



**IPSASB**

International Public  
Sector Accounting  
Standards Board®

AGENDA ITEM 6

# IPSASB APPLICATION GROUP

IPSASB Meeting – March 2025

Edwin Ng, Principal

Washington D.C., USA

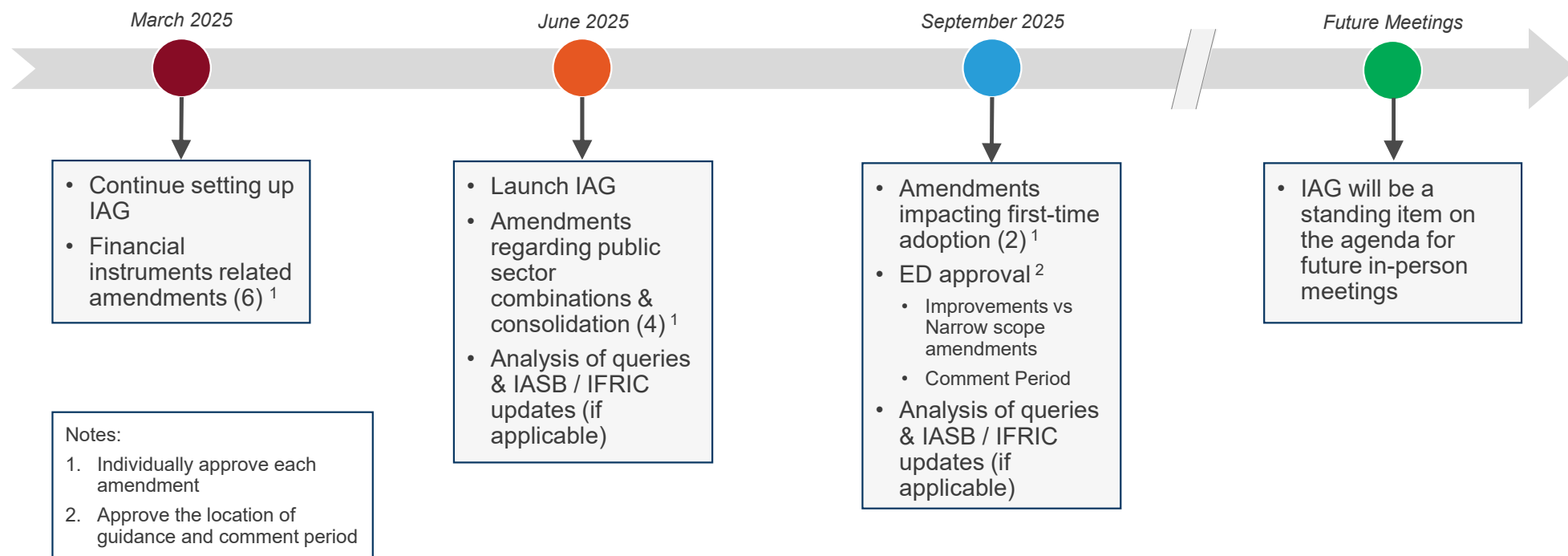
## IPSASB Application Group – 2025 Overview

- Andrew van der Burgh agreed to act as inaugural IAG Chair
  - Remaining members to be selected in Q2 2025
- Staff working with Communications department at IFAC to set up IAG website for the submission of issues
- Updated draft operating procedures
  - See Agenda Item 6.3.6—will not be discussed in detail at the meeting
  - Please bring any comments to Andrew or staff offline
- Potential amendments to IPSAS
  - Review and approve amendments in March, June, and September
  - Final approval of ED in September 2025



# IPSASB Application Group – 2025 Overview

## • Planned 2025 Activities



## IPSASB Application Group – 2025 Overview

### Planned Reporting to the IPSASB at Future Meetings

- Total number of queries received in the quarter
- Number of queries address by staff and reviewed by the IAG by exception\*
- For queries analyzed by the IAG in detail:
  - Summary of the query or fact pattern received and the IAG's analysis
  - IAG's conclusion:
    - Issue is adequately addressed by existing IPSAS or
    - Recommendation to the IPSASB for standard setting activities or the development of education materials
- IASB and IFRIC updates, if applicable

\* Includes queries brought forward by staff but rejected by the IAG

# Supplier Finance Arrangements

## Analysis

- Supplier finance arrangements involve using one or more finance providers to pay suppliers, then paying the finance providers at a later date
  - Typically used to extend payment terms or meet suppliers' early payment terms
- Proposed amendments to require the disclosure of
  - Use of supplier finance arrangements
  - Arrangement's effect on liabilities and cash flows
  - Exposure to liquidity risk as a result of the arrangements

## Recommendation

- Incorporate proposed disclosures on supplier finance arrangements into IPSAS 2 and IPSAS 30

# Classification and Measurement of Financial Instruments

## Analysis

- IASB's constituents raised concerns regarding
  - When a liability is considered “discharged”
  - The assessment of whether contractual cash flows are solely payments of principal and interest (SPPI) when cash flows are linked to ESG targets
  - Accumulated fair value gains and losses in OCI
- Proposed amendments
  - Permit an entity to deem a liability as “discharged” when using an electronic payment system and certain conditions are met
  - Clarified guidance on the SPPI test and require additional disclosures
  - Expand disclosures for fair value gains and losses in net assets/equity

## Recommendation

- Amend IPSAS 41 to:
  - Clarify when a liability can be deemed as discharged
  - Provide additional guidance on the SPPI test
- Expand disclosures in IPSAS 30 on:
  - Terms that can change timing/amount of cash flows
  - Fair value changes in net assets/equity

## Amendments from *Annual Improvements to IFRS – Vol. 11*

### Analysis

- Proposed amendments to IPSAS 30 and IPSAS 41
  - Corrected a paragraph reference to refer to IPSAS 46
  - Clarified the introduction of the implementation guidance to state that not all requirements are illustrated
  - Amended the implementation guidance in IPSAS 30 to be consistent with the core text
  - Clarified scope and initial measurement requirements for better consistency with IPSAS 43 and IPSAS 47
- Above amendments are editorial in nature
  - No substantive changes to accounting or disclosure requirements in IPSAS 30 or IPSAS 41

### Recommendation

- Amend IPSAS 30 and IPSAS 41 as shown in Agenda Item 6.3.3:
  - To clarify existing implementation guidance
  - For better consistency with existing guidance in IPSAS 43, IPSAS 46, and IPSAS 47

# Contracts Referencing Nature-Dependent Electricity

## Analysis

- The IFRIC and IASB were asked to clarify how to apply own-use exception to contracts to buy/sell nature-dependent electricity (i.e., green energy)
- In response, the IASB made a number of amendments
  - Described contracts referencing nature-dependent electricity
  - Added application guidance on when these contracts meet the own-use exception
  - Clarified the hedge accounting requirements when using these contracts as a hedging instrument
  - Require disclosure of how these contracts can impact an entity's future cash flows and financial performance

## Recommendation

- Amend IPSAS 30 and IPSAS 41 as shown in Agenda Item 6.3.4 to incorporate guidance on contracts referencing nature-dependent electricity



