

CONCEPTUAL FRAMEWORK: PHASE 2: CHAPTER 3

John Stanford, Senior Advisor

IPSASB Meeting— March 2023

ED 81: Update on Approach to Review of 8 SMCs

Reviewed and decisions made at December 2022 meeting-relate to Chapter 5, *Elements*

- SMCs 3-6 on definition of Liabilities and guidance on Liabilities and Assets

Reviewed and decisions made at February Catch-Up Meeting-relate to Chapter 5, *Elements*

- SMC 7: Unit of Account
- SMC 8: Accounting for Binding Arrangements that are Equally Unperformed

For review at this meeting-relate to Chapter 3, *Qualitative Characteristics*

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- SNC 1: Prudence (Agenda Item 7,2,1)
- SMC 2: Obscuring Information as a Factor Relevant to Materiality Judgments (Agenda Item 7.2.2)

Prudence

Recommendation

- Board Sponsor and staff recommend that:
- The approach to prudence in ED 81, *Conceptual Framework Update: Chapter 3, Qualitative Characteristics and Chapter 5, Elements*, is retained in the updated Chapter 3, with some additional explanation of asymmetry. .

Does the IPSASB agree with this recommendation?

Obscuring Information as a Factor Relevant to Materiality Judgments

Recommendation

- Board Sponsor and staff recommend that:
- Guidance on obscuring information as a factor related to materiality judgments exposed in ED 81, *Conceptual Framework Update: Chapter 3, Qualitative Characteristics and Chapter 5, Elements*, should be included in revised Chapter 5, subject to deletion of the final sentence of paragraph 3.32 on the disclosure of material items that are not separately displayed or displayed sufficiently prominently on the face of a financial statement.

Does the IPSASB agree with this recommendation?



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