

**Meeting:** International Public Sector Accounting  
Standards Board

**Meeting Date:** June 9–11, 2026

## Agenda Item 9

### IMPLEMENTATION INITIATIVES

<b>Project summary</b>	<p>The objective of the IPSASB's implementation initiatives is to:</p> <ul style="list-style-type: none"> <li>• Raise awareness of the IPSASB's Standards and the benefits of their adoption and implementation;</li> <li>• Support consistent application of IPSAS Standards;</li> <li>• Reduce the time and cost for a jurisdiction to adopt and apply IPSASB Standards; and</li> <li>• Identify projects, where new or additional guidance is needed, to be added to the work program to promote clarity and better understanding of the IPSAS Standards.</li> </ul>	
<b>Meeting objectives</b>	<p>The objective of this agenda item is to consider the potential impact of IPSASB's implementation initiatives on the future IPSASB work program. Specifically:</p> <ul style="list-style-type: none"> <li>• Consider the implementation issues presented during the Q2 2026 FRIF; and</li> <li>• Consider IAG's recommendations regarding the queries submitted by constituents.</li> </ul>	
<b>Project staff leads</b>	<ul style="list-style-type: none"> <li>• Celine Chan, Principal (IPSASB Explains)</li> <li>• Edwin Ng, Principal (IAG, FRIF, PIR)</li> <li>• Karen Leung, Senior Manager (SIF)</li> <li>• Emma Tran, Manager (FRIF, AAG)</li> <li>• Dave Warren, Director (Overall Implementation Initiatives)</li> </ul>	
	<b>Topic</b>	<b>Agenda Item</b>
<b>Essential Documents</b> (Required Reading)	<a href="#">Implementation Initiatives – Overview</a>	<a href="#">9.A.1</a>
	<a href="#">Reporting: IPSASB Application Group</a>	<a href="#">9.A.2</a>
	<a href="#">Issue Q2 2026-1: Classification of Mint Gold Certificates and Special Drawing Rights</a>	<a href="#">9.A.3</a>
	<a href="#">Issue Q2 2026-2: Applicability of IPSAS 44, <i>Non-Current Assets Held for Sale and Discontinued Operations</i></a>	<a href="#">9.A.4</a>
	<a href="#">Issue Q2 2026-3: Initial Application of IPSAS 45 to Assets Already Recognized and Measured in Accordance with IPSAS 17</a>	<a href="#">9.A.5</a>

Prepared by: Dave Warren, Edwin Ng, Emma Tran (May 2026)

	<a href="#">Issue Q2 2026-4: Initial Measurement of Property Expropriated for Public Use</a>	<a href="#">9.A.6</a>
	<a href="#">Issue Q2 2026-5: Import Duties and Non-Refundable Purchase Taxes</a>	<a href="#">9.A.7</a>
	<a href="#">Issue Q2 2026-6: Requirement to Use Consistent Accounting Policies in the Consolidated Financial Statements/Financial Statements of the Investor where Component Entities/Investees have Used IPSAS 33 Exemptions Affecting Fair Presentation and Compliance with IPSAS Standards to Varying Degrees</a>	<a href="#">9.A.8</a>
	<a href="#">Financial Reporting Implementation Forum – Q2 2026 Overview</a>	<a href="#">9.A.9</a>
<b>Supporting Documents</b> (Posted separately on the meeting webpage)	<a href="#">Implementation Initiatives Background</a>	<a href="#">9.B.1</a>
	<a href="#">Implementation Challenges Identified at Inaugural FRIF Meeting</a>	<a href="#">9.B.2</a>
<b>Background Information</b> (Available on the project webpage)	The IAG's Operating Procedures can be found on the IAG's <a href="#">Issue Submission Website</a> . The analyses completed by the IAG and discussed with the IPSASB can also be found in a searchable table on the group's <a href="#">website</a> .	

## Implementation Initiatives – Overview

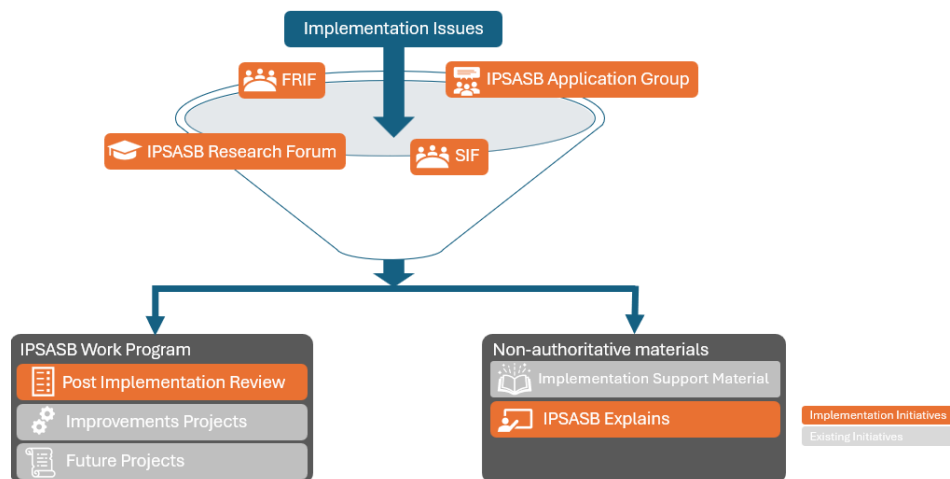
### Purpose

1. To receive an update on the potential impact of IPSASB's Implementation Initiatives delivered throughout the quarter on the Board's future work program.

### Context

2. As part of the 2024-2028 Strategy and Work Program, the IPSASB rebalanced its resources to better support the implementation of IPSAS Accounting Standards and IPSASB SRS Standards (IPSASB Standards).
3. The IPSASB's ambition to better support stakeholders adopt and apply IPSASB Standards has resulted in several staff led implementation initiatives. A significant amount of work related to these initiatives occurs between IPSASB meetings and consumes a significant amount of staff resources. The output from these initiatives can inform, initiate and drive activities on the IPSASB Work Program.

Figure 1: Interoperability of Implementation Initiatives (June 2026)



4. This update summarizes the key activities for each of the following initiatives, highlighting outcomes that may impact the IPSASB's Work Program:
  - (a) Implementation Forums:
    - (i) Financial Reporting Implementation Forum;
    - (ii) Sustainability Implementation Forum;
  - (b) IPSASB Explains;
  - (c) IPSASB Application Group;
  - (d) IPSASB Research Forum; and
  - (e) Post Implementation Reviews.

For background details on the initiatives, see [Agenda Item 9.B.](#)

### Implementation Initiatives

#### Financial Reporting Implementation Forum (FRIF)

Meeting Date: May 12 and May 13

FRIF Chair, Abdullah Al-Mehthil, welcomed implementation leaders to the inaugural meeting where the leaders were provided an overview of the Forum, its objectives, and three implementation issues:

- Consistent interpretation and application of accounting policies across government entities;
- Application of the definition of control in the public sector; and
- Administered items.

Details on the FRIF's Q2 2026 activities are included in [Agenda Item 9.A.9](#).

## Impact on Work Program

Initial feedback from the FRIF indicates applying the definition of control in IPSAS 35, *Consolidated Financial Statements*, is an implementation challenge. This could result in work added to the Work Program either through a Post Implementation Review or other means.

Decision required in [Agenda Item 9.A.9](#) to decide whether the definition of control should be discussed at the Q3 2026 FRIF meeting to better understand the public sector application challenges

## Sustainability Implementation Forum (SIF)

Meeting Date: No meetings held in Q2 2026

After receiving directed advice from the SIF in Q1 2026, no meetings were required to support the IPSASB's activities in Q2 2026. Based on the project plan for *Climate-related Disclosures: Public Policy Outcomes*, input from the SIF is expected to be needed in Q3 2026. To enhance future advice, IPSASB Staff are actively trying to expand the SIF through initial discussions with prospective SIF Implementation Leaders.

## Impact on Work Program

No immediate impact.

This initiative supports the Climate-related Disclosures project. No additions to the Work Program are expected to occur because of this initiative in 2026.

## IPSASB Explains

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IPSASB Meeting (June 2026)

In Q2 2026, IPSASB Staff began work on the IPSASB Explains initiative to support the IPSASB mission of ensuring IPSASB Standards are widely and consistently understood, adopted and effectively implemented to strengthen transparency, accountability, and decision-making in the public interest.

The IPSASB Explains initiative will include modules that address:

- Understanding of concepts;
- Practical application of the concepts; and
- Value and use of information.

During the second half of 2026, pilot modules on IPSASB SRS 1, *Climate-related Disclosures* and IPSAS 51, *Tangible Natural Resources held for Conservation*, will be developed followed by user testing in the first half of 2027. The IPSASB Staff are actively seeking funding to advance this initiative with haste.

## Impact on Work Program

No immediate impact.

This initiative supports the development of non-authoritative education material. No additions to the Work Program are expected to occur because of this initiative in 2026.

## IPSASB Application Group (IAG)

The IAG received seven submissions during Q2 2026. This is a record level of submissions and is a positive sign there is increasing interest in the group.

The IAG website was also updated in Q2 2026. An interactive search function was developed to better enable stakeholders to find analysis of a previously discussed IAG issue. This [webpage](#) is continuously updated with new features that will be used across the implementation activities webpages as appropriate.

See [Agenda Item 9.A.2](#) – [Agenda Item 9.A.8](#) for the IAG's Q2 2026 submissions analysis.

## Impact on Work Program

Decision required in [Agenda Item 9.A.2](#) – [Agenda Item 9.A.8](#) to decide whether sufficient guidance exists in the IPSAS Standards as it relates to the issues submitted to the IAG.

## IPSASB Research Forum

During Q2 2026, the Academic Advisory Group (AAG) received five draft research papers (research on the sixth paper was delayed and could not be completed by the submissions deadline). The AAG provided feedback to the authors, and research is being updated in advance of the 6<sup>th</sup> IPSASB Research Forum on June 24<sup>th</sup>, 2026. Authors will present their findings to the IPSASB at its meeting in September 2026.

Research priorities highlighted by the IPSASB at its March 2026 meeting have been incorporated into the next call for papers which will be announced at the IPSASB Research Forum and published shortly thereafter in late June or early July 2026.

**Impact on Work Program**

No immediate impact.

This initiative supports the research of topics of interest expected to be on the IPSASB's future work program. No additions to the Work Program are expected to occur because of this initiative in 2026.

**Post Implementation Reviews (PIR)**

The initiation of a PIR is driven by issues identified in other Implementation Initiatives. Issues identified during Q2 2026, particularly through discussions at the FRIF and responses to the Work Program Consultation, provide the IPSASB factors to consider in determining its first PIR.

Feedback was consistent from respondents to the Work Program Consultation, see [Agenda Item 6](#), and implementation leaders attending the inaugural FRIF that the application of the definition of control in IPSAS 35, *Consolidated Financial Statements*, is challenging in the public sector.

**Impact on Work Program**

No immediate impact.

The feedback received in response to a PIR can result in a standard setting project on the IPSASB's future work program. With no PIRs currently in development, no additions to the Work Program are expected to occur because of this initiative in 2026.

## Reporting: IPSASB Application Group

### Decision Required

1. The IPSASB is required to decide whether they agree with the IPSASB Application Group's recommended resolutions for the queries received in the second quarter of 2026.

### Context

2. This paper summarizes the IAG's discussion of the queries received in the second quarter of 2026 and the resulting recommendations for the IPSASB's consideration. The paper also summarizes the final IFRIC agenda decisions issued since the previous IPSASB meeting.

### Analysis

#### *Summary of Queries Received in Q2 2026*

	Q2 2026	Q1 2026
<b>Queries carried forward from previous quarter</b>	-	-
<b>Queries received</b>	7	4
<b>Analyzed by the IAG</b> (See Paragraph 3)	6	3
<b>Analyzed by IPSASB Staff</b> Does not meet criteria for IAG analysis	-	1
<b>Submissions to be analyzed</b> (See Paragraph 4)	1	-

3. Staff met with the IAG, consisting of Andrew van der Burgh, IPSASB Member (Group Chair), Liang Yang, Partner, Deloitte China, and Mohamed Saadique Merchant, Chief Financial Specialist, Department of Finance – Government of Dubai, to discuss the queries received by staff in the second quarter of 2026. The queries analyzed by the IAG during the second quarter of 2026 and the resulting recommendations are summarized in the following agenda papers:
  - (a) Issue Q2 2026-1: Classification of Mint Gold Certificates and Special Drawing Rights. See [Agenda Item 9.A.3](#);
  - (b) Issue Q2 2026-2: Applicability of IPSAS 44, *Non-Current Assets Held for Sale and Discontinued Operations*. See [Agenda Item 9.A.4](#);
  - (c) Issue Q3 2026-3: Initial Application of IPSAS 45 to Assets Already Recognized and Measured in Accordance with IPSAS 17. See [Agenda Item 9.A.5](#);
  - (d) Issue Q2 2026-4: Initial Measurement of Property Expropriated for Public Use with Variable Consideration. See [Agenda Item 9.A.6](#);
  - (e) Issue Q2 2026-5: Import Duties and Non-Refundable Purchase Taxes. See [Agenda Item 9.A.7](#); and

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- (f) Issue Q2 2026-6: Requirement to Use Consistent Accounting Policies in the Consolidated Financial Statements/Financial Statements of the Investor where Component Entities/Investees have Used IPSAS 33 Exemptions Affecting Fair Presentation and Compliance with IPSAS Standards to Varying Degrees. See [Agenda Item 9.A.8](#).
4. In addition to the above queries, staff received a query regarding the transfer of funds from and to a consolidated fund. Staff and the IAG determined that more information is required to analyze the issue, so the query will be revisited in Q3 2026.

## Summary of IFRIC Activities (Final Agenda Decisions or Issued Interpretations)

	Q2 2026	Q1 2026
<b>IFRIC activities carried forward from the previous quarter</b>	-	-
<b>IFRIC activities</b>	<b>6</b>	<b>2</b>
<b>Analyzed by the IAG</b> (None in the current quarter)	-	-
<b>Analyzed by IPSASB Staff</b> Does not meet criteria for IAG analysis (See Paragraph 6)	<b>5</b>	<b>2</b>
<b>IFRIC activities to be analyzed</b> (See Paragraph 7)	<b>1</b>	-

5. Between the finalization of the IAG Agenda Item presented at the previous IPSASB meeting and the finalization of this paper, the following IFRIC agenda decisions were finalized and published by the IASB:
- (a) Assessment of a Specified Main Business Activity for the Purposes of the Separate Financial Statements of a Parent (IFRS 18);
  - (b) Classification of a Foreign Exchange Difference from an Intragroup Monetary Liability (or Asset) (IFRS 18);
  - (c) Classification of Gains and Losses on a Derivative Managing a Foreign Currency Exposure (IFRS 18);
  - (d) Fair Presentation and Compliance with IFRS Accounting Standards (IAS 1 and IAS 8 (once IFRS 18 is applicable));
  - (e) Scope of the Requirement to Disclose Expenses by Nature (IFRS 18); and
  - (f) Economic Benefits from Use of a Battery under an Offtake Arrangement (IFRS 16).
6. None of the above decisions resulted in additions to the IASB's work plan or the issuance of an interpretation. As the IPSASB currently has an active project on presentation and the presentation staff team is aware of the issues from decisions (a) – (e), staff did not analyze or discuss these decisions with the IAG.



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7. For decision (f), due to the timing of the publication of the final agenda decision, staff were unable to analyze the decision prior to the circulation of materials for the Q2 2026 IAG meeting. As a result, this agenda decision will be analyzed and discussed with the IAG in Q3 2026.

### Recommendations

8. The IAG recommend:
  - (a) Not undertaking a standard-setting project regarding Mint Gold Certificates or Special Drawing Rights;
  - (b) Not undertaking a standard-setting project regarding the applicability of IPSAS 44, *Non-Current Assets Held for Sale and Discontinued Operations*;
  - (c) Not undertaking a standard-setting project regarding the transition from IPSAS 17 to IPSAS 45, *Property, Plant and Equipment*;
  - (d) Not undertaking a standard-setting project regarding the initial measurement of a property expropriated for public use with variable consideration;
  - (e) Not undertaking a standard-setting project regarding the consideration of import duties and non-refundable purchase taxes in the determination of deemed cost; and
  - (f) Not undertaking a standard-setting project regarding the interaction between accounting policies and transitional exemptions in IPSAS 33, *First-Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSAS)*. However, the IAG recommend considering the development of educational materials on this topic.

### Issue Q2 2026-1: Classification of Mint Gold Certificates and Special Drawing Rights

#### Description

##### *Summary of the Submission*

1. A state mint in a jurisdiction has issued Mint Gold Certificates to the public. These certificates have the following characteristics:
  - (a) The certificates are perpetual instruments (i.e., no fixed term);
  - (b) Each certificate can be redeemed by the holder in 0.01g of physical gold upon a formal written request (i.e., they cannot be redeemed for cash); and
  - (c) There is a 50g minimum threshold for conversion with additional conversions in increments of 10g, but generally, there are no restrictions on when certificates can be redeemed by the holder.
2. In addition to the possibility of conversion into physical gold, these certificates are also secondarily traded in the jurisdiction's public commodities market. Since their issuance, the certificates have been trading at a premium when compared to the market price of gold; that is, the market price of each certificate is higher than the market spot price for 0.01g of gold. This premium is largely due to the convenience and lower carrying costs of holding and trading these certificates compared to physical gold.
3. The submission requested clarification on the **classification** of the Mint Gold Certificates from the perspective of the issuer.
4. Separately, the submission also asked about the accounting for [Special Drawing Rights](#) (SDR) issued by the International Monetary Fund (IMF).

##### *Summary of the Submitted Preliminary Assessment*

*(For informational purposes only. Please note the following is a summary of the submitter's analysis of the issue. The IAG was not consulted on this summary, and it does not reflect the views of the IAG or IPSASB Staff.)*

5. The submission noted that Mint Gold Certificates are currently classified as 'other accounts payable', but as this classification impacts financial and statistical debt statistics, there are currently discussions on whether they should be classified as another type of liability.

#### Analysis by the IAG

##### *Gold Mint Certificates*

6. The IAG noted that regardless of whether the mint accounts for the certificates as financial liabilities or binding arrangement liabilities, the fact that the certificates are traded on the secondary market does not impact the accounting from the perspective of the issuer.
7. During the development of IPSAS 41, *Financial Instruments*, the IPSASB developed implementation guidance on the accounting for monetary gold. (See paragraphs BC18A-BC18D and Implementation Guidance B1 and B1.1 of IPSAS 41.) However, the IAG noted that in the fact pattern provided, the gold does not meet the definition of monetary gold, as it is not held as an element of the monetary

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authority's foreign exchange reserves. Rather than monetary gold, the underlying gold appears to be inventory, and this is supported by the fact that the Mint Gold Certificates are sold as a right to receive physical gold and have no relationship to the monetary authority's foreign exchange reserves.

8. As a result, the Mint Gold Certificates are a prepaid sale of gold, as the certificate holders are essentially paying the mint the purchase price of gold upfront for the ability to demand physical delivery of gold at a later date. The obligation to deliver gold is therefore a binding arrangement liability within the scope of IPSAS 47, *Revenue*. As the certificate holder can demand delivery of gold at any time, the binding arrangement liability would be a current liability, which is similar to the 'other accounts payable' classification currently used by the entity.

### *Special Drawing Rights*

9. Regarding Special Drawing Rights, the IAG noted that the accounting for SDR from the perspective of the rights holder is addressed in Implementation Guidance B.1.2.2 of IPSAS 41. As the holdings represent a claim on the currencies of members of the IMF, these holdings are regarded as financial assets. (The accounting for SDR allocations as financial liabilities is addressed in Implementation Guidance B.1.2.3.)

### **IAG Recommendation**

10. Based on the above analysis, the IAG noted that there is already guidance in existing IPSAS Standards that sufficiently addresses the accounting for the Mint Gold Certificates and SDR allocations. As a result, the development of additional guidance is not required.

### Issue Q2 2026-2: Applicability of IPSAS 44, *Non-Current Assets Held for Sale and Discontinued Operations*

#### Description

##### *Summary of the Submission*

1. The IAG received a submission regarding the applicability of IPSAS 44, *Non-Current Assets Held for Sale and Discontinued Operations*. Specifically, the submission inquired about the applicability of IPSAS 44 to assets or disposal groups that are held for transfer or donation to unrelated third parties.
2. The submission noted that:
  - (a) Paragraphs BC5-BC7 of IPSAS 44 document the IPSASB's decisions on the scope of IPSAS 44 and address whether assets to be transferred, rather than sold, should be within its scope. Paragraphs BC6 and BC7 clarify that the IPSASB decided that IPSAS 44 only applies to non-current assets that will be sold;
  - (b) Throughout the core text, IPSAS 44 also refers to 'non-current assets (*or disposal groups*) held for sale.' The definition of 'disposal group' in paragraph 9 refers to 'disposed of, by sale or otherwise'. The phrase 'or otherwise' can be read to mean that IPSAS 44 could be applicable to more than just non-current assets held for sale. The submission noted that IFRS 5, *Non-Current Assets Held for Sale and Discontinued Operations*, uses the same wording, but as the IASB Framework and IFRS Accounting Standards in general focus on economic benefits, they do not need to contemplate the transfer of assets for no consideration since the carrying amount of an asset (or disposal group) will be recovered through a sale transaction or continuing use—i.e., to generate net cash inflows; and
  - (c) In addition, other IPSAS Standards appear to include the act of donation or the transfer of an asset for no consideration within the concept of 'disposal':
    - (i) Paragraph 64 of IPSAS 45, *Property, Plant, and Equipment*, lists 'sale, entering into a finance lease, or donation' as examples of the disposal of an item of PP&E;
    - (ii) Paragraph 113 of IPSAS 31, *Intangible Assets*, is similar and lists 'sale, entering into a finance lease, or non-exchange transactions' as examples of disposal of an intangible asset; and
    - (iii) The definition of 'costs to sell' in paragraph 9 of IPSAS 27, *Agriculture*, states that, 'Disposal may occur through sale or through distribution at no charge or for a nominal charge.'
3. Based on the above, the submission noted that there appears to be inconsistencies within IPSAS 44 itself and between IPSAS 44 and other IPSAS Standards that could lead to diversity in practice. The basis for conclusions in IPSAS 44 explicitly states that the guidance is only applicable to assets to be sold, but the definition of 'disposal group' and the discussion of disposal in other IPSAS Standards suggest that IPSAS 44 is also applicable to assets to be transferred to unrelated third parties for no consideration.

4. The submission asked the following specific questions:
  - (a) What is included within non-current assets (or disposal groups) held for sale or held for distribution to owners? Does 'disposal' include the transfer of an asset or a group of assets without consideration (e.g., a donation)?
  - (b) If the definition of 'disposal group' was meant to capture disposals from both sales and transfers, should there be different requirements for 'assets held for sale' and 'disposal groups' within IPSAS 44?

*Summary of the Submitted Preliminary Assessment*

*(For informational purposes only. Please note the following is a summary of the submitter's analysis of the issue. The IAG was not consulted on this summary, and it does not reflect the views of the IAG or IPSASB Staff.)*

5. The submission noted that assets which fall within the scope of IPSAS 44 are subject to specific measurement, presentation and disclosure requirements. Such assets:
  - (a) Are measured at the lower of carrying amount and fair value less costs to sell, and depreciation on such assets ceases;
  - (b) Are presented separately from other assets and liabilities or revenues and expenses; and
  - (c) Have additional qualitative disclosures such as a description of the facts and circumstances of the sale or expected disposal and the determination of fair value.
6. Based on IPSAS 44.BC6 as currently written, IPSAS 44 is not applicable to assets to be transferred, and such assets would likely fall within IPSAS 48, *Transfer Expenses*. While IPSAS 48 does not have measurement requirements prior to the transfer of the asset, the Standard does require the consideration of whether the change in use of the asset to be transferred could be an indication of impairment. This requirement applies to transfer expense transactions with and without binding arrangements. If an impairment loss exists, the asset could be written down to the higher of its fair value less costs to sell (same result as IPSAS 44) or value in use (which could differ from fair value less costs to sell). IPSAS 48 also requires the disclosure of significant binding arrangements, which could be similar to the disclosures required by IPSAS 44, but there is no requirement to provide information regarding the determination of fair value. In addition, while IPSAS 48 provides guidance on the presentation of transfer right assets and transfer obligation liabilities, the Standard does not have any presentation requirements for an asset to be transferred.
7. Based on the above, there could be significant differences in measurement, presentation and disclosure depending on whether assets to be donated are within the scope of IPSAS 44.
8. The current principles in IPSAS 44 are suitable for assets held for financial capacity in the public sector, which are similar to those in the private sector. For assets held for operational capacity, mainly specialized assets, the recoverable amount is not expected to be fair value less costs to sell because there are restrictions on alternative uses other than those for which the assets are currently deployed, and faithful measurement is not feasible. Additionally, for specialized and non-specialized assets, the preference may be to transfer them to other public-sector or not-for-profit entities for use in rendering services to society. For these cases, the principles in IPSAS 44 (for example, the definition of disposal group, the guidance on a component of an entity which is considered discontinued, and the

measurement requirements, which are currently tailored to assets held for financial capacity) should be adapted to address assets held for operational capacity.

**Analysis by the IAG**

9. In the IAG's view, it is clear from the basis for conclusions that the IPSASB and IPSASB staff's original intention was to exclude assets (or disposal groups) to be transferred to unrelated third parties from the scope of IPSAS 44. Conceptually, an asset (or disposal group) to be transferred or donated to unrelated third parties continues to be held for use rather than sale, as donating the asset (or disposal group) would achieve the entity's objectives.<sup>1</sup>
10. In addition, the IAG also noted that the different explanations of 'disposal' in IPSAS 44 and in the context of derecognition in other IPSAS Standards cited by the submission is appropriate. In contrast to IPSAS 44, the guidance on asset derecognition in the other IPSAS Standards needs to capture the loss of an entity's rights to the future economic benefits or service potential embodied in the assets. Therefore, it would be appropriate for the derecognition guidance in these other standards to capture the derecognition of the asset from sale, donations, and/or abandonment.<sup>2</sup>

**IAG Recommendation**

11. Based on the above analysis, the IAG noted that the existing text in IPSAS 44, including the basis for conclusions, are sufficiently clear that assets held to be transferred or donated to unrelated third parties are not within scope. As a result, the development of additional guidance is not required.

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<sup>1</sup> While the submission focused on the transfer or donation of an individual asset or disposal group, the IAG noted that had the transfer involved an operation, the operation would be considered a discontinued operation, as abandoned operations are within the scope of IPSAS 44 for presentation and disclosure. See IPSAS 44, paragraph 20 and Example 9.

<sup>2</sup> Staff also noted that the IPSASB's practice is to use the same terms as the IASB's literature if they have the same meanings. Both IPSAS 44 and IFRS 5 use 'disposal' in a consistent context that is specific to an asset to be sold, so it would not be appropriate to modify the meaning of the term in IPSAS 44.

### Issue Q2 2026-3: Initial Application of IPSAS 45 to Assets Already Recognized and Measured in Accordance with IPSAS 17

#### Description

##### *Summary of the Submission*

1. The IAG received a question regarding the transition from IPSAS 17, *Property, Plant, and Equipment*, to IPSAS 45, *Property, Plant, and Equipment*, for entities already applying accrual basis IPSAS Standards.
2. The submission noted that IPSAS 45 requires retrospective application except for the following situations:
  - (a) An entity may elect to measure heritage assets at their deemed cost if reliable cost information was not available at the date of initial application (IPSAS 45, paragraph 87(a)); and
  - (b) If there is a difference between an asset's previous carrying amount at fair value and the new carrying amount at fair value or current operational value, the difference is recognized as an adjustment to opening accumulated surplus or deficit (or other component of net assets/equity) without restatement of comparative information (IPSAS 45, paragraph 87(b)).<sup>3</sup>
3. The submission noted that except for the above areas, the requirements in IPSAS 45 are carried forward from IPSAS 17. As a result, the submission asked the IAG to consider providing relief from applying the other requirements in IPSAS 45 retrospectively, such as those on recognition, initial and subsequent measurement, if they have already applied the recognition and measurement requirements in IPSAS 17.

##### *Summary of the Submitted Preliminary Assessment*

*(For informational purposes only. Please note the following is a summary of the submitter's analysis of the issue. The IAG was not consulted on this summary, and it does not reflect the views of the IAG or IPSASB Staff.)*

4. The submission noted that, other than the exceptions in paragraph 87, IPSAS 45 requires the application of all recognition and measurement requirements on a retrospective basis, even when no changes from the application of IPSAS 17 are expected. This mandatory retrospective application could result in the need for additional work with no incremental changes in the resulting accounting outcomes.

#### Analysis by the IAG

5. The IAG noted that had an entity applied the requirements in IPSAS 17, the potential changes resulting from the initial application of IPSAS 45 would depend on the accounting policies selected by the entity and are likely to be limited to the following areas:

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<sup>3</sup> The IAG noted that for entities that have previously applied IPSAS 17, the requirements in IPSAS 45 regarding the initial measurement of PP&E acquired from an exchange of assets shall be applied prospectively to future transactions (IPSAS 45, paragraph 88). This exception to retrospective application is not relevant to the submission.

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- (a) The recognition of heritage property, plant, and equipment was previously optional in IPSAS 17. Under IPSAS 45, the recognition of these items is required if they meet the recognition criteria. The transitional provision in paragraph 87(a) in IPSAS 45 permits the measurement of these items at deemed cost upon the initial application of IPSAS 45 if reliable historical cost information is not available; and
  - (b) If an entity had previously measured certain classes of property, plant, and equipment at fair value under IPSAS 17, the application of the current value model in IPSAS 45, along with the requirements in IPSAS 46, *Measurement*, could result in numerical differences, especially if a measurement basis based on a current operational value is used. The transitional provision in paragraph 87(b) provides transitional relief for these potential differences by requiring adjustments to be recorded to opening accumulated surplus or deficit without restatement of comparative figures.
6. Other than the above potential adjustments, the retrospective application of IPSAS 45 is not expected to result in material adjustments for entities who have previously applied IPSAS 17. As a result, the potential burdensome retrospective application of IPSAS 45 raised by the submission is not expected to occur.

### **IAG Recommendation**

- 7. The IAG noted that the transitional provisions in IPSAS 45 are clear and already address the potential adjustments from the initial application of the standard. As a result, the development of additional guidance is not required.
- 8. Staff also noted that the issue raised by the submission appears to be an implementation issue regarding how to document or demonstrate (e.g., to parties such as auditors) that no adjustments are required upon the initial application of IPSAS 45. Such an issue may be better suited to be discussed at the Financial Reporting Implementation Forum.



### Issue Q2 2026-4: Initial Measurement of Property Expropriated for Public Use with Variable Consideration

#### Description

##### *Summary of the Submission*

1. The IAG received a submission regarding the initial recognition and measurement of property expropriated by a public sector entity.
2. Under the laws in the jurisdiction, a public sector entity has the ability to expropriate private property in certain circumstances in exchange for a payment to the original owner of the property. However, the determination of the final amount of compensation to be paid is subject to a lengthy assessment process. The public sector entity typically takes possession and control of the property and makes a provisional payment. Long after the initial compensation has been paid, further reviews could result in an adjustment to the compensation that could result in a recovery. In some cases, this review process could occur years after the initial payment.
3. The submission asked for the appropriate accounting for the initial measurement of the asset acquired from the expropriation, which could also potentially impact the liability resulting from the acquisition.

##### *Summary of the Submitted Preliminary Assessment*

*(For informational purposes only. Please note the following is a summary of the submitter's analysis of the issue. The IAG was not consulted on this summary, and it does not reflect the views of the IAG or IPSASB Staff.)*

4. The submission provided two views for initial recognition and measurement:
  - (a) In one view, the public sector entity cannot recognize the expropriated property, as its cost cannot be measured reliably upon gaining control. Under this view, the property is not recognized until the compensation has been paid, and the review has been finalized; or
  - (b) Alternatively, the public sector entity should treat the acquisition of the property as a transaction not taken in an orderly market in accordance with paragraphs 8-13 and A1-A2 of IPSAS 46. *Measurement.* Under this view, the expropriated property is recognized and measured at its deemed cost when it obtains control and later recognizes the difference between the final consideration paid and the deemed cost as revenue or expense.

#### Analysis by the IAG

5. The IAG noted that the initial measurement of assets within the scope of IPSAS 45 depends on whether the asset was acquired in a non-exchange transaction (IPSAS 45, paragraphs 11 and 12). In the fact pattern provided, because the properties were acquired in exchange for consideration, paragraph 11 requires the properties to be measured at cost.
6. IPSAS 45 does not explicitly address contingent or variable consideration, and this is also the case in the corresponding private sector guidance in IAS 16, *Property, Plant and Equipment* (PP&E). The IAG noted that the IFRIC was asked to address the accounting for variable payments made for the purchase of an item of PP&E or intangible assets in 2016.

7. The IFRIC noted that:
  - (a) There is significant diversity in practice regarding the accounting for such variable payments and whether the accounting should differ if the variable payments depend on a purchaser's future activity;
  - (b) They were unable to reach a consensus on whether variable payments met the definition of a liability. As a result, there was a lack of consensus on whether a liability should be recognized by the purchaser at the time of purchase or at a later date when a related event occurs;
  - (c) They were also unable to reach a consensus on how a purchaser should measure a liability for variable payments; and
  - (d) There was also a lack of clarity on the accounting for the payments after the initial purchase of the asset.
8. Based on the above, the IFRIC determined that the issue is too broad for the committee to address within existing IFRS Accounting Standards and concluded that the IASB should comprehensively address such variable payments.
9. In addition to the IFRIC's discussions, the IAG noted that there is relevant interpretative guidance from the large accounting networks, which also noted the current diversity in practice and suggested that an accounting policy be developed. The large networks' guidance suggest the use of the following approaches depending on specific facts and circumstances:
  - (a) The variable consideration could be accounted for as a financial liability recognized upon the purchase of the asset and subsequently measured at fair value, with changes recognized in profit or loss<sup>4</sup>;
  - (b) The purchaser could apply accounting similar to IFRIC 1, *Changes in Existing Decommissioning, Restoration and Similar Liabilities*. Under this approach, the entity recognizes the contingent consideration upon the purchase of the asset and subsequently remeasures the provision against the cost of the asset<sup>5</sup>; or
  - (c) The variable consideration is only recognized as the cost of the asset when the variability or contingency is resolved.

## IAG Recommendation

10. Based on the IFRIC's conclusion and the guidance from the large accounting networks, the IAG noted that the accounting for variable payments in the purchase of an asset is not a public sector-specific issue. As a result, this issue is beyond the remit of the IAG.
11. Subsequent to the IFRIC's agenda decision, the IASB considered a potential project on variable payments and contingent consideration for asset purchases but excluded the project from its 2022-2026 work plan based on feedback from constituents. Staff will continue to monitor the IASB's work plan for any developments on this topic.

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<sup>4</sup> Under IPSAS 41, *Financial Instruments*, the changes in fair value from such a financial liability would be recognized in surplus or deficit.

<sup>5</sup> IFRIC 1 was incorporated into Appendix B of IPSAS 19, *Provisions, Contingent Liabilities and Contingent Assets*.

### Issue Q2 2026-5: Import Duties and Non-Refundable Purchase Taxes

#### Description

##### *Summary of the Submission*

1. The IAG received a submission with the following fact pattern:
  - (a) A public sector entity (the entity) pays non-refundable duties and taxes to the government treasury upon the purchase of non-current assets such as property, plant, and equipment, investment properties, and intangible assets. These non-refundable taxes duties and taxes are capitalized by the entity as part of the assets' purchase price;
  - (b) The entity subsequently measures the purchased assets using the historical cost model; and
  - (c) The entity's asset purchases are typically funded by transfers from the treasury. While the purchase price for some assets could be paid to unrelated third parties, the non-refundable duties and taxes are paid to the treasury. As a result, the treasury effectively pays the duties and taxes on behalf of the entity to itself; and
  - (d) Both the public sector entity and the treasury are consolidated at the whole of government level.
2. The submission noted that the duties and taxes portion of asset purchases will be eliminated upon consolidation. As a result, the submission asked if the effects of the taxes and duties still need to be recognized in the separate financial statements of the entity and the treasury.
3. Separately, the submission noted that in some situations, an asset can be acquired through a non-exchange transaction and is measured at deemed cost (current value). In these situations, non-refundable duties and purchase taxes may still need to be paid to the treasury. The submission asked if the deemed cost (current value) of these transactions should include the non-refundable duties and taxes.

##### *Summary of the Submitted Preliminary Assessment*

*(For informational purposes only. Please note the following is a summary of the submitter's analysis of the issue. The IAG was not consulted on this summary, and it does not reflect the views of the IAG or IPSASB Staff.)*

4. See paragraphs 2-3 above.

#### **Analysis by the IAG**

5. Regarding the first question, the IAG noted that IPSAS 34, *Separate Financial Statements*, and IPSAS 35, *Consolidated Financial Statements*, do not provide exemptions from accounting for intra-economic entity transactions in the separate financial statements, even though such transactions are eliminated upon consolidation. Conceptually, the reporting of these transactions is needed to accurately reflect the economic position and performance of the individual entities.
6. Regarding the impact of taxes and duties on the determination of current value for assets acquired in a non-exchange transaction, the IAG noted that the consideration of taxes and duties will depend on the nature of these payments and the measurement basis used. While IPSAS 46 does not provide

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explicit guidance on non-refundable taxes and duties payable upon the purchase of an asset, these charges are transaction costs that are required to be paid upon the purchase of an asset.

7. If an asset's current value is measured using fair value, paragraph D12 of IPSAS 46 indicates that transaction costs are excluded from the determination of fair value, as these costs are not a characteristic of the asset. Based on this guidance, non-refundable taxes and duties paid upon the acquisition of an asset would be excluded from the determination of fair value.
8. If an asset's current value is measured using current operational value, paragraph B7 of IPSAS 46 indicates that transaction costs are included, as current operational value represents an asset's entry price. Based on this guidance, non-refundable taxes and duties would be included in the determination of current operational value.

### **IAG Recommendation**

9. The IAG noted that the analysis in paragraphs 5-8 above is based on existing guidance in IPSAS 34, IPSAS 35, and IPSAS 46. As a result, the development of additional guidance is not required.

### **Issue Q2 2026-6: Requirement to Use Consistent Accounting Policies in the Consolidated Financial Statements/Financial Statements of the Investor where Component Entities/Investees have Used IPSAS 33 Exemptions Affecting Fair Presentation and Compliance with IPSAS Standards to Varying Degrees**

#### **Description**

##### *Summary of the Submission*

1. In this submission, the consolidated financial statements of a government include a number of controlled entities which have each applied various exemptions in paragraphs 36-62C of IPSAS 33, *First-Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSAS)*, in their separate financial statements. In addition, the consolidated financial statements also include associates accounted for using the equity method. These associates have also applied various exemptions in IPSAS 33 in their separate financial statements.
2. The submission noted that paragraph 38 of IPSAS 35, *Consolidated Financial Statements*, and paragraph 37 of IPSAS 36, *Investments in Associates and Joint Ventures*, require the controlling entity to prepare financial statements using uniform accounting policies for like transaction and events in similar circumstances. In addition, IPSAS 33 does not provide exemptions from the requirements in IPSAS 35 or IPSAS 36 (see paragraphs 52-62, IG91 and the Appendix in IPSAS 33.) As a result, there appears to be a conflict between the requirements in IPSAS 33, IPSAS 35, and IPSAS 36.

##### *Summary of the Submitted Preliminary Assessment*

*(For informational purposes only. Please note the following is a summary of the submitter's analysis of the issue. The IAG was not consulted on this summary, and it does not reflect the views of the IAG or IPSASB Staff.)*

3. The submission noted in many cases, the exemptions in paragraphs 36-62C of IPSAS 33 are applied inconsistently across the individual entities within a consolidated group. In addition, making the adjustments necessary to unify the accounting policies used is not practical or may not be possible. As a result, the consolidated financial statement will not comply with the requirement in IPSAS 35 and IPSAS 36 to use uniform accounting policies.

#### **Analysis by the IAG**

*(For the purposes of this analysis, the IAG looked at the 2025 version of IPSAS 33 as it superseded the previous version issued in 2015.)*

4. The IAG noted that transitional exemptions and provisions in IPSAS 33 are only available to a first-time adopter during its transition period of up to three years. During this transition period, the first-time adopter's financial statements are not in compliance with accrual basis IPSAS Standards. (See IPSAS 33, paragraphs 5-7.)
5. Paragraph 16 of IPSAS 33 further reinforces that the transitional exemptions and provisions in the standard are not 'accounting policies' to be applied on a go-forward basis once the financial statements begin to comply with IPSAS Standards. Paragraph 16 states:

“The transitional exemptions and provisions in other IPSAS Standards apply to changes in accounting policies made by an entity that already applies accrual basis IPSAS Standards.

The transitional exemptions and provisions in this IPSAS Standards apply to a first-time adopter that prepares and presents its annual financial statements on the adoption of, and during the transition to, IPSAS Standards.”<sup>6</sup>

6. As a result of the reasons noted in paragraphs 4 and 5, there is no need for consistency in the application of the transitional exemptions and provisions in IPSAS 33 among controlled entities or associates within a consolidated group.

**IAG Recommendation**

7. The IAG noted that it is already clear from IPSAS 33 that the transitional exemptions and provisions are not accounting policies. As a result, the development of additional guidance is not required.
8. However, as IPSAS 33 may often be the first piece of guidance to be analyzed by an entity considering the adoption of IPSAS Standards, this clarification could be extremely beneficial to first-time adopters. As a result, the IAG recommend that the IPSASB consider clarifying that the transitional exemptions and provisions in IPSAS 33 are not accounting policies in educational materials.

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<sup>6</sup> This wording is also in paragraph 22 of the 2015 version of IPSAS 33.

### Financial Reporting Implementation Forum – Q2 2026 Overview

#### Decision Required

1. The IPSASB is required to decide whether the definition of control should be discussed at the Q3 2026 FRIF meeting to better understand the public sector application challenges.

#### Context

2. In March 2026, the IPSASB launched the FRIF, an initiative established to convene preparers from jurisdictions around the world to discuss challenges in implementing IPSAS-inspired standards. IPSASB Staff invited individuals leading implementation projects (implementation leaders) to participate in the FRIF and received highly positive responses from invitees.
3. The inaugural FRIF meeting was held in two sessions on May 12 and May 13, 2026, to accommodate participants across time zones. The meeting introduced the FRIF's objectives, operating approach, structure, and intended outputs. It also included presentations from three implementation leaders on key implementation challenges encountered in their jurisdictions, followed by a survey inviting participants to identify their biggest implementation challenges. This paper summarizes the outcomes from the inaugural FRIF meeting.

#### Analysis

4. IPSASB Staff invited three implementation leaders to present their most significant implementation challenges in applying IPSAS-inspired standards and explain how those challenges have been addressed at the FRIF kick-off meeting. These presentations were intended to demonstrate the types of implementation issues that are suitable for FRIF discussions. Table 1 summarizes the issues presented.

**Table 1 – Implementation Challenges Presented at FRIF Kick-Off Meeting**

Presenter	Issue
Amna Hassan Al Shamsi (United Arab Emirates)	Difficulty in ensuring consistent interpretation and application of accounting policies across government entities reporting using IPSAS-inspired standards
Michał Bareja (Poland)	Implementation challenges related to consolidation and the application of the definition of 'control'
Rayan Alafif (Kingdom of Saudi Arabia)	Lack of guidance in IPSAS literature on the reporting of administered items

5. During the meeting, IPSASB Staff also presented an initial approach for categorizing implementation issues identified through FRIF discussions to support decisions about how such issues should be addressed. Under this approach, the issues are mapped onto a heatmap based on two factors: the level of implementation difficulty and the prevalence of the issue in practice. Staff are considering organizing issues into four broad categories:
  - (a) **Quick Wins** – Issues that are relatively low in implementation difficulty but commonly encountered in practice. These topics are generally less focused on highly technical accounting areas. Development of practical guidance or experience-sharing may provide immediate value

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for jurisdictions encountering such challenges in practice. The issue presented by Amna Hassan Al Shamsi regarding the interpretation and application of accounting policies is considered a “Quick Wins” topic.

- (b) **Opportunistic** – Issues that are lower in both implementation difficulty and prevalence. These topics may be addressed where there are sufficient interest and available capacity.
  - (c) **Main Challenges** – Issues that are both highly prevalent and difficult to implement. These areas are expected to require longer-term or more resource-intensive efforts. The issue presented by Michał Bareja relating to control assessment and consolidation is considered a “Main Challenge”.
  - (d) **Later-Stage** – issues that are highly complex but less common across jurisdictions. These topics may be considered when additional capacity or resources become available. An example may include developing processes for analyzing significant one-off transactions or events. The issue presented by Rayan Alafif relating to administered items is categorized as a “Later-Stage” topic.
6. IPSASB Staff also invited participants to identify the most significant implementation challenges encountered in their jurisdictions and received a broad range of responses. These responses will inform the selection of topics for further discussion at future FRIF meetings. [Appendix 1](#) summarizes the implementation challenges identified through this survey.
  7. A significant number of respondents identified consolidation and the assessment of control as the most significant implementation challenges encountered in practice. This is consistent with constituent responses to the IPSASB 2025 Work Program Consultation, which received a high number of requests for a Post-Implementation Review (PIR) of IPSAS 35, *Consolidated Financial Statements*.
  8. Implementation issues identified through the FRIF discussions could inform future PIR, *Improvements to IPSAS Accounting Standards*, and other standard-setting projects. They could also identify issues for consideration by the IAG, and areas where supporting material, such as IPSASB Explains educational resources, would help constituents better understand and apply IPSAS Standards. To support a more structured approach, Staff have developed the following table (Table 2) that sets out the recommended pathways through which FRIF issues could be addressed, with an illustrative example.

**Table 2 – Approach to Addressing FRIF Issues**

Topic Area	PIR	Improve-ments	IAG	Future standard-setting project	IPSASB Explains	Status
Example: Control and Consolidation	✓	-	-	-	-	To be discussed by the IPSASB in June



**Recommendation**

9. In [Agenda Item 6](#), the IPSASB will discuss whether to prioritize adding a PIR project on IPSAS 35 to the Work Program. Subject to the IPSASB's decision, Staff propose focusing the upcoming FRIF discussions on consolidation and the assessment of control. These discussions will be used to gather feedback on implementation experiences and challenges, which would inform the development of draft Request for Information questions as part of the PIR process.

### Appendix 1 – Implementation Challenges Identified at Inaugural FRIF Meeting

This appendix provides a summary of implementation challenges identified by participants through a survey conducted at the FRIF kick-off meeting in May 2026 (see [Agenda Item 9.B.2](#) for full descriptions of the challenges). These challenges will inform the selection of topics for future FRIF meetings, during which Staff will facilitate discussions to obtain more in-depth insight into the identified implementation challenges.

**Table 1 – Summary of Implementation Challenges by Topic Area**

Topic Area	Number of Responses (29 total)
Consolidation and Control	8
Heritage and Cultural Assets	2
Infrastructure Assets	2
Revenue	2
Non-Cash-Generating Assets	2
Transfer Expenses	2
Binding Arrangements	1
Data Quality and Systems	1
Intangible Assets	1
Segment Reporting & Related Party Disclosures	1
Leases	1
Statistical Reporting Alignment	1
Employee Benefits	1
Measurement	1
Service Concession Arrangements and Public Assets	1
Transition to Accrual Accounting	1
Cryptocurrencies	1