

Meeting: International Public Sector Accounting
Standards Board

Meeting Date: September 15–17, 2026

Agenda Item 7

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.	
Meeting objective	- To approve final pronouncement, [draft] <i>Improvements to IPSAS Accounting Standards – Volume 10</i> and final pronouncement, [draft] <i>Definition of an Operation and Recognition of Acquired Liabilities and Contingent Liabilities</i> (Amendments to IPSAS 40). - To get feedback from the IPSASB regarding the development of public sector-specific examples on disclosures of uncertainties in the financial statements as part of the <i>Improvements to IPSAS Accounting Standards – Volume 11</i> project.	
Project staff leads	- Emma Tran, Manager - Edwin Ng, Principal	
Task Force members	N/A	
	Topic	Agenda Item
Essential Documents (Required Reading)	Improvements to IPSAS Accounting Standards – Volume 10	
	Review of Responses to Exposure Draft 95, <i>Improvements to IPSAS Accounting Standards – Volume 10</i>	7.A.1
	Approval of [draft] <i>Improvements to IPSAS Accounting Standards – Volume 10</i>	7.A.2
	[Draft] <i>Improvements to IPSAS Accounting Standards – Volume 10</i>	7.A.3
	Review of Responses to Exposure Draft 96, <i>Definition of an Operation and Recognition of Acquired Liabilities and Contingent Liabilities</i> (Amendments to IPSAS 40)	7.A.4
	Approval of [draft] <i>Definition of an Operation and Recognition of Acquired Liabilities and Contingent Liabilities</i> (Amendments to IPSAS 40)	7.A.5

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

The 'International Public Sector Accounting Standards Board', 'International Public Sector Accounting Standards', 'Recommended Practice Guidelines', 'International Federation of Accountants', 'IPSASB', 'IPSAS', 'RPG', 'IPSASB SRS', 'IFAC', the IPSASB logo, and IFAC logo are trademarks of IFAC, or registered trademarks and service marks of IFAC in the US and other countries.

	<u>[Draft] Definition of an Operation and Recognition of Acquired Liabilities and Contingent Liabilities (Amendments to IPSAS 40)</u>	<u>7.A.6</u>
	Improvements to IPSAS Accounting Standards – Volume 11	
	<u>Disclosures about Uncertainties in the Financial Statements: Development of Public Sector-Specific Examples</u>	<u>7.A.7</u>
Supporting Documents (Posted separately on the meeting webpage)	<u>Improvements to IPSAS Accounting Standards: Project Management Dashboard</u>	<u>7.B.1</u>
	<u>Supporting Document 1 – Analysis of Respondents by Region, Function, and Language, and List of Respondents to ED 95</u>	<u>7.B.2</u>
	<u>Supporting Document 2 – Detailed Analysis of Responses to ED 95</u>	<u>7.B.3</u>
	<u>Supporting Document 3 – Detailed Due Process for Approval of [draft] IPSAS Accounting Standards – Volume 10</u>	<u>7.B.4</u>
	<u>Supporting Document 4 – Analysis of Respondents by Region, Function, and Language, and List of Respondents to ED 96</u>	<u>7.B.5</u>
	<u>Supporting Document 5 – Detailed Analysis of Responses to ED 96</u>	<u>7.B.6</u>
	<u>Supporting Document 6 – Detailed Due Process for Approval of [draft] Definition of an Operation and Recognition of Acquired Liabilities and Contingent Liabilities (Amendments to IPSAS 40)</u>	<u>7.B.7</u>
Background Information (Available on the project webpage)	Improvements to IPSAS Accounting Standards – Volume 10	
	<u>Due Process Checklist</u>	
	<u>Responses to ED 95</u>	
	<u>Responses to ED 96</u>	
	Improvements to IPSAS Accounting Standards – Volume 11	
	<u>Decisions and Instructions from previous IPSASB Meetings</u>	
	<u>Due Process Checklist</u>	

Review of Responses to Exposure Draft 95, *Improvements to IPSAS Accounting Standards – Volume 10***Decision Required**

1. The IPSASB is required to decide whether they agree with Staff's recommendation to proceed with the amendments to IPSAS Standards as proposed in Exposure Draft (ED) 95, *Improvements to IPSAS Accounting Standards*.

Context

2. In April 2026, the IPSASB issued [Exposure Draft \(ED\) 95, *Improvements to IPSAS Accounting Standards – Volume 10*](#). ED 95 proposed amendments to several IPSAS Standards to align with amendments to IFRS Accounting Standards arising from various *Improvements to IFRS Accounting Standards* projects and *Narrow Scope Amendments* projects of the International Accounting Standards Board (IASB) since the last *Improvements to IPSAS Accounting Standards* project. ED 95 also asked constituents to provide their views on a specific matter for comment regarding whether supplier finance arrangements are sufficiently prevalent in their jurisdictions to warrant the proposed disclosure requirements (SMC 1).
3. This paper provides the IPSASB with an overview of the responses received and Staff's recommendations. A list of respondents, an analysis of respondents by region, function, and language, and a detailed analysis of the responses are provided in [Agenda Items 7.B.2](#) and [7.B.3](#). The [draft] *Improvements to IPSAS Accounting Standards – Volume 10* is provided in [Agenda Item 7.A.3](#). A compilation of the response letters received is posted separately [here](#).

Analysis**Staff Process**

4. The IPSASB received 14 comment letters from a diverse group of constituents, from both regional and functional perspectives. Many respondents provided feedback on all parts of ED 95, including SMC 1, while others only focused on a specific area.
5. Staff reviewed and analyzed each comment letter in its entirety. For summary purposes, the responses have been grouped into two areas: (a) responses to SMC 1; and (b) responses to the remaining amendments in ED 95. Within each group, Staff classified the responses as agree, partially agree, disagree, or no comment (see paragraph 2 of [Agenda Item 7.B.3](#) for more details on the categories).

Summary of Responses and Staff's Recommendations**Responses to SMC 1**

6. Respondents generally supported the proposed disclosure requirements for supplier finance arrangements. One respondent disagreed with the proposal due to the lack of supplier finance arrangements in their jurisdiction. However, other respondents who agreed with the proposal also noted that supplier finance arrangements are not prevalent in their jurisdictions but nevertheless considered the requirements useful and applicable should such arrangements arise. Therefore, Staff consider that the respondent's concern reflects jurisdiction-specific circumstances and does not identify a technical issue with the proposal.

7. A respondent requested further clarification about the appropriate level of detail to be disclosed. Staff consider the proposed disclosure requirements sufficient to meet their objective of enabling users of financial statements to assess how supplier finance arrangements affect an entity's liabilities, cash flows and exposure to liquidity risk. Specifically, the disclosure requirements meet this objective by requiring information about the arrangements' terms and reasons, related liability amounts, amounts already paid by finance providers, the payment due-date ranges compared with those of comparable trade payables, and the types and effects of non-cash changes.
8. The proposal also requires separate disclosure of arrangements with dissimilar terms and additional information where aggregated payment-date ranges are too broad, thereby preventing material information from being obscured while allowing entities to apply judgment to determine the appropriate level of detail based on their circumstances. Accordingly, Staff consider no further clarification is necessary.
9. Some respondents also requested additional public sector-specific examples to illustrate the proposed disclosure requirements. Staff acknowledge that such examples may be helpful; however, the principle-based requirements focus on the substance of an arrangement and already identify the information necessary to meet the disclosure objective. Staff therefore consider that entities have an adequate basis for applying the requirements across different public sector structures and jurisdictions without further examples.

Responses to the Remainder of ED 95

10. Respondents generally supported the proposals, with recommendations focused mainly on additional public sector-specific examples and implementation guidance. While Staff acknowledge that additional examples and guidance may be helpful, we do not consider it necessary to include them in the final pronouncement because the proposed principle-based requirements already provide a sufficient basis for application across a range of circumstances, and these improvements are intended to be narrow in scope. Accordingly, Staff do not recommend incorporating suggestions that extend beyond the proposed amendments. Where appropriate, these suggestions have instead been referred to the IPSASB's relevant implementation support initiatives for consideration.
11. There were two respondents who disagreed with Part 2(b) of ED 95, which proposes amendments to IPSAS 41, *Financial Instruments*, to provide an entity with the option to derecognize a financial liability settled through an electronic payment system before settlement date when specified criteria are met.
12. These respondents disagreed with this proposal primarily due to potential impact on long-standing practices in their jurisdiction. Both respondents noted that entities in their jurisdiction currently derecognize cash and the related liability when a cheque is issued (before the settlement date).
13. Staff noted that respondents from the same jurisdiction raised the same concern when the IASB proposed the amendments to IFRS 9, *Financial Instruments*. The IASB noted long-standing practice for derecognizing financial liabilities at the point of cheque issuance does not seem to be compliant with the requirements in IFRS 9 and, having considered the broad support from other respondents, proceeded with the amendment to IFRS 9. Staff therefore concluded that these concerns do not justify departing from IFRS 9, *Financial Instruments*.

Recommendation

14. Staff recommend the IPSASB to proceed with the amendments to IPSAS Standards as proposed in ED 95.

Approval of [Draft] *Improvements to IPSAS Accounting Standards – Volume 10*

Decision Required

1. The IPSASB is required to decide whether they approve [draft] *Improvements to IPSAS Accounting Standards – Volume 10* with an effective date of January 1, 2028.

Context

2. This Agenda Item deals with the due process for approval of *Improvements to IPSAS Accounting Standards – Volume 10* and its effective date.

Analysis

Due Process

3. The IPSASB has followed due process throughout this project. The complete analysis supporting the assertions and recommendations noted below is in [Agenda Item 7.B.4](#). Key activities and final steps in the due process are presented below.
4. The IPSASB released [Exposure Draft \(ED\) 95, *Improvements to IPSAS Accounting Standards – Volume 10*](#) in April 2026. The IPSASB received [14 comment letters](#) to ED 95.
5. When Staff are satisfied a proposed final pronouncement is ready for approval, the IPSASB's [Due Process and Working Procedures](#) sets out the necessary steps to facilitate its approval (bolded procedures require action by the IPSASB):
 - (a) Staff present the revised content of the exposed international standard to the IPSASB;
See [draft] *Improvements to IPSAS Accounting Standards – Volume 10* in [Agenda Item 7.A.3](#).
 - (b) The IPSASB Program and Technical Director advises the IPSASB on whether due process has been followed effectively;

The IPSASB Program and Technical Director asserts that due process has been followed effectively in developing [draft] *IPSAS Accounting Standards – Volume 10*.
 - (c) **The IPSASB confirms whether or not it is satisfied the due process has been followed effectively;**

The IPSASB Chair asks the IPSASB for confirmation on due process.
 - (d) **The IPSASB votes on the approval of [draft] *Improvements to IPSAS Accounting Standards – Volume 10* in accordance with its [terms of reference](#);**

Staff recommend the approval of [draft] *Improvements to IPSAS Accounting Standards – Volume 10*.
 - (e) **The IPSASB considers whether there has been a substantial change to the exposed document such that a vote on re-exposure is necessary;**

Staff confirm that there have been no substantial changes that would require a vote on re-exposure by the IPSASB. Changes to ED 95 are only editorial in nature.
 - (f) **The IPSASB sets the effective date of the application of [draft] *IPSAS Accounting Standards – Volume 10*;**

Agenda Item 7.A.2

Staff recommend the IPSASB set an effective date for [draft] *IPSAS Accounting Standards – Volume 10* of January 1, 2028, due to the high volume of amendments to multiple IPSAS Standards, and to align with the IASB's publications, which had effective dates of January 1 of the second year following issuance.

- (g) **The IPSASB issues Basis for Conclusions with respect to comments received on an exposure draft.**

See Basis for Conclusions in [draft] *Improvements to IPSAS Accounting Standards – Volume 10* (see [Agenda Item 7.A.3](#)).

Recommendation

Staff recommend the IPSASB approve [draft] *Improvements to IPSAS Accounting Standards – Volume 10* with an effective date of January 1, 2028.

[Draft] *Improvements to IPSAS Accounting Standards – Volume 10*

1. The [draft] *Improvements to IPSAS Accounting Standards – Volume 10* is posted separately [here](#) for easier readability.
2. This document reflects changes to ED 95 that are consistent with matters raised in the comment letters and Staff's recommendations as discussed in [Agenda Item 7.A.1](#).
3. To effectively use the meeting's plenary time, members are asked to send editorial comments to Staff offline.

Review of Responses to Exposure Draft 96, *Definition of an Operation and Recognition of Acquired Liabilities and Contingent Liabilities* (Amendments to IPSAS 40)**Decision Required**

1. The IPSASB is required to decide whether they agree with Staff's recommendation to proceed with the amendments to IPSAS Standards proposed in Exposure Draft (ED) 96, *Definition of an Operation and Recognition of Acquired Liabilities and Contingent Liabilities* (Amendments to IPSAS 40), as revised to incorporate the recommended changes identified in paragraph 8.

Context

2. In April 2026, the IPSASB issued [Exposure Draft \(ED\) 96, *Definition of an Operation and Recognition of Acquired Liabilities and Contingent Liabilities* \(Amendments to IPSAS 40\)](#). ED 96 proposed amendments to the definition of an operation and the guidance on the recognition of certain liabilities in IPSAS 40, *Public Sector Combinations*, arising from *Definition of a Business* (Amendments to IFRS 3) and *Reference to the Conceptual Framework* (Amendments to IFRS 3) issued by the International Accounting Standards Board (IASB).
3. This paper provides the IPSASB with an overview of the responses received and Staff's recommendations. A list of respondents, an analysis of respondents by region, function, and language, and a detailed analysis of the responses are provided in [Agenda Items 7.B.5](#) and [7.B.6](#). The [draft] *Definition of an Operation and Recognition of Acquired Liabilities and Contingent Liabilities* (Amendments to IPSAS 40) is provided in [Agenda Item 7.A.6](#). A compilation of the response letters received is posted separately [here](#).

Analysis**Staff Process**

4. The IPSASB received 12 comment letters from a geographically and functionally diverse group of constituents.
5. Staff classified the responses as agree, partially agree, disagree, or no comment, using the same approach applied to ED 95 (see paragraph 2 of [Agenda Item 7.B.3](#) for more details on the categories).

Summary of Responses and Staff's Recommendations

6. Respondents generally supported the proposed amendments to IPSAS 40, with recommendations focused mainly on additional public sector-specific examples and implementation guidance. Where relevant, Staff will refer respondents' suggestions to the IPSASB's implementation support initiatives for consideration.
7. Some respondents proposed minor changes to ED 96 proposals that Staff recommend incorporating into the final pronouncement. Detailed analysis of these suggestions is provided in [Agenda Item 7.B.6](#), and the resulting changes are marked up in the [draft] final pronouncement in [Agenda Item 7.A.6](#).
8. Accordingly, Staff recommended the following changes to the ED 96 proposals:
 - (a) Adding the IPSAS 19 definition of a contingent asset to paragraph 77A of IPSAS 40;

Agenda Item 7.A.4

- (b) Adding a flow chart to the Implementation Guidance accompanying IPSAS 40 to assist entities in assessing whether a set of activities, and assets and/or liabilities, is an operation, including when an entity elects, or does not elect, to apply the optional concentration test ;
- (c) Amending paragraphs AG4A–AG4B to clarify that the concentration test only applies to acquisitions;
- (d) Removing acquisition-specific wording from paragraphs AG5–AG9D to clarify that the guidance on the elements of an operation and the assessment of substantive process applies to both acquisitions and amalgamations; and
- (e) Modifications for public sector terminology and other editorial amendments.

Recommendation

9. Staff recommend the IPSASB to proceed with the amendments to IPSAS Standards proposed in ED 96, as revised to incorporate the recommended changes identified in paragraph 8.

Approval of [draft] *Definition of an Operation and Recognition of Acquired Liabilities and Contingent Liabilities* (Amendments to IPSAS 40)

Decision Required

1. The IPSASB is required to decide whether they approve [draft] *Definition of an Operation and Recognition of Acquired Liabilities and Contingent Liabilities* (Amendments to IPSAS 40) with an effective date of January 1, 2028.

Context

2. This Agenda Item deals with the due process for approval of *Definition of an Operation and Recognition of Acquired Liabilities and Contingent Liabilities* (Amendments to IPSAS 40) and its effective date.

Analysis

Due Process

3. The IPSASB has followed due process throughout this project. The complete analysis supporting the assertions and recommendations noted below is in [Agenda Item 7.B.7](#). Key activities and final steps in the due process are presented below.
4. The IPSASB released [Exposure Draft \(ED\) 96, Definition of an Operation and Recognition of Acquired Liabilities and Contingent Liabilities \(Amendments to IPSAS 40\)](#) in April 2026. The IPSASB received 12 comment letters to ED 96.
5. When Staff are satisfied a proposed final pronouncement is ready for approval, the IPSASB's [Due Process and Working Procedures](#) sets out the necessary steps to facilitate its approval (bolded procedures require action by the IPSASB):
 - (a) Staff present the revised content of the exposed international standard to the IPSASB;
 See [draft] *Exposure Draft (ED) 96, Definition of an Operation and Recognition of Acquired Liabilities and Contingent Liabilities* (Amendments to IPSAS 40) in [Agenda Item 7.A.6](#).
 - (b) The IPSASB Program and Technical Director advises the IPSASB on whether due process has been followed effectively;
 The IPSASB Program and Technical Director asserts that due process has been followed effectively in developing [draft] *Definition of an Operation and Recognition of Acquired Liabilities and Contingent Liabilities* (Amendments to IPSAS 40).
 - (c) **The IPSASB confirms whether or not it is satisfied the due process has been followed effectively;**
 The IPSASB Chair asks the IPSASB for confirmation on due process.
 - (d) **The IPSASB votes on the approval of [draft] *Definition of an Operation and Recognition of Acquired Liabilities and Contingent Liabilities* (Amendments to IPSAS 40) in accordance with its [terms of reference](#);**
 Staff recommend the approval of [draft] *Definition of an Operation and Recognition of Acquired Liabilities and Contingent Liabilities* (Amendments to IPSAS 40).

Agenda Item 7.A.5

- (e) **The IPSASB considers whether there has been a substantial change to the exposed document such that a vote on re-exposure is necessary;**

Staff confirm that there have been no substantial changes that would require a vote on re-exposure by the IPSASB. Changes to ED 96 reflect matters raised in the comment letters, and no principles were altered.

- (f) **The IPSASB sets the effective date of the application of [draft] *IPSAS Accounting Standards – Volume 10*;**

Staff recommend the IPSASB set an effective date for [draft] *Definition of an Operation and Recognition of Acquired Liabilities and Contingent Liabilities* (Amendments to IPSAS 40) of January 1, 2028, due to the amendments' potential significant impact on the accounting of a business combination in IPSAS 40, and to align with with the IASB's publications, which had effective dates of January 1 of the second year following issuance.

- (g) **The IPSASB issues Basis for Conclusions with respect to comments received on an exposure draft.**

See Basis for Conclusions in [draft] *Definition of an Operation and Recognition of Acquired Liabilities and Contingent Liabilities* (Amendments to IPSAS 40) (see [Agenda Item 7.A.6](#)).

Recommendation

6. Staff recommend the IPSASB approve [draft] *Definition of an Operation and Recognition of Acquired Liabilities and Contingent Liabilities* (Amendments to IPSAS 40) with an effective date of January 1, 2028.

[Draft] *Definition of an Operation and Recognition of Acquired Liabilities and Contingent Liabilities* (Amendments to IPSAS 40)

7. The [draft] *Definition of an Operation and Recognition of Acquired Liabilities and Contingent Liabilities* (Amendments to IPSAS 40) is posted separately [here](#) for easier readability.
8. This document reflects changes to ED 96 that are consistent with matters raised in the comment letters and Staff's recommendations as discussed in [Agenda Item 7.A.4](#).
9. To effectively use the meeting's plenary time, members are asked to send editorial comments to Staff offline.

Disclosures about Uncertainties in the Financial Statements: Development of Public Sector-Specific Examples**Decision Required**

1. The IPSASB is required to decide whether they agree that the proposed fact patterns and identified IPSAS Standards and requirements are appropriate and sufficient as the basis for developing public sector-specific examples illustrating how entities disclose the effects of uncertainties in their financial statements.

Context

2. In June 2026, as part of the *Improvements to IPSAS Accounting Standards – Volume 11* project, Staff proposed improvements to IPSAS Accounting Standards to align with amendments to IFRS Accounting Standards from *Disclosures about Uncertainties in the Financial Statements*, issued by the International Accounting Standards Board (IASB) in November 2025. The amendments add examples illustrating the application of existing requirements for reporting uncertainties in financial statements (see June 2026 [Agenda Item 3.A.2](#)).
3. Following its deliberations, the IPSASB instructed Staff to develop additional public sector-specific examples for consideration in conjunction with the proposed IFRS-aligned examples.
4. This direction was consistent with feedback received through the Work Program Consultation. Respondents generally supported alignment with the IASB's examples while also emphasizing the need for additional examples addressing reporting uncertainties in the public sector context (see June 2026 [Agenda Item 6.A](#)). Respondents also identified several relevant public sector fact patterns, which informed Staff's proposals in this paper.
5. This paper outlines the proposed fact patterns, applicable IPSAS Standards, and principles that the examples would illustrate. It also provides a draft of one example.
6. Subject to the IPSASB's agreement with the proposed outline, Staff will develop the remaining examples and present the complete set for the IPSASB's review at a future meeting.

Analysis*Approach to Developing the Public Sector-Specific Examples*

7. Consistent with the IASB's approach, the examples would illustrate how entities apply existing disclosure requirements in IPSAS Standards to report the effects of uncertainties in the financial statements using public sector-specific fact patterns.
8. In developing the examples, Staff considered topics and fact patterns suggested by IPSASB Members and Technical Advisors, together with feedback received through the Work Program Consultation.
9. By their nature, the examples cannot illustrate every applicable IPSAS requirement, every fact relevant to making materiality judgment or every item of material information to be disclosed. Entities would need to apply judgment based on their particular circumstances.

Agenda Item 7.A.7

10. Staff propose including each example as non-authoritative guidance accompanying the IPSAS Standard containing the requirements illustrated, either in the Implementation Guidance or Illustrative Examples, consistent with the placement of comparable examples.

Proposed Public Sector-Specific Examples

11. [Appendix A](#) outlines the proposed topics, fact patterns, and the applicable IPSAS Standards and requirements that the examples would illustrate.
12. [Appendix B](#) provides a draft of one of the proposed examples.

Recommendation

13. Staff recommend the IPSASB to agree with the proposed fact patterns and identified IPSAS Standards and requirements as the basis for developing public sector-specific examples illustrating how entities report the effects of uncertainties in their financial statements.

Appendix A – Public Sector-Specific Examples Outline

1. The following table outlines the proposed fact patterns, the applicable IPSAS Standards and requirements each example would illustrate.

#	IPSAS Standard	Topic	Description of Example	Paragraph References Requirements Illustrated
1	IPSAS 1, <i>Presentation of Financial Statements</i>	Going concern and service-delivery capacity	A local government has experienced several years of operating deficits and expects continued financial support from the national government. At the reporting date, legislative authorization for that support has not yet been approved, and access to borrowing markets has become more difficult following a broader economic downturn. The example illustrates how an entity discloses information about uncertainties related to its ability to continue as a going concern, including uncertainty about future government support and access to financing.	Paragraphs 38–40 Assessment of an entity's ability to continue as a going concern and disclosure of material uncertainties related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern.
2	IPSAS 19, <i>Provisions, Contingent Liabilities and Contingent Assets</i>	Natural disaster response obligations	Following a series of major earthquakes, a national government publicly announces an offer to purchase properties in areas deemed unsuitable for rebuilding. Under its existing disaster response policy framework, the government is also committed to contributing a specified proportion of eligible costs incurred by local authorities to restore earthquake-damaged infrastructure. As a result, the government has present obligations in respect of its property purchase offer and its contribution toward local infrastructure restoration. The government recognizes a provision for the estimated cost of purchasing the properties and discloses the uncertainties associated with measuring the provision. The government discloses its share of local infrastructure restoration costs as a contingent liability because the extent of the damage and associated restoration costs cannot yet be reliably estimated. The example illustrates how an entity discloses	Paragraphs 98, and 100–103 Disclosure of uncertainties concerning the amount or timing of outflows and major assumptions for provisions and contingent liabilities.

Agenda Item 7.A.7

IPSASB Meeting (September 2026)

#	IPSAS Standard	Topic	Description of Example	Paragraph References Requirements Illustrated
			information about uncertainties associated with obligations arising from a major natural disaster.	
3	IPSAS 19, <i>Provisions, Contingent Liabilities and Contingent Assets</i>	Long-term environmental remediation and decommissioning	A government is responsible for decommissioning and remediating nuclear facilities, with activities expected to continue for many decades. A provision is recognized for the government's obligations. Measurement is subject to significant uncertainty because the eventual cost depends on the volume and condition of nuclear material, timing and scope of decommissioning activities, future technologies and regulatory requirements. The long period over which the obligation will be settled also makes assumptions about discount rates significant to its measurement. The government discloses the key sources of uncertainty and assumptions affecting the provision and explains that changes in those assumptions could significantly affect the amount recognized. The example illustrates how an entity discloses information about uncertainties associated with long-term decommissioning and remediation obligations.	Paragraphs 98 Disclosure of the nature of the obligation, expected timing of outflows, uncertainties concerning the amount or timing of those outflows, and major assumptions concerning future events.
4	IPSAS 21, <i>Impairment of Non-Cash- Generating Assets</i>	Impairment of heritage assets	A historic coastal monument is damaged by repeated flooding and saltwater intrusion. Physical damage indicates that the asset may be impaired, but the full extent of damage is uncertain. This uncertainty affects the government's estimate of the asset's recoverable service amount and the impairment loss recognized in the financial statements. The government discloses the judgments and assumptions used in determining the impairment. The example illustrates how an entity discloses information about uncertainties associated with the impairment of a heritage asset.	Paragraphs 73 and 77 Disclosure of impairment losses by class of assets (paragraph 73) and for a material impairment loss, disclosure of the events and circumstances giving rise to the impairment, the amount recognized, the nature of the asset, the basis of recoverable service amount and the approach used to determine value in use (paragraph 77).

Agenda Item 7.A.7

IPSASB Meeting (September 2026)

#	IPSAS Standard	Topic	Description of Example	Paragraph References Requirements Illustrated
5	IPSAS 42, <i>Social Benefits</i>	Demographic factor impacting social benefit program	A government operates a universal age-based social benefit program. Aging population creates substantial uncertainty about the government's future expenditure on the program. The government discloses the demographic trends affecting the program and their potential impact future expenditure. The example illustrates how an entity discloses information about uncertainties that may affect future expenditure on a social benefit program.	Paragraphs 23–24 Disclosure of information explaining how the aging population may affect the social benefit program, including its potential impact on the level of expenditure.
6	IPSAS 45, <i>Property, Plant, and Equipment</i>	Multi-year infrastructure commitments	A government's railway construction project spans over several reporting periods. The government has entered into multiple significant contractual commitments for construction and related property, plant and equipment. The ultimate project cost remains uncertain because of construction inflation, changes in scope, delays, supply-chain pressures and other factors. The example illustrates how an entity discloses information about uncertainties associated with the costs of a long-term infrastructure project.	Paragraph 70(c) Disclosure requirements of the amount of contractual commitments for the acquisition, construction, or development of property, plant, and equipment.
7	IPSAS 47, <i>Revenue</i>	Estimation uncertainty in tax revenue	A government recognizes income tax revenue for the reporting period even though complete information about taxpayers' taxable income is not available at the reporting date because final tax returns may not be filed until a subsequent period. The government estimates tax revenue using information from prior-year tax returns and assumptions about changes in taxable income and economic activity. During the reporting period, economic activity weakens and corporate profitability declines, increasing uncertainty associated with the estimate. The government discloses the estimation methodology and significant judgments and assumptions used and explains that amounts subsequently reported by taxpayers may differ from the amounts recognized. The example illustrates how an entity discloses information about uncertainties associated with the estimation of income tax revenue.	Paragraphs 170 and 172 Disclosure of accounting policies and judgments that significantly affect the determination of the amount and timing of revenue (paragraph 170) and the application of estimation techniques where taxation amounts are not fully known at the reporting date (paragraph 172).

Appendix B – Draft Example

1. Staff have drafted the proposed example 2 (see [Appendix A](#)) to include in the Implementation Guidance accompanying IPSAS 19, *Provisions, Contingent Liabilities and Contingent Assets*.
2. This draft example is intended to illustrate the proposed approach, structure, and level of detail for public sector-specific examples. Staff will use the IPSASB's feedback on this draft example to inform the development of the remaining proposed examples.

Implementation Guidance

...

Disclosures

...

Natural Disaster Response Obligations

The example below illustrates the requirements in paragraphs 98, 100–103 of IPSAS 19. In particular, it illustrates how an entity might disclose information about obligations arising from a major natural disaster.

Background

- IG20D. A series of major earthquakes caused extensive damage to residential properties and local infrastructure. Following the earthquakes, the national government publicly announces an offer to purchase residential properties in areas that have been determined to be unsuitable for rebuilding. As a result of the public announcement, the government has an obligation in respect of the property purchase offer.
- IG20E. Under the government's existing disaster-response policy framework, the government is also committed to providing a standard financial support package to affected local authorities for specified response and recovery costs. Consequently, the government has an obligation to contribute towards eligible costs incurred by those local authorities in restoring earthquake-damaged infrastructure.
- IG20F. The government recognizes a provision for the estimated costs of purchasing the residential properties. The government uses external professional actuaries to assist in determining the best estimate of the provision. The amount required to settle the obligation is uncertain because it depends on, among other factors, the number of eligible property owners that accept the government's offer and the amounts payable for individual properties.
- IG20G. The government is also required to contribute a specified proportion of eligible costs incurred by local authorities in restoring water, wastewater and stormwater infrastructure damaged by the earthquakes. At the reporting date, there is significant uncertainty about the extent of the damage, the restoration work required and the government's resulting share of the costs. The government concludes that it cannot make a sufficiently reliable estimate of the amount of the obligation and therefore discloses the obligation as a contingent liability.

Application

- IG20H. Paragraph 98 of IPSAS 19 requires an entity to disclose information for each class of provision. In applying paragraph 98, the government discloses information about the provision for the purchase of residential properties. This information includes:
- (a) A brief description of the nature of the obligation and the expected timing of the resulting outflows of economic benefits or service potential; and
 - (b) An indication of the uncertainties about the amount or timing of those outflows.
- IG20I. Where necessary to provide adequate information, the government also discloses the major assumptions made concerning future events. These assumptions could include assumptions about the number of eligible property owners expected to accept the government's offer and the amounts expected to be paid for those properties.
- IG20J. Paragraph 103 of IPSAS 19 notes that an entity may use external valuation to measure a provision and may disclose information relating to the valuation. In applying paragraph 103, the government may disclose useful information about the valuation of the best estimate of the provision performed by the external actuaries.
- IG20K. Paragraph 100 of IPSAS 19 requires an entity, unless the possibility of any outflow in settlement is remote, to disclose for each class of contingent liability at the reporting date a brief description of the nature of the contingent liability and, where practicable, specified information about the contingent liability. In applying paragraph 100, the government discloses information about its obligation to contribute towards the restoration of local infrastructure. This information includes:
- (a) An estimate of its financial effect, with an explanation that the estimate is subject to significant uncertainty;
 - (b) An indication of the uncertainties relating to the amount or timing of any outflow; and
 - (c) The possibility of any reimbursement.
- IG20L. Paragraph 102 of IPSAS 19 requires that, where a provision and a contingent liability arise from the same set of circumstances, an entity makes the disclosures required by paragraphs 97, 98 and 100 in a way that shows the link between the provision and the contingent liability. The government therefore discloses the provision for the purchase of residential properties and the contingent liability for its contribution towards restoring local infrastructure in a manner that enables users of the financial statements to understand that both arose from the same earthquakes and to understand the different uncertainties associated with each obligation.