	2014
IFRS 15	Revenue from Contracts with Customers	2014

International Accounting Standards (IAS)

S/N	NAME	ISSUED
IAS 1	Presentation of Financial Statements	2007
IAS 2	Inventories	2005
IAS 3	Consolidated Financial Statements, superseded in 1989 by IAS 27 and IAS 28	1976
IAS 4	Depreciation Accounting withdrawn in 1999	
IAS 5	Information to be disclosed in Financial Statement, superseded by IAS 1, effective 1 July, 1998	1976
IAS 6	Accounting Responses To Changing Prices, Superseded by IAS 15, which was withdrawn December 2003	
IAS 7	Statement of Cash Flows	1992
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	2003
IAS 9	Accounting for Research and Development Activities, superseded by IAS 38, effective 1 July, 1999	
IAS 10	Events after the Reporting Period	2003
IAS 11	Construction Contracts, will be superseded by IFRS 15 as of 1 January 2018	1993
IAS 12	Income Taxes	1996
IAS 13	Presentation of Current Assets and Current Liabilities, superseded by IAS 1, effective 1 July, 1998	
IAS 14	Segment Reporting, superseded by IFRS 8, effective 1 January, 2009	1997
IAS 15	Information Reflecting the Effects of Changing Prices, withdrawn December 2003	2003
IAS 16	Property, Plant and Equiptment	2003
IAS 17	Leases	2003
IAS 18	Revenue, will be superseded by IFRS 15 as of 1 January 2018	1993
IAS 19	Employee Benefits (1998) superseded by IAS 19 (2011), effective 1 January 2013	1998
IAS 19	Employee Benefit (2011)	2011
IAS 20	Accounting for Government Grants and Disclosure of Government Assistance	1983
IAS 21	The effects of Changes in Foreign Exchange Rates	2003
IAS 22	Business Combinations, superseded by IFRS 3, effective 31 March 2004	1998

IAS 23	Borrowing Costs	2007
IAS 24	Related Party Disclosures	2009
IAS 25	Accounting for Investments, superseded by IAS 39 and IAS 40, effective 2011	
IAS 26	Accounting and Reporting by Retirement Benefit Plans	1987
IAS 27	Separate Financial Statements (2011)	2011
IAS 27	Consolidated and Separate Financial Statements, superseded by IFRS 10, IFRS12, and IAS 27 (2011) effective 1 January 2013	2003
IAS 28	Investments in Associates and Joint Ventures (2011)	2011
IAS 28	Investments in Associates, superseded by IAS 28(2011) and IFRS 12 effective 1 January 2013	2003
IAS 29	Financial Reporting in Hyperinflationary Economies	1989
IAS 30	Disclosures in the financial statements of banks and similar financial institutions, superseded by IFRS 7, effective 1 January, 2007	1990
IAS 31	Interests in Joint Ventures, superseded by IFRS 11 and IFRS 12, effective 1 January 2013	2003
IAS 32	Flanancial Instruments: Presentation	2003
IAS 33	Earnings Per Share	2003
IAS 34	Interim Financial Reporting	1998
IAS 35	Discontinuing Operations, superseded by IIFRS 5, effective 1 January 2005	1998
IAS 36	Impairment of Assets	2004
IAS 37	Provisions, Contingent Liabilities and Contingent Assets	1998
IAS 38	Intangible Assets	2004
IAS 39	Financial Instruments: Recognition and Measurement, superseded by IFRS 9 effective 1 January 2018 where IFRS 9 is applied	2003
IFRS 40	Investment Property	2003
IFRS 41	Agriculture	2001

It should be noted that as an addendum to these standards, certain interpretations developed by the International Financial Reporting Interpretations Committee (IFRIC) or the former Standing Interpretations Committee (SIC) do subsist.

IPSAS AND IFRS (BASIC DIFFERENCES AND SIMILARITIES)

In a nut shell, the differences between the two accounting reporting frameworks stem primarily from the following three sources: changes made by IPSAB When developing a corresponding IPSAS based on IFRS to cater for differences between the private and the public sector; differences in the range of topics covered by the two sets of standards because of differences in the prevalence of particular types of transactions, such as non-exchange transactions; and differences in the timing of when new or amended requirements are introduced into each set of standards. To elucidate further the following differences in these set of accounting standards are highlighted below:

- Definition and Recognition of Service potential

Many of the assets and liabilities of entities within the public sector are acquired or incurred as a result of the entity's service delivery mandate, for example, heritage assets and parks maintained for public access. IPSAS introduces the concept of service potential into its definition of assets, liabilities, revenue and expenses. Service potential is also a supplementary recognition criterion to account for items that do not result in the inflow and outflow of economic benefits, where an item either contributes to or detract from the entity's ability to deliver its services

- Exchange vs non-exchange transactions

IPSAS provides principles to guide the measurement and recognition of non-exchange transactions, whereas IFRS is generally silent on the matter. This can be envisaged since the public sectors are geared towards service delivery and not neceessarily for profit making ventures hence could get aid particularly for thirs partieseither as a contribution or exchange transaction.

- Recognition of revenue from government grants

IPSAS focus on whether there is entitlement to the revenue from government grants (even though there may be restrictions on how the funds are spent), or an obligation to meet certain conditions, which is recorded as liability. The distinction between restrictions and conditions is crucial in determining whether or not to recognize revenue from a non-exchange transaction. As a result, government grants are generally fully released to income earlier under IPSAS than under IFRS.

- Income Tax Provisions

IPSAS presupposes that entities operating within the public sector are generally exempted from income taxes and therefore do not need to provide for the accounting of income taxes. This is not the case for profit oriented entities. However, in the case of an unlikely event where an entity reports using IPSAS but has tax liability(s) to defray, recourse should be made to IFRS (IAS 12 Income Taxes) for guidance.

- Consolidations and interests in associates

and joint ventures

With the introduction of IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosures of Interests in Other Entities brings about significant differences between IFRS and IPSAS. IPSAS is still based on IAS 27Consolidated and Separate Financial Statements, IAS 28 Investments in Associates and IAS 31 Interest in Joint Ventures. The main difference that arises with the introduction of IFRS 10, IFRS 11 and IFRS 12 is the manner in which control is determined for the purpose of consolidation. Until the IPSASB finalises its project to consider these new decvelopments in IFRS, this could become a major source of difference between the two frameworks.

- Financial instruments classification and measurement

With the introduction and ongoing development of IFRS 9 financial instruments, the classification and measurement of financial instrument under IFRS is changing from IAS 39. Prior to IFRS 9, the recognition and measurement of financial instruments were similar under IFRS and IPSAS. Until IPSASB finalises its project to consider these new developments in IFRS, this could become a major source of difference between the two frameworks

- Reporting of Budgets vs Actual

The public sector known for its accountability in the area of good stewardship, service delivery and budget management triggers IPSAS to provide a platform where comparison between the actual financial performance of an entity with the approved budget of such entity can be compared in a senario where budget is publicly available. IFRS however makes no provision for such

- Impairment of non-cash-generating assets

Considering the fact that IPSAS presupposes that majority of a public sector entity's assets to be likely non-cash generating due to their service potential nature, IPSAS 21 Impairment of Non-cash generating Assets makes provision for specific guidance on how to determine the value in use of such assets. IFRS, However is silent on this issue perhaps based on the assumption that all assets in profit oriented entities will be cash generating

- Elimination of private sector specific concepts

IFRS provides principles for certain economic phenomena that are irrelevant to the operations of a public sector entity, such as accounting for share-based payments and earnings per share disclosures. IPSAS excludes such guidance and refers reporting entities back to IFRS if and when applicable.

- Growing divergence in the conceptual framework of the IPSASB and IASB

Even though IPSAS standards are largely based on the principles of IFRS it is apparent that The IPSASB is in the process of developing its own conceptual framework, proposing concepts that may be more suitable in the public sector context. Hence evidence of further differences in the outlook and focus between IPSASB and IASB in the adoption of their standards in the future.can be envisage

The Table below gives an abridge view of the similarities and differences that exists in these two international accounting standards:

Topics	ADDRESSED in IPSAS	ADDRESSED in IFRS
Presentation of Financial Statements		
Presentation of Financial Statements	YES	YES
Cash Flow Statements	YES	YES
Accounting Policies, changes in accounting estimates and errors	YES	YES
Presentation of budget information in financial statement	YES	NO
Non-current asset held for sale and discontinued operations	NO	YES
Accounting for retirement benefit plans	NO	YES
Interim financial reporting	NO	YES
The effect of changes in foreign exchange rates	YES	YES
Revenue and Expenses		
Revenue	YES	YES
Construction contracts	YES	YES
Revenue from non-exchange transactions (taxes, transfers and government grants)	YES	YES
Income taxes	NO	YES

Leases	YES	YES
Borrowing cost	YES	YES
Non-financial Assets		
Inventories	YES	YES
Investment property	YES	YES
Property, plant and equipment	YES	YES
Intangible assets	YES	YES
Agriculture	YES	YES
Impairment of cash generating asset	YES	YES
Impairment of non-cash generating asset	YES	NO
Exploration for and evaluation of mineral resources	NO	YES
Non-financial liabilities		
Employee benefits	YES	YES
Provisions, contingent liabilities and contingent assets	YES	YES
Group Accounting		
Consolidated and separate financial statement	YES	YES
Investments in associates	YES	YES
Investment in joint ventures	YES	YES
Disclosure of interests in other entities	YES	YES
Business combinations	NO	YES
Financial Instruments		
Financial instruments: presentations	YES	YES
Financial instruments: recognition and measurement	YES	YES
Financial instruments: disclosure	YES	YES
Share based payment	NO	YES
Insurance contracts	NO	YES
Fair Value Measurement		
Fair Value Measurement	NO	YES
Disclosure Only Standards		
Segment reporting	YES	YES
Related party disclosures	YES	YES
Disclosure of financial information about the general government sector	YES	NO
Earnings per share	NO	YES
Adjustment to Financial Statements		
Event after the reporting date	YES	YES
Financial reporting in hyperinflationary economies	YES	YES

BENEFITS OF THESE ACCONTING STANDARDS

Particularly for profit oriented enterprises adopting the use of IFRS certain of the underlisted benefits can be derived:

International economic and non-economic activities have become preponderate in recent times. This has been evident immensely in international trade, capital movements between countries, international investment, number of international firms, international bond and equity offerings, in this last decade. Most multinational companies which pursue equity offerings are headquartered in more developed countries and these companies are continuously seeking higher returns and growth, while also looking for less costly financing. In their quest for higher returns and more inexpensive financing, they have to turn over to international alternatives. In a bid to evaluate these alternatives sagaciously they need reliable and comparable information. Dealing with accounting multifariousness and demands of different national accounting standards was a foremost and expensive challenge for these organizations. If all countries of the world adopt the same accounting standards such as IFRS, transnational companies stand to gain colossally.

International institutions and individual investors, international filer companies, international accounting firms, international intergovernmental organizations, governments and regulatory bodies, and financial markets stand to profit enormously from a universal harmonization of accounting principles. For instance, the regulatory body of stock exchanges of UK and US placed restrictive filing requirements that encompass preparation of financial report in accordance with the dictates of IFRS. More so, in order to perform audit and consulting services, international audit firms must possess expertise in the areas of domestic financial accounting principles and related laws. These tend to be achievable with the global harmonization of accounting principles in reporting.

In a bid to obtaining reliable and comparable financial information, for the purpose of

evaluating projects, extending grants and credits and making other decisions about the different nations of the world by International intergovernmental organizations, such as United Nations (UN), European Union (EU), and the Organization for Economic Cooperation and Development (OECD) a need for a global harmonization of reporting standards is apt. This intends to be achievable via IFRS

International accounting firms are also much desirous of harmonization of accounting standards in that it helps them in regulating their large client base. Tax Authorities are also not left out as they would benefit from harmonization of international accounting standards due to its vantage in dealing with foreign incomes by differences in the measurement of profit in different countries.

Investors can benefit from more accurate, comprehensive and timely financial statement information of IFRS than of the local GAAP it replaces which made no information available from the financial statement of other sources. Hence, leading to better awareness in the capital markets and hence to lower risks for investors;

Small investors who might be less capable of obtainning information that their larger investors counterpart can reduce their risk when trading with more professional and better-informed investors due to a more conspicious blue-print that will guide actions and inactions readily available.

Cost tends to be reduced by following IFRS. This is achieveable by readily comparability of financial reports internationally. Hence, investors do not need to analyze different accounting standards, to be able to compare the value of different equities; the cost so reduced will enhance market efficiency, leading to better stock prices. When less accounting standard differences are evident there could be growing cross-border acquisitions, rewarding investors to have better take-over premiums. More so the transparency of IFRS reporting and higher quality disclosure pushes the agency costs between shareholders and managers down, thereby making managers have more incentives to behave in the interests of shareholders; More timely loss recognition could lower the costs of debt, resulting in a possible gain for equity investors (by reduction of the cost of debt capital);

On the issue of cost on a large scale, it can be deduced that the potential effect of mandatory IFRS reporting may facilitate international investments and synergy of capital markets. This standardization of accounting rules would invariably simplify the resolution for international investors to lay their money abroad. Such behavior of investors would lead to enlargement of investor stand and hence enhance risk sharing, enlarged liquidity and decrease of costs of capital.

However, an extract from Adeyemo (2014) highlights the gains of IFRS

- IFRS significantly improves the comparability of entities and provide more consistent financial information;
- IFRS is accepted as a financial reporting framework for companies seeking admission to almost all of the world's stock exchanges (including US);
- IFRS eliminates barriers to cross-border trading in securities, by ensuring that financial statements are more transparent;
- Management reporting for internal purposes under IFRS, can improve the quality and consistency of information that management needs in order to make effective, efficient and timely decisions for the business;
- IFRS adoption may be used as a chance to make some strategic improvements to financial systems and processes as well as reduce cost in the long run;
- IFRS financial statements that are universally understood and comparable can both improve and initiate new relationship with customers and suppliers across national borders;
- Because of the positive effect IFRS financial information has on credit ratings, a company's position strengthens in negotiations with credit institutions and cost of borrowing are reduced;
- IFRS also results in more accurate risk evaluations by lenders and to a lower risk premium. It also helps companies to take advantage of alternative form of finance;
- In the case of groups it removes the need for individual companies to prepare two sets of financial statements, if all individual companies in the group subscribe to IFRS. It also allows multinational groups to have a common accounting language, thereby improving management reporting decision making; and
- IFRS reporting makes easier to implement cross-border acquisitions, initiate partnerships and cooperation agreements with foreign entities, simplify the sale of the reporting entities and lower the cost of integration in post-acquisition periods.

Improved transparency and comparability for investors and rating agencies

More efficient access to capital for global corporations

Increasing demand for public accountability and transparency by all stakeholders

Industry perception of market leadership

Need to attract international investors and to enable easy monitoring of overseas investments.

IFRS: Increasing demand for public accountability and transparency by all stakeholders

More room for management's judgment and truer reflection of economic reality with principlesbased GAAP

Facilitate comparison between public entities (IPSAS)

Ability to analyze impact on tax-related issues

Reduced cost of financial reporting for global companies

Ability to understand interaction with strategic initiatives to generate value from synergies

Streamlined M&A activity

Source: Adapted from Oyedele, (2011:10)

There is a close relationship between (IPSAS) and (IFRS) due to the fact that IPSAS standards are largely based on the principles of IFRS. Infact the rationale for drawing from IFRS is to ensure greater comparability between private and public sector reporting when accounting for similar types of transactions. Thus, the aforementioned prons of IFRS can be interlinked with IPSAS where suitable. It is however particular to state here that the ongoing sovereign debt crises in several countries demonstrating the challenges of maintaining financial stability of these governments, requires the adoption of accrual-based accounting frameworks, which IPSAS is noted for, in order to improve their decision-making ability to prevent and respond to these issues.This invariably makes the adoption of IPSAS a vantage for these authorities.

CONS OF THESE ACCOUNTING STANDARDS

Particularly the IFRS which is deemed to be for profit oriented entities, Oyedele (2010) still expressed some reservations on the implementation of IFRS. These are as follows: Initial conversion cost; may in fact give more information than private entities provide currently under local GAAP (e.g. Comparatives); will it be accepted by users? (Will they – particularly local users –Understand it?); Legal, tax and financial implications of differences; will need training and/or technical support on IFRS (especially in the short-term); Simplification does not necessary mean better

THE THIN LINE AMONGST IPSAS; IFRS AND IVS

These standards are all related to financial reporting directly or indirectly

- The three standards amongst others cover requirements for financial statements. Others covered by valuation standards include mortgage secured lending and real property valuation for

all purposes. IPSAS ans IFRS are principally designed for financial accounting, valuation, and financial statutory reporting.

- IPSAS is based on the frameworks of the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) – Designed by the International Accounting Standards Board (IASB). However while the latter are concerned chiefly with financial reporting of private sector companies the former is confined principally to public entities with some having no counterpart in IAS or IFRS, such as IPSAS 22, IPSAS 23 and IPSAS 24.

These standards aid clients in taking financial decisions

- A common term is required for investors to measure and compare their investment performance in the Capital Market.
- The standards enable comparison of data across organizations/country and improving financial transparency

These standards have evolved primarily due to financial debacles

- The bank foreboding in the early 90's caused the Royal Institution of Chartered Surveyors (RICS) to join forces with the British Banking Association (BBA) to publish new valuation guidance for bank lending.
- The current economic crunch and the harsh fiscal constraints being evident in most economy have accentuated the need for governments to blatantly report all their assets and liabilities through the use of IPSAS.

These standards have been evolving over the years from local, indeginous to unified global standards

- RICS after a research conducted by her valuation department in 1994 brought about the first unified mandatory valuation standards issued in 1995. This is popularly known as the Mallinson Report, 1994)
- Hither to, federal, state and local governments have excersised jurisdictional powers to set standards individually based on the principles of cash accounting. Countries were at liberty to set their own standards which resulted to myraid of public sector standards supervised and managed by plethora of boards around the globe. For instance in the United States, three boards operate: The Governmental Accounting Standards Board (GASB); The Federal Accounting Standards Advisory Board (FASAB); and the Financial Systems Integration Office (FSIO), formerly Joint Financial Management Improvement Program (JFMIP). Other national standard boards include the Public Sector Accounting Board (PSAB) in Canada and the Australian Accounting Standards Board (AASB). In Nigeria it was the The NASB issuing standards, (SAS) before being transformed to the Financial Reporting Council (FRC).

These standards are all looking towards best practices in reporting evident in revised editions

- The RICS Valuation Standard known as the Red Book has gone through changes that have resulted to revised editions for enhanced value. The series in years of publications include 1976; 1981; 1990; 1995; 2003; 2007; 2008 and 2010
- The International Valuation Standards Council (IVSC) has also published standards of various editions. These are those published in 1985, 1995, 1997, 2000 and 2001. Others are 2003, 2005, 2007, 2009 and lately 2011
- The Nigerian Institution of Estate Surveyors and Valuers (NIESV) is not left out in the quest for standardizing valuation reporting for her members. However, the fervour cannot be really felt considering that only two of such standards have been

- published. The very first in 1995, about twenty-six years after the establishment of the body, and thereafter in 2006.
- IPSASB, although when it was still bearing the name, IFAC Public Sector Committee has been developing and issuing accounting standards for the public sector since 1997

Meeting the needs of clients/investors is the most predominant factor for adopting standards

The role inter-European Valuer organisation and that played by professional bodies towards fusion of standards acceptable on a global level cannot be undermined. However, investors perceived the very importance of property investment which was much hit by the harsh economic climate as against other sectors that received subvention from government. This has been attested to by business entity having property asset in their organisation

WHAT IS IN ALL THESE ACCOUNTING STANDARDS FOR THE ESTATE SURVEYOR AND VALUER?

Initially one can be tempted to discard these accounting standards since being an Estate Surveyor and Valuer is distinct from the Accounting profession but since the Estate Surveying and Valuation profession amongst other profession is hinged on financial matters one can sway to the dictates of these standards. It is also pertinent to state here that these accounting standards are not in anyway describing approach to the statutory preserve of Estate Surveying and Valuation but guidelines in reporting and disclosures.

There are series of connection the Estate Surveyor and Valuer has with these accounting standards. For instance since our country has signed by legislation, the involvement of professionals such as ours to adopt these standards, our profession is bound by that. Sitting in the Financial Reporting Council Board (Known as the Board) as spelt out in Section 2(2) d(xiii) of the Financial Reporting Council of Nigeria Act, No. 6 of 2011is a representative of the Nigerian institution of Estate Surveyors and Valuers which automatically makes our profession a major stakeholder. Other relevant sections in the Act includes Section 3 which authorizes the Financial Reporting Council the discretion of acquiring, holding or disposing of any property, moveable or immoveable, for the purpose of carrying out its functions. The services of the estate surveyors and valuers cannot be undermined here. Section 8(1f) of the Act empowers the council amongst others to keep up till date register of professionals engaged in financial reporting process, which includes the Estate Surveyors and Valuers. Also in Section 41 no professional including the Estate Surveyor and Valuer shall hold any appointment or offer any service for remuneration as a professional for public interest entities, unless he is registered under this Act. Section 23(f) amongst other specified directorate established by the Act is the Directorate of Valuation Standard charged with the responsibilities amongst others to develop appropriate conceptual framework to guide the setting of relevant valuation standards; developing such relevant valuation standards, or amend existing ones, in relation to evolving commercial practices, economic developments and deficiencies identified in current practice ; take account, where appropriate, of the regulatory requirements of the legislation and any other relevant regulatory body; liaise with the valuation profession regarding areas of practice for which new standards may be required or existing standards should be modified or clarified; consider the need for a generic standard for the communication of valuation advice; and liaise with the International Valuation Standards Board and other international bodies on the development and application of international valuation standards. Section 33(1a) requires every concerned professional including the Estate Surveyor and Valuer to pay annual dues of not less than N5, 000. 00 (Five Thousand Naira) only into its fund. Section 34(d) empowers the council to defray funds receivable by her for the maintenance and development of property vested in or owned by the council. Section 36 also permits the council to accept gift and landed property. Once again the need for the estate surveyor and valuer buttressed. Section 43 stipulates that no registered professional of whom estate surveyors and valuers form part shall employ a person who has been suspended from practice, unless the Council has consented to such employment. Also Section 62 allows the council at her discretion to investigate or cause to be investigated any complaint or dishonest practice, negligence, professional misconduct, malpractice made against any professional; any breach of the Code of Conduct and Ethics by any registered professional; or any material irregularity notified to it amongst others

Aside the compelling provisions of an Act the International Valuation Standard Council has a good working relationship with International Accounting Standard Board (IASB), The International Federation of

Accountatnts (IFAC); International Public Sector Accounting Standadrs Board (IPSASB); and International Audicting Assurance Standadrd Board. The foregoing could be attributed to the recognition of these accounting standards in the international valuation standards. In the introductory part of the latest edition of IVS (2011) the clause "Valuations are widely used and relied upon in financial and other markets, whether for inclusion in financial statements,...................." cannot be farfetched, further buttressing the import of these financial standards in our profession.

After the introductory part and the principal changes made, the latest IVS (2011) is structured into the following segments: IVS Definitions, IVS Framework, General Standards, Asset Standards, and Valuation Applications. Under Valuation Applications is a section designated for Valuation for Financial Reporting.

Valuations are usually required for different accounting purposes in the preparation of the financial reports or statements of companies and other entities.For instance for measurement of the value of an asset or liability for inclusion on the statement of financial position, allocation of the purchase price of an acquired business, impairment testing, lease classification and valuation inputs to the calculation of depreciation charges in the profit or loss account now known as statement of comprehensive income. Hence IVS specifically makes preferential references to requirements under the International Financial Reporting Standards (IFRSs) to other national accounting standards..

Amongst the provisions in IVS reporting for use in a financial statement shall be the presence of any information that the reporting entity is required to disclose by the relevant Financial Reporting Standards. Some of such examples are disclosures required about fair value measurements including methods and significant assumptions used in the measurement and, or whether, the measurement was determined by reference to observable prices or recent market transactions. Some standards also require information about the sensitivity of the measurement to changes in significant inputs.

One principal term to analyse here is that of "Fair Value". The accounting standards in a bid to departing from the cost amortization approach have adopted the fair value as a means of measurement. Even though the thought pattern of the accountant is synonymous with the open market value of the Estate Surveyor and valuer there is difference in both concepts.

Open market value is defined as the estimated amount for which a property should exchange on the date of valuation between a willing buyer and willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion (IVS 1, para. 3.1). However, Fair Value is defined by the International Accountants Standards Board as "the amount at which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction"

The underlying factor whereby values have to represent the market is missing in the definition of fair value. Hence, every market value is a fair value while not all fair values are market values. The estate surveyors and valuers are encouraged to continue with the adoption of the open market value as that would interpret the outcome of the independent judge "the market".

As Estate Surveyors and Valuers whose dealings on land and its appurtenance is based on monetary worth, the need to construe whatever real estate transaction in monetary terms cannot be undermined. This informs the linkage with these sets of accounting standards. For particular reference amongst others, the following IPSAS are of specific relevance:

IPSAS 11drawn from ISA 11 which will be superseded by IFRS 15 deals on construction contracts with the major objective of prescribing the accounting treatment of costs and revenue associated with construction contracts. Amongst the various provisions in this standard is paragraph 24(c) which recognises the depreciation of plant and equipment used on the contract as cost that relate directly to a specific contract. Whereas, in paragraph 28(d) depreciation of idle plant and equipment not used on a particular contract cannot be attributed to a contract and therefore excluded from the costs of a construction contract.

IPSAS 12 drawn primarily from IAS 2 is geared towards the accounting treatment for inventories. While accounting for inventories, the amount of cost to be recognized as an asset and carried forward until the related revenues are recognized is noted. This Standard provides guidance on the determination of cost and its subsequent recognition as an expense, including any write-down to net realizable value. It also provides guidance on the cost formulas that are used to assign costs to inventories. Paragraph 10 defines Net realizable value as net amount that an entity expects to realize from the sale of inventory in the ordinary course of operations.

IFRS does permit First-In- First Out (FIFO) and not Last-In-First Out (LIFO) principle even though the former is being critized for huge tax burden on entities.

IPSAS 13 which is hinged on leases is drawn primarily from IAS 17. This standard has a lot Estate Surveyors and Valuers can draw from with respect to appropriate accounting policies and disclosures to apply in relation to finance and operating leases for both leasees and lessors. One remarkable feature is the distinction between the inception and commencement of a lease as spelt out in definitions provided in paragraph 8. The former is the earlier of the date of the lease agreement and the date of commitment by the parties to the principal provisions of the lease while the latter is the date from which the lessee is entitled to exercise its right to use the leased asset. It is the date of initial recognition of the lease (i.e., the recognition of the assets, liabilities, revenue, or expenses resulting from the lease, as appropriate. In paragraph 9 a provision is made in a lease agreement to adjust the lease payments for changes in the construction or acquisition cost of the leased property, or for changes in some other measure of cost or value, such as general price levels, or in the lessor's costs of financing the lease, during the period between the inception of the lease and the commencement of the lease term. This is permissible if the effect of any such changes shall be deemed to have taken place at the inception of the lease.

Another paragraph as spelt out in IPSAS 13 which might be of keen interest to estate surveyors and valuers is paragraph 28 "At the commencement of the lease term, lessees shall recognize assets acquired under finance leases as assets, and the associated lease obligations as liabilities in their statements of financial position. The assets and liabilities shall be recognized at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The discount rate to be used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine; if not, the lessee's incremental borrowing rate shall be used".

Under the Implementation Guidance of IPSAS 13 which is not principally part of the standadrd but accompanies it discusses issues such as Classification of a Lease; sale and leaseback transactions that result in operating leases; and derivations of present value formula of minimum lease payments (MLP) calculated as:

$$PV(MLP) = S/(1+r)^n + A/r((1-(1/(1+r)^n));$$

Where:

"S" is the guaranteed residual value

"A" is the regular periodical payment

"r" is the periodic interest rate implicit in the lease expressed as a decimal

"n" is the number of periods in the term of the lease

IPSAS 16 drawn primarily from IAS 40 deals with investment property which is described in the standard as land or a building – or part of a building – or both held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes; or Sale in the ordinary course of operations. In paragraph 20(b) Investment property can be recognized as an asset when the cost or fair value of the investment property can be measured reliably. A task estate surveyors and valuers should be able to do at ease. This Standard which does not deal with matters covered in IPSAS 13, applies to accounting for investment property, including the measurement in a lessee's financial statements of investment property interests held under a lease accounted for as a finance lease, and tothe measurement in a lessor's financial statements of investment property provided to a lessee under an operating lease. Paragraph 26 made provision for the measurement at recognition of investment property which is measured initially at its cost inclusive of (transaction costs at its initial measurement). Where an investment property is acquired through a non-exchange transaction, paragraph 27 stipulates that its cost shall be measured at its fair value as at the date of acquisition.

IPSAS 17 is drawn primarily from IAS 16 dealing on Property, Plant and Equipment. The objective of this Standard is to prescribe the accounting treatment for property, plant, and equipment so that users of financial statements can discern information about an entity's investment in its property, plant, and equipment and the changes in such investment. The principal issues in accounting for property, plant, and equipment are the recognition of the assets; the determination of their carrying amounts; and the depreciation charges and impairment losses to be recognized in relation to them. In paragraph 2(b) entities that prepare and present financial statements under the accrual basis of accounting are required to apply this Standard in accounting for property, plant, and equipment, except in respect of heritage assets. However, the disclosure requirements of paragraphs 88, 89, and 92

apply to those heritage assets that are recognized. Part of the disclosure to be made in paragraph 92 in a revaluation of a class of property, plant, and equipment is whether an independent valuer was involved. In a transitional provision in paragraph 96, an entity that adopts accrual accounting for the first time in accordance with IPSASs shall initially recognize property, plant, and equipment at cost or fair value. For items of property, plant, and equipment that were acquired at no cost, or for a nominal cost, cost is the item's fair value as at the date of acquisition.

IPSAS 21 in accounting for impairment of non-cash-generating assets, apply to public sector entities, other than GBE's which could either apply IAS 36 or IPSAS 26, except those assets covered in IPSAS 11, 12, 16, 17, 26, 29, 31, with the major objective to prescribe the procedures that an entity applies to determine whether a non-cash-generating asset is impaired, and to ensure that impairment losses are recognized. This Standard also specifies when an entity would reverse an impairment loss, and prescribes disclosures. Paragraph 23 defines what constitutes an impairment meaning a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortization). Impairment, therefore, reflects a decline in the utility of an asset to the entity that controls it. Paragraph 44 describes the value in use of a non-cash-generating asset as the present value of the asset's remaining service potential while paragraph 45-49 presents approaches to the determination of the present value of the remaining service potential of the asset which could be Depreciated Replacement Cost Approach; Replacement cost and reproduction cost based on optimized basis; standby or surplus capacity held for safety or other reasons; Restoration Cost Approach; and Service Units Approach respectively.

No doubt valuation is paramount to financial reporting both in the private and the public sector; hence it cannot be overemphasized asking Estate Surveyors and Valuers to understandard the valuation requirements required in these financial standards. These can be achieved when there is no apathy in reading the comprehensive details from the standards itself as this manual is an abridged discuss principally to sensitize estate Surveyors and Valuers in the direction of practice accommodating international financial standards. However, when the professional expertise of the estate surveyors and valuers needs to come to light it should perhaps be a spring board for the accounting standards to adjust appropriately. For instance, the dichotomy between open market value and fair value; application of depreciation; and usage of cost method as a representation of value can be expounded. This can be evidenced from the words of the masters. Michel Prada, Chairman of the IFRS Foundation Trustees, in commenting on "Fair value for the purposes of financial reporting recognised the need to interact and exchange information with independent bodies, such as the IVSC, which shares the same interest with theirs. His counterpart in the International Valuation Standards Council declared that strengthening the financial system requires the elimination of any significant differences in the way that fair value is understood, and consequently reported, between different sectors and markets while calling for close collaboration with bodies such as the IFRS Foundation in a bid to improving standards and increase transparency, consistency and confidence in financial reporting. Hence, in this globalized world just as collaborative research is being encouraged and ongoing in academics, the professional world should not be left out in getting its own lot of inter linkages.