

Meeting: International Public Sector Accounting Standards Board

Meeting Location: Toronto, Canada

Meeting Date: June 10–13, 2025

Agenda Item 8

For:

Approval

Discussion

Information

IPSASB APPLICATION GROUP

Project summary	The objective of the IPSASB Application Group is to: <ul style="list-style-type: none"> Assist in ensuring consistent application of IPSAS Standards by considering application questions submitted by stakeholders; and Assist the IPSASB in identifying areas where changes to existing guidance, or additional guidance, may be required. 	
Project staff lead	<ul style="list-style-type: none"> Edwin Ng, Principal 	
Group members	<ul style="list-style-type: none"> Andrew van der Burgh, IPSASB Member (Group Chair) Liang Yang, Partner, Deloitte China Mohamed Saadique Merchant, Audit Manager, Financial Audit Authority (FAA) at the Government of Dubai 	
Meeting objectives	Topic	Agenda Item
Project management	IPSASB Application Group Dashboard	8.1.1
	Instructions up to Previous Meeting	8.1.2
	Decisions up to Previous Meeting	8.1.3
	IPSASB Application Group: Project Roadmap	8.1.4
Decisions required at this meeting	Summary of IPSASB Application Group Activities	8.2.1
	Reporting: IPSASB Application Group	8.2.2
Other supporting items	Supporting Document 1 - Queries Not Analyzed by IPSASB Application Group	8.3.1
	Supporting Document 2 - IFRIC Activities Not Analyzed by IPSASB Application Group	8.3.2
	Supporting Document 3 – Issue Selection Process Summary	8.3.3

Prepared by: Edwin Ng (May 2025)

**IPSASB APPLICATION GROUP:
 PROJECT MANAGEMENT DASHBOARD**

Overall Project Management	Past Meetings	June 2025	September 2025 and beyond
Introduction of the IPSASB Application Group (IAG)	✓		
Finalize the Initial Operating Procedures for the IAG	✓		
Commence Operation of the IAG	✓		
Analysis of Queries and Updates from the IASB or IFRIC			

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

INSTRUCTIONS UP TO PREVIOUS MEETING

Meeting	Instruction	Actioned
March 2025	1. No instructions	1. No instructions

DECISIONS UP TO PREVIOUS MEETING

Meeting	Decision	BC Reference
December 2024	1. The IPSASB Application Panel should be renamed to the IPSASB Application Group (IAG).	1. N/A – Updated operating procedures to be posted on IPSASB website.
December 2024	2. The IAG should be rolled out in 2025.	2. N/A – Project management decision only.
December 2024	3. Subject to the instructions, finalize the operating procedures for the IAG.	3. N/A – Updated operating procedures to be posted on IPSASB website

**IPSASB APPLICATION GROUP:
PROJECT ROADMAP**

Meeting	Completed Actions or Discussions / Planned Actions or Discussions:
September 2023	1. Present key considerations document regarding the IPSASB Application Group (IAG) to the IPSASB
December 2024	1. Finalize the process documentation for the IAG
March 2025	1. Commence operation of the IAG
June 2025	1. Analysis of Queries and Updates from the IASB or IFRS Interpretations Committee (IFRIC) (If Applicable)
September 2025	1. Analysis of Queries and Updates from the IASB or IFRIC (If Applicable)
December 2025	1. Analysis of Queries and Updates from the IASB or IFRIC (If Applicable)

Summary of IPSASB Application Group Activities

Purpose

1. To update on the work of the IPSASB Application Group (IAG) during the current quarter.

Background

2. At the March 2025 meeting, the IPSASB was updated on the appointment of Andrew van der Burgh as the Chair of the IAG, and the processes that had been approved by the IPSASB in December 2024 were put in practice and tested with the IAG Chair. At the March meeting, the IPSASB also discussed the staff's proposed plan to roll out the IAG in the second quarter of 2025.
3. In the second quarter of 2025, the IAG tested the processes by reviewing Staff's analysis regarding the first batch of 2025 Improvements to IPSAS Standards.

Analysis

4. During the quarter the following milestones were achieved:
 - (a) **New Members Added.** During the first quarter of 2025, the IAG operated using only its chair. This was by design to test and refine processes as necessary. During the second quarter, two members were invited to act as IAG members:
 - (i) **Liang Yang.** Mrs. Yang is a partner at Deloitte China. She was an IPASB member from 2022-2024. Mrs. Yang is familiar with the IPSASB's processes and has a strong technical background. As a partner at a large accounting firm, she brings her experience in addressing broad and wide-ranging accounting issues that are similar to what the IAG will need to address.
 - (ii) **Mohamed Saadique Merchant.** Mr. Merchant is an audit manager at the Financial Audit Authority (FAA) at the Government of Dubai. The FAA is an independent public authority with a mandate to audit public funds, promote accountability, transparency and integrity. In his role, Mr. Merchant developed the audit methodology and led the group consolidated audit of the Dubai Government. This includes the audit of IPSAS compliant entities, including the audit of their transition to IPSAS Standards beginning in 2019.

IPSASB Staff, in consultation with the IAG Chair, decided the IAG should initially be limited in membership until more queries are received. While the IPSASB agreed in December 2024 that the Group would always be small (between four and six members), beginning with only two members would allow the Group to remain flexible, and the Group can reassess its needs beyond its current composition as more queries are received. Technical expertise was prioritized in the current membership, along with a mix of functional backgrounds. As the type of expertise is identified, more members will be added to the group. Technical expertise will continue to be a priority. However, new members will be expected to add to the functional and regional background of the group. For example, a priority for the Group is to identify its next members from the preparer community.

- (b) **Query Submission Website.** In consultation with the IAG Chair, the website for stakeholders was developed and tested. This query page request specific information, including the practice issue and relevant case facts, to enable IPSASB Staff to determine whether the query should

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be elevated to the IAG. The website has been tested and will be published following the IPSASB meeting (see paragraph 6).

- (c) **Reporting Framework to the IPSASB.** [Agenda Item 8.2.2](#) illustrates the reporting framework the IAG and IPSASB Staff will utilize to summarize the issues considered by the Group during the quarter (queries submitted but did not meet the criteria for analysis by the Group will be summarized in [Agenda Item 8.3.1](#)). The reporting framework was developed to summarize the query and the recommendation, with detailed analysis to follow in agenda papers.
- 5. The website launch will mark an important step in the delivery of maintenance activities. Maintenance activities are a key commitment in the 2024-2028 Strategy, and IPSASB staff will take the opportunity provided by the website launch to highlight the achievement publicly and raise awareness. This launch will be supported with a press release, email, and social media promotion. Staff expect the website to be launched before the end of June 2025 and request IPSASB members amplify the launch by sharing with stakeholders in their region that may have interest.
- 6. Following the launch of the website, IPSASB Staff expect more queries to be submitted, which will require the expertise of the IAG. Quarterly reporting will continue, summarizing the activities of the IAG and recommendations for the IPSASB to consider.

Decision Required

- 7. No decisions required.

Reporting: IPSASB Application Group

Purpose

1. To summarize the activities of the IPSASB Application Group (IAG) during the current quarter.

Background

2. The IAG was established:
 - (a) To assist in fostering consistent application of the IPSAS Standards (by considering application questions or issues submitted by stakeholders); and
 - (b) To assist the IPSASB in identifying areas where changes to existing guidance, or additional guidance, may be required.
3. Issues discussed by the IAG are identified by stakeholders, who are expected to submit queries via the IPSASB website.

Analysis

Summary of Queries Submitted

4. Summary of queries submitted from the previous two quarters:

	Current quarter	Previous quarter
Queries submitted from previous quarter	-	-
Queries submitted	1	-
Analyzed by IPSASB Staff Does not meet criteria for IAG analysis – see Agenda Item 8.3.1	1	-
Analyzed by IAG	-	-
Submissions yet to be analyzed	-	-

5. The table below summarizes the queries analyzed by the IAG¹ during the second quarter of 2025. The table includes the following activities:

[The reporting template has been included to show IPSASB members the proposed format for this section.]

- (a) **IAG's recommendations for the IPSASB's consideration.** Queries analyzed by the IAG for which a recommendation has been developed, or under development for the IPSASB's consideration at future meeting.
 - (i) No recommendations for the IPSASB's consideration in Q2 2025.

¹ See [Agenda Item 8.3.3](#) for a summary of the issue selection process.

IAG's Recommendations for the IPSASB's consideration	
Issue Number [Q2 2025-x]	Issue Title [Title] [A blank entry has been included to show IPSASB members the reporting format for this section.]
Description [Description]	
Status [Recommendation / Under discussion]	Agenda Item (detailed analysis) [Link to Agenda Item]

Summary of IFRIC Activities

6. Summary of IFRIC activities from the previous two quarters:

	Current quarter	Previous quarter
IFRIC activities from previous quarter	3 (March 2025 meeting)	-
IFRIC activities	-	3 (March 2025 meeting)
Analyzed by IPSASB Staff Does not meet criteria for IAG analysis – see Agenda Item 8.3.2	2	-
Analyzed by IAG for submission to IPSASB	-	-
IFRIC activities yet to be analyzed	1	3

7. The table below summarizes the work of the IFRIC analyzed by the IPSASB staff in the current quarter but have yet to be analyzed by the IAG.

IAG's Recommendations for the IPSASB's consideration	
Issue Number	Issue Title
March 2025 - 1	Guarantees issued on obligations of other entities
<p>Description</p> <p>An entity issued various types of contractual guarantees on the obligations of a joint venture. The entity requested the IFRIC to clarify how it should account for these guarantees in its separate financial statements and whether it should apply IFRS 9, <i>Financial Instruments</i>, or another IFRS Accounting Standard.</p> <p>The IFRIC noted that an entity accounts for its issued guarantees based on the terms and conditions of the guarantees, including consideration of whether these terms and conditions have substance. Based on the scoping requirements in IFRS, an entity considers the guidance below in the following order:</p> <ol style="list-style-type: none"> 1. Is the guarantee a financial guarantee contract within the scope of IFRS 9? 2. Is the guarantee an insurance contract within the scope of IFRS 17, <i>Insurance Contracts</i>? 3. Is the guarantee a loan commitment, derivative, or financial liability within the scope of IFRS 9? 4. Is the guarantee part of a revenue contract within the scope of IFRS 15, <i>Revenue from Contracts with Customers</i>? 5. Does the guarantee give rise to a provision, contingent liability or contingent asset within the scope of IAS 37, <i>Provisions, Contingent Liabilities and Contingent Asset</i>? <p>The IFRIC noted that the IASB discussed diversity in the interpretation of 'debt instrument', which could impact financial guarantee contracts, and is considering broader application questions related to financial guarantee contracts in its next agenda consultation. However, for the question query received, the IFRIC decided not to add a standard setting project, as the existing scoping guidance in IFRS Accounting Standards provides an adequate basis for an entity to determine how to account for an issued guarantee.</p>	
<p>IFRIC Status</p> <p>Agenda decision finalized</p>	<p>IAG Status</p> <p>To be considered at future meeting due to the complex nature and prevalence of guarantees in the public sector.</p>

Decision Required

8. No decisions required.

**Supporting Documents 1 – Queries Not Analyzed by IPSASB Application Group
(For Information Purposes Only)**

Purpose

1. To summarize the queries received during the period that were not analyzed by the IPSASB Application Group (IAG) as they did not meet certain criteria. These queries are *not* for the IPSASB’s consideration.

Queries Not Analyzed by IPSASB Application Group

2. The table below summarizes the activities of the IAG during the second quarter of 2025. The table includes the following activities:
 - (a) **Analyzed by IPSASB Staff and rejected by IAG.** Topics analyzed by IPSASB staff which do not meet the criteria to be considered by the IAG.
 - (i) Debt Restructuring

Analyzed by IPSASB Staff	
Issue Number	Issue Title
Q2 2025-1	Debt Restructuring
<p>Description</p> <p>The IPSASB staff responded to a question related to a restructuring of government debt. In the scenario, original bonds were exchanged for new bonds as well as a new type of instrument called a value recovery instrument (VRI). The question was seeking advice on which IPSAS Standard would be applicable to look to for guidance on accounting for the VRI from the perspective of the issuer. Based on the facts provided, the IPSASB staff provided direction that IPSAS 41, <i>Financial Instruments</i>, would be the appropriate place to look for guidance on accounting for the instrument and verbally discussed the paragraphs that may be most applicable to this situation in terms of recognition and measurement. The IPSASB staff also discussed the importance of appropriate disclosure of the transaction.</p>	
<p>Status</p> <p>Rejected by IPSASB Application Group</p>	<p>Why not Considered by IAG</p> <p>Issue is addressed by existing guidance in IPSAS Standards. Analysis was limited to directing stakeholder to existing guidance.</p>

**Supporting Documents 2 – IFRIC Activities Not Analyzed by IPSASB Application Group
 (For Information Purposes Only)**

Purpose

1. To summarize the IFRIC Activities during the period that were not analyzed by the IPSASB Application Group (IAG), as they did not meet certain criteria. These IFRIC activities are *not* for the IPSASB's consideration.

IFRIC Activities Not Analyzed by IPSASB Application Group

2. The table below summarizes the activities of the IFRIC analyzed by the IPSASB staff during the second quarter of 2025:

Analyzed by IPSASB Staff	
Issue Number	Issue Title
March 2025 - 2	Recognition of Revenue from Tuition Fees
<p>Description</p> <p>An educational institution receives tuition revenue, and its students attend the institution for 10 months of the year. The institution's employees work for either 11 months of the year or throughout the entire year depending on whether they are academic or non-academic staff. The institution submitted a request on whether its tuition revenue should be recognized over the time when students attend classes, over the entire year, or over a different period.</p> <p>The IFRIC found no evidence of diversity in the accounting for tuition revenue and noted that differences in the timing of revenue recognition will depend on the specific facts and circumstances. As a result, the IFRIC concluded that the issue submitted does not have widespread effect and decided not to add a standard setting project to the workplan.</p>	
<p>IFRIC Status</p> <p>Agenda decision finalized</p>	<p>IAG Status</p> <p>No action required by IPSASB. As the guidance on revenue in IPSAS 47 is aligned with IFRS 15, the IFRIC's decision also applies to the IPSAS Standards.</p>

Analyzed by IPSASB Staff	
Issue Number	Issue Title
March 2025 - 3	Recognition of Intangible Assets from Climate-related Expenditure
<p>Description</p> <p>An entity made a commitment to other parties to reduce a percentage of its carbon emissions by 2030 and determined that this commitment created a constructive or legal obligation. The IFRIC was asked whether the entity's investments in carbon credits, as well as its expenditures for the research activities and development activities required by the commitment, meet the requirements to be recognized as an intangible asset.</p> <p>The IFRIC decided not to add a standard setting project to the work plan, as there was no evidence of material diversity in the accounting for expenditures on research activities and development activities.</p>	
<p>IFRIC Status</p> <p>Agenda decision finalized.</p>	<p>IAG Status</p> <p>No action required by IPSASB. As the guidance in IPSAS 31 is aligned with IAS 38, the IFRIC's decision also applies to the IPSAS Standards.</p>

**Supporting Documents 3 – Issue Selection Process Summary
(For Information Purposes Only)**

1. After an issue is identified, the IPSASB agreed in December 2024, staff assesses whether the issue warrants technical analysis based on the following criteria:
 - (a) The issue relates to a public sector-specific matter—i.e., the Group is not meant to re-open issues or redeliberate issues on IPSAS guidance that is aligned with IFRS that were addressed by the IASB or its IFRIC;²
 - (b) The issue has a widespread and/or material impact;
 - (c) The issue may require potential changes to existing Standards—i.e., the issue is currently not adequately addressed by existing Standards or the existing Standards are not sufficiently clear;
 - (d) The IAG can realistically address the issue—e.g., it is limited to a single or limited number of IPSAS and sufficiently narrow in scope; and
 - (e) If it is a broader issue, then the issue may need to be referred to the IPSASB for discussion.
2. Staff will perform the detailed analysis of whether an issue is to be analyzed by the IAG. A listing of issues that will not be analyzed in detail, along with a summary of how these issues do not meet the four criteria above, will be provided to the IAG for their review by exception.
3. In addition, in the event that an issue is so prevalent or material that it cannot be adequately addressed by the IAG, the issue will be referred directly with the IPSASB.
4. The following flowchart summarizes the issue selection process for the IPSASB Application Group:

² When the IPSASB develops guidance based on an IFRS Accounting Standard or an IFRS Sustainability Disclosure Standard, the IPSASB considers if the principles from an IFRS Standard are appropriate for the public sector. Where the IPSASB identifies public sector differences related to the transaction or sustainability-related context, it modifies or adds guidance to ensure public sector needs are appropriately addressed. Therefore, while the IAG will not focus on the private sector guidance which formed the basis of an IFRS-aligned IPSAS Standard or IPSASB SRS Standard, the public sector-specific modifications or additions can be selected for analysis by the IAG.

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