

Draft Illustrative Exposure Draft

1. This supporting paper provides the draft of the IED completed to date, based on sections previously considered by the IPSASB or sections subject to consideration at this meeting.
2. The draft IED includes the following front-end sections, as reviewed by the IPSASB in June 2024 and updated based on the feedback received.
 - (a) Objective
 - (b) Scope
 - (c) Definitions
 - (d) Objective of Financial Statements
 - (e) Reasonability for Financial Statements
 - (f) Components of Financial Statements
3. The Board is not required to review these draft sections. Instead, they are provided to assist the Board in reviewing specific sections of the IED at this meeting. For instance, when considering the requirements related to the Statement of Financial Position, Board members may wish to refer to the general presentation requirements in the earlier sections of the IED.

Draft IED Format

5. The draft IED uses a three-column approach. It provides the source of the paragraph, the marked-up changes in contrast to IFRS 18, and staff notes explaining the basis for any modifications. We expect a 'clean version' of the IED will ultimately be published to accompany the CP.
6. The draft IED has been formatted for Board analysis purposes as follows:

<p>(a) Paragraphs primarily based on IFRS 18 are shaded grey.</p> <ul style="list-style-type: none">• IPSAS modifications are shown with tracked changes — new text <u>underlined</u>, deleted text struck through.
<p>(b) Paragraphs brought forward from IPSAS 1 are shaded green.</p> <ul style="list-style-type: none">• Amendments to existing IPSAS 1 paragraphs are shown with tracked changes — new text <u>underlined</u>, deleted text struck through.
7. In places where the IFRS 18 paragraph has been substantially amended, the existing paragraph is struck through, and the new proposed paragraph is subsequently provided.
8. Paragraphs contingent upon future IPSASB discussion of issues are highlighted in yellow.

Original Source	Illustrative Exposure Draft XX, <i>Presentation of Financial Statements</i>	Staff notes
Core Standard		
IFRS 18.1	Objective 1. This [draft] Standard sets out requirements for the presentation and disclosure of information in general purpose financial statements (financial statements) to help ensure they provide relevant information <u>to users for accountability and decision-making purposes</u> that faithfully represents an entity's assets, liabilities, net assets /equity, income <u>revenue</u> , and expenses <u>(see paragraph AG1)</u> .	<p><i>Aligned with IFRS 18</i></p> <p>Modifications reflect the following:</p> <ul style="list-style-type: none"> In the IPSASB literature, the reference to 'presentation' addresses the display of information in the primary financial statements and the disclosure of information in the notes.¹ The shorthand of general purpose financial statements is set up in paragraph 3 within the scope section. The objective of financial reporting in the public sector is to provide useful information to users for accountability and decision-making purposes.²
IFRS 18.2	Scope 2. An entity shall apply this Standard in when presenting and disclosing information in <u>general purpose</u> financial statements prepared <u>under the accrual basis of accounting</u> in accordance with IFRS Accounting Standards <u>IPSAS</u> . <u>The presentation of information in the general purpose financial statements includes the information displayed in the primary financial statements and the information disclosed in the notes.</u>	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> In IPSAS, the reference to 'presentation' addresses the information <i>displayed</i> in the primary financial statements and the <i>disclosure</i> of information in the notes. The reference to 'accrual basis of accounting' is consistent with IPSAS 1.2 and is required because IPSAS includes a cash-based standard.

¹ Paragraph 8.4 of the IPSASB Conceptual Framework provides that 'presentation' concerns the selection, location, and organization of information reported in general purpose financial reports.

² Paragraph 2.1 of the IPSASB Conceptual Framework.

Agenda Item 9.3.2

IPSAS 1.3	3. <u>The scope applies to general purpose financial statements (hereafter referred to as 'financial statements'), which are those intended to meet the financial information needs of users who are not in a position to demand and are unable to require the preparation of financial reports tailored to meet their particular specific information needs. Users of general purpose financial statements in the public sector financial statements are developed primarily to respond to the information needs of service recipients and resource providers and their representatives for accountability and decision-making purposes. Users of general purpose financial statements include taxpayers, ratepayers, members of the legislature, creditors, suppliers, the media, and employees. General purpose financial statements include those that are presented separately or within another public document, such as an annual report. This Standard does not apply to condensed or interim financial information.</u>	<p><i>Carried forward from IPSAS 1</i></p> <ul style="list-style-type: none"> • No equivalent paragraph is provided in IAS 1 or IFRS 18. • Modifications to align with the description of GPFRs³ and their intended users⁴ in the IPSASB Conceptual Framework. • The last sentence has been relocated to a separate paragraph below. • The reference to 'hereafter referred to as' is commonly used in IPSAS when describing the shorthand of a term used for the first time.
IPSAS 1.3	4. <u>Financial statements within scope include those that are presented separately or within another public document, such as an annual report. This Standard does not apply to condensed or interim financial information.</u>	<p><i>Carried forward from IPSAS 1</i></p> <ul style="list-style-type: none"> • No equivalent paragraph is provided in IAS 1 or IFRS 18. • Moved to a separate paragraph as it addresses a distinct scope matter.
IFRS 18.3	5. This Standard sets out general and specific requirements for the <u>presentation display</u> of information <u>in on the face of</u> the statement(s) of financial performance, the statement of financial position and the statement of changes in <u>net assets/equity</u> . This Standard also sets out requirements for the disclosure of information in the notes. <u>IAS 7 Statement of Cash Flows IPSAS 2, Cash Flow Statements</u> sets out requirements for the presentation <u>and disclosure</u> of cash flow information, <u>and IPSAS 24, Presentation of Budget Information in Financial Statements</u> sets out requirements for the presentation of budget information when an entity makes publicly available its <u>approved budget</u> . However, the general requirements for financial statements in paragraphs 14–71 and 144–145 apply to <u>the statement of cash flows cash flow information and budget information when presented in the financial statements in accordance with paragraph 20.</u>	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> • Explains the financial reports included in the scope, as currently provided in IPSAS 1.59. • Reference to IPSAS 24 added to reference the requirements for presenting budget information in the financial statements. • <u>Decisions about whether the statement of financial performance will be presented in one or two statements is subject to future IPSASB deliberations.</u>

³ Paragraph 1.4 of the IPSASB Conceptual Framework provides that "GPFRs are financial reports intended to meet the information needs of users who are unable to require the preparation of financial reports tailored to meet their specific information needs".

⁴ Paragraphs 2.4 – 2.9 of the IPSASB Conceptual Framework.

Agenda Item 9.3.2

IFRS 18.4	6. Other IFRS Accounting Standards <u>IPSAS</u> set out the recognition, measurement, presentation display , and disclosure requirements for specific transactions and other events.	<i>Aligned with IFRS 18</i> <ul style="list-style-type: none">Consistent with equivalent provision in IPSAS 1.1.
IFRS 18.5	This Standard does not apply to the presentation and disclosure of information in condensed interim financial statements prepared applying IAS 34 Interim Financial Reporting. However, paragraphs 34-39, 109-117 and 128-129 apply to such financial statements.	<i>IFRS 18 paragraph not used</i> <ul style="list-style-type: none">The IPSAS suite of standards does not include a standard for interim or condensed financial statements.
IFRS 18.6	This Standard uses terminology that is suitable for profit-oriented entities, including public sector business entities. Suppose entities with not for profit activities in the private sector or the public sector apply this Standard. In that case, they may need to amend the descriptions used for particular line items, categories, subtotals or totals in the financial statements and for the financial statements themselves.	<i>IFRS 18 paragraph not used</i> <ul style="list-style-type: none">Not applicable to IPSASRequirements and guidance for using different line item descriptions are addressed elsewhere within the standard.
IFRS 18.7	Similarly, entities that do not have equity as defined in IAS 32 Financial Instruments: Presentation (for example some mutual funds) and entities whose share capital is not equity (for example, some co-operative entities) may need to adapt the financial statement presentation of members' or unitholders' interests.	<i>IFRS 18 paragraph not used</i> <ul style="list-style-type: none">No equivalent paragraph is provided in IPSAS 1.Not expected to be broadly applicable to the public sector
IFRS 18.8	7. Many entities provide a financial review by <u>discussion and analysis</u> , which is separate from the financial statements (see paragraph 20), that describes and explains the main features of the entity's financial performance, financial position, as well as the principal uncertainties it faces. Such a review <u>Management discussion and analysis</u> is outside the scope of IFRS Accounting Standards <u>IPSAS, RPG 2, Financial Statement Discussion and Analysis</u> , provides non-mandatory guidance on presenting management commentary and analysis accompanying financial statements that have been prepared applying IPSAS.	<i>Aligned with IFRS 18</i> <ul style="list-style-type: none">Public sector-specific modifications are based on RPG 2.
IFRS 18 Appendix A	Defined terms Definitions	Consistent with other IPSAS, the definitions are included in the core standard.
IPSAS 1.7	8. The following terms are used in this Standard with the meanings specified:	Lead-in is consistent with other IPSAS
IPSAS 1.7	<u>Accrual basis</u> means a basis of accounting under which transactions and other events are recognized when they occur (and not only when cash or its equivalent is received or paid). Therefore, the transactions and events are recorded in the accounting records and recognized in the financial statements	<i>Carried forward from IPSAS 1</i> <ul style="list-style-type: none">No equivalent definition is included in IAS 1 or IFRS 18.

Agenda Item 9.3.2

	of the periods to which they relate. The elements recognized under accrual accounting are assets, liabilities, net assets/equity, revenue, and expenses.	<ul style="list-style-type: none"> The definition supports the understanding of 'accrual' accounting as referenced in the scope section.
IFRS 18 Appendix A	Aggregation is the adding together of assets, liabilities, net assets/equity , income revenue, expenses, or cash flows that share characteristics and are included in the same classification.	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> New IFRS 18 definition. Supports the addition of enhanced guidance on the concept of aggregation.
IPSAS 1.7 CF 5.6	Assets are An asset is a resource presently controlled by the entity as a result of past events and from which future economic benefits or service potential are expected to flow to the entity.	<p><i>Carried forward from IPSAS 1 and updated</i></p> <ul style="list-style-type: none"> Both IAS 1 and draft IFRS 18 do not include definitions of the financial statement elements. Consistent with IPSAS 1, the definition of the financial statement elements is provided in the presentation standard. The definition is aligned with the recently revised definition used in the IPSASB Conceptual Framework. Paragraph 9 has been added to support the application of element definitions.
IFRS 18 Appendix A	Classification is the sorting of assets, liabilities, net assets/equity , income revenue, expenses and cash flows based on shared characteristics.	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> New IFRS 18 definition. Supports the addition of enhanced guidance on the concept of classification.
IFRS 18 Appendix A	Disaggregation is the separation of an item into component parts that have characteristics that are not shared.	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> New IFRS 18 definition. Supports the addition of enhanced guidance on the concept of disaggregation.

CF 8.43 ⁵	<p><u>Disclosed information</u> is information reported in the notes to the financial statements.</p> <p><u>Displayed information</u> is information reported in the primary financial statements, which summarize an entity's financial position, financial performance, changes in net assets/equity, and cash flows and, where applicable, provides a comparison with budget information.</p>	<p><i>New IPSAS-specific paragraphs</i></p> <ul style="list-style-type: none"> To support decisions regarding whether information presented in the financial statements should be <i>displayed</i> on the face of a primary financial statement or <i>disclosed</i> in the notes.
IPSAS 1.7	<p>An economic entity is a controlling entity and its controlled entities.</p>	<p><i>Carried forward from IPSAS 1</i></p> <ul style="list-style-type: none"> The term is used throughout IPSAS to help describe public sector specific examples.
IPSAS 1.7 CF 5.30	<p>Expenses are decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrences of liabilities that result in decreases in net assets/equity, other than those relating to distributions to owners.</p> <p><u>Expense</u> is decreases in the net assets/equity of the entity, other than decreases arising from ownership distributions.</p>	<p><i>Carried forward from IPSAS 1 and updated</i></p> <ul style="list-style-type: none"> Refer to notes in the proposed definition of an asset.
IFRS 18 Appendix A	<p>General purpose financial reports are reports that provide financial information about a reporting entity that is useful to primary users in making decisions relating to providing resources to the entity. Those decisions involve decisions about:</p> <p>(a) Buying, selling, or holding equity and debt instruments;</p> <p>(b) Providing or selling loans and other forms of credit; or</p> <p>(c) Exercising rights to vote on, or otherwise influence, the entity's management's actions that affect the use of the entity's economic resources.</p> <p>General purpose financial reports include but are not restricted to an entity's general purpose financial statements and sustainability-related financial disclosures.</p> <p><u>General purpose financial reports</u> are financial reports intended to meet the information needs of users who are unable to require the preparation of financial reports tailored to meet their specific information needs. General purpose financial reports encompass financial statements including their notes.</p>	<p><i>New IFRS 18 definition</i></p> <ul style="list-style-type: none"> A definition of general purpose financial reports (GPFR) was not previously provided in IFRS but was defined in the IASB's Conceptual Framework. The IASB introduced the definition into IFRS 18 to establish a common understanding of the purpose and scope of financial reporting. The IPSAS equivalent definition is based on the IPSASB Conceptual Framework description of GPFRs.

⁵ Paragraph 8.43 of the IPSASB Conceptual Framework:

For the financial statements, displayed information is shown on the face of the appropriate statement, while disclosures are provided in the notes. Distinguishing displayed information and disclosed information through location ensures that items that directly relate to communicating matters, such as an entity's financial position, financial performance, and cash flows, can be highlighted, with further detailed information provided through disclosure in the notes.

Agenda Item 9.3.2

CF 1.4 & 1.6	<u>and the presentation of information that enhances, complements, and supplements the financial statements.</u>	<ul style="list-style-type: none"> The definition supports the definition of general purpose financial statements (GPFS), which establishes the scope of the standard.
IFRS 18 Appendix A	General Purpose Financial Statements are a particular form of general purpose financial reports that provide information about a reporting entity's assets, liabilities, <u>net asset/equity, income revenue, and expenses and cash flows.</u>	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> IFRS 18 includes an updated definition from that provided in IAS 1. IPSAS 1 does not define general purpose financial statements (GPFS).⁶ A reference to 'cash flows' was added as this is a key part of the information provided by GPFS, as described by the IPSASB Conceptual Framework.⁷
IPSAS 1.7	Impracticable: Applying a requirement is impracticable when the entity cannot apply it after making every reasonable effort to do so.	<p><i>Carried forward from IPSAS 1</i></p> <ul style="list-style-type: none"> The definition is consistent with IFRS.
IFRS 18 Appendix A	<p>IFRS Accounting Standards are Standards and Interpretations issued by the International Accounting Standards Board (IASB). They comprise:</p> <p>(a) IFRS Accounting Standards;</p> <p>(b) International Accounting Standards;</p> <p>(c) IFRIC Interpretations; and</p> <p>(d) SIC Interpretations.</p>	<p><i>New IFRS 18 definition not used</i></p> <ul style="list-style-type: none"> Carried forward from IAS 1 into IFRS 18. IPSAS 1 does not provide an equivalent definition. A description of 'IPSAS' is provided in the preface to the IPSASB Handbook, and therefore, staff do not consider it necessary to provide a definition in the presentation standard.

⁶ The reference to GPFSs is used pervasively throughout IPSAS 1 (including defining the scope of the standard). Therefore, it would be helpful to provide a definition consistent with the approach taken in IFRS 18.

⁷ Paragraph 4.6 of the IPSASB Conceptual Framework provides that financial statements present information about the resources of the reporting entity or group reporting entity, claims to those resources at the reporting date, and changes to those resources and claims and cash flows for the reporting period.

Agenda Item 9.3.2

<p>IPSAS 1.7 CF 5.14</p>	<p>Liabilities are A liability is a present obligations of the entity arising from to transfer resources as a result past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits or service potential.</p>	<p>Carried forward from IPSAS 1 and updated</p> <ul style="list-style-type: none"> Refer to notes in the proposed definition of an asset.
<p>IFRS 18 Appendix A</p>	<p>A Management-defined performance measures: is a subtotal of income revenue and expenses that:</p> <ul style="list-style-type: none"> (a) An entity uses in public communications outside financial statements; (b) An entity uses to communicate to users of financial statements management's view of an aspect of the financial performance of the entity as a whole; and (c) Is not listed in paragraph 149 of IFRS 18, or specifically required to be presented displayed or disclosed in financial statements by IFRS Accounting Standards IPSAS. 	<p>New IFRS 18 definition</p> <ul style="list-style-type: none"> To be considered at a future IPSASB meeting
<p>IFRS 18 Appendix A</p>	<p>Material information: Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the discharge of accountability by the entity, or decisions that the primary users of general purpose financial statements make on the basis of these the entity's financial statements, which provide financial information about a specific reporting entity prepared for that reporting period.</p>	<p>Aligned with IFRS 18</p> <ul style="list-style-type: none"> The reference to 'users' versus 'primary users' will be considered at a future IPSAS meeting.
<p>IPSAS 1.7</p>	<p>Net assets/equity is the residual interest in the assets of the entity after deducting all its liabilities.</p> <p>The components of net assets/equity are contributed capital, accumulated surpluses or deficits, reserves, and non-controlling interests. Types of reserves include:</p> <ul style="list-style-type: none"> (a) Changes in revaluation surplus (see IPSAS 45, Property, Plant, and Equipment and IPSAS 31, Intangible Assets); (b) Remeasurements of defined benefit plans (see IPSAS 39, Employee Benefits); (c) Gains and losses arising from translating the financial statements of a foreign operation (See IPSAS 4, The Effects of Changes in Foreign Exchange Rates); (d) Gains and losses from investments in equity instruments designated at fair value through net assets/equity in accordance with paragraph 106 of IPSAS 41, Financial Instruments; (e) Gains and losses on financial assets measured at fair value through net assets/equity in accordance with paragraph 41 of IPSAS 41; 	<p>Definition carried forward from IPSAS 1</p> <ul style="list-style-type: none"> No equivalent definition is provided in IFRS 18. Consistent with IFRS 18, the guidance on the components that make up net assets/equity has been moved to the main section of the standard. To be considered at a future IPSAS meeting.⁸

⁸ An update of the 'net assets/equity' definition and its components is subject to future IPSASB deliberations based on the outcomes of deliberations concerning the treatment of certain items of revenue and expense currently recognized by IPSAS 1 directly in equity.

	<p>(f) The effective portion of gains and losses on hedging instruments in a cash flow hedge and the gains and losses on hedging instruments that hedge investments in equity instruments measured at fair value through net assets/equity in accordance with paragraph 106 of IPSAS 41 (see paragraph 113-155 of IPSAS 41);</p> <p>(g) For particular liabilities designated as at fair value through surplus or deficit, the amount of the change in fair value that is attributable to changes in the liability's credit risk (see paragraph 108 of IPSAS 41);</p> <p>(h) Changes in the value of the time value of options when separating the intrinsic value and time value of an option contract and designating as the hedging instrument only the changes in the intrinsic value (see paragraphs 112-155 of IPSAS 41); and</p> <p>(i) Changes in the value of the forward elements of forward contracts when separating the forward element and spot element of a forward contract and designating as the hedging instrument only the changes in the spot element, and changes in the value of the foreign currency basis spread of a financial instrument when excluding it from the designation of that financial instrument as the hedging instrument (see paragraph 113-155 of IPSAS 41).</p>	
IFRS 18 Appendix A	<p>Notes disclose information reported in the financial statements provided in addition to that presented displayed in the primary financial statements.</p>	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> Carried forward from IAS 1 into IFRS 18. Supports guidance on the roles of the primary financial statements and notes.
IFRS 18 Appendix A	<p>Operating profit surplus or loss deficit is the total of all income revenue and expenses classified in the operating category.</p>	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> New definition introduced by IFRS 18. No equivalent definition is provided in IPSAS 1. To be considered at a future IPSASB meeting⁹
IFRS 18 Appendix A	<p>Other comprehensive income revenue and expense are items of income revenue and expenses (including reclassification adjustments) that are recognized outside the profit surplus or loss deficit for the period as required or permitted by other IFRS Accounting Standards IPSAS.</p>	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> Carried forward from IAS 1 into IFRS 18. No equivalent definition is provided in IPSAS 1.

⁹ The introduction of an operating profit-like sub-total into IPSAS is subject to future IPSASB deliberations.

Agenda Item 9.3.2

		<ul style="list-style-type: none"> To be considered at a future IPSASB meeting¹⁰
IFRS 18 Appendix A	Owners: Holders of claims classified as equity.	<p><i>IFRS 18 definition not used</i></p> <ul style="list-style-type: none"> The definition is not used in IPSAS 1. The IPSASB Conceptual Framework does not define 'owners'. Definitions of <i>ownership contributions</i> and <i>ownership distributions</i> are instead provided.
IPSAS 1.7	<p>Contributions from owners means future economic benefits or service potential that has been contributed to the entity by parties external to the entity, other than those that result in liabilities of the entity, that establish a financial interest in the net assets/equity of the entity, which:</p> <p>(a) Conveys entitlement both to (i) distributions of future economic benefits or service potential by the entity during its life, such distributions being at the discretion of the owners or their representatives, and to (ii) distributions of any excess of assets over liabilities in the event of the entity being wound up; and/or</p> <p>(b) Can be sold, exchanged, transferred, or redeemed.</p>	<p><i>Carried forward from IPSAS 1 and updated</i></p> <ul style="list-style-type: none"> No equivalent definition is provided in IAS 1 or IFRS 18. In the IPSASB Conceptual Framework, 'ownership contributions' are defined as financial statement elements.¹¹ The definition is aligned with the recently revised definition in the IPSASB Conceptual Framework.¹²
CF 5.33	<u>Ownership contributions are inflows of resources to an entity, contributed by external parties in their capacity as owners, which establish or increase an interest in the net asset/equity position of the entity.</u>	
IPSAS 1.7	<p>Distributions to owners means future economic benefits or service potential distributed by the entity to all or some of its owners, either as a return on investment or as a return of investment.</p>	<p><i>Carried forward from IPSAS 1 and updated.</i></p> <ul style="list-style-type: none"> No equivalent definition is provided in IAS 1 or IFRS 18. The definition is aligned with the recently revised definition in the IPSASB Conceptual Framework.¹³
CF 5.34	<u>Ownership distributions are outflows of resources from the entity, distributed to external parties in their capacity as owners, which return or reduce an interest in the net asset/equity position of the entity.</u>	

¹⁰ The introduction of an OCI-like approach into IPSAS is subject to future IPSASB deliberations.

¹¹ Paragraph 5.5 of the IPSASB Conceptual Framework.

¹² No changes have been made, except that the reference to 'net financial position' has been changed to 'net assets/equity'.

¹³ No changes have been made, except that the reference to 'net financial position' has been changed to 'net assets/equity'.

IFRS 18 Appendix A	<p>Primary financial statements: The statement(s) of financial performance, the statement of financial position, the statement of changes in equity and the statement of cash flows.</p> <p><u>The primary financial statements comprise:</u></p> <p>(a) <u>The statement of financial position;</u></p> <p>(b) <u>The statement of financial performance;</u></p> <p>(c) <u>The statement of changes in net assets/equity;</u></p> <p>(d) <u>The cash flow statement; and</u></p> <p>(e) <u>When an entity makes publicly available its approved budget:</u></p> <p>(i) <u>The comparison of budget and actual amounts presented either as a separate financial statement or as a budget column in the financial statements; and</u></p> <p>(ii) <u>The reconciliation of actual amounts on a comparable basis and actual amounts in the financial statements, when presented in accordance with IPSAS 24, Presentation of Budget Information in Financial Statements, on the face of the statement of comparison of budget and actual amounts.</u></p>	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> • New IFRS 18 definition. • The primary financial statements encompass all the components of the financial statements, excluding the notes. • The reference to 'primary financial statements' is not currently used in IPSASB literature. • The term has been used to help differentiate between the information that should be displayed in the primary financial statements and the information that should be disclosed in the notes.
IFRS 18 Appendix A	<p>Reclassification adjustments: are amounts reclassified to profit surplus or loss deficit in the current reporting period that were included in other comprehensive income revenue or expense in the current or previous periods.</p>	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> • Definition carried forward from IAS 1 into IFRS 18. • Not currently used in IPSAS 1. • To be considered at a future IPSASB meeting¹⁴
CF 5.6A	<p><u>A resource is a right to either service potential or the capability to generate economic benefits, or a right to both.</u></p>	<p>New IPSAS-specific paragraph</p> <ul style="list-style-type: none"> • Added to support the inclusion of asset and liability definitions.
IPSAS 1.7 CF 5.29	<p>Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increases increases in net assets/equity, other than increases relating to contributions from owners arising from ownership contributions.</p>	<p><i>Carried forward from IPSAS 1 and updated</i></p> <ul style="list-style-type: none"> • The definition is aligned with the recently revised definition in the IPSASB Conceptual Framework.¹⁵ •

¹⁴ Contingent upon future IPSASB deliberations regarding the possible introduction of an OCI-like approach into IPSAS.

¹⁵ The definition is aligned with the definition in paragraph 5.29 in the IPSASB Conceptual Framework, except that the reference to 'net financial position' has been changed to 'net assets/equity' to ensure consistency with terminology used in IPSAS to describe the residual balance of assets less liabilities.

IFRS 18 Appendix A CF 5.32	<p>Profit or loss: The total income less expenses included in the statement of profit or loss.</p> <p>The Surplus or deficit for the period is the difference between revenue and expenses reported on the statement of financial performance.</p>	<p>Aligned with IFRS 18</p> <ul style="list-style-type: none"> To be considered further at a future IPSASB meeting.¹⁶
IFRS 18 Appendix A	<p>Profit Surplus or loss deficit before financing and income taxes: is the total of operating profit surplus or loss deficit and all income revenue and expenses classified in the investing category.</p>	<p>New IFRS 18 definition</p> <ul style="list-style-type: none"> Definition not currently used in IPSAS 1. To be considered at a future IPSASB meeting.¹⁷
IFRS 18 Appendix A	<p>Total comprehensive income revenue and expense: is the change in net assets/equity during the period resulting from transactions and other events, other than those changes resulting from transactions with owners in their capacity as owners.</p>	<p>Carried forward from IAS 1 into IFRS 18</p> <ul style="list-style-type: none"> No equivalent definition or concept current exists in IPSAS 1 To be considered at a future IPSASB meeting.¹⁸
IFRS 18 Appendix A	<p>A useful structured summary is a structured summary provided in a primary financial statement of a reporting entity's recognized assets, liabilities, net assets/equity, income revenue, expenses, and cash flows that is useful for:</p> <ol style="list-style-type: none"> Obtaining an understandable overview of the entity's recognized assets, liabilities, net assets/equity, income revenue, expenses and cash flows; Making comparisons between entities, and between reporting periods for the same entity; and Identifying items or areas about which users of financial statements may wish to seek additional information in the notes. 	<p>Aligned with IFRS 18</p> <ul style="list-style-type: none"> New IFRS 18 definition. Introduced to help explain the roles of the primary financial statements and notes.
IPSAS 1.7	<p>Terms defined in other IPSASs are used in this Standard with the same meaning as in those Standards and are reproduced in the <i>Glossary of Defined Terms</i> published separately.</p>	<p>Carried forward from IPSAS 1</p> <ul style="list-style-type: none"> Consistent with other IPSAS.
New paragraph	<p>9. <u>The accounting for transactions, events, or conditions that make up an entity's assets, liabilities, revenue, and expenses, as defined in paragraph 8, requires the consideration of the following sources in the following order, in accordance with IPSAS 3 Accounting Policies, Changes in Estimates and Errors:</u></p>	<p>New public sector specific paragraph</p> <ul style="list-style-type: none"> Added to address the risk of unintended consequences of defining financial statement elements based on

¹⁶ To be considered when discussing issues regarding the statement of financial performance.

¹⁷ Ibid

¹⁸ Contingent upon future IPSASB deliberations regarding the possible introduction of an OCI-like approach into IPSAS.

Agenda Item 9.3.2

	<p>(a) <u>IPSAS that specifically apply to the transaction, event, or condition;</u></p> <p>(b) <u>IPSAS that deal with similar and related issues; and</u></p> <p>(c) <u>The definitions, recognition, and measurement criteria for assets, liabilities, revenue, and expense, described in the Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities.</u></p>	<p>IPSASB Conceptual Framework definitions.</p> <ul style="list-style-type: none"> Based on requirements set out in paragraph 14 of IPSAS 3.¹⁹
	Economic Entity	
IPSAS 1.8 and IPSAS 1.9 (combined)	10. The term economic entity is used in this Standard to define, for financial reporting purposes, a group of entities comprising the controlling entity and any controlled entities. Other terms sometimes used to refer to an economic entity include administrative entity, financial entity, consolidated entity, and group.	<p><i>Carried forward from IPSAS 1</i></p> <ul style="list-style-type: none"> Guidance continues to be useful and relevant to applying IPSAS. The reference to 'economic entity' is used throughout IPSAS to describe public sector specific examples.
IPSAS 1.10	11. An economic entity may include entities with both social policy and commercial objectives. For example, a government housing department may be an economic entity that includes entities that provide housing for a nominal charge, as well as entities that provide accommodation on a commercial basis.	
	Future Economic Benefits or Service Potential	
IPSAS 1.11	12. <u>The definition of an asset refers to the present control of a resource arising from past events. Resources are described as embodying a right to either service potential or the capability to generate future economic benefits, or a right to both. Control of the resources provides the entity with the ability to use the resource (or direct other parties on its use) to derive the benefit of the service potential or economic benefits embodied in the resource to achieve its objectives. Assets provide a means for entities to achieve their objectives.</u> Assets that are used to deliver goods and services in accordance with an entity's objectives, but which do not directly generate net cash inflows, are often described as embodying service potential. Assets that are used to generate net cash inflows are often described as embodying future economic benefits. <u>To encompass all the purposes to which assets may be put, this Standard uses the term "future economic benefits or service potential" to describe the essential characteristic of assets.</u>	<p><i>Carried forward from IPSAS 1</i></p> <ul style="list-style-type: none"> Guidance continues to be useful and relevant to applying IPSAS. Updated to align with the new definition of a 'resource' and updated financial statement element definitions. Drafting based on reference to paragraphs 5.8—5.10 of the IPSASB Conceptual Framework.

¹⁹ As part of consequential amendments, we expect:

- (a) The definition of an *asset* in IAS 38, *Intangible Assets* will be added to the definitions in IPSAS, 31 *Intangible Assets*; and
- (b) The definition of a *liability* in IAS 37, *Provisions, Contingent Liabilities and Contingent Assets* will be added to IPSAS 19, *Provisions, Contingent Liabilities and Contingent Assets*.

	Net Assets/Equity	
IPSAS 1.14	13. Net assets/equity is the term used in this Standard to refer to the residual measure in the statement of financial position (assets less liabilities). Net assets/equity may be positive or negative. Other terms may be used in place of net assets/equity, provided that their meaning is clear.	<p><i>Carried forward from IPSAS 1</i></p> <ul style="list-style-type: none"> Guidance continues to be useful and relevant to applying IPSAS.
IFRS 18	Objective of Financial Statements	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> IPSAS 1 refers to the 'Purpose of Financial Statements'. Used 'objective' to align with IFRS and the IPSASB Conceptual Framework, which describes the objective of general purpose financial reports.²⁰
IFRS 18.9	14. The objective of financial statements is to provide financial information about a reporting entity's assets, liabilities, <u>net assets/equity</u> , <u>income-revenue</u> , and expenses and <u>cash flows</u> that is useful to users of financial statements in assessing the prospects for future net cash inflows to the entity and in assessing management's stewardship of the entity's economic benefits for decision-making and to demonstrate the entity's accountability for the resources entrusted to it (see AG2-AG5).	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> Modifications to ensure consistency with IPSAS terminology. Changes to reflect the public sector context are based on IPSAS 1.15. Reference to 'cash flow' is included to ensure consistency with paragraph 2.17 of the IPSASB Conceptual Framework.
IPSAS 1.23	15. The financial statements provide users with information about an entity's resources and obligations at the <u>end of the reporting date period</u> and the flow of resources between reporting <u>dates periods</u> . This information is useful for users making assessments of an entity's ability to continue to provide goods and services at a given level, and the level of resources that may need to be provided to the entity in the future so that it can continue to meet its service delivery obligations.	<p><i>Carried forward from IPSAS 1</i></p> <ul style="list-style-type: none"> Guidance continues to be useful and relevant to applying IPSAS.

²⁰ The scope section clarifies that the reference to 'financial statements' as used throughout the standard refers specifically to 'general purpose financial statements'.

IPSAS 1.16	<p>16. General purpose Financial statements can also have a predictive or prospective role, providing information useful in predicting the level of resources required for continued operations, the resources that continued operations may generate, and the associated risks and uncertainties. Financial reporting may also provide users with information:</p> <p>(a) Indicating whether resources were obtained and used in accordance with the legally adopted budget; and</p> <p>(b) Indicating whether resources were obtained and used in accordance with legal and contractual requirements, including financial limits established by appropriate legislative authorities.</p>	<p><i>Carried forward from IPSAS 1</i></p> <ul style="list-style-type: none"> No equivalent paragraph is included in IAS 1 or IFRS 18. Guidance continues to be relevant and useful to public sector reporting.
IPSAS 1.18	<p>17. Although the information contained in financial statements can be relevant for the purpose of meeting the objectives in paragraph 15 will provide useful information about an entity's financial position, financial performance, and cash flows, it is unlikely to enable all these objectives to be met provide all the information users need for accountability and decision-making purposes. This is likely to be particularly so in respect of entities whose primary objective may not be to make a profit, as managers are likely to be accountable for the achievement of service delivery as well as financial objectives. Supplementary information, including non-financial statements information, may be reported alongside the financial statements in order to provide a more comprehensive picture of the entity's activities during the period.</p>	<p><i>Carried forward from IPSAS 1</i></p> <ul style="list-style-type: none"> No equivalent paragraph is included in IAS 1 or IFRS 18. Guidance continues to be relevant and useful to public sector reporting. Amendments to align with the revised objective of financial statements in paragraph 14.
IPSAS 1	Responsibility for Financial Statements	
IPSAS 1.19	<p>18. The responsibility for the preparation and presentation of financial statements varies within and across jurisdictions. In addition, a jurisdiction may draw a distinction between who is responsible for preparing the financial statements and who is responsible for approving or presenting the financial statements. Examples of people or positions who may be responsible for the preparation of the financial statements of individual entities (such as government departments or their equivalent) include the individual who heads the entity (the permanent head or chief executive) and the head of the central finance agency (or the senior finance official, such as the controller or accountant-general).</p>	<p><i>Carried forward from IPSAS 1</i></p> <ul style="list-style-type: none"> No equivalent paragraph is included in IAS 1 or IFRS 18. Guidance continues to be relevant and useful to public sector reporting.
IPSAS 1.20	<p>19. The responsibility for the preparation of the consolidated financial statements of the government as a whole usually rests jointly with the head of the central finance agency (or the senior finance official, such as the controller or accountant-general) and the finance minister (or equivalent).</p>	<p><i>Carried forward from IPSAS 1</i></p> <ul style="list-style-type: none"> No equivalent paragraph is included in IAS 1 or IFRS 18. Guidance continues to be relevant and useful to public sector reporting.

IPSAS 1	Components of Financial Statements	
IFRS 18	A Complete Set of Financial Statements	
IFRS 18.10	<p>20. A complete set of financial statements comprises:</p> <ul style="list-style-type: none"> (a) A statement (or statements) of financial performance for the reporting period (see paragraph 22); (b) A statement of financial position as at the end of the reporting period; (c) A statement of changes in <u>net assets/equity</u> for the reporting period; (d) A statement of cash flows <u>statement</u> for the reporting period <u>in accordance with IPSAS 2, Cash Flow Statements</u>; (e) <u>When an entity makes publicly available its approved budget, a comparison of budget and actual amounts presented either as a separate additional financial statement or as additional budget columns in the financial statements presented in accordance with IPSAS as specified by IPSAS 24, Presentation of Budget Information in Financial Statements</u>; (f) Notes for the reporting period; (g) Comparative information in respect of the preceding period as specified in paragraphs 60–61; and (h) A statement of financial position as at the beginning of the preceding period if required by paragraph 65. 	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> IFRS 18 includes no significant changes to the structure of the financial statements as provided in IAS 1. Consistent with equivalent requirements in IPSAS 1.21. The reference to budget information is included as a separate component, consistent with IPSAS 1 <u>Whether the statement of financial performance will be presented across multiple statements will be considered at a future IPSASB meeting.</u>
IFRS 18.11	<p>21. The statements listed in paragraphs 20(a)–20(e) (and their comparative information) are referred to as the <i>primary financial statements</i>. An entity may use titles for the statements other than those used in this Standard, <u>as long as they faithfully represent the items presented in them. For example, an entity may use the title ‘balance sheet’ or instead of ‘statement of financial position’. In addition, although this Standard uses terms such as ‘other comprehensive income’, ‘profit or loss’ and ‘total comprehensive income’, an entity may use other terms to label the totals, subtotals and line items required by this Standard as long as they are labeled in a way that faithfully represents the characteristics of the items, as required by paragraph 43. For example, an entity may use the term ‘net income’ to label ‘profit or loss’. For example, the statement of financial position may be referred to as a balance sheet or statement of assets and liabilities, and the statement of financial performance may be referred to as a statement of revenues and expenses, an operating statement, or a surplus or deficit statement. The notes may include items referred to as schedules in some jurisdictions.</u></p>	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> Consistent with IAS 1.8 and IAS 1.10. Modifications to reflect the public sector context based on the equivalent requirements in IPSAS 1.22. Requirements concerning the renaming of sub-totals are addressed in separate paragraphs within the standard.

IFRS 18.12	<p>22. An entity shall present its statement(s) of financial performance as either:</p> <p>(a) A single statement of profit or loss surplus or deficit and other comprehensive income revenue and expense, with profit or loss surplus or deficit and other comprehensive income revenue and expense presented in two sections—if this option is chosen, an entity shall present the profit or loss surplus or deficit section first followed directly by the other comprehensive income revenue and expense section; or</p> <p>(b) A statement of profit or loss surplus or deficit and a separate statement presenting comprehensive income revenue and expense that shall begin with profit or loss the surplus or deficit for the period—if this option is chosen, the statement of profit or loss surplus or deficit shall immediately precede the statement presenting comprehensive income revenue and expense.</p>	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> • New paragraph introduced by IFRS 18. • IPSAS terminology modifications. • <i>Whether the statement of financial performance will be presented across multiple statements will be considered at a future IPSASB meeting.</i>
IFRS 18.13	<p>23. In this Standard:</p> <p>(a) The profit or loss surplus or deficit section described in paragraph 22(a) and the statement of profit or loss surplus or deficit described in paragraph 12(b) are referred to as information displayed in the statement of profit or loss surplus or deficit; and</p> <p>(b) The other comprehensive income revenue and expense section described in paragraph 12(a) and the statement presenting comprehensive income revenue and expense described in paragraph 12(b) are referred to as information displayed in the statement present of comprehensive income revenue and expense.</p>	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> • New paragraph introduced by IFRS 18. • IPSAS terminology modifications. • <i>Whether the statement of financial performance will be presented across multiple statements will be considered at a future IPSASB meeting.</i>
IFRS 18.4	<p>24. An entity shall present each of the primary financial statements listed in paragraphs 20(a)–20(e) with equal prominence in a complete set of financial statements.</p>	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> • Carried forward from IAS 1, with no equivalent paragraph in IPSAS 1 • Paragraph is equally applicable to the public sector.
IFRS 18	The Roles of the Financial Statements and Notes	
IFRS 18.15	<p>25. To achieve the objective of financial statements (see paragraph 14), an entity presents-displays information in the primary financial statements and discloses information in the notes. An entity need only present, display, or disclose material information (see paragraphs 29 and AG15–AG21).</p>	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> • New paragraph introduced by IFRS 18. • Paragraph equally applicable to the public sector.

IFRS 18.16	26. The role of the primary financial statements is to provide structured summaries of a reporting entity's recognized assets, liabilities, <u>net assets/equity</u>, <u>income revenue</u>, expenses and cash flows, that are useful to users of financial statements for: (a) Obtaining an understandable overview of the entity's recognized assets, liabilities, <u>net assets/equity</u> , <u>income revenue</u> , expenses and cash flows; (b) Making comparisons between entities, and between reporting periods for the same entity; and (c) Identifying items or areas about which users of financial statements may wish to seek additional information in the notes.	<i>Aligned with IFRS 18</i> <ul style="list-style-type: none">• New paragraph introduced by IFRS 18.
IFRS 18.17	27. The role of the notes is to provide material information necessary: (a) To enable users of financial statements to understand the line items <u>presented displayed</u> in the primary financial statements (see paragraph AG8); and (b) To supplement the primary financial statements with additional information to achieve the objective of financial statements (see paragraph AG9).	<i>Aligned with IFRS 18</i> <ul style="list-style-type: none">• New paragraph introduced by IFRS 18.
IFRS 18.18	28. An entity shall use the roles of the primary financial statements and the notes, described in paragraphs 26–27, to determine whether to include information in the primary financial statements or in the notes. The different roles of the primary financial statements and the notes mean that the extent of the information required in the notes differs from that in the primary financial statements. The differences mean that: (a) To provide the structured summaries described in paragraph 26, information provided in the primary financial statements is more aggregated than information provided in the notes; and (b) To provide the information described in paragraph 27, more detailed information about the entity's assets, liabilities, net <u>assets/equity</u> , <u>income revenue</u> , expenses and cash flows, including the disaggregation of information <u>presented displayed</u> in the primary financial statements, is provided in the notes.	<i>Aligned with IFRS 18</i> <ul style="list-style-type: none">• New paragraph introduced by IFRS 18.
IFRS 18	Information <u>presented Displayed</u> in the Primary Financial Statements or Disclosed on the Notes	
IFRS 18.19	29. Some IFRS—Accounting—Standards <u>IPSAS</u> specify information that is required to be <u>presented displayed</u> in the primary financial statements or disclosed in the notes. An entity need not provide a specific <u>presentation display</u> or disclosure required by IFRS—Accounting—Standards <u>an IPSAS</u> if the information resulting from that <u>presentation</u>	<i>Aligned with IFRS 18</i> <ul style="list-style-type: none">• Carried forward from IAS.31.• Consistent with IPSAS 1.47, which provides that applying the concept of

		display or disclosure is not material. This is the case even if IFRS Accounting Standards <u>an IPSAS</u> contains a list of specific requirements or describes them as minimum requirements.	materiality means that a specific disclosure requirement in IPSAS need not be satisfied if the information is not material.
IFRS 18.20	30.	An entity shall consider whether to provide additional disclosures when compliance with the specific requirements in IFRS Accounting Standards <u>IPSAS</u> is insufficient to enable users of financial statements to understand the effect of transactions and other events and conditions on the entity's financial position and , financial performance, and cash flows .	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> Carried forward from IAS.31. Consistent with IPSAS 1.29(c). Reference to cash flows, consistent with the objective of financial statements in IPSAS.
IFRS 18	Information Presented <u>Displayed</u> in the Primary Financial Statements		
IFRS 18.21	31.	Paragraph 26 establishes that the role of the primary financial statements is to provide structured summaries that are useful for the purposes specified in that paragraph (referred to hereafter as a 'useful structured summary'). An entity shall use the role of the primary financial statements to determine what material information to present <u>display</u> in those statements, as set out in paragraphs 32–34.	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> New paragraph introduced by IFRS18.
IFRS 18.22	32.	<p>To provide a useful structured summary in a primary financial statement, an entity shall comply with specific requirements that determine the structure of the statement. The specific requirements are:</p> <p>(a) For the statement of profit or loss <u>financial performance</u>—the requirements in paragraphs 76, 97, 104 and 106;</p> <p>(b) For the statement presenting comprehensive income <u>revenue and expense</u>—the requirements in paragraphs 114-116;</p> <p>(c) For the statement of financial position—the requirements in paragraphs 124 and 131;</p> <p>(d) For the statement of changes in <u>net assets/equity</u>—the requirements in paragraph 139; and</p> <p>(e) For the statement of cash flows <u>cash flow statement</u>—the requirements in paragraph 18 of IAS 7 <u>IPSAS 2</u>.</p>	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> New paragraph introduced by IFRS 18. Whether the statement of financial performance will be presented across multiple statements will be considered at a future IPSASB meeting.
IFRS 18.23	33.	Some IFRS Accounting Standards <u>IPSAS</u> require specific line items to be presented <u>displayed</u> separately in the primary financial statements (for example paragraphs 103 and 130 of this Standard). An entity need not present <u>display</u> separately a line item in a primary financial statement if doing so is not necessary for the statement to provide a useful structured summary. This is the case even if IFRS Accounting Standards <u>an IPSAS</u> contains a	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> New paragraph introduced by IFRS 18.. Requirements similar to IPSAS 1.47, which provides that a specific disclosure requirement in an IPSAS need not be

		list of specific required line items or describes the line items as minimum requirements (see paragraph AG10).	satisfied if the information is not material.
IFRS 18.24	34.	<p>An entity shall present <u>display</u> additional line items and subtotals if such presentations are necessary for a primary financial statement to provide a useful structured summary. When an entity presents <u>displays</u> additional line items or subtotals, those line items or subtotals shall (see paragraph AG11):</p> <ul style="list-style-type: none"> (a) Comprise amounts recognized and measured in accordance with IFRS Accounting Standards <u>IPSAS</u>; (b) Be compatible with the statement structure created by the requirements listed in paragraph 32; (c) Be consistent from period to period, in accordance with paragraph 59, and (d) Be displayed no more prominently than the totals and subtotals required by IFRS Accounting Standards <u>IPSAS</u>. 	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> IPSAS terminology modifications. The requirement to present additional line items is consistent with existing requirements in IAS 1.55A, 85A, and 85B and in IPSAS 1.90 and 104.
IFRS 18		Identification of the financial statements	
IFRS 18.25	35.	An entity shall clearly identify the financial statements and distinguish them from other information in the same published document (see paragraph AG12).	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> Carried forward from existing requirements in IAS 1.49 and IPSAS 1.61.
IFRS 18.26	36.	<p>IFRS Accounting Standards <u>IPSAS</u> apply only to financial statements, and not necessarily to other information provided in an annual report, a regulatory filing or another document. Therefore, it is important that users of financial statements can distinguish information that is prepared using IFRS Accounting Standards in accordance with IPSAS from other information that may be useful to users but is not the subject of those requirements.</p>	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> Carried forward from existing requirements in IAS 1.50 and IPSAS 1.62.
IFRS 18.27	37.	<p>An entity shall clearly identify each primary financial statement and the notes. In addition, an entity shall disclose prominently, and repeat when necessary for the information provided to be understandable:</p> <ul style="list-style-type: none"> (a) The name of the reporting entity or other means of identification, and any change in that information from the end of the preceding reporting period; (b) Whether the financial statements are of an individual entity or an economic entity (i.e., a group of entities); (c) The date of the end of the reporting period or the period covered by the financial statements; (d) The presentation currency, as defined in IAS-24 IPSAS 4, The Effects of Changes in Foreign Exchange Rates; and (e) The level of rounding used for the amounts in the financial statements (see paragraph AG13). 	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> Carried forward from existing requirements in IAS 1.51 and IPSAS 1.63.

	General Requirements for Financial Statements	Agenda Item 9.2.4
IAS 8	Fair Presentation and Compliance with IPSAS	<i>Aligned with IAS 8 (amended 2024)</i> ²¹
IAS 8.6A	38. Financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income revenue and expenses set out in the Conceptual Framework for Financial Reporting IPSAS . The application of IFRSs IPSAS , with additional disclosure when necessary, is presumed to result in financial statements that achieve a fair presentation.	<i>Aligned with IAS 8 (amended 2024)</i> <ul style="list-style-type: none"> Paragraph carried forward from IAS 1.15. Consistent with the existing paragraph in IPSAS 1.27, the paragraph refers to the definition and recognition criteria of financial statement elements in accordance with IPSAS rather than the Conceptual Framework as provided in IAS 8.
IAS 8.6B	39. An entity whose financial statements comply with IFRS Standards IPSAS shall make an explicit and unreserved statement of such compliance in the notes. An entity shall not describe financial statements as complying with IFRS Standards IPSAS unless they comply with all the requirements of IFRS Standards IPSAS .	<i>Aligned with IAS 8 (amended 2024)</i> <ul style="list-style-type: none"> Consistent with the existing paragraph in IPSAS 1.28.
IAS 8.6C	40. In virtually all circumstances, an entity achieves a fair presentation by compliance with applicable IFRS Standards IPSAS . A fair presentation also requires an entity: <ol style="list-style-type: none"> To select and apply accounting policies in accordance with IAS 8 IPSAS 3, Accounting Policies, Changes in Accounting Estimates and Errors. IAS 8 IPSAS 3 sets out a hierarchy of authoritative guidance that management considers in the absence of an IFRS Standard IPSAS that specifically applies to an item. To present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information. To provide additional disclosures when compliance with the specific requirements in IFRS Standards IPSAS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance. 	<i>Aligned with IAS 8 (amended 2024)</i> <ul style="list-style-type: none"> Consistent with the existing paragraph in IPSAS 1.29.

²¹ As a result of issuing IFRS 18, the IASB has retained the section on *Fair Presentation and Compliance with IFRS*, which is currently provided in IAS 1, with no amendments to existing paragraphs. However, the IASB has consequently moved these paragraphs to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. For the CP stage of this project, these paragraphs are included in the illustrative ED, consistent with IPSAS 1.

Agenda Item 9.3.2

IAS 8.6D	41.	An entity cannot rectify inappropriate accounting policies either by disclosure of the accounting policies used or by notes or explanatory material.	Aligned with IAS 8 (amended 2024) <ul style="list-style-type: none">Consistent with IPSAS 1.30.
IAS 8.6E	42.	In the extremely rare circumstances in which management concludes that compliance with a requirement in an IFRS IPSAS would be so misleading that it would conflict with the objective of financial statements set out in the Conceptual Framework this Standard, the entity shall depart from that requirement in the manner set out in paragraph 43 if the relevant regulatory framework requires, or otherwise does not prohibit, such a departure.	Aligned with IAS 8 (amended 2024) <ul style="list-style-type: none">Consistent with IPSAS 1.31, the paragraph refers to the objective of financial statements set out in this standard rather than the Conceptual Framework as provided in IAS 8.
IAS 8.6F	43.	When an entity departs from a requirement of an IFRS IPSAS in accordance with paragraph 42, it shall disclose: (a) That management has concluded that the financial statements present fairly the entity's financial position, financial performance and cash flows; (b) That it has complied with applicable IFRSs IPSAS, except that it has departed from a particular requirement to achieve a fair presentation; (c) The title of the IFRS IPSAS from which the entity has departed, the nature of the departure, including the treatment that the IFRS IPSAS would require, the reason why that treatment would be so misleading in the circumstances that it would conflict with the objective of financial statements set out in the Conceptual Framework this Standard, and the treatment adopted; and (d) For each period presented, the financial effect of the departure on each item in the financial statements that would have been reported in complying with the requirement.	Aligned with IAS 8 (amended 2024) <ul style="list-style-type: none">Consistent with IPSAS 1.32.
IAS 8.6G	44.	When an entity has departed from a requirement of an IFRS IPSAS in a prior period, and that departure affects the amounts recognized in the financial statements for the current period, it shall make the disclosures set out in paragraphs 43(c)–43(d).	Aligned with IAS 8 (amended 2024) <ul style="list-style-type: none">Consistent with the existing paragraph in IPSAS 1.33.
IAS 8.6H	45.	Paragraph 44 applies, for example, when an entity departed in a prior period from a requirement in an IFRS IPSAS for the measurement of assets or liabilities and that departure affects the measurement of changes in assets and liabilities recognized in the current period's financial statements.	Aligned with IAS 8 (amended 2024) <ul style="list-style-type: none">Consistent with the existing paragraph in IPSAS 1.34.

IAS 8.6I	<p>46. In the extremely rare circumstances in which management concludes that compliance with a requirement in an IFRS IPSAS would be so misleading that it would conflict with the objective of financial statements set out in the Conceptual Framework this Standard, but the relevant regulatory framework prohibits departure from the requirement, the entity shall, to the maximum extent possible, reduce the perceived misleading aspects of compliance by disclosing:</p> <p>(a) The title of the IFRS IPSAS in question, the nature of the requirement, and the reason why management has concluded that complying with that requirement is so misleading in the circumstances that it conflicts with the objective of financial statements set out in the Conceptual Framework this Standard; and</p> <p>(b) For each period presented, the adjustments to each item in the financial statements that management has concluded would be necessary to achieve a fair presentation.</p>	<p><i>Aligned with IAS 8 (amended 2024)</i></p> <ul style="list-style-type: none"> Consistent with the existing paragraph in IPSAS 1.35, the paragraph refers to the objective of financial statements set out in this standard rather than the Conceptual Framework as provided in IAS 8.
IAS 8.6J	<p>47. For the purpose of paragraphs 42–46, an item of information would conflict with the objective of financial statements when it does not represent faithfully the transactions, other events and conditions that it either purports to represent or could reasonably be expected to represent and, consequently, it would be likely to influence economic decisions made by users of financial statements. When assessing whether complying with a specific requirement in an IFRS IPSAS would be so misleading that it would conflict with the objective of financial statements set out in the Conceptual Framework this Standard, management considers:</p> <p>(a) Why the objective of financial statements is not achieved in the particular circumstances; and</p> <p>(b) How the entity's circumstances differ from those of other entities that comply with the requirement. If other entities in similar circumstances comply with the requirement, there is a rebuttable presumption that the entity's compliance with the requirement would not be so misleading that it would conflict with the objective of financial statements set out in the Conceptual Framework this Standard.</p>	<p><i>Aligned with IAS 8 (amended 2024)</i></p> <ul style="list-style-type: none"> Consistent with the existing paragraph in IPSAS 1.36, the paragraph refers to the objective of financial statements set out in this standard rather than the Conceptual Framework as provided in IAS 8.
IPSAS 1.37	<p>48. Departures from the requirements of an IPSAS in order to comply with statutory/legislative financial reporting requirements in a particular jurisdiction do not constitute departures that conflict with the objective of financial statements set out in this Standard as outlined in paragraph 42. If such departures are material, an entity cannot claim to be complying with IPSASs.</p>	<p><i>Carried forward from IPSAS 1</i></p> <ul style="list-style-type: none"> No equivalent paragraph is included in IAS 1 or IFRS 18. Guidance continues to be relevant and useful to public sector reporting.

IAS 8	Going Concern	<i>Aligned with IAS 8 (amended 2024) ²²</i>
IAS 8.6K	<p>49. When preparing financial statements, management shall make an assessment of an entity's ability to continue as a going concern shall be made. This assessment shall be made by those responsible for the preparation of the financial statements. An entity shall prepare Financial statements shall be prepared on a going concern basis unless management either intends there is an intention to liquidate the entity or to cease trading operating, or has if there is no realistic alternative but to do so. When management is those responsible for the preparation of the financial statements are aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern, the entity shall disclose those uncertainties shall be disclosed. When an entity does not prepare financial statements are not prepared on a going concern basis, it shall disclose that fact shall be disclosed, together with the basis on which it prepared the financial statements are prepared and the reason why the entity is not regarded as a going concern.</p>	<p><i>Aligned with IAS 8 (amended 2024)</i></p> <ul style="list-style-type: none"> Paragraph carried forward from IAS 1 with no amendments. Modifications are to align with the equivalent paragraph in IPSAS 1.38. To be considered at future IPSASB Meetings.
IAS 8.6L	<p>50. Financial statements are normally prepared on the assumption that the entity is a going concern and will continue in operation and meet its statutory obligations for the foreseeable future. In assessing whether the going concern assumption is appropriate, management those responsible for the preparation of the financial statements takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period from the approval of the financial statements. The degree of consideration depends on the facts in each case. When an entity has a history of profitable operations and ready access to financial resources, the entity may reach a conclusion that the going concern basis of accounting is appropriate without detailed analysis. In other cases, management may need to consider a wide range of factors relating to current and expected profitability, debt repayment schedules and potential sources of replacement financing before it can satisfy itself that the going concern basis is appropriate.</p>	<p><i>Aligned with IAS 8 (amended 2024)</i></p> <ul style="list-style-type: none"> Paragraph carried forward from IAS 1 with no amendments. Modifications are to align with the equivalent paragraph in IPSAS 1.39. The bottom text removed is provided in the next paragraph, modified to reflect the public sector context. To be considered at future IPSASB Meetings.

²² As a result of issuing IFRS 18, the IASB has retained the section on *Going Concern*, which is currently provided in IAS 1, with no amendments to existing paragraphs. However, the IASB has consequentially moved these paragraphs to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. For the CP stage of this project, these paragraphs are included in the illustrative ED, consistent with IPSAS 1.

IPSAS 1.40	<p>51. The degree of consideration depends on the facts in each case, and assessments of the going concern assumption are often not predicated on the solvency test usually applied to business enterprises. There may be circumstances where the usual going concern tests of liquidity and solvency appear unfavorable, but other factors suggest that the entity is nonetheless a going concern. For example:</p> <p>(a) In assessing whether a government is a going concern, the power to levy rates or taxes may enable some entities to be considered as a going concern, even though they may operate for extended periods with negative net assets/equity; and</p> <p>(b) For an individual entity, an assessment of its statement of financial position at the end of the reporting date period may suggest that the going concern assumption is not appropriate. However, there may be multi-year funding agreements or other arrangements in place that will ensure the continued operation of the entity.</p>	<p><i>Carried forward from IPSAS 1</i></p> <ul style="list-style-type: none"> Guidance continues to be useful for providing the public sector context. To be considered at future IPSASB Meetings
IPSAS 1.41	<p>52. The determination of whether the going concern assumption is appropriate is primarily relevant for individual entities rather than for a government as a whole. For individual entities, in assessing whether the going concern basis is appropriate, those responsible for the preparation of financial statements may need to consider a wide range of factors relating to:</p> <p>(a) Current and expected performance,</p> <p>(b) Potential and announced restructurings of organizational units,</p> <p>(c) Estimates of revenue or the likelihood of continued government funding, and</p> <p>(d) Potential sources of replacement financing before it is appropriate to conclude that the going concern assumption is appropriate.</p>	<p><i>Public sector specific paragraph carried forward from IPSAS 1</i></p> <ul style="list-style-type: none"> No equivalent paragraph in IAS 1 or IFRS 18. Guidance continues to be useful for providing the public sector context. To be considered at future IPSASB Meetings
IAS 8	Accrual basis of accounting	
IAS 8.6M	<p>53. An entity shall prepare its financial statements, except for cash flow information, using the accrual basis of accounting.</p>	<p><i>Aligned with IAS 8 (amended 2024)</i></p> <ul style="list-style-type: none"> Carried forward from IAS 1.27 into IAS 8. IPSAS 1 does not currently include an equivalent paragraph. The requirement is equally applicable to the public sector and the scope of the proposed standard.

Agenda Item 9.3.2

IAS 8.6N	54. When the accrual basis of accounting is used, an entity recognizes items of assets, liabilities, income revenue , and expenses (elements of financial statements) when they satisfy the definitions and recognition criteria for those elements in the Conceptual Framework <u>accordance with IPSAS</u> .	<p><i>Aligned with IAS 8 (amended 2024)</i></p> <ul style="list-style-type: none"> IPSAS 1 does not currently include an equivalent paragraph. The requirement is equally applicable to the public sector and consistent with requirements in IPSAS. Consistent with paragraph 38, the paragraph refers to the definition and recognition criteria of financial statement elements in accordance with IPSAS rather than the Conceptual Framework as provided in IAS 8.
IFRS 18	Frequency of Reporting	
IFRS 18.28	55. An entity shall provide a complete set of financial statements at least annually. When an entity changes the end of its reporting period and provides financial statements for a period longer or shorter than one year, the entity shall <u>disclose</u>, in addition to the period covered by the financial statements: <p>(a) The reason for using a longer or shorter period; and</p> <p>(b) The fact that amounts included in the financial statements are not entirely comparable.</p>	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> Paragraph carried forward from IAS 1.36. Consistent with the equivalent paragraph in IPSAS 1.66
IPSAS 1.67	56. In exceptional circumstances, an entity may be required to, or decide to, change its reporting <u>date period</u> , for example in order to align the reporting cycle more closely with the budgeting cycle. When this is the case, it is important that (a) users be aware that the amounts shown for the current period and comparative amounts are not comparable, and (b) the reason for the change in reporting <u>date period</u> is disclosed. A further example is where, in making the transition from cash to accrual accounting, an entity changes the reporting <u>date period</u> for entities within the economic entity to enable the preparation of consolidated financial statements.	<p><i>Carried forward from IPSAS 1</i></p> <ul style="list-style-type: none"> No equivalent paragraph in IAS 1 or IFRS 18. Guidance continues to be useful for providing the public sector context.
IFRS 18.29	57. Normally, an entity consistently prepares financial statements for a one-year period. However, for practical reasons, some entities prefer to report, for example, for a 52-week period. This Standard does not preclude this practice, because the resulting financial statements are unlikely to be materially different from those that would be presented for one year.	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> Paragraph carried forward from IAS 1.37 into IFRS 18. Consistent with the equivalent paragraph in IPSAS 1.68

	Timeliness	
IPSAS 1.69	58. The usefulness of financial statements is impaired if they are not made available to users within a reasonable period after <u>the end of the reporting date period</u> . An entity should be in a position to issue its financial statements within six months of the <u>end of the reporting date period</u> . Ongoing factors such as the complexity of an entity's operations are not sufficient reason for failing to report on a timely basis. More specific deadlines are dealt with by legislation and regulations in many jurisdictions.	<p><i>Public sector specific paragraph carried forward from IPSAS 1</i></p> <ul style="list-style-type: none"> No equivalent paragraph in IAS 1 or IFRS 18. Guidance continues to be useful for providing the public sector context.
IFRS 18	Consistency of Presentation, Disclosure and Classification	
IFRS 18.30	<p>59. An entity shall retain the <u>presentation display of line items on the face of the primary financial statements</u>, disclosure <u>of items in the notes</u>, and classification of items in the financial statements from one reporting period to the next unless:</p> <p>(a) It is apparent, following a significant change in the nature of the entity's operations or a review of its financial statements, that another <u>presentation display</u>, disclosure or classification would be more appropriate having regard to the criteria for the selection and application of accounting policies in <u>IAS 8 Basis of Preparation of Financial Statements</u> IPSAS 3 (see paragraph AG22); or</p> <p>(b) An <u>IFRS Accounting Standard IPSAS</u> requires a change in <u>presentation display</u>, disclosure or classification.</p>	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> Paragraph carried forward from IAS 1.45 into IFRS 18. Consistent with the equivalent paragraph in IPSAS 1.42
IFRS 18	Comparative Information	
IFRS 18.31	60. Except when <u>IFRS Accounting Standards an IPSAS permits</u> or <u>requires</u> otherwise, an entity shall provide comparative information (that is, information for the preceding reporting period) for all amounts reported in the current period's financial statements. An entity shall include comparative information for narrative and descriptive information if it is necessary for an understanding of the current period's financial statements (see paragraph AG24).	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> Paragraph carried forward from IAS 1.38 into IFRS 18. Consistent with the equivalent paragraph in IPSAS 1.53
IFRS 18.32	61. An entity shall present a current reporting period and preceding period in each of its primary financial statements and in the notes. Paragraphs AG25-AG26 set out requirements relating to additional comparative information.	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> Paragraph carried forward from IAS 1.38A into IFRS 18. Consistent with the equivalent paragraph in IPSAS 1.53A.

	Changes in Accounting Policy, Retrospective Restatement or Reclassification	
IFRS 18.33	<p>62. If an entity changes the presentation display, disclosure or classification of items in its financial statements, it shall reclassify comparative amounts unless reclassification is impracticable. When an entity reclassifies comparative amounts, it shall disclose (including as at the beginning of the preceding period):</p> <p>(a) The nature of the reclassification;</p> <p>(b) The amount of each item or class of items that is reclassified; and</p> <p>(c) The reason for the reclassification.</p>	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> Paragraph carried forward from IAS 1.41 into IFRS 18. Consistent with the equivalent paragraph in IPSAS 1.55.
IFRS 18.34	<p>63. When it is impracticable to reclassify comparative amounts, an entity shall disclose:</p> <p>(a) The reason for not reclassifying the amounts; and</p> <p>(b) The nature of the adjustments that would have been made if the amounts had been reclassified.</p>	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> Paragraph carried forward from IAS 1.42 into IFRS 18. Consistent with the equivalent paragraph in IPSAS 1.56.
IFRS 18.36	<p>64. IAS 8 IPSAS 3 sets out the adjustments to comparative information required when an entity changes an accounting policy or corrects an error.</p>	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> Paragraph carried forward from IAS 1.44 into IFRS 18. Consistent with the equivalent paragraph in IPSAS 1.58.
IFRS 18.37	<p>65. An entity shall present a third statement of financial position as at the beginning of the preceding period in addition to the comparative information required in paragraphs 60-61 if:</p> <p>(a) It applies an accounting policy retrospectively, makes a retrospective restatement of items in its financial statements or reclassifies items in its financial statements; and</p> <p>(b) The retrospective application, retrospective restatement or the reclassification has a material effect on the information in the statement of financial position at the beginning of the preceding period.</p>	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> Paragraph carried forward from IAS 1.40A into IFRS 18. No equivalent requirement in IPSAS 1. No public sector reason was identified to depart from IFRS requirements.

IFRS 18.38	<p>66. In the circumstances described in paragraph 65 an entity shall present three statements of financial position — a statement of financial position as at:</p> <p>(a) The end of the current reporting period;</p> <p>(b) The end of the preceding period; and</p> <p>(c) The beginning of the preceding period.</p>	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> Paragraph carried forward from IAS 1.40B. Supports the application of paragraph 66.
IFRS 18.39	<p>67. When an entity is required to present a third statement of financial position applying paragraph 65, it shall disclose the information required by paragraphs 62–64 and IAS-8 IPSAS 3. However, it need not provide the related notes to the statement of financial position as at the beginning of the preceding period.</p>	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> Paragraph carried forward from IAS 1.40C. Supports the application of paragraph 66.
IFRS 18.40	<p>68. The date of that opening statement of financial position shall be as at the beginning of the preceding period regardless of whether an entity's financial statements provide comparative information for earlier periods (see paragraphs AG25–AG26).</p>	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> Paragraph carried forward from IAS 1.40D. Supports the application of paragraph 66.
IFRS 18	Aggregation and Disaggregation	Agenda Item 9.2.5
IFRS 18	Principles of Aggregation and Disaggregation	
IFRS 18.41	<p>69. For the purposes of this Standard, an item is an asset, liability, equity instrument or reserve component of net assets/equity, income revenue, expense or cash flow or any aggregation or disaggregation of such assets, liabilities, net assets/equity, income revenue, expenses or cash flows. A line item is an item that is presented displayed separately in the primary financial statements. Other material information about items is disclosed in the notes. Unless doing so would override specific aggregation or disaggregation in IFRS Accounting Standards IPSAS, an entity shall (see paragraphs AG28–AG35):</p> <p>(a) Classify and aggregate assets, liabilities, net assets/equity, income revenue, expenses or cash flows into items based on shared characteristics;</p> <p>(b) Disaggregate items based on characteristics that are not shared;</p> <p>(c) Aggregate or disaggregate items to present display line items in the primary financial statements that fulfill the role of the primary financial statements in providing useful structured summaries (see paragraph 26);</p> <p>(d) Aggregate or disaggregate items to disclose information in the notes that fulfills the role of the notes in providing material information (see paragraph 27); and</p>	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> New guidance on applying aggregation and disaggregation principles introduced by IFRS 18. The principles are aligned at the conceptual level between IFRS and IPSAS.

	(e) Ensure that aggregation and disaggregation in the financial statements do not obscure material information (see paragraph AG17).	
IFRS 18.42	70. Applying the principles in paragraph 69, an entity shall disaggregate items whenever the resulting information is material. If, applying paragraph 69(c), an entity does not present display material information in the primary financial statements, it shall disclose the information in the notes. Paragraphs AG91 and AG124 set out examples of income revenue , expenses, assets, liabilities and items of net assets/equity that might have sufficiently dissimilar characteristics that presentation in the statement of profit or loss financial performance or statement of financial position or disclosure in the notes is necessary to provide material information.	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> • Supports the application of the new requirements. • Consistent with existing guidance in paragraphs 45 and 106 of IPSAS 1.
IFRS 18.43	71. An entity shall label and describe items presented displayed in the primary financial statements (that is, totals, subtotals and line items) or items disclosed in the notes in a way that faithfully represents the characteristics of the item (see paragraphs AG36–AG38). To faithfully represent an item, an entity shall provide all descriptions and explanations necessary for a user of financial statements to understand the item. In some cases, an entity might need to include in the descriptions and explanations the meaning of the terms the entity uses and information about how it has aggregated or disaggregated assets, liabilities, net assets/equity, income revenue, expenses and cash flows.	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> • New guidance on labelling items in financial statements. • No equivalent requirements in IAS or IPSAS 1. • Appears equally applicable to public sector reporting.
IFRS 18	Offsetting	
IFRS 18.44	72. An entity shall not offset assets and liabilities or income revenue and expenses, unless required or permitted by an IFRS Accounting Standard IPSAS (see paragraphs AG29–AG30).	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> • Consistent with existing requirements in IAS 1.32 and IPSAS 1.48.
IFRS 18.45	73. <u>It is important that</u> an entity reports separately both assets and liabilities, and income revenue and expenses. Offsetting in the statement(s) of financial performance or the statement of financial position, except when offsetting reflects the substance of the transaction or other event, reduces the ability of users' ability to both (a) understand the transactions and other events and conditions that have occurred and (b) to assess the entity's future cash flows. Measuring assets net of valuation allowances — for example, obsolescence allowances on inventories and allowances for expected credit losses on financial assets—is not offsetting.	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> • Consistent with existing requirements in IAS 1.33 and IPSAS 1.49.

IPSAS 1.52	74. The offsetting of cash flows is dealt with in IPSAS 2, <i>Cash Flow Statements</i> .	Carried forward from IPSAS 1 <ul style="list-style-type: none"> The paragraph continues to be relevant and useful.
	...	
IFRS 18	Statement of Financial Position	Agenda Item 9.2.6
IFRS 18	Classification of Assets and Liabilities as Current or Non-Current	
IFRS 18.96	124. An entity shall present current and non-current assets, and current and non-current liabilities, as separate classifications in its statement of financial position in accordance with paragraphs 126–129 except when a presentation based on liquidity provides a more useful structured summary. When that exception applies, an entity shall present all assets and liabilities in order of liquidity (see paragraphs AG102–AG105).	Aligned with IFRS 18 <ul style="list-style-type: none"> Consistent with existing requirements in IAS 1.60 and IPSAS 1.70.
IFRS 18.97	125. Whichever method of presentation is adopted, an entity shall disclose <u>in the notes</u> the amount expected to be recovered or settled after more than twelve months for each asset and liability line item that combines amounts expected to be recovered or settled: <p>(a) No more than twelve months after the reporting period; and</p> <p>(b) More than twelve months after the reporting period.</p>	Aligned with IFRS 18 <ul style="list-style-type: none"> Consistent with existing requirements in IAS 1.61 and IPSAS 1.71. Modification for clarity purposes.
IFRS 18.98	When an entity presents current and non-current assets, and current and non-current liabilities, as separate classifications in its statement of financial position, it shall not classify deferred tax assets (liabilities) as current assets (liabilities).	IFRS 18 paragraph not used <ul style="list-style-type: none"> Paragraph carried forward from IAS 1.56, not currently used in IPSAS 1. The accounting (and presentation) for deferred tax does not apply to IPSAS.
IFRS 18	Current Assets	
IFRS 18.99	126. An entity shall classify an asset as current when <u>it satisfies any of the following criteria</u> (see paragraphs AG106–AG108): <p>(a) It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;</p> <p>(b) It holds the asset primarily for the purpose of trading;</p> <p>(c) It expects to realize the asset within twelve months after the reporting period; or</p>	Aligned with IFRS 18 <ul style="list-style-type: none"> Consistent with existing requirements in IAS 1.66 and IPSAS 1.76. Modification consistent with IPSAS 1 and provided for clarity purposes.

		(d) The asset is cash or a cash equivalent (as defined in IAS 7 IPSAS 2), unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.	
IFRS 18.100	127.	An entity shall classify all assets other than those specified in paragraph 126 as non-current.	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> Consistent with existing requirements in IAS 1.66 and IPSAS 1.76.
	Current Liabilities		
IFRS 18.101	128.	<p>An entity shall classify a liability as current when it satisfies any of the following criteria:</p> <p>(a) It expects to settle the liability in its normal operating cycle (see paragraphs AG109 and AG120–AG121);</p> <p>(b) It holds the liability primarily for the purpose of trading (see paragraph AG110);</p> <p>(c) The liability is due to be settled within twelve months after the reporting period (see paragraphs AG110–AG111 and AG120–AG121); or</p> <p>(d) It does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period (see paragraphs AG112–AG121).</p>	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> Consistent with existing requirements in IAS 1.69 and IPSAS 1.80. Modification consistent with IPSAS 1 and provided for clarity purposes.
IFRS 18.102	129.	An entity shall classify all liabilities other than those specified in paragraph 128 as non-current.	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> Consistent with existing requirements in IAS 1.69 and IPSAS 1.80.
IFRS 18	Items to be presented in the <u>Displayed in the</u> Statement of Financial Position or Disclosed in the Notes		
IFRS 18.103	130.	<p>An entity shall present in the display on the face of the statement of financial position <u>the amounts for the following</u> line items for:</p> <p>(a) Property, plant and equipment;</p> <p>(b) Investment property;</p> <p>(c) Intangible assets;</p> <p>(d) Goodwill;</p> <p>(e) Financial assets (excluding amounts shown under (f), (i) and (j));</p> <p>(f) Portfolios of contracts within the scope of IFRS 17 that are assets, disaggregated as required by paragraph 78 of IFRS 17;</p> <p>(f) Investments accounted for using the equity method;</p> <p>(g) Biological assets within the scope of <u>IAS 41-IPSAS 27, Agriculture</u>;</p>	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> Consistent with existing requirements in IAS 1.69 and IPSAS 1.88. Public sector modifications based on additional line items currently included in IPSAS 1. Line items not applicable to IPSAS have been removed, consistent with IPSAS 1.

	<p>(h) Inventories;</p> <p>(i) Trade and other Receivables <u>and other accrued revenue</u>;</p> <p>(j) Cash and cash equivalents;</p> <p>(k) The total of assets classified as held for sale and assets included in disposal groups classified as held for sale in accordance with IFRS-5 IPSAS 44, <u>Non-Current Assets Held for Sale and Discontinued Operations</u>;</p> <p>(l) <u>Social benefit liabilities</u>;</p> <p>(m) <u>Taxes and transfers payable</u>;</p> <p>(n) Trade and other Payables <u>and other accrued expenses</u>;</p> <p>(o) Provisions;</p> <p>(p) Financial liabilities (excluding amounts shown under (m), (n), and (o); <u>and</u></p> <p>(p) Portfolios of contracts within the scope of IFRS 17 that are liabilities, disaggregated as required by paragraph 78 of IFRS 17;</p> <p>(q) Liabilities and assets for current tax, as defined in IAS 12;</p> <p>(r) Deferred tax liabilities and deferred tax assets, as defined in IAS 12; and</p> <p>(q) Liabilities included in disposal groups classified as held for sale in accordance with IFRS-5 IPSAS 44.</p>	
IFRS 18.104	<p>131. An entity shall present in the display on the face of the statement of financial position:</p> <p>(a) Non-controlling interests; and</p> <p>(b) Issued capital and reserves <u>Net assets/equity</u> attributable to owners of the parent <u>controlling entity</u>.</p>	<p>Aligned with IFRS 18</p> <ul style="list-style-type: none"> Consistent with existing requirements in IAS1.54 and IPSAS1.88.
New paragraph	<p>132. <u>Paragraphs 162-166 of IPSAS 47, Revenue, and paragraphs 44-48 of IPSAS 48, Transfer Expenses, set out the requirements for the display of line items on the face of the statement of the financial position arising from an entity entering into a binding arrangement.</u></p>	<p><i>New IPSAS paragraph</i></p> <ul style="list-style-type: none"> Included to direct the reader to the specific display requirements in IPSAS 47 and IPSAS 48. These are better considered within the context of applying IPSAS 47 and IPSAS 47 rather than listing as line items in paragraph 130.

Agenda Item 9.3.2

New paragraph	133. <u>In accordance with paragraph 29, an entity need not display on the face of the statement of financial position or disclose in the notes the line items listed in paragraph 130 if the information resulting from that display or disclosure is not material (see AG14- AG21).</u>	<i>New IPSAS paragraph</i> <ul style="list-style-type: none"> To direct the reader to requirements concerning the presentation of material information. Consistent with IFRS 18.19 and IPSAS 1.47, it is helpful to provide a reminder of this requirement after the list of specific disclosures.
IFRS 18.105	134. Additional line items, headings, and sub-totals shall be presented displayed on the face of the statement of financial position when such presentation is relevant to an understanding of the entity's financial position necessary to provide a useful structured summary of the entity's assets, liabilities, and net assets/equity, in accordance with paragraphs 26 and 69(c). Paragraphs AG122-AG124 set out requirements on how an entity uses its judgement to determine whether to present additional line items in the statement of financial position or disclose items in the notes.	<i>Carried forward from IPSAS 1 and aligned with IFRS 18</i> <ul style="list-style-type: none"> Based on IPSAS 1.89 and modified to ensure consistency with new requirements concerning providing a useful structured summary.
IFRS 18.106	135. Subject to paragraph 124, this Standard does not prescribe the order or format in which an entity presents items in the statement of financial position. In addition, the descriptions used and the ordering of items or aggregation of similar items may be amended according to the nature of the entity and its transactions, to provide a useful structured summary of the entity's assets, liabilities and <u>net assets/equity</u> . For example, a financial institution public sector entity may amend the descriptions in paragraph 130 to provide a useful structured summary of the assets, liabilities and <u>net assets/equity of a financial institution based on descriptions used at a local jurisdictional level.</u>	Aligned with IFRS 18 <ul style="list-style-type: none"> Consistent with requirements in IPSAS 1.57 and IPSAS 1.90.
	Net Assets/Equity	
IPSAS 1.95	136. When an entity has no share capital, it shall disclose net assets/equity, either on the face of the statement of financial position or in the notes, showing separately. An entity shall display on the face of the statement of financial position or disclose in the notes the amounts for the components that make up the entity's net assets/equity, including: <ol style="list-style-type: none"> <u>Share capital (when applicable) (refer to paragraph 161);</u> Contributed capital, being the cumulative total at the <u>end of the reporting date period</u> of contributions from owners, less distributions to owners; Accumulated surpluses or deficits; 	<i>Carried forward from IPSAS 1</i> <ul style="list-style-type: none"> Consistent with requirements in IPSAS 1.95 and IFRS 18.111(f). Requirements continue to be appropriate for the public sector

		<p>(d) Reserves, including a description of the nature and purpose of each reserve within net assets/equity; and</p> <p>(e) Non-controlling interests.</p>	
IPSAS 1.96	137.	Many public sector entities will not have share capital, but the entity will <u>may</u> be controlled exclusively by another public sector entity. The nature of the government's controlling entity's interest in the net assets/equity of the entity is likely to be a combination of contributed capital and the aggregate of the entity's accumulated surpluses or deficits and reserves that reflect the net assets/equity attributable to the entity's operations.	<p><i>Carried forward from IPSAS 1</i></p> <ul style="list-style-type: none"> Continues to provide useful and relevant public sector specific guidance. Modifications are of an editorial nature.
IPSAS 1.97	138.	In some cases, there may be a non-controlling interest in the net assets/equity of the entity. For example, at the whole-of-government level, the economic entity may include a commercial public sector entity that has been partly privatized. Accordingly, there may be private shareholders who have a financial interest in the net assets/equity of the entity, <u>which is presented as a non-controlling interest.</u>	<p><i>Carried forward from IPSAS 1</i></p> <ul style="list-style-type: none"> Continues to provide useful and relevant public sector specific guidance. Modification to link to paragraph 136.
	...		
Application Guidance			
	Objective		
	AG1	<p><u>Paragraph 1 provides that the objective of this Standard is to set out requirements for the presentation of information in general purpose financial statements (financial statements).</u> This Standard sometimes uses the term disclosure presentation in a broad sense, encompassing items presented displayed on the face of the (a) statement of financial position, (b) statement of financial performance, (c) statement of net assets/equity, and (d) cash flow statement primary financial statements, as well as items or disclosed in the notes. Disclosures <u>Specific presentation requirements</u> are also required by included in other IPSAS. Unless specified to the contrary elsewhere in this Standard, or in another Standard IPSAS, such presentations (when material) are made either on the face of the statement of financial position, statement of financial performance, statements of changes in net assets/equity or cash flow statement (whichever is relevant) <u>a primary financial statement</u> or in the notes (in accordance with paragraphs 25-34).</p>	<p><i>IPSAS 1 paragraph moved to the application guidance</i></p> <ul style="list-style-type: none"> Based on IPSAS 1.60. Clarifies the use of the term's presentation, displayed information, and disclosed information.
	Purpose of Financial Statements		
CF 2.17 CF BC2.22	AG2	<p><u>Paragraph 14 sets out that the purpose of financial statements is to provide financial information about a reporting entity's assets, liabilities, net assets/equity, revenue, expenses and cash flows that is useful to users of financial statements for decision-making and to demonstrate the entity's accountability for the resources entrusted to it. To</u></p>	<p><i>New AG paragraph</i></p> <ul style="list-style-type: none"> Based on paragraph 2.17 of the IPSASB Conceptual Framework.

Agenda Item 9.3.2

		<u>assist users to better understand, interpret, and put into context the information presented in the financial statements, public sector entities are encouraged to present additional information to enhance, complement, and supplement the financial statements (see paragraphs AG3-AG5).</u>	<ul style="list-style-type: none"> Used as a lead-in for two paragraphs below (carried forward from IPSAS 1).
IPSAS 1.25	AG3	Entities are encouraged to present additional information to assist users in assessing the performance of the entity, and its stewardship of assets, as well as making and evaluating decisions about the allocation of resources. This additional information may include details about the entity's outputs and outcomes in the form of (a) performance indicators, (b) statements of service performance, (c) program reviews, and (d) other reports by management about the entity's achievements over the reporting period.	<p><i>IPSAS 1 paragraph moved to the application guidance</i></p> <ul style="list-style-type: none"> No equivalent paragraph is included in IAS 1 or IFRS 18. Guidance continues to be relevant and useful to public sector reporting. Guidance includes 'encouraged' disclosures and, therefore, has been moved to application guidance.
IPSAS 1.26	AG4	Entities are also encouraged to disclose information about compliance with legislative, regulatory, or other externally-imposed regulations. When information about compliance is not included in the financial statements, it may be useful for a note to refer to any documents that include that information. Knowledge of non-compliance is likely to be relevant for accountability purposes, and may affect a user's assessment of the entity's performance and direction of future operations. It may also influence decisions about resources to be allocated to the entity in the future.	<p><i>IPSAS 1 paragraph moved to the application guidance</i></p> <ul style="list-style-type: none"> No equivalent paragraph is included in IAS 1 or IFRS 18. Guidance continues to be relevant and useful to public sector reporting. Guidance includes 'encouraged' disclosures and, therefore, has been moved to application guidance.
CF BC2.19	AG5	<u>The additional information described in AG3 – AG4 may be communicated by separate reports that present financial and non-financial information about the achievement of the entity's service delivery objectives during the reporting period; it's compliance with approved budgets and legislation or other authority governing the raising and use of resources; and prospective financial and non-financial information about its future service delivery activities, objectives, and resource needs. In some cases, information about these matters may be disclosed in notes to the financial statements.</u>	<p><i>New AG paragraph</i></p> <ul style="list-style-type: none"> Included to explain that if an entity chooses to present additional information to enhance, complement, and supplement the information in the financial statements, this information may be presented in separate reports or, in some cases, the notes to the financial statements. Based on BC 2.19 of the IPSASB Conceptual Framework.

	Components of Financial Statements	
	A Complete Set of Financial Statements	
IPSAS 1.24	<p>AG6 <u>Paragraph 20 requires that a complete set of financial statements includes the presentation of budget information when budget information is made publicly available.</u> Public sector entities are typically subject to budgetary limits in the form of appropriations or budget authorizations (or equivalent), which may be given effect through authorizing legislation. General purpose financial reporting by public sector entities may provide information on whether resources were obtained and used in accordance with the legally adopted budget. Entities that make publicly available their approved budget(s) are required to comply with the requirements of IPSAS 24, <i>Presentation of Budget Information in Financial Statements</i>.</p>	<p><i>IPSAS 1 paragraph moved to the application guidance</i></p> <ul style="list-style-type: none"> Guidance continues to be useful and relevant to applying IPSAS. Guidance explains the context for the requirements in the core standard and, therefore, has been moved to application guidance.
IPSAS 1.24	<p>AG7 For other entities, where the financial statements and the budget are <u>prepared</u> on the same basis of accounting, <u>but the budget information is not separately made publicly available.</u> This Standard encourages the inclusion in the financial statements of a comparison with the budgeted amounts for the reporting period. Reporting against budget(s) for these entities may be presented in various different ways, including:</p> <p>(a) The use of a columnar format for the financial statements, with separate columns for budgeted amounts and actual amounts. A column showing any variances from the budget or appropriation may also be presented for completeness; and</p> <p>(b) Disclosure that the budgeted amounts have not been exceeded. If any budgeted amounts or appropriations have been exceeded, or expenses incurred without appropriation or other form of authority, then details may be disclosed by way of footnote to the relevant item in the financial statements.</p>	<p><i>IPSAS 1 paragraph moved to the application guidance</i></p> <ul style="list-style-type: none"> Guidance continues to be useful and relevant to applying IPSAS. Guidance includes 'encouraged' disclosures and, therefore, has been moved to application guidance.
IFRS 18	The Roles of the Primary Financial Statements and Notes	
	<u>Information disclosed in the notes</u>	
IFRS 18.B6	<p>AG8 Applying paragraph 27(a), an entity provides in the notes information necessary for users of financial statements to understand the line items <u>presented displayed</u> in the primary financial statements. Examples of such information include:</p> <p>(a) Disaggregation of the line items <u>presented displayed</u> in the primary financial statements;</p> <p>(b) Descriptions of the characteristics of the line items <u>presented displayed</u> in the primary financial statements; and</p> <p>(c) Information about the methods, assumptions and judgements used in recognizing, measuring and</p>	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> New application guidance. No equivalent paragraph in IAS 1 or IPSAS 1. Application guidance supports new provisions in the core text. Modifications are limited to terminology.

		presenting displaying the items included in the primary financial statements.	
IFRS 18.B7	AG9	<p>Applying paragraph 27(b), an entity supplements the primary financial statements with additional information necessary to achieve the objective of financial statements—that is:</p> <p>(a) Information specifically required by IFRS Accounting Standards IPSAS (see paragraph 29)—for example:</p> <p>(i) Information required by IAS 27 IPSAS 19, <i>Provisions, Contingent Liabilities and Contingent Assets</i> about an entity's unrecognized contingent assets and contingent liabilities; and</p> <p>(ii) Information required by IFRS 7 IPSAS 30, <i>Financial Instruments: Disclosures</i> about an entity's exposure to various types of risks, such as credit risk, liquidity risk and market risk; and</p> <p>(b) Information additional to that specifically required by IFRS Accounting Standards IPSAS (see paragraph 30).</p>	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> • New application guidance. • No equivalent paragraph in IAS 1 or IPSAS 1. • Application guidance supports new provisions in the core text. • Modifications are limited to terminology.
IFRS 18		Information presented <u>Displayed</u> in the Primary Financial Statements	
IFRS 18.B8	AG10	<p>Paragraph 33 explains that an entity need not present display separately a line item in a primary financial statement if doing so is not necessary for the statement to provide a useful structured summary, even if the line item is required by IFRS Accounting Standards IPSAS. For example, an entity need not present display a line item listed in paragraph 103 if doing so is not necessary for the statement of profit or loss of financial performance to provide a useful structured summary of income <u>revenue</u> and expenses, or a line item listed in paragraph 130 if doing so is not necessary for the statement of financial position to provide a useful structured summary of assets, liabilities and <u>net assets</u>/equity. If an entity does not present display the line items listed paragraphs 103 and 130, it shall disclose the items in the notes if the resulting information is material (see paragraph 70).</p>	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> • New application guidance. • No equivalent paragraph in IAS 1 or IPSAS 1. • Application guidance supports new provisions in the core text. • Modifications are limited to terminology.
IFRS 18.B9	AG11	<p>Conversely, applying paragraph 34, an entity shall present display additional line items to those listed in paragraphs 103 and 130 if such presentations are necessary for the statement of profit or loss financial performance to provide a useful structured summary of income <u>revenue</u> and expenses or for the statement of financial position to provide a useful structured summary of assets, liabilities and <u>net assets</u>/equity (see paragraphs AG90–AG91 and AG122–AG124).</p>	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> • New application guidance. • No equivalent paragraph in IAS 1 or IPSAS 1. • Application guidance supports new provisions in the core text. • Modifications are limited to terminology.

IFRS 18	Identification of Financial Statements		
IFRS 18.B10	AG12	<p>Paragraph 35 requires an entity to clearly identify the financial statements and distinguish them from other information in the same published document. An entity meets these requirements by providing appropriate headings for pages, statements, notes, columns and the like. Judgement is required in determining the best way of providing such information. For example, if an entity provides the financial statements electronically, an entity considers other ways to meet the requirements—for example, by appropriate digital tagging of information provided in the financial statements.</p>	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none">• Consistent with existing requirements in IAS 1.52 and IPSAS 1.64• Provides guidance on how to apply requirements in the core text, and therefore, appropriate to move to application guidance.
IFRS 18.B11	AG13	<p>An entity often makes financial statements more understandable by providing information in thousands or millions of units of the presentation currency. This practice is acceptable as long as the entity discloses the level of rounding and does not omit material information.</p>	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none">• Consistent with existing requirements in IAS 1.53 and IPSAS 1.65• Provides guidance on how to apply requirements in the core text, and therefore, appropriate to move to application guidance.
	General Requirements for Financial Statements		Agenda Item 9.2.4
IFRS 18	Materiality <u>Material information</u>		
New paragraph	AG14	<p><u>Paragraph 25 sets out that to achieve the objectives of this Standard, an entity need only display in the primary financial statements or disclose in the notes material information.</u></p>	<p><i>New IPSAS paragraph</i></p> <ul style="list-style-type: none">• To link the application guidance on material information to requirements in the core text.
IFRS 18.B1	AG15	<p>Information is material if omitting, misstating or obscuring it could reasonably be expected to influence <u>the discharge of accountability by the entity, or</u> the decisions that the <u>primary users of the general purpose financial statements</u> make on the basis of <u>those the entity's financial statements, which provide financial information about a specific reporting entity prepared for that reporting period</u></p>	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none">• Modifications to reflect the public sector context as provided in the IPSASB Conceptual Framework definition of material.• <u>The reference to 'users' versus 'primary users' is to be considered at a future IPSAS meeting.</u>

IFRS 18.B2	AG16	Materiality depends on the nature or magnitude size of the item of information judged in the particular circumstances of each entity , or both. An entity assesses is required to assess whether information, either individually or in combination with other information, is material in the context of its financial statements taken as a whole.	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> • Modifications to align with equivalent guidance provided in paragraph 3.32 of the IPSASB Conceptual Framework.
IFRS 18.B3	AG17	<p>Information is obscured if it is communicated in a way that would have a similar effect for primary users of financial statements to omitting or misstating that information. The following are examples of circumstances that may result in material information being obscured:</p> <ul style="list-style-type: none"> (a) Information about an item, transaction or other event is disclosed in the financial statements, but the language used is vague or unclear; (b) Information regarding an item, transaction or other event is scattered throughout the financial statements; (c) Dissimilar items, transactions or other events are inappropriately aggregated; (d) Similar items, transactions or other events are inappropriately disaggregated; and (e) The understandability of the financial statements is reduced as a result of material information being hidden by immaterial information to the extent that a primary user is unable to determine what information is material. 	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> • Guidance carried forward from IAS 1.7 and moved to application guidance. • Equivalent guidance is not currently included in IPSAS 1 • The guidance is equally applicable to the public sector. • The reference to 'users' versus 'primary users' is to be considered at a future IPSAS meeting.
IFRS 18.B4	AG18	Assessing whether information could reasonably be expected to influence decisions made by the primary users of a specific reporting entity's general purpose financial statements requires an entity to consider the characteristics of those users while also considering the entity's own circumstances.	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> • Paragraph carried forward from IAS 1.7 and moved to application guidance. • Consistent with existing paragraph in IPSAS 1.13.
IFRS 18.B5	AG19	<p>Many existing and potential investors, lenders and other creditors cannot require reporting entities to provide information directly to them and must rely on general purpose financial statements for much of the financial information they need. Consequently, they are the primary users to whom general purpose financial statements are directed. Financial statements are prepared for users who have a reasonable knowledge of business and economic activities and who review and analyse the information diligently. At times, even well-informed and diligent users may need to seek the aid of an adviser to understand information about complex economic phenomena.</p> <p><u>Many service recipients and resource providers do not possess the ability to require a public sector entity to disclose</u></p>	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> • The IFRS 18 application guidance has been amended to reflect the public sector context, based on equivalent guidance in the IPSASB Conceptual Framework. • The paragraph explains the primary users to whom public sector general purpose financial statements are often prepared.

Agenda Item 9.3.2

		<u>information directly to them and, therefore, rely on the financial statements for much of the financial information they need for accountability and decision-making purposes. The legislature (or similar body) and members of parliament (or a similar representative body) also make extensive and ongoing use of financial statements. Consequently, service recipients and resource providers (and their representatives) are often the primary users to whom financial statements in the public sector are prepared. Whether information is material is a matter of judgment and depends on the facts involved and the circumstances of a specific entity and its users.</u>	<ul style="list-style-type: none"> The paragraph is based on the primary users of general purpose financial reports described in the IPSASB Conceptual Framework.²³ The last sentence emphasizes is based on IN5 of the IASB Practice Statement 2, <i>Applying Materiality Judgements</i>.
IFRS 18.B5	AG20	Financial statements are prepared for users who are assumed to have a reasonable knowledge of business and economic activities and who review and analyze the information diligently the entity's activities and the environment in which it operates, and a willingness to study the information presented with reasonable diligence. Therefore, the materiality assessment needs to take into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> Modifications are based on seeking consistency with the IPSASB Conceptual Framework and alignment with equivalent guidance in IAS 1.13.²⁴
IFRS 18.B5	AG21	At times, well-informed and diligent users may need to seek the aid of an advisor to understand information about complex economic phenomena. <u>Some economic and other phenomena reported by public sector entities may be particularly complex and difficult to represent in financial statements, and some users may need to seek the aid of an advisor to assist in their understanding of them. All efforts should be undertaken to represent economic and other phenomena included in financial statements in a manner that is understandable to a wide range of users. However, information should not be excluded from financial statements solely because it may be too complex or difficult for some users to understand without assistance.</u>	<p><i>New paragraph</i></p> <ul style="list-style-type: none"> The paragraph replaces the guidance provided in IFRS 18 with equivalent public sector-specific guidance provided in paragraph 3.18 of the IPSASB Conceptual Framework.

²³ Paragraph 2.3 of the IPSASB Conceptual Framework provides that "*General purpose financial reports are developed primarily to respond to the information needs of service recipients and resource providers who do not possess the authority to require a public sector entity to disclose the information they need for accountability and information purposes.*"

²⁴ IPSASB Conceptual Framework, paragraph 3.18.

IFRS 18	Consistency of Presentation, disclosure and classification	
IFRS 18.B12	<p>AG22 Paragraph 59(a) requires an entity to change the presentation display, disclosure or classification of items in the financial statements if it is apparent that another presentation, disclosure or classification would be more appropriate. For example, a significant acquisition or disposal, or a review of the financial statements, might suggest that the financial statements need to be changed. An entity is permitted to change the presentation, disclosure or classification of items in its financial statements only if the change provides information that is more useful to users of financial statements and if the entity is likely to continue using the revised presentation display, disclosure or classification, so that inter-period comparability is not impaired. When making such changes, an entity reclassifies its comparative information in accordance with paragraphs 63–64.</p>	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> Paragraph carried forward from IAS 1.46 and moved to AGs. Provides guidance on how to apply requirements in the core text, and therefore, appropriate to move to application guidance.
IPSAS 1.43	<p>AG23 A significant acquisition or disposal, or a review of the presentation of the financial statements, might suggest that the financial statements need to be presented differently. For example, an entity may dispose of a savings bank that represents one of its most significant controlled entities and the remaining economic entity conducts mainly administrative and policy advice services. In this case, the presentation of the financial statements based on the principal activities of the economic entity as a financial institution is unlikely to be relevant for the new economic entity.</p>	<p><i>IPSAS 1 paragraph moved to application guidance</i></p> <ul style="list-style-type: none"> Supports the application of requirements in core text. Guidance continues to be useful and relevant to applying IPSAS.
IFRS 18	Comparative Information	
IFRS 18	Required Comparative Information	
IFRS 18.B13	<p>AG24. In some cases, narrative information provided in the financial statements for the preceding reporting period(s) continues to be relevant in the current period. For example, an entity discloses in the current period details of a legal dispute, the outcome of which was uncertain at the end of the preceding period and is yet to be resolved. Users of financial statements might benefit from the disclosure of information that the uncertainty existed at the end of the preceding period and from disclosure of information about the steps that have been taken during the period to resolve the uncertainty.</p>	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> Paragraph carried forward from IAS 1.38B and moved to application guidance. Consistent with existing paragraph in IPSAS 1.54. Provides guidance on how to apply requirements in the core text, and therefore, appropriate to move to application guidance.

IFRS 18	Additional comparative information		
IFRS 18.B14	AG25	An entity may provide comparative information in addition to the comparative information required by IFRS Accounting Standards IPSAS , as long as that information is prepared in accordance with IFRS Accounting Standards IPSAS . This comparative information may consist of one or more of the primary financial statements referred to in paragraph 20, but need not comprise a complete set of financial statements. When this is the case, the entity shall disclose in the notes information for those additional primary financial statements.	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> Paragraph carried forward from IAS 1.38 and moved to application guidance. No equivalent guidance is provided in IPSAS1. Paragraph applies equally to the public sector.
IFRS 18.B15	AG26	For example, an entity may present a third statement (or statement) of financial performance (thereby presenting the current reporting period, the preceding period and one additional comparative period). However, the entity is not required to present a third statement of financial position, a third <u>cash flow</u> statement of cash flows or a third statement of changes in <u>net assets</u> /equity (that is, an additional primary financial statement comparative). The entity is required to disclose in the notes the comparative information related to that additional statement(s) of financial performance.	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> Paragraph carried forward from IAS 1.38D and moved to application guidance. No equivalent guidance is provided in IPSAS1. Paragraph applies equally to the public sector.
	Changes in Accounting Policy, Retrospective Restatement or Reclassification		
IFRS 18.35	AG27	<u>Paragraph 62 requires an entity to reclassify comparative amounts if the entity changes the presentation, disclosure or classification of items in its financial statements, unless reclassification is impracticable.</u> Enhancing the inter-period comparability of information assists users of financial statements in making economic decisions, especially by allowing the assessment of trends in financial information for predictive purposes. In some circumstances, it is impracticable to reclassify comparative information for a particular prior reporting period to achieve consistency with the current period. For example, an entity may not have collected data in the prior period(s) in a way that allows reclassification, and it may be impracticable to recreate the information.	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> Paragraph carried forward from IAS 1.43 into IFRS 18. Consistent with existing paragraph in IPSAS 1.57. Included in application guidance as it provides guidance on how to apply requirements in the core text.

IFRS 18	Aggregation and Disaggregation		Agenda Item 9.2.5
IFRS 18	Principles of Aggregation and Disaggregation		
IFRS 18	Process of Aggregation and Disaggregation		
IFRS 18.B16	AG28	Financial statements result from entities processing large numbers of transactions and other events. These transactions and other events are added together (aggregated) to give rise to assets, liabilities, net assets/equity, income revenue , expenses and cash flows.	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> No equivalent guidance in IAS 1 or IPSAS 1.
IFRS 18.B17	AG29	<p>To apply the requirements in paragraph 69, an entity shall aggregate items based on shared characteristics (that is, aggregate items that have similar characteristics) and disaggregate items based on characteristics that are not shared (that is, disaggregate items that have dissimilar characteristics). In doing so, an entity shall:</p> <p>(a) Identify the assets, liabilities, equity, income revenue, expenses and cash flows that arise from individual transactions or other events;</p> <p>(b) Classify and aggregate assets, liabilities, net assets/equity, income revenue, expenses and cash flows into items based on their characteristics (for example, their nature, their function, their measurement basis or another characteristic) so as to result in the presentation display in the primary financial statements of line items and disclosure in the notes of items that have at least one similar characteristic; and</p> <p>(c) Disaggregate items based on dissimilar characteristics:</p> <p>(i) In the primary financial statements, as necessary to provide useful structured summaries (as described in paragraph 26); and</p> <p>(ii) In the notes, as necessary to provide material information (as described in paragraph 27).</p>	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> No equivalent guidance in IAS 1 or IPSAS 1.. Guidance is equally applicable to the public sector, given that both IFRS and IPSAS apply a similar principle of aggregation and disaggregation.
IFRS 18.B18	AG30	An entity may apply the steps in paragraphs AG29(a)–AG29(c) in varying order to apply the principles of aggregation and disaggregation in paragraph 69.	<i>Aligned with IFRS 18</i>
IFRS 18	Basis for aggregation and disaggregation		
IFRS 18.B19	AG31	Paragraphs AG28–AG30 explain that an entity uses its judgement to aggregate and disaggregate assets, liabilities, net assets/equity, income revenue , expenses and cash flows from individual transactions and other events based on similar and dissimilar characteristics. Paragraphs AG90 and AG123 set out examples of characteristics an entity considers in making its judgements.	<i>Aligned with IFRS 18</i>

IFRS 18.B20	AG32	The more similar the characteristics of assets, liabilities, net assets /equity, income revenue , expenses and cash flows are, the more likely it is that aggregating them will fulfill the role of the primary financial statements (that is, to provide useful structured summaries as described in paragraph 26) or the notes (that is, to provide material information as described in paragraph 27). The more dissimilar the characteristics of assets, liabilities, net assets /equity, income revenue , expenses, and cash flows are, the more likely it is that disaggregating the items will fulfill the roles of the primary financial statements or the notes.	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> No equivalent guidance in IAS 1 or IPSAS 1. Guidance is equally applicable to the public sector.
IFRS 18.B21	AG33	The items aggregated and presented displayed as line items in the primary financial statements shall have at least one similar characteristic other than meeting the definition of assets, liabilities, net assets /equity, income revenue , expenses or cash flows. However, because the role of the primary financial statements is to provide useful structured summaries, the line items in the primary financial statements are also likely to aggregate items that have sufficiently dissimilar characteristics that information about the disaggregated items is material.	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> No equivalent guidance in IAS 1 or IPSAS 1. Guidance is equally applicable to the public sector.
IFRS 18.B22	AG34	Applying paragraph 69, an entity shall disaggregate items that have dissimilar characteristics when the resulting information is material. A single dissimilar characteristic could result in information about disaggregated items being material.	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> No equivalent guidance in IAS 1 or IPSAS 1.
IFRS 18.B23	AG35	For example, an entity might present display in the statement of financial position financial assets that comprise equity investments and debt investments separately from non-financial assets. The financial assets have dissimilar characteristics because they have different measurement bases—some are measured at fair value through profit surplus or loss deficit and others at amortized cost. The entity might therefore determine that to provide a useful structured summary it is necessary to present display line items that disaggregate the financial assets based on those measurement bases. That disaggregation results in a line item comprising equity investments and debt investments measured at fair value through profit surplus or loss deficit and a line item comprising debt investments measured at amortized cost. Because equity investments are dissimilar to debt investments in that each exposes the entity to different risks, the entity would assess whether further disaggregation in the statement of financial position of financial assets measured at fair value through profit surplus or loss deficit into equity investments and debt investments is needed to provide a useful structured summary. If not, and if the resulting information were material, the entity would need to disclose in the notes the equity investments separately from	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> No equivalent guidance in IAS 1 or IPSAS 1. Guidance is equally applicable to the public sector.

		the debt investments. In addition if, for example, the equity investments had other dissimilar characteristics, the entity would be required to disaggregate further those equity investments in the notes if the resulting information were material.	
IFRS 18	Description of items		
IFRS 18.B24	AG36	<p>Paragraph 71 requires an entity to label and describe items presented displayed or disclosed in a way that faithfully represents the characteristics of the item. Such items will often be aggregations of items arising from individual transactions or other events and could vary in whether they are aggregations of items for which information is material and items for which information is immaterial. Specifically, in either the primary financial statements or in the notes:</p> <p>(a) An item for which information is material could be aggregated with other items for which information is also material—an entity might provide such an aggregation to summarize information but would also be required to disclose information about each item;</p> <p>(b) An item for which information is material could be aggregated with items for which information is not material—an entity would be required to provide information about disaggregated items only if immaterial information obscured the material information; or</p> <p>(c) An item for which information is not material could be aggregated with other items for which information is not material—an entity might provide such an aggregation to complete a list of items and would not be required to disclose information about disaggregated items, subject to paragraph AG38(b).</p>	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> No equivalent guidance in IAS 1 or IPSAS 1. Guidance is equally applicable to the public sector.
IFRS 18.B25	AG37	<p>An entity shall label items presented displayed or disclosed as 'other' only if it cannot find a more informative label. Examples of how an entity might find a more informative label are:</p> <p>(a) If an item for which information is material is aggregated with items for which information is not material, finding a label that describes the item for which information is material; and</p> <p>(b) If items for which information is not material are aggregated:</p> <p>(i) Aggregating items that share similar characteristics and describing them in a way that faithfully represents the similar characteristics; or</p> <p>(ii) Aggregating items with other items that do not share similar characteristics and describing them in a way that faithfully represents the dissimilar characteristics of the items.</p>	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> No equivalent guidance in IAS 1 or IPSAS 1. Guidance is equally applicable to the public sector.

IFRS 18.B26	<p>AG38 If an entity cannot find a more informative label than 'other':</p> <p>(a) For any aggregation—the entity shall use a label that describes the aggregated item as precisely as possible, for example, 'other operating expenses' or 'other finance expenses'.</p> <p>(b) For an aggregation comprising only items for which information is not material—the entity shall consider whether the aggregated amount is sufficiently large that users of financial statements might reasonably question whether it includes items for which information could be material. If so, information to resolve that question is material information. Accordingly, in such cases, the entity shall disclose further information about the amount—for example:</p> <p>(i) An explanation that no items for which information would be material are included in the amount; or</p> <p>(ii) An explanation that the amount comprises several items for which information would not be material, with an indication of the nature and amount of the largest item.</p>	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> No equivalent guidance in IAS 1 or IPSAS 1. Guidance is equally applicable to the public sector.
	<p>Offsetting</p>	
IFRS 18.B27	<p>AG39 Paragraph 72 prohibits an entity from offsetting assets and liabilities or income revenue and expenses unless required or permitted by an IFRS Accounting Standard <u>IPSAS</u>. For example, IFRS 15 Revenue from Contracts with Customers <u>IPSAS47, Revenue</u> requires revenue to be measured from contracts with customers at the amount of consideration to which the entity expects to be entitled in exchange for transferring promised goods or services. The amount of revenue recognized reflects any trade discounts and volume rebates the entity allows. In contrast, an entity might undertake, in the course of its ordinary activities, other transactions that do not generate revenue but are incidental to the main revenue-generating activities. The entity would present display in the primary financial statements or disclose in the notes the results of such transactions, when this presentation display or disclosure reflects the substance of the transaction or other event, by netting any income with related expenses arising on the same transaction. For example:</p> <p>(a) An entity presents displays in the primary financial statements or discloses in the notes gains and losses on the disposal of non-current assets by deducting from the amount of consideration on disposal the carrying amount of the asset and related selling expenses; and</p> <p>(b) An entity may net expenditure related to a provision that is recognized in accordance with IAS 37 <u>IPSAS 19, Provisions, Contingent Liabilities and Contingent Assets</u></p>	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> Consistent with existing requirements in IAS 1.34 and IPSAS 1.50.

		and reimbursed under a contractual arrangement with a third party (for example, a supplier's warranty agreement) against the related reimbursement.	
IFRS 18.B28	AG40	In addition, an entity presents on a net basis gains and losses arising from a group of similar transactions—for example, foreign exchange gains and losses or gains and losses arising on financial instruments held for trading that are included in the same category of the statement(s) of financial performance applying paragraphs 76–96. However, an entity shall disclose such gains and losses separately in the notes if doing so provides material information.	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> Consistent with existing requirements in IAS 1.35 and IPSAS 1.52. No issues have been identified regarding existing requirements.
	...		
IFRS 18	Statement of Financial Position		Agenda Item 9.2.6
IFRS 18	Classification of Assets and Liabilities as Current or Non-Current		
IFRS 18.B90	AG102	In applying paragraph 124, when an entity supplies goods or services within a clearly identifiable operating cycle, separate classification of current and non-current assets and liabilities in the statement of financial position provides useful information by distinguishing the net assets that are continuously circulating as working capital from those used in the entity's long-term operations. Such separate classification also highlights assets that an entity expects to realize within the current operating cycle and liabilities that are due for settlement within the same period.	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> Consistent with existing requirements in IAS 1.62 and IPSAS 1.72.
IFRS 18.B91	AG103	<u>Paragraph 124 permits an entity, on an exception basis, to display its assets and liabilities broadly in order of liquidity.</u> For some entities, such as financial institutions, a <u>presentation display</u> of assets and liabilities in increasing or decreasing order of liquidity provides a more useful structured summary than a current/non-current <u>presentation classification</u> because the entity does not supply goods or services within a clearly identifiable operating cycle <u>or reporting period</u> .	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> Consistent with existing requirements in IAS 1.63 and IPSAS 1.73.
IFRS 18.B92	AG104	In applying paragraph 124, an entity is permitted present some of its assets and liabilities using a current/non-current classification and others in order of liquidity when this provides information that is reliable and more relevant may choose to list the line items displayed under each classification based on the order liquidity. The need for a mixed basis of presentation might arise when an entity has diverse operations	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> Consistent with existing requirements in IAS 1.64 and IPSAS 1.74. Amended to remove a mixed approach being permitted in IPSAS.
IFRS 18.B93	AG105	<u>In applying paragraph 124, an entity is required to consider the expected dates of realization of all assets and liabilities displayed on the face of statement of financial position.</u>	<i>Aligned with IFRS 18</i>

Agenda Item 9.3.2

		<p>Information about expected dates of realization of assets and liabilities is useful in assessing the liquidity and solvency of an entity. IFRS 7 <u>IPSAS 30</u> requires disclosure of the maturity analysis of financial assets and financial liabilities. Financial assets include trade and other receivables, and financial liabilities include trade and other payables. Information on the expected date of recovery of non-monetary assets, such as inventories, and the expected date of settlement for liabilities, such as provisions, is also useful, whether assets and liabilities are classified as current or as non-current. For example, <u>the application paragraph of 125 requires</u> an entity discloses to disclose in the notes the amount of inventories that it expects to recover more than twelve months after the reporting period.</p>	<ul style="list-style-type: none"> Consistent with existing requirements in IAS 1.65 and IPSAS 1.75.
IFRS 18	Current Assets		
IFRS 18.B94	AG106	<p>Paragraph 127 requires an entity to classify as non-current all assets not classified as current. This Standard uses the term 'non-current' to include tangible, intangible and financial assets of a long-term nature. It does not prohibit the use of alternative descriptions as long as the meaning is clear.</p>	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> Consistent with existing requirements in IAS 1.67 and IPSAS 1.77.
IFRS 18.B95	AG107	<p>The operating cycle of an entity is the time between the acquisition of assets for processing and their realization in cash or cash equivalents. When an entity's normal operating cycle is not clearly identifiable, it is assumed to be twelve months.</p> <p>The operating cycle of an entity is the time taken to convert inputs or resources into outputs. For instance, governments transfer resources to public sector entities so that they can convert those resources into goods and services, or outputs, to meet the government's desired social, political, and economic outcomes. When the entity's normal operating cycle is not clearly identifiable, its duration is assumed to be twelve months.</p>	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> Consistent with existing requirements in IAS 1. The equivalent paragraph in IPSAS 1.78 has been used to reflect the public sector context.

IFRS 18.B95	AG108	<p>Current assets also include assets held primarily for the purpose of trading (examples include some financial assets that meet the definition of held for trading in IFRS 9) and the current portion of non-current financial assets.</p> <p>Current assets include assets (such as taxes receivable, user charges receivable, fines and regulatory fees receivable, inventories and accrued investment revenue) that are either realized, consumed or sold, as part of the normal operating cycle even when they are not expected to be realized within twelve months after the <u>end of the reporting date period</u>. Current assets also include assets held primarily for the purpose of trading (examples include some financial assets that meet the definition of held for trading in IPSAS 41, <u>Financial Instruments</u> and the current portion of non-current financial assets.</p>	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> Consistent with existing requirements in IAS 1. The equivalent paragraph in IPSAS 1.79 has been used to reflect the public sector context
IFRS 18		Current Liabilities	
IFRS 18		<i>Normal Operating Cycle (see paragraph 128(a))</i>	
IFRS 18.B96	AG109	<p>Some current liabilities, such as trade payables government transfers payable and some accruals for employee and other operating costs, are part of the working capital used in an entity's normal operating cycle. An entity classifies Such <u>operating</u> items <u>are classified</u> as current liabilities even if they are due to be settled more than twelve months after the reporting period. The same normal operating cycle applies to the classification of the entity's assets and liabilities. When the entity's normal operating cycle is not clearly identifiable, it is assumed its duration is assumed to be twelve months.</p>	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> Consistent with existing requirements in IAS 1.70 and IPSAS 1.81. Modifications based on the equivalent paragraph in IPSAS 1. Appropriate to include in AGs as it clarifies how to apply the overarching principle and requirements in the core standard.
IFRS 18		<i>Held Primarily for the Purpose of Trading (see paragraph 128(b)) or Due to be Settled within Twelve months (see paragraph 128(c))</i>	
IFRS 18.B97	AG110	<p>Other current liabilities are not settled as part of the normal operating cycle, but are due for settlement within twelve months after the reporting period or held primarily for the purpose of trading. Examples are some financial liabilities that meet the definition of held for trading in IFRS-9 <u>IPSAS 41</u>, bank overdrafts, and the current portion of non-current financial liabilities, dividends <u>or similar distributions payable</u>, income taxes and other non-trade payables. Financial liabilities that provide financing on a long-term basis (that is, are not part of the working capital used in the entity's normal operating cycle) and are not due for settlement within twelve months after the reporting period are non-current liabilities, subject to paragraphs AG112–AG116.</p>	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> Consistent with existing requirements in IAS 1.71 and IPSAS 1.82. Modifications based on the equivalent paragraph in IPSAS 1. Appropriate to include in AGs as it clarifies how to apply the general requirement in the core standard.

IFRS 18.B98	AG111	<p>An entity classifies its financial liabilities as current when they are due to be settled within twelve months after the reporting period, even if:</p> <p>(a) The original term was for a period longer than twelve months; and</p> <p>(b) An agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the financial statements are authorized for issue.</p>	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> Consistent with existing requirements in IAS 1.72 and IPSAS 1.83. Appropriate to include in AGs as it clarifies how to apply the general requirement in the core standard.
IFRS 18	<i>Right to Defer Settlement for at Least Twelve Months (paragraph 128(d))</i>		
IFRS 18.B99	AG112	<p>An entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and, as illustrated in paragraphs AG113–A116, must exist at the end of the reporting period.</p>	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> Consistent with existing requirements in IAS 1.72A and IPSAS 1.83A. Appropriate to include in AGs as it clarifies how to apply the general requirement in the core standard.
IFRS 18.B100	AG113	<p>An entity's right to defer settlement of a liability arising from a loan arrangement for at least twelve months after the reporting period may be subject to the entity complying with conditions specified in that loan arrangement (hereafter referred to as 'covenants'). For the purposes of applying paragraph 128(d), such covenants:</p> <p>(a) Affect whether that right exists at the end of the reporting period—as illustrated in paragraphs AG115–AG116—if an entity is required to comply with the covenant on or before the end of the reporting period. Such a covenant affects whether the right exists at the end of the reporting period even if compliance with the covenant is assessed only after the reporting period (for example, a covenant based on the entity's financial position at the end of the reporting period but assessed for compliance only after the reporting period).</p> <p>(b) Do not affect whether that right exists at the end of the reporting period if an entity is required to comply with the covenant only after the reporting period (for example, a covenant based on the entity's financial position six months after the end of the reporting period).</p>	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> Consistent with existing requirements in IAS 1.72B and IPSAS 1.83B. Appropriate to include in AGs as it clarifies how to apply the general requirement in the core standard.

IFRS 18.B101	AG114	If an entity has the right, at the end of the reporting period, to roll over an obligation for at least twelve months after the reporting period under an existing loan facility, it classifies the obligation as non-current, even if it would otherwise be due within a shorter period. If the entity has no such right, the entity does not consider the potential to refinance the obligation and classifies the obligation as current.	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> Consistent with existing requirements in IAS 1.73 and IPSAS 1.84. Appropriate to include in AGs as it clarifies how to apply the general requirement in the core standard.
IFRS 18.B102	AG115	When an entity breaches a covenant of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand, it classifies the liability as current, even if the lender agreed, after the reporting period and before the authorization of the financial statements for issue, not to demand payment as a consequence of the breach. The entity classifies the liability as current because, at the end of the reporting period, it does not have the right to defer its settlement for at least twelve months after that date.	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> Consistent with existing requirements in IAS 1.74 and IPSAS 1.85. Appropriate to include in AGs as it clarifies how to apply the general requirement in the core standard.
IFRS 18.B103	AG116	However, an entity classifies the liability as non-current if the lender agreed by the end of the reporting period to provide a period of grace ending at least twelve months after the reporting period, within which the entity can rectify the breach and during which the lender cannot demand immediate repayment.	<ul style="list-style-type: none"> Consistent with existing requirements in IAS 1.75 and IPSAS 1.86. Appropriate to include in AGs as it clarifies how to apply the general requirement in the core standard.
IFRS 18.B104	AG117	Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least twelve months after the reporting period. If a liability meets the criteria in paragraphs 128-129 for classification as non-current, it is classified as non-current even if management intends or expects the entity to settle the liability within twelve months after the reporting period, or even if the entity settles the liability between the end of the reporting period and the date the financial statements are authorized for issue. However, in either of those circumstances, the entity may need to disclose information about the timing of settlement to enable users of financial statements to understand the impact of the liability on the entity's financial position (see paragraphs 40(c) of IAS 8 and AG118(d)).	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> Consistent with existing requirements in IAS 1.75A and IPSAS 1.86A. Appropriate to include in AGs as it clarifies how to apply the general requirement in the core standard.
IFRS 18.B105	AG118	If the following events occur between the end of the reporting period and the date the financial statements are authorized for issue, those events are disclosed as non-adjusting events in accordance with IAS 40 <u>IPSAS 14</u> <i>Events after the Reporting Period</i> :	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> Consistent with existing requirements in IAS 1.76 and IPSAS 1.87. Appropriate to include in AGs as it clarifies how to

		<p>(a) Refinancing on a long-term basis of a liability classified as current (see paragraph A111);</p> <p>(b) Rectification of a breach of a long-term loan arrangement classified as current (see paragraph AG115);</p> <p>(c) The granting by the lender of a period of grace to rectify a breach of a long-term loan arrangement classified as current (see paragraph AG116); and</p> <p>(d) Settlement of a liability classified as non-current (see paragraph AG117).</p>	<p>apply the general requirement in the core standard.</p>
IFRS 18.B106	AG119	<p>In applying paragraphs 128–129 and AG109–AG116, an entity might classify liabilities arising from loan arrangements as non-current when the entity's right to defer settlement of those liabilities is subject to the entity complying with covenants within twelve months after the reporting period (see paragraph AG113(b)). In such situations, the entity shall disclose information in the notes that enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period, including:</p> <p>(a) Information about the covenants (including the nature of the covenants and when the entity is required to comply with them) and the carrying amount of related liabilities.</p> <p>(b) Facts and circumstances, if any, that indicate the entity may have difficulty complying with the covenants—for example, the entity having acted during or after the reporting period to avoid or mitigate a potential breach. Such facts and circumstances could also include the fact that the entity would not have complied with the covenants if they were to be assessed for compliance based on the entity's circumstances at the end of the reporting period.</p>	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> Consistent with existing requirements in IAS 1.76ZA and IPSAS 1.87A Appropriate to include in AGs as it clarifies how to apply the general requirement in the core standard.
IFRS 18	<i>Settlement (paragraphs 128(a), 128(c) and 128(d))</i>		
IFRS 18.B107	AG120	<p>For the purpose of classifying a liability as current or non-current, settlement refers to a transfer to the counterparty that results in the extinguishment of the liability. The transfer could be of:</p> <p>(a) Cash or other economic resources—for example, goods or services; or</p> <p>(b) The entity's own equity instruments, unless paragraph AG121 applies.</p>	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> Consistent with existing requirements in IAS 1.76A and IPSAS 1.87B. Appropriate to include in AGs as it clarifies how to apply the general requirement in the core standard.

IFRS 18.B108	AG121	Terms of a liability that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments do not affect its classification as current or non-current if, applying IAS 32 <u>IPSAS 29, Financial Instruments: Presentation</u> , the entity classifies the option as an equity instrument, recognizing it separately from the liability as an equity component of a compound financial instrument.	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> Consistent with existing requirements in IAS 1.76B and IPSAS 1.87C. Appropriate to include in AGs as it clarifies how to apply the general requirement in the core standard.
IFRS 18	Items to be Presented in the <u>Displayed in the</u> Statement of Financial Position or Disclosed in the Notes		
IFRS 18.B109	AG122	Paragraph 34 and 69(c) requires an entity to present <u>display</u> additional line items in the statement of financial position if doing so is necessary to provide a useful structured summary of the entity's assets, liabilities and net assets /equity. An entity uses its judgement to make this determination (including whether it is necessary to disaggregate the line items listed in paragraph 130). Paragraph 98 requires the entity to base its judgements on an assessment of whether the items have characteristics that are shared (similar characteristics) or characteristics that are not shared (dissimilar characteristics). For additional line items for assets and liabilities, an entity bases its judgements on an assessment of the nature or function of the assets or liabilities. The characteristics listed in paragraphs AG123(c)–(k) might assist an entity in identifying the nature or function of assets and liabilities.	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> Consistent with existing requirements in paragraphs 58-59 of IAS 1 and 91-92 of IPSAS 1. Supports consistent application of existing principles in IPSAS.
IFRS 18.B110	AG123	<p>Paragraphs 30 and 69(d) require an entity to disaggregate items to disclose material information in the notes. An entity uses its judgement to do this based on an assessment of whether the items have characteristics that are shared (similar characteristics) or characteristics that are not shared (dissimilar characteristics). Such characteristics include:</p> <ul style="list-style-type: none"> (a) Nature; (b) Function (role) in the entity's business activities; (c) Duration and timing of recovery or settlement (including whether an asset or liability is classified as current or non-current or whether its recovery or settlement forms part of the entity's operating cycle); (d) Liquidity; (e) Measurement basis; (f) Measurement uncertainty or outcome uncertainty (or other risks associated with an item); (g) Size; (h) Geographical location or regulatory environment; 	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> New application guidance, consistent in principle with existing requirements in IAS 1 and IPSAS 1. Supports consistent application of existing principles in IPSAS.

		<p>(i) Type, for example, the type of good or service of customer;</p> <p>(j) Tax effects—for example, if assets or liabilities have different tax bases; and</p> <p>(k) Restrictions on the use of an asset or on the transferability of a liability.</p>	
IFRS 18.B111	AG124	<p>Assets, liabilities and items of <u>net assets</u>/equity that might have sufficiently dissimilar characteristics that presentation in the statement of financial position is necessary to provide a useful structured summary or disclosure in the notes is necessary to provide material information include:</p> <p>(a) Property, plant and equipment disaggregated into classes in accordance with IAS 16 <u>IPSAS 45, Property, Plant and Equipment</u>;</p> <p>(b) Receivables disaggregated into amounts receivable from user charges, taxes trade customers other <u>revenues transactions, amounts receivable from</u> related parties, prepayments and other <u>amounts revenue amounts</u>;</p> <p>(c) Inventories disaggregated, applying IAS 2 <u>IPSAS 12, Inventories</u>, into items such as merchandise, production supplies, materials, work in progress, and finished goods;</p> <p>(d) Payables disaggregated into amounts payable <u>from tax refunds, transfers, exchange transactions, related parties, income in advance, and other expense amounts</u> applying IAS 7, to provide separately the amounts of those payables that are part of supplier finance arrangements;</p> <p>(e) <u>Social benefit liabilities disaggregated into separate social benefit schemes where these are material</u>;</p> <p>(f) Provisions disaggregated according to their nature, such as, provisions for employee benefits, decommissioning liabilities, or other items; and</p> <p>(g) Equity capital and reserves disaggregated into various classes, such as paid-in capital, share premium and reserves.</p> <p><u>(g) Components of net assets/equity disaggregated into contributed capital, accumulated surpluses, and any reserves.</u></p>	<p><i>Aligned with IFRS 18</i></p> <ul style="list-style-type: none"> Consistent with existing requirements in IAS 1.78 and IPSAS 1.94