

IPSASB

International Public
Sector Accounting
Standards Board®

AGENDA ITEM 11

PRESENTATION OF FINANCIAL STATEMENTS

IPSASB Meeting – March 2025

Eileen Zhou, Principal

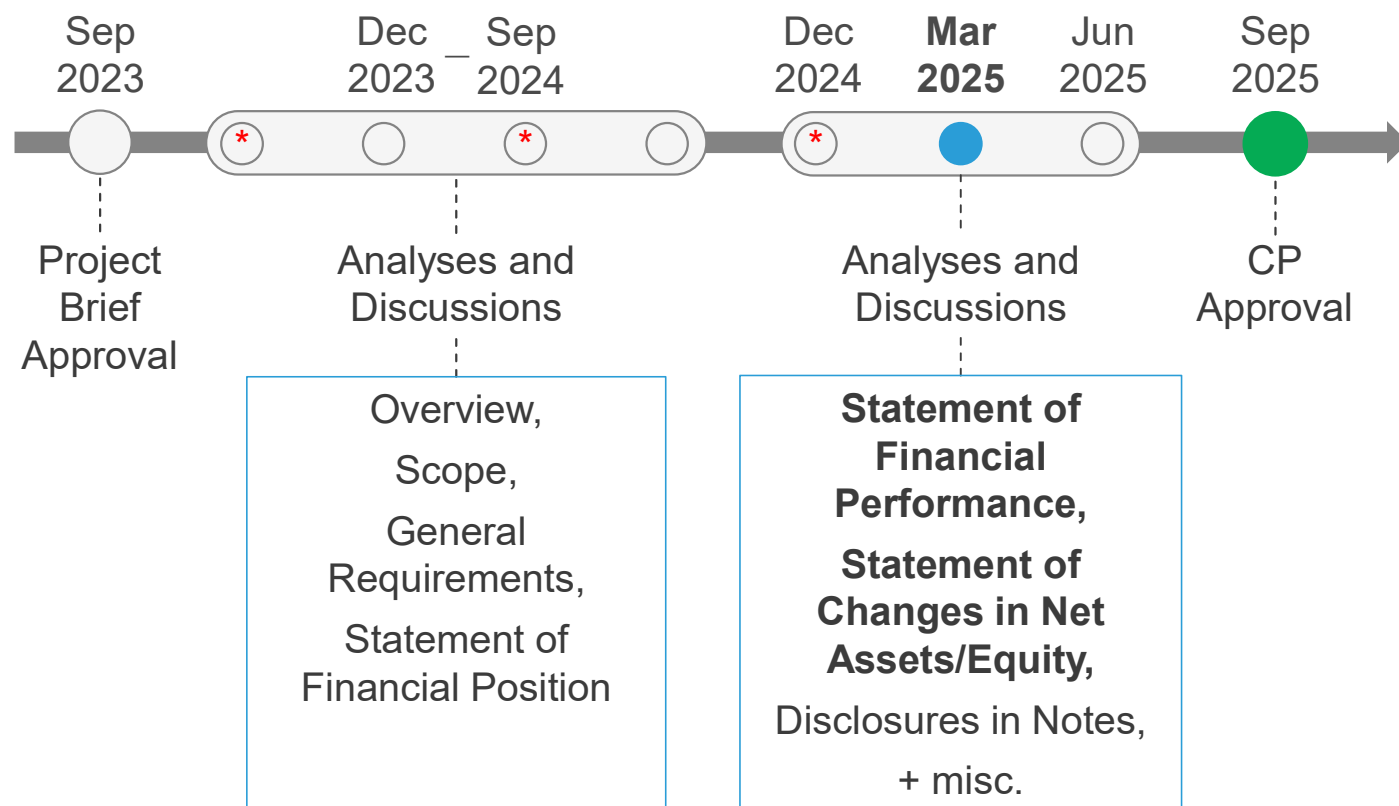
Washington D.C., USA



Project Overview

KEY STRATEGIC DECISIONS:

- Align with IFRS (unless there is public sector reason to deviate)
- Be consistent with Conceptual Framework, and retain useful IPSAS 1 elements
- Balance need for structure and flexibility



* = received CAG advice

Categorizing Revenues & Expenses in Surplus/Deficit



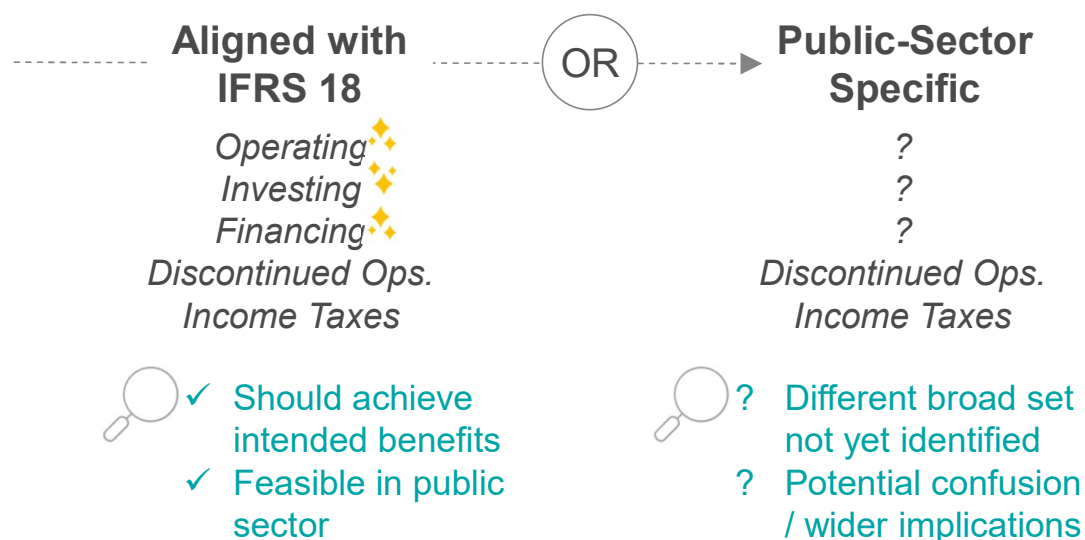
CONCEPTUALLY

useful to help financial statement users better understand, analyze, and compare financial performance information.



PRACTICALLY

additional analysis needed to identify an appropriate set of categories.



Agenda Item 11.2.1

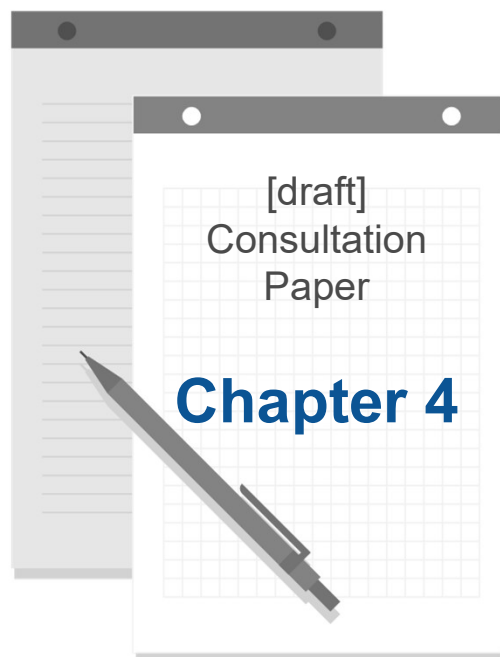
Categorizing Revenues & Expenses in Surplus/Deficit

Illustrative
Example
(using IFRS 18
categories):

Education
Institute in
New Zealand

Current presentation		Proposed presentation	Expected Category
Education Institute - New Zealand <i>for the year ended [MM] [DD] [YYYY]</i>		Education Institute - New Zealand <i>for the year ended [MM] [DD] [YYYY]</i>	
Government grants	xx	Government grants	xx Operating
Tuition fees	xx	Tuition fees	xx
Research and contracts	xx	Research and contracts	xx
Other revenue	xx	Other revenue (<i>operating portion</i>)	xx
Other gains/(losses)	xx	Transfer of funds from restricted to unrestricted	xx
Transfer of funds from restricted to unrestricted	xx	Total operating revenue	XX
Total operating revenue	XX		
People costs	xx	People costs	xx
Operating costs	xx	Operating costs	xx
Finance costs of borrowing	xx	Depreciation and amortization	xx
Depreciation and amortization	xx	Total operating expenses	XX
Total operating expenses	XX	Operating surplus or deficit	XX
Net surplus/(deficit) before tax	XX		
		Other revenue (<i>investing portion</i>)	xx Investing
		Other gains/(losses)	xx
		Surplus or deficit before financing and income taxes	XX
		Finance costs of borrowing	xx Financing
		Surplus or deficit before income taxes	XX
		Income tax expense/(benefit)	xx Income taxes
		Net surplus/(deficit)	XX

Categorizing Revenues & Expenses in Surplus/Deficit



1 RELEVANT BACKGROUND

Classification of Revenue and Expenses (Categories)

2 CONCEPTUAL BENEFITS

3 CONSIDER USER NEEDS

4 APPROACHES

Aligned with
IFRS 18

- ✓ Benefits
- × Drawbacks

OR

Public-Sector
Specific

- ✓ Benefits
- × Drawbacks

Categorizing Revenues & Expenses in Surplus/Deficit

Analysis and Preliminary View

- **Results of Analysis**

- Confirmed diversity in practice exists, and that categorization would reduce diversity, add structure, and support users.
- Demonstrated that public sector revenues and expenses can be categorized in alignment with IFRS 18.
- Noted benefits of public sector specific categories, but challenges in identifying an alternative set of categories.

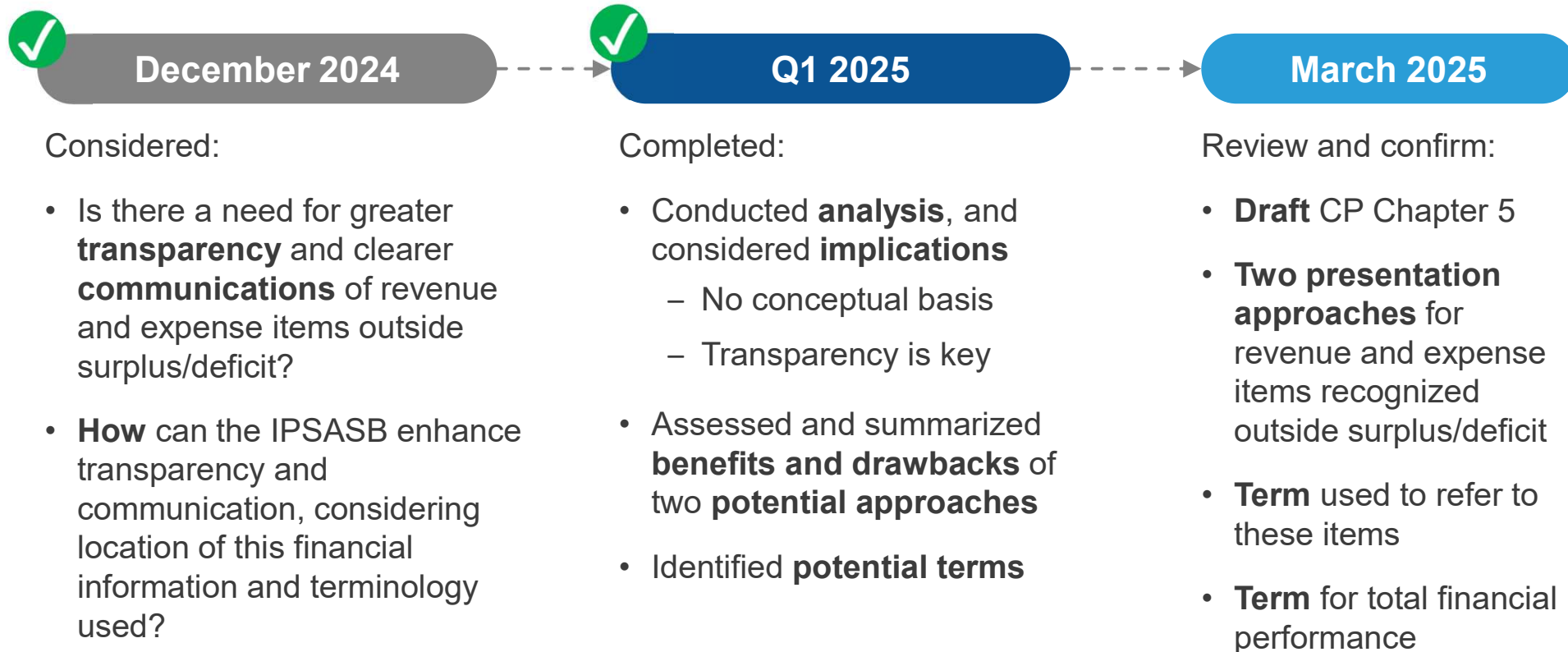
- **Task Force Views**

- [draft] Consultation Paper, Chapter 4 reflects IPSASB deliberations and analysis to date.
- 4/7 support the use of IFRS 18 categories.

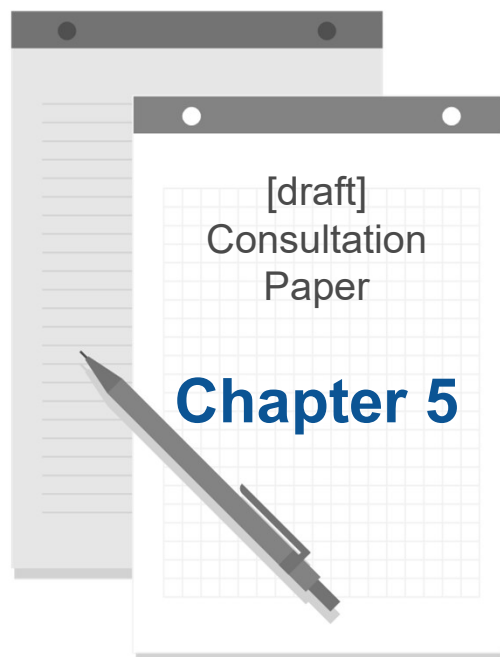
Recommendation

- **Include** [draft] Chapter 4 in CP
- **Add** the proposed Preliminary View (PV) to require entities to present revenue and expense items recognized in surplus or deficit in categories on the Statement of Financial Performance, aligned with IFRS 18.

Presenting Revenues & Expenses Outside Surplus/Deficit



Presenting Revenues & Expenses Outside Surplus/Deficit



1 RELEVANT BACKGROUND

Presentation of Revenue and Expenses Outside S/D

2 CONSIDER TRANSPARENCY

3 APPROACHES

Align with
IFRS 18

- ✓ Benefits
- × Drawbacks

OR

Retain and
Enhance IPSAS 1

- ✓ Benefits
- × Drawbacks

4 TERMINOLOGY

Surplus or Deficit
+ Other Financial Performance ♦♦
Total Financial Performance ♦♦

Presenting Revenues & Expenses Outside Surplus/Deficit

Analysis and Preliminary View

- **Results of Analysis**

- Confirmed understanding of IASB's decisions regarding incomes and expenses recognized outside profit or loss (OCI).
- Emphasized the importance of transparency. Location of information and terminology used to refer to such information are tools to enhance or achieve transparency.
- Presented 2 presentation approaches, and potential terms.

- **Task Force Views**

- [draft] Consultation Paper, Chapter 5 reflects IPSASB deliberations and analysis to date.
- 5/7 support retaining and enhancing IPSAS 1 presentation requirements.
- Terminology contingent on IPSASB's present approach PV.

Recommendation

- **Include** [draft] Chapter 5 in CP
- **Add** the proposed Preliminary Views (PV)s to:
 - Retain & enhance IPSAS 1 requirements to present revenue and expense items outside of surplus/deficit in the Statement of Changes in Net Assets/Equity.
 - Use "Other Financial Performance" (and by extension, "Total Financial Performance")

