

Meeting: International Public Sector Accounting
Standards Board

Meeting Location: Zurich, Switzerland

Meeting Date: September 12–15, 2023

Agenda Item 10

For:

☒ Approval



☐ Discussion

☐ Information












PRESENTATION OF FINANCIAL STATEMENTS




| | | |
|--|--|------------------------|
| Project summary | The objective of this project is to enhance how information is communicated in the financial statements. | |
| Project staff leads | <ul style="list-style-type: none"> • Christoph Braxton, Principal • João Fonseca, Principal | |
| Task Force members | <ul style="list-style-type: none"> • Ian Carruthers, IPSASB Chair (Task Force Chair) • [TBD] | |
| Meeting objectives Project management | Topic | Agenda Item |
| | Consultation Paper Dashboard | 10.1.1 |
| | Instructions up to Previous Meeting | 10.1.2 |
| | Decisions up to Previous Meeting | 10.1.3 |
| | Project Roadmap | 10.1.4 |
| Decisions required at this meeting | Actioned Decisions and Instructions from the June 2023 meeting | 10.2.1 |
| | Approval of Project Brief, <i>Presentation of Financial Statements</i> | 10.2.2 |
| | Project Management Update: Consultation Paper Stage | 10.2.3 |
| Other supporting items | [draft] Project Brief, <i>Presentation of Financial Statements</i> (page-by-page review required) | 10.3.1 |

**PRESENTATION OF FINANCIAL STATEMENTS:
CONSULTATION PAPER DASHBOARD**

| Topic | Sept 2023 | Dec 2023 | Mar 2024 | Jun 2024 | Sept 2024 | Dec 2024 | Mar 2025 | Jun 2025 |
|---|---|-------------|-------------|-------------|--------------|-------------|-------------|---|
| Overall Project Management | | | | | | | | |
| Approval of Project Brief |  | | | | | | | |
| Approval of Consultation Paper | | | | | | | |  |
| Consultation Paper & Illustrative Exposure Draft | | | | | | | | |
| Objective | | | | | | | | |
| Scope | | | | | | | | |
| Purpose of Financial Statements | | | | | | | | |
| Presentation of Other Comprehensive Income & Other Economic Flows | | | | | | | | |
| Definitions and Terminology | | | | | | | | |
| Overall Considerations/General Features | | | | | | | | |
| Responsibility for Financial Statements | | | | | | | | |
| Identification of Users' Needs of Information in the Financial Statements | | | | | | | | |
| Identification of the Financial Statements | | | | | | | | |
| Reporting Period and Timeliness | | | | | | | | |
| Statement of Financial Position | | | | | | | | |
| Statement of Changes in Net Assets/Equity | | | | | | | | |
| Statement of Financial Performance | | | | | | | | |
| Statement of Other Comprehensive Income & Other Economic Flows | | | | | | | | |
| Notes (including IASB's disclosure initiative) | | | | | | | | |
| Titles of Financial Statements | | | | | | | | |
| Complete Set of Financial Statements | | | | | | | | |
| IFRIC 17, <i>Distributions of Non-cash Assets to Owners</i> | | | | | | | | |
| Linkages with IPSAS 2, IPSAS 22, and IPSAS 24 | | | | | | | | |

Agenda Item 10.1.1

| Topic | Sept 2023 | Dec 2023 | Mar 2024 | Jun 2024 | Sept 2024 | Dec 2024 | Mar 2025 | Jun 2025 |
|--|-----------|---|---|--|---|---|---|---|
| Transition | | | | | | | | |
| Non-Authoritative Text of Illustrative Exposure Draft | | | | | | | | |
| Basis for Conclusions | |  |  |  |  |  |  |  |
| Implementation Guidance | | | | | |  |  | |
| Illustrative Examples | | | | | |  |  | |

| Legend | |
|---|---------------------------|
|  | Task Completed |
|  | Planned IPSASB Discussion |
|  | Page-by-page Review |

INSTRUCTIONS UP TO PREVIOUS MEETING

| Meeting | Instruction | Actioned |
|---------------|--|---|
| December 2022 | <ol style="list-style-type: none"> 1. Update the analysis and scenarios proposed to reflect discussions held in the December 2022 meeting; and 2. Make A Guide to Data Storytelling in the Public Sector available for IPSASB consideration at the next IPSASB discussion. | <ol style="list-style-type: none"> 1. [draft] Project Brief reflects the discussions at the December 2022 (see Agenda Item 10.2.1). 2. Publication available through hyperlink. |
| June 2023 | <ol style="list-style-type: none"> 1. Update the draft project brief to reflect the IPSASB's discussions, engaging with the relevant IPSASB members, and bring the revised version to the September meeting; 2. Provide an education session on IPSAS 24 reflecting how to the proposed replacement of IPSAS 1 could interact with / impact on IPSAS 24; 3. Include in the Project Brief the: <ol style="list-style-type: none"> a) Potential for consequential amendments to IPSAS 2, <i>Cash Flow Statements</i> despite this being outside the project scope; b) Learning points from the PSAB project; and c) Reference to the results of the research commissioned by the Academic Advisory Group. | <ol style="list-style-type: none"> 1. See Agenda Item 10.3.1 2. Oral presentation to IPSASB (slides only) 3.(a) Paragraph 5.3 of [draft] Project Brief 3.(b) Paragraph 9.2 of [draft] Project Brief 3.(c) Paragraph 9.1 of [draft] Project Brief |

DECISIONS UP TO PREVIOUS MEETING

| Meeting | Decision | Project Brief Reference |
|---------------|---|---|
| December 2022 | No decisions taken | |
| June 2023 | <ol style="list-style-type: none"> 1. The project should focus on the financial statements addressed in IPSAS 1, <i>Presentation of Financial Statements</i>; 2. A new IPSAS on Presentation of Financial Statements should be developed to supersede IPSAS 1; 3. The project should include a consultation paper phase, and will include an illustrative ED within the consultation paper; 4. The project brief should include the following key issues: <ol style="list-style-type: none"> a) Consistency between the Conceptual Framework and the Presentation of Financial Statements; b) Importance for accountability of reporting outturn against budget, and the potential nature and extent of links between this project and IPSAS 24, <i>Presentation of Budget Information in Financial Statements</i>; c) Alignment with Government Finance Statistics; d) Appropriate extent of alignment with IFRS, specifically: <ol style="list-style-type: none"> i. Other comprehensive income in IAS 1, <i>Presentation of Financial Statements</i>; and ii. Statement of Financial Performance in sections that is developing in its Primary Financial Statements project. | <ol style="list-style-type: none"> 1. Paragraph 5.1 of [draft] Project Brief 2. Paragraphs 4.1 and 5.1 of [draft] Project Brief 3. Paragraph 7.2 of [draft] Project Brief 4. (a) Paragraphs 5.4–5.8 of [draft] Project Brief 4.(b) Paragraphs 5.15–5.16 of [draft] Project Brief 4.(c) Paragraphs 5.17–5.22 of [draft] Project Brief 4.(d)(i) Paragraphs 5.26–5.29 of [draft] Project Brief 4.(d)(ii) Paragraphs 5.30–5.34 of [draft] Project Brief |

**PRESENTATION OF FINANCIAL STATEMENTS:
PROJECT ROADMAP**

| Meeting | Completed Actions or Discussions / Planned Actions or Discussions: |
|------------------------------|--|
| December 2022 | 1. Presentation of Financial Statements - Background to the Project 2. Financial Statement Presentation Options |
| June 2023 | 1. Project Brief: Objective 2. Project Brief: Scope and Final Output 3. Project Brief: Key Issues and Consultation Paper Stage |
| September 2023 | 1. Approval of Project Brief, <i>Presentation of Financial Statements</i> |
| December 2023 – June 2025 | 1. Discussion of Issues |
| June 2025 | 1. Approval of Consultation Paper, <i>Presentation of Financial Statements</i> |

Actioned IPSASB's Decisions & Instructions from the June 2023 Meeting

Purpose

1. To convey how staff actioned the IPSASB's decisions & instructions from the June 2023 meeting in the [draft] Project Brief, *Presentation of Financial Statements*.

Background

2. At the June 2023 IPSASB meeting, the IPSASB discussed the objective, scope, final output, key issues and the consultation paper stage for the Presentation of Financial Statements project that should be included in the [draft] Project Brief.
3. This Agenda Item explains how staff actioned the IPSASB's decisions and instructions from the June 2023 meeting in the [draft] Project Brief, *Presentation of Financial Statements*.

Analysis

4. At the June 2023 meeting, the IPSASB made several decisions that are materialized in the [draft] Project Brief, which Staff brings for the first time to IPSASB's attention at this meeting (see [Agenda Item 10.3.1](#)), as follows:
 - (a) Objective—"Enhance communication of financial information by replacing IPSAS 1, *Presentation of Financial Statements*" (paragraph 4.1 of [draft] Project Brief). Paragraph 4.1 also provides additional description how to achieve the project's objective;
 - (b) Scope—Financial statements in IPSAS 1 (Statements of Financial Position, Statement of Financial Performance, Statement of Changes in Net Assets/Equity, and Notes) and consequential amendments to other IPSAS, including IPSAS 2, Cash Flow Statements, IPSAS 22, *Disclosure of Information About the General Government Sector*, and IPSAS 24, *Presentation of Budget Information in Financial Statements* (paragraphs 5.1–5.3 of [draft] Project Brief);
 - (c) Final output—Issuance of a new IPSAS on presentation of financial statements that will replace IPSAS 1 (paragraph 7.8 of [draft] Project Brief);
 - (d) Four significant key issues:
 - (i) Consistency with the Conceptual Framework (paragraphs 5.4–5.8 of [draft] Project Brief);
 - (ii) Identification of user's needs of information in the financial statements (paragraphs 5.9–5.14 of [draft] Project Brief);
 - (iii) Alignment with Government Finance Statistics (GFS) (paragraphs 5.17–5.22 of [draft] Project Brief);
 - (iv) Alignment with IFRS (paragraphs 5.23–5.39 of [draft] Project Brief); and
 - (e) Consultation paper stage, including an illustrative Exposure Draft (paragraph 7.2 of [draft] Project Brief).

Decision Required

5. No decision required. For information purposes only.

Approval of Project Brief, *Presentation of Financial Statements*

Question

1. Does the IPSASB agree with staff's recommendation to approve the Project Brief, *Presentation of Financial Statements*?

Recommendation

2. Staff recommends the IPSASB approve the Project Brief, *Presentation of Financial Statements*.

Background

3. At the June 2023 IPSASB meeting, the IPSASB discussed the objective, scope, final output, key issues and the consultation paper stage for the Presentation of Financial Statements project that would be included in the Project Brief.
4. The IPSASB CAG also discussed some of topics that are included in the [draft] Project Brief at its June 2023 meeting (see [Agenda Item 6](#)) and influenced its content, especially in the areas of the project objective and scoping.
5. [Agenda Item 10.1.2](#) and [Agenda Item 10.1.3](#) identify the IPSASB's instructions and decisions, respectively, as explained in [Agenda Item 10.2.1](#), with the respective paragraphs in the [draft] Project Brief (see [Agenda Item 10.3.1](#)).
6. This Agenda Item recommends the approval of the [draft] Project Brief.

Analysis

7. The IPSASB will review the [draft] Project Brief section by section and consider critical comments that require updates to the Project Brief.
8. Staff recommends the IPSASB approve the Project Brief after its review.

Decision Required

9. Does the IPSASB agree with the staff's [recommendation](#)?

Project Management Update: Consultation Paper Stage

Purpose

1. To convey to the IPSASB the timetable of the main topics until the approval of the Consultation Paper.

Background

2. The scope and research phase of the project was between Q4 2022 and September 2023. During this time, the IPSASB discussed topics that are included in the Project Brief at the December 2022 meeting (see [Agenda Item 11](#)), at the June 2023 meeting (see [Agenda Item 13](#)), and at this meeting.
3. This Agenda Item explains the rationale behind the project timetable of the main topics until the approval of the Consultation Paper.

Analysis

4. [Agenda Item 10.1.1](#) shows the timetable of the main topics that the IPSASB will discuss until the approval of the Consultation Paper.
5. Staff structured the sequencing of the topics according to the following methodology:
 - (a) The topics generally follow the sequence of topics in IPSAS 1, with a few exceptions related to the development of the project;
 - (b) At each meeting, it is discussed at least on key issue identified in the Project Brief;
 - (c) The chapters of the Consultation Paper and the illustrative Exposure Draft will be written at the same time, including the IPSASB's preliminary views;
 - (d) The Basis for Conclusions will be reviewed by the IPSASB at the following meeting related to decisions taken in the previous meeting; and
 - (e) The Implementation Guidance and Illustrative Examples will be discussed once the principles in the authoritative part of the illustrative Exposure Draft and corresponding text in the Consultation Paper are finalized by the IPSASB. The [Project Dashboard](#) shows in a separate section when non-authoritative text of the ED and its links with the authoritative text will be discussed.
6. Staff notes that other topics not yet included in the [Project Dashboard](#) might be discussed by the IPSASB as the project progresses.

Decision Required

7. No decision required. For information purposes only.

Supporting Document – [draft] Project Brief, *Presentation of Financial Statements*

The [draft] Project Brief referenced in [Agenda Item 10.2.2](#) is posted separately for easier readability.