

Meeting: International Public Sector Accounting
Standards Board

Meeting Location: Brussels, Belgium

Meeting Date: September 17–20, 2024

Agenda Item 8

For:

☐ Approval

☒ Discussion




☐ Information

IFRIC ALIGNMENT – NARROW SCOPE AMENDMENTS

Project summary	The objective of this narrow scope amendments project is to review IFRIC/SIC Interpretations issued but not yet considered by the IPSASB, to determine whether they are applicable and to be incorporated into IPSAS literature.	
Project staff lead	<ul style="list-style-type: none"> Eileen Zhou, Principal 	
Meeting objectives Project management	Topic	Agenda Item
	Project Management Dashboard	8.1.1
	Instructions up to Previous Meeting	8.1.2
	Decisions up to Previous Meeting	8.1.3
Decisions required at this meeting	Project Management	
	Analyzing and Addressing Responses to Exposure Draft (ED) 89, Amendments to Consider IFRIC Interpretations	8.2.1
	SMC 1 (Amendments to include five IFRIC Interpretations)	
	SMC 1 – Part 1 of ED 89 (Based on IFRIC 1)	8.2.2
	SMC 1 – Part 2 of ED 89 (Based on IFRIC 5)	8.2.3
	SMC 1 – Part 3 of ED 89 (Based on IFRIC 7)	8.2.4
	SMC 1 – Part 4 of ED 89 (Based on IFRIC 14)	8.2.5
	SMC 1 – Part 5 of ED 89 (Based on IFRIC 21)	8.2.6
	SMC 2 (Exclusion of two IFRIC/SIC Interpretations) and Other Comments	
	SMC 2 and Other Comments	8.2.7
Other supporting items	Supporting Document 1 – ED 89: Analysis of Respondents by Region, Function, and Language, and List of Respondents	8.3.1
	Responses to ED 89	Posted Separately

**IFRIC ALIGNMENT – NARROW SCOPE AMENDMENTS:
PROJECT MANAGEMENT DASHBOARD**

Topic	Past Meetings	September 2024	December 2024
Overall Project Management			
Plan and Approach	✓		
Review and Approve Final Pronouncement			
Consider each IFRIC/SIC Interpretation for ED 89			
• IFRIC 1, <i>Changes in Existing Decommissioning, Restoration and Similar Liabilities</i>	✓		
• IFRIC 5, <i>Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds</i>	✓		
• IFRIC 6, <i>Liabilities arising from Participating in a Specific Market—Waste Electrical and Electronic Equipment</i>	✓		
• IFRIC 7, <i>Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies</i>	✓		
• IFRIC 14, <i>IAS 19—The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i>	✓		
• IFRIC 21, <i>Levies</i>	✓		
• SIC-7, <i>Introduction of the Euro</i>	✓		
Approve Exposure Draft (with Basis for Conclusions)	✓		
Analyze and Address Responses to ED 89			
• Part 1 (guidance based on IFRIC 1)			
• Part 2 (guidance based on IFRIC 5)			
• Part 3 (guidance based on IFRIC 7)			
• Part 4 (guidance based on IFRIC 14)			
• Part 5 (guidance based on IFRIC 21)			
• Exclusion (guidance based on IFRIC 6)			
• Exclusion (guidance based on SIC-7)			
• Other Comments			

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

INSTRUCTIONS UP TO PREVIOUS MEETING

Meeting	Instruction	Actioned
March 2024	1. All instructions provided up until March 2024 were reflected in Exposure Draft (ED) 89, Amendments to Consider IFRIC Interpretations	1. All instructions provided up until March 2024 were reflected in Exposure Draft (ED) 89, Amendments to Consider IFRIC Interpretations

DECISIONS UP TO PREVIOUS MEETING

Meeting	Decision	BC Reference
March 2024	1. All decisions made up until March 2024 were reflected in Exposure Draft (ED) 89, Amendments to Consider IFRIC Interpretations	1. n/a

Analyzing and Addressing Responses to Exposure Draft (ED) 89

Purpose

1. To provide IPSASB members an overview of the IFRIC Alignment narrow scope project, and present staff's approach to review and consider responses to [Exposure Draft \(ED\) 89, Amendments to Consider IFRIC Interpretations](#).

Background

2. In September 2023, the IPSASB initiated a narrow scope amendments project to review seven IFRIC or SIC Interpretations¹ (Interpretations) that were issued by the IFRS Interpretations Committee, but had not yet considered by the IPSASB, to determine whether they apply to the public sector.
3. In March 2024, the IPSASB completed its analysis and approved ED 89 with two Specific Matters for Comment (SMC) ([Appendix 1](#)). The ED, which was open for a 60-day comment period, proposed to:
 - (a) Amend specific IPSAS to add guidance, based on five IFRIC Interpretations, because the guidance is applicable to the public sector (SMC 1); and
 - (b) Not amend IPSAS for the other two IFRIC/SIC Interpretations, because the guidance has limited applicability to the public sector, or further work would need to be completed to consider other public sector challenges (SMC 2).

Interpretation	ED 89		Staff Analysis
	Amendments to ²	ED Part	Agenda Item
SMC 1: Proposed Inclusions			
IFRIC 1 , <i>Changes in Existing Decommissioning, Restoration and Similar Liabilities</i>	IPSAS 19, IPSAS 43, IPSAS 45	Part 1	8.2.2
IFRIC 5 , <i>Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds</i>	IPSAS 19	Part 2	8.2.3
IFRIC 7 , <i>Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies</i>	IPSAS 10	Part 3	8.2.4
IFRIC 14 , <i>IAS 19—The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i>	IPSAS 39	Part 4	8.2.5
IFRIC 21 , <i>Levies</i>	IPSAS 19	Part 5	8.2.6
SMC 2: Proposed Exclusions			
IFRIC 6 , <i>Liabilities arising from Participating in a Specific Market—Waste Electrical and Electronic Equipment</i>	n/a – ED 89 proposed to exclude these Interpretations from IPSAS		8.2.7
SIC-7 , <i>Introduction of the Euro</i>			

¹ IFRIC and SIC Interpretations are developed by the IFRS Interpretations Committee (formerly "International Financial Reporting Interpretations Committee" (IFRIC)) and the former Standing Interpretations Committee (SIC). The Interpretations Committee is an interpretive body of the IASB that responds to questions about the application of IFRS. Based on its discussions, the Interpretations Committee may issue Interpretations to provide guidance on the application of standards, with its Basis for Conclusions, to support entities in consistently applying IFRS accounting standards. Interpretations do not revise, replace, nor add to existing accounting principles.

² The table excluded titles for easier readability. IPSAS titles are: IPSAS 10, *Financial Reporting in Hyperinflationary Economies*; IPSAS 19, *Provisions, Contingent Liabilities and Contingent Assets*; IPSAS 39, *Employee Benefits*; IPSAS 43, *Leases*; and IPSAS 45, *Property, Plant, and Equipment*.

Reviewing Responses to ED 89

4. The IPSASB received 17 comment letters from a diverse group of constituents.³ Staff assessed constituent support by SMC and by Interpretation. Overall, the responses were overwhelmingly supportive of the IPSASB's proposals in ED 89, and only one respondent disagreed:

Responses across 17 Comment Letters [Note 1]									
IFRIC/SIC	Agree in	Agree		Partially agree		Disagree		No Comment	
Interpretation	comments [Note 2]	#	%	#	%	#	%	#	%
SMC 1: Proposed Inclusions									
IFRIC 1	94%	16	94%	-		1	6%	-	
IFRIC 5	100%	16	94%	-		-		1	6%
IFRIC 7	100%	14	82%	-		-		3	18%
IFRIC 14	100%	16	94%	-		-		1	6%
IFRIC 21	75%	12	71%	3	18%	1	6%	1	6%
SMC 2: Proposed Exclusions									
IFRIC 6	100%	14	82%	-		-		3	18%
SIC-7	100%	14	82%	-		-		3	18%

[Note 1]: These percentages are calculated using the total number of comment letters received and include responses that did not explicitly comment on the inclusion/exclusion of that specific Interpretation.

[Note 2]: These percentages are adjusted to exclude responses that did not explicitly comment on that specific Interpretation.

5. There is a prevailing rationale for constituent support: the IPSASB's proposals in ED 89 will help public sector entities better understand and apply existing accounting principles, thereby improving the clarity and accuracy of financial information and better supporting entities in considering and managing such transactions. These proposals also maintain alignment with IFRS, where appropriate.
6. To effectively and comprehensively consider all constituent comments, staff:
- (a) Reviewed each of the 17 comment letters, in detail;
 - (b) Compiled and assessed comments, by SMC and Interpretation, to determine whether any changes should be made to the proposals in ED 89; and
 - (c) Has presented its analysis and proposed next steps in the subsequent papers for the IPSASB to consider.

Next Steps

7. In September 2024, the IPSASB will consider and discuss the analysis of responses by SMC and Interpretation, and other general comments. IPSASB members will be asked to indicate whether they agree with the next steps proposed by staff (primarily drafting changes and follow-up inquiries) to address specific constituent comments.
8. In December 2024, the IPSASB will review the final pronouncement (with agreed drafting changes) and vote on its approval.

³ Comment letters received by the IPSASB are available on the public website: <https://www.ipsasb.org/publications/exposure-draft-ed-89-amendments-consider-ifric-interpretations>

Appendix 1 – ED 89 Specific Matters for Comment

Members are not required to review this Appendix – it is provided for information purposes only.

ED 89 was issued on April 16, 2024, and was open for a 60-day comment period ending June 17, 2024. The ED asked two Specific Matters for Comment (SMC).

Specific Matter for Comment 1:

The IPSASB proposes amendments to IPSAS based on five IFRIC Interpretations developed by the IFRS Interpretations Committee, as presented in Table 1, because the guidance is applicable to the public sector (see Basis for Conclusions paragraphs in the respective IPSAS). Do you agree with the proposed amendments? If not, please explain your reasons.

Table 1: Amendments to IPSAS to Consider IFRIC Interpretations

IFRIC Interpretation	Proposed Amendments to IPSAS [Note 1]		Summary of Proposed Amendments
IFRIC 1, <i>Changes in Existing Decommissioning, Restoration and Similar Liabilities</i>	IPSAS 19, <i>Provisions, Contingent Liabilities and Contingent Assets</i>	Appendix B and Illustrative Examples	To clarify how an entity should account for specific changes in estimates of existing liabilities to dismantle, remove and restore a property, plant, and equipment asset in the scope of IPSAS 45, or right-of-use asset in the scope of IPSAS 43. (See Part 1)
	IPSAS 43, <i>Leases</i>	Reference to IPSAS 19, Appendix B	
	IPSAS 45, <i>Property, Plant, and Equipment</i>	Reference to IPSAS 19, Appendix B	
IFRIC 5, <i>Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds</i>	IPSAS 19	Appendix C	To clarify how an entity that is a contributor to a decommissioning fund should account for its obligation to pay decommissioning costs and its related interest in that fund. (See Part 2)
IFRIC 7, <i>Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies</i>	IPSAS 10, <i>Financial Reporting in Hyperinflationary Economies</i>	Appendix A	To clarify how an entity identifies the existence of hyperinflation in the economy of its functional currency when the economy was not hyperinflationary in the prior period. (See Part 3)
IFRIC 14, <i>IAS 19—The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i>	IPSAS 39, <i>Employee Benefits</i>	Appendix AA and Illustrative Examples	To clarify how an entity should consider limits on the defined benefit asset and minimum funding requirements when accounting for its post-employment defined benefits or other long-term employee defined benefits. (See Part 4)
IFRIC 21, <i>Levies</i>	IPSAS 19	Appendix D and Illustrative Examples	To clarify how an entity should account for an obligation to pay levies imposed by a government. (See Part 5)

[Note 1]: Parts 1, 2, and 5 all propose amendments to IPSAS 19. The IPSASB has proposed a single paragraph for the transitional provision (paragraph 110B), effective date (paragraph 111P), and Basis for Conclusion (paragraph BC27) in each respective Part, to reflect the proposed amendments. These paragraphs have been repeated in Parts 1, 2, and 5 in this ED, but will not be repeated in the final Pronouncement.

Specific Matter for Comment 2:

The IPSASB decided not to propose amendments to IPSAS based on two Interpretations, as presented in Table 2, for the rationale listed below. Do you agree with the IPSASB's decision not to propose amendments to IPSAS for these two Interpretations? If not, please explain your reasons, and indicate where the guidance should be included and why.

Table 2: IFRIC and SIC Interpretations not proposed for inclusion in IPSAS

IFRIC or SIC Interpretation	Summary of IFRIC or SIC Interpretation	IPSASB's Rationale for not Incorporating into IPSAS
IFRIC 6, <i>Liabilities Arising from Participating in a Specific Market—Waste Electrical and Electronic Equipment</i>	To clarify when an entity that produces electrical and electronic equipment for household use and is required under legislation to pay e-waste management costs should recognize a provision for waste management costs.	The IPSASB noted that there are rare circumstances where a public sector entity applying IPSAS would be a producer of electrical and electronic equipment for household use. Thus, the IPSASB decided that the guidance in IFRIC 6 is not applicable or useful for the public sector.
SIC-7, <i>Introduction of the Euro</i>	To clarify how an entity in a country participating in the Economic and Monetary Union (EMU) should account for the change from its national currency to the euro.	The IPSASB noted that there is limited applicability of the guidance for the international public sector, as-is. Further work is required to consider other challenges in applying IPSAS 4, <i>The Effects of Changes in Foreign Exchange Rates</i> in the international public sector, including dollarization and other current or prospective monetary unions. Thus, the IPSASB decided to further consider the application of IPSAS 4 in its future work program.

SMC 1 – Part 1 of ED 89 (Based on IFRIC 1)

Question

- Does the IPSASB agree to amend IPSAS as proposed in Part 1 of ED 89, *Amendments to Consider IFRIC Interpretations*, and address constituent comments as proposed by staff?

Recommendation

- Staff recommend the IPSASB:
 - Proceed with its proposal to amend IPSAS as presented in Part 1 of ED 89 (based on IFRIC 1, *Changes in Existing Decommissioning, Restoration and Similar Liabilities*); and
 - Agree with the editorial changes proposed in paragraph 8.

Background

- As noted in [Agenda Item 8.2.1](#), Part 1 of ED 89 proposed to amend IPSAS⁴ to add guidance that addresses how to account for the effect of three specific changes in the measurement of existing decommissioning, restoration, and similar liabilities that are both: (1) recognized as part of the cost of a property, plant and equipment (PP&E) item in the scope of IPSAS 45 or as part of a right-to-use asset in the scope of IPSAS 43; and (2) recognized as a liability in the scope of IPSAS 19.
- Specific Matter for Comment (SMC) 1 asked constituents whether they agree with the proposed amendments in ED 89. This Agenda Item summarizes staff's analysis of the constituent comments regarding the amendments proposed in Part 1 of ED 89, based on IFRIC 1.

Analysis

Overview of ED 89 Responses

- Constituents strongly supported the proposed guidance because it clarifies how to account for specific changes, improves the understanding and application of existing accounting principles, and helps entities better reflect the financial impact of such changes.

Responses Across 17 Comment Letters								
IFRIC/SIC Interpretation	Agree		Partially agree		Disagree		No Comment	
	#	%	#	%	#	%	#	%
IFRIC 1	16	94%	-		1	6%	-	

- Staff noted that the following required further consideration and analysis:
 - One respondent did not agree with the proposed inclusion; and
 - Some respondents who supported the inclusion also provided additional comments to clarify or enhance specific guidance and/or suggest editorial changes.

Assessing Comments

- Staff assessed the rationale presented by the constituent who did not agree with the proposed inclusion. In their view, the proposed guidance is not consistent with existing IPSAS principles nor

⁴ The IPSASB proposed to incorporate guidance, based on IFRIC 1, into IPSAS 19, *Provisions, Contingent Liabilities and Contingent Assets*, IPSAS 43, *Leases*, IPSAS 45, *Property, Plant, and Equipment*.

relevant for the public sector, and proposed a different approach to account for the decommissioning component of the asset. Staff considered the constituent's detailed comments and did not identify any points that challenged the IPSASB's conclusion that the proposed guidance is consistent with current IPSAS, and relevant and applicable for the public sector ([Appendix 1](#)). The guidance proposed in Part 1 of ED 89 will clarify the application of existing IPSAS principles, thereby enabling consistent accounting treatment of changes in the measurement of an existing liability on the measurement of the related asset.

8. Staff also assessed the clarification and editorial suggestions ([Appendix 2](#)), and identified two potential editorial changes:
 - (a) Revise the wording used in Illustrative Examples 2 and 3 journal entries, for greater clarity; and
 - (b) Revise the proposed effective date paragraph number, to fix an editorial error.

Proposed Next Steps

9. Considering the overwhelming constituent support and its analysis, staff recommend the IPSASB proceed with the Amendments to IPSAS proposed in Part 1 of ED 89.
10. Staff also recommend the IPSASB agree with the proposed editorial changes in paragraph 8. If the IPSASB agrees, staff will process the editorial changes for the IPSASB to review in December 2024.

Decision Required

11. Does the IPSASB agree with the Staff [recommendations](#)?

Appendix 1 – Assessing the Rationale for Exclusion

Members are not required to review this Appendix – it is provided for information purposes only.

One respondent disagreed with the inclusion of guidance, based on IFRIC 1, which was proposed in Part 1 of ED 89. This Appendix:

- Provides staff's detailed analysis of the respondent's comments; and
- Proposes whether the IPSASB should revise the guidance proposed.

Refresh: The Proposed Guidance

[March 2024 Agenda Item 5.2.2](#) presented a detailed summary of the accounting requirements to account for specific changes in the measurement of an existing decommissioning, restoration, or similar liability, and its related asset.

During its discussions, the IPSASB confirmed the proposed guidance in Part 1 of ED 89, based on IFRIC 1:

- *Is aligned with IPSAS principles* – Relevant accounting principles in IPSAS are primarily drawn from and aligned with IFRS, with limited differences for public sector terminology and measurement considerations (in particular, the addition of current operational value as a measurement basis for assets held primarily for its operational capacity);
- *Is applicable to the public sector* – Public sector entities may find themselves in similar situations and face similar challenges applying existing guidance. The proposed guidance in ED 89 clarifies how to apply existing IPSAS principles to avoid divergent accounting treatments; and
- *Did not need to be revised substantially* – Guidance in IFRIC 1 was an appropriate basis for amendments to IPSAS. Only limited changes were necessary for public sector terminology differences and to enhance references to other IPSAS for clearer signposting (where appropriate).

Analysis of Constituent Comments

Constituent Comments	Staff Analysis
Consider whether the guidance proposed in ED 89 Part 1 is consistent with its COV concept.	<p>No changes necessary.</p> <p>No inconsistency identified. COV is one of three measurement bases available under the IPSASB's current value model, to measure an asset held for its operational capacity.</p>
Proposed guidance would not be appropriate in the public sector, where the revaluation model (i.e., "current value model" in IPSAS) is used more frequently for PP&E assets than in the private sector.	<p>No changes necessary.</p> <p>Both IFRIC 1 (IFRS) and Part 1 of ED 89 (IPSAS) provide accounting guidance on how a change in measurement of the existing liability would impact the measurement of a related asset that is measured using the revaluation (i.e., current value in IPSAS) model. Frequency of usage would not be relevant to the application of the available guidance and accounting principles.</p>

Constituent Comments	Staff Analysis
<p>If the related asset is measured using the revaluation model, an entity should be required to recognize changes in the restoration provision directly against the carrying value of the asset, rather than as asset revaluation surplus. Alternatively, the decommissioning component could be accounted for at historical cost even if the underlying asset is measured at fair value or current operational value (COV).</p>	<p>No changes necessary.</p> <p>Both IFRS and IPSAS allow entities to subsequently measure PP&E and right-of-use asset using the cost model or revaluation (current value) model. If an entity chooses to use the revaluation (current value) model, both IFRS and IPSAS requires the entity to reflect any revaluation changes in surplus or deficit.</p> <p>IFRIC 1 (IFRS) and Part 1 of ED 89 (IPSAS) do not deviate from these accounting requirements. Rather, they clarify how to reflect specific types of changes (specifically changes in the estimated outflow/transfer of resources required to settle the existing decommissioning, restoration, or similar liability, or in the current market-based discount rate). IFRIC 1 and Part 1 of ED 89 indicate that the entity should apply the existing accounting principles, similar to other types of changes.</p> <p>The constituent's proposed revision would result in inconsistent accounting treatment of these specific changes in the measurement of existing liability versus other changes that impact the measurement of PP&E and right-of-use assets measured using the revaluation (current value) model. Furthermore, the proposed revision would also result in inconsistency between IFRS and IPSAS accounting principles, when there is no public sector reason for the deviation.</p>

Appendix 2 – Assessing Additional Comments

Members are not required to review this Appendix – it is provided for information purposes only.

Some respondents who agreed with the inclusion of guidance, based on IFRIC 1, also provided other comments for the IPSASB to consider. This Appendix:

- Provides staff's detailed analysis of these additional comments (e.g., additions, clarifications or editorials); and
- Proposes whether the IPSASB should revise the guidance proposed.

Analysis of Constituent Comments

Constituent Comments	Staff Analysis
Requested additional guidance	
Clarify the procedure to reverse the discount, aligned with IPSAS 19 paragraph 70.	No changes necessary. The guidance proposed in Part 1 of ED 89 will add an Appendix to the principles in the core text of IPSAS 19. IPSAS authoritative text is to be read and applied together. Thus, additional guidance based on IPSAS 19 paragraph 70 would not need to be reiterated in Appendix B.
Clarify how an entity would account for dismantling or remediation liabilities that are jointly shared with other entities.	No changes necessary. IPSAS 19 paragraph 37 provides guidance for such situations where an entity is jointly liable for an obligation that is shared with other parties. Dismantling and remediation liabilities are one potential type of such an obligation, and the proposed Appendix B would be applied together with the core text of IPSAS 19.
Clarify whether an entity, who transfers an asset with a related dismantling or remediation liability, still retains the dismantling or remediation obligation.	No changes necessary. The guidance proposed in Part 1 of ED 89 will support entities in applying principles in existing IPSAS. These existing IPSAS provide sufficient guidance to help such an entity (transferor) determine whether the liability is directly associated with the transferred asset, and whether the entity still retains control of the asset (and the associated liability) when it transfers the asset to the transfer recipient. In applying this guidance, an entity will need to apply professional judgment and consider the specific facts and circumstances in the transaction (the terms and requirements associated with the obligation in the context of its transaction and its jurisdiction) and apply the definitions of an asset and liability accordingly.
Explain the relationship between IFRIC 1, IFRIC 5. The cost of dismantling and restoration is an element of cost in the initial measurement of PP&E as required in IPSAS 45.	No changes necessary. IFRIC 1 and IFRIC 5 relate to different accounting issues. IFRIC 1 provides guidance on accounting for subsequent changes in measurement of existing decommissioning, dismantling, and restoration <i>liabilities</i> (and related assets), while IFRIC 5 provides guidance on how an entity that is required to contribute into a decommissioning <i>fund</i> , and account for its interest in that fund.

Constituent Comments	Staff Analysis
Suggested revisions	
Revise paragraph B6(a) requirement to revalue assets on a class-by-class basis, rather than asset-by-asset basis, similar to New Zealand's PBE IPSAS 19 paragraph A6(a).	<p>No changes necessary.</p> <p>IPSAS 45 paragraph 32 (which is the same as IAS 16 paragraph 36) indicates that if a PP&E item is revalued, the entire class of PP&E to which that asset belongs shall be revalued.</p> <p>The proposed guidance proposed in paragraph B6(a) (consistent with IFRIC 1 paragraph 6(c)) requires an entity to first account for the measurement change for the specific asset that is related to the decommissioning liability. Paragraph B6(c) (consistent with IFRIC 6(c)) then prompts the entity to determine whether that change is an indication that the asset may have to be revalued, and if revaluation of that asset is necessary, then the entity shall revalue all assets in that class. Thus, no revisions are necessary to paragraph 6(a).</p>
Suggested editorials	
IPSAS 19 effective date: Change paragraph number to "111M".	<p>No changes necessary.</p> <p>ED 89 uses "111P" because IPSAS 45 uses 111N, and IPSAS 47 uses 111O. Staff will re-confirm numbering when finalizing the final pronouncement.</p>
Restructure Appendix B as follows: Instruction (paragraph B1), Scope (B2), Issues (B3), and Accounting Principles (B4-B8).	<p>No changes necessary.</p> <p>The IPSASB generally incorporates IFRIC/SIC Interpretations into IPSAS using the following structure: <i>Introduction</i>, then <i>Application of IPSAS [X] to [Interpretation Topic]</i>. The structure proposed in ED 89 is consistent with this existing approach.</p>
IPSAS 19 paragraphs B5 ((a) and (b)) and B6 ((a)(i) and (c)): Explicitly specify the provision being referred to avoid confusion and different interpretations.	<p>No changes necessary.</p> <p>IPSAS authoritative text is to be read and applied together. Paragraph B4 specifies that the liability is the existing decommissioning, restoration, and similar liability associated with that related asset. Paragraphs B5-B6 are immediately after B4. Thus, staff's view that the context of "liability" is sufficiently clear.</p>
IPSAS 19: Add a new Basis for Conclusion to explain why Appendix B uses the term "current value model" rather than "revaluation model".	<p>No changes necessary.</p> <p>The IPSASB adds Basis for Conclusions to reflect decisions made on specific projects. The IPSASB decided to use the term "current value model" instead of "revaluation model" during the Measurement project. The terminology change was made to multiple IPSAS through IPSAS 45's and IPSAS 46's amendments to other IPSAS. The use of "current value model" in the proposed Appendix B of IPSAS 19 maintains consistency with past IPSASB decisions.</p>

Constituent Comments	Staff Analysis
IPSAS 19 Example 2, paragraph IE5: Revise the term “Cost of Asset” to “Asset” or “Asset (at cost)”. IPSAS 19 Example 3, IE13: Revise the term “Asset at Valuation” to “Asset (at valuation)”.	Revise wording in the journal entry line items. Staff acknowledges that Example 2 relates to an asset that is subsequently measured at historical cost and currently uses “cost of asset” in the journal entry. Example 3 relates to an asset that is subsequently measured at current value and uses “Asset at valuation” in the journal entry. Staff propose to revise as follows: a) Use “ <i>Asset (historical cost model)</i> ” in IE5, IE17, IE20; and b) Use “ <i>Asset (current value model)</i> ” in IE10, IE13, IE14.
IPSAS 19 Example 3, paragraph IE11: Recalculate the formulas: a) $CU126,600 \times 1/37 = 3,422$ b) The discount expense for 20X3 (5% of CU11,600) should be CU580, not CU600. Paragraph IE14: Revise Note 1 to “CU10,600 at December 31, 20X2 plus 20X3’s depreciation expense of CU3,422 and discount expense of CU580 = CU14,602.”	No changes necessary. In IPSAS, calculated figures in Illustrative Examples are rounded to the nearest 100’s or 1000’s (depending on the context and example). This is also consistent with IFRS.
IPSAS 19 Example 4, paragraph IE15: Replace “20Y9” with “20X9” in (a), and “20X5” with “20Y5” in (b), to better reflect the chronological order.	No changes necessary. The IPSASB expects to approve a final pronouncement for this IFRIC Alignment project in December 2024, for publication in early 2025. Example 4 assumes an entity adopted IPSAS 19 previously (on July 1, 20Y9) and then adopts Appendix B of IPSAS 19 5.5 years later (on January 1, 20X5). The 20X5 date proposed in ED 89 was intended to reflect the expected publication and effective date of the final pronouncement. Using different letters “20Y9” and “20X5” differentiates the decades.
IPSAS 43 effective date: Change paragraph number to “103A”.	No changes necessary. ED 89 uses “103H” because 103B-103G are used by other IPSAS and preceding EDs. Staff will re-confirm numbering when finalizing the final pronouncement.
IPSAS 45 paragraph 25: Add the title of IPSAS 46.	No changes necessary. The title of IPSAS 46 is already provided in a preceding paragraph of the core text (IPSAS 45 paragraph 5).

Constituent Comments	Staff Analysis
IPSAS 45 effective date: Change paragraph number to 86A, because paragraph 87 discusses the transitional provisions and not the effective date.	<p>Revise paragraph numbers.</p> <p>Staff confirmed that past practice is to add new effective date paragraphs, as a result of issued pronouncements, immediately after the primary effective date paragraph, and before the effective date paragraph regarding IPSAS 33.</p> <p>Staff propose to change the paragraph number in ED 89 to “85C”.</p> <p>Staff will also resolve the incorrect numbering in preceding pronouncements/EDs. Staff will re-confirm numbering when finalizing the final pronouncement.</p>

SMC 1 – Part 2 of ED 89 (Based on IFRIC 5)

Question

- Does the IPSASB agree to amend IPSAS as proposed in Part 2 of ED 89, *Amendments to Consider IFRIC Interpretations*?

Recommendation

- Staff recommend the IPSASB proceed with its proposal to amend IPSAS 19, *Provisions, Contingent Liabilities and Contingent Assets* as presented in Part 2 of ED 89 (based on IFRIC 5, *Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds*).

Background

- As noted in [Agenda Item 8.2.1](#), Part 2 of ED 89 proposed to amend IPSAS 19 to add guidance to clarify the accounting requirements for contributors to decommissioning, restoration, and environmental rehabilitation funds (i.e., “decommissioning funds”) that have both of the following features:
 - The assets are administered separately (either by being held in a separate legal entity or as segregated assets within another entity); and
 - A contributor’s right to access the assets is restricted.
- Specific Matter for Comment (SMC) 1 asked constituents whether they agree with the proposed amendments in ED 89. This Agenda Item summarizes staff’s analysis of the constituent comments regarding the amendments proposed in Part 2 of ED 89, based on IFRIC 5.

Analysis

Overview of ED 89 Responses

- Constituents overwhelmingly supported the proposed guidance because it clarifies how a contributor to a decommissioning fund should account for its obligation and its related interest, thus improving an entity’s understanding and application of existing accounting principles.

Responses Across 17 Comment Letters								
IFRIC/SIC Interpretation	Agree*		Partially agree		Disagree		No Comment	
	#	%	#	%	#	%	#	%
IFRIC 5	16	94%	-		-		1	6%

- Staff noted that:
 - 100% of respondents explicitly agreed with the IPSASB’s proposal to amend IPSAS to include guidance based on IFRIC 5 (note: 1 respondent did not explicitly agree or disagree); and
 - Some respondents who supported the inclusion also provided additional comments to clarify or enhance specific guidance and/or suggest editorial changes.

Assessing Comments

- Staff assessed the clarification and editorial suggestions ([Appendix 1](#)) and did not identify any changes for the IPSASB to consider.

Proposed Next Steps

8. Considering the overwhelming constituent support and its analysis, staff recommend the IPSASB proceed with the Amendments to IPSAS proposed in Part 2 of ED 89 without further changes.

Decision Required

9. Does the IPSASB agree with the Staff [recommendation](#)?

Appendix 1 – Assessing Additional Comments

Members are not required to review this Appendix – it is provided for information purposes only.

Some respondents who agreed with the inclusion of guidance, based on IFRIC 5, also provided other comments for the IPSASB to consider. This Appendix:

- Provides staff's detailed analysis of these additional comments (e.g., additions, clarifications or editorials); and
- Proposes whether the IPSASB should revise the guidance proposed.

Analysis of Constituent Comments

Constituent Comments	Staff Analysis
Requested additional guidance	
Explain the relationship between IFRIC 1, IFRIC 5. The cost of dismantling and restoration is an element of cost in the initial measurement of PP&E as required in IPSAS 45.	No changes necessary. [Consistent with the assessment in Agenda Item 8.2.2] IFRIC 1 and IFRIC 5 relate to different accounting issues. IFRIC 1 provides guidance on accounting for subsequent changes in measurement of existing decommissioning, dismantling, and restoration <i>liabilities</i> (and related assets), while IFRIC 5 provides guidance on how an entity that is required to contribute into a decommissioning <i>fund</i> , and account for its interest in that fund.
Provide other examples of “decommissioning plant”.	No changes necessary. The IPSASB generally limits the number of examples in its authoritative guidance. As such, any examples provided are not intended to be exhaustive, but rather to clarify what a specific term may refer to.
Add illustrative examples (IEs) to illustrate how an entity would apply IPSAS 19 guidance to account for an interest in funds and obligations to make additional contributions.	No changes necessary. The IPSASB maintains a standard approach to non-authoritative guidance. By nature, IEs are often misconstrued as authoritative rules in principle-based IPSAS. Thus, the IPSASB generally limits IEs to an as-needed basis when (1) the principles are not considered sufficiently clear based on the authoritative guidance and existing non-authoritative guidance; and (2) the fact pattern to illustrate principles with general case facts are prevalent globally amongst public sector entities. The proposed guidance in Part 2 of ED 89 sufficiently clarifies how an entity would apply IPSAS 19 guidance to account for interests in decommissioning funds and any obligations to make additional contributions. Thus, IEs would not be needed.

Constituent Comments	Staff Analysis
<p>Clarify how an entity would consider shared guarantee obligations (i.e., jointly and severally liable) with other entities.</p>	<p>No changes necessary. IPSAS 19 paragraph 37 provides guidance for such situations where an entity is jointly and severally liable for an obligation that is shared with other parties. The guidance proposed in Part 2 of ED 89 further clarifies that a contributor will need to assess whether it has control, joint control, or significant influence, over the fund (by reference to IPSAS 35, <i>Consolidated Financial Statements</i>, IPSAS 37, <i>Joint Arrangements</i>, and IPSAS 36, <i>Investments in Associates and Joint Ventures</i>, respectively), and the accounting implications of that assessment.</p>
Suggested editorials	
<p>Restructure Appendix C as follows: Instruction (paragraph C1-C3), Scope (C4-C5), Issues (C6), Accounting Principles (C7-C10), and Disclosure (C11-C13).</p>	<p>No changes necessary. The IPSASB generally incorporates IFRIC/SIC Interpretations into IPSAS using the following structure: <i>Introduction</i>, then <i>Application of IPSAS [X] to [Interpretation Topic]</i>. The structure proposed in ED 89 is consistent with this existing approach.</p>

SMC 1 – Part 3 of ED 89 (Based on IFRIC 7)

Question

- Does the IPSASB agree to amend IPSAS as proposed in Part 3 of ED 89, *Amendments to Consider IFRIC Interpretations*, and address constituent comments as proposed by staff?

Recommendation

- Staff recommend the IPSASB:
 - Proceed with its proposal to amend IPSAS 10, *Financial Reporting in Hyperinflationary Economies* as presented in Part 3 of ED 89 (based on IFRIC 7, *Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies*); and
 - Agree with the change proposed in paragraph 8, to direct preparers to relevant guidance.

Background

- As noted in [Agenda Item 8.2.1](#), Part 3 of ED 89 proposed to amend IPSAS 10 to add guidance to clarify how to apply the requirements of IPSAS 10 in a reporting period when the entity identifies the existence of hyperinflation in the economy of its functional currency, when that economy was not hyperinflationary in the prior period.
- Specific Matter for Comment (SMC) 1 asked constituents whether they agree with the proposed amendments in ED 89. This Agenda Item summarizes staff's analysis of the constituent comments regarding the amendments proposed in Part 3 of ED 89, based on IFRIC 7.

Analysis

Overview of ED 89 Responses

- Constituents overwhelmingly supported the proposed guidance because it clarifies how an entity identifies the existence of hyperinflation in the economy of its functional currency, and improves the understanding and application of existing accounting principles.

Responses Across 17 Comment Letters								
IFRIC/SIC Interpretation	Agree		Partially agree		Disagree		No Comment	
	#	%	#	%	#	%	#	%
IFRIC 7	14	82%	-		-		3	18%

- Staff noted that:
 - 100% of respondents explicitly agreed with the IPSASB's proposal to amend IPSAS to include guidance based on IFRIC 7 (note: 3 respondents did not explicitly agree or disagree); and
 - Some respondents who supported the inclusion also provided additional comments to clarify or enhance specific guidance and/or suggest editorial changes.

Assessing Comments

7. Staff assessed the clarification and editorial suggestions ([Appendix 1](#)), and identified one potential change:
 - (a) The IPSASB did not propose to incorporate guidance from IFRIC 7 related to accounting for the opening deferred tax items in restated financial statements, because income taxes are not prevalent in the public sector.
 - (b) One constituent reminded the IPSASB that, while not prevalent, some public sector entities applying IPSAS may be required to pay income taxes, and encouraged the IPSASB to add a general reference to direct such entities to relevant international or national accounting standards.
8. Based on its analysis, staff agree that adding a general reference would be useful for any entities applying IPSAS that are subject to paying income taxes, and would be consistent with the IPSASB's approach in existing IPSAS literature. Thus, staff propose to add the following:

"A4. For reporting entities subject to income taxes, guidance on the determination of deferred tax figures in the opening statement of financial position for the reporting period can be found in the relevant international or national accounting standards dealing with income taxes."

Proposed Next Steps

9. Considering the overwhelming constituent support, staff recommend the IPSASB proceed with the Amendments to IPSAS proposed in Part 3 of ED 89.
10. Staff also recommend the IPSASB agree to add the reference proposed in paragraph 8. If the IPSASB agrees, staff will process this addition and any related editorial changes for the IPSASB to review in December 2024.

Decision Required

11. Does the IPSASB agree with the Staff [recommendations](#)?

Appendix 1 – Assessing Additional Comments

Members are not required to review this Appendix – it is provided for information purposes only.

Some respondents who agreed with the inclusion of guidance, based on IFRIC 7, also provided other comments for the IPSASB to consider. This Appendix:

- Provides staff's detailed analysis of these additional comments (e.g., additions, clarifications or editorials); and
- Proposes whether the IPSASB should revise the guidance proposed.

Analysis of Constituent Comments

Constituent Comments	Staff Analysis
Requested additional guidance	
Clarify that an entity should apply IPSAS 10 paragraph 20 when the general price index is not available or not reliable.	<p>No changes necessary.</p> <p>The guidance proposed in Part 3 of ED 89 will add an Appendix to the principles in the core text of IPSAS 10. IPSAS authoritative text is to be read and applied together. Thus, additional guidance to direct an entity to consider IPSAS 10 paragraph 20 would not be necessary.</p>
Add a reference to paragraph 4 of IFRIC 7 (similar to the reference in IPSAS 4 paragraph 59: " <i>For reporting entities subject to income taxes, guidance ... can be found in the relevant international or national accounting standards dealing with income taxes.</i> "). Some public sector entities in certain jurisdictions applying IPSAS are subject to paying income tax.	<p>Add a reference at the end of Appendix A.</p> <p>IFRIC 7 included some guidance on accounting for the opening deferred tax items in its restated financial statements. In December 2023, the IPSASB decided not to incorporate the tax-related guidance into IPSAS because income taxes are not prevalent in the public sector. However, staff note that the IPSASB has previously acknowledged that <i>some</i> public sector entities may be subject to income taxes and included general guidance in IPSAS to direct such entities to other relevant standards (and does not explicitly identify the relevant IFRS, IFRIC/SIC Interpretation, or other relevant accounting standards or guidance). For consistency, staff agree it would be appropriate to add the following sentence at the bottom of the proposed Appendix A:</p> <p><u>"A4. For reporting entities subject to income taxes, guidance on the determination of deferred tax figures in the opening statement of financial position for the reporting period can be found in the relevant international or national accounting standards dealing with income taxes."</u></p> <p>Note: This addition will also result in minor editorial changes (e.g., to paragraph references currently proposed in Part 3 of ED 89).</p>

Constituent Comments	Staff Analysis
Suggested editorials	
Restructure Appendix A as follows: Instruction (paragraph A1), Issues (last part of A1), and Accounting Principles (A2-A3).	No changes necessary. The IPSASB generally incorporates IFRIC/SIC Interpretations into IPSAS using the following structure: <i>Introduction</i> , then <i>Application of IPSAS [X] to [Interpretation Topic]</i> . The structure proposed in ED 89 is consistent with this existing approach.

SMC 1 – Part 4 of ED 89 (Based on IFRIC 14)

Question

- Does the IPSASB agree to amend IPSAS as proposed in Part 4 of ED 89, *Amendments to Consider IFRIC Interpretations*, and address constituent comments as proposed by staff?

Recommendation

- Staff recommend the IPSASB:
 - Proceed with its proposal to amend IPSAS 39, *Employee Benefits* as presented in Part 4 of ED 89 (based on IFRIC 14, *IAS 19—The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*); and
 - Agree with the editorial change proposed in paragraph 7.

Background

- As noted in [Agenda Item 8.2.1](#), Part 4 of ED 89 proposed to amend IPSAS 39 to add guidance that addresses how to account for specific situations related to post-employment defined benefits and other long-term employee defined benefits, considering limits on defined benefit assets and minimum funding requirements.
- Specific Matter for Comment (SMC) 1 asked constituents whether they agree with the proposed amendments in ED 89. This Agenda Item summarizes staff's analysis of the constituent comments regarding the amendments proposed in Part 4 of ED 89, based on IFRIC 14.

Analysis

Overview of ED 89 Responses

- Constituents strongly supported the proposed guidance because it clarifies how an entity should consider limits on its defined benefit asset and minimum funding requirements, which improves the overall clarity and accuracy of related financial information, and supports more efficient management of such benefit programs/systems.

IFRIC/SIC Interpretation	Responses Across 17 Comment Letters							
	Agree		Partially agree		Disagree		No Comment	
	#	%	#	%	#	%	#	%
IFRIC 14	16	94%	-		-		1	6%

- Staff noted that:
 - 100% of respondents explicitly agreed with the IPSASB's proposal to amend IPSAS to include guidance based on IFRIC 14 (note: 1 respondent did not explicitly agree or disagree); and
 - Some respondents who supported the inclusion also provided additional comments to clarify or enhance specific guidance and/or suggest editorial changes.

Assessing Comments

- Staff assessed the clarification and editorial suggestions ([Appendix 1](#)) and identified one potential editorial change to add the formal title of IPSAS 1 (i.e., "...IPSAS 1, *Presentation of Financial Statements*,...") for consistency with standard-setting practice.

Proposed Next Steps

8. Considering the overwhelming constituent support, staff recommend the IPSASB approve the Amendments to IPSAS proposed in Part 4 of ED 89.
9. Staff also recommend the IPSASB agree with the proposed editorial change in paragraph 7. If the IPSASB agrees, staff process this editorial change for the IPSASB to review in December 2024.

Decision Required

10. Does the IPSASB agree with the Staff [recommendations](#)?

Appendix 1 – Assessing Additional Comments

Members are not required to review this Appendix – it is provided for information purposes only.

Some respondents who agreed with the inclusion of guidance, based on IFRIC 14, also provided other comments for the IPSASB to consider. This Appendix:

- Provides staff's detailed analysis of these additional comments (e.g., additions, clarifications or editorials); and
- Proposes whether the IPSASB should revise the guidance proposed.

Analysis of Constituent Comments

Constituent Comments	Staff Analysis
Requested additional guidance	
Paragraph IE4: add computation to support the guidance: Paid contributions 300 <u>Deficit (100)</u> Surplus 200	No changes necessary. In IPSAS, mathematical computations are typically only provided when the written guidance is not sufficiently clear. The calculation in IE4, which is consistent with IFRIC 14, determines the post-payment surplus based on illustrative facts in the preceding paragraph and is sufficiently clear.
Paragraph IE8: add computation to support the guidance: Paid contributions 300 <u>Net defined benefit liability (180)</u> Net defined benefit assets 120	No changes necessary. In IPSAS, mathematical computations are typically only provided when the written guidance is not sufficiently clear. The calculation in IE8, which is consistent with IFRIC 14, determines the net defined benefit asset based on preceding case facts and is sufficiently clear.
Suggested editorials	
Restructure Appendix AA as follows: Instruction (paragraph AA1-AA3), Scope (AA4-AA5), Issues (last part of AA4), and Accounting Principles (AA6-AA23).	No changes necessary. The IPSASB generally incorporates IFRIC/SIC Interpretations into IPSAS using the following structure: <i>Introduction</i> , then <i>Application of IPSAS [X] to [Interpretation Topic]</i> . The structure proposed in ED 89 is consistent with this existing approach.
Effective date: Change paragraph number to "176C".	No changes necessary. ED 89 uses "176F" because IPSAS 45 uses 176C, IPSAS 46 uses 175D, IPSAS 49 uses 175E. Staff will re-confirm numbering when finalizing the final pronouncement.
Paragraph AA9: Add the title of IPSAS 1.	Add IPSAS title to paragraph AA9. Staff reviewed and confirmed that the first mention of IPSAS 1 in Appendix AA is in paragraph AA9. Staff agree to add the title: <i>"AA9. In accordance with IPSAS 1, <u>Presentation of Financial Statements</u>, ..."</i>

Constituent Comments	Staff Analysis
Paragraph IE17: Confirm the calculation of present value of economic benefit available as a future contribution reduction.	<p>No changes necessary.</p> <p>This Example uses illustrative facts and calculations consistent with IFRIC 14 to exemplify how an entity would account for an economic benefit available as a future contribution reduction. The calculation is the present value of this economic benefit over multiple years and is subject to the asset ceiling requirement in IPSAS 39 / IAS 19.</p>

SMC 1 – Part 5 of ED 89 (Based on IFRIC 21)

Question

- Does the IPSASB agree with staff's proposed next steps regarding Part 5 of ED 89, *Amendments to Consider IFRIC Interpretations*?

Recommendation

- Staff recommend the IPSASB:
 - Defer its decision on whether to amend IPSAS 19, *Provisions, Contingent Liabilities and Contingent Assets* as presented in Part 5 of ED 89 (based on IFRIC 21, *Levies*) until December 2024; and
 - Instruct staff to conduct further analysis on the implications of the IASB's active project, as proposed in paragraph 8, for the IPSASB to discuss in December 2024.

Background

- As noted in [Agenda Item 8.2.1](#), Part 5 of ED 89 proposed to amend IPSAS 19 to add guidance that addresses how to account for a liability to pay a levy imposed by a government, and where the timing and amount of the levy is certain.⁵
- Specific Matter for Comment (SMC) 1 asked constituents whether they agree with the proposed amendments in ED 89. This Agenda Item summarizes staff's analysis of the constituent comments regarding the amendments proposed in Part 5 of ED 89, based on IFRIC 21.

Analysis

Overview of ED 89 Responses

- Most constituents supported the proposed guidance because it clarifies the application of existing principles to account for an obligation to pay levies imposed by a government, improving the understanding and application of existing principles, to help entities appropriately reflect the financial impact of such obligations.

IFRIC/SIC Interpretation	Responses Across 17 Comment Letters							
	Agree		Partially agree		Disagree		No Comment	
	#	%	#	%	#	%	#	%
IFRIC 21	12	71%	3	18%	1	6%	1	6%

- Staff noted that the following required further consideration and analysis:
 - Comments presented by respondents who did not fully agree with the proposed inclusion; and
 - Comments presented by respondents who agreed with the proposed inclusion, to clarify or enhance specific guidance and/or suggest editorial changes.

⁵ A levy is a transfer of resources embodying economic benefits that is imposed by governments on entities in accordance with legislation (i.e., laws and/or regulations) other than: (a) those transfers of resources that are within the scope of other Standards, and (b) fines or other penalties that are imposed for breaches of the legislation.

Assessing Comments

7. Overall, the IPSASB received strong support to amend IPSAS as proposed in Part 5 of ED 89. However, a few constituents asked the IPSASB to consider the impact of the IASB's recent decisions on their *Provisions – Targeted Improvements* project:
 - (a) The IPSASB issued ED 89 on April 16, 2024 for public comment. After issuance, the IASB discussed targeted amendments to IAS 37, *Provisions, Contingent Liabilities and Contingent Assets* and tentatively decided to propose updates and changes to IAS 37 to address inconsistencies between IAS 37 and the IASB's revised Conceptual Framework. This proposal would result in the withdrawal of IFRIC 21, replacing it with new IAS 37 examples to illustrate how the amended requirements would apply to levies. The IASB intends to approve and issue an ED in Q4 2024 with a 120-day comment period.
 - (b) Considering these recent developments, the two constituents encourage the IPSASB to defer its decision on whether to proceed with including guidance based on IFRIC 21 into IPSAS, until the IASB finalizes its decision.
8. Staff agree that this recent development should be considered further because it impacts how the IPSASB will proceed with and consider other comments regarding Part 5 of ED 89. Given the active nature of the IASB's project and upcoming consultation, staff propose to connect with IASB staff to obtain further information about the planned Exposure Draft and expected timelines, to help the IPSASB further consider this matter in December 2024.

Proposed Next Steps

9. Based on the above, staff recommend the IPSASB:
 - (a) Defer its formal decision on whether to amend IPSAS as proposed in Part 5 of ED 89 until December 2024; and
 - (b) Instruct staff to conduct further analysis as proposed in paragraph 8, and present proposals for the IPSASB to discuss in December (e.g., whether to amend IPSAS 19 as proposed, and if so, any revisions or editorial changes as proposed by other constituents).

Decision Required

10. Does the IPSASB agree with the Staff [recommendations](#)?

SMC 2 and Other Comments

Question

- Does the IPSASB agree with staff's recommendations, based on review of remaining comments regarding ED 89, *Amendments to Consider IFRIC Interpretations*?

Recommendation

- Staff recommend the IPSASB, in response to strong constituent support:
 - Confirm its decision to not add guidance to IPSAS based on IFRIC 6, *Liabilities arising from Participating in a Specific Market—Waste Electrical and Electronic Equipment* and SIC-7, *Introduction of the Euro*, as proposed in ED 89; and
 - Confirm its decision to consider adapting SIC-7 for broader potential international public sector application and other challenges in applying IPSAS 4, *The Effects of Changes in Foreign Exchange Rates* as part of its future work program.

Background

- In March 2024, the IPSASB concluded that IFRIC 6 and SIC-7 have limited applicability in the public sector and/or required further work to consider other public sector challenges and needs. Thus, ED 89 did not propose amendments to IPSAS based on IFRIC 6 and SIC-7.
- Specific Matter for Comment (SMC) 2 asked constituents whether they agree with the IPSASB's proposal to not add guidance based on these two Interpretations into IPSAS (i.e., no amendments to IPSAS based on IFRIC 6 and SIC-7). See [Appendix 1 of Agenda Item 8.2.1](#) for details.
- Constituents provided comments in response to SMC 2, and also provided comments that did not directly relate to a specific SMC or Interpretation in ED 89. This Agenda Item summarizes staff's analysis of these comments.

Analysis

SMC 2 – Exclusion of IFRIC 6 and SIC-7

- Constituents overwhelmingly supported the IPSASB's decision to not add guidance into IPSAS based on IFRIC 6 and SIC-7. They agree these Interpretations have limited applicability and usefulness in the public sector.

Responses Across 17 Comment Letters								
IFRIC/SIC Interpretation	Agree*		Partially agree		Disagree		No Comment	
	#	%	#	%	#	%	#	%
IFRIC 6	14	82%	-		-		3	18%
SIC-7	14	82%	-		-		3	18%

- Staff noted that 100% of respondents explicitly agreed with the IPSASB's proposal to not add guidance based on IFRIC 6 and SIC-7 into IPSAS (3 respondents did not explicitly agree or disagree), and constituents did not provide any comments that require further work ([Appendix 1](#)).
- Several respondents explicitly expressed their support of the IPSASB's intention to complete additional work to consider and address other challenges in applying IPSAS 4 in the public sector

Agenda Item 8.2.7

(including dollarization, and other current or prospective monetary unions). Respondents acknowledged that this work would require comprehensive research and analysis and could essentially broaden the applicability of SIC-7 to cover more current and public-sector-specific considerations.

Other Comments

9. Some constituents provided additional comments in their responses that did not directly relate to a specific SMC or Interpretation in ED 89. These comments generally related to the IPSASB's consideration of other IFRIC or SIC Interpretations, and support for constituents in considering and applying IPSAS. Staff assessed each comment and concluded no further work is required ([Appendix 2](#)).

Decision Required

10. Does the IPSASB agree with the Staff [recommendations](#)?

Appendix 1 – Assessing Additional Comments (SMC 2)

Members are not required to review this Appendix – it is provided for information purposes only.

Some respondents who agreed the IPSASB's decision to not add guidance into IPSAS, based on IFRIC 6 and SIC-7, also provided other comments for the IPSASB to consider. This Appendix:

- Provides staff's detailed analysis of these additional comments; and
- Proposes whether the IPSASB should conduct further work to address the constituent comment.

Analysis of Constituent Comments

Constituent Comments	Staff Analysis
IFRIC 6	
One respondent asked whether there is any IPSAS guidance for jurisdictions that may be subject to legislations similar to the EU's Directive on Waste Electrical and Electronic Equipment (WE&EE).	<p>No further work required.</p> <p>Staff acknowledge that, given the IPSASB's decision to not incorporate guidance based on IFRIC 6, there will be no comparable guidance in IPSAS. However, paragraphs 12-15 of IPSAS 3, <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> direct entities to consider pronouncements issued by other standard-setting bodies in the absence of IPSAS guidance. Thus, if any public sector entities subject to similar legislative acts, the entities can use IFRIC 6 or other non-IPSAS guidance to account for its waste management provisions.</p>
SIC-7	
One respondent asked the IPSASB to also consider cryptocurrencies.	<p>No further work required.</p> <p>Staff note that the IFRS Interpretations Committee previously assessed and concluded that cryptocurrencies are in the scope of IAS 2, <i>Inventories</i> (if held for sale in the ordinary course of business) or IAS 38, <i>Intangible Assets</i> (if not). The Committee did not issue an IFRIC Interpretation. See IFRIC Update June 2019 for more details.</p> <p>The equivalent IPSAS are IPSAS 12, <i>Inventories</i> and IPSAS 31, <i>Intangible Assets</i>. Staff do not expect cryptocurrency to be a prevalent type of transaction in the public sector, so no further consideration is necessary at this time.</p>

Appendix 2 – Assessing Additional Comments (Other)

Members are not required to review this Appendix – it is provided for information purposes only.

Some respondents provided additional comments in their responses that did not explicitly relate to a specific SMC or Interpretation, for the IPSASB to consider. This Appendix:

- Provides staff's detailed analysis of these additional comments; and
- Proposes whether the IPSASB should conduct further work to address the constituent comment.

Analysis of Constituent Comments

Constituent Comments	Staff Analysis
Other Interpretations	
One respondent asked the IPSASB to reconsider its earlier decision to not include accounting guidance in IPSAS for public sector operators in service concession arrangements (specifically: IFRIC 12 and SIC-29)	<p>No further work required.</p> <p>The IPSASB considers the relevance and prevalence of application matters in IFRIC and SIC Interpretations in its assessments.</p> <p>In developing IPSAS 32, <i>Service Concession Arrangements: Grantor</i>, the IPSASB considered and adapted IFRIC 12, <i>Service Concession Arrangements</i> (which provides accounting guidance for the operator) and extracts of SIC-29, <i>Service Concession Arrangements: Disclosures</i>. IPSAS 32 is a “mirror” of IFRIC 12 to ensure both parties in the same service concession arrangement apply consistent principles.</p> <p>In BC6-BC7, the IPSASB explained that IPSAS 32 does not specify accounting by operators because in many cases, operators are private sector entities and operator accounting is already addressed in IFRIC 12. There has been no substantial indication that there is a prevalence of operators that are public sector entities that would warrant inclusion directly in IPSAS. Any public sector entities that are operators in service concession arrangements can use IFRIC 12, in accordance with paragraphs 12-15 of IPSAS 3, <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>.</p>

Constituent Comments	Staff Analysis
<p>One respondent asked when the IPSASB intends to consider other IFRIC (2, 4, 9, 10, 16, 17, 19, 22, 23) and SIC (10, 15, 25, 27, 29, 32) Interpretations.</p>	<p>No further work required. Staff confirmed that the IPSASB has considered these Interpretations in the following manner:</p> <ul style="list-style-type: none"> • Interpretations previously considered and incorporated into IPSAS: IFRIC 2, IFRIC 9, IFRIC 16, IFRIC 19, IFRIC 22, SIC-10, SIC-29, SIC-32 • Interpretations that are currently being considered: The IPSASB is considering IFRIC 17 as part of its current Presentation of Financial Statements project. • Interpretations that are not relevant: <ul style="list-style-type: none"> ○ IFRIC 4, SIC-15, and SIC-27 were superseded by IFRS 16, <i>Leases</i>. IPSAS 43, <i>Leases</i> is aligned with IFRS 16; ○ IFRIC 10 will be considered if the IPSASB develops an aligned IPSAS with IAS 34, <i>Interim Financial Reporting</i>; and ○ IFRIC 23 and SIC-25 are not relevant for public sector entities applying IPSAS, who generally do not pay income taxes. <p>See the IPSAS-IFRS Alignment Dashboard for further details.</p>
Other Considerations	
<p>Two respondents urged the IPSASB to consider the additional costs associated with adopting and implementing new Standards, particularly the need to increase capacity and skillsets to adopt complex IPSAS.</p>	<p>No further work required. As presented in the Conceptual Framework Chapter 3, the IPSASB acknowledges that there are costs associated with the adoption and implementation of new guidance and Standards. However, the benefits of increased transparency and accountability and greater support for decision-making exceed the costs, particularly for users of the financial information. To serve the public interest, the IPSASB actively considers constituent feedback and practical considerations in developing its IPSAS through its due process and standard-setting activities.</p>
<p>One respondent asked the IPSASB to supplement its Exposure Drafts with more detailed rationale for its proposals, such as research outcomes and stakeholder feedback supporting the need for new IPSAS or amendments to existing IPSAS.</p>	<p>No further work required. The IPSASB consider research findings and constituent feedback when identifying and adding new projects to its work program. Detailed analysis, provided in IPSASB analysis papers, are publicly available on the IPSASB website. “Educational” material that accompanies Exposure Drafts publications, such as At a Glance documents or webcasts, as intended to support constituents in considering and responding to the EDs. The extent and depth of accompanying material depend on the specific project and proposals.</p>

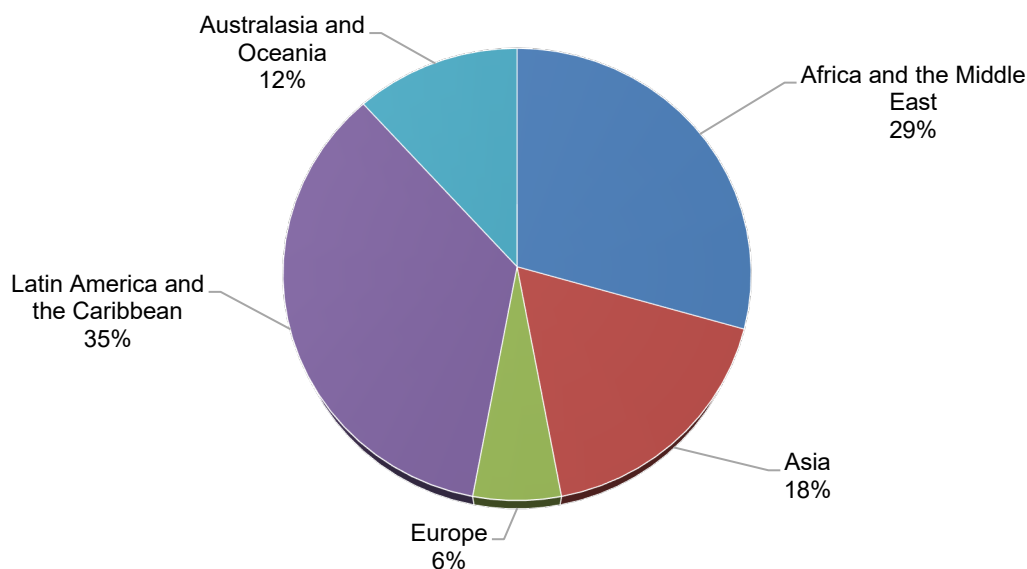
Supporting Document 1 – ED 89: Analysis of Respondents by Region, Function, and Language, and List of Respondents

Appendix A: Analysis of Respondents by Region, Function, and Language

Regional Breakdown

Region	Comment Letter(s)	Total
Africa and the Middle East	R02, R04, R09, R11, R17	5
Asia	R03, R14, R16	3
Europe	R01	1
Latin America and the Caribbean	R05, R06, R07, R08, R12, R15	6
Australasia and Oceania	R10, R13	2
North America	-	0
International	-	0
Total		17

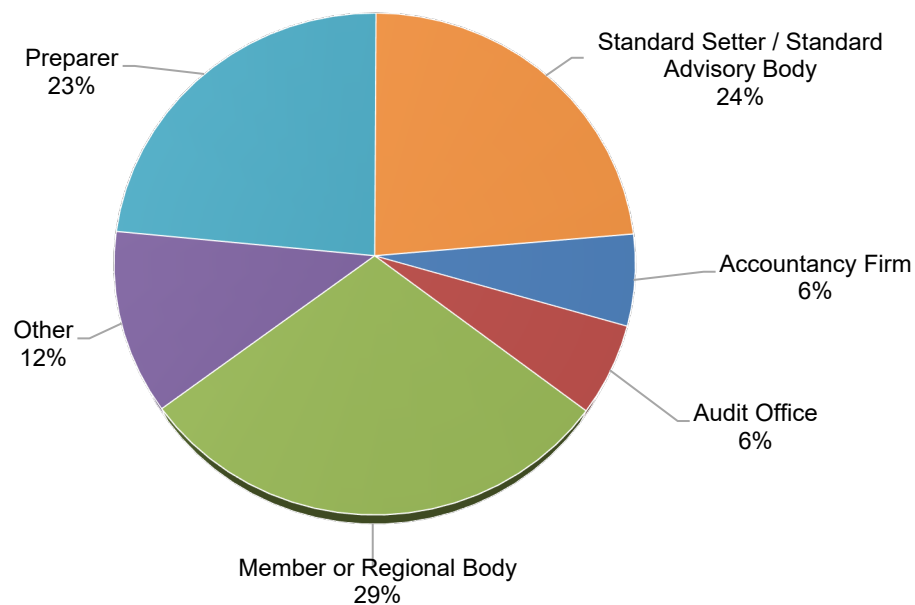
Respondents by Region



Functional Breakdown

Function	Comment Letter(s)	Total
Accountancy Firm	R09	1
Audit Office	R03	1
Member or Regional Body	R08, R12, R14, R16, R17	5
Other	R13, R15	2
Preparer	R02, R05, R06, R07	4
Standard Setter / Standard Advisory Body	R01, R04, R10, R11	4
Total		17

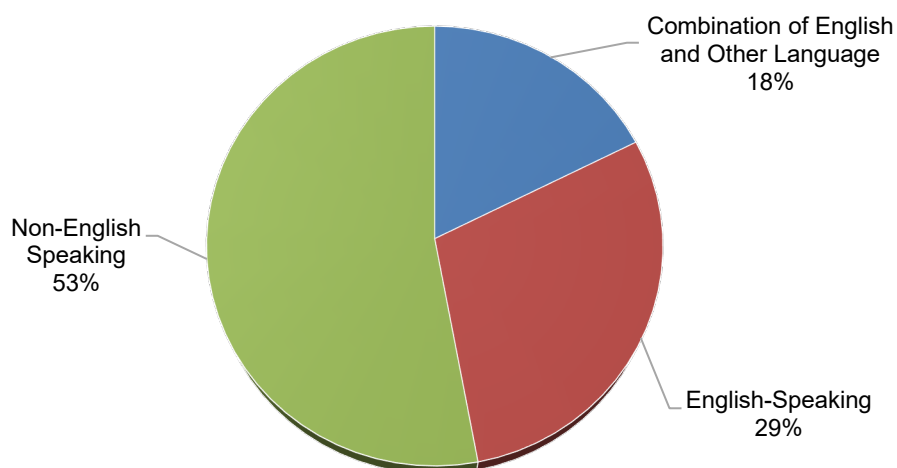
Respondents by Function



Linguistic Breakdown

Language	Comment Letter(s)	Total
Combination of English and Other Language	R03, R09, R14	3
English-Speaking	R04, R10, R11, R13, R17	5
Non-English Speaking	R01, R02, R05, R06, R07, R08, R12, R15, R16	9
Total		17

Respondents by Language



Appendix B: List of Respondents

Comment Letter #	Respondent	Country	Function
01	Swiss Public Sector Financial Reporting Advisory Committee (SRS-CSPCP)	Switzerland	Standard Setter / Standard Advisory Body
02	Ministry of Finance	Saudi Arabia	Preparer
03	Commission on Audit (COA)	Philippines	Audit Office
04	Accounting Standards Board (ASB)	South Africa	Standard Setter / Standard Advisory Body
05	Forum of Governmental Accounting of Latin America (FOCAL) El Salvador	El Salvador	Preparer
06	Forum of Governmental Accounting of Latin America (FOCAL) Mexico	Mexico	Preparer
07	Forum of Governmental Accounting of Latin America (FOCAL) Venezuela	Venezuela	Preparer
08	Colegio de Contadores Públicos de Pichincha y del Ecuador (CCPP)	Ecuador	Member or Regional Body
09	Mo Chartered Accountants	Zimbabwe	Accountancy Firm
10	External Reporting Board (XRB)	New Zealand	Standard Setter / Standard Advisory Body
11	Public Sector Accounting Standards Board (PSASB)	Kenya	Standard Setter / Standard Advisory Body
12	Conselho Federal de Contabilidade (CFC)	Brazil	Member or Regional Body
13	David Hardidge	Australia	Other
14	Institute of Chartered Accountants of India (ICAI)	India	Member or Regional Body
15	Asociacion Interamericana de Contabilidad (AIC)	Not Applicable	Other
16	Malaysian Institute of Accountants (MIA)	Malaysia	Member or Regional Body
17	South African Institute of Chartered Accountants (SAICA)	South Africa	Member or Regional Body