



International Public
Sector Accounting
Standards Board®

AGENDA ITEM 11

PRESENTATION OF FINANCIAL STATEMENTS

IPSASB Meeting – June 2025

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GFSM 2014 Approach to Categorization

	IPSAS Standards	GFSM 2014
Guidance	Accounting guidance	Statistical guidance
Purpose	Enhance quality and transparency of public sector financial reporting Provide better information for accountability and decision-making	Support fiscal analysis, fiscal policy evaluation, and general government sector performance

IPSAS <i>Statement of Financial Performance</i>	GFSM 2014 <i>Statement of Operations</i>
Items recognized in surplus or deficit	Transactions affecting net worth \neq
n/a	○ Transactions in nonfinancial assets
n/a	○ Transactions in financial asset and liabilities (“financing”)

GFSM 2014 Approach to Categorization

Analysis

- GFSM 2014's Statement of Operations serves different objective than IPSAS Statement of Financial Performance, and is not equivalent or directly comparable
- To date, the IPSASB has decided:
 - Not pursued a GFSM 2014 aligned approach on this project
 - Not to relocate financial information between IPSAS Statements
- Aligning presentation requirements for revenue and expenses:
 - Does not alone achieve alignment in substance, and may create more confusion
 - Does not reflect the differences between the frameworks

Recommendation

- **Present** considerations and rationale for not aligning with GFSM 2014 categorization on Statement of Financial Performance in the CP;
- **Add** Appendix to CP regarding broader GFSM alignment; and
- **Finalize** its Preliminary View in the CP to align with IFRS 18 categorization requirements, with additional public sector guidance.

Impact of Main Business Activities on Categorization

INTENTION

Help entities categorize its revenue and expenses in a way that **appropriately reflects their operations** and **provides useful information** for its financial statement users.

Specified MBA	Purpose of additional guidance	Examples of public sector entities that also engage in such activities
Investing in assets	Classify certain revenues/ expenses into Operating (that would otherwise have been classified into Investing)	<ul style="list-style-type: none">• Holding property to earn rental income or for capital appreciation (e.g. managing a government's property portfolio on a commercial basis, or using funds generated to finance other service delivery activities)• Representing or supporting the interests of a wider group of investors (e.g. pension funds, government investment funds)
Providing financing	Classify certain revenues/ expenses into Operating (that would otherwise have been classified in Financing)	<ul style="list-style-type: none">• Granting financing or entering into lending agreements to support government assistance programs or achieve specific objectives policy goals• Providing financing or entering concessionary leases to support affordable housing initiatives or achieve specific service delivery objectives

Impact of Main Business Activities on Categorization

Analysis

- Guidance helps entities to categorize its revenue and expenses in a way that **appropriately reflects their operations** and **provides useful information** for its financial statement users.
- **Are there public sector entities that provide ‘specified main business activities’?** **Yes**. See examples in Agenda Item.
- **Would similar guidance result in more useful financial information for the entity’s financial statements users?** **Yes**, with public sector adaptations.
- **How can IFRS 18 guidance be adapted for the public sector?** Use “main operating activities” and public sector terminology, add public sector examples.

Recommendation

If the IPSASB finalizes a PV to align with IFRS 18 categorization requirements, then also:

- **Incorporate** IFRS 18 guidance regarding main business activities (with the proposed public sector adaptations); and
- **Reflect** this decision in the CP.

Presentation of Totals and Subtotals

Analysis

- IPSAS 1 only requires “surplus or deficit”
- Adds more structure, supports user information needs, serves as analysis starting point
- Introduce new **subtotals**
- Retain existing **total** requirement
- Retain option to present additional subtotals

Public Sector Entity <i>For the year ended [MM] [DD] [YYYY]</i>		
Taxes revenue	500	Operating
Other revenue	80	
Wages expenses	(200)	
Operating expenses	(300)	
Other expenses	(58)	
Operating surplus or deficit	22	
Investment income	15	Investing
Investment expenses	(13)	
Surplus or deficit before financing	24	
Interest expense on loan	(21)	Financing
Surplus or deficit	3	

Recommendation

- **Require** ‘operating surplus or deficit’ and ‘surplus or deficit before financing’ subtotals on the Statement of Financial Performance;
- Continue to **require** ‘surplus and deficit’ total;
- **Permit** additional subtotals; and
- **Present** its PV in the CP.

Presentation of Minimum Line Items

Analysis

- IPSAS 1 provides minimal requirements, and permits additional line items deemed material to users and faithfully representative
- Current approach (setting minimum line-item requirements and permitting additional) is:
 - Effective, positive initial constituent feedback
 - Based on decisions in developing other IPSAS Standards
 - Allows flexibility to present other relevant information

Recommendation

- Continue to **require** entities to meet minimum presentation requirements re. FS line items on Statement of Financial Performance, and **permit** additional line items;
- **Align** with IFRS 18 (which essentially retains IPSAS 1 requirements), with additional guidance to help entities apply requirements; and
- **Present** its PV in the CP.

Presentation of Expenses (Nature or Function)

Analysis

- It is appropriate to continue offering a choice between presentation of expenses by nature or function
- Opportunity to revise or enhance IPSAS requirements regarding presentation of expenses to help entities determine which method provides more relevant and faithfully representative information to its FS users
- Retaining the choice between presenting by nature or function, and revising / enhancing additional guidance:
 - Aligns but adapts IFRS 18 requirements
 - Provides benefits, helps entities select the useful method
 - Does not substantially change IPSAS 1 requirements

Recommendation

- **Continue** to offer choice between presenting expenses by nature or by function on the Statement of Financial Performance;
- **Adapt** IFRS 18 guidance, by prohibiting mixed presentation and reflecting public sector; and
- **Present** its PV in the CP.

Review of the Updated [draft] CP

CP Section	Statement/Topic	Major Changes?
Project Overview	Project Purpose and Scope	• None since September 2024
Chapter 1	Financial Reporting Developments, Issues	• None since September 2024
Chapter 2	General Presentation Principles	• [to be drafted]
Chapter 3	Statement of Financial Position	• None since September 2024
Chapter 4	Statement of Financial Performance	• Substantially revised since March 2025
Chapter 5	Statement of Changes in Net Assets/Equity	• [to be updated, pending Q3 discussions]
Chapter 6	Disclosures of Information in the Notes	• [pending Q3 discussions]
Appendix A	Considering IFRS and GFSM 2014	• Newly proposed June 2025
Appendix B	Key Public Sector Considerations	• [to be drafted]
Appendix C	Illustrations of SoFPr, using IFRS 18 categories	• None since March 2025
Appendix D	Illustrative Exposure Draft	• None since September 2024

Review of the Updated [draft] CP

Analysis

- [draft] Chapter 4 of the CP presents the IPSASB's deliberations and Preliminary Views regarding presentation requirements on the Statement of Financial Performance.
- Master [draft] CP (Agenda Item 11.3.2) presents:
 - Sections previously reviewed by IPSASB
 - Sections new or revised, to be reviewed by IPSASB in Q2
 - Sections planned, to be reviewed by IPSASB in future

Recommendation

- **Incorporate** revised text in updated [draft] Chapter 4 into the CP;
- **Incorporate** Appendix A to accompany the CP.

Agenda Item 11.3.1

Updated Project Plan

Statement/Topic	IPSASB Discussion	CP Development	IED Development
Project Overview and Development	Completed Dec 2023	Reviewed Dec 2023	Reviewed Jun 2024
Purpose of FS / General Presentation Principles	Ongoing <i>Remainder Q3 2025</i>	Ongoing <i>Remainder Q3 2025</i>	Ongoing <i>Remainder Q4 2025</i>
Statement of Financial Position	Completed Jun 2024	Reviewed Sep 2024	Reviewed Sep 2024
Statement of Financial Performance	Completed Jun 2025	For review Jun 2025	Upcoming <i>Planned Q3 2025</i>
Statement of Changes in Net Assets/Equity	Ongoing <i>Remainder Q3 2025</i>	Ongoing <i>Remainder Q3 2025</i>	Upcoming <i>Planned Q4 2025</i>
Disclosures of Information in the Notes	Upcoming <i>Planned Q3 2025</i>	Upcoming <i>Planned Q3 2025</i>	Upcoming <i>Planned Q4 2025</i>
CP other elements	Ongoing <i>Remainder Q3 2025</i>	Ongoing <i>Remainder Q3 2025</i>	n/a
IED other elements	Ongoing <i>Planned Q4 2025</i>	n/a	Upcoming <i>Planned Q4 2025</i>

