

Meeting: International Public Sector Accounting
Standards Board

Meeting Location: Toronto, Canada

Meeting Date: June 10–13, 2025

Agenda Item 10

For:

- ☒ Approval
☐ Discussion
☐ Information

IPSAS 33 – LIMITED SCOPE UPDATE

| | | |
|--|--|------------------------|
| Project summary | The objective of this project is to address stakeholder concerns with IPSAS 33, <i>First-Time Adoption of Accrual Basis IPSASs</i> to be more user-friendly and effective. | |
| Project staff lead[s] | Sayja Barton, Principal | |
| Subject matter expert | Abdullah Alhomaida, Ministry of Finance, Saudi Arabia | |
| Task Force members | <ul style="list-style-type: none"> Abdullah Al-Mehthil, IPSASB Member (Task Force Chair) Nor Yati Ahmad, IPSASB Member Kamira Sanchez Nicosia, IPSASB Member David Watkins, IPSASB Technical Advisor Lindy Bodewig, National Treasury, South Africa Admire Ndurunduru, African Forum of Independent Accounting and Auditing Regulators Paul Sama, Ministry of Finance, Cameroon | |
| Meeting objectives Project management | Topic | Agenda Item |
| | IPSAS 33 – Limited Scope Update Dashboard | 10.1.1 |
| | Instructions up to Previous Meeting | 10.1.2 |
| | Decisions up to Previous Meeting | 10.1.3 |
| | IPSAS 33 – Limited Scope Update: Project Roadmap | 10.1.4 |
| Decisions required at this meeting | Comprehensive Revisions to IPSAS 33 – Remaining Items | 10.2.1 |
| | Gradual Recognition of Certain Non-Financial Assets and Related Liabilities | 10.2.2 |
| | Approval of [draft] Final Pronouncement, IPSAS 33, <i>First-time Adoption of Accrual Basis International Public Sector Accounting Standards</i> | 10.2.3 |
| Other supporting items | Supporting Document 1 – [draft] IPSAS 33, <i>First-time Adoption of Accrual Basis International Public Sector Accounting Standards</i> (track changes version) | 10.3.1 |


Prepared by: Sayja Barton (May 2025)


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**IPSAS 33 – LIMITED SCOPE UPDATE:
DASHBOARD**

| Topic | Past Meetings | June 2025 |
|---|---------------|-----------|
| Project Planning | ✓ | |
| Project Brief | ✓ | |
| Review and Approval of IPSAS 33 Limited Scope Update | ✓ | |
| Objective & Scope | ✓ | |
| Definitions | ✓ | |
| Recognition & Measurement | ✓ | |
| Opening Statement of Financial Position on Adoption of IPSAS | ✓ | |
| Accounting Policies | ✓ | |
| Exceptions to the Retrospective Application of IPSAS | ✓ | |
| Estimates | ✓ | |
| Presentation & Disclosure | ✓ | |
| Exemptions from Disclosure Requirements in IPSASs During the Period of Transition | ✓ | |
| Explanation of Transition to IPSAS | ✓ | |
| Reconciliations | ✓ | |
| Transitional Provisions in other IPSAS | ✓ | |
| Effective Date | ✓ | |
| Withdrawal of IPSAS 33 (issued 2015) | ✓ | |
| Application Guidance | ✓ | |
| Basis for Conclusions | ✓ | |
| Implementation Guidance | ✓ | |
| Illustrative Examples | ✓ | |
| Analyze responses to SMC 1 | ✓ | |

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|--|---|---|
| Analyze responses to SMC 2 | ✓ | |
| Analyze remaining items from respondents' feedback | | |
| Approve final pronouncement | |  |

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

INSTRUCTIONS UP TO PREVIOUS MEETING

| Meeting | Instruction | Actioned |
|------------|--|--|
| March 2025 | 1. Incorporate the drafting and editorial changes, as proposed in Agenda Items 7.2.2 and 7.2.3 and present the [draft] Final Pronouncement for the IPSASB's approval in June 2025. | 1. See drafting and editorial changes in Agenda Item 10.3.1 and approval process in Agenda Item 10.2.3 . |
| March 2025 | 2. Analyze whether the three year recognition and measurement exemption could be applied gradually to certain financial statement items as information on those items is obtained. | 2. See analysis and recommendation in Agenda Item 10.2.2 . |
| March 2025 | 3. Draft implementation guidance referencing deemed cost application guidance in IPSAS 46, <i>Measurement</i> , and how this can be applied in the context of IPSAS 33. | 3. See Agenda Item 10.2.1 and drafting in Agenda Item 10.3.1 |
| March 2025 | 4. Develop recommendations for the outstanding items noted in Agenda Item 7.2.2. | 4. See analysis and recommendations in Agenda Item 10.2.1 and Agenda Item 10.2.2 . |
| March 2025 | 5. Review the responses to IPSAS ED 91 to determine if any comments should be forwarded to the IPSASB Application Group. | 5. See analysis is Agenda Item 10.2.1 . |

DECISIONS UP TO PREVIOUS MEETING

| Meeting | Decision | BC Reference |
|---------------|--|--|
| March 2025 | 1. Subject to the agreed drafting and editorial changes, the proposal to amend IPSAS 33 as proposed in SMC 1 and SMC 2 of ED 91 should be carried forward to the final pronouncement. | 1. See drafting and editorial changes in Agenda Item 10.3.1 and decisions reflected in BC131-133, 137 and 139. |
| | 2. The number of the Standard, IPSAS 33, should be retained when the pronouncement is issued. | 2. See BC144 in Agenda Item 10.3.1 . |
| December 2024 | 1. All decisions provided up until June 2024 were reflected in Exposure Draft (ED) 91, Limited-scope Updates to First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSAS) (Amendments to IPSAS 33) . | 1. n/a |

**IPSAS 33 – LIMITED SCOPE UPDATE:
PROJECT ROADMAP**

| Meeting | Completed Actions or Discussions / Planned Actions or Discussions: |
|-------------------------------|--|
| September 2023 | 1. Discussion to determining the best option to improving IPSAS 33, First-Time Adoption of Accrual Basis IPSASs to better enable the use of IPSAS 33 in practice |
| December 2023 | 1. Approve project brief |
| March 2024 | 1. Discuss Issues 2. Review the Implementation Guidance (IGs) Approach and Structure |
| June 2024 | 1. Review [draft] Exposure Draft (ED) 2. Approve ED |
| August 2024 | 1. Issue Exposure Draft |
| August 2024- December 2024 | 1. Consultation Period (4 months) |
| March 2025 | 1. Review of Responses |
| June 2025 | 1. Review of Responses 2. Approve Pronouncement |

Comprehensive Revisions to IPSAS 33 – Remaining Items

Question

1. Does the IPSASB agree to proceed with the proposed amendments to IPSAS 33 as a result of feedback received to ED 91?

Recommendation

2. Staff recommend the IPSASB 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](#).

Background

3. The IPSASB's key objective in undertaking this project was to address stakeholder concerns with IPSAS 33, *First-Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSAS)*, by making the Standard more user-friendly and effective.
4. In August 2024, the IPSASB issued [Exposure Draft \(ED\) 91, Limited-scope Updates to First-time Adoption of Accrual Basis International Public Sector Accounting Standards \(IPSAS\)](#). SMC 1 of ED 91 asked constituents if they agreed with the proposals to:
 - (a) Revise authoritative text and Basis for Conclusions by rearranging the guidance in IPSAS 33 by topic;
 - (b) Revise guidance to improve understandability and reduce duplication throughout the Standard;
 - (c) Revise relevant guidance to encourage the first-time adopter to apply IPSAS incrementally and as soon as possible by emphasizing the choice to elect to apply or not apply the available exemptions in IPSAS 33;
 - (d) Add non-authoritative guidance (particularly under implementation guidance) to support the understanding and application of IPSAS 33; and
 - (e) Add non-authoritative guidance on the pre-adoption planning and preparation phase of the transition to accrual basis IPSAS.
5. Respondents to ED 91 strongly supported the proposals outlined in SMC 1. However, respondents who partially agreed requested the IPSAS Standard provide additional guidance or further clarification on the revisions including:
 - (a) Add a comprehensive list of exemptions that affect and do not affect fair presentation and compliance with IPSAS Standards;
 - (b) Add back some of the guidance removed from the Standard and reconsider the location of some of the guidance in the Standard;
 - (c) Clarify the length of the transition period;
 - (d) Clarify guidance on applying some of the exemptions;
 - (e) Add some additional application guidance; and
 - (f) Consider permitting a more gradual recording of items over the transition period.

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6. Staff considered and assessed all the responses and provided recommendations on how to address the comments raised at the March 2025 IPSASB meeting (see [Agenda Item 7.2.2 Appendix A](#) from the March 2025 meeting for details).
7. At the March 2025 meeting, the Board instructed staff to do the following for the June 2025 meeting:
 - (a) Incorporate the drafting and editorial changes as proposed in Agenda Items 7.2.2 and 7.2.3 and present the [draft] Final Pronouncement for the IPSASB's approval;
 - (b) Further analyze the remaining outstanding items in paragraph 5 above, to bring recommendations on how to address these items;
 - (c) Analyze whether the three year recognition and measurement exemption could be applied gradually to certain financial statement items as information on those items is obtained;
 - (d) Draft implementation guidance referencing deemed cost application guidance in IPSAS 46, *Measurement*, and how it can be applied in the context of IPSAS 33; and
 - (e) Review the responses to IPSAS ED 91 to determine if any comments should be forwarded to the IPSASB Application Group.

Analysis

Changes made to Address Board Instructions from March

8. During the March 2025 meeting, the Board instructed staff to incorporate the drafting and editorial changes that were proposed in [Agenda Item 7.2.2](#) and [Agenda Item 7.2.3](#) and were marked up using track changes in [Agenda Item 7.3.2](#). These track changes from March have been accepted¹ and are reflected in [Agenda Item 10.3.1](#).
9. All the outstanding items in paragraph 5 above have been analyzed and a recommendation provided in [Appendix A](#) to this Agenda Item. These items include:
 - (a) Non-authoritative guidance is the form of a table providing a comprehensive list of exemptions that affect and do not affect fair presentation and compliance with IPSAS is under development (see placeholder in Appendix B in [Agenda Item 10.3.1](#));
 - (b) Application guidance was added back to the Standard for exemptions that were not carried over to revised IPSAS 33 (see paragraphs AG55, AG56, AG72, AG89, AG113 and AG114 in [Agenda Item 10.3.1](#));
 - (c) Core text and implementation guidance was amended to clarify the length of the transition period and the comparative figures (see AG8, IG B.2 and D.1 in [Agenda Item 10.3.1](#)); and
 - (d) Implementation guidance was clarified related to change in estimate guidance, as well as, class and category application (see IG D.2 and IG C.2 respectively in [Agenda Item 10.3.1](#)).
10. An analysis of whether the three year recognition and measurement exemption could be applied gradually to certain financial statement items as information on those items is obtained will be discussed in [Agenda Item 10.2.2](#).

¹ See review instructions in paragraph 2(a)(i) of [Agenda Item 10.3.1](#).

11. Implementation guidance referencing deemed cost application guidance in IPSAS 46, *Measurement*, and how it can be applied in the context of IPSAS 33 has been added to IG C.5.2 which is reflected in [Agenda Item 10.3.1](#).
12. The responses to IPSAS ED 91 were reviewed to determine if any comments should be forwarded to the IPSASB Application Group (IAG). No comments were identified to be forwarded to the IAG as the issues raised were either addressed as part of this project or did not meet the criteria to be considered by the IAG.

Title of Pronouncement

13. During the March 2025 meeting, the IPSASB agreed to retain the title IPSAS 33, *First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSAS)* and append “2025” to the end of the title to differentiate it from the version of IPSAS 33 that is currently in effect which was issued in 2015. During the finalization of the [draft] pronouncement it was determined that:
 - (a) The title of the Standard needs to be updated to remove (IPSAS) from the end to comply with current IPSAS trademark guidelines. As a result, the title of revised IPSAS 33 will be IPSAS 33, *First-time Adoption of Accrual Basis International Public Sector Accounting Standards*. This is reflected in [Agenda Item 10.3.1](#).
 - (b) A cover page should be added to the beginning of the Standard that explains IPSAS 33 was originally issued in January 2015 and a revised IPSAS 33 was issued in 2025 as a result of the Limited-scope Update project. The title of the Standard then would not need to include “2025”. This is the process that was followed in the past when the revised Financial Reporting Under the Cash Basis of Accounting (Cash Basis IPSAS) Standard was issued in 2017. These changes have been reflected in [Agenda Item 10.3.1](#).

Alignment with Other IPSASB Projects

14. The proposals in the Measurement project, see [Agenda Item 3.2.1](#), remove current operational value from IPSAS 31, *Intangible Assets*. To be consistent with these proposals, paragraph AG70 of IPSAS 33 has been updated to remove the ability to elect to use current operational value as deemed cost to measure intangible assets upon first-time adoption of IPSAS Standards. This change is reflected in [Agenda Item 10.3.1](#).
15. As well, consequential amendments proposed for IPSAS 33 as a result of the issuance of IPSAS 50, *Exploration for and Evaluation of Mineral Resources*, and Amendments to IPSAS 12, *Inventories*, as a result of the issuance of guidance on *Stripping Costs in the Production Phase of a Surface Mine*, were not originally captured in ED 91. As a result, amendments were made to paragraphs AG59, AG60, AG54(I), and AG56(b) and (i) in revised IPSAS 33 to reflect the impact of these consequential amendments. These changes are reflected in [Agenda Item 10.3.1](#).

Decision Required

16. Does the IPSASB agree with the Staff [recommendation](#)?

Appendix A – Analysis of Outstanding Constituents’ Comments to SMC 1 and Staff Recommendations

1. The table below:

- (a) Provides staff’s detailed analysis of the outstanding respondents’ comments on the amendments proposed to IPSAS 33 in SMC 1 of ED 91; and
- (b) Proposes a recommendation on how the IPSASB should revise the guidance proposed in ED 91 to address the issue raised.

| Constituents Comments | Staff Analysis & Recommendation |
|--|--|
| <p>Groupings</p> <p>The vast majority of respondents agreed with the revised grouping of the guidance in IPSAS 33 by topic as they found it made the standard more user friendly. However, some respondents found that with the new grouping by topic structure it was difficult to get an overall picture of the exemptions that affect/do not affect fair presentation. These respondents suggested adding a comprehensive list to the Standard of all the exemptions that affect fair presentation and all the exemptions that do not.</p> | <p>Additional table on list of exemptions that affect and do not affect fair presentation and compliance added</p> <p>Staff agree with respondents’ suggestion to add a comprehensive listing of all exemptions that affect fair presentation and those that do not so that it is easier for users of the Standard to see the whole picture. This would also address the concerns of some respondents who disagreed with the new grouping structure. A table providing a comprehensive listing of the exemptions in IPSAS 33 that affect and do not affect fair presentation and compliance with IPSAS is under development and will be added as non-authoritative guidance to the placeholder in Appendix B (see Agenda Item 10.3.1).</p> |
| <p>Missing Exemptions</p> <p>A respondent noted that paragraph AG54 in ED 91 does not include IPSAS 32, <i>Service Concession Assets</i>, but that it should because:</p> <ol style="list-style-type: none"> 1) The currently issued IPSAS 33 previously provided an exemption to measure service concession assets at their fair value when reliable cost information about the assets and liabilities is not available, and to use that fair value as deemed cost (paragraph 64(f) in currently issued IPSAS 33). This election is not included for service concession assets in proposed ED 91, because they are not listed in AG54 and there is no corresponding separate paragraph similar to AG63 or | <p>Added back missing exemptions</p> <p>Staff analyzed the issue raised by respondents and looked at whether all the recognition and/or measurement exemptions permitted in paragraph 36 of currently issued IPSAS 33 and all the deemed cost measurement exemptions permitted in paragraph 64 of currently issued IPSAS 33 were appropriately reflected in the proposals in ED 91.</p> <p><u>3 year recognition and/or measurement exemption:</u></p> <p>Staff identified some exemptions were not carried over to revised IPSAS 33 related to the three year recognition and measurement exemption for:</p> <ul style="list-style-type: none"> - Service concession assets and the related service concession liabilities (currently issued IPSAS 33 paragraph 36(g)) - Social benefits (currently issued IPSAS 33 paragraph 36(i)) |

| Constituents Comments | Staff Analysis & Recommendation |
|--|---|
| <p>AG64 for service concession assets. Both would need to be added.</p> <p>2) The respondent also noted that the three year recognition and measure measurement election in paragraph 36(g) of currently issued IPSAS 33, also was not included for service concession assets and the related liability in proposed ED 91.</p> <p>The respondent also noted that the same issue outlined in paragraph 2 above exists for the three year recognition and measurement exemptions in existing paragraph 36(g) for the related service concession liability, 36(i) for social benefits and 36(d) for employee benefits, and thus the exemptions should be added into the proposals in ED 91.</p> | <ul style="list-style-type: none"> - Defined benefit plans and other long-term employee benefits (currently issued IPSAS 33 paragraph 36(i)) <p>Staff have addressed this by:</p> <ul style="list-style-type: none"> - Amending paragraphs AG55 and AG56 in revised IPSAS 33 to clearly state which non-financial assets the three year recognition and/or measurement exemptions apply to. Service concession assets are now captured here. - Adding paragraphs AG113 and AG114 in revised IPSAS 33 to clearly state which non-financial liabilities the three year recognition and/or measurement exemptions apply to. Service concession liabilities, social benefits and defined benefit plans and other long-term employee benefits are now captured here. <p><u>Deemed cost:</u></p> <p>Staff also identified that there were some exemptions that were not carried over to revised IPSAS 33 related to the deemed cost measurement exemption for:</p> <ul style="list-style-type: none"> - Service concession assets (currently issued IPSAS 33 paragraph 64(f)) - Financial instruments (currently issued IPSAS 33 paragraph 64(e)) <p>Staff have addressed this by:</p> <ul style="list-style-type: none"> - Adding paragraph AG72 in revised IPSAS 33 for service concession assets - Adding paragraph AG89 in revised IPSAS 33 for financial instruments <p>The amendments proposed above resolve the issues raised by the respondent and ensure the three year recognition and measurement exemptions and the deemed cost exemptions that are in paragraphs 36</p> |

| Constituents Comments | Staff Analysis & Recommendation |
|--|---|
| | <p>and 64 respectively of currently issued IPSAS 33 are carried forward to revised IPSAS 33 appropriately. Staff also believe these amendments will make the standard easier for a first-time adopter to follow and clearly understand which assets and liabilities these exemptions apply to, which is one of the objectives of this project.</p> <p>The above amendments are reflected in Agenda Item 10.3.1.</p> |
| <p>Clarification of Transition Period and which set of Financial Statements need to be in Full Compliance with IPSAS Standards</p> <p>A respondent raised a question related to the transition period and if a first-time adopter uses the full three year transition period which set of financial statements need to be in full compliance with IPSAS Standards. If the first-time adopter's date of adoption of IPSAS is January 1, 20X1, there is confusion as to whether the first financial statements that must be fully compliant with IPSAS are the financial statements for the year ended December 31, 20X3 or December 31, 20X4. There is also confusion as to whether fully in compliance with IPSAS means the comparative December 31 year end figures/opening Jan 1 figures must also be fully in compliance with IPSAS.</p> | <p>Clarification of transition period length and comparative figures provided in IGs</p> <p>Under the proposals in ED 91 for the example provided, the first set of financial statements that are required to be fully in compliance with IPSAS are those for the year ended December 31, 20X3. This is outlined in IG B.2. To reduce confusion, edits have proposed to AG8, IG B.2 and IG D.1 to provide further clarity to this issue of the appropriate year end and the question on the comparative figures (see Agenda Item 10.3.1).</p> |
| <p>Clarify Guidance in AG19 on how it applies in relation to class-by-class or category-by-category basis</p> <p>One respondent requested clarification on the class-by-class or category-by-category portion of the last sentence in paragraph AG19. Paragraph AG19 states:</p> <p style="padding-left: 40px;">A first-time adopter shall only change its accounting policies during the transition period to conform to the accounting policies in accrual basis IPSAS, and may retain its existing accounting policies until the exemptions that provided the relief have expired or when the relevant items are recognized and/or</p> | <p>Clarification of issue in IGs</p> <p>The terms class-by-class and category-by-category are used many times within IPSAS 33 and the terms class and category are used many times within the IPSAS Standards, so this is a term first-time adopters will need to become familiar with. Individual IPSAS Standards provide guidance on what class and category mean in the context of those standards (e.g. IPSAS 45, provides guidance on classes of property, plant and equipment). Within IPSAS 33, IG C.2 includes a reference to AG19 and provides an example of classes of assets related to buildings. Staff have proposed edits to further clarify IG C.2 in this regard. Note that edits have</p> |

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| Constituents Comments | Staff Analysis & Recommendation |
|---|--|
| <p>measured in the financial statements in accordance with the applicable IPSAS (whichever is earlier). A first-time adopter may change its accounting policy in respect of the recognition and/or measurement of assets and/or liabilities and/or revenue and/or expenses on a class-by-class or category-by-category basis where the use of classes or categories is permitted in the applicable IPSAS.</p> <p>The respondent commented that there is confusion because categorization in IPSAS is generally associated with the application of a different accounting policy for measurement (see IPSAS 3 paragraph 16, IPSAS 41 paragraphs 39-65, IPSAS 45 paragraph 24).</p> <p>The respondent explained that it is not currently clear for purposes of applying AG19 that if an entity intends to use the same accounting policy of historical cost for subsequent measurement of a number of different types of assets (e.g. buildings, vehicles, etc.), whether those items of property, plant and equipment together constitute one class/category, because the entity plans to subsequently measure them all at historical cost. Or if for purposes of applying AG19, buildings would be considered one class/category of assets and vehicles would be considered another class/category regardless of the fact that the entity plans to measure both buildings and vehicles subsequently at historical cost. The respondent requested that the IPSASB address this by adding guidance and not leaving room for interpretation.</p> | <p>also been proposed to IG C.2 as a result of the gradual recognition exemption proposal discussed in Agenda Item 10.2.2, which also help to provided further clarity on this class-by-class and category-by-category issue raised by the respondent. (see Agenda Item 10.3.1).</p> |
| <p>Clarify Change in Estimates Guidance in D.2</p> <p>A respondent suggested amendments to IG D.2 regarding how changes in estimates before and after the date of adoption of IPSAS are accounted for to better explain the difference between a change in estimate and an error related to estimates.</p> | <p>IG clarified</p> <p>Changes in estimate during the transition process is common. Clarification better supports consistency in practice. Staff have proposed edits to IG D.2 to provide further clarification (see Agenda Item 10.3.1).</p> |

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| Constituents Comments | Staff Analysis & Recommendation |
|---|--|
| Editorials and clarifications Several respondents sent in editorials and clarification requests suggesting edits and improvements to ED 91. | Editorials and clarifications made where appropriate Staff analyzed all suggested editorials and clarifications and all those that were appropriate and further supported the objectives of the project have been made to the marked up version of the draft Standard (see Agenda Item 10.3.1). |

Gradual Recognition of Certain Non-Financial Assets and Related Liabilities

Question

1. Does the IPSASB agree to permit a first-time adopter to elect to recognize certain non-financial assets and their related liabilities on a gradual basis during the transition period?

Recommendation

2. Staff recommend the IPSASB permit a first-time adopter to elect to recognize and/or measure the following non-financial assets: inventories; property, plant and equipment; investment property; intangible assets; and right of use assets and any related financial or non-financial liabilities on a gradual basis as reliable recognition and measurement information becomes available during the transition period as outlined in paragraphs AG57, AG85, AG115, IGC.2 and IE2 of IPSAS 33 as reflected in the marked up version of the Standard in [Agenda Item 10.3.1](#).

Background

3. The IPSASB's key objective in undertaking this project was to address stakeholder concerns with IPSAS 33, *First-Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSAS)*, by making the Standard more user-friendly and effective.
4. The scope of this project was originally limited to remodeling, rearranging and streamlining the existing guidance in IPSAS 33 and adding non-authoritative guidance to address areas of confusion in applying IPSAS 33. The scope did not include changing principles or existing exemptions in IPSAS 33.
5. However, several respondents to [ED 91, Limited-scope Updates to First-time Adoption of Accrual Basis International Public Sector Accounting Standards \(IPSAS\)](#), requested that the Board consider permitting an election to allow for the gradual recognition and/or measurement of certain items in the financial statements during the transition period as described in detail in the "feedback from respondents" section below.
6. During the March 2025 meeting, the IPSASB instructed staff to analyze whether the three year recognition and measurement exemption could be applied gradually to certain financial statement items as information on those items is obtained.

Analysis

Feedback from Respondents

7. Some respondents to ED 91 suggested that the IPSASB should consider amending the existing exemption in IPSAS 33 that permits some assets and liabilities to be recognized and/or measured at any date within the transition period. The respondents suggested that the exemption should be broadened to permit assets within a class/category to be recognized and measured in accordance with IPSAS Standards on a gradual basis as reliable recognition and measurement information becomes available during the transition period.
8. Currently, the recognition and/or measurement exemption in ED91 requires all of the assets/liabilities in a class/category to be recognized at the same time as illustrated in the example in IGC.2 in ED91. The current exemption achieves consistency in accounting policies over the transition period.

9. However, the respondents noted that in practice many first-time adopters do not actually do this, because it makes the accounting on adoption of IPSAS complex. For example, an entity may have reliable information to recognize and measure 40% of all its buildings in accordance with IPSAS Standards in year 1 of the transition period, and the remaining 60% of its buildings in year 3. If the entity purchases additional buildings in year 2, because its previous accounting policy prior to adoption of IPSAS Standards was to expense property, plant and equipment, it must then 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. This makes the accounting complex because the requirements result in the entity accounting for the transaction using its existing accounting policy and its IPSAS accounting policy simultaneously, effectively having to keep track of two sets of accounting records.
10. One respondent suggested that if a gradual recognition and measurement exemption is not permitted, then IG C.2 in ED91 should be further clarified to explain that the gradual approach to recognizing assets is not permitted under IPSAS 33, as there is currently diversity in practice resulting from different interpretations of the existing guidance in currently issued IPSAS 33.
11. Other respondents went further and suggested the IPSASB allow for a more incremental/flexible approach to adoption of IPSAS Standards. One respondent suggested that in addition to the gradual recording of assets described above, the IPSASB should also permit:
 - (a) The requirements in IPSAS 35, *Consolidated Financial Statements*, and IPSAS 36, *Investments in Associates and Joint Ventures*, for uniform accounting policies to be applied incrementally during the transition on a controlled entity-by-controlled entity, associate-by-associate or joint venture-by-joint venture basis. With the requirements in IPSAS 35 and IPSAS 36 for uniform accounting policies to be required to be applied to all controlled entities, associates and joint ventures by the end of the transition period.
 - (b) A similar incremental approach for disclosure only standards such as IPSAS 18, *Segment Reporting*, IPSAS 20, *Related Party Disclosures*, and IPSAS 38, *Disclosure of Interests in Other Entities*.

Staff's Analysis

12. Staff analyzed the respondents feedback and understand the challenges that first-time adopters face in this area when adopting IPSAS, especially the complexities when dealing with a large volume of assets and ongoing transactions over the transition period.
13. Staff recommend the IPSASB continue to allow the existing recognition and/or measurement exemptions that were included in ED 91 as some first-time adopters may want to wait until they have all the information needed to recognize and/or measure certain or all assets/liabilities in a certain class/category at a point in time prior to the end of the transition period as that may be the option that is most efficient for their situation. It also would allow first-time adopters who have already started their first-time adoption transition period not to have to change their chosen policies when the revised IPSAS 33 comes into effect.
14. Staff then recommend that the IPSASB permit an additional optional exemption that permits gradual recognition and/or measurement for certain non-financial assets and their related liabilities as outlined below. Such an option would make adoption of IPSAS Standards easier since: a first-time adopter would not need to keep track of two sets of accounting records; acquisitions during the

transition period would be accounted for correctly in accordance with the requirements of IPSAS Standards from the start which would help first-time adopters gain experience in applying IPSAS Standards faster and those learnings could be applied to historical transactions; it would resolve the current confusion in practice in this area; and it may help facilitate first-time adopters in applying accrual basis IPSAS sooner than the maximum three year transition period. This would be a pragmatic solution to the complexity currently experienced by first-time adopters in this area.

15. Staff believe this should be an additional optional exemption so first-time adopters can choose whether or not to apply it depending on if it would make the transition to IPSAS less burdensome in their situation.
16. Staff recommend limiting the additional gradual recognition and/or measurement option, so it applies to the following non-financial assets on a class-by-class or category-by-category basis where the use of classes or categories is permitted in the applicable IPSAS:
 - (a) Inventories;
 - (b) Property, plant and equipment;
 - (c) Investment property;
 - (d) Intangible assets; and
 - (e) Right of use assets.
17. These are the assets that would provide the greatest benefit to first-time adopters in terms of simplifying the complexities of tracking existing assets and acquisitions during the transition period. They are also assets that would provide useful information to users of the financial statements if they were recognized throughout the transition period. The disclosures and reconciliations required in IPSAS 33 should also be able to clearly explain to users of the financial statements the changes in such assets at each financial statement date during the transition period.
18. Staff also recommend that if a first-time adopter elects to use the gradual recognition option for any of these assets that any financial/non-financial liabilities related to these assets be required to be recognized at the same time the non-financial asset is recognized (e.g. if a first-time adopter acquires a piece of property plant and equipment and finances it using a loan, it would need to record the asset and the related liability at the same time in order for the transaction to be appropriately recognized in the financial statements. A first-time adopter could not record the asset without the related liability.).
19. Staff have drafted/amended paragraphs AG57, AG85, AG115, IGC.2 and IE2 of IPSAS 33 as reflected in the marked up version of the Standard in [Agenda Item 10.3.1](#) to illustrate the above recommendation.
20. Staff do not recommend the gradual recognition option be extended to the recognition and measurement of controlled entities on an entity by entity basis, associates on an associate by associate basis or joint ventures on a joint venture by joint venture basis. Staff do not believe the same benefits that would be obtained when allowing such an option for non-financial assets as outlined above, would be replicated for controlled entities, associates and joint ventures. Staff believe such an option would be extremely difficult for first-time adopters to track and apply in practice to controlled entities, associates and joint ventures. Staff believe it would create numerous audit issues. It would also be difficult for the disclosures in the financial statement to appropriately explain the

changes from period to period in a way that would be understandable and provide meaningful information for financial statement users. For example, it would be misleading for a first-time adopter to present “consolidated” financial statements that do not actually include all controlled entities. Staff believe the current guidance in IPSAS 33 in this area should remain unchanged.

21. Staff also do not recommend a gradual approach for disclosure only standards such as IPSAS 18, *Segment Reporting*, IPSAS 20, *Related Party Disclosures*, and IPSAS 38, *Disclosure of Interests in Other Entities*. Currently under IPSAS 33 a first-time adopter is not required to provide the related presentation and disclosure requirements for items to which the recognition and/or measurement exemptions have been applied until the relevant items have been recognized and/or measured or the transition period has ended. Additionally, for IPSAS 18 and IPSAS 20 a first-time adopter may elect to present/disclose the required information at any point during the transition period. As a result, if a first-time adopter wants to present the information in IPSAS 18 and IPSAS 20 earlier in a transition period it already has that option. For IPSAS 38 it would not be appropriate to provide presentation and disclosure until the relevant items have been recognized and since staff do not recommend providing a gradual recognition/measurement option for such items staff do not recommend providing a gradual approach to these disclosures.

Proposed Next Steps

22. Staff recommend that the IPSASB proceed with the proposals outlined in paragraph 2.

Decision Required

23. Does the IPSASB agree with the Staff [recommendation](#)?

Approval of [draft] Final Pronouncement, IPSAS 33, *First-time Adoption of Accrual Basis International Public Sector Accounting Standards*

Question

1. Does the IPSASB agree to vote to approve the [draft] Final Pronouncement, IPSAS 33, *First-time Adoption of Accrual Basis International Public Sector Accounting Standards*?

Recommendation

2. Staff recommend the IPSASB:
 - (a) Vote to approve IPSAS 33, *First-time Adoption of Accrual Basis International Public Sector Accounting Standards* based on the IPSASB Program and Technical Director's assertion that due process has been followed effectively in its development; and
 - (b) Set the effective date as January 1, 2028.

Background

3. The IPSASB has completed its review of constituents' responses and the [draft] Final Pronouncement, IPSAS 33, *First-time Adoption of Accrual Basis International Public Sector Accounting Standards*.
4. This paper summarizes the IPSASB's work in compliance with due process in developing the revised IPSAS 33, *First-time Adoption of Accrual Basis International Public Sector Accounting Standards*, walks through next steps to facilitate the approval, and asks the IPSASB to approve the Final Pronouncement.

Analysis

Due Process

5. The IPSASB has followed due process throughout this project. The complete analysis supporting the assertions and recommendations noted below is in [Appendix A](#). Key activities and final steps in the due process are presented below.
6. The IPSASB released [Exposure Draft \(ED\) 91, Limited-scope Updates to First-time Adoption of Accrual Basis International Public Sector Accounting Standards \(IPSAS\)](#) in August 2024. The IPSASB received 21 comment letters to ED 91.
7. When staff is satisfied a proposed final pronouncement is ready for approval, IPSASB's [Due Process and Working Procedures](#) sets out the necessary steps to facilitate its approval (bolded procedures require action by the IPSASB):
 - (a) **Staff present the revised content of the exposed international standard to the IPSASB;**
See [draft] Final Pronouncement, IPSAS 33, *First-time Adoption of Accrual Basis International Public Sector Accounting Standards* in [Agenda Item 10.3.1](#).
 - (b) **The IPSASB Program and Technical Director advises the IPSASB on whether due process has been followed effectively;**

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The IPSASB Program and Technical Director asserts that due process has been followed effectively in developing [draft] IPSAS 33, *First-time Adoption of Accrual Basis International Public Sector Accounting Standards*.

- (c) **The IPSASB confirms whether or not it is satisfied the due process has been followed effectively;**

The IPSASB Chair asks the IPSASB for confirmation on due process.

- (d) **The IPSASB votes on the approval of IPSAS 33, *First-time Adoption of Accrual Basis International Public Sector Accounting Standards* in accordance with its [Terms of Reference](#);**

Staff recommend the approval of IPSAS 33, *First-time Adoption of Accrual Basis International Public Sector Accounting Standards*.

- (e) **The IPSASB considers whether there has been a substantial change to the exposed document such that a vote on re-exposure is necessary;**

Staff confirm that there have been no substantial changes that would require a vote on re-exposure by the IPSASB (see rationale in paragraph 4(e) of [Appendix A](#)).

- (f) **The IPSASB sets the effective date of the application of IPSAS 33, *First-time Adoption of Accrual Basis International Public Sector Accounting Standards*;**

Staff recommend that the IPSASB set an effective date for IPSAS 33, *First-time Adoption of Accrual Basis International Public Sector Accounting Standards* of January 1, 2028 (see rationale in paragraph 4(f) in [Appendix A](#)).

- (g) **The IPSASB issues Basis for Conclusions with respect to comments received on an exposure draft.**

See Basis for Conclusions in [draft] IPSAS 33, *First-time Adoption of Accrual Basis International Public Sector Accounting Standards* (see [Agenda Item 10.3.1](#)).

Decision Required

8. Does the IPSASB agree with the Staff [recommendation](#)?

Appendix A – Detailed Due Process for Approval of IPSAS 33, *First-time Adoption of Accrual Basis International Public Sector Accounting Standards*

1. The IPSASB has followed due process throughout this project. Thus, the details of the final steps in the due process are noted below.
2. The IPSASB released [Exposure Draft \(ED\) 91, *Limited-scope Updates to First-time Adoption of Accrual Basis International Public Sector Accounting Standards \(IPSAS\)*](#), in August 2024. The IPSASB received 21 comment letters, which were reviewed and analyzed by the IPSASB staff.
3. In March 2025, the IPSASB discussed and addressed issues raised by ED 91 respondents in its development of [draft] Final Pronouncement, IPSAS 33, *First-time Adoption of Accrual Basis International Public Sector Accounting Standards*. During H1 2025:
 - (a) Staff reviewed and analyzed the [21 comment letters](#) received for ED 91;
 - (b) The IPSASB discussed the issues raised by respondents to ED 91 (see [Agenda Item 7](#) from the March 2025 IPSASB meeting, as well as, [Agenda Item 10.2.1](#) and [Agenda Item 10.2.2](#) from this June 2025 IPSASB meeting);
 - (c) Staff actioned the IPSASB March 2025 decisions and instructions (see [Agenda Item 10.2.1](#), [Agenda Item 10.2.2](#) and [Agenda Item 10.3.1](#))
 - (d) Added the expected publication date (Q3 2025) and proposed effective date (January 1, 2028, see rationale in paragraph 4(f));
 - (e) Removed references to [draft] in the Final Pronouncement; and
 - (f) The IPSASB was presented with the [draft] Final Pronouncement (shown in [Agenda Item 10.3.1](#) in red marked up compared to ED 91).
4. When staff is satisfied that a proposed new final international pronouncement (i.e., the Final Pronouncement) is ready for approval, IPSASB's [Due Process and Working Procedures](#) sets out the necessary steps to facilitate its approval:
 - (a) **Staff present the revised content of the exposed international standard to the IPSASB;**
[Agenda Item 10.3.1](#) includes all changes from ED 91 as presented to the IPSASB during the March 2025 meeting (see [Agenda Item 7](#) and [Agenda Item 7.3.2](#)) and June 2025 meetings (see [Agenda Item 10.2.1](#) and [Agenda Item 10.2.2](#)). Changes to the ED reflect matters raised in comment letters to provide additional guidance or further clarification on the proposed guidance and to provide additional optionality to make the standard more pragmatic to apply. There were no substantial changes to the guidance that would warrant re-exposure (see paragraph (e)).
 - (b) **The IPSASB Program and Technical Director advises the IPSASB on whether due process has been followed effectively;**

The IPSASB Program and Technical Director asserts that due process has been followed effectively, noting that:
 - ED 91 was issued for consultation;
 - Responses to the ED were received and made publicly available on [the IPSASB website](#);

- The IPSASB has deliberated significant matters raised in the comment letters at its meetings in March 2025 and June 2025, and decisions taken have been minuted; and
- The IPSASB will be asked to consider whether there are any issues raised by respondents, in addition to those summarized by staff, that it considers should be discussed by the IPSASB and agree there are none.

(c) **The IPSASB confirms whether or not it is satisfied the due process has been followed effectively;**

The IPSASB Chair asks the IPSASB for confirmation on due process.

(d) **The IPSASB votes on the approval of IPSAS 33, *First-time Adoption of Accrual Basis International Public Sector Accounting Standards*, in accordance with its [Terms of Reference](#);**

Staff recommend the approval of IPSAS 33, *First-time Adoption of Accrual Basis International Public Sector Accounting Standards*,

(e) **The IPSASB considers whether there has been a substantial change to the exposed document such that a vote on re-exposure is necessary;**

The IPSASB Program and Technical Director, in consultation with the Chair of the IPSASB, advises the IPSASB that no substantial changes have been made to ED 91 that would necessitate a vote on re-exposure.

Changes to ED 91 reflect matters raised in comment letters or are editorial in nature. The addition of an optional exemption to permit gradual recognition of certain non-financial assets and the related financial or non-financial liabilities during the transition period (see [Agenda Item 10.2.2](#)) is being made in response to feedback from respondents to ED 91. It results in a pragmatic solution to a complexity that currently results in confusion in practice and may help facilitate some entities in applying accrual basis IPSAS faster than the maximum three year transition period. The changes to ED 91 improve the clarity and usability of ED 91 to help constituents apply the final pronouncement in practice. Principles remain consistent with the intent of the Standard.

(f) **The IPSASB sets the effective date of IPSAS 33, *First-time Adoption of Accrual Basis International Public Sector Accounting Standards***

The IPSASB will need to consider the effective date of the Final Pronouncement, IPSAS 33, *First-time Adoption of Accrual Basis International Public Sector Accounting Standards*. Paragraph A44 of the IPSASB's [Due Process and Working Procedures](#) requires the IPSASB to consider the reasonable expected minimum period for effective implementation, including the need for translation into national languages.

Staff note that the IPSASB's usual practice when approving a new IPSAS is to set an effective date that commences:

- A minimum of 18 months after the publication of a Standard; and
- On January 1.

IPSAS 33, *First-time Adoption of Accrual Basis International Public Sector Accounting Standards*, is expected to be published in Q3 2025. If the IPSASB were to follow its usual practice, this would result in an effective date of January 1, 2028.

Setting the effective date on January 1, 2028, also takes into consideration:

- **Dependencies.** The guidance in the Final Pronouncement, IPSAS 33, *First-time Adoption of Accrual Basis International Public Sector Accounting Standards* relies on guidance in IPSAS 46, *Measurement*, which was published in May 2023 and has an effective date of January 1, 2026². It also relies on guidance in [draft] Amendments to IPSAS Standards as a result of the Application of IPSAS 46, *Measurement* (see [Agenda Item 3](#) for the June 2025 meeting), which is proposed to be published August 2025 with an effective date of January 1, 2028. As a result, an effective date of January 1, 2028, provides constituents time to implement and adopt these pronouncements.
- **Public Interest.** The key objective in undertaking this project was to address stakeholder concerns with existing IPSAS 33, *First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSAS)* issued in 2015, by making the revised IPSAS 33, *First-time Adoption of Accrual Basis International Public Sector Accounting Standards*, more user-friendly and effective. As such, it is important to provide stakeholders with timely guidance on first-time adoption of accrual basis IPSAS Standards. It should be noted that the Standard would be available for early adoption should a first-time adopter wish to apply it sooner.
- **Complexity/sufficient time to adopt.** IPSAS 33, *First-time Adoption of Accrual Basis International Public Sector Accounting Standards*, primarily rearranges and streamlines the existing guidance in IPSAS 33, *First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSAS)* issued in 2015 that is currently in effect, and provides additional application guidance, implementation guidance and optionality to make the standard more user friendly to apply. The revised IPSAS 33 is expected to be less complex to apply than the existing IPSAS 33. However, first-time adoption of accrual basis IPSAS is a complex process overall.

(g) **The IPSASB issues Basis for Conclusions with respect to comments received on an exposure draft.**

Staff highlights that Final Pronouncement, IPSAS 33, *First-time Adoption of Accrual Basis International Public Sector Accounting Standards*, includes Basis for Conclusions that address respondents' comments on ED 91 (See [Agenda Item 10.3.1](#)).

² [IPSASB Issues Package of Measurement-Related Pronouncements | IPSASB](#)

Supporting Document 1 – [draft] Final Pronouncement, IPSAS 33, *First-time Adoption of Accrual Basis International Public Sector Accounting Standards*

1. The [draft] Final Pronouncement, IPSAS 33, *First-time Adoption of Accrual Basis International Public Sector Accounting Standards*, is posted separately for easier readability.

Review Instructions

2. IPSASB members, Technical Advisors, and Observers are asked to note the following when reviewing the [draft] Final Pronouncement, IPSAS 33, *First-time Adoption of Accrual Basis International Public Sector Accounting Standards* in marked-up form:
 - (a) The revisions to the standard that were presented in track changes in [Agenda Item 7.3.2](#) at the March 2025 meeting have all been accepted, except for:
 - (i) Text marked up in green which denotes text that was moved from one location to another. This is text that was moved as a result of respondent feedback to ED 91 and was discussed in the “Location of Guidance” row in Appendix A of [Agenda Item 7.2.2](#) at the March 2025 meeting and approved by the Board at that meeting. The reason these track changes have not been accepted is to allow members to review the marked up [draft] final pronouncement and be able to see all the original paragraph numbers that were used in ED91. If the track changes for the text marked up in green had been accepted, a large majority of the paragraph numbers in the [draft] final pronouncement would have changed and members may have difficulty following the revisions to the Standard.
 - (b) Text in marked-up red are revisions (deletions are strikethrough and insertions are underlined);
 - (c) The key revisions made:
 - (i) Reflect the IPSASB’s decisions and instructions taken in March 2025 after the review of responses to ED 91 (see [Agenda Item 7.2.2](#), [Agenda Item 7.2.3](#) and [Agenda Item 7.2.4](#));
 - (ii) Are consistent with staff’s recommendations in the above [Agenda Item 10.2.1](#) and [Agenda Item 10.2.2](#);
 - (iii) BCs have been drafted to reflect the above noted IPSASB decisions from March 2025 and staff’s recommendations in the above [Agenda Item 10.2.1](#) and [Agenda Item 10.2.2](#).
3. IPSASB members are asked to provide editorial comments to staff offline by **Friday, June 13, 2025**.
4. A clean version (i.e., without track changes) is available upon request offline.