



International Public
Sector Accounting
Standards Board®

AGENDA ITEM 10

IPSAS 33 LIMITED SCOPE UPDATE

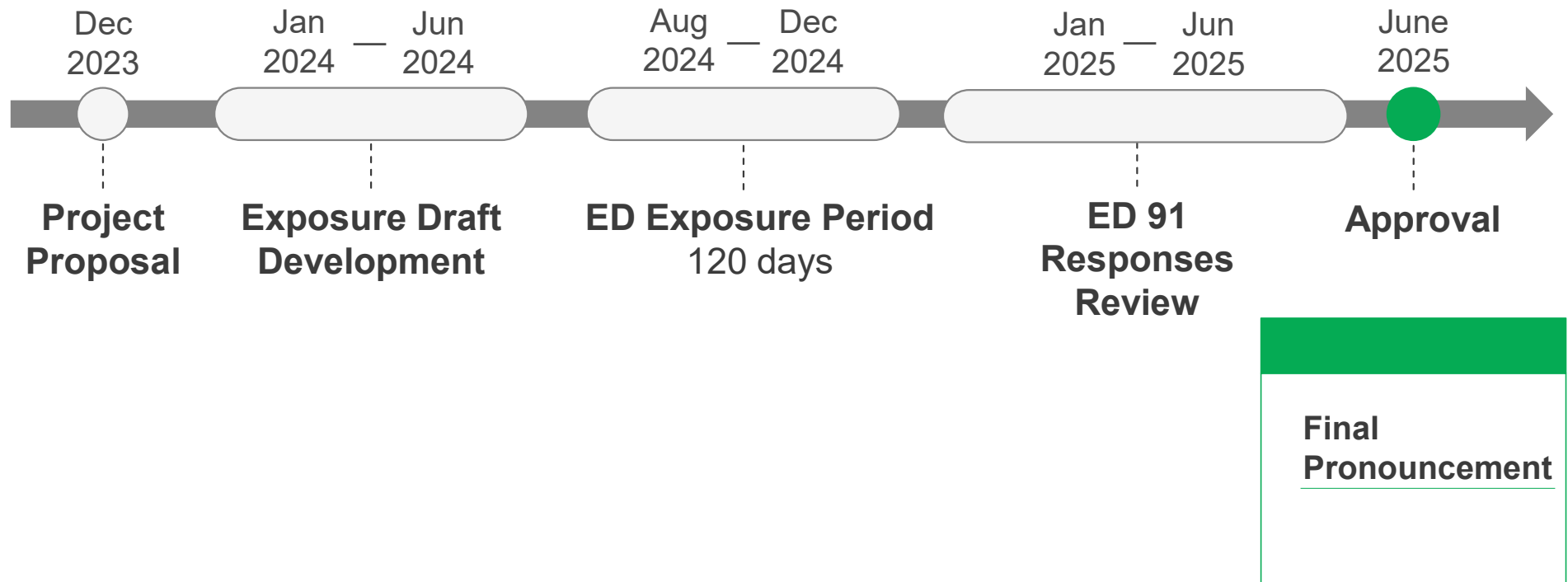
IPSASB Meeting – June 2025

Sayja Barton, Principal

Toronto, Canada



IPSAS 33 – Limited Scope Update



Comprehensive Revisions – Remaining Items

Analysis

- Based on the Board's March 2025 instructions staff:
 - Incorporated drafting and editorial changes proposed in March
 - Drafted table listing exemptions that affect / do not affect fair presentation and compliance with IPSAS Standards (circulated separately)
 - Added back application guidance for exemptions not originally carried over
 - Amended core text and implementation guidance to clarify length of the transition period and comparative figures
 - Clarified implementation guidance on changes in estimates and classes/categories application
 - Added implementation guidance on application of deemed cost
- Additionally staff:
 - Updated the title of the standard and added a cover page
 - Aligned the drafting in the Standard with other IPSASB projects

Recommendation

- The IPSASB agree to amend the proposals in ED 91 in response to feedback received from respondents as discussed in this Agenda Item and reflected in the marked up version of IPSAS 33 in Agenda Item 10.3.1

Gradual Recognition

Analysis

- Clearly allowing an optional exemption to permit the gradual recognition and/or measurement of the non-financial assets listed in the box below on a class-by-class or category-by-category basis where the use of classes or categories is permitted in the applicable IPSAS would:
 - Resolve the current confusion in practice in this area
 - Provide relief to first-time adopters in the areas where it is most impactful
 - Encourage recognition and measurement of items in the financial statements sooner and may facilitate faster adoption of IPSAS
 - Provide useful information about such items to users of the financial statements

Inventories; property, plant and equipment; investment property; intangible assets; right of use assets; and
service concession assets

Recommendation

- Staff recommend the IPSASB permit a first-time adopter to elect to recognize and/or measure the non-financial assets listed on the slide and any related financial or non-financial liabilities on a gradual basis as reliable recognition and measurement information becomes available during the transition period

Gradual Recognition

Changes to proposed paragraph AG57 to add service concession assets:

AG57. Where a first-time adopter elects to take advantage of the recognition and/or measurement exemptions noted above for inventories (see paragraphs AG55(a) and AG56(a)), property, plant and equipment (see paragraphs AG55(g) and AG56(h)), right of use assets (see paragraphs AG55(f) and AG56(g)), intangible assets (see paragraphs AG55(d) and AG56(e)), ~~and/or investment property (AG55(b) and AG56(c))~~ and/or service concession assets (see paragraphs AG55(e) and AG56(f)), the first-time adopter may also elect to recognize and/or measure such assets in accordance with the requirements of IPSAS gradually as reliable recognition and measurement information becomes available during reporting periods within the transition period. In accordance with paragraph AG19, this election would be made on a class-by-class or category-by-category basis where the use of classes or categories is permitted in the applicable IPSAS (for example, a first-time adopter would elect to apply this gradual exemption to all vehicles if vehicles are a separate class of assets for the entity). In this case, the first-time adopter would ensure the accounting policy disclosed explains how the exemption is applied and provide the reconciliation required by paragraph 33 of this Standard.

Gradual Recognition

Changes to proposed related BCs:

BC140. Some respondents highlighted that there are different interpretations of the existing guidance in IPSAS 33 as originally issued in relation to the gradual recognition and measurement of assets and liabilities during the transition period. Respondents requested the IPSASB clarify whether consider amending the exemptions that allow permit some assets and liabilities to be recognized and/or measured at any date within the transition period ~~to also permit a~~ includes the gradual recognition of such items during the transition period as relevant information is obtained to recognize and measure such items. Respondents noted that from a practical perspective it would be less burdensome to recognize and measure such items as they ~~that are acquired during the transition period or as the relevant information is obtained for groups of asset.~~ For example, an entity may have 100 buildings and may have reliable information to recognize and measure 40% of ~~those~~ all its buildings in accordance with IPSAS in year 1 of the transition period, and the remaining 60% of its buildings in year 3. It may purchase additional buildings in year 2, but since the entity's previous accounting policy was to expense property, plant and equipment, ~~under the recognition and measurement exemptions in IPSAS 33 as originally issued,~~ clarity is needed whether the entity ~~it would need~~s to expense the buildings purchased in year 2 and then capitalize them in year 3 along with the rest of its buildings once it has reliable recognition and measurement information for all assets in the building class or recognize the buildings gradually as information becomes available over the transition period. ~~This makes the accounting during the transition period burdensome when an entity has a large volume of assets and purchases many additional assets during the transition period. This is an area of confusion in IPSAS 33 as originally issued which has led to diversity in practice.~~

Gradual Recognition

Changes proposed to related BCs:

BC140. Some respondents also requested clarification on whether such a gradual approach ~~is~~ be permitted to allow uniform accounting policies to be applied incrementally during the transition on a controlled entity by entity, associate by associate, or joint venture by joint venture basis and also be permitted for disclosure only standards.

Gradual Recognition

Changes proposed to related BCs:

BC142. The IPSASB considered respondents' feedback on this issue and decided to clarify the permissibility of gradual recognition and measurement by including explicitly in the Standard an option to allow a first-time adopters to elect to gradually recognize and/or measure certain non-financial assets: inventories; property, plant and equipment; investment property; intangible assets; ~~and right of use assets;~~ and service concession assets, and their related liabilities over the transition period as reliable recognition and measurement information becomes available. ~~A f~~First-time adopters would need to ensure the elections chosen, accounting policies applied, and the reconciliation required by paragraph 33 are appropriately disclosed in the financial statements so users can understand the impact during the transition period as such items are recorded. The IPSASB believes ~~permitting this optional exemption is a pragmatic approach that will~~ provide clarity in an area that currently causes confusion in practice, will provide relief for first-time adopters in the areas where it is most impactful, will encourage recognition and measurement of these items in the financial statements sooner, will provide useful information about such items to users of the financial statements and may ultimately lead to first-time adopters complying with IPSAS in full faster.

Agenda Item 10.2.3

Approving the Final Pronouncement

IPSASB Due Process for IPSAS 33, *First-time Adoption of Accrual Basis International Public Sector Accounting Standards*

A

Staff present revised content of exposed Standard

See Agenda Item 10.3.1

B

Program & Technical Director advises whether Due Process followed effectively

PTD assertion

C

IPSASB confirms whether it is satisfied that Due Process has been followed effectively

Chair asks for confirmation

D

IPSASB votes on approval of IPSAS 33, *First-time adoption of Accrual Basis International Public Sector Accounting Standards*

Staff recommend approval

E

IPSASB considers whether vote on re-exposure is necessary

No substantial changes

F

IPSASB sets effective date for IPSAS 33, *First-time adoption of Accrual Basis International Public Sector Accounting Standards*

January 1, 2028

G

IPSASB issues Basis for Conclusions

Agenda Item 10.3.1

