

Meeting: International Public Sector Accounting
Standards Board

Meeting Date: June 9–11, 2026

Agenda Item 3

IMPROVEMENTS TO IPSAS ACCOUNTING STANDARDS

Project summary	The objective of the project is to propose minor improvements to IPSAS Accounting Standards to address issues raised by stakeholders and to align, where appropriate, with amendments made to International Financial Reporting Standards (IFRS).	
Meeting objective	To approve proposed amendments to IPSAS Standards to align with amendments to IFRS Accounting Standards from <i>Translation to a Hyperinflationary Presentation Currency</i> and <i>Disclosures about Uncertainties in the Financial Statements</i> , issued by the International Accounting Standards Board in November 2025.	
Project staff leads	<ul style="list-style-type: none"> • Emma Tran, Manager • Edwin Ng, Principal 	
Task Force members	N/A	
	Topic	Agenda Item
Essential Documents (Required Reading)	Translation to a Hyperinflationary Presentation Currency: Amendments to IPSAS 4 and IPSAS 10	3.A.1
	Disclosures about Uncertainties in the Financial Statements: Amendments to IPSAS 1, IPSAS 19, IPSAS 26, and IPSAS 30	3.A.2
	Proposed Amendments for Translation to a Hyperinflationary Presentation Currency	3.A.3
	Proposed Amendments for Disclosures about Uncertainties in the Financial Statements	3.A.4
Supporting Documents	Improvements to IPSAS Accounting Standards: Project Management Dashboard	3.B.1
Background Information (Available on the project webpage)	Decisions and Instructions from Previous IPSASB Meetings: N/A – All prior decisions and instructions have been incorporated into ED 95, Improvements to IPSAS Accounting Standards – Volume 10 , and ED 96, Definition of an Operation and Recognition of Acquired Liabilities and Contingent Liabilities (Amendments to IPSAS 40) .	
	Due Process Checklist	

Prepared by: Emma Tran and Edwin Ng (May 2026)

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Translation to a Hyperinflationary Presentation Currency: Amendments to IPSAS 4 and IPSAS 10**Decision Required**

1. The IPSASB is required to decide whether they agree to amend IPSAS 4, *The Effects of Changes in Foreign Exchange Rates* and IPSAS 10, *Financial Reporting in Hyperinflationary Economies* to align with the amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates*, and IAS 29 *Financial Reporting in Hyperinflationary Economies*, arising from *Translation to a Hyperinflationary Presentation Currency* (Amendments to IAS 21).

Context

2. In November 2025, the International Accounting Standards Board (IASB) issued *Translation to a Hyperinflationary Presentation Currency* (Amendments to IAS 21). These amendments updated the requirements for translating amounts from a functional currency that is the currency of a non-hyperinflationary economy into a presentation currency that is the currency of a hyperinflationary economy. This includes the translation of an entity's own results and financial position, as well as the results and financial position of a foreign operation. These amendments are relevant to IPSAS 4 and IPSAS 10. This paper analyzes the amendments and their relevance to the public sector, and includes Staff recommendations to the IPSASB.

Analysis*Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates*

3. The IASB received feedback from the IFRS Interpretations Committee (Committee) on the application of the translation requirements in IAS 21 described in paragraph 2. The Committee noted that these requirements did not always result in useful information and created diversity in practice.
4. Prior to the amendments, an entity with non-inflationary functional currency and hyperinflationary presentation currency was required to translate assets and liabilities at the closing rate at the date of the statement of financial position, and income and expenses at the exchange rates at the dates of the transactions. This resulted in income and expenses not being expressed in terms of a current measuring unit at the reporting date, reducing the usefulness of information.
5. Before the amendments, diversity in practice arose in situations where entities were translating the financial statements of a foreign operation from a non-hyperinflationary functional currency into a hyperinflationary presentation currency. Some entities first applied IAS 21 then restated only income and expenses using a general price index, while other entities applied IAS 21 then restated both income and expenses and balance sheet items using a general price index, as captured by a closing rate, in accordance with IAS 29.
6. In response to the Committee's feedback, the IASB amended IAS 21 as follows:
 - (a) When an entity translates its results and financial position from a non-hyperinflationary functional currency to a hyperinflationary presentation currency, the entity translates all amounts, including comparative amounts, using the closing rate at the date of the most recent statement of financial position, and discloses that fact;

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- (b) When an entity's presentation currency ceases to be the currency of a hyperinflationary economy and its functional currency continues to be the currency of a non-hyperinflationary economy, the entity applies prospectively the requirements in IAS 21 currently applicable to such situations, without restating comparative amounts, and discloses that fact; and
 - (c) When an entity with a hyperinflationary functional and presentation currency translates the results and financial position of a foreign operation with a non-hyperinflationary functional currency, the entity restates the comparative amounts of that foreign operation using a general price index in accordance with IAS 29, and discloses summarized financial information on foreign operations that enables users to assess the effect of these foreign operations on the entity's results and financial position, with comparative amounts clearly labelled as prepared using a general price index in accordance with IAS 29.
7. In the same narrow scope amendment, the IASB also amended IAS 29 to update the references to IAS 21 to reflect the above amendments.

Are the Amendments Aligned with IPSAS Standards?

8. Other than terminology differences, IPSAS 4 is aligned with IAS 21 and guidance from IFRIC 22 *Foreign Currency Transactions and Advance Consideration*.
9. IPSAS 10 is generally aligned with IAS 29 and guidance from IFRIC 7 *Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies*. The only substantive difference is that IAS 29 includes guidance on the restatement of current cost financial statements and IPSAS 10 does not include this guidance. The proposed amendments are not impacted by this difference.

Are the Amendments Applicable to the Public Sector?

10. The amendments to IAS 21 are related to the translation procedures for entities whose presentation currency or functional currency, or both, are the currencies of a hyperinflationary economy. These amendments are applicable to the public sector because hyperinflation is an economic phenomenon that can affect both private and public sector entities, and public sector entities may also prepare financial statements in, or translate financial statements into, the currency of a hyperinflationary economy.
11. The amendments to IAS 29 are consequential amendments made for consistency with the amendments to IAS 21 and are therefore also applicable to the public sector.
12. A full text of the amendments, adapted for inclusion in IPSAS 4 and IPSAS 10, can be found in [Agenda Item 3.A.3](#).

Other Improvement to IPSAS 10

13. In developing the above proposed amendments to IPSAS 10, IPSAS Staff identified a separate improvement to paragraph 31 on corresponding figures. This paragraph currently requires that corresponding figures for the previous reporting period be restated using a general price index, with reference made to a historical cost model or a current value model. However, the reference to these measurement models is not relevant to the requirements in this paragraph or to IPSAS 10 as a whole, because the Standard deals with restatement procedures for an entity whose functional currency is the currency of a hyperinflationary economy, not measurement. Retaining the reference to the

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measurement model may mislead users to refer to IPSAS 46, which is not applicable in this paragraph. Therefore, IPSASB Staff propose removing the reference to the historical cost model and current value model in paragraph 31 of IPSAS 10 (see [Agenda Item 3.A.3](#) for the proposed amendment).

Recommendation

14. Staff recommend:

- (a) Amending IPSAS 4 for the amendments to IAS 21 arising from *Translation to a Hyperinflationary Presentation Currency* (Amendments to IAS 21) issued by the IASB in November 2025; and
- (b) Amending IPSAS 10 for consistency with the amendments noted in (a).

These amendments are set out in [Agenda Item 3.A.3](#).

Disclosures about Uncertainties in the Financial Statements: Amendments to IPSAS 1, IPSAS 19, IPSAS 26, and IPSAS 30

Decision Required

1. The IPSASB is required to decide whether they agree to amend the following IPSAS Standards to add examples illustrating the application of existing requirements for reporting uncertainties in financial statements, based on the amendments to IFRS Accounting Standards arising from *Disclosures about Uncertainties in the Financial Statements* (Amendments to Illustrative Examples on IFRS 7, IFRS 18, IAS 1, IAS 8, IAS 36 and IAS 37)¹:
 - (a) IPSAS 1, *Presentation of Financial Statements*;
 - (b) IPSAS 19, *Provisions, Contingent Liabilities, and Contingent Assets*;
 - (c) IPSAS 26, *Impairment of Cash-Generating Assets*; and
 - (d) IPSAS 30, *Financial Instruments: Disclosures*.

Context

2. In November 2025, the International Accounting Standards Board (IASB) issued *Disclosures about Uncertainties in the Financial Statements* (Amendments to Illustrative Examples on IFRS 7, IFRS 18, IAS 1, IAS 8, IAS 36 and IAS 37) in response to stakeholder concerns about the consistency of reported information on climate-related risks and other uncertainties in the financial statements. The amendments added examples illustrating how entities apply existing requirements in IFRS Accounting Standards to report the effects of uncertainties in their financial statements, thereby improving the usefulness of information for users. These amendments are relevant to IPSAS 1, IPSAS 19, IPSAS 26, and IPSAS 30.² This paper analyzes the amendments, their relevance to the public sector, and includes Staff recommendations to the IPSASB.
3. In reviewing constituent responses to the IPSASB 2025 Work Program Consultation, Staff noted requests for additional public sector-specific examples to illustrate how entities apply existing requirements to report the effects of uncertainties, similar to the examples introduced by the IASB amendments but tailored to the public sector context. The IPSASB will discuss whether to prioritize adding a related project to the Work Program (see [Agenda Item 6](#)). Subject to the IPSASB's decision, Staff will develop additional public sector-specific examples for consideration at a future meeting.

¹ The examples added by the IASB focused on climate-related uncertainties, and the IASB's exposure draft was titled, *Climate-related and Other Uncertainties in the Financial Statements (Proposed Illustrative Examples)*. Upon finalization of the amendments, the IASB noted that the principles and requirements illustrated using climate-related fact patterns apply equally to other types of uncertainties and removed the reference to climate in the title. An entity assesses whether information about the effects of climate-related uncertainties is material in the same way as for any other uncertainties.

² The IASB also added examples to IFRS 18 *Presentation and Disclosure in Financial Statements*, and the paragraphs from IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* that were added upon the issuance of IFRS 18. As the IPSASB is undertaking the Presentation of Financial Statements project to develop a new IPSAS Standard to replace IPSAS 1 that will be aligned with IFRS 18, the examples added to IFRS 18 and IAS 8 will instead be considered as part of that project.

Analysis

Amendments to IPSAS 1

4. *Disclosures about Uncertainties in the Financial Statements* (Amendments to Illustrative Examples on IFRS 7, IFRS 18, IAS 1, IAS 8, IAS 36 and IAS 37) added two illustrative examples to IAS 1 *Presentation of Financial Statements*:
- (a) The first example illustrates how an entity applies the requirements in paragraph 31 of IAS 1 to make additional disclosures by considering both quantitative and qualitative factors in making materiality judgements. Paragraph 31 of IAS 1 was substantially amended by the IASB in 2014 through *Disclosure Initiative* (Amendments to IAS 1) to require an entity to consider whether to provide additional disclosures when compliance with the specific requirements in IFRS Accounting Standards is insufficient to enable users of financial statements to understand the effect of transactions and other events and conditions on the entity's financial position and financial performance. However, the equivalent requirements in IPSAS 1 have not been aligned with this amendment. As the IPSASB is undertaking *the Presentation of Financial Statements* project to develop a new IPSAS Standard to replace IPSAS 1 that is aligned with IFRS developments, Staff propose that this example not be incorporated into IPSAS 1 at this time and instead be considered as part of that project.
 - (b) The second example illustrates the requirements in paragraphs 125 and 129 of IAS 1, which include disclosure requirements for sources of estimation uncertainty. Specifically, it illustrates how an entity identifies assumptions that could result in material adjustments to the carrying amounts of assets and liabilities within the next year and the information required to be disclosed about those assumptions. As the equivalent requirements in IPSAS 1 are aligned with the requirements in paragraphs 125 and 129 of IAS 1, and estimation uncertainty is highly relevant in the public sector, Staff recommend that this example be added to the Implementation Guidance of IPSAS 1 to assist entities in applying the existing disclosure requirements. A full text of the proposed amendments, adapted for inclusion in IPSAS 1, can be found in [Agenda Item 3.A.4](#).

Amendments to IPSAS 19

5. The example added by the IASB to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* illustrates the requirements in paragraph 85 of this standard, which requires an entity to disclose information for each class of provision recognized, including an indication of the uncertainties about the amount or timing of any economic outflows. Specifically, this example illustrates disclosures about uncertainties related to the amount or timing of outflows required to settle plant decommissioning and site-restoration obligations, including a situation in which information about certain obligations is material even though their effect on the carrying amount of the related provision is immaterial.
6. IPSAS 19 is generally aligned with IAS 37 and guidance from IFRIC 1 *Changes in Existing Decommissioning, Restoration and Similar Liabilities* and IFRIC 5 *Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds*. IPSAS 19 also includes disclosure requirements for each class of provision recognized that are aligned with paragraph 85 of IAS 37. As uncertainties related to provisions and restoration obligations are relevant in the public sector, the example would help preparers and users of financial statements understand how these uncertainties affect the recognition and measurement of the obligations. Therefore, Staff recommend

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adding this example, modified for the public sector, to the Implementation Guidance of IPSAS 19. A full text of the proposed amendments, adapted for inclusion in IPSAS 19, can be found in [Agenda Item 3.A.4](#).

Amendments to IPSAS 26

7. The example added by the IASB to IAS 36 illustrates the requirements in paragraph 134 of this standard, which includes disclosure requirements about estimates used for impairment testing of goodwill or intangible assets with indefinite useful lives. Specifically, this example illustrates how an entity discloses information about the key assumptions it uses to determine the recoverable amount of an asset (or cash-generating unit).
8. IPSAS 26 is generally aligned with IAS 36 and includes disclosure requirements aligned with paragraph 134 of IAS 36. This example is relevant to the public sector because public sector entities may also operate long-lived assets that are affected by environmental regulation, climate-related policies, and other sources of uncertainty that could affect impairment assessments and the assumptions used in estimating recoverable amounts. Accordingly, Staff recommend adding this example, modified for the public sector, to the Implementation Guidance of IPSAS 26³. A full text of the proposed amendments, adapted for inclusion in IPSAS 26, can be found in [Agenda Item 3.A.4](#).

Amendments to IPSAS 30

9. The example added by the IASB to IFRS 7 *Financial Instruments: Disclosures* illustrates the requirements in paragraphs 35A–36 of IFRS 7 which relates to credit risk disclosures. Specifically, it illustrates the disclosure of information about the effects of particular risks on an entity's credit risk exposures and credit risk management practices, including how those practices relate to the recognition and measurement of expected credit losses and factors an entity might consider in assessing whether such information is material.
10. IPSAS 30 is aligned with IFRS 7 and includes credit risk disclosure requirements similar to paragraphs 35A–36 of IFRS 7. As public sector entities are often exposed to credit risk through loans, receivables, guarantees, and other financial instruments, the example would help preparers and users of financial statements understand how particular risks may affect credit risk losses and related disclosures. Accordingly, Staff recommend adding this example, modified for the public sector, to the Implementation Guidance of IPSAS 30. A full text of the proposed amendments, adapted for inclusion in IPSAS 30, can be found in [Agenda Item 3.A.4](#).

Recommendation

11. Staff recommend amending IPSAS 1, IPSAS 19, IPSAS 26, and IPSAS 30 to add examples illustrating how an entity applies the requirements in these Standards to report the effects of uncertainties in its financial statements. These proposed amendments are set out in [Agenda Item 3.A.4](#).

³ The IASB added the example to the *Illustrative Examples* accompanying IAS 36. However, IPSAS 26 currently includes all examples demonstrating the requirements of the Standard in its Implementation Guidance section. Accordingly, the proposed example will be added to Implementation Guidance of IPSAS 26.

**Proposed Amendments for Translation to a Hyperinflationary Presentation
Currency**

1. The draft proposed amendments to IPSAS 4 and IPSAS 10 discussed in [Agenda Item 3.A.1](#) are provided separately for ease of reading.
2. IPSASB members are asked to complete a page-by-page review of this agenda item to respond to [Agenda Item 3.A.1](#). To effectively manage plenary time in June 2026, members are asked to provide feedback on substantial matters in-session, and to send editorial comments to Staff offline.

Proposed Amendments for Disclosures about Uncertainties in the Financial Statements

1. The draft proposed amendments to IPSAS 1, IPSAS 19, IPSAS 26, and IPSAS 30 discussed in [Agenda Item 3.A.2](#) are provided separately for ease of reading.
2. IPSASB members are asked to complete a page-by-page review of this agenda item to respond to [Agenda Item 3.A.2](#). To effectively manage plenary time in June 2026, members are asked to provide feedback on substantial matters in-session, and to send editorial comments to Staff offline.