IPSASB International Public Sector Accounting Standards Board®

AGENDA ITEM 6

PRESENTATION OF FINANCIAL STATEMENTS

IPSASB Meeting – December 2025

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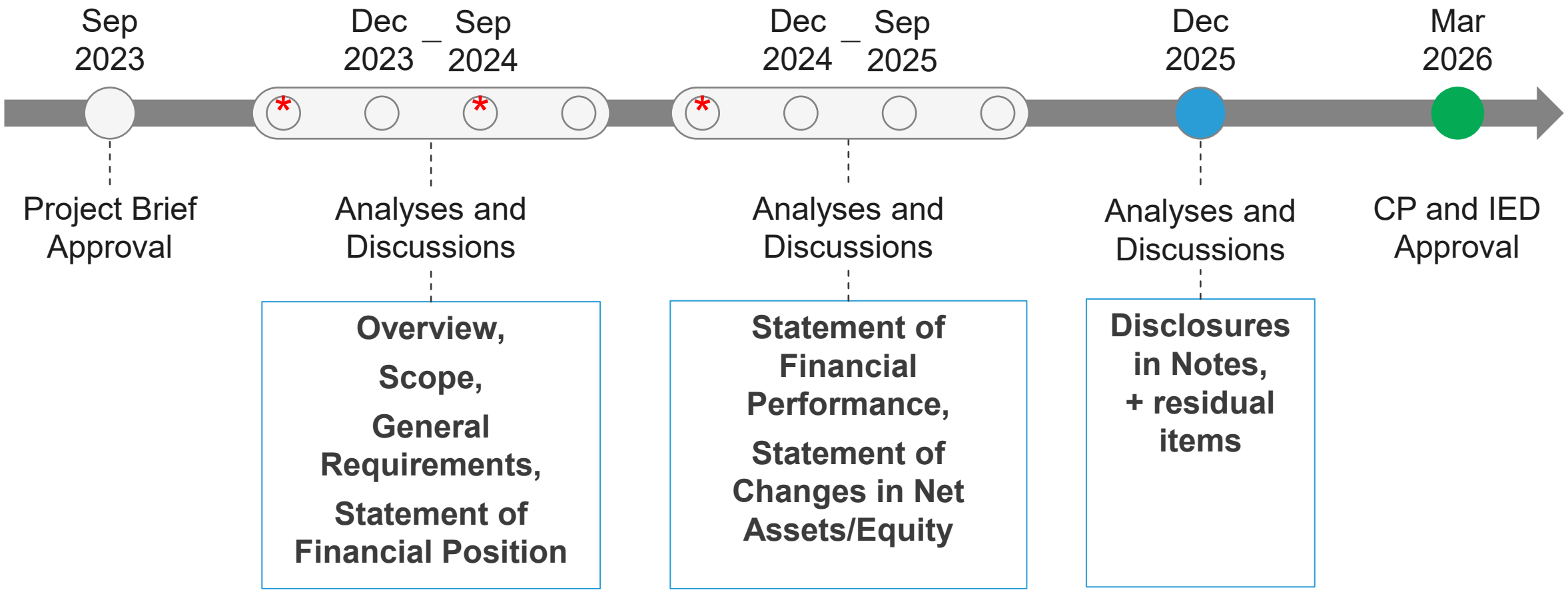
Project Overview and Next Steps



* = received CAG advice

Project Overview and Next Steps

Presentation Topics	Discussions *… to form view*	CP Development *… to capture that view*	IED Development *… to illustrate that view*
Project Overview and Development	✓	1	✓
Purpose of FS / General Principles	✓	2	✓
Statement of Financial Position	✓	3	✓
Statement of Financial Performance	✓	4	✓ Dec 2025
Statement of Changes in Net Assets/Equity	✓	5	✓ Dec 2025
Disclosures in the Notes	✓ Dec 2025	6 Dec 2025	Q1 Mar 2026

Disclosure Requirements: Structure of the Notes

Analysis

- IPSAS 1 provides guidance regarding the structure of the notes accompanying information in the primary FS, with examples.
- Task Force and Staff noted that existing requirements:
  - Have been effective in helping entities determine appropriate structure of the notes, to support users' information needs; and
  - Can be enhanced by incorporating the 2014 Amendments to IAS 1 (to frame structure in the qualitative characteristics context and focus on core principles).

Recommendation

- **Retain** the existing IPSAS 1 requirements related to the structure of the notes;
- **Incorporate** the IASB's 2014 amendments to IAS 1 (thereby aligning with IFRS 18 guidance); and
- **Present** its rationale in [draft] Chapter 6 of the CP.

Disclosures: Accounting Policy Information

Analysis

- IPSAS 1 requires entities to disclose significant accounting policies, including:
  - Specific requirements regarding information to disclose, including judgments when applying accounting policies;
  - Additional guidance to help entities decide whether to disclose a particular accounting policy; and
  - Referring to other IPSAS Standards for specific requirements.
- Task Force and Staff noted that existing requirements:
  - Have been effective in helping entities disclose their accounting policies, to support users' information needs; and
  - Can be enhanced by incorporating the 2021 Amendments to IAS 1 (to emphasize importance of materiality and judgment).

Recommendation

- **Retain** the existing IPSAS 1 requirements related to the disclosure of accounting policy information;
- **Incorporate** the IASB's 2021 amendments to IAS 1 (thereby aligning with IFRS guidance); and
- **Present** its rationale in [draft] Chapter 6 of the CP.

Disclosures: Sources of Estimation Uncertainty

Analysis

- IPSAS 1
  - Requires disclosure of information about key assumptions concerning the future, and other key sources of estimation uncertainty that have significant risk of causing material adjustment within the next financial year.
  - Does not require the above in certain circumstances (if using quoted price in active market, or for budget or forecasts).
  - Reminds entities that other IPSAS Standards also include requirements for assumptions and estimation uncertainty.
- Task Force and Staff noted that existing requirements:
  - Have been effective, no significant issues raised; and
  - Appropriately framed in context of materiality.

Recommendation

- **Retain** the existing IPSAS 1 requirements related to the disclosure of sources of estimation uncertainty (aligned with IFRS guidance); and
- **Present** its rationale in [draft] Chapter 6 of the CP.

Disclosures: Related to Net Assets/Equity and General Information

Analysis

- IPSAS 1
  - Requires disclosures regarding components of net assets/equity (managing capital, any puttable financial instruments classified as net assets/equity, any share capital, and any dividends and other distributions); and
  - Requires disclosures of general entity information (legal form, nature of operations, etc.).
- Task Force and Staff noted that existing requirements:
  - Have been effective, no significant issues raised;
  - Requirements related to net assets/equity are transaction-specific, and may not be applicable for some entities; and
  - Requirements related to entity information apply to all entities.

Recommendation

- **Retain** the existing IPSAS 1 requirements related to the entity's net assets/equity and general information (aligned with IFRS guidance); and
- **Present** its rationale in [draft] Chapter 6 of the CP.

Management-Defined Performance Measures

UNDERSTANDING THE NEW IFRS CONCEPT

WHY? To address private sector user concerns about the quality of information provided by alternative performance measures (non-GAAP measures).

DESIRED OUTCOMES of introducing the concept and disclosure requirements: Transparency regarding such measures + Discipline over their use + Quality of such information

SCOPE of measures subject to IFRS 18's new disclosure requirements is intentionally crafted…

Management-Defined Performance Measures

IFRS 18 Definition

MPMs are:

- ❑ A subtotal of income and expenses;
- ❑ Used in public communications outside Financial Statements; and
- ❑ Used to communicate management's view on an aspect of the entity's financial performance as a whole.

Measures that are not MPMs…

- × Subtotals of only one element (e.g., only income, or only expenses)
- × Assets-, liabilities-, or equity-based measures (e.g., net debt)
- × Financial ratios (e.g., return on assets)
- × Non-financial measures (e.g., customer satisfaction)
- × IFRS-specified measures (e.g., operating profit)

Disclose in a Single Note…

- How each MPM communicates useful information about an aspect of the entity's financial performance
- How each MPM is calculated
- How each MPM reconciles to the most directly comparable subtotal required by IFRS Standards

Management-Defined Performance Measures

Measures in the Public Sector… do not meet the IFRS 18 Definition

- Reflect primary objective of public sector entities to deliver services that benefit the public
- Are commonly:
  - Debt-related
  - Budgetary or statistical information
  - Non-financial
  - Financial, but not subtotals of revenue and expenses

- ☒ A subtotal of income and expenses;
- ☑ Used in public communications outside Financial Statements; and
- ☑ Used to communicate management's view on an aspect of the entity's financial performance as a whole.

Management-Defined Performance Measures

Analysis

Task Force and Staff noted that:

- **Incorporating IFRS 18 guidance as-is would not be relevant or useful in the public sector.** Public sector alternative performance measures are not MPMs as defined in IFRS 18.
- **Adapting IFRS 18 guidance for the public sector is not necessary, as**:
  - Public sector users have not raised similar concerns;
  - Performance measures presented in public communications are commonly used and well understood, directly related to the entity's service delivery objective, and/or based on other reporting frameworks or jurisdictional requirements; and
  - IPSASB RPG 2 achieves similar benefits as IFRS 18's MPMs.

Recommendation

- **Do not** introduce IFRS 18's MPM guidance and requirements into the new IPSAS Standard replacing IPSAS 1; and
- **Present** its rationale in [draft] Chapter 6 of the CP.

Review of the New [draft] Chapter 6

Analysis

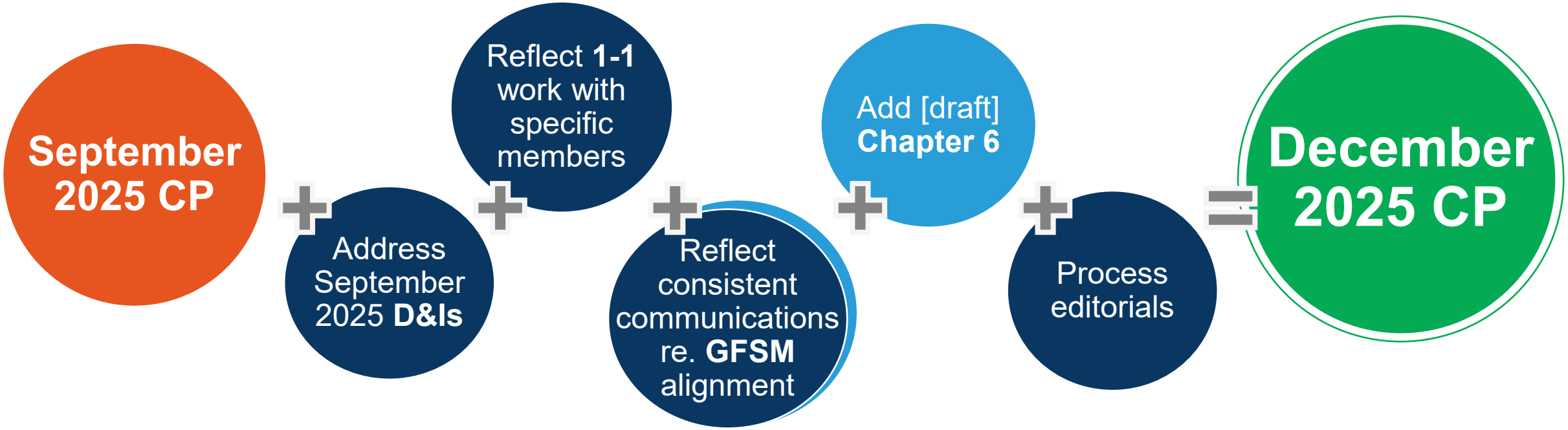
- In December 2025, the IPSASB completed its discussions regarding disclosure requirements for the proposed new IPSAS Standard replacing IPSAS 1.
- Staff drafted Chapter 6 to reflect proposed recommendations in:
  - Structure of the Notes (Agenda Item 6.2.2);
  - Disclosure of Accounting Policy Information (6.2.3);
  - Disclosure of Sources of Estimation Uncertainty (6.2.4);
  - Disclosure of General Information and Net Assets/Equity Information (6.2.5); and
  - Applicability of IFRS 18's Management-Defined Performance Measures (6.2.6).

Recommendation

- **Incorporate** the text proposed in [draft] Chapter 6 of the CP; and
- **Add** the two proposed Preliminary Views (PVs).

Review of the Completed [draft] Consultation Paper

The full [draft] CP (Agenda Item 6.3.2) is:



Enhancing existing text Adding new text

Review of the Completed [draft] Consultation Paper

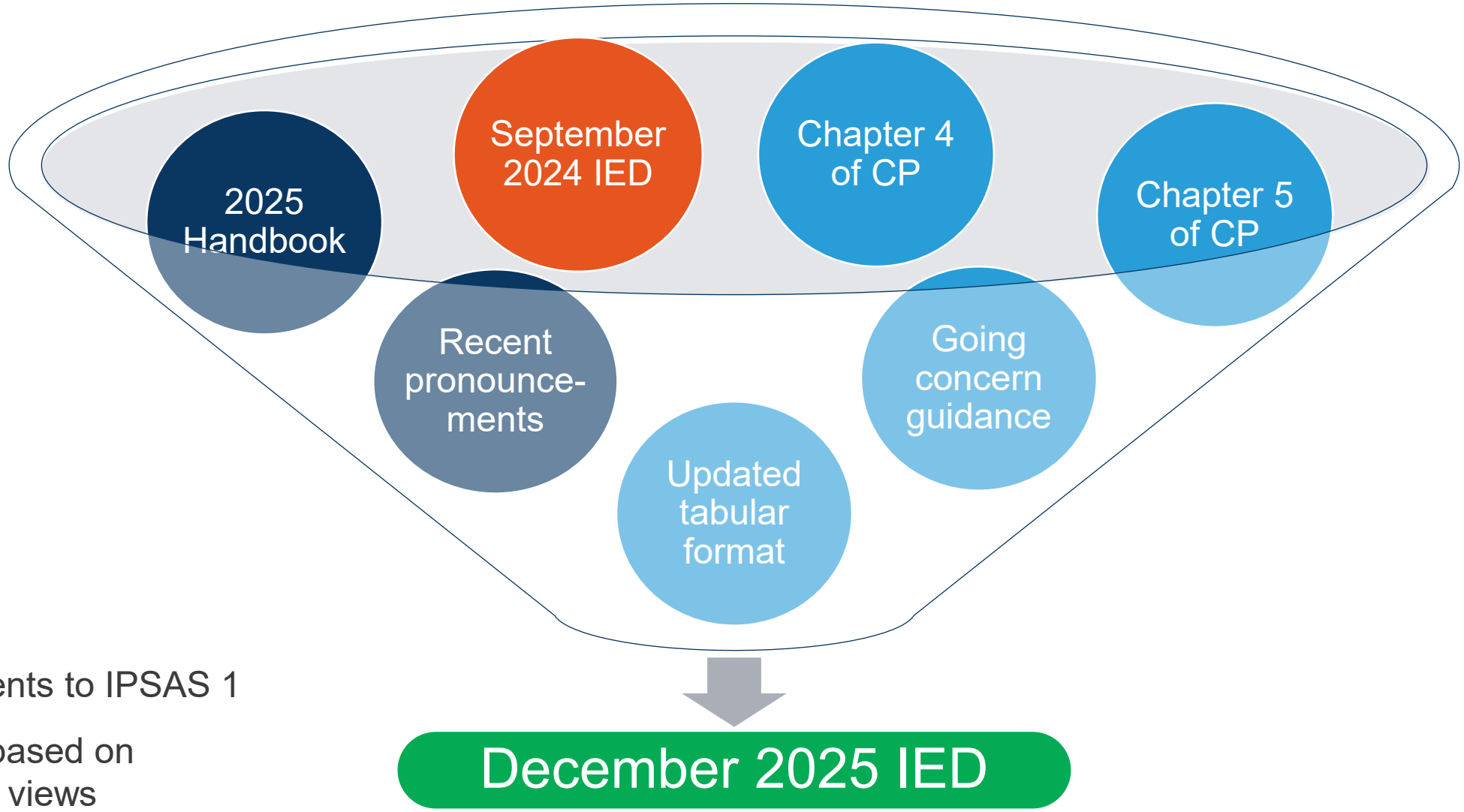
Chapter of CP	15 PV	1 SMC
1. Development of New Presentation Standard	1	
2. General Presentation Requirements	3	
3. Statement of Financial Position	3	
4. Statement of Financial Performance	3	1
5. Statement of Changes in Net Assets/Equity	3	
6. Disclosure of Information in the Notes	2 *	

* = proposed in Agenda Item 6.2.7

Recommendation

- **Confirm** that [draft] CP appropriately reflects their discussions and views from this Phase of the project; and
- **Confirm** the final set of Preliminary Views (PV) and Specific Matters for Comment (SMC).

Broader Updates to the [draft] IED



- Amendments to IPSAS 1
- Updates based on IPSASB's views

Broader Updates to the [draft] IED

Updated IED Tabular Format		
First Column	**Second Column**	**Third Column**
• The name will be changed to '**Primary Source(s)**'	• No change – continue presenting the IED paragraph	• The name will be changed to '**Additional Information**'
• Will present the sources of the paragraph in the following ways: ○ Primary source only ○ Primary source with comparable guidance ○ Multiple sources		• Will present the following information: ○ Basis for modifications to the source paragraph ○ Reference to relevant CP paragraphs

Incorporating Remaining Definitions into the [draft] IED

Analysis

- Several definitions were not considered in the previous version of the [draft] IED as they were contingent on future IPSASB discussions on related presentation requirements.
- Based on the IPSASB's decisions on the remaining presentation requirements, Staff have incorporated the following definitions into the [draft] IED:
  - Material
  - Surplus or deficit for the period
  - Operating surplus or deficit
  - Reclassification adjustments
  - Net assets/equity

Recommendation

- **Incorporate** these definitions into the [draft] IED.

IED Guidance to Illustrate Chapter 4 of the CP

Analysis

- In September 2025, the IPSASB completed its review of Chapter 4 of the CP related to the Statement of Financial Performance.
- Based on the IPSASB's Preliminary Views and Specific Matter for Comment in Chapter 4 of the CP, Staff drafted new paragraphs for the Statement of Financial Performance section of the [draft] IED, using IFRS 18 guidance as the basis.

Recommendation

- **Incorporate** the proposed paragraphs on the presentation requirements for the Statement of Financial Performance into the [draft] IED.

IED Guidance to Illustrate Chapter 5 of the CP

Analysis

- In September 2025, the IPSASB completed its review of Chapter 5 of the CP related to the Statement of Changes in Net Assets/Equity.
- Based on the IPSASB's Preliminary Views in Chapter 5 of the CP, Staff drafted new paragraphs for the Statement of Changes in Net Assets/Equity section of the [draft] IED, using IPSAS 1 guidance as the basis.

Recommendation

- **Incorporate** the proposed paragraphs on the presentation requirements for the Statement of Changes in Net Assets/Equity into the [draft] IED.

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