

Meeting: International Public Sector Accounting
Standards Board

Meeting Location: Lisbon, Portugal

Meeting Date: September 9–12, 2025

Agenda Item 8

For:

☐ Approval

☒ Discussion

☐ Information

PRESENTATION OF FINANCIAL STATEMENTS

Project summary	This project aims to enhance the communication effectiveness of financial information reported in general purpose financial statements by developing a new IPSAS to replace IPSAS 1, <i>Presentation of Financial Statements</i> . The project is in the Consultation Paper (CP) development phase.	
Project staff lead	<ul style="list-style-type: none"> Eileen Zhou, Principal 	
Task Force members	<ul style="list-style-type: none"> David Watkins, IPSASB Technical Advisor (Task Force Chair) Claudia Beier, IPSASB Member Angela Ryan, IPSASB Member Andrew van der Burgh, IPSASB Member Jonah Wala, IPSASB Member Jean-Pierre Menanteau, Conseil de normalisation des comptes publics (CNoCP) France Antonella Risi, Public Sector Accounting Board (PSAB) Canada 	
Meeting objectives	Topic	Agenda Item
Project management	Project Management Dashboard	8.1.1
	Instructions up to Previous Meeting	8.1.2
	Decisions up to Previous Meeting	8.1.3
	Presentation of Financial Statements: Project Roadmap	8.1.4
Decisions required at this meeting	Remaining General Presentation Requirements	
	General Presentation Requirements: Going Concern	8.2.1
	General Presentation Requirements: Materiality	8.2.2
	Presentation Requirements for Statement of Changes in Net Assets/Equity	
	Presentation Requirements for the Statement of Changes in Net Assets/Equity	8.2.3

Prepared by: Eileen Zhou, and Emma Tran (August 2025)

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	Applicability of IFRIC 17, <i>Distribution of Non-cash Assets to Owners</i>	8.2.4
	Development of the Consultation Paper	
	Review of the New [draft] Chapter 2	8.2.5
	Review of the Updated [draft] Chapter 4	8.2.6
	Review of the Updated [draft] Chapter 5	8.2.7
	Review of Other Updates to the [draft] CP	8.2.8
Other supporting items	Supporting Document 1 – Updated Project Plan	8.3.1
	Supporting Document 2 – [draft] Consultation Paper	8.3.2

PRESENTATION OF FINANCIAL STATEMENTS: PROJECT MANAGEMENT DASHBOARD

The table below summarizes the topics to be addressed in the Consultation Paper (CP) and Illustrative Exposure Draft (IED) phase of the project, ordered based on the expected sequence of the IED.

	Past meetings	Sep 2025	Dec 2025	Mar 2026
Project Management				
Completion of Research and Scoping	✓			
Approval of Project Brief	✓			
Review and Approval of CP and IED				📄
Developing Preliminary Views				
Objective, Scope, Purpose, Users, Info Needs	✓📄			
Definitions	✓📄		📄	
General Principles of Presentation ¹	✓📄	📄		
Statement of Financial Position	✓📄			
Statement of Financial Performance	✓📄	📄		
Statement of Changes in Net Assets/Equity	📄	📄		
Disclosure in the Notes			📄	
Developing CP (other elements)				
Other Chapters or Appendices	✓📄	📄		
Developing IED				
Other Sections	📄		📄	📄

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

¹ This includes responsibility for financial statements, fair presentation and compliance with IPSAS, reporting period and frequency of reporting, consistency of reporting and comparatives, going concern, materiality, aggregation and disaggregation, and offsetting.

INSTRUCTIONS UP TO PREVIOUS MEETING

Meeting	Instruction	Actioned
June 2025	1. Revise [draft] CP Chapter 4 and Appendix A to reflect member comments and views, and to more explicitly refer to the IPSASB's active project on <i>Strengthening Linkages Between IPSAS Standards and the GFSM</i> .	1. Revised, as summarized in Agenda Item 8.2.6 and provided in Agenda Item 8.3.2 .
June 2025	2. Incorporate member views into [draft] Chapter 4 on considering taxes (as either operating revenue or financing) and the primary objective for which an asset is held when categorizing specific revenue and expense items on the Statement of Financial Performance and providing examples in Appendix B (Public Sector Considerations).	2. Revised, as summarized in Agenda Item 8.2.6 and provided in Agenda Item 8.3.2 .
June 2025	3. Revise [draft] Chapter 4 to reflect member comments and views regarding permitting, rather than requiring subtotals in order to provide a more appropriate narrative of public sector financial performance.	3. Revised, as summarized in Agenda Item 8.2.6 and provided in Agenda Item 8.3.2 .
June 2025	4. Revise [draft] Chapter 4 to present a Specific Matter for Comment (SMC) to articulate member deliberations on whether to allow mixed presentation of expenses, in line with IFRS 18.	4. Revised, as summarized in Agenda Item 8.2.6 and provided in Agenda Item 8.3.2 .
March 2025	1. Revise [draft] Chapters 4 and 5 to reflect members' comments, and adjust the narrative to reflect the IPSASB's discussions on the proposed approaches.	1. Revised [draft] Chapter 4 was first presented in June 2025 and has been further updated based on June 2025 instructions (Agenda Item 8.2.6). Revised [draft] Chapter 5 is presented in Agenda Item 8.3.2 (and changes summarized in Agenda Item 8.2.7).
March 2025	2. Add an Appendix into the CP with relevant excerpts from the IPSASB Conceptual Framework Preface.	2. See Appendix B of Agenda Item 8.3.2 .
September 2024	1. Include in the IED a Specific Matter for Comment (SMC) regarding the proposal to require the presentation of a third Statement of Financial Position in specific circumstances.	1. In progress.

Agenda Item 8.1.2

March 2024	1. Include in the CP a discussion and preliminary view on using the definitions of financial statement elements based on the Conceptual Framework definitions.	1. Drafted, as summarized in Agenda Item 8.2.5 and Chapter 2 of Agenda Item 8.3.2 .
March 2024	2. Consider whether further guidance on disclosing compliance with IPSAS is needed, especially for jurisdictions that have adopted adapted versions of IPSAS.	2. In progress – IPSAS applies to entities that prepare financial statements in full compliance with IPSAS. If a jurisdiction adopts an adapted version of IPSAS, it should develop appropriate disclosures concerning compliance. This could be an area where Staff guidance can be developed to support national standard-setters.
December 2023	1. Update Chapter 2 of the draft CP for comments received through IPSASB deliberations, including reducing the length to improve the readability of the chapters to the external reader	1. Updated, as summarized in Agenda Item 8.2.5 and Chapter 2 of Agenda Item 8.3.2 .
December 2023	2. Engage with users through focus groups/roundtables to inform views and support the development of the CP.	2. Ongoing – The CP is currently being developed through active engagement with a Task Force and other focus groups/roundtables.

DECISIONS UP TO PREVIOUS MEETING

Meeting	Decision	BC Reference
June 2025	1. It would not pursue a GFSM 2014 aligned approach to categorizing financial information on the Statement of Financial Performance, and to articulate its rationale and overarching considerations in the CP as instructed	1. Draft CP reflects IPSASB comments.
June 2025	2. The CP should include the Preliminary View (PV) to require entities to present revenue and expenses items on the Statement of Financial Performance in categories aligned with IFRS 18, with additional public sector guidance	2. Draft CP reflects IPSASB comments.
June 2025	3. The CP should reflect the IPSASB's proposal to include guidance on main operating activities (adapting IFRS 18's 'main business activities')	3. Draft CP reflects IPSASB comments.
June 2025	4. The CP should include a PV to retain the requirement to present the 'surplus or deficit' total, and to add a new requirement to present an "operating surplus or deficit" subtotal	4. Draft CP reflects IPSASB comments.
June 2025	5. The CP should permit, but not require, entities to present other subtotals that are relevant and appropriate to present financial information in the reporting period that is material	5. Draft CP reflects IPSASB comments.
June 2025	6. The CP should include a PV to maintain IPSAS 1 minimum requirements regarding the presentation of line items on the face of the Statement of Financial Performance, aligned with IFRS 18, with additional guidance	6. Draft CP reflects IPSASB comments.
June 2025	7. The CP should propose to retain the choice to present expenses by nature or function on the face of the Statement of Financial Performance, aligned with IFRS 18, with additional public sector guidance	7. Draft CP reflects IPSASB comments.
June 2025	8. The revised [draft] Chapter 4 and Appendix A should be incorporated into the CP, subject to the Jun 2025 instructions	8. Draft CP reflects IPSASB comments, including instructions
March 2025	1. Chapter 4 should acknowledge that there are overarching challenges in identifying a different set of public-sector-specific categories that is sufficiently broad, useful, and applicable for public sector entities and that would receive international consensus.	1. Draft CP reflects IPSASB comments.

Agenda Item 8.1.3

March 2025	2. If the IPSASB finalizes a preliminary view to retain and enhance IPSAS 1 presentation requirements, it should not introduce a new term to refer to revenue and expense items recognized outside of surplus or deficit and will ask respondents to share what additional information should be included in the note disclosures.	2. Draft CP reflects IPSASB comments.
December 2024	1. Conceptually, categorizing revenue and expense items in surplus or deficit can be useful, to help users of financial statements better understand, analyze, and compare financial performance information.	1. Draft CP reflects IPSASB comments.
December 2024	2. The Consultation Paper should capture the IPSASB's view that public sector entities have varying needs on the comparability of financial information, depending on their primary users.	2. Draft CP reflects IPSASB comments.
September 2024	1. Chapter 3 of the draft CP on the Statement of Financial Position appropriately reflected the IPSASB's previous deliberation of issues.	1. Draft CP reflects IPSASB comments.
September 2024	2. The draft CP should present a preliminary view (PV) for each key issue considered by the IPSASB during Phase 1 of the project, along with an explanation of the basis of each PV.	2. In progress.
September 2024	3. The IED should focus on showing what the proposed principles and requirements could look like based on the PVs in the draft CP. The Basis for Conclusions section is to be developed in Phase 2 of the project, drawing from the material in the draft CP, and the IPSASB's views following stakeholder input.	3. In progress.
September 2024	4. The following sections of the IED should be carried forward as drafted: a) The general requirements for financial statements; b) The principles of aggregation and disaggregation; and c) The principles on presenting the Statement of Financial Position	4. Reflected in Illustrative ED. A BC will be included in draft ED.
September 2024	5. The order of liquidity and mixed presentation approach for presenting the Statement of Financial Position should be retained in the IED, consistent with existing requirements in IPSAS 1.	5. In progress.
June 2024	1. The requirements for presenting the Statement of Financial Position should be aligned with IFRS 18, which is consistent with existing requirements in IPSAS 1.	1. Reflected in Illustrative ED. A BC will be included in draft ED.

Agenda Item 8.1.3

March 2024	1. The definitions of financial statement elements: d) Should be included in the Definitions sections of the IED; e) To be aligned with the definitions of financial statement elements in the IPSASB Conceptual Framework (revised in October 2023).	1. Reflected in Illustrative ED. A BC will be included in draft ED.
March 2024	2. The CP should highlight, and the IED should reflect, the proposal to disclose a statement of financial position as at the beginning of the earliest comparative period, in certain circumstances.	2. Reflected in CP and Illustrative ED. A BC will be included in draft ED.
March 2024	3. The existing general offsetting requirements in IPSAS 1 should be carried forward.	3. Reflected in Illustrative ED. A BC will be included in draft ED.
March 2024	4. The existing fair presentation and compliance with IPSAS disclosure requirements in IPSAS 1 should be carried forward into the illustrative ED.	4. Reflected in Illustrative ED. A BC will be included in draft ED.
December 2023	1. Different presentation approaches in IPSAS should be explored through the CP phase of the project. This would allow for increased flexibility to improve the understandability of financial statements based on local jurisdictional considerations.	1. In progress – will be considered as part of project discussions.
December 2023	2. Draft Chapter 1 of the CP appropriately reflects the project objectives, key drivers, scope, and reasons for conducting the project.	2. Draft CP reflects IPSASB comments.
December 2023	3. Draft Chapter 2 of the CP appropriately explains the purpose of financial statements based on the Conceptual Framework.	3. Draft CP reflects IPSASB comments.
September 2023	1. Approved the Project Brief for Presentation of Financial Statements project.	1. Project Brief . A BC will be included in draft ED.

PRESENTATION OF FINANCIAL STATEMENTS: PROJECT ROADMAP

Meeting	Completed Discussions / Planned Discussions:
December 2022	1. Project Inception – Discussion of project background and outcomes of scoping and research activities
June 2023	1. Project Inception – Development of Project Brief
September 2023	1. Project Inception – Educational Session on IPSAS 22, <i>Disclosure of Financial Information about the General Government Sector</i> and IPSAS 24, <i>Presentation of Budget Information in Financial Statements</i> 2. Project Inception – Approval of Project Brief
December 2023	1. Consultation Paper (CP) Development – Project Overview and Purpose of Financial Statements 2. CP Development – Discussion of Providing Presentation Options, Statement of Financial Performance, and Management-Defined Performance Measures (MPMs)
March 2024	1. CP Development – Discussion of General Presentation Requirements 2. CP Development – Discussion of Revenue and Expense Items Outside the Statement of Financial Performance
June 2024	1. CP Development – Discussion of Statement of Financial Position 2. Illustrative Exposure Draft (IED) Development – Review of Drafting
September 2024	1. CP Development – Review of Drafting 2. IED Development – Review of Drafting
December 2024	1. CP Development – Discussion of Statement of Financial Performance
March 2025	1. CP Development – Discussion of Statement of Financial Performance 2. CP Development – Discussion of Statement of Changes in Net Assets/Equity 3. CP Development – Review of Drafting
June 2025	1. CP Development – Discussion of Remaining Issues regarding the Statement of Financial Performance 2. CP Development – Review of Drafting
September 2025	1. CP Development – Discussion of Statement of Changes in Net Assets/Equity, and remaining General Presentation Requirements 2. CP Development – Review of Drafting
December 2025	1. CP Development – Discussion of Disclosures in the Notes, and any remaining elements, etc. 2. CP Development – Review of Drafting 3. IED Development – Review of Drafting
March 2026	1. IED Development – Review of Drafting 2. Approval of CP and IED

General Presentation Requirements: Going Concern

Question

1. Does the IPSASB agree with the Staff and the Task Force's recommendations in paragraph 2?

Recommendations

2. Staff and the Task Force recommend that the IPSASB:
 - (a) Retain the existing IPSAS 1, *Presentation of Financial Statements* requirements regarding going concern, which remains aligned with IFRS, with public sector guidance; and
 - (b) Present its rationale in [draft] Chapter 2 of the Consultation Paper (CP).

Background

3. IPSAS 1 includes guidance regarding general presentation principles to help entities prepare financial statements that support transparency and accountability and are useful for decision-making. This guidance is presented as general requirements for financial statements, including but not limited to fair presentation and compliance with IPSAS Standards, frequency of reporting, offsetting, comparative information, and aggregation and disaggregation.
4. The IPSASB discussed and formed views regarding the majority of general presentation requirements in March 2024 ([Agenda Item 12](#)), June 2024 ([Agenda Item 8](#)), and September 2024 ([Agenda Item 9](#)), and will discuss the remaining two general presentation requirements at this September 2025 meeting. This Agenda Item presents analysis and proposals regarding going concern in IPSAS 1, and [Agenda Item 8.2.2](#) presents proposals regarding materiality.

Analysis

Current IPSAS Standards Requirements (details in [Appendix 1](#))

5. IPSAS 1 provides guidance regarding the assessment of an entity's ability to continue as a going concern in the public sector and identifying when disclosures are required. Going concern underpins the preparation of financial statements as it assumes the entity will continue to operate and meet its obligations for the foreseeable future. Information about an entity's ability to continue as a going concern helps its financial statement users understand whether it will continue to operate and meet its obligations for the foreseeable future, considering any material uncertainties from events and conditions. This IPSAS 1 guidance was aligned with IAS 1 *Presentation of Financial Statements*, with terminology changes and additional guidance for application in the public sector.
6. IPSAS 14, *Events After the Reporting Date* also includes guidance to help an entity consider the implications if an entity determines that events after the reporting date indicate that the going concern assumption is not appropriate.

Going Concern in the International Public Sector (details in [Appendix 2](#))

7. The going concern assessment provides valuable information to users of the financial statements. The assessment is unique in the public sector because of:
 - (a) **The longevity of the public sector.** Many public sector entities have long-term commitments and programs, and are often presumed to have the ability to continue as a going concern and

to continue operating and meeting obligations for the foreseeable future. In practice, there are rare instances of going concern issues and resulting disclosures in the public sector.

- (b) **Various sources of information about an entity's longevity.** Useful information about the longevity and long-term fiscal sustainability of a public sector entity can be found in general purpose financial statements (GPFS) and other general purpose financial reports (GPFR). Information across these reports provide similar but different insights.
8. Recent global events, such as the COVID-19 pandemic, political direction changes, market volatility, funding arrangements changes, and evolving operating conditions, can lead to material uncertainties that may impact the going concern assessment and views on the longevity of public sector entities. While governments may face financial difficulties, national and subnational entities have sovereign powers to address funding challenges to continue as a going concern, by levying higher taxes or receiving funding from a higher level of government respectively, thus providing more certainty on its longevity. However, the impact of material uncertainties related to events and conditions may be more significant for other public sector entities, such as international aid organizations that rely more heavily on external funding to sustain operations, to continue as a going concern.²

Whether to Revise IPSAS 1 Requirements

9. It is important to consider whether existing requirements regarding going concern are, and will remain, fit-for-purpose. Staff and the Task Force noted that:
- (a) **No significant issues have been raised in applying the guidance in the public sector.** To date, the IPSASB and Staff have not received any comments through its Strategy and Work Program Consultations nor its general queries process that indicate a need to revisit or change the existing IPSAS 1 guidance. No specific issues were identified in developing the Project Brief for this project. Thus, it appears that existing going concern guidance appropriately support those responsible for preparing the financial statements in assessing the entity's ability to continue as a going concern and provide useful information to its financial statement users.
- (b) **No changes were made to equivalent private sector guidance.**³ In developing IFRS 18 *Presentation and Disclosure in Financial Statements*, the IASB did not identify any issues with IAS 1 guidance on going concern and carried the guidance forward without any changes.
10. Based on the above, Staff and the Task Force are of the view that there is no strong case for revising the IPSAS 1 going concern requirements. This guidance has, and is expected to continue to, effectively prompt those responsible for preparing financial statements to assess an entity's ability to continue as a going concern, identify when disclosures are required, and communicate whether the

² Global events have influenced standards developments in the accounting space. In April 2025, the IAASB issued a revised International Standard on Auditing (ISA) 570, to enhance and clarify the audit's responsibilities and work on going concern, in response to recent global challenges and corporate failures in the private sector. The revised ISA 570 includes some guidance regarding considerations specific to the public sector, which remain consistent with IPSAS guidance. In August 2020, in response to the COVID pandemic, the New Zealand Accounting Standards Board of the External Reporting Board issued amendments to its PBE IPSAS 1 (aligned with IPSAS 1) to require entities to disclose specific details regarding any material uncertainties.

³ In general, the assessment of going concern is a more prevalent issue in the private sector, given the different nature and objective of private sector entities, than in the public sector. The IASB published educational material in 2021 to help private sector entities apply the IAS 1 guidance. The IFRS Interpretations Committee has also considered inquiries about the application of going concern guidance, and issued several agenda decisions in the past decade that concluded that the existing requirements in IAS 1 provide sufficient and adequate guidance on the assessment and disclosures of going concern. The educational material and IFRIC decisions occurred before, or in parallel with the IASB's work in developing IFRS 18. In publishing IFRS 18, the IASB's decision to carry forward IAS 1 guidance on going concern further affirms that it remains appropriate in the private sector.

entity will continue to operate and meet its obligations for the foreseeable future. Retaining this guidance is aligned with the IASB's decision to retain and carry forward the equivalent IAS 1 guidance, without changes.

Next Steps

11. Staff and the Task Force propose that, if the IPSASB agrees with paragraph 10, it should present its rationale in [draft] Chapter 2 of the CP consistent with its discussions on other general presentation requirements that will be carried forward from IAS 1 without substantial changes. Subject to the IPSASB's decision, Staff will also draft guidance for the Illustrative Exposure Draft.⁴
12. Information about an entity's ability to continue as a going concern is an important piece, but not the only piece, of information about the longevity of a public sector entity. Considering the current global climate, there may be growing interest in information about an entity's ability to continue as going concern (as required in IPSAS Standards) and the long-term fiscal sustainability of its finances (available through application of RPG 1, *Reporting on the Long-Term Sustainability of an Entity's Finances*⁵) to provide useful information for accountability and decision-making purposes. Staff advise the IPSASB to continue monitoring changes in the international reporting landscape, to consider whether any new feedback or developments in the standard-setting space may indicate a need to revisit or enhance going concern guidance at a later date.

Decision Required

13. Does the IPSASB agree with the Staff and the Task Force's [recommendations](#)?

⁴ As noted in [Appendix 1](#), the IASB moved IAS 1 going concern guidance into IAS 8 *Basis of Preparation of Financial Statements* instead of IFRS 18. For Phase 1 of this project, equivalent IPSAS guidance is presented in the illustrative ED to better support constituents in considering and providing feedback on the Consultation Paper. In Phase 2 of this project, the IPSASB will need to determine the final location of this guidance (e.g., whether to move the going concern guidance to IPSAS 3, *Accounting Policies, Changes in Accounting Estimates and Errors*, consistent with the IASB's approach) and consider whether to also relocate some of the going concern guidance from IPSAS 14 into IPSAS 3, to better support preparers in applying going concern guidance in the IPSAS Standards.

⁵ RPG 1 provides guidance on reporting on long-term sustainability of a public sector entity's finances. RPGs are non-authoritative pronouncements that provide guidance on good practices in preparing general purpose financial reports that are not financial statements. Long-term fiscal sustainability is defined as the ability of entity to meet service delivery and financial commitments both now and in the future. Long-term fiscal sustainability has three interrelated dimensions: service, revenue, and debt.

Appendix 1 – Additional Details: Requirements in IPSAS Standards and IFRS

This Appendix provides additional information regarding the guidance on going concern in the IPSAS Standards and a comparison with guidance in IFRS. This information is for reference purposes only.

[1] IPSAS 1 and Equivalent IFRS Guidance

In conducting its analysis, staff noted that:

1. The IPSAS 1 guidance was aligned with IAS 1 guidance, with terminology differences and additional guidance for the public sector context. See Table 1 for a more detailed comparison.
2. IAS 1 was replaced by IFRS 18 in 2024. In developing IFRS 18, the IASB decided to:
 - (a) Retain the existing IAS 1 presentation guidance on going concern, as-is; but
 - (b) Move that guidance to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* through IFRS 18's Amendments to other IFRS Accounting Standards, and to rename IAS 8 to *Basis of Preparation of Financial Statements*.

This decision reflected the IASB's view that some presentation requirements setting out the general features of financial statements fit better with the content in IAS 8.

Table 1 – Comparison of Guidance in IPSAS 1 and IFRS

IPSAS 1 Paragraphs	Purpose of Guidance	IFRS Equivalent	Public sector differences
38	<p>Requires the following when preparing financial statements:</p> <ul style="list-style-type: none"> Those responsible for preparing the financial statements to conduct an assessment of the entity's ability to continue as a going concern. The financial statements be prepared on a going concern basis unless there is an intention to liquidate the entity or cease operations or there is no realistic alternative but to do so. <p>Requires disclosures of:</p> <ul style="list-style-type: none"> Material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern Instances where financial statements are not prepared on a going concern basis, the basis used, and reason why the entity is not regarded as a going concern 	<p>IAS 1.25</p> <p>Replaced by IAS 8.6K (2024)</p>	<p>Period of consideration:</p> <p>IPSAS "...12 months <u>from approval of the financial statements</u>"</p> <p>IFRS "... 12 months <u>from the end of the reporting period</u>".</p>
39	<p>Indicates that:</p> <ul style="list-style-type: none"> Financial statements are normally prepared on the assumption that the entity is a going concern Those responsible for preparing the financial statements should take into account all available information about the future in making the assessment (at least, but not limited to, 12 months from approval of the financial statements) 	<p>IAS 1.26</p> <p>Replaced by IAS 8.6L (2024)</p>	<p>Period of consideration (outlined above).</p> <p>Additional guidance and relevant factors to better help</p>
40	Provides additional guidance regarding considerations to make the assessment of the going concern assumption, in the public sector.		

IPSAS 1 Paragraphs	Purpose of Guidance	IFRS Equivalent	Public sector differences
41	Acknowledges that determination of whether the going concern assumption is appropriate is more relevant for individual entities rather than a government as a whole. Provides additional considerations for those responsible for preparing financial statements for individual entities in its assessment.		public sector entities make the assessment.

3. The different period of consideration noted in Table 1 appropriately reflects a common difference between the public sector and private sector in different jurisdictions (where the approval of financial statements in certain jurisdictions is later than in the private sector), in order to ensure the assessment of going concern is conducted in a more appropriate period. IPSAS 1's period of 12 months from approval of financial statements is also consistent with international auditing standards (ISA 570, *Going Concern* Revised 2024).
4. Significant judgments and assumptions related to the going concern assessment may need to be disclosed in accordance with broader disclosure requirements (paragraphs 137 and 140 of IPSAS 1).

[2] IPSAS 14 Guidance and Equivalent IFRS Guidance

5. IPSAS 14, *Events After the Reporting Date* also includes guidance to help an entity consider the implications if an entity determines that events after the reporting date indicate that the going concern assumption is not appropriate. This guidance (summarized in **Table 2**):
 - (a) Primarily drawn from IAS 10 *Events after the Balance Sheet Date*, with additional public-sector-specific guidance. The IASB did not change IAS 10 in its development of IFRS 18;
 - (b) Reiterates/references some IPSAS 1 going concern guidance (similar to approach in IAS 10), and provides more information about the accounting implications when the going concern assumption is no longer appropriate; and
 - (c) Indicates that judgment is required to determine the accounting impact of this change on the carrying value of assets and liabilities recognized in the financial statements.

Table 2 – IPSAS 14 Guidance related to Going Concern

IPSAS 14 Paragraphs	Purpose of Guidance	IFRS Equivalent
17	Introduces the going concern consideration by summarizing, at a high level, the IPSAS 1 requirement on the going concern assessment to: <ul style="list-style-type: none"> Consider whether the going concern assumption is appropriate; and Acknowledge that going concern may be more relevant for individual entities than a government as a whole. 	–
18	Indicates that entities shall not prepare the financial statements on a going concern basis if, after the reporting date, there is an intention to liquidate the entity or to cease operating, or there is no realistic alternative but to do so. This is similar to IPSAS 1.38.	IAS 10.14
19	Reiterates IPSAS 1.41, with minor wording differences in presenting potential factors.	–
20	Notes that for entities whose operations are substantially budget-funded, going concern issues generally only arise if the government announces its intention to cease funding the entity.	–

IPSAS 14 Paragraphs	Purpose of Guidance	IFRS Equivalent
21	Notes that some public sector entities may be required to fully or substantially self-fund, and to recover costs from users, and notes that deterioration of operating results and financial position after the reporting date may indicate that the entity needs to consider whether the going concern assumption is still appropriate.	IAS 10.15 (partial)
22	Indicates the implications if an entity determines that the going concern assumption is no longer appropriate. Specifically, the entity should use judgment to determine any impacts of the change on the carrying value of assets and liabilities.	IAS 10.15 (partial)
23	Indicates that if the going concern assumption is no longer appropriate, the entity should consider whether the change leads to the creation of additional liabilities, or reclassification of certain liabilities from long-term to current.	–
24	Reiterates the disclosure requirements in IPSAS 1.38, with minor wording differences.	IAS 10.16
25	Provides specific guidance regarding the impact of restructuring after the reporting date, and that it does not necessarily question an entity's ability to continue as a going concern.	–

6. Some of the considerations in IPSAS 14 were added for the public sector context, which are relevant at any time (i.e., not only relevant after the reporting date):
 - (a) Paragraph 20 is useful for entities whose operations are substantially budget-funded in assessing its going concern at any time (i.e., in the preparation of the financial statements, and after the reporting date), and not just after the reporting date; and
 - (b) Paragraphs 22-23 provide information about the accounting implications when the going concern assumption is no longer appropriate.
7. Staff and the Task Force agreed that centralizing all guidance related to the assessment of going concern in one Standard (irrespective of when those responsible for preparing the financial statements are conducting the assessment) may better support preparers in using IPSAS Standards to make their going concern assessment. However, doing so may lead to misalignment with IFRS as the IASB did not change IAS 10 guidance (beyond referencing IFRS 18 instead of IAS 1). Staff and the Task Force:
 - (a) Noted that the key purpose of Phase 1 of this project is to form and present preliminary views regarding presentation requirements for the new IPSAS Standard replacing IPSAS 1, and to gather constituent feedback on those views. To effectively achieve this purpose, Staff and the Task Force agreed to present the retained IPSAS 1 going concern guidance in the Illustrative Exposure Draft.
 - (b) Are of the view that the IPSASB should revisit the location of going concern guidance in Phase 2 of this project, during its development of Amendments to Other IPSAS. For example, the IPSASB can consider whether to relocate going concern guidance that are relevant to the assessment at any time from both IPSAS 1 and IPSAS 14 into IPSAS 3, and only leave going concern guidance specific to events after the reporting date in IPSAS 14.

Appendix 2 – Additional Details: Public Sector Considerations

This Appendix shares additional details regarding the public sector as context for the analysis and is for reference purposes only.

1. Longevity of the public sector

- (a) The Preface to the Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities articulates the nature and longevity of the public sector. Many public sector entities have long term commitments and programs to deliver specific activities and functions. These commitments and programs may be transferred between public sector entities in the jurisdiction as a result of ministerial decisions, events, or other developments, but it is rare for an entity's operations or the delivery of activities and programs to cease entirely.
- (b) Governments have statutory existence, with powers, rights, and capacities to raise resources and issue debt, and to continue performing and achieving service delivery objectives. By nature, nation states and subnational entities have long existences and large-scale guarantees. Some national standard setters explicitly include a presumption that governments are presumed to be going concerns unless there is persuasive evidence to the contrary (for example, the Canadian Public Sector Accounting Standards Board in its Conceptual Framework (2022) and PS 1202, *Financial Statement Presentation* (2023)).
- (c) As a result, public sector stakeholders have noted that there are rare instances of going concern issues and resulting disclosures in practice, particularly amongst government entities. Other public sector entities, such as aid organizations, are more susceptible.

2. Sources of Information

There are several sources of information regarding the longevity of a public sector entity.

- (a) Going concern assessments, required by the IPSAS Standards, impact the basis on which financial statements are prepared and provide information about whether the entity will continue to operate and meet its obligations for the foreseeable future. The assessment is typically over the medium-term (required to be over a minimum of 12 months); whereas
- (b) Long-term fiscal sustainability information, encouraged as good practice under the Recommended Practice Guideline (RPG) 1, provides information regarding an entity's ability to meet service delivery and financial commitments both now and in the future. While non-authoritative, the RPGs provide guidance on good practices in preparing general purpose financial reports (GPFR) that are not financial statements. Long-term fiscal sustainability is defined as the ability of entity to meet service delivery and financial commitments both now and in the future. Long-term fiscal sustainability has three interrelated dimensions: service, revenue, and debt. This information in GPFRs is based on inflow and outflow projections and typically span a much longer time horizon (selected by the entity based on various factors).

General Presentation Requirements: Materiality

Question

1. Does the IPSASB agree with Staff's recommendation in paragraph 2?

Recommendations

2. Staff recommend that the IPSASB:
 - (a) Incorporate the revised materiality guidance in the Final Pronouncement, *Definition of Material (Amendments to IPSAS 1, IPSAS 3, and the Conceptual Framework)*, into the new IPSAS to replace IPSAS 1, *Presentation of Financial Statements*; and
 - (b) Present its rationale in [draft] Chapter 2 of the Consultation Paper (CP).

Background

3. IPSAS 1 includes guidance regarding general presentation principles to help entities prepare financial statements that support transparency and accountability and are useful for decision-making. This guidance is presented as general requirements for financial statements, including but not limited to fair presentation and compliance with IPSAS Standards, frequency of reporting, offsetting, comparative information, and aggregation and disaggregation.
4. The IPSASB discussed and formed views regarding the majority of general presentation requirements in March 2024 ([Agenda Item 12](#)), June 2024 ([Agenda Item 8](#)), and September 2024 ([Agenda Item 9](#)), and will discuss the remaining two general presentation requirements at this September 2025 meeting. This Agenda Item presents proposals regarding materiality in IPSAS 1, and [Agenda Item 8.2.1](#) presents proposals regarding going concern.

Analysis

IPSASB's Approach to Reviewing Materiality Guidance

5. In December 2024, the IPSASB launched its limited scope *Making Materiality Judgements* project, to develop additional guidance to help entities make materiality judgments. The IPSASB decided to review and consider existing IPSAS 1 materiality guidance as part of Phase 1 of the *Making Materiality Judgements* project instead of the *Presentation of Financial Statements* project. This allowed the IPSASB to align the definition of 'material' between the IPSASB's Conceptual Framework and IPSAS Standards (including IPSAS 1), before embarking on the remaining phases of its *Making Materiality Judgements* project.
6. The IPSASB:
 - (a) Issued Exposure Draft (ED) 93, *Definition of Material (Amendments to IPSAS 1, IPSAS 3, and the Conceptual Framework)* in May 2025, which proposed to amend IPSAS 1's definition of 'material' to align with the concept of materiality in paragraph 3.32 of the Conceptual Framework, and to incorporate IASB guidance (added to IAS 1 *Presentation of Financial Statements*, that is now in IFRS 18 *Presentation and Disclosure of Financial Statements*); and
 - (b) Will consider ED 93 constituent feedback as part of its review and discussion on [Agenda Item 5](#). As presented in Agenda Item 5.2.3, the IPSASB staff lead is proposing the IPSASB proceed with amending IPSAS 1, as proposed in Part 2 of the [draft] Definition of Material pronouncement, with an effective date of January 1, 2027.

Next Steps for Presentation of Financial Statements Project

7. The IPSASB has considered and reviewed materiality guidance as part of Phase 1 of the *Making Materiality Judgements* project, and is expected to proceed with the proposed amendments to IPSAS 1 based on constituent feedback to ED 93.
8. Thus, Staff propose that the amendments to IPSAS 1 from Phase 1 of the *Making Materiality Judgements* project be incorporated into the new IPSAS to replace IPSAS 1.

Next Steps

9. Staff propose that, if the IPSASB agrees with paragraph 8, it should present its rationale in [draft] Chapter 2 of the CP. Subject to the IPSASB's decision, Staff will also incorporate the materiality guidance from the *Definition of Material* pronouncement into the Illustrative Exposure Draft.

Decision Required

10. Does the IPSASB agree with the Staff and the Task Force's [recommendations](#)?

Presentation Requirements for the Statement of Changes in Net Assets/Equity

Question

1. Does the IPSASB agree with Staff and Task Force's recommendations in paragraph 2?

Recommendations

2. Staff and the Task Force recommend that the IPSASB:
 - (a) Retain the existing IPSAS 1, *Presentation of Financial Statements* presentation requirements for the Statement of Changes in Net Assets/Equity, as proposed in paragraph 9;
 - (b) Revise IPSAS 1's reconciliation requirement by requiring the reconciliation be presented on the face of the Statement, as proposed in paragraph 14; and
 - (c) Present its Preliminary View and rationale in [draft] Chapter 5 of the Consultation Paper (CP).

Background

3. The Statement of Changes in Net Assets/Equity is one of the primary financial statements in a complete set of financial statements. This Statement presents information regarding the changes in an entity's net assets/equity between two reporting dates. Changes in an entity's net assets/equity reflect the increase or decrease in its net assets during the period, and links to information presented on the Statement of Financial Performance and Statement of Financial Position.
4. This Agenda Item assesses the requirements regarding the presentation of these changes on the Statement of Changes in Net Assets/Equity, and considers the IPSASB's tentative views regarding the presentation of revenue and expense items recognized outside of surplus or deficit.

Analysis

Current IPSAS 1 Requirements (details in [Appendix 1](#))

5. IPSAS 1 requires entities to present the following on the face of the Statement of Changes in Net Assets/Equity:
 - (a) The surplus or deficit for the period (from the Statement of Financial Performance);
 - (b) Each item of revenue and expenses recognized directly in net assets/equity for the period, as required by other IPSAS Standards, and the total of these items;
 - (c) Total revenue and expenses for the period (which is the sum of (a) and (b)), and separately presenting the total amounts attributable to owners of the controlling entity and to non-controlling interest; and
 - (d) For each component of net assets/equity separately disclosed, the effects of changes in accounting policies and corrections of errors recognized in accordance with IPSAS 3, *Accounting Policies, Changes in Accounting Estimates and Errors*.
6. IPSAS 1 also requires entities to present the following, on either the face of the Statement or in notes:
 - (a) The amounts of transactions with owners acting in their capacity as owners, showing distributions to owners separately;
 - (b) The balance of accumulated surplus or deficit at the beginning of the period, and at reporting date, with the changes during the period; and

- (c) If components of net assets/equity are separately disclosed, provide a reconciliation between the carrying amount of each component at the beginning and end of the period, and separately disclose each change.
- 7. IPSAS 1 explicitly allows entities to meet these requirements using different formats (e.g., in column format on the face of the Statement, or with certain information on face but others in notes). See [Appendix 2](#) for an illustrative example of the Statement of Changes in Net Assets/Equity.
- 8. IPSAS 1 also highlights presentation requirements set in other IPSAS Standards related to information on the Statement of Changes in Net Assets/Equity, such as reclassification adjustments, retrospective adjustments to reflect changes in accounting policies, and retrospective restatements to correct errors.

Whether to Revise IPSAS 1 Requirements – Public Sector Context

- 9. Staff and the Task Force are of the view that the existing IPSAS requirements remain appropriate for the public sector, because:
 - (a) The Statement of Changes in Net Assets/Equity enhances accountability and supports decision-making because it provides financial statement users with a useful overview of changes in an entity's net assets/equity during the reporting period⁶, and capturing all changes in one statement provides transparency. The Statement of Changes in Net Assets/Equity links to information presented in other Statements:
 - (i) The *total surplus or deficit for the period* is presented on the face of the Statement of Financial Performance – the IPSASB discussed all presentation requirements as of June 2025. The IPSASB also discussed the presentation requirements for revenue and expenses recognized directly as changes in net assets/equity (outside of surplus or deficit) as of March 2025; and
 - (ii) *Components of net assets/equity* are presented on the face of the Statement of Financial Position or in the notes – the IPSASB discussed all presentation requirements for the Statement of Financial Position as of September 2024.
 - (b) No significant issues have been raised regarding the presentation requirements for the Statement of Changes in Net Assets/Equity in IPSAS 1. This indicates that these requirements have been effective and remain appropriate in the public sector.
- 10. The existing requirement in IPSAS 1 to present reconciliations between the beginning and end of the reporting period provides a snapshot overview, allowing financial statement users to understand how the balances of components of net assets/equity change over the reporting period, and what is driving those changes.

⁶ Per IPSAS 1 paragraph 121, the overall change in net assets/equity during the period represents the total amount of surplus or deficit for the period, other revenues and expenses recognized directly as changes in net assets/equity, and any contributions by, or distributions to, owners in their capacity as owners.

Whether to Revise IPSAS 1 Requirements – Developments in the Private Sector

11. Staff assessed whether there are any IFRS developments that may warrant consideration in the public sector. As summarized in [Appendix 1](#), IPSAS 1 is primarily drawn from IAS 1 (2003). Since then, the IASB issued:
- (a) A revised version of IAS 1 in 2007 (which introduced Other Comprehensive Income (“OCI”), thereby changing the components of financial statements and relocating certain financial information); and
 - (b) IFRS 18 in 2024 (which superseded but did not substantially change those requirements in IAS 1 (2007)).
12. Staff noted:
- (a) The IPSASB did not initially incorporate the changes introduced by IAS 1 (2007) (i.e., OCI and related changes). The IPSASB revisited this decision to form its views for this project’s Consultation Paper (CP). After detailed discussions in [December 2024](#) and [March 2025](#), most IPSASB members supported the proposed preliminary view to retain IPSAS 1 requirements regarding the presentation of revenue and expenses recognized outside of surplus or deficit, rather than align with IFRS. This view is on the basis that IPSAS 1 requirements already provides sufficient transparency to meet the needs of public sector financial statement users for accountability and decision-making purposes.
 - (b) This means that presentation guidance for revenue and expense items recognized outside surplus or deficit will continue to differ between IPSAS Standards and IFRS.⁷
13. Staff completed a detailed comparison of IPSAS 1 and IFRS 18 guidance related to information presented on the Statement of Changes in Net Assets/Equity (Table 1 of [Appendix 1](#)) to identify any other differences for consideration beyond what is articulated in paragraph 12. The guidance is primarily aligned in substance, with one notable difference regarding the presentation of the reconciliation between beginning and ending balances:
- (a) IFRS 18 requires reconciliation of each component of equity on the face of the Statement of Changes in Equity.
 - (b) IPSAS 1 provides a choice, allowing entities to present the reconciliation on either the face of the Statement of Changes in Net Assets/Equity or in the notes.
14. Staff and the Task Force propose that the IPSASB modify its reconciliation requirements to align with IFRS 18. By removing the choice, and requiring public sector entities to present the reconciliation on the face of the Statement, the IPSASB can bring greater comparability across public sector financial statements and transparency on the face of the Statement of Changes in Net Assets/Equity, while

⁷ Under IPSAS Standards, revenue and expense items recognized outside of surplus or deficit will continue to be presented on the Statement of Changes in Net Assets/Equity. Under IFRS, income and expenses recognized outside of profit or loss (i.e., other comprehensive income) are presented outside the Statement of Profit or Loss, on either the Statement of Profit or Loss and Other Comprehensive Income (after the profit or loss section) or the Statement Presenting Comprehensive Income (as a separate Statement which begins with the profit or loss from the Statement of Profit or Loss). During its discussions in March 2025, the IPSASB acknowledged that while the location (i.e., where the financial information is presented) differs between IPSAS 1 and IFRS 18, the information being presented is the same.

providing a useful overview, capturing all changes in net assets/equity on the face of the Statement, to users of the financial statements.

Overall Assessment

15. Based on the analysis above, Staff and the Task Force recommend the IPSASB:
- (a) Retain existing IPSAS 1 presentation requirements for the Statement of Changes in Net Assets/Equity (as proposed in paragraph 9); and
 - (b) Revise IPSAS 1's reconciliation requirement, by requiring the reconciliation be presented on the face of the Statement, thereby improving comparability and usefulness of financial information presented on the Statement (as proposed in paragraph 14).

Next Steps

16. Staff and the Task Force propose that, if the IPSASB agrees with the recommendations, it should present its Preliminary View and rationale in [draft] Chapter 5 of the CP.⁸ Subject to the IPSASB's decision, Staff will also draft guidance for the Illustrative Exposure Draft.

Decision Required

17. Does the IPSASB agree with the Staff and the Task Force's [recommendations](#)?

⁸ During its March 2025 discussion, a few members were interested in identifying opportunities to enhance the usefulness of information presented on the Statement of Changes in Net Assets/Equity, or in the supporting notes. However, members were not able to identify any specific enhancements. As requested by members, the Preliminary View will also ask for respondents for feedback on what additional requirements they believe the IPSASB should consider.

Appendix 1 – Additional Details: Current IPSAS 1 Requirements

This Appendix is a provides additional information regarding the IPSAS 1 requirements regarding the Statement of Changes in Net Asset/Equity (SoCNAE), and a comparison to related guidance in IFRS. This information is for reference purposes only.

1. IPSAS 1 is primarily drawn from IAS 1 (2003), with terminology differences and additional guidance for the public sector context.
2. Several developments have resulted in presentation differences between IPSAS 1 and current IFRS:
 - (a) The IASB revised IAS 1 in 2007 to introduce the concept of Other Comprehensive Income (“OCI”) and change IFRS requirements regarding the presentation of information in the financial statements.⁹ IFRS 18, which supersedes IAS 1 (2007), retains this existing IAS 1 (2007) guidance.¹⁰ The IASB requires entities to present changes in equity as follows:
 - (i) All owner changes in equity (i.e., owner transactions) are presented in the *Statement of Changes in Equity*; whereas
 - (ii) All non-owner changes in equity (i.e., non-owner transactions, which are income and expenses as components of comprehensive income) are presented in:
 - a. One statement (Statement of Profit or Loss and Other Comprehensive Income or alternatively titled Statement of Comprehensive Income) or
 - b. Two statements (Statement of Profit or Loss, then a separate Statement of Other Comprehensive Income).
 - (b) After the issuance of IAS 1 (2007), the IPSASB decided not to revise IPSAS 1 to incorporate OCI and related changes to the presentation requirements summarized in paragraph 2. Subsequently, in developing IPSAS 41, *Financial Instruments*, the IPSASB decided to incorporate some of the IFRS guidance into IPSAS 1 on reclassification adjustments:
 - (i) To avoid double-counting items in total revenue and expenses for the period, when certain items are reclassified to surplus or deficit in accordance with other IPSAS Standards (e.g., related to disposal of foreign operations and certain financial instruments, etc.); and
 - (ii) To communicate financial information more effectively with users of the financial statements.
3. Table 1 provides a summary of current IPSAS 1 requirements regarding the SoCNAE and a comparison with IFRS equivalents, and highlights key differences.

⁹ More information about IAS 1 (2007) was previously provided and discussed by the IPSASB in [March 2024 Agenda Item 12.2.6](#).

¹⁰ The IASB carried forward the Basis for Conclusions from IAS 1 (2007) into IFRS 18. IFRS 18 paragraphs BCZ316-BCZ318 provide background on how the IASB delineated between changes in equity, and the statement on which to present these items.

¹¹ The IASB carried forward the Basis for Conclusions from IAS 1 (2007) into IFRS 18. IFRS 18 paragraphs BCZ279-BCZ282 articulate the IASB's consideration of constituent feedback and its rationale for including the guidance.

Table 1 – Comparison of Relevant Guidance in IPSAS 1 and IFRS

IPSAS 1 Paragraphs	Purpose of Guidance	IFRS Equivalent Paragraphs	
		IAS 1 (2003)	IFRS 18 [Note 1]
118	Requires the following to be presented on the face of SoCNAE: <ul style="list-style-type: none"> • Surplus or deficit for the period (from the Statement of Financial Performance); • Each item of revenue and expense recognized directly in net assets/equity, as required by other IPSAS Standards, and the total of these items; • Total revenue and expenses for the period (sum of the above), and separately present the total amounts attributable to owners of the controlling entity and to non-controlling interest; and • For each component of net assets/equity separately disclosed, present the effects of changes in accounting policies and corrections of errors in accordance with IPSAS 3, <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>. 	96	107-111 Alignment: Majority in substance, with different ordering and wording. Substantial differences: <ul style="list-style-type: none"> • IFRS 18.107c <u>requires</u> reconciliation of each component of equity on the face of the Statement, whereas IPSAS 1.119c (and IAS 1 (2003)) requires reconciliation but allowed entities <u>the choice</u> to do so either on the face or in notes. • IFRS 18.109 <u>requires</u> analysis of other comprehensive income, by item, either on the face or in the notes. IPSAS 1 <u>does not</u> have this requirement.
119	Requires the following on either the face of SoCNAE, or in notes: <ul style="list-style-type: none"> • Amounts of transactions with owners acting in their capacity as owners, showing separately distributions to owners; • Balance of accumulated surpluses or deficits at the beginning of the period, and at reporting date, and changes during the period; and • If components of net assets/equity are separately disclosed, reconcile the carrying amount of each component at the beginning and at the end of the period, and separately disclose each change. 	97	
120	Explains that changes in an entity's net assets/equity between two reporting dates reflect the increase or decrease in its net assets during the period.	98 (partial)	112 Alignment: Yes, with minor terminology differences. The guidance did not change since IAS 1 (2003).
121	Explains that the overall change in net assets/equity during a period represents the total amount of: <ul style="list-style-type: none"> • Surplus or deficit for the period; • Other revenues and expenses recognized directly as changes in net assets/equity; and • Any contributions by, or distributions to, owners in their capacity as owners. 	98 (partial)	
122	Describes contributions by, or distributions to, owners in the context of the public sector. Specifically: <ul style="list-style-type: none"> • Includes transfers between two entities within an economic entity (e.g., transfer from a government acting in capacity as owner, to a government department) • Contributions by owners, in their capacity as owners, to controlled entities are recognized as a direct adjustment to net assets/equity only where they explicitly give rise to residual interests in the entity in the form of rights to net assets/equity. 	n/a – public sector specific paragraph	n/a – Public sector specific paragraph.

Agenda Item 8.2.3

IPSAS 1 Paragraphs	Purpose of Guidance	IFRS Equivalent Paragraphs	
		IAS 1 (2003)	IFRS 18 [Note 1]
123	<ul style="list-style-type: none"> Reiterates IPSAS 1.99 (guidance for the Statement of Financial Performance), which requires all items of revenue and expenses recognized in a period to be included in surplus or deficit, unless another IPSAS Standard requires otherwise. Reiterates that other IPSAS Standards require some items to be recognized directly as changes in net assets/equity Explains why the SoCNAE must present total revenue and expenses, including those recognized directly in net/assets equity, to help users consider changes in an entity's financial position between two reporting dates. 	99	B86 Alignment: Majority in substance. IFRS.B86 is application guidance that builds on core text (such as paragraph 108).
124	Notes that IPSAS 3 requires, to the extent practicable: <ul style="list-style-type: none"> Retrospective adjustments to reflect changes in accounting policies, except when the transitional provisions in another IPSAS Standard require otherwise; and Retrospective restatements to correct errors. Requires such changes to be made to the balance of accumulated surpluses or deficits, unless otherwise required by other IPSAS Standards.	100	108 Alignment: Yes, with minor terminology differences.
125	Provides entities a choice of meeting requirements in paragraphs 118-119 by either: <ul style="list-style-type: none"> Using a column format to reconcile opening and closing balances of each element within net assets/equity; or Present according to paragraph 118 on the face, and according to paragraph 119 in notes. 	101	n/a – Substantial difference: [see comparison above, between IPSAS 1.118-119 and IFRS 18.107]: IPSAS offers a <u>choice</u> to present the reconciliation on face and in notes, whereas IFRS <u>requires</u> it on the face of the Statement.
125A	<ul style="list-style-type: none"> Notes that other IPSAS Standards specify whether and when amounts previously recognized in net assets/equity are reclassified to surplus or deficit ("reclassification adjustments"). Explains that these adjustments are made to the presentation of information on the statement to avoid double-counting. 	n/a – see explanation above in paragraph 2(b)	91 Alignment: Yes, with terminology differences.
125B	Provides examples of reclassification adjustments, arising from: <ul style="list-style-type: none"> Disposal of foreign operation, per IPSAS 4; and Some hedged forecast cash flows affecting surplus or deficit, per IPSAS 41. 	n/a – see explanation	B88 Alignment: Yes, with minor terminology differences.

Agenda Item 8.2.3

IPSAS 1 Paragraphs	Purpose of Guidance	IFRS Equivalent Paragraphs	
		IAS 1 (2003)	IFRS 18 [Note 1]
125C	Provides examples of when reclassification adjustments do not arise, such as: <ul style="list-style-type: none"> Changes in revaluation surplus under IPSAS 31 or IPSAS 45; Remeasurements of defined benefit plans under IPSAS 39; and Certain cash flow hedges under IPSAS 41. 	above in paragraph 2(b)	B89 Alignment: Yes, with minor terminology differences.

[Note 1] IFRS 18 also includes additional guidance specific to (1) the statement presenting comprehensive income (paragraphs 86-90, 92, and B87) and (2) income taxes in other comprehensive income (paragraphs 93-95). Staff did not consider those paragraphs in the comparison above, given (1) the IPSASB's decision not to incorporate the concept of OCI nor to create a statement presenting comprehensive income, and (2) the limited prevalence of income taxes in the public sector.

Appendix 2 – Example of Statement of Changes in Net Assets/Equity

This excerpt from IPSAS 1 Implementation Guidance illustrates the Statement of Changes in Net Assets/Equity. It is provided for reference purposes only.

Public Sector Entity—Statement of Changes in Net Assets/Equity for the Year Ended December 31, 20X1

(in thousands of currency units)	Attributable to owners of the controlling entity					Non- controlling interest	Total net assets/ equity
	Contributed Capital	Other Reserves ^s	Translation Reserve	Accumulated Surpluses/ (Deficits)	Total		
Balance at December 31, 20X0	X	X	(X)	X	X	X	X
Changes in accounting policy				(X)	(X)	(X)	(X)
Restated balance	X	X	(X)	X	X	X	X
Changes in net assets/equity for 20X1							
Gain on property revaluation		X			X	X	X
Loss on revaluation of investments		(X)			(X)	(X)	(X)
Exchange differences on translating foreign operations			(X)		(X)	(X)	(X)
Net revenue recognized directly in net assets/equity		X	(X)		X	X	X
Surplus for the period				X	X	X	X
Total recognized revenue and expense for the period		X	(X)	X	X	X	X
Balance at December 31, 20X1 carried forward	X	X	(X)	X	X	X	X
Balance at December 31, 20X1 brought forward	X	X	(X)	X	X	X	X
Changes in net assets/equity for 20X2							
Loss on property revaluation		(X)			(X)	(X)	(X)
Gain on revaluation of investments		X			X	X	X
Exchange differences on translating foreign operations			(X)		(X)	(X)	(X)
Net revenue recognized directly in net assets/equity		(X)	(X)		(X)	(X)	(X)
Deficit for the period				(X)	(X)	(X)	(X)
Total recognized revenue and expense for the period		(X)	(X)	(X)	(X)	(X)	(X)
Balance at December 31, 20X2	X	X	(X)	X	X	X	X

Applicability of IFRIC 17, *Distribution of Non-cash Assets to Owners*

Question

1. Does the IPSASB agree with Staff and Task Force's recommendation in paragraph 2?

Recommendation

2. Staff and the Task Force recommend that the IPSASB does not incorporate guidance based on IFRIC 17, *Distributions of Non-cash Assets to Owners* into the IPSAS Standards, as the transactions that would be in scope are not prevalent in the international public sector.

Background

3. The IFRS Interpretations Committee (formerly "International Financial Reporting Interpretations Committee" (IFRIC))¹² issues Interpretations to provide guidance to help entities consistently apply IFRS accounting standards. Interpretations do not revise, replace, nor add to existing accounting principles. As part of its standard-setting process, the IPSASB considers whether each Interpretation is applicable for the public sector, and if so, incorporates guidance into the IPSAS Standards with any necessary public sector adaptations.
4. One of the issues in the Project Brief for the *Presentation of Financial Statements* project is to consider whether guidance from IFRIC 17 should be included in IPSAS Standards. This Agenda Item addresses this issue.

Analysis

What is the nature of IFRIC 17?

5. IFRIC 17 was issued in November 2008, effective for annual periods on or after July 1, 2009. This Interpretation provides guidance on the recognition, measurement, presentation and disclosure of non-reciprocal (i.e., non-exchange) distributions of assets by an entity to its owners acting in their capacity as owners. The Interpretation has a specific scope,¹³ as it:
 - (a) Applies to the following distributions:
 - (i) Distributions of non-cash assets (e.g., PP&E items, businesses as defined in IFRS 3 *Business Combinations*, ownership interests in another entity or disposal groups as defined in IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*); and
 - (ii) Distributions that give owners a choice of receiving either non-cash assets or a cash alternative.

¹² The IFRS Interpretations Committee is an interpretive body of the IASB that responds to questions about the application of IFRS. Based on its discussions, the IFRS Interpretations Committee may then issue IFRIC Interpretations to provide guidance on the application of the IASB's standards, with its Basis for Conclusions.

¹³ IFRIC 17 and the Basis for Conclusions acknowledge that transactions between an entity and its owners can generally be categorized into 3 types: exchange transactions, non-reciprocal transfers of assets by the owners to the entity (contributions from owners), or non-reciprocal transfers of assets by an entity to its owners (distributions to owners). Overall, IFRIC 17 is narrow in scope. This Interpretation only applies to non-reciprocal distributions of assets by an entity to its owners, in which all owners of the same class of equity instruments are treated equally. See [Appendix 1](#) for more details regarding the scope of IFRIC 17.

- (b) Does not apply to the distribution of non-cash assets where control is retained: specifically, when those assets are ultimately controlled by the same party or parties before and after the distribution, or when an entity distributes some of its ownership interest in a subsidiary but retains control of the subsidiary. See [Appendix 1](#) for more details.
6. IFRIC 17 addresses the accounting by the entity making the non-cash asset distribution (i.e., it does not address the accounting by shareholders receiving such a distribution), and clarifies the application of existing IFRS guidance, as follows (see [Appendix 1](#) for more details):
- (a) *When should the entity recognize the dividend payable?* – the liability is recognized when the dividend is appropriately authorized and no longer at the discretion of the entity.
 - (b) *How should an entity measure the dividend payable?* – the liability is measured at the fair value of the assets to be distributed, considering any alternatives and the probabilities of those alternatives being selected. The carrying amount of the payable should be revised and reassessed at the end of each reporting period and at the date of settlement, and any changes are recognized in equity as adjustments to the amount of the distribution.
 - (c) When an entity settles the dividend payable, how should it account for any difference between the carrying amount of the assets distributed and the carrying amount of the dividend payable? – the difference between the carrying amount of the assets distributed and the carrying amount of the dividend payable is recognized in profit or loss. The difference is also presented as a separate line item in profit or loss. Certain information about the nature of the asset to be distributed, carrying amounts, and changes are also to be disclosed.

Is the referenced guidance aligned with IPSAS Standards?

7. In developing IFRIC 17, the IFRS Interpretations Committee acknowledged that current IFRS Standards do not explicitly address how an entity should measure distributions in their capacity as owners (commonly referred to as “dividends”). However, guidance relevant to the issue addressed in IFRIC 17 is in the suite of IFRS Standards:
- (a) Several IFRS Standards address the accounting for different types of non-cash assets (IAS 2 *Inventories*, IAS 16 *Property, Plant and Equipment*, IFRS 9 *Financial Instruments*, IFRS 5, etc.); and
 - (b) Several IFRS Standards address how a liability should be measured (IAS 37 *Provisions, Contingent Assets and Contingent Liabilities* and IAS 39 *Financial Instruments: Recognition and Measurement*, etc.), with one Standard setting a framework for fair value measurement (IFRS 13 *Fair Value Measurement*).
8. The current suite of IPSAS Standards is primarily aligned with the suite of IFRS Standards¹⁴. IPSAS Standards related to non-cash assets, or that prescribe relevant accounting for a liability, are generally aligned with IFRS. Differences between these Standards reflect the public sector context,

¹⁴ The IPSASB maintains and publishes an updated IPSAS Standards–IFRS Accounting Standards Alignment Dashboard on a quarterly basis, with the most recent version published [June 2025](#). This Dashboard provides an overview of the degree of alignment and details regarding the main public sector differences. There are only a four IPSAS Standards that are fully public-sector-specific (i.e., for which there are no IFRS equivalents): IPSAS 22, IPSAS 24, IPSAS 42, and IPSAS 48.

through modified or enhanced public-sector-specific guidance (e.g., the introduction of current operational value as a public sector current value measurement basis) and the use of public-sector terminology (e.g., the use of surplus or deficit instead of profit or loss).

9. Staff and the Task Force acknowledge that, as a whole, IPSAS 1 (drawn primarily from with IAS 1 (2003)) is not aligned with current IFRS 18 (which superseded IAS 1 (2007)). However, the specific presentation guidance in IPSAS 1 and IFRS 18 that are relevant to IFRIC 17 are aligned in substance.¹⁵

Is the Interpretation's guidance applicable to the public sector?

10. Each Interpretation is intended to address a specific application matter and aims to clarify the application of existing guidance to avoid divergent accounting treatments. IFRIC 17 addresses the recognition, measurement, and presentation of an entity's distributions of assets other than cash to its owners in their capacity as owners, to address the existing diversity in practice in how preparers were interpreting and applying existing IFRS guidance.
11. To determine whether the guidance is applicable to the public sector, Staff and the Task Force considered whether such transactions with owners in their capacity as owners is prevalent in the public sector, and noted:
- (a) In its Conceptual Framework, the IPSASB acknowledges that in some jurisdictions, non-cash assets may be transferred between public sector entities, sometimes linked to government restructuring. Some of these transactions may satisfy the definition of ownership distributions. In such cases, the ownership distribution may be a return on investment or return of residual resources in the event the entity is being wound up or restructured.¹⁶
 - (b) Such transfers of assets may meet the definition of ownership distributions but are likely not in the scope of IFRIC 17. This is because they are typically not transactions with owners *in their capacity as owners* in which all owners are treated equally, and/or the non-cash asset is likely still *controlled by the same party or parties before and after its distribution* (e.g., the asset is transferred between subnational entities, controlled by the same national entity, who retains control of that asset). Given the nature of the public sector, "owners" of public sector entities are rarely entitled nor subject to distributions from the entity in the manner of dividends distributed to owners in the private sector.¹⁷
12. Thus, Staff and the Task Force are of the view that while transactions that would be in scope of IFRIC 17 may occur in the public sector, they are not prevalent. Given the lack of prevalence in the international public sector, Staff and the Task Force propose the IPSASB not incorporate guidance based on IFRIC 17 into IPSAS Standards. If a public sector entity distributes non-cash assets to its

¹⁵ The only difference noted is that IPSAS 1 defines the term "distribution to owners", while IFRS does not explicitly define the term. In 2024, the IPSASB decided to rename the term "Ownership distributions" and revise the definition to *the outflows of resources from the entity, distributed to external parties in their capacity as owners, which return or reduce an interest in the net asset/equity position of the entity*, in alignment with the revised Conceptual Framework.

¹⁶ See paragraphs 5.34-5.37 in Chapter 5 of the Conceptual Framework.

¹⁷ The Basis for Conclusion paragraph BC5.67 in the Conceptual Framework highlights that the IPSASB intentionally avoids using terminology that could mislead or falsely suggest that citizens are entitled to distributions from the public sector and to distributions of resources in the event of the entity being wound up.

owners acting in their capacity as owners, IPSAS 3, *Accounting Policies, Changes in Accounting Estimates and Errors* directs such entities to consider IASB guidance, or other relevant pronouncements from other standard setters, in the absence of IPSAS guidance.

Next Steps

13. If the IPSASB agrees with the proposal in paragraph 12, Staff and the Task Force recommend the IPSASB include its rationale in [draft] Chapter 5 of the Consultation Paper (CP).
14. If the IPSASB does not agree with the proposal to not incorporate IFRIC 17 into IPSAS Standards, Staff and the Task Force propose the IPSASB engage the IPSASB Application Group (IAG) to further consider how guidance based on IFRIC 17 should be incorporated into IPSAS Standards¹⁸. This is because:
 - (a) The IAG is now formally responsible for considering Interpretations and agenda decisions by the IFRS Interpretations Committee, and addressing any queries received regarding the application of existing IPSAS guidance to account for such transactions; and
 - (b) IFRIC 17 primarily focuses on clarifying the application of recognition and measurement principles for the non-cash asset to be distributed and the related liability. This is outside the scope of this *Presentation of Financial Statements* project, which focuses on presentation requirements in IPSAS 1. The IPSASB reaffirmed this decision in March 2025, when it agreed to not reconsider when revenue or expense items are to be recognized in surplus or deficit or outside of surplus or deficit.

Decision Required

15. Does the IPSASB agree with the Staff and the Task Force's [recommendation](#)?

¹⁸ To incorporate IFRIC 17 into IPSAS Standards, the guidance should be adapted for the public sector (e.g., to use public sector terminology, and consider other public sector elements such as whether to use "current value measurement basis" rather than "fair value" to acknowledge that public sector entities may hold assets for operational or financial capacity and measure it accordingly). The IPSASB will also need to determine the most appropriate IPSAS Standard into which this guidance should be added as an authoritative Appendix, as guidance relevant for the issue addressed in IFRIC 17 is provided in multiple Standards.

Appendix 1 – Detailed Summary of IFRIC 17

This Appendix outlines the scope of IFRIC 17. It also provides a detailed summary of the guidance in IFRIC 17 on the recognition, measurement, presentation and disclosure of non-reciprocal (i.e., non-exchange) distributions of assets by an entity to its owners acting in their capacity as owners.

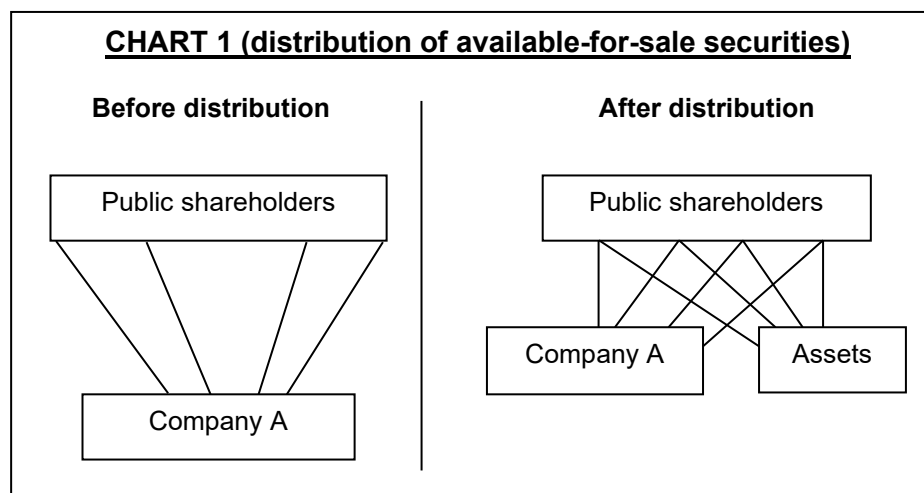
Scope of IFRIC 17

Applies to:
<ul style="list-style-type: none"> - The entity that makes a non-cash asset distribution - The following types of non-reciprocal distributions of assets by an entity to its owners acting in their capacity as owners: <ul style="list-style-type: none"> a) Distributions of non-cash assets (e.g., items of property, plant and equipment, businesses as defined in IFRS 3, ownership interests in another entity or disposal groups as defined in IFRS 5); and b) Distributions that give owners a choice of receiving either non-cash assets or a cash alternative - Distributions in which all owners of the same class of equity instruments are treated equally
Does <u>not</u> apply to:
<ul style="list-style-type: none"> - The shareholders who receive such a distribution - A distribution of a non-cash asset that is ultimately controlled by the same party or parties before and after the distribution. This exclusion applies to the separate, individual and consolidated financial statements of an entity that makes the distribution. <ul style="list-style-type: none"> o Paragraph B2 of IFRS 3 states that 'A group of individuals shall be regarded as controlling an entity when, as a result of contractual arrangements, they collectively have the power to govern its financial and operating policies so as to obtain benefits from its activities.' Therefore, for a distribution to be outside the scope of this Interpretation on the basis that the same parties control the asset both before and after the distribution, a group of individual shareholders receiving the distribution must have, as a result of contractual arrangements, such ultimate collective power over the entity making the distribution - Situations when an entity distributes some of its ownership interests in a subsidiary but retains control of the subsidiary. The entity making a distribution that results in the entity recognizing a non-controlling interest in its subsidiary accounts for the distribution in accordance with IFRS 10

Illustrative Example regarding Scope of IFRIC 17:

IFRIC 17 included two examples to illustrate the scope of IFRIC 17. One example is provided below:

CHART 1 (distribution of available-for-sale securities)



- IE1 Assume Company A is owned by public shareholders. No single shareholder controls Company A and no group of shareholders is bound by a contractual agreement to act together to control Company A jointly. Company A distributes certain assets (eg available-for-sale securities) pro rata to the shareholders. This transaction is within the scope of the Interpretation.
- IE2 However, if one of the shareholders (or a group bound by a contractual agreement to act together) controls Company A both before and after the transaction, the entire transaction (including the distributions to the non-controlling shareholders) is not within the scope of the Interpretation. This is because in a pro rata distribution to all owners of the same class of equity instruments, the controlling shareholder (or group of shareholders) will continue to control the non-cash assets after the distribution.

Summary of Guidance in IFRIC 17

Issue Addressed	Clarification on Application of IFRS Accounting Principles
When should the entity recognize the dividend payable?	<p>Recognize the liability when the dividend is appropriately authorized and no longer at the discretion of the entity:</p> <ul style="list-style-type: none"> - If the jurisdiction requires approval, the date of recognition is when the declaration of the dividend is approved by the relevant authority; or - If the jurisdiction does not require approval, the date of recognition is when the dividend is declared.
How should an entity measure the dividend payable?	<p>Measure the liability at the fair value of the assets to be distributed.</p> <p>If the entity gives its owners a choice of receiving a non-cash asset or a cash alternative, the entity should estimate the payable by considering the fair value of each alternative, and the probability of owners selecting each of those alternatives.</p> <p>The carrying amount of the payable should be revised and reassessed at the end of each reporting period and at the date of settlement. Any changes in the carrying amount are recognized in equity as adjustments to the amount of the distribution.</p>
When an entity settles the dividend payable, how should it account for any difference between the carrying amount of the assets distributed and the carrying amount of the dividend payable?	<p>Recognize the difference between the carrying amount of the assets distributed and the carrying amount of the dividend payable in profit or loss.</p> <p>Present the difference as a separate line item in profit or loss.</p> <p>Disclose the following:</p> <ul style="list-style-type: none"> - [If applicable] The carrying amount of the dividend payable at the beginning and end of the period; - [If applicable] The increase or decrease in the carrying amount recognized in the period as a result of changes in the fair value of the assets to be distributed; and - [If the entity declares a dividend to distribute a non-cash asset after the reporting period but before the financial statements are authorized for issue] The nature of the asset distributed, the carrying amount of the asset to be distributed at the end of the period, and the fair value of that asset (if different from its carrying amount), and information about the method(s) used to measure that fair value in accordance with IFRS 13

Review of the New [draft] Chapter 2

Question

1. Does the IPSASB agree with the proposed text for the [draft] Consultation Paper (CP)?

Recommendation

2. Staff and the Task Force recommend the IPSASB agree to incorporate the text proposed in the [draft] Chapter 2 of the CP (provided in [Agenda Item 8.3.2](#)), with the drafted Preliminary Views.

Background

3. The IPSASB decided to take a systematic approach to effectively progress this project by first discussing and finalizing its views on a specific topic, then reviewing the text proposed in the CP to capture those views. To date, the IPSASB has reviewed individual sections of the CP at different meetings, as they pertained to the topics discussed.
4. [draft] Chapter 2 aims to present the IPSASB's views related to general presentation requirements, including but not limited to the objective of financial statements, the responsibility for financial statements, components of financial statements, definitions, and other general requirements. The IPSASB has discussed all the topics presented in [draft] Chapter 2, during:
 - (a) Its deliberations on Agenda Items presented between December 2023 to September 2024;
 - (b) Its review of specific guidance in the illustrative Exposure Draft (IED) in September 2024; and
 - (c) Its discussion of preceding Agenda Items [8.2.1](#) (regarding going concern) and [8.2.2](#) (regarding materiality).
5. This Agenda Item presents Staff's approach to drafting Chapter 2 for inclusion in the CP, for the IPSASB's review.

Development of [draft] Chapter 2

6. In Q3 2025, Staff drafted a new [draft] Chapter 2 that:
 - (a) Captures the IPSASB's views on general presentation requirements that have already been discussed by the IPSASB at its previous meetings. Specifically, it:
 - (i) Presents a more succinct discussion regarding the IPSASB's views on the objective of the financial statements, to address the IPSASB's instruction about the draft text previously presented in December 2023;
 - (ii) Reflects the IPSASB's discussions, decisions, instructions between March 2024 to September 2024, regarding various presentation requirements and principles;
 - (iii) Reflects the IPSASB's review of the IED in September 2024, which had proposed views and guidance regarding the responsibility of financial statements, a complete set of financial statements, identification of financial statements, and other general requirements; and
 - (b) Proposes text based on Staff's proposals regarding the two remaining general presentation requirements, which the IPSASB will discuss in this September 2025 meeting. Specifically:

- (i) [Agenda Item 8.2.1](#) regarding the going concern principle; and
- (ii) [Agenda Item 8.2.2](#) regarding the approach to materiality guidance, considering the current IPSASB limited-scope project on Making Materiality Judgments.

7. The Task Force reviewed [draft] Chapter 2 in August 2025.

Review of [draft] Chapter 2

8. Staff have provided an overview of [draft] Chapter 2 in [Appendix 1](#), to support the IPSASB's review. Staff and the Task Force request IPSASB members consider the following questions during their review of the new [draft] Chapter 2 (provided in [Agenda Item 8.3.2](#)):

(a) *Does the draft text in Chapter 2 appropriately reflect the IPSASB's discussions and views?*

- (i) As noted in paragraph 6, the majority of the general presentation requirements were discussed and agreed upon in previous meetings and thus are not subject to further deliberation. Please consider whether the draft text appropriately captures the views formed in previous meetings. If not, please provide feedback on substantial matters in session.
- (ii) Members are encouraged to send editorial comments to Staff offline to effectively manage meeting plenary time.

(b) *Do you agree to add Preliminary Views to summarize the IPSASB's views on other general presentation requirements?*

- (i) During its previous discussions, the IPSASB agreed to include Preliminary Views regarding the *Location of Definitions* (currently under paragraph 2.32) and *Additional Comparative Information* (currently under paragraph 2.40).
- (ii) When drafting Chapter 2, Staff have proposed an additional Preliminary View, based on the IPSASB discussions and decisions on other general presentation requirements.

9. Staff and the Task Force propose that, based on its review of [draft] Chapter 2, the IPSASB incorporates the text proposed in [Agenda Item 8.3.2](#) into the [draft] the CP, with the drafted Preliminary Views.

Decision Required

10. Does the IPSASB agree with the Staff and the Task Force's [recommendation](#)?

Appendix 1 – Detailed Overview of [draft] Chapter 2

This Appendix summarizes the presentation requirements, and when each requirement was discussed by the IPSASB (blue if discussed at previous meeting, and orange if at this September 2025 meeting).

This Appendix also lists the Preliminary Views that were already agreed upon by the IPSASB (in blue) or proposed by Staff to summarize the IPSASB's views (in orange).

Topic	Subtopic	CP paragraphs	Basis of drafting
Overview	–	2.1-2.3	<ul style="list-style-type: none"> The Conceptual Framework, to introduce the Chapter
Objective of Financial Statements	–	2.4-2.8	<ul style="list-style-type: none"> December 2023 IPSASB discussions, decisions, and instructions¹⁹ (Agenda Item 9) on the analysis and initially proposed CP text (9.3.1)
Responsibility for Financial Statements	–	2.9-2.10	<ul style="list-style-type: none"> June 2024 IPSASB discussions, decisions, and instructions (8.2.12)
Components of Financial Statements	A Complete Set of Financial Statements	2.11-2.13	<ul style="list-style-type: none"> September 2024 IPSASB review of proposed views and guidance in the IED (9.3.2)
	The Roles of the Financial Statements and Notes	2.14-2.19	<ul style="list-style-type: none"> June 2024 IPSASB discussions, decisions, and instructions (8.2.13)
	Identification of the Financial Statements	2.20-2.21	<ul style="list-style-type: none"> September 2024 IPSASB review of proposed views and guidance in the IED (9.3.2)
Definitions	Introduction	2.22	<ul style="list-style-type: none"> IPSAS 1, to introduce the topic

¹⁹ The IPSASB reviewed a first draft of text regarding the *Objective of the Financial Statements* in December 2023, and requested Staff be more concise to improve the readability, to support constituents in considering and responding to the final CP.

Agenda Item 8.2.5

Topic	Subtopic	CP paragraphs	Basis of drafting
	Location of Definitions of Financial Statement Elements	2.23-2.24	<ul style="list-style-type: none"> March 2024 IPSASB discussions, decisions, and instructions (12.2.2)
	Hierarchy of Application of Definitions	2.25-2.27	<ul style="list-style-type: none"> March 2024 IPSASB discussions, decisions, and instructions (12.2.2)
	Revisions to Definitions of Financial Statement Elements	2.28-2.29	<ul style="list-style-type: none"> March 2024 IPSASB discussions, decisions, and instructions (12.2.2)
	Other Definitions	2.30-2.32	<ul style="list-style-type: none"> June 2024 IPSASB discussions, decisions, and instructions (8.2.10)
	Preliminary View [previously agreed by IPSASB]		<ul style="list-style-type: none"> To reflect the IPSASB's decision on the location of definitions of financial statement elements
General Requirements for Financial Statements	Material Information	2.33-2.34	<ul style="list-style-type: none"> [proposed inclusion of Materiality for] September 2025 IPSASB discussion on Agenda Item 8.2.2
	Comparative Information: Existing Requirements	2.35-2.37	<ul style="list-style-type: none"> September 2024 IPSASB review of proposed views and guidance in the IED (9.3.2)
	Comparative Information: Additional Requirements	2.38-2.40	<ul style="list-style-type: none"> March 2024 IPSASB discussions, decisions, and instructions (12.2.3) September 2024 IPSASB discussions, decisions, and instructions (9.2.4)
	Preliminary View [previously agreed by IPSASB]		<ul style="list-style-type: none"> To reflect the IPSASB's decision on the requirement for additional comparative information
	Other General Presentation Requirements	2.41-2.43	<ul style="list-style-type: none"> March 2024 IPSASB discussions, decisions, and instructions (12.2.4, 12.2.5) September 2024 IPSASB discussions, decisions, and instructions (9.2.4, 9.2.5)
			<ul style="list-style-type: none"> [proposed inclusion of Going Concern for] September 2025 IPSASB discussion on Agenda Item 8.2.1

Agenda Item 8.2.5

Topic	Subtopic	CP paragraphs	Basis of drafting
	Preliminary View [proposed by Staff]		<ul style="list-style-type: none"> To reflect the IPSASB's decisions on other general presentation requirements, including: <ul style="list-style-type: none"> (a) Objective of financial statements (b) Responsibility for financial statements (c) Roles of primary financial statements and notes (d) A complete set of financial statements (e) Identification of financial statements (f) Other general presentation requirements

Review of the Updated [draft] Chapter 4

Question

1. Does the IPSASB agree with the recommendation in paragraph 2?

Recommendation

2. Staff recommend the IPSASB confirm that [draft] Chapter 4 of the Consultation Paper (CP) has been appropriately revised to reflect its June 2025 decisions and instructions.

Background

3. In June 2025, the IPSASB completed its discussions regarding presentation requirements for the Statement of Financial Performance and its full review of the [draft] Chapter 4. Based on its discussions, the IPSASB gave Staff decisions and instructions to be reflected in the [draft] Chapter.
4. This Agenda Item presents the updated [draft] Chapter 4 for the IPSASB's review.

Review of Updated [draft] Chapter 4

5. In Q3 2025, Staff updated [draft] Chapter 4 to reflect the IPSASB's final views and considerations. See [Appendix 1](#) for a detailed summary of the June decisions and instructions, and how and where Staff reflected them in the [draft] Chapter 4.
6. IPSASB members are asked to consider whether the updates to [draft] Chapter 4 appropriately reflect their decisions and views from June 2025 discussions. Please note:
 - (a) The [draft] CP ([Agenda Item 8.3.2](#)) is provided without track changes, for easier readability. A track changes version is available upon request.
 - (b) To effectively use the September 2025 plenary time, members are asked to provide feedback on substantial matters in-session, and to send editorial comments to Staff offline.

Decision Required

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

Appendix 1 – Reflecting June 2025 Decisions and Instructions

Review of this Appendix is not required. This Appendix is provided to support members' ease of review and understanding of how June 2025 decisions and instructions were incorporated into [draft] Chapter 4.

Topic and IPSASB Comment	Type	Reflected in...
Categorization (including Main Operating Activities) – June 2025 Agenda Items 11.2.1-11.2.2		
It would not pursue a GFSM 2014 aligned approach to categorizing financial information on the Statement of Financial Performance, and to articulate its rationale and overarching considerations in the CP as instructed	Decision	Revised paragraphs 4.24-4.26 and Table 3.
The CP should include the Preliminary View (PV) to require entities to present revenue and expenses items on the Statement of Financial Performance in categories aligned with IFRS 18, with additional public sector guidance	Decision	PV under paragraph 4.32.
The CP should reflect the IPSASB's proposal to include guidance on main operating activities (adapting IFRS 18's 'main business activities')	Decision	Paragraphs 4.20-4.22.
Incorporate member views into [draft] Chapter 4 on considering taxes (as either operating revenue or financing) and the primary objective for which an asset is held when categorizing specific revenue and expense items on the Statement of Financial Performance, and providing examples in Appendix B (Public Sector Considerations)	Instruction	Updated paragraph 4.23 (b) and (c).
Revise [draft] CP Chapter 4 and Appendix A to reflect member comments and views, and to more explicitly refer to the IPSASB's active project on <i>Strengthening Linkages Between IPSAS Standards and the GFSM</i>	Instruction	Revised paragraphs 4.24-4.26 and Appendix A.
Totals and Subtotals – June 2025 Agenda Item 11.2.3		
The CP should include a PV to retain the requirement to present the 'surplus or deficit' total, and to add a new requirement to present an "operating surplus or deficit" subtotal	Decision	Paragraph 4.34 and PV under paragraph 4.36.
The CP should permit, but not require, entities to present other subtotals that are relevant and appropriate to present financial information in the reporting period that is material	Decision	Paragraph 4.34(c) and new paragraph 4.35.
Revise [draft] Chapter 4 to reflect member comments and views regarding permitting, rather than requiring subtotals in order to provide a more appropriate narrative of public sector financial performance	Instruction	Paragraph 4.34(c) and new paragraph 4.35.
Minimum Line Items – June 2025 Agenda Item 11.2.4		
The CP should include a PV to maintain IPSAS 1 minimum requirements regarding the presentation of line items on the face of the Statement of Financial Performance, aligned with IFRS 18, with additional guidance	Decision	PV under paragraph 4.41.

Agenda Item 8.2.6

Topic and IPSASB Comment	Type	Reflected in...
Expenses by Nature or Function – June 2025 Agenda Item 11.2.5		
The CP should propose to retain the choice to present expenses by nature or function on the face of the Statement of Financial Performance, aligned with IFRS 18, with additional public sector guidance	Decision	Paragraph 4.44.
Revise [draft] Chapter 4 to present a Specific Matter for Comment (SMC) to articulate member deliberations on whether to allow mixed presentation of expenses, in line with IFRS 18	Instruction	Revised paragraph 4.45 and new SMC under paragraph 4.46.

Review of the Updated [draft] Chapter 5

Question

1. Does the IPSASB agree with the new and revised text for [draft] Chapter 5 of the Consultation Paper (CP)?

Recommendations

2. Staff recommend the IPSASB agree to:
 - (a) Incorporate the revised text proposed in the updated [draft] Chapter 5 of the CP (provided in [Agenda Item 8.3.2](#)); and
 - (b) Finalize its Preliminary View regarding the presentation of revenue and expenses based on its March 2025 discussions, and add the proposed Preliminary Views related to Agenda Items [8.2.3](#) and [8.2.4](#).

Background

3. The IPSASB decided to take a systematic approach to effectively progress this project by first discussing and finalizing its views on a specific topic, then reviewing the text proposed in the CP to capture those views. To date, the IPSASB has reviewed individual sections of the CP at different meetings, as they pertained to the topics discussed.
4. [draft] Chapter 5 aims to present the IPSASB's views related to the Statement of Changes in Net Assets/Equity. The IPSASB has discussed all the topics presented in this Chapter as of this September 2025 meeting. This Agenda Item presents the updated [draft] Chapter 5 for the IPSASB's review.

Review of Updated [draft] Chapter 5

5. In Q3, Staff updated [draft] Chapter 5 of the CP to:
 - (a) Reflect IPSASB members' comments and instructions from the March 2025 meeting, regarding the presentation of revenue and expenses recognized outside surplus or deficit; and
 - (b) Propose new text to reflect the considerations and discussions in the preceding September 2025 Agenda Items ([8.2.3](#) and [8.2.4](#)) for the IPSASB's consideration and review.

See [Appendix 1](#) for a detailed summary of how Staff revised and updated [draft] Chapter 5.

6. IPSASB members are asked to review the updated [draft] Chapter 5, and confirm whether the draft text reflects the IPSASB deliberations and relevant analysis to date on each topic and whether they agree with the drafted Preliminary Views. Please note:
 - (a) The [draft] CP ([Agenda Item 8.3.2](#)) is provided without track changes, for easier readability. A track changes version is available upon request.
 - (b) To effectively use the September 2025 plenary time, members are asked to provide feedback on substantial matters in-session, and to send editorial comments to Staff offline.

Decision Required

7. Does the IPSASB agree with the Staff and the Task Force's [recommendations](#)?

Appendix 1 – Additional Details: Updating [draft] Chapter 5

This Appendix summarizes how Staff revised and updated [draft] Chapter 5, based on recent discussions.

Topic	Subtopic	CP paragraphs	Changes made since March 2025?
Introduction	–	5.1-5.3	<ul style="list-style-type: none"> Editorial, for tone/flow with remainder of Chapter
Presentation of Revenue and Expenses Recognized Outside of Surplus or Deficit	Introduction	5.4-5.8	<ul style="list-style-type: none"> Editorial, to make text more succinct, and introduce approaches considered
	Retaining and Enhancing IPSAS 1 requirements	5.9-5.10	<ul style="list-style-type: none"> Editorial, to reflect members comments from March 2025
	Aligning with IFRS 18 requirements	5.11-5.14	<ul style="list-style-type: none"> Editorial, to reflect members comments from March 2025
	Aligning with GFSM 2014 requirements	5.15-5.17	<ul style="list-style-type: none"> New drafting: Reflects analysis and discussions from March 2024 and June 2025
	Benefits and Drawbacks	5.18-5.19	<ul style="list-style-type: none"> Structural, based on IPSASB member comments New drafting: regarding GFSM 2014 alignment benefits and drawbacks
	Reclassification Adjustments	5.20-5.21	<ul style="list-style-type: none"> Editorial, for clarity
	Preliminary View	After 5.21	<ul style="list-style-type: none"> Presents the IPSASB's final Preliminary View on revenue and expenses recognized outside surplus or deficit Reflects IPSASB members' request to explicitly ask for feedback on other potential enhancements
Other Presentation Requirements for Statement of Changes in Net Assets/Equity	Discussion on presentation requirements, and Preliminary View	5.22-5.25	<ul style="list-style-type: none"> New drafting: reflects analysis and proposals from Agenda Item 8.2.3 Presents proposed Preliminary View
Applicability of IFRIC 17	Discussion on applicability of IFRIC 17, and Preliminary View	5.26-5.29	<ul style="list-style-type: none"> New drafting: reflects analysis and proposals from Agenda Item 8.2.4 Presents proposed Preliminary View

Review of Other Updates to the [draft] Consultation Paper

Question

1. Does the IPSASB agree with the proposed updates to the [draft] Consultation Paper (CP)?

Recommendations

2. Staff recommend the IPSASB agree to incorporate into the [draft] CP, the following:
 - (a) New text into Chapter 3 regarding the IPSASB's consideration of Government Finance Statistics Manual 2014 (GFSM 2014) for the Statement of Financial Position;
 - (b) Revised text into Appendix A, summarizing considerations regarding IFRS alignment; and
 - (c) New text in Appendix B, summarizing key public sector considerations.

Background

3. The IPSASB decided to take a systematic approach to effectively progress this project by first discussing and finalizing its views on a specific topic, then reviewing the text proposed in the CP to capture those views.
4. In March and June 2025, IPSASB identified additional text to be added to the [draft] CP to provide a more comprehensive summary of its discussions and to add supporting information in the Appendices.
5. This Agenda Item presents Staff's drafting for the IPSASB's review. Please note:
 - (a) The [draft] CP is provided without track changes, for easier readability. A track changes version is available upon request.
 - (b) Members are encouraged to send editorial comments to Staff offline to effectively manage meeting plenary time.

Additions to Chapter 3 of the [draft] CP

6. Members agreed that the CP should summarize how the IPSASB considered GFSM 2014 requirements in forming its Preliminary Views.
7. Staff noted that the IPSASB considered GFSM alignment in forming its views on presentation requirements for the Statement of Financial Position, but its discussions are not yet reflected in Chapter 3 of the CP (in [Agenda Item 8.3.2](#)). Thus, Staff added some new paragraphs into Chapter 3 to capture the IPSASB's June 2024 discussions and decisions.
8. IPSASB members are asked to consider whether the new draft text in paragraphs 3.22-3.25, 3.29(c), 3.37-3.38, and 3.47-3.49 appropriately reflect their discussions and views regarding GFSM alignment for the Statement of Financial Position.
9. Staff also made editorial updates which members are not required to review. These editorials updates are for consistency purposes, based on Task Force feedback, and to explicitly summarize the IPSASB's discussion regarding the mixed approach in paragraph 3.32.

Revised Appendix A of the [draft] CP

10. Members agreed with Staff's proposal to include Appendix A in the CP to summarize overarching considerations regarding the two project drivers, to better help constituents respond to the CP.
 - (a) Regarding IFRS alignment (paragraphs A.2-A.6): Staff added new paragraphs into Appendix A regarding alignment with IFRS (similar to the text regarding GFSM 2014 alignment), by leveraging the IPSASB's [Process for Reviewing and Adapting IASB Documents](#), the Conceptual Framework, and Work Program.
 - (b) Regarding GFSM 2014 alignment (paragraphs A.7-A.12): The IPSASB reviewed the first draft of Appendix A, which included text regarding alignment with GFSM 2014. Staff revised this text to address editorial comments received in June 2025 to improve the overall tone and structure.
11. IPSASB members are asked to consider whether revised Appendix A (in [Agenda Item 8.3.2](#)) provides sufficient background to support constituents in considering and responding to the Preliminary Views in the CP.

New Appendix B of the [draft] CP

12. Members requested Staff to add Appendix B in the CP to summarize key public sector considerations relevant to the development of the CP. Members requested that this Appendix include relevant excerpts from the Preface of the IPSASB's Conceptual Framework, and highlight key public sector considerations such as the nature of public sector programs and unique aspects of the public sector transactions (e.g., taxation, assets held for operational or financial capacity, exchange vs. non-exchange, etc.).
13. IPSASB members are asked to consider whether the new Appendix B (in [Agenda Item 8.3.2](#)) achieves the target intention.

Decision Required

14. Does the IPSASB agree with the Staff [recommendations](#)?

Supporting Document 1 – Updated Project Plan

- The IPSASB intends to develop and approve a Consultation Paper (CP) and accompanying Illustrative Exposure Draft (IED) in March 2026. The IPSASB has taken a systematic approach to effectively navigate this project. When the IPSASB finishes discussing a specific topic, Staff draft the relevant Chapter for the CP and guidance for the IED, for the IPSASB's review.
- The current progress and proposed next steps are:

Topics	Discussion(s)	CP Development	IED Development
Project Overview and Development			
<ul style="list-style-type: none"> Objective and Scope Development Approach 	Completed (Dec 2023)	Reviewed (Dec 2023)	Reviewed (Jun 2024)
Purpose of FS / General Principles			
<ul style="list-style-type: none"> Objective and Purpose of FS FS Users and Information Needs 	Completed (Dec 2023)	Reviewed (Dec 2023)	Reviewed (Jun 2024)
<ul style="list-style-type: none"> Definitions of FS Elements, Fair Presentation and Compliance, Comparative Info, Offsetting, Aggregation and Disaggregation, etc. 	Completed (Sep 2024)	Agenda Item 8.3.2	Reviewed (Sep 2024)
<ul style="list-style-type: none"> Materiality Going Concern 	Ongoing (Agl 8.2.1 and 8.2.2)	Agenda Item 8.3.2	Q4 2025
<ul style="list-style-type: none"> Remaining definitions 	Q4 2025	Q4 2025	Q4 2025
Statement of Financial Position			
<ul style="list-style-type: none"> Classification (Assets, Liabilities) 	Completed (Jun 2024)	Reviewed (Sep 2024, updated by Agl 8.2.8)	Reviewed (Sep 2024)
<ul style="list-style-type: none"> Totals / Subtotals 	Completed (Jun 2024)	Reviewed (Sep 2024, updated by Agl 8.2.8)	N/A
<ul style="list-style-type: none"> Line Items 	Completed (Jun 2024)	Reviewed (Sep 2024, updated by Agl 8.2.8)	Reviewed (Sep 2024)
Statement of Financial Performance			
<ul style="list-style-type: none"> Classification (Revenues, Expenses) 	Completed (Jun 2025)	Agenda Items 8.2.6 and 8.3.2	Q4 2025
<ul style="list-style-type: none"> Totals / Subtotals 	Completed (Jun 2025)	Agenda Items 8.2.6 and 8.3.2	Q4 2025
<ul style="list-style-type: none"> Line Items 	Completed (Jun 2025)	Agenda Items 8.2.6 and 8.3.2	Q4 2025
Statement of Changes in Net Assets/Equity			
<ul style="list-style-type: none"> Items Outside Surplus/Deficit 	Ongoing (Agenda Item 8.2.7)	Agenda Item 8.3.2	Q1 2026
<ul style="list-style-type: none"> Other Requirements 	Ongoing (Agenda Item 8.2.3)	Agenda Item 8.3.2	Q1 2026
<ul style="list-style-type: none"> IFRIC 17 	Ongoing (Agenda Item 8.2.4)	Agenda Item 8.3.2	Q1 2026
Disclosures in the Notes			
<ul style="list-style-type: none"> Management-Defined Performance Measures 	Ongoing Q4 2025	Q4 2025	Q1 2026
<ul style="list-style-type: none"> Structure, Accounting Policies Key Sources: Estimation Uncertainty Etc. 	Q4 2025	Q4 2025	Q1 2026
Other Elements of IED			
<ul style="list-style-type: none"> Other Sections [details to come] 	Q1 2026	Q1 2026	Q1 2026

Supporting Document 2 – [draft] Consultation Paper

This Agenda Item presents the [draft] Consultation Paper (CP) for Presentation of Financial Statements. The [draft] CP is posted separately without track changes, for easier readability. A track changes version is available upon request.

The IPSASB has reviewed various parts of the [draft] CP in past meetings. Thus, members are not required review the [draft] CP in full for this September 2025 meeting. The following table highlights **key areas** of the [draft] CP for the IPSASB's review.

Section of CP	Changed since June 2025?	Information about Changes
Project Overview	No	–
Chapter 1: Development of New Presentation Standard	Yes	<ul style="list-style-type: none"> Editorial, to reference Appendix A
Chapter 2: General Presentation Requirements	Yes	<ul style="list-style-type: none"> New drafting, see Agenda Item 8.2.5
Chapter 3: Statement of Financial Position	Yes	<ul style="list-style-type: none"> Some new drafting, see Agenda Item 8.2.8 Editorial, for consistency
Chapter 4: Statement of Financial Performance	Yes	<ul style="list-style-type: none"> Revisions, see Agenda Item 8.2.6
Chapter 5: Statement of Changes in Net Assets/Equity	Yes	<ul style="list-style-type: none"> New drafting, see Agenda Item 8.2.7
Chapter 6: Disclosure of Information in the Notes	N/A – planned for Q4	–
Appendix A: Considering IFRS and GFSM 2014	Yes	<ul style="list-style-type: none"> Some new drafting, see Agenda Item 8.2.8 Revisions, for tone and structure
Appendix B: Key Public Sector Considerations	Yes	<ul style="list-style-type: none"> New drafting, see Agenda Item 8.2.8
Appendix C: Illustrative Examples of Statement of Financial Performance using IFRS Categories	Yes	<ul style="list-style-type: none"> Editorial, to update illustrative examples to match IPSASB's decision on subtotals (Chapter 4)
Appendix D: Illustrative Exposure Draft	N/A – planned for Q4	–