IPSASB International Public Sector Accounting Standards Board®

AGENDA ITEM 8

IFRIC ALIGNMENT – NARROW SCOPE AMENDMENTS

IPSASB Meeting – September 2024

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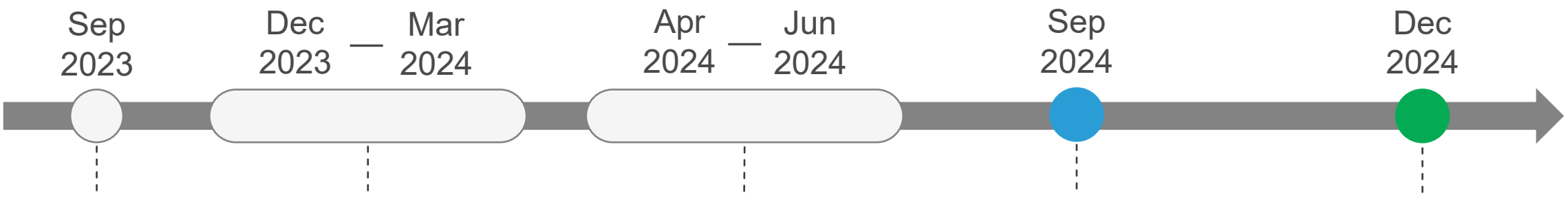
Brussels, Belgium

Analyzing and Addressing Responses to ED 89



ED 89 proposed to…	
Include (SMC 1):	Exclude (SMC 2):
IFRIC 1 IFRIC 5 IFRIC 7 IFRIC 14 IFRIC 21	IFRIC 6 SIC-7

17 comment letters

Final Pronouncement

Analyzing and Addressing Responses to ED 89

IFRIC/SIC Interpretation	Agree (adjusted*)	Responses across 17 Comment Letters							
		Agree		Partially Agree		Disagree		No Comment	
		#	%	#	%	#	%	#	%
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%

** = These percentages are adjusted to exclude responses that did not explicitly comment on that specific Interpretation.*

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

Analysis

- Part 1 proposed to amend IPSAS 19, IPSAS 43, and IPSAS 45 to add guidance on how to account for the effect of three specific changes in the measurement of existing decommissioning, restoration, and similar liabilities
- **Strong constituent support**:

Agree (adjusted)	Agree	Partially Agree	Disagree	No Comment
94%	16 (94%)		1 (6%)	

- **One drafting change** for consistency with revaluation guidance

Recommendation

- **Proceed** with its proposal to amend IPSAS as presented in Part 1 of ED 89; and
- **Agree** with the drafting and editorial changes proposed

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

Analysis

- Part 2 proposed to amend IPSAS 19 to add guidance to clarify the accounting requirements for contributors to decommissioning funds, where the assets are administered separately and the contributor's right to access the assets is restricted
- **Strong constituent support**:

Agree (adjusted)	Agree	Partially Agree	Disagree	No Comment
100%	16 (94%)			1 (6%)

Recommendation

- **Proceed** with its proposal to amend IPSAS 19 as presented in Part 2 of ED 89

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

Analysis

- Part 3 proposed to amend IPSAS 10 to add guidance to clarify how to apply the IPSAS 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
- **Strong constituent support**:

Agree (adjusted)	Agree	Partially Agree	Disagree	No Comment
100%	14 (82%)			3 (18%)

- **One change** identified: to add a general reference to direct any entities applying IPSAS that are subject to paying income taxes to apply relevant international or national standards

Recommendation

- **Proceed** with its proposal to amend IPSAS 10 as presented in Part 3 of ED 89; and
- **Agree** with the addition proposed, to direct entities to relevant guidance

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

Analysis

- Part 4 proposed to amend IPSAS 39 to add guidance on how to account for specific situations related to post-employment defined benefits and other long-term employee defined benefits
- **Strong constituent support**:

Agree (adjusted)	Agree	Partially Agree	Disagree	No Comment
100%	16 (94%)			1 (6%)

Recommendation

- **Proceed** with its proposal to amend IPSAS 39 as presented in Part 4 of ED 89; and
- **Agree** with the editorial change proposed

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

Analysis

- Part 5 proposed to amend IPSAS 19 to add guidance on 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
- **Strong constituent support**:

Agree (adjusted)	Agree	Partially Agree	Disagree	No Comment
75%	12 (71%)	3 (18%)	1 (6%)	1 (6%)

- **Further analysis needed** to consider the impact of the IASB's recent decisions on their *Provisions – Targeted Improvements* project, which may withdraw IFRIC 21

Recommendation

- **Defer** its decision on whether to amend IPSAS 19 as presented in Part 5 of ED 89 until December 2024; and
- **Instruct** staff to conduct further analysis on the implications of the IASB's active project for the IPSASB to discuss in December 2024

SMC 2 and Other Comments

Analysis

- ED 89 did not propose amendments to IPSAS based on IFRIC 6 and SIC-7 because they have limited applicability in the public sector and/or required further work to consider other public sector challenges and needs
- **Strong constituent support**:

Excluded Interpretation	Agree (adj.)	Agree	Partially Agree	Disagree	No Comment
IFRIC 6	100%	14 (82%)			3 (18%)
SIC-7	100%	14 (82%)			3 (18%)

Recommendation

- **Confirm** its decision to not add guidance to IPSAS based on IFRIC 6 and SIC-7; and
- **Confirm** its decision to consider adapting SIC-7 for broader potential international public sector application and other challenges, as part of its future work program

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