

Exposure Draft [XX]
[MM YYYY]
Comments due: [MM DD, YYYY]

IPSAS®

Proposed International Public Sector Accounting Standard®

Linkages Between IPSAS Standards and the GFSM 2014

IPSASB

International Public
Sector Accounting
Standards Board®

This document was developed and approved by the International Public Sector Accounting Standards Board® (IPSASB®).

The objective of the IPSASB is to serve the public interest by setting high-quality public sector accounting and sustainability reporting standards and by facilitating the adoption and implementation of these, thereby enhancing the quality and consistency of practice throughout the world and strengthening the transparency and accountability of public sector finances and sustainable development.

In meeting this objective, the IPSASB sets International Public Sector Accounting Standards™ (IPSAS®), IPSASB Sustainability Reporting Standards™ (IPSASB SRS™) and Recommended Practice Guidelines™ (RPG™) for use by public sector entities, including national, regional, and local governments, and related governmental agencies.

IPSAS Accounting Standards relate to the general purpose financial statements (financial statements) and are authoritative. IPSASB SRS Standards relate to sustainability disclosures and are authoritative. RPG Guidelines are pronouncements that provide guidance on good practice in preparing general purpose financial reports (GPFRs) that are not financial statements. Unlike IPSAS Accounting Standards and IPSASB SRS Standards, RPG Guidelines do not establish requirements. IPSASB SRS Standards and RPG Guidelines do not provide guidance on the level of assurance (if any) to which information should be subjected.

The structures and processes that support the operations of the IPSASB are facilitated by the International Federation of Accountants® (IFAC®).

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REQUEST FOR INFORMATION

This Exposure Draft, *Linkages Between IPSAS Standards and the GFSM 2014*, was developed and approved by the International Public Sector Accounting Standards Board® (IPSASB®).

The proposals in this Exposure Draft may be modified in light of comments received before being issued in final form.

Comments are requested by [MM DD, YYYY].

Respondents are asked to submit their comments electronically through the IPSASB website, using the “**Submit a Comment**” link. Please submit comments in both a PDF and Word file. Comments must be received in English to be considered. Also, please note that first-time users must register to use this feature. All comments will be considered a matter of public record and will ultimately be posted on the website.

This publication may be downloaded from the IPSASB website: www.ipsasb.org. The approved text is published in the English language.

Objective of the Exposure Draft

The objective of this Exposure Draft is to propose guidance.

Guide for Respondents

The IPSASB would welcome comments on all the matters discussed in this Exposure Draft. Comments are most helpful if they indicate the specific paragraph or group of paragraphs or Specific Matters for Comment to which they relate, contain a clear rationale and, where applicable, provide a suggestion for alternative wording.

The Specific Matters for Comment requested for the Exposure Draft are provided below.

Specific Matter for Comment 1

[to be added at the September 2025 meeting]

EXPOSURE DRAFT [XX], *LINKAGES BETWEEN IPSAS STANDARDS AND THE GFSM 2014*

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DRAFT

Introduction

1. Exposure Draft [XX], *Linkages Between IPSAS Standards and the GFSM 2014* proposes

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Amendments to IPSAS 22, *Disclosure of Financial Information about the General Government Sector*

Paragraphs are added. Paragraphs are amended. New text is underlined.

Basis for Conclusions

This Basis for Conclusions accompanies, but is not part of, IPSAS [XX].

Introduction

BC1. [text to be added at the June 2025 meeting]

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Implementation Guidance

This guidance accompanies, but is not part of, IPSAS 22.

Part 1 – Illustrative Financial Statement Structure

...

Part 2 – Linkages Between IPSAS Standards and GFSM 2014

Introduction

- IG1. Paragraph 23 of IPSAS 22 requires the disclosure of financial information about the GGS in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements of the government, except the requirements of IPSAS 35, *Consolidated Financial Statements*, in respect of entities in the PFC and PNFC sectors¹.
- IG2. The objective of Part 2 of this Implementation Guidance is to highlight the accounting policy options available for recognition and measurement in IPSAS Accounting Standards, so that entities may choose accounting policies that will provide information that can be used for the compilation of statistics in accordance with the Government Finance Statistics Manual 2014 (GFSM 2014).

Group A: General Principles

B.1 IPSAS 4, The Effects of Changes in Foreign Exchange Rates

Which recognition and measurement requirements in IPSAS 4 are aligned with GFSM 2014?

- IG3. The recognition and measurement requirements for the effects of changes in foreign exchange rates in IPSAS 4 and GFSM 2014 are aligned.

Where will recognition and measurement differences between IPSAS 4 and GFSM 2014 require additional data do be collected for GFSM 2014 purposes?

- IG4. If public sector entities use the financial information based on IPSAS 4, there will be no need to collect additional data for GFSM 2014 purposes.

Group B: Accounting Boundaries

A.1 IPSAS 36, Investments in Associates and Joint Ventures

- IG5. [text to be added at the June 2025 meeting]

A.2 IPSAS 37, Joint Arrangements

- IG6. [text to be added at the June 2025 meeting]

A.3 IPSAS 40, Public Sector Combinations

- IG7. [text to be added at the June 2025 meeting]

¹ The following term is defined in IPSAS 22: General Government Sector (GGS) comprises all organizational entities of the general government as defined in statistical bases of financial reporting. This information has been included to ensure understanding of the proposed changes to IPSAS 22. The terms Public Financial Corporations (PFC) and Public Non-Financial Corporations (PNFC) are defined in GFSM 2014 as corporations that are principally engaged in providing financial services, including insurance and pension fund services, to other institutional units, and corporations whose principal activity is the production of market goods or nonfinancial services, respectively.

Group C: Non-financial Assets

C.1 IPSAS 5, Borrowing Costs

Which recognition and measurement requirements in IPSAS 5 are aligned with GFSM 2014?

IG8. IPSAS 5 includes an accounting policy option of either expensing (benchmark treatment) or capitalizing borrowing costs (alternative treatment). However, GFSM 2014 requires expensing all borrowing costs.

Where will recognition and measurement differences between IPSAS 5 and GFSM 2014 require additional data do be collected for GFSM 2014 purposes?

IG9. If public sector entities choose the benchmark treatment available in IPSAS 5, there will be no need to collect additional data for GFSM 2014 purposes.

C.2 IPSAS 12, Inventories

IG10. [text to be added at the June 2025 meeting]

C.3 IPSAS 16, Investment Property

IG11. [text to be added at the June 2025 meeting]

C.4 IPSAS 21, Impairment of Non-Cash-Generating Assets

[text to be added at the June 2025 meeting]

C.5 IPSAS 26, Impairment of Cash-Generating Assets

IG12. [text to be added at the June 2025 meeting]

C.6 IPSAS 27, Agriculture

IG13. [text to be added at the June 2025 meeting]

C.7 IPSAS 31, Intangible Assets

Which recognition and measurement requirements for research and development in IPSAS 31 are aligned with GFSM 2014?

IG14. Under IPSAS 31, expenditure on research (or on the research phase of an internal project) shall be recognized as an expense when it is incurred. Expenditure on development (or from the development phase of an internal project) shall be recognized as an intangible asset if, and only if, an entity can demonstrate all of the conditions typified in paragraph 55 of IPSAS 31. However, GFSM 2014 classifies research and development as a single category and has rules about asset recognition when future economic benefits are expected to provide to its owner in the future. As a result of the different classification of research and development, it is possible that some expenditure on research maybe capitalized under GFSM 2014 and expensed under IPSAS 31.

IG15. IPSAS 31 has an accounting policy option to subsequently measure capitalized development expenditure at either the historical cost model or the current value model under certain conditions. Public sector entities can choose the current value measurement option available in IPSAS 31 in order to align with GFSM 2014.

Where will recognition and measurement differences between IPSAS 31 and GFSM 2014 require additional data do be collected for GFSM 2014 purposes?

IG16. As a result of the different classification of research and development, where expenditure on research is expensed under IPSAS 31 and capitalized under GFSM 2014, additional data will need to be collected for GFSM 2014 purposes.

C.8. IPSAS 43, Leases

Which recognition and measurement requirements in IPSAS 43 are aligned with GFSM 2014?

- IG17. Under IPSAS 43, lessees are required to recognize a right-of-use asset and a lease liability for all leases, except for short-term leases and leases for which the underlying asset is of low value. However, for lessees GFSM 2014 requires the recognition of the underlying asset and a lease liability in a finance lease and expense on either a straight-line basis over the lease term or another systematic basis in an operating lease.
- IG18. Regarding the short-term leases and leases for which the underlying asset is of low value, IPSAS 43 requires that lessees recognize the lease payments associated with these leases as an expense on either a straight-line basis over the lease term or another systematic basis. GFSM 2014 does not have similar requirements for these types of leases for lessees.
- IG19. Under IPSAS 43, lessees shall measure the right-of-use asset at cost at the commencement date. Under GFSM 2014, lessees shall also measure the underlying asset at cost in a finance lease.
- IG20. For lessors, the recognition and measurement requirements in IPSAS 43 and in GFSM 2014 are aligned.

Where will recognition and measurement differences between IPSAS 43 and GFSM 2014 require additional data do be collected for GFSM 2014 purposes?

- IG21. As a result of the different recognition and measurement requirements in lessee accounting, where a right-of-use asset is recognized under IPSAS 43 and GFSM 2014 has finance leases and operating leases, additional data will need to be collected for GFSM 2014 purposes.
- IG22. For lessors, no additional data needs to be collected for GFSM 2014 purposes because the requirements are aligned with IPSAS 43.

C.9 IPSAS 44, Assets Held for Sale and Discontinued Operations

- IG23. [text to be added at the June 2025 meeting]

C.10 IPSAS 45, Property, Plant, and Equipment

Which recognition and measurement requirements in IPSAS 45 are aligned with GFSM 2014?

- IG24. IPSAS 45 recognizes property, plant, and equipment based on the concept of control, while GFSM 2014 recognizes non-financial assets based on the concept of economic ownership and uses different terminology. Although using different concepts and terminology, the recognition requirements in IPSAS 45 and in GFSM 2014 are expected to produce, in practice, the same recognition outcomes.
- IG25. IPSAS 45 has an accounting policy option to subsequently measure property, plant, and equipment at either the historical cost model or the current value model. Public sector entities can choose the current value measurement option available in IPSAS 45 in order to align with GFSM 2014.

Where will recognition and measurement differences between IPSAS 45 and GFSM 2014 require additional data do be collected for GFSM 2014 purposes?

- IG26. If public sector entities choose the current value measurement option available in IPSAS 45, there will be no need to collect additional data for GFSM 2014 purposes.

C.11 IPSAS 50, Exploration for and Evaluation of Mineral Resources

- IG27. [text to be added at the June 2025 meeting]

Group D: Financial Assets and Liabilities

D.1 IPSAS 41, Financial Instruments

IG28. [text to be added at the June 2025 meeting]

Group E: Revenue and Transfer Expenses

E.1 IPSAS 47, Revenue

IG29. [text to be added at the June 2025 meeting]

E.2 IPSAS 48, Transfer Expenses

IG30. [text to be added at the June 2025 meeting]

Group F: Other Expenses and Non-financial Liabilities

F.1 IPSAS 19, Provisions, Contingent Liabilities, and Contingent Assets

IG31. [text to be added at the June 2025 meeting]

F.2 IPSAS 32, Service Concession Arrangements: Grantor

IG32. [text to be added at the June 2025 meeting]

F.3 IPSAS 39, Employee Benefits

IG33. [text to be added at the June 2025 meeting]

F.4 IPSAS 42, Social Benefits

IG34. [text to be added at the June 2025 meeting]

F.5 IPSAS 49, Retirement Benefit Plans

IG35. [text to be added at the June 2025 meeting]

Tables on Comparison with GFS

IPSAS 1, *Presentation of Financial Statements*

COMPARISON WITH GFS

The IPSASB compared IPSAS 1, *Presentation of Financial Statements* and Government Finance Statistics (GFS) reporting guidelines.

Key similarities and differences with GFS are as follows:

- [text to be added at the June 2025 meeting]

IPSAS 2, *Cash Flow Statements*

COMPARISON WITH GFS

The IPSASB compared IPSAS 2, *Cash Flow Statements* and Government Finance Statistics (GFS) reporting guidelines.

Key similarities and differences with GFS are as follows:

- [text to be added at the June 2025 meeting]

IPSAS 4, *The Effects of Changes in Foreign Exchange Rates*

COMPARISON WITH GFS

The IPSASB compared IPSAS 4, *The Effects of Changes in Foreign Exchange Rates* and Government Finance Statistics (GFS) reporting guidelines.

Key similarities and differences with GFS are as follows:

- [text to be added at the June 2025 meeting]

IPSAS 5, *Borrowing Costs*

COMPARISON WITH GFS

The IPSASB compared IPSAS 5, *Borrowing Costs* and Government Finance Statistics (GFS) reporting guidelines.

Key similarities and differences with GFS are as follows:

- [text to be added at the June 2025 meeting]

IPSAS 12, *Inventories*

COMPARISON WITH GFS

The IPSASB compared IPSAS 12, *Inventories* and Government Finance Statistics (GFS) reporting guidelines.

Key similarities and differences with GFS are as follows:

- [text to be added at the June 2025 meeting]

IPSAS 14, *Events after the Reporting Date*

COMPARISON WITH GFS

The IPSASB compared IPSAS 14, *Events after the Reporting Date* and Government Finance Statistics (GFS) reporting guidelines.

Key similarities and differences with GFS are as follows:

- [text to be added at the June 2025 meeting]

IPSAS 16, *Investment Property*

COMPARISON WITH GFS

The IPSASB compared IPSAS 16, *Investment Property* and Government Finance Statistics (GFS) reporting guidelines.

Key similarities and differences with GFS are as follows:

- [text to be added at the June 2025 meeting]

IPSAS 19, *Provisions, Contingent Liabilities and Contingent Assets*

COMPARISON WITH GFS

The IPSASB compared IPSAS 19, *Provisions, Contingent Liabilities and Contingent Assets* and Government Finance Statistics (GFS) reporting guidelines.

Key similarities and differences with GFS are as follows:

- [text to be added at the June 2025 meeting]

IPSAS 21, *Impairment of Non-Cash-Generating Assets*

COMPARISON WITH GFS

The IPSASB compared IPSAS 21, *Impairment of Non-Cash-Generating Assets* and Government Finance Statistics (GFS) reporting guidelines.

Key similarities and differences with GFS are as follows:

- [text to be added at the June 2025 meeting]

IPSAS 26, *Impairment of Cash-Generating Assets*

COMPARISON WITH GFS

The IPSASB compared IPSAS 26, *Impairment of Cash-Generating Assets* and Government Finance Statistics (GFS) reporting guidelines.

Key similarities and differences with GFS are as follows:

- [text to be added at the June 2025 meeting]

IPSAS 27, *Agriculture*

COMPARISON WITH GFS

The IPSASB compared IPSAS 27, *Agriculture* and Government Finance Statistics (GFS) reporting guidelines.

Key similarities and differences with GFS are as follows:

- [text to be added at the June 2025 meeting]

IPSAS 28, *Financial Instruments: Presentation*

COMPARISON WITH GFS

The IPSASB compared IPSAS 28, *Financial Instruments: Presentation* and Government Finance Statistics (GFS) reporting guidelines.

Key similarities and differences with GFS are as follows:

- [text to be added at the June 2025 meeting]

IPSAS 31, *Intangible Assets*

COMPARISON WITH GFS

The IPSASB compared IPSAS 31, *Intangible Assets* and Government Finance Statistics (GFS) reporting guidelines.

Key similarities and differences with GFS are as follows:

- [text to be added at the June 2025 meeting]

IPSAS 32, *Service Concession Arrangements: Grantor*

COMPARISON WITH GFS

The IPSASB compared *IPSAS 32, Service Concession Arrangements: Grantor* and Government Finance Statistics (GFS) reporting guidelines.

Key similarities and differences with GFS are as follows:

- [text to be added at the June 2025 meeting]

IPSAS 35, *Consolidated Financial Statements*

COMPARISON WITH GFS

The IPSASB compared IPSAS 35, *Consolidated Financial Statements* and Government Finance Statistics (GFS) reporting guidelines.

Key similarities and differences with GFS are as follows:

- [text to be added at the June 2025 meeting]

IPSAS 36, *Investments in Associates and Joint Ventures*

COMPARISON WITH GFS

The IPSASB compared IPSAS 36, *Investments in Associates and Joint Ventures* and Government Finance Statistics (GFS) reporting guidelines.

Key similarities and differences with GFS are as follows:

- [text to be added at the June 2025 meeting]

IPSAS 37, *Joint Arrangements*

COMPARISON WITH GFS

The IPSASB compared IPSAS 37, *Joint Arrangements* and Government Finance Statistics (GFS) reporting guidelines.

Key similarities and differences with GFS are as follows:

- [text to be added at the June 2025 meeting]

IPSAS 39, *Employee Benefits*

COMPARISON WITH GFS

The IPSASB compared IPSAS 39, *Employee Benefits* and Government Finance Statistics (GFS) reporting guidelines.

Key similarities and differences with GFS are as follows:

- [text to be added at the June 2025 meeting]

IPSAS 40, *Public Sector Combinations*

COMPARISON WITH GFS

The IPSASB compared IPSAS 40, *Public Sector Combinations* and Government Finance Statistics (GFS) reporting guidelines.

Key similarities and differences with GFS are as follows:

- [text to be added at the June 2025 meeting]

IPSAS 41, *Financial Instruments*

COMPARISON WITH GFS

The IPSASB compared IPSAS 41, *Financial Instruments* and Government Finance Statistics (GFS) reporting guidelines.

Key similarities and differences with GFS are as follows:

- [text to be added at the June 2025 meeting]

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