IPSASB International Public Sector Accounting Standards Board®

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Meeting: International Public Sector Accounting Standards Board

Meeting Date: March 10–13, 2026

Agenda Item 4

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, *Presentation of Financial Statements*. The project is in the Consultation Paper (CP) development phase.	
Meeting objective	Approve the [draft] Consultation Paper.	
Project staff lead	• Eileen Zhou, Principal	
Task Force members	• Ross Smith, IPSASB Program and Technical Director (temporary Task Force Chair) • Claudia Beier, IPSASB Member • Angela Ryan, IPSASB Member • Andrew van der Burgh, IPSASB Member • Jean-Pierre Menanteau, Conseil de normalisation des comptes publics (CNoCP) France • Antonella Risi, Public Sector Accounting Board (PSAB) Canada	
	Topic	***Agenda Item***
Essential Documents (Required Reading)	Revisions to Chapter 6 of the [draft] Consultation Paper	4.A.1
	New Guidance for the [draft] Illustrative Exposure Draft	4.A.2
	Articulating IPSASB's Consideration to Allow a Standalone Category for Taxes	4.A.3
	Approval of [draft] Consultation Paper, *Presentation of Financial Statements*	4.A.4
Supporting Documents (Posted separately on the meeting webpage)	Presentation of Financial Statements Dashboard	4.B.1
	Supporting Document 1 – [draft] Consultation Paper	4.B.2
	Supporting Document 2 – [draft] Illustrative Exposure Draft	4.B.3
Background Information (Available on the project webpage)	Decisions and Instructions up to previous IPSASB Meeting	
	Due Process Checklist	
	Project Timeline	

Prepared by: Eileen Zhou (February 2026)

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Revisions to Chapter 6 of the [draft] Consultation Paper

Question

1. Does the IPSASB agree that the revised Chapter 6 of the [draft] Consultation Paper (CP) appropriately reflects the discussion and views from the IPSASB's December 2025 meeting?

Recommendation

2. Staff and the Task Force recommend that the IPSASB confirm that the revised Chapter 6 of the [draft] CP (presented in Appendix 1) appropriately reflects its discussion and views regarding the applicability of IFRS 18 *Presentation and Disclosure in Financial Statements* 'Management-defined Performance Measures' (MPMs) in the public sector.

Context

3. During its December 2025 meeting, the IPSASB formed its Preliminary Views (PVs) regarding disclosure requirements for the new IPSAS Standard replacing IPSAS 1, and had a robust discussion regarding the applicability of IFRS 18 MPMs in the public sector. The IPSASB instructed Staff to revise Chapter 6, to reflect its robust discussion regarding the applicability of IFRS 18 MPMs.

4. This Agenda Item presents how Staff addressed the IPSASB instructions regarding the applicability of IFRS 18 MPMs in the public sector, with the support of the Task Force.

Analysis

5. The IPSASB instructed Staff to revise Chapter 6 of the [draft] CP to:

   (a) Reflect the IPSASB's comments and views regarding the applicability of IFRS 18 MPMs; and

   (b) Split the previously proposed PV 15 into two separate PVs: one presenting the IPSASB's view to not incorporate IFRS 18 MPMs requirements, and one presenting the IPSASB's view to not adapt/amend IFRS 18 MPMs requirements for application in the public sector[1].

6. Staff revisited the IPSASB's December 2025 discussion and revised Chapter 6 of the [draft] CP to reflect members' comments and considerations.

7. Appendix 1 provides an excerpt from revised Chapter 6 related to the applicability of IFRS 18 MPMs (paragraphs 6.20-6.32) without track changes for easier review. The Task Force reviewed these CP paragraphs in February 2026 in detail to ensure the IPSASB's discussion is appropriately reflected in the revised Chapter 6 of the [draft] CP.

8. IPSASB members are asked to complete a page-by-page review of Appendix 1 to confirm whether the revised CP paragraphs appropriately reflect its discussion and views regarding the applicability of IFRS 18 MPMs in the public sector.

Decision Required

9. The IPSASB is required to decide whether the revised Chapter 6 appropriately reflects its discussion and views regarding the applicability of MPMs in the public sector, in order to finalize its [draft] CP.

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[1] The IPSASB also requested the new PV 16 (to not adapt/amend IFRS 18 MPMs for the public sector) prompt constituents who disagree with the PV to clearly explain the public sector need, and how they would propose to adapt/amend the definition of MPM to address that need, with detailed and concrete examples, for the IPSASB to determine whether a separate project is necessary.

Appendix 1 – Page-by-Page Review: Excerpt of Revised Chapter 6 of [draft] Consultation Paper

1. This Appendix is an excerpt of revised Chapter 6 of the [draft] Consultation Paper (CP), related to the applicability of IFRS 18 MPMs (paragraphs 6.20-6.32).

2. The text in this excerpt is provided without track changes for easier review. The mark-up version (i.e., with track changes for revisions since the December 2025 version) is in Agenda Item 4.B.2.

3. IPSASB members are asked to complete a page-by-page review of this Appendix to respond to Agenda Item 4.A.1. To effectively use plenary time in March 2026, members are asked to provide feedback on substantial matters in-session, and to send editorial comments to Staff offline.

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Applicability of IFRS 18's Management-Defined Performance Measures

6.20 The IASB formally introduced the concept of 'management-defined performance measures' (MPMs) in IFRS 18, published in 2024. In line with its Project Drivers (Chapter 1, Table 2), the IPSASB considered whether, and how, IFRS 18 MPMs may be relevant or applicable for the public sector.

6.21 The IASB's decision to introduce this concept, defining MPMs in a narrow manner and requiring specific disclosures for MPMs, was a direct response to constituent feedback in the private sector. Users of private sector financial statements found that alternative performance measures (i.e., non-GAAP measures) defined by management and communicated outside the financial statements provided useful information. However, these users raised concerns about the quality of information provided about such measures.

6.22 To address constituent feedback:

(a) IASB defined and introduced disclosure requirements for MPMs to improve the transparency of such measures (e.g., their purpose/use, calculation, and reconciliation back to the most directly comparable subtotal required by IFRS) and the quality of such information (as the disclosure requirements likely bring such measures within the scope of audit); and

(b) The IASB intentionally defined MPM in a narrow manner to directly address constituent feedback in the private sector. Specifically, management-defined performance measures are only MPMs as defined in IFRS 18 (and subject to the disclosure requirements) if they are a subtotal of income *and* expenses that:

(i) An entity uses in public communications *outside* financial statements, to communicate to users of financial statements *management's view* of an aspect of the entity's financial performance as a whole; and

(ii) Are *not* subtotals specifically required to be presented or disclosed by IFRS 18 or other IFRS Accounting Standards.

Incorporating IFRS 18 MPMs in the Public Sector

6.23 In assessing whether to incorporate the IFRS 18 MPM guidance (i.e., the definition and disclosure requirements) into IPSAS Standards, the IPSASB noted that public sector entities may also report

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alternative performance measures in public communications outside the financial statements to communicate an aspect of the entity's performance as a whole, to support accountability and decision-making needs.

6.24 However, these public sector alternative performance measures typically would not be MPMs as defined by IFRS 18 because they are not a subtotal of revenue *and* expenses. Examples of such common alternative performance measures across the international public sector include:

(a) Debt-related measures, such as net debt, debt issuances, total borrowings, and net lending figures;

(b) Budgetary and statistical information, such as GDP (by industry and in total), debt brakes, budget deficits, budget variances, expenditure values and ratios (in total or by type), and revenue values and ratios (in total or by source), and other fiscal monitoring data;

(c) Non-financial measures, such as service delivery targets, unit cost of specific services, employment and workforce rates and ratios, tax collection percentages, migration figures, and quality of life metrics; and

(d) Financial measures that are subtotals of individual financial statement elements (e.g., subtotals of only revenue items, only expense items, or based on assets or liabilities), but typically not subtotals of revenue *and* expenses.

6.25 Based on its research and deliberations to date, the IPSASB noted that alternative performance measures that could meet the IFRS 18 MPM definition are not prevalent in the public sector. Specifically, the IPSASB:

(a) Acknowledged that public sector entities often use a *total* of revenue and expenses (its surplus and deficit) as a key performance measure, to assess how the entity balances its expenses and revenues alongside achieving service delivery objectives and manage its fiscal stability over time; and

(b) Observed that there are limited examples of public sector entities using a *subtotal* of revenue and expenses, presented outside the financial statements, to provide additional context for its performance. The IPSASB noted that subtotals of revenue and expenses appear less common in the public sector than the private sector because the primary objective of public sector entities is to deliver services that benefit the public, whereas the primary objective of private sector entities is to maximize profits and generate stakeholder value.

6.26 Therefore, the IPSASB proposes not to incorporate the IFRS 18 definition of, and disclosure requirements for, MPMs into the IPSAS Standards. The different objectives and funding models of public sector entities warrants departure from IFRS alignment, consistent with the IPSASB's application of its *Process for Reviewing and Adapting IASB Documents*.

Preliminary View 15—Chapter 6

The IPSASB's preliminary view is to not incorporate the IFRS 18 definition and disclosure requirements for management-defined performance measures (MPMs) into the IPSAS Standards. Do you agree with the IPSASB's Preliminary View? If not, please provide your reasons and clearly explain what you consider should be changed.

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Amending IFRS 18 MPMs for Application in the Public Sector

6.27 Instead of incorporating the concept of MPM as defined in IFRS 18, the IPSASB also considered whether to amend the IFRS 18 MPM concept and definition for application in the public sector, and to introduce similar disclosure requirements into the IPSAS Standards. To make this decision, the IPSASB considered whether there is a similar need for greater transparency over the use and measurement of alternative performance measures that are communicated outside the financial statements in the public sector, and if so, whether amending the IFRS 18 guidance for inclusion in IPSAS Standards would provide similar benefits to financial statement users in the public sector regarding such measures.

6.28 The IPSASB is aware that public sector entities provide a wide variety of alternative performance measures to communicate information about its performance. Unlike private sector feedback to the IASB, public sector constituents have not voiced similar concerns to the IPSASB regarding the transparency or quality of information provided by alternative performance measures currently communicated outside financial statements only. It is the IPSASB's view that this is likely because alternative performance measures in the public sector are:

(a) Typically commonly used and well understood by public sector constituents;

(b) Directly related to the entity's service delivery objective(s) and the jurisdiction(s) in which it operates. These measures are entity- or jurisdiction-specific, and are:

(i) In most circumstances, already subject to established industry standards and/or local requirements, laws, and regulations. Examples include alternative performance measures related to fiscal monitoring or fiscal strategy, based on each jurisdiction's own legislative requirements; or

(ii) In limited circumstances, provided voluntarily by the entity for transparency and accountability purposes. In such cases, the entities generally are transparent and consistent in their communication of such measures (i.e., their purpose and calculation) as they related to fiscal strategy or monitoring, service delivery or financial management objectives;

(c) Governed by other reporting frameworks or sets of guidance in the broader public sector reporting landscape. This is particularly true for alternative performance measures summarized in paragraph 6.24, as existing budgetary, statistical, service performance, and financial statement discussion and analysis (FSDA) reporting guidance already provide requirements or guidelines for calculating and presenting such measures to users of this information); and/or

(d) Typically subject to a greater degree of scrutiny by a wider range of users in the public sector. This means that entities generally calculate their alternate performance measures in a consistent manner year-over-year and are less subject to change at the discretion of management. The consistency of the calculation over time, and a high threshold for any revisions to this calculation, gives credibility to the alternative performance measure presented.

6.29 The IPSASB also acknowledged that, from a standard-setting perspective, it would likely be challenging to amend IFRS 18's definition of an MPM in a manner that works for all public sector entities, given the diversity of the public sector globally.

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6.30 Thus, the IPSASB proposes not to amend the IFRS 18 MPM concept and definition for the public sector, and thus not to introduce disclosure requirements similar to those for IFRS 18 MPMs. This proposal reflects the IPSASB's research and deliberations to date, which have not identified a need for greater transparency in the public sector that would warrant developing a public sector version of IFRS 18 MPMs, together with practical challenges in establishing a definition for MPMs that would be appropriate for public sector entities globally, and the additional cost on preparers to meet any such new disclosure requirements.

6.31 In forming this view, IPSASB members also highlighted that the IPSASB's Recommended Practice Guidelines (RPG) already provide non-authoritative guidance and best practices to help public sector entities communicate information about the entity to its financial statement users:

(a) The long-term sustainability of the public sector entity's finances, and the impact of current policies and decisions on future inflows and outflows (RPG 1, *Reporting on the Long-term Sustainability of an Entity's Finances*);

(b) FSDA explain (but are not part of) financial statements, to assist users in understanding the financial statements (RPG 2, *Financial Statement Discussion and Analysis*); and

(c) The entity's service performance objectives and the extent (efficiency and effectiveness) of its achievement of those objectives (RPG 3, *Reporting Service Performance Information*).

6.32 Notably, RPG 2 guidance can provide similar benefits as IFRS 18 disclosure requirements for MPMs. Reporting information in accordance with RPG 2 helps entities present FSDA that enables users to gain insights into the operations of the entity from the perspective of the entity itself. When an entity presents adjusted financial statement information in its FSDA, paragraph 24 of RPG 2 requires the entity to disclose that fact, explain the nature of and reasons for the adjustments, and to reconcile any non-IPSAS Standards measures presented in the FSDA to IPSAS Standards-based information presented in the financial statements.

Preliminary View 16—Chapter 6

The IPSASB's preliminary view is to not include an amended IFRS 18 MPM concept for application in the public sector (thereby not introducing an amended version of the IFRS 18 MPM definition or disclosure requirements into the IPSAS Standards).

Do you agree with the IPSASB's Preliminary View?

If not, please:

a) Provide your reasons, and provide specific examples of alternative performance measures that are defined by management and provided in public communications outside the financial statements; and

b) Clearly explain why there is a need for greater transparency of those measures that warrants new guidance in the IPSAS Standards.

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New Guidance for the [draft] Illustrative Exposure Draft

Question

1. Does the IPSASB agree to incorporate the proposed guidance on disclosure requirements into the Illustrative Exposure Draft (Illustrative ED)?

Recommendation

2. Staff and the Task Force recommend that the IPSASB agree to incorporate the proposed guidance on disclosure requirements (presented in Appendix 1) into the [draft] Illustrative ED.

Context

3. The IPSASB has taken a systematic approach to effectively progress this project by first discussing and finalizing its views on a specific topic, reviewing the text proposed for its Consultation Paper (CP) to capture those views, and then reviewing related guidance for inclusion in the Illustrative ED.

4. In December 2025, the IPSASB discussed and formed its views on all disclosure requirements for the new IPSAS Standard replacing IPSAS 1. Revised Chapter 6 of the [draft] CP reflects these views. This Agenda Item presents proposed guidance to illustrate those views, and seeks IPSASB's approval to incorporate this guidance in the [draft] Illustrative ED.

Analysis

5. The IPSASB confirmed its Preliminary View (PV 14) to retain existing IPSAS 1 requirements for the disclosure of information in the notes to the financial statements, and to incorporate the IASB's amendments to IAS 1 (related to structure of the notes and disclosure of accounting policy information).[2] This means that the proposed requirements of the future IPSAS Standard replacing IPSAS 1 would be aligned with equivalent IFRS Accounting Standards requirements (as presented in December 2025 detailed analysis).

6. As a result, Staff drafted proposed new guidance to include in the Illustrative ED using IFRS guidance as a primary source, with revisions (in track changes) to adapt the guidance for the public sector.

7. Appendix 1 presents this proposed new disclosure guidance (Illustrative ED paragraphs 139-169 and AG118) for the IPSASB's consideration. The Task Force reviewed the proposed new guidance in February 2026 in detail to confirm that they appropriately illustrate the IPSASB's views that are articulated in Chapter 6 of the [draft] CP.

8. IPSASB members are asked to complete a page-by-page review of the proposed new guidance (Appendix 1) to confirm whether the proposed new guidance on disclosure requirements appropriately illustrates its discussion and views (articulated in Chapter 6 of the [draft] CP).

Decision Required

9. The IPSASB is required to decide whether to include the proposed guidance on disclosure requirements in the Illustrative ED, in order to finalize Appendix D of its [draft] CP.

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[2] This Preliminary View is captured in PV 14 in the [draft] CP. The IPSASB also decided not to incorporate nor adapt IFRS 18 MPMs (PVs 15-16, also discussed in the preceding Agenda Items); accordingly, no guidance is necessary for the Illustrative ED.

Appendix 1 – Page-by-Page Review: New Guidance for [draft] Illustrative Exposure Draft

1. This Appendix is the new guidance on disclosure requirements which Staff and the Task Force propose to incorporate into the [draft] Illustrative ED (as paragraphs 139-169 and AG118).

2. The track changes represent revisions proposed to adapt IFRS guidance for the public sector. The following table summarizes the new guidance on disclosure requirements proposed to illustrate the IPSASB's views in Chapter 6 and Preliminary View 14 of the CP:

IED Paragraphs…	In Section…	Reflects CP Paragraphs…
139-142, AG118	Structure of the Notes	6.4-6.7
143-151	Disclosure of Selection and Application of Accounting Policies	6.8-6.12
152-160	Disclosure of Sources of Estimation Uncertainty	6.13-6.15
161-164	Capital	6.16-6.19
165-166	Puttable Financial Instruments Classified as Net Assets/Equity	6.16-6.19
167-169	Other Disclosures	6.16-6.19

3. IPSASB members are asked to complete a page-by-page review of this Appendix to respond to Agenda Item 4.A.2. To effectively use plenary time in March 2026, members are asked to provide feedback on substantial matters in-session, and to send editorial comments to Staff offline.

Primary Sources(s)	Notes	Related to …
	…	
	Structure	CP paragraphs 6.4-6.7
IFRS 18.113 IPSAS 1.127	139. **An entity shall disclose in the notes:** **(a) Information about the basis of preparation of the financial statements (see paragraphs 36–52 [6A–6N of IAS 8]) and the specific accounting policies used (see paragraphs 143–151 [27A–27I of IAS 8]);** **(b) Information required by ~~IFRS Accounting~~ IPSAS Standards that is not presented in the primary financial statements; and** **(c) Other information that is not presented in the primary financial statements, but is necessary for an understanding of any of them (see paragraph 28 [IFRS 18.20]).**	
IFRS 18.114	140. **An entity shall, as far as practicable, present notes in a systematic manner (see paragraph AG118 [IFRS 18.B112]). In determining a**	

IPSAS 1.128 (consistent)	**systematic manner, the entity shall consider the effect on the understandability and comparability of its financial statements. An entity shall cross-reference each item in the primary financial statements to any related information in the notes. If amounts disclosed in the notes are included in one or more line items in the primary financial statements, an entity shall disclose in the note the line item(s) in which the amounts are included.**	
IFRS 18.115 IPSAS 1.131	141. **An entity may disclose notes providing information about the basis of preparation of the financial statements and specific accounting policies used in a separate section of the financial statements.**	
IFRS 18.116 IPSAS 1.150	142. **If not disclosed elsewhere in information published with the financial statements, an entity shall disclose in the notes:** **(a) The domicile and legal form of the entity, ~~its country of incorporation and the address of its registered office (or principal place of business, if different from the registered office)~~and the jurisdiction within which it operates;** **(b) A description of the nature of the entity's operations and its principal activities;** **~~(b)~~(c) A reference to the relevant legislation governing the entity's operations;** **~~(c)~~(d) The name of the ~~parent~~ controlling entity and the ultimate ~~parent of the group~~controlling entity of the economic entity (where applicable); and** **~~(d)~~(e) If it is a limited-life entity, information regarding the length of its life.**	
	Disclosure of Selection and Application of Accounting Policies	CP paragraphs 6.8-6.12
IAS 8.27A IPSAS 1.132 (consistent)	143. **An entity shall disclose material accounting policy information (see paragraph 8 [IAS 8.5]). Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.**	• In developing IFRS 18, the IASB moved the IAS 1 guidance on Disclosure of Selection and Application of Accounting Policies to IAS 8. For the current stage of this project, these paragraphs are included in this Illustrative ED.
IAS 8.27B IPSAS 1.134 (consistent)	144. Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may nevertheless be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.	

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IAS 8.27C IPSAS 1.134-136 (consistent)	145. Accounting policy information is expected to be material if users of an entity's financial statements would need it to understand other material information in the financial statements. For example, an entity is likely to consider accounting policy information material to its financial statements if that information relates to material transactions, other events or conditions and: (a) The entity changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements; (b) The entity chose the accounting policy from one or more options permitted by ~~IFRSs~~IPSAS Standards—such a situation could arise if the entity chose to measure investment property at historical cost rather than fair value; (c) The accounting policy was developed in accordance with this [draft] Standard in the absence of an ~~IFRS~~IPSAS Standard that specifically applies; (d) The accounting policy relates to an area for which an entity is required to make significant judg~~e~~ments or assumptions in applying an accounting policy, and the entity discloses those judg~~e~~ments or assumptions in accordance with paragraphs 149 [IAS 8.27G] and 152 [IAS 8.31A]; or (e) The accounting required for them is complex and users of the entity's financial statements would otherwise not understand those material transactions, other events or conditions—such a situation could arise if an entity applies more than one ~~IFRS~~ IPSAS Standard to a class of material transactions.	
IAS 8.27D IPSAS 1.134-136 (consistent)	146. Accounting policy information that focuses on how an entity has applied the requirements in the ~~IFRSs~~IPSAS Standards to its own circumstances provides entity-specific information that is more useful to users of financial statements than ~~standardised~~ standardized information, or information that only duplicates or ~~summarises~~ summarizes the requirements of the ~~IFRSs~~IPSAS Standards.	
IAS 8.27E IPSAS 1.134-136 (consistent)	147. If an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.	
IAS 8.27F IPSAS 1.134-136 (consistent)	148. An entity's conclusion that accounting policy information is immaterial does not affect the related disclosure requirements set out in other ~~IFRSs~~IPSAS Standards.	
IAS 8.27G IPSAS 1.137 (consistent)	149. **An entity shall disclose, along with its material accounting policy information or other notes, the judg~~e~~ments, apart from those involving estimations (see paragraph 152 [IAS 8.31A]), that management has made in the process of applying the entity's accounting policies and**	

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	that have the most significant effect on the amounts ~~recognised~~ recognized in the financial statements.	
IAS 8.27H IPSAS 1.138 (consistent)	150. In the process of applying the entity's accounting policies, management makes various judg~~e~~ments, apart from those involving estimations, that can significantly affect the amounts it ~~recognises~~ recognizes in the financial statements. For example, management makes judg~~e~~ments in determining: (a) When substantially all the significant risks and rewards of ownership of financial assets and, for lessors, assets subject to leases are transferred to other entities; (b) Whether, in substance, particular sales of goods are financing arrangements and therefore do not give rise to revenue; and (c) Whether the contractual terms of a financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.	
IAS 8.27I IPSAS 1.139	151. Some of the disclosures made in accordance with paragraph 149 [IAS 8.27G] are required by other ~~IFRSs~~IPSAS Standards. For example, ~~IFRS 12 *Disclosure of Interests in Other Entities*~~IPSAS 38, *Disclosure of Interests in Other Entities* requires an entity to disclose the judg~~e~~ments it has made in determining whether it controls another entity. ~~IAS 40 *Investment Property*~~ IPSAS 16 requires disclosure of the criteria developed by the entity to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of business, when classification of the property is difficult.	
	Disclosure of Sources of Estimation Uncertainty	CP paragraphs 6.13-6.15
IAS 8.31A IPSAS 1.140	152. **An entity shall disclose information about the assumptions it makes about the future, and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year. In respect of those assets and liabilities, the notes shall include details of:** **(a) Their nature; and** **(b) Their carrying amount as at the end of the reporting period.**	• In developing IFRS 18, the IASB moved the IAS 1 guidance on Disclosure of Sources of Estimation Uncertainty to IAS 8. For the current stage of this project, these paragraphs are included in this Illustrative ED.
IAS 8.31B IPSAS 1.141	153. Determining the carrying amounts of some assets and liabilities requires estimation of the effects of uncertain future events on those assets and liabilities at the end of the reporting period. For example, in the absence of ~~recently observed market prices~~ a quoted price in an active market used to measure the following assets and liabilities, future-oriented estimates are necessary to measure the recoverable amount of certain classes of property, plant, and equipment, the effect of technological obsolescence on inventories, provisions subject to the future outcome of litigation in progress, and long-term employee benefit liabilities such as pension obligations. These estimates involve assumptions about such items as the risk	

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	adjustment to cash flows or discount rates, future changes in salaries, and future changes in prices affecting other costs.	
IAS 8.31C IPSAS 1.142	154. The assumptions and other sources of estimation uncertainty disclosed in accordance with paragraph 152 [IAS 8.31A] relate to the estimates that require management's most difficult, subjective or complex judgements. As the number of variables and assumptions affecting the possible future resolution of the uncertainties increases, those judgements become more subjective and complex, and the potential for a consequential material adjustment to the carrying amounts of assets and liabilities normally increases accordingly.	
IAS 8.31D IPSAS 1.143	155. The disclosures in paragraph 152 [IAS 8.31A] are not required for assets and liabilities with a significant risk that their carrying amounts might change materially within the next financial year if, at the end of the reporting period, they are measured at current operational value or fair value based on a quoted price in an active market for an identical asset or liability. Such current operational values or fair values might change materially within the next financial year but these changes would not arise from assumptions or other sources of estimation uncertainty at the end of the reporting period.	
IAS 8.31E IPSAS 1.144	156. An entity provides the disclosures in paragraph 152 [IAS 8.31A] in a manner that helps users of financial statements to understand the judgements that management makes about the future and about other sources of estimation uncertainty. The nature and extent of the information provided vary according to the nature of the assumption and other circumstances. Examples of the types of disclosures an entity makes are: (a) The nature of the assumption or other estimation uncertainty; (b) The sensitivity of carrying amounts to the methods, assumptions and estimates underlying their calculation, including the reasons for the sensitivity; (c) The expected resolution of an uncertainty and the range of reasonably possible outcomes within the next financial year in respect of the carrying amounts of the assets and liabilities affected; and (d) An explanation of changes made to past assumptions concerning those assets and liabilities, if the uncertainty remains unresolved.	
IAS 8.31F IPSAS 1.146	157. This [draft] Standard does not require an entity to disclose budget information or forecasts in making the disclosures in paragraph 152 [IAS 8.31A].	
IAS 8.31G IPSAS 1.146	158. Sometimes it is impracticable to disclose the extent of the possible effects of an assumption or another source of estimation uncertainty at the end of the reporting period. In such cases, the entity discloses that it is reasonably possible, on the basis of existing knowledge, that outcomes within the next financial year that are different from the assumption could require a material adjustment to the carrying amount of the asset or liability affected. In all cases, the entity discloses the nature and carrying amount of the specific asset or liability (or class of assets or liabilities) affected by the assumption.	

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IAS 8.31H IPSAS 1.147	159. The disclosures in paragraph 149 [IAS 8.27G] of particular judgements that management made in the process of applying the entity's accounting policies do not relate to the disclosures of sources of estimation uncertainty in paragraph 152 [IAS 8.31A].	
IAS 8.31I IPSAS 1.148	160. Other IFRSs IPSAS Standards require the disclosure of some of the assumptions that would otherwise be required in accordance with paragraph 152 [IAS 8.31A]. For example, IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*IPSAS 19, *Provisions, Contingent Liabilities and Contingent Assets* requires disclosure, in specified circumstances, of major assumptions concerning future events affecting classes of provisions. IPSAS 45 requires disclosure of measurement techniques and inputs applied in measuring current operational values and fair values of revalued items of property, plant, and equipment. IFRS 13 *Fair Value Measurement*IPSAS 46, *Measurement* requires disclosure of significant assumptions (including the valuation technique(s) and inputs) the entity uses when measuring the fair values of assets and liabilities that are carried at fair value.	
	Capital	CP paragraphs 6.16-6.19
IFRS 18.126 IPSAS 1.148A	161. **An entity shall disclose in the notes information that enables users of financial statements to evaluate the entity's objectives, policies and processes for managing capital.**	
IFRS 18.127 IPSAS 1.148B	162. To comply with paragraph 161 [IFRS 18.126] an entity shall disclose in the notes: (a) Qualitative information about its objectives, policies, and processes for managing capital, including: (i) A description of what it manages as capital; (ii) When an entity is subject to externally imposed capital requirements, the nature of those requirements, and how those requirements are incorporated into the management of capital; and (iii) How it is meeting its objectives for managing capital. (b) Summary quantitative data about what it manages as capital. Some entities regard some financial liabilities (for example, some forms of subordinated debt) as part of capital. Other entities regard capital as excluding some components of net assets/equity (for example, components arising from cash flow hedges). (c) Any changes in (a) and (b) from the preceding reporting period. (d) Whether during the reporting period it complied with any externally imposed capital requirements to which it is subject. (e) When it has not complied with such externally imposed capital requirements, the consequences of such non-compliance.	
IFRS 18.128	163. An entity shall base the note disclosures in paragraph 162 [IFRS 18.127] on the information provided internally to key management personnel.	

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IPSAS 1.148B		
IFRS 18.129 IPSAS 1.148C	164. An entity may manage capital in a number of ways and be subject to a number of different capital requirements. For example, a conglomerate may include entities that undertake insurance activities and banking activities and those entities may operate in several jurisdictions. When an aggregate disclosure of capital requirements and how capital is managed would not provide useful information or would distort a financial statement user's understanding of an entity's capital resources, the entity shall disclose separate information for each capital requirement to which the entity is subject.	
	Puttable Financial Instruments Classified as Net Assets/Equity	CP paragraphs 6.16-6.19
IFRS 7.19A IPSAS 1.148D	165. For puttable financial instruments classified as equity instruments in accordance with paragraphs ~~16A–16B of IAS 32~~15–16 of IPSAS 28, *Financial Instruments: Presentation*, an entity shall disclose (to the extent not disclosed elsewhere): (a) Summary quantitative data about the amount classified as net assets/equity; (b) Its objectives, policies and processes for managing its obligation to repurchase or redeem the instruments when required to do so by the instrument holders, including any changes from the previous period; (c) The expected cash outflow on redemption or repurchase of that class of financial instruments; and (d) Information about how the expected cash outflow on redemption or repurchase was determined.	
IFRS 7.19B IPSAS 1.95A	166. If an entity has reclassified any of the following financial instruments between financial liabilities and equity, it shall disclose the amount reclassified into and out of each category (financial liabilities or equity), and the timing and reason for that reclassification: (a) A puttable financial instrument classified as an equity instrument applying paragraphs ~~16A–16B of IAS 32~~15–16 of IPSAS 28; or (b) An instrument that imposes on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation and is classified as an equity instrument applying paragraphs ~~16C–16D of IAS 32~~17–18 of IPSAS 28.	
	Other Disclosures	CP paragraphs 6.16-6.19
IFRS 18.130 IPSAS 1.98	167. **An entity shall either present in the statement of financial position or the statement of changes in net assets/equity or disclose in the notes:** **(a) For each class of share capital:** (i) **The number of shares ~~authorised~~authorized;** (ii) **The number of shares issued and fully paid, and issued but not fully paid;**	

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	(iii) **Par value per share, or a statement that the shares have no par value;** (iv) **A reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period;** (v) **The rights, preferences and restrictions attaching to that class, including restrictions on the distribution of dividends and the repayment of capital;** (vi) **Shares in the entity held by the entity or by its ~~subsidiaries~~ controlled entities or associates; and** (vii) **Shares reserved for issue under options and contracts for the sale of shares, including terms and amounts; and** **(b) A description of the nature and purpose of each reserve within net assets/equity.**	
IFRS 18.131	168. **An entity without share capital, such as a partnership or trust, shall disclose information equivalent to that required by paragraph 167(a) [IFRS 18.130(a)], showing changes during the reporting period in each category of equity interest, and the rights, preferences and restrictions attaching to each category of equity interest.**	
IFRS 18.132 IPSAS 1.149	169. **An entity shall disclose in the notes:** **(a) The amount of dividends, or similar distributions, proposed or declared before the financial statements were ~~authorised~~ authorized for issue but not ~~recognised~~ recognized as an ownership distribution ~~to owners~~ during the reporting period, and the related amount per share; and** **(b) The amount of any cumulative preference dividends, or similar distributions, not ~~recognised~~recognized.**	
Application Guidance		
	…	
	Notes	**Related to …**
	Structure	CP paragraphs 6.4-6.7
IFRS 18.B112 IPSAS 1.129 (consistent)	AG118. Paragraph 140 [IFRS 18.114] requires an entity to present notes in a systematic manner, so far as is practicable. Examples of systematic ordering or grouping of the notes include: (a) Giving prominence to the areas of its activities that an entity considers to be most important to an understanding of its financial performance and financial position, such as grouping together information about particular business activities; (b) Grouping together information about items measured similarly, such as grouping assets measured at current operational value separately from assets measured at fair value; or	

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	(c) Following the order of the line items in the statement~~(s)~~ of financial performance and the statement of financial position, such as: (i) S~~s~~tatement of compliance with ~~IFRS~~ IPSAS ~~Accounting~~ Standards (see paragraph 37 [6B of IAS 8]); (ii) M~~m~~aterial accounting policy information (see paragraph 143 [27A of IAS 8]); (iii) S~~s~~upporting information for items presented in the statement of financial position, the statement~~(s)~~ of financial performance, the statement of changes in net assets/equity and the statement of cash flows, in the order in which each statement is provided and each line item is presented; and (iv) O~~o~~ther disclosures, including: (1) C~~c~~ontingent liabilities (see ~~IAS 37~~IPSAS 19) and ~~unrecognised~~ unrecognized contractual commitments; and (2) N~~n~~on-financial disclosures—for example an entity's financial risk management objectives and policies (see ~~IFRS 7~~IPSAS 30).	

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Articulating IPSASB's Consideration to Allow a Standalone Category for Taxes

Question

1. Does the IPSASB agree to change the text in paragraph 4.30(c) of the Consultation Paper (CP) to effectively articulate how it considered the idea to allow a standalone category for taxes?

Recommendation

2. Staff recommend the IPSASB replace the current text in paragraph 4.30(c) of the CP with the proposal in paragraph 6.

Context

3. The IPSASB considered several public-sector-specific ideas to form its Preliminary View related to the categorization of revenue and expense items on the Statement of Financial Performance (PV 8). Each idea is articulated in paragraph 4.30 of the [draft] CP with a summary of the idea, its merits, and its potential limitations or challenges, to effectively solicit constituent feedback to the CP to inform the next phase of this project.

4. Paragraph 4.30(c) articulates one idea shared at the September 2025 meeting, to acknowledge the unique role and prevalence of taxes in the public sector, along with its merits and potential limitations. The Task Force and IPSASB reviewed the first draft of paragraph 4.30(c) in November and December 2025, and requested Staff revise the paragraph to reflect members' considerations raised in the meetings. The revision is provided in the [draft] CP (Agenda Item 4.B.2).

5. The IPSASB intends to approve the [draft] CP in March 2026, but was not able to deliberate the idea directly with the IPSASB member in December 2025. In February 2026, the IPSASB member suggested changing the wording in paragraph 4.30(c). Thus, this Agenda Item facilitates a follow-up discussion to effectively articulate the IPSASB's collective consideration of the idea in the [draft] CP.

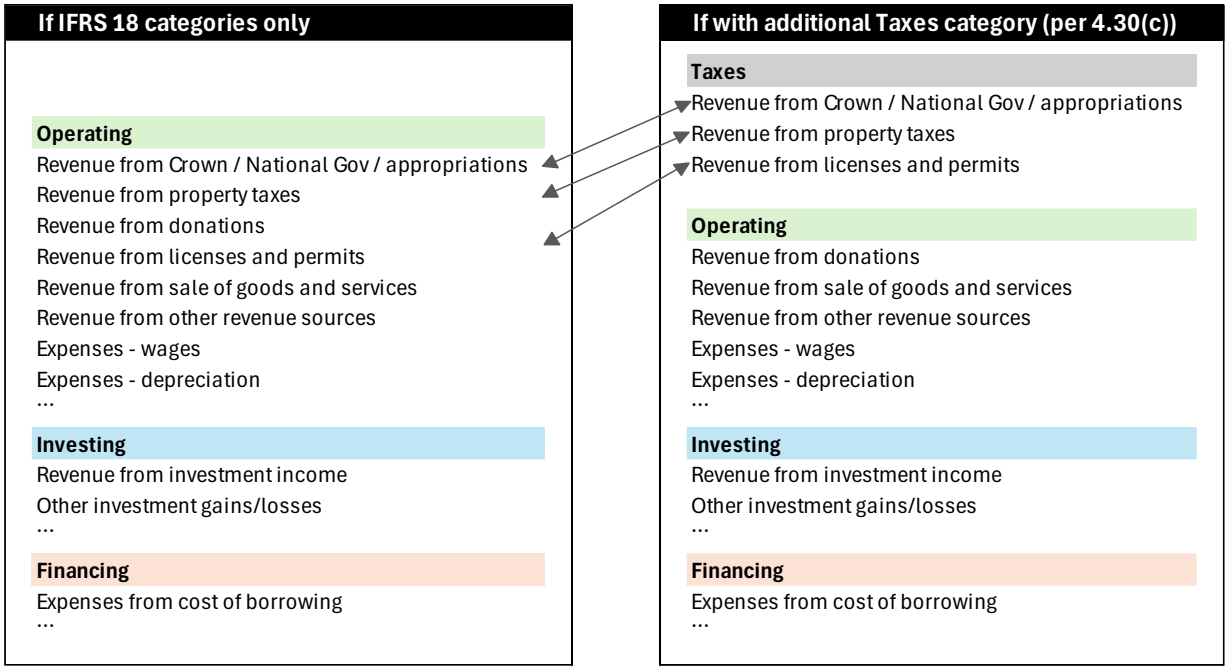
Analysis

6. Staff collaborated with the IPSASB member who first raised the idea to more effectively articulate the member's idea, its merits, and potential limitations and propose to replace the current text in the [draft] CP paragraph 4.30(c) with the following text:

   Allow entities to present a standalone category for revenues from taxes – The ability to levy taxes, fines and levies is unique in the public sector and is a major source of revenue for national and subnational governments. Revenue from taxes, alongside additional borrowing if required, is often distributed to the government entities through appropriations to enable them to fulfil their service obligations. This distribution of funds is not equivalent to revenue from sale of goods and services and may merit a standalone category in addition to the IFRS 18 categories. Separately presenting revenues from taxes (including those subject to appropriations) in its own category could help communicate whether the entity is funded through tax collection, central allocations, and or other revenue-raising activities, and could emphasize the importance of these revenues in the public sector. However, the IPSASB acknowledged that this communication benefit could still be achieved without a new standalone category, if the entity is appropriately applying general presentation requirements (such as materiality, aggregation, and disaggregation) and IPSAS 47, Revenue

requirements[3] *to display its financial statement line items, and categorizing these line items in accordance with IFRS 18 categories, to provide useful information for its financial statement users.*

7. To help the IPSASB consider the proposal in paragraph 6, the following diagram illustrates how presentation would differ under the idea in 4.30(c) (to allow an additional taxes category) versus the IPSASB's Preliminary View 8 (i.e., to present revenue and expenses in IFRS 18 categories only):



Decision Required

8. The IPSASB is required to decide whether to replace the text in paragraph 4.30(c) of the CP, to more clearly and effectively summarizes the idea, its merits, and its potential limitations in a balanced manner, in order to finalize its [draft] CP.

[3] IPSAS 47, *Revenue* requires entities to present on the face or in the notes the amount of revenue from transactions, and showing separately by major classes (which could be sources), and disclose qualitative and quantitative information about its revenues.

Approval of [draft] Consultation Paper, *Presentation of Financial Statements*

Question

1. Does the IPSASB agree to vote to approve the [draft] Consultation Paper (CP), *Presentation of Financial Statements*, with the proposed 120-day exposure period?

Recommendation

2. Staff and the Task Force recommend the IPSASB:

   (a) Vote to approve the [draft] CP; and

   (b) Agree to expose the [draft] CP for a 120-day exposure period.

Context

3. This Agenda Item facilitates the formal voting process to approve the [draft] CP for exposure, and to help the IPSASB decide on its exposure period.

Analysis

Due Process

4. Since approving the project brief in September 2023, the IPSASB has taken a systematic approach to develop a comprehensive CP that proposes requirements for the future IPSAS Standard replacing IPSAS 1. To effectively progress in this phase and achieve its project objective, the IPSASB:

   (a) Discussed key issues related to the presentation of financial statements, with support from;

      (i) A Task Force, convened and engaged between 2024-2026, to leverage subject matter expertise on various presentation issues; and

      (ii) The IPSASB Consultative Advisory Group (CAG), consulted between 2023-2024 to seek advice on various presentation issues, to help the IPSASB form its views in the CP;

   (b) Finalized its views on key issues to include in the [draft] CP based on relevant research, analysis and discussions, and feedback from the Task Force and CAG; and then

   (c) Developed and detail-reviewed the [draft] CP and [draft] Illustrative Exposure Draft (Illustrative ED) in stages between September 2024-March 2026, to articulate and illustrate those views.

5. In addition, the IPSASB has:

   (a) Confirmed the full set of consultation questions to be included in the [draft] CP: 16 Preliminary Views (PVs) and 1 Specific Matter for Comment (SMC); and

   (b) Confirmed that the [draft] CP, including the illustrative ED in Appendix D of the CP, appropriately reflect their discussions and views formed in this phase of the project.

6. As of this meeting, the IPSASB has fully reviewed the [draft] CP (presented in Agenda Item 4.B.2) and its appendices (including Appendix D, presented in Agenda Item 4.B.3).

7. All decisions made by the IPSASB in this phase of the project are summarized in the *Decisions and Instructions* on the project webpage.

Exposure Period

8. The IPSASB's Due Process and Working Procedures states that consultations are ordinarily exposed for public comment for a 120-day period, and a longer exposure period may be set when appropriate. For example, a longer exposure period may be warranted when the material is voluminous or technically complex, where the implications are particularly significant, or in unique circumstances.[4]

9. Task Force identified the following considerations to support the IPSASB's decision on the exposure period for the [draft] CP:

Maintain standard exposure period (120-day)	**Provide longer exposure period (>120-day)**
Exposing for a 120-day comment period would: • **Align with past practice:** The IPSASB typically provides a 120-day exposure period for its CPs and EDs related to major standard-setting projects.[5] • **Reflect the targeted nature and significance of proposed changes:** The [draft] CP proposes substantial changes to the Statement of Financial Performance and introduces new or enhanced guidance for certain presentation requirements, aligned with IFRS 18. It does not propose substantial changes to the other Statements, nor to note disclosure requirements.	Exposing for a longer comment period would: • **Be similar to the private sector:** The IASB did not issue a Discussion Paper. Rather, it issued Exposure Draft ED/2019/7 *General Presentation and Disclosures* to support its development of IFRS 18 *Presentation and Disclosures in Financial Statements* for a 6-month comment period (later extended to 9 months for the COVID-19 pandemic). • **Provide more time to consider the volume of material:** The [draft] CP and its [draft] Illustrative ED are altogether a large volume of material, to reflect the IPSASB's comprehensive consideration of issue.

10. The Task Force also acknowledged the IPSASB is expected to approve three EDs in March 2026.[6] However, this should not warrant a longer exposure period: consistent with past practice, the IPSASB staggers the issuance of consultations to reduce overlap and resource demands on respondents.

11. Considering the above altogether, Staff and the Task Force are of the view that a 120-day exposure period is sufficient for constituents to consider the proposals in the [draft] CP while enabling the IPSASB to progress this project in a timely manner. However, Task Force members did acknowledge that a longer exposure period may be warranted to help public sector constituents consider and respond to the proposals in the [draft] CP.

Decision Required

12. The IPSASB is required to decide whether to vote to approve the [draft] CP, and to expose it for a 120-day exposure period.

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[4] For example, the IPSASB extended the consultation period for EDs 70-72, related to revenue and transfer expenses, to 9 months in response to the COVID-19 pandemic. The IPSASB also provided a 6-month consultation for EDs 76-79, which were published together to highlight the common measurement principles proposed in the four EDs.

[5] For example, the IPSASB provided 120-day comment periods for its CP, *Advancing Public Sector Sustainability Reporting*, ED 92, *Tangible Natural Resources* and SRS ED 1, *Climate-related Disclosures*.

[6] ED [XX], *Improvements to IPSAS Accounting Standards – Volume 10* and ED [XX], *Narrow Scope Amendments to IPSAS 40* are expected to be approved with 60-day exposure periods. ED [XX], *IPSAS Practice Statement: Making Materiality Judgments* is expected to be approved with a 120-day exposure period.