

IPSASB

International Public
Sector Accounting
Standards Board®

AGENDA ITEM 3

Adopt. Apply. Advance.

IMPROVEMENTS TO IPSAS ACCOUNTING STANDARDS

IPSASB Meeting – June 9–11

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Translation to a Hyperinflationary Presentation

Currency: Amendments to IPSAS 4 and IPSAS 10

Analysis

- The IASB amended the translation requirements in IAS 21 to improve the usefulness of reported information and reduce diversity in practice
- Amendments to IAS 21 require:
 - Translation from a non-hyperinflationary functional currency to a hyperinflationary presentation currency at the closing rate (all amounts including comparatives)
 - Prospective application when the presentation currency ceases to be hyperinflationary, without restating comparatives
 - Restatement of comparatives of a foreign operation with a non-hyperinflationary functional currency using a general price index in accordance with IAS 29
 - Additional disclosures
- IAS 29 was amended for consistency with the amendments to IAS 21
- These amendments are relevant to IPSAS 4 and IPSAS 10

Translation to a Hyperinflationary Presentation

Currency: Amendments to IPSAS 4 and IPSAS 10

Analysis

Presentation currency	Functional currency	
	Non- hyperinflationary	Hyperinflationary
Non- hyperinflationary	Unchanged	Unchanged
Hyperinflationary	Amended	Amended

Decision Required

- **Decide** whether to amend IPSAS 4 and IPSAS 10

Recommendation

- **Amend** IPSAS 4 for translation into a hyperinflationary presentation currency and IPSAS 10 for consistency

Disclosures about Uncertainties in the Financial Statements

Analysis

- To respond to stakeholder concerns about the consistency of reported information on uncertainties, the IASB amended several IFRS Accounting Standards to add examples illustrating how entities apply existing requirements to report the effects of uncertainties in their financial statements
- These amendments are relevant to IPSAS 1, IPSAS 19, IPSAS 26, and IPSAS 30
- Subject to the IPSASB's decision on the Work Program consultation (Agenda Item 6), Staff will develop additional public-sector-specific examples for consideration at a future meeting

Disclosures about Uncertainties in the Financial Statements

Analysis

IPSAS Standard	Requirements Illustrated
IPSAS 1	Disclosure requirements for estimation uncertainty assumptions
IPSAS 19	Disclosure requirements for provisions, specifically uncertainties related to plant decommissioning and site-restoration obligations
IPSAS 26	Disclosure requirements for impairment testing of goodwill or intangible assets with indefinite useful lives and key assumptions used
IPSAS 30	Disclosure requirements related to credit risk

Decision Required

- **Decide** whether to amend IPSAS 1, IPSAS 19, IPSAS 26, and IPSAS 30

Recommendation

- **Amend** IPSAS 1, IPSAS 19, IPSAS 26, and IPSAS 30 to add examples on reporting uncertainties in financial statements

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