IPSASB International Public Sector Accounting Standards Board®

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Meeting: International Public Sector Accounting Standards Board

Meeting Date: December 8-10, 2026

Agenda Item 10

PRESENTATION OF FINANCIAL STATEMENTS

Project summary	This project aims to enhance the communication effectiveness of financial information reported in general purpose financial statements by developing a new IPSAS Standard to replace IPSAS 1, *Presentation of Financial Statements*. The focus is on the presentation of financial information to support accountability and decision-making in the public sector.	
Meeting objective	The meeting objective is to review constituent responses to the Consultation Paper, *Presentation of Financial Statements* and provide Staff direction for the March 2026 IPSASB meeting.	
Project staff leads	• Edwin Ng, Principal • Dinith Saram, Manager	
Task Force members	N/A	
	Topic	***Agenda Item***
Essential Documents (Required Reading)	Overview of Responses to Consultation Paper, Presentation of Financial Statements	10.A.1
	Review of Responses to Preliminary Views 1-4: Development of a New Presentation Standard and General Presentation Requirements	10.A.2
	Review of Responses to Preliminary Views 5-7: Statement of Financial Position	10.A.3
	Review of Responses to Preliminary View 8: Statement of Financial Performance	10.A.4
	Review of Responses to Preliminary Views 9-10 and Specific Matter for Comment 1: Statement of Financial Performance	10.A.5
	Review of Responses to Preliminary Views 11-13: Statement of Changes in Net Assets/Equity	10.A.6
	Review of Responses to Preliminary Views 14-16: Disclosure of Information in the Notes	10.A.7
Supporting Documents (Encouraged Reading: Posted Separately on Meeting Page)	Project Management Dashboard	10.B.1
	Supporting Document 1- Overview and Approach of Staff Analysis	10.B.2
	Supporting Document 2- Analysis of Respondents by Region, Function and Language	10.B.3

Prepared by: Edwin Ng, Dinith Saram (November 2026)

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Background Information (Available on the project webpage)	Decisions and Instructions from the previous IPSASB Meeting
	Due Process Checklist
	Project Timeline
	Responses to the Consultation Paper, *Presentation of Financial Statements*, can be found on the Publication Page.

Overview of Responses to Consultation Paper, *Presentation of Financial Statements*

Decision Required

1. The IPSASB is required to decide whether they agree with the key themes identified by Staff.

Context

2. The IPSASB issued the Consultation Paper, *Presentation of Financial Statements* (the "CP") on April 27, 2026. The CP included the IPSASB's Preliminary Views (PV), a Specific Matter for Comment (SMC), and an illustrative Exposure Draft (ED) of a proposed IPSAS Standard to replace IPSAS 1, *Presentation of Financial Statements.* The comment period for the CP closed on September 14, 2026.

3. The IPSASB received 43 comment letters in response to the CP. Refer to Agenda Item 10.B.2 for detailed list of respondents and analysis of respondents by region, function, language.

4. Staff reviewed and summarized the response letters to the CP as presented in Agenda Items 10.A.2 to 10.A.7. Based on the responses received, Staff identified several themes and issues that may warrant further consideration during the development of the final IPSAS Standard.

Analysis

Key Theme #1: Majority Support of the Consultation Paper

5. Overall, respondents were supportive of the Consultation Paper and its proposed approach. All PVs and SMC, except for PV 8, received support from respondents through either agreement or partial agreement, suggesting that respondents generally endorsed both the direction and objectives of the proposals. As discussed in Agenda Item 10.A.4, PV 8 was the only proposal in the CP for which the majority of respondents (60%) disagreed, making it the only significant area of divergence within an otherwise well-supported consultation.

Key Theme #2: Requests for Application Guidance and Illustrative Examples

6. A recurring theme from respondents was the request for additional application guidance and illustrative examples to support consistent application of the proposals. This feedback was received across a broad range of PVs and was not limited to areas where changes to IPSAS 1 were proposed. Respondents also requested further guidance in areas where existing requirements would be retained, indicating a broader need for implementation support materials rather than concerns solely arising from new proposals.

7. Staff note that, with the introduction of the IPSASB Explains initiative, some of these requests may be more appropriately addressed through non-authoritative implementation supporting material rather than within the authoritative requirements or non-authoritative guidance in the IPSAS Standard. However, the most appropriate mechanism for addressing these requests will depend on the Board's decisions on the proposals ultimately included in the final IPSAS Standard.

8. Accordingly, Staff propose to perform a detailed assessment of the application guidance and illustrative example requests once the Board has determined the appropriate direction for each PV/SMC. This assessment will consider whether the identified implementation needs would be best addressed through authoritative application guidance, illustrative examples included in the IPSAS Standard, or IPSASB Explains materials.

Key Theme #3: Post-Implementation Monitoring of IFRS 18

9. Several respondents noted that IFRS 18, *Presentation and Disclosure in Financial Statements,* becomes effective for annual reporting periods beginning on or after January 1, 2027. Respondents observed that, given the upcoming effective date, many entities have not yet completed a full reporting cycle under the new IFRS 18 requirements. As a result, there have been limited opportunities to identify and assess practical implementation challenges that may also be relevant to public sector entities.

10. Consequently, some respondents suggested that the IPSASB continue monitoring the implementation of IFRS 18, including discussions and decisions of the IFRS Interpretations Committee. These respondents considered that implementation experience from private-sector entities could provide insights into emerging application issues and assist the IPSASB in assessing whether similar challenges may arise in the public sector.

11. The feedback on PV 8 reinforced respondent's views that implementation experience on IFRS 18 should be considered in the development of the IPSAS Standard. As discussed in Agenda Item 10.A.4, several respondents observed that the practical implications of the categorization requirements may only become apparent once IFRS 18 has been applied in practice.

12. Staff note that the incorporation of IFRS 18 post-implementation experience to the project may require additional monitoring and analysis and could affect the timing of the development and issuance of the final IPSAS Standard.

Recommendation

13. Staff recommend that the IPSASB review Staff's analysis of responses and confirm that no other significant issues have been identified.

Review of Responses to Preliminary Views 1-4: Development of a New Presentation Standard and General Presentation Requirements

Decision Required

1. The IPSASB is asked to determine whether the Staff summary of responses to PVs 1-4 appropriately reflects the issues raised by respondents and whether any additional issues should be captured.

Context

2. The following PVs in Chapter 1 and 2 of the CP were analyzed together because each PV received majority support, reflecting a consistent pattern of response classification:

Preliminary View 1 – Chapter 1: Development of a New Presentation Standard

The IPSASB's Preliminary View is that the development of a new IPSAS Standard to replace IPSAS 1, *Presentation of Financial Statements* should consider IFRS 18 *Presentation and Disclosure in Financial Statements*, with appropriate adaptations to reflect the objectives of financial reporting by public sector entities.

Preliminary View 2—Chapter 2: General Presentation Requirements

The IPSASB's Preliminary View is to continue providing definitions on financial statement elements (aligned with the IPSASB Conceptual Framework and IFRS 18) in the new IPSAS Standard, and to provide other definitions that support the understanding and application of presentation requirements.

Preliminary View 3—Chapter 2: General Presentation Requirements

The IPSASB's Preliminary View is to retain the existing requirements regarding comparative information, and to add the requirement for an additional Statement of Financial Position at the beginning of the preceding period when previously reported information has been materially impacted by a restatement or reclassification into IPSAS Standards, aligned with IFRS 18 requirements.

Preliminary View 4—Chapter 2: General Presentation Requirements

The IPSASB's Preliminary View regarding the other general presentation requirements is to:

(a) Retain existing IPSAS 1 guidance, without updates:
    (i) The responsibility of financial statements (paragraphs 2.9-2.10);
(b) Retain existing IPSAS 1 guidance, with updates to align with IFRS 18 for the public sector context:
    (i) The objective of financial statements (paragraphs 2.4-2.8);
    (ii) The complete set financial statements (paragraphs 2.11-2.13);
    (iii) Identification of financial statements (paragraphs 2.20-2.21);
    (iv) Material information (paragraphs 2.33-2.34);

The other general presentation requirements in Table 2 (paragraphs 2.41-2.44);

(c) Add new guidance, aligned with IFRS 18 and the IPSASB's Conceptual Framework:
    (i) The roles of the financial statements and notes (paragraphs 2.14-2.19); and
    (ii) The other general presentation requirements in Table 2 (paragraphs 2.41-2.44).

3. For the purpose of analyzing responses to PV 3, Staff separated the PV into two components. This approach was adopted since respondents offered varied feedback on each component. Analyzing the components separately enabled Staff to more accurately capture and assess respondent views on each proposal. The PV was separated into the following:

   (a) The IPSASB's preliminary view is to retain the existing requirements regarding comparative information (PV 3A); and

   (b) The IPSASB's preliminary view is to add a requirement to present an additional Statement of Financial Position as at the beginning of the preceding period when previously reported information has been materially affected by a restatement or reclassification in accordance with IPSAS Standards (PV 3B).

Quantitative Overview of Responses

4. The following table summarizes the numerical statistics for the responses regarding PV 1-4.

Table 1: Summary of Responses to PV 1-4

	PV 1		PV 2		PV 3A		PV 3B		PV 4	
	#	%	#	%	#	%	#	%	#	%
Agree	35	81%	34	79%	33	77%	16	37%	30	70%
Partially Agree	1	2%	1	2%	0	0%	11	26%	5	12%
Disagree	2	5%	2	5%	1	2%	9	21%	0	0%
No Comment	5	12%	6	14%	9	21%	7	16%	8	18%

Analysis

Preliminary View 1

5. PV 1 received majority support, with 83% of respondents agreeing or partially agreeing with the proposal to consider IFRS 18 in the development of an IPSAS Standard to replace IPSAS 1, *Presentation of Financial Statements*. The two respondents who disagreed favored developing a standalone public sector IPSAS Standard rather than an adaptation of IFRS 18 and recommended revising IPSAS 1 rather than replacing it in its entirety.

Preliminary View 2

6. 81% of respondents to PV 2 agreed or partially agreed with the preliminary view to continue providing definitions on financial statement elements (aligned with the IPSASB Conceptual Framework and IFRS 18) and to provide other definitions that support the understanding and application of presentation requirements. The respondent who partially agreed recommended adding the IPSASB Conceptual Framework as option (d) in the Hierarchy of Application of Definitions.

7. Respondents who disagreed (5%) considered that the location of financial statement element definitions should be limited to the IPSASB Conceptual Framework in the new IPSAS Standard, noting that duplication could create inconsistencies with existing IPSAS Standards, unintentionally

elevate the authority of the definitions, and increase the complexity of future standard-setting activities.

Preliminary View 3

8. 77% of respondents expressed support to retain the existing requirements regarding comparative information (PV 3A), for the rationale documented in the CP.

9. The second aspect of the proposal, which required an additional opening Statement of Financial Position when material restatements or reclassifications affect previously reported information (PV 3B) also received majority support, with 63% of respondents agreeing or partially agreeing.

   (a) Respondents who partially agreed (26%) suggested the inclusion of a more proportionate approach where an additional Statement of Financial Position is mandated only if the effects of restatement or reclassification are material and sufficiently significant (significant and pervasive).

   (b) Respondents who disagreed (21%) argued that the costs of the requirement outweighed the potential benefits. They noted that it would introduce unnecessary complexity and reduce the readability of financial statements, concluding that the preparation burden is not justified especially considering existing IPSAS 3*, Accounting Policies, Changes in Accounting Estimates and Errors,* requirements. Consequently, the respondents recommended that the information be disclosed in the notes instead of in an additional Statement of Financial Position.

Preliminary View 4

10. 82% of respondents either agreed or partially agreed with the other general presentation requirements in PV 4 for the reasons outlined in the CP.

Recommendation

11. Staff recommend that the IPSASB review Staff's analysis of responses and confirm that no other significant issues have been identified.

Review of Responses to Preliminary Views 5-7: Statement of Financial Position

Decision Required

1. The IPSASB is asked to determine whether the Staff summary of responses to PVs 5-7 appropriately reflects the issues raised by respondents and whether any additional issues should be captured.

Context

2. The preliminary views in Chapter 3 of the CP were analyzed together:

> **Preliminary View 5—Chapter 3: Statement of Financial Position**
>
> The IPSASB's Preliminary View is to retain:
>
> (a) The current/non-current approach as the general approach for classifying assets and liabilities on the face of the Statement of Financial Position;
>
> (b) The order of liquidity approach as a permitted approach on an exception basis; and
>
> (c) The mixed approach, to allow some assets and liabilities to be presented using the current/non-current classification, and others are presented in order of liquidity.
>
> **Preliminary View 6—Chapter 3: Statement of Financial Position**
>
> The IPSASB's Preliminary View is that the specific line items required in IPSAS 1 should be carried forward, with enhancements limited to adding a new line for goodwill (to align with IFRS 18).
>
> **Preliminary View 7—Chapter 3: Statement of Financial Position**
>
> The IPSASB's Preliminary View is that the new IPSAS Standard should retain IPSAS 1 requirements to:
>
> (a) Not prescribe a specific structure (i.e., order or format) for presenting the Statement of Financial Position; and
>
> (b) Not require the presentation of specific subtotals on the Statement of Financial Position.

3. For the purpose of analysing responses to PV 6, Staff separated the proposal into two components. This approach was taken because certain respondents showed a mixed pattern of support across the two components rather than uniform agreement. Analysing the components separately enabled Staff to accurately capture and assess how stakeholders viewed each distinct part of the PV. The PV was separated into the following:

(a) The IPSASB's preliminary view is that the specific line items required in IPSAS 1 should be carried forward (PV 6A); and

(b) The IPSASB's preliminary view is to add a new line for goodwill, to align with IFRS 18 (PV 6B).

Quantitative Overview of Responses

4. The following table summarizes the numerical statistics for the responses regarding PV 5-7.

Table 2: Summary of Responses to PVs 5-7

	PV 5		PV 6A		PV 6B		PV 7	
	#	%	#	%	#	%	#	%
Agree	31	72%	29	67%	30	70%	32	74%
Partially Agree	2	5%	0	0%	1	2%	1	2%
Disagree	3	7%	3	7%	4	9%	3	7%
No Comment	7	16%	11	26%	8	19%	7	17%

Analysis

Preliminary View 5

5. 72% of respondents agreed with the proposal to retain the current/non-current approach as the general Statement of Financial Position classification approach, permit the order of liquidity approach on an exception basis, and allow the mixed approach (where some assets and liabilities are presented using the current/non-current classification, and others presented in order of liquidity). To enhance understandability and comparability, several respondents suggested that the IPSAS Standard require entities that use the mixed approach to apply it consistency and clearly explain why the presentation basis was selected.

6. Respondents that partially agreed (5%) supported the proposal but suggested that the disclosure of financial/non-financial classification be explicitly permitted in the notes to the Financial Statements.

7. The minority of respondents who disagreed (7%) stated that:

   (a) The financial/non-financial approach should be permitted for classifying assets and liabilities on the face of the Statement of Financial Position since it is a well-established method in their jurisdiction and a more meaningful, and accountability-focused foundation for presentation; and

   (b) The mixed approach should not be permitted as it may reduce comparability and increase complexity for preparers and users.

Preliminary View 6

8. Both elements of PV 6 received majority support with 67% of respondents agreeing with the proposal to carry forward the specific line items required in IPSAS 1 (PV 6A), and 72% agreeing or partially agreeing with the enhancements limited to adding a new line for goodwill, aligned with IFRS 18 requirements (PV 6B).

9. The 7% of respondents who disagreed with PV 6A stated that the specific line items required should additionally include heritage assets, infrastructure assets, service concession assets and liabilities, restricted cash, investments, reserves, receivables from taxes, fines and other non-exchange transactions, transfers receivable and provisions linked to environmental, decommissioning or legal obligations.

10. Several of the respondents who disagreed with PV 6B (9%) indicated that goodwill is uncommon in the public sector and, where it does occur, is immaterial to users' understanding of the financial statements. Other disagreeing respondents recommended that separate presentation of goodwill on the face of the Statement of Financial Position should be required only when material and appropriate.

Preliminary View 7

11. PV 7's proposal to retain the requirements to not prescribe a specific structure and not require the presentation of specific subtotals on the Statement of Financial Position was broadly supported by respondents (76% agree and partially agree) for the reasons noted in the CP.

12. The minority that disagreed with the proposals (7%) recommended that a specific structure be prescribed to increase comparability. One of the respondents who disagreed further requested that the IPSAS Standard standardize a definition of net debt and mandate its disclosure.

Recommendation

13. Staff recommend that the IPSASB review Staff's analysis of responses and confirm that no other significant issues have been identified.

Review of Responses to Preliminary View 8: Statement of Financial Performance

Decision Required

1. The IPSASB is asked to determine whether the Staff summary of responses to PV 8 appropriately reflects the issues raised by respondents and whether any additional issues should be captured.

Context

2. Preliminary View 8 – Chapter 4: Statement of Financial Performance was analyzed separately since most constituents disagreed with the proposal. The PV asked the following:

> The IPSASB's Preliminary View is to present revenue and expense items recognized in surplus or deficit in categories on the Statement of Financial Performance. The categorization requirements are aligned with IFRS 18 requirements, with additional public sector guidance.
>
> Do you agree with the IPSASB's Preliminary View?
>
> If not, please provide your reasons and clearly explain what you consider should be changed (for example, if you prefer a specific public-sector specific categorization, such as those considered in paragraph 4.30, please explain why it would meet the criteria in paragraph 4.29).

Quantitative Overview of Responses

3. The following table summarizes the numerical statistics for the responses regarding PV 8.

Table 3: Summary of Responses to PV 8

	PV 8	
	#	%
Agree	9	21%
Partially Agree	4	9%
Disagree	26	60%
No Comment	4	10%

Analysis

4. A majority of respondents (60%) disagreed with the proposal to present revenue and expense items recognized in surplus or deficit in categories on the Statement of Financial Performance, aligned with IFRS 18 requirements with additional public sector guidance. Under the proposal, public sector entities would be required to categorize revenue and expense items on the Statement of Financial Performance into five specific categories: operating, investing, financing, income taxes, and discontinued operations.

5. The CP noted that categorization of revenue and expenses would result in improved comparability of information and provide a clearer picture of how a reporting entity is managing its resources, executing its roles, and conducting its activities (refer to paragraph 4.10 of the CP for further details). Respondents who disagreed generally noted the following:

(a) Some respondents stated that there was no comparability issue under IPSAS 1, so requiring categorization for comparability and for alignment with IFRS 18 would only result in added complexity and higher implementation costs, as well as require more judgment, with little to no resulting benefits;

(b) Others who disagreed questioned whether IFRS 18-based categories appropriately reflect public sector objectives and information needs. They argued that the proposed operating, investing, and financing categories are rooted in private sector concepts and may not faithfully represent public sector activities, funding arrangements, accountability requirements, and service delivery objectives. For example, investing activities in the private sector typically include revenues and expenses from investment of resources to fund business operations over the medium and long-term. Some respondents noted that public sector entities often invest in resources to provide public goods, deliver social services or achieve policy objectives rather than generate financial returns. The proposed categorization of an entity's main operating activities may therefore result in similar policy-related activities being classified differently across entities, thereby reducing comparability; and

(c) Due to the potentially different interpretations of operating, investment, and financing categories, respondents also raised concerns about inconsistent application leading to reduced comparability, and the need for substantially more public-sector-specific guidance, particularly for the categorization of taxes, transfers, grants, appropriations, and policy-driven investments.

6. Support for the PV (30% agree and partially agree) was primarily driven by the view that IFRS 18-aligned categories would improve comparability, consistency, and communication effectiveness. However, support was often conditional on enhanced public-sector-specific guidance, particularly for taxes, transfers, grants, and other non-exchange transactions, as well as greater clarity around category boundaries and disaggregation within the operating category.

Recommendation

7. Staff recommend that the IPSASB review Staff's analysis of responses and confirm that no other significant issues have been identified.

Review of Responses to Preliminary Views 9-10 and Specific Matter for Comment 1: Statement of Financial Performance

Decision Required

1. The IPSASB is asked to determine whether the Staff summary of responses to PVs 9-10 and SMC 1 appropriately reflects the issues raised by respondents and whether any additional issues should be captured.

Context

2. PVs 9-10, and SMC 1 were analyzed together, and separately from PV 8, since these Chapter 4 proposals received majority support.

> **Preliminary View 9—Chapter 4: Statement of Financial Performance**
>
> The IPSASB's Preliminary View is to present totals and subtotals, and to permit entities to present additional subtotals, on the Statement of Financial Performance, as listed in paragraph 4.35. The total and subtotal requirements are aligned with IFRS 18 requirements, adapted for the public sector.
>
> **Preliminary View 10—Chapter 4: Statement of Financial Performance**
>
> The IPSASB's Preliminary View is to maintain the minimum requirements regarding the presentation of line items on the face of the Statement of Financial Performance, with additional guidance. The minimum line-item presentation requirements are aligned with IFRS 18 requirements, with additional public sector guidance.
>
> **Specific Matter for Comment 1—Chapter 4: Statement of Financial Performance**
>
> The IPSASB proposes to maintain the requirements to present expenses by the nature of the expenses or by their function to the entity on the face of the Statement of Financial Performance, in alignment with IFRS 18 requirements, with additional guidance.
>
> In your view, should the new IPSAS Standard replacing IPSAS 1 permit mixed presentation, where some expense line items are presented by nature, while others are presented by function? Would mixed presentation result in a useful structured summary of those expenses for users of financial statements in your jurisdiction?

Quantitative Overview of Responses

3. The following table summarizes the numerical statistics for the responses regarding PV 9-10, and SMC 1.

Table 4: Summary of Responses to PV 9, PV 10, and SMC 1

	PV 9		PV 10		SMC 1	
	#	%	#	%	#	%
Agree	16	37%	28	65%	25	58%
Partially Agree	16	37%	3	7%	0	0%
Disagree	5	12%	3	7%	11	26%
No Comment	6	14%	9	21%	7	16%

Analysis

Preliminary View 9

4. PV 9 received majority support, with 74% of respondents either agreeing or partially agreeing with the preliminary view to present totals and subtotals, and additional subtotals on the Statement of Financial Performance. Respondents who agreed generally supported the proposals described in paragraph 4.35 of the CP.

5. Some respondents who partially agreed, supported the proposal but indicated that a new "operating surplus or deficit" subtotal should only be introduced if the IPSASB establishes a clear and robust basis for categorizing items in the Statement of Financial Performance, as contemplated in PV 8. Other respondents who partially agreed similarly supported the objective of improving the presentation of financial performance but recommended that entities be permitted flexibility in presenting an "operating surplus or deficit" subtotal, to circumstances where it provides information that is more useful than the overall surplus or deficit total.

6. 12% of respondents disagreed with the proposal and expressed a range of views.

   (a) The most common concern was related to the categorization requirements proposed in PV 8. These respondents disagreed with the categorization approach proposed in PV 8 and therefore disagreed with PV 9, noting that the proposed subtotals are derived directly from the categorization structure.

   (b) Other respondents argued that financial performance in the public sector cannot be meaningfully assessed based on operating results and that the proposed subtotals could introduce private-sector notions of profitability.

   (c) One respondent noted that no significant deficiencies had been identified with the existing requirements and therefore was not persuaded that the proposed changes would provide more useful information.

Preliminary View 10

7. PV 10 received majority support, with 72% of respondents agreeing or partially agreeing with the proposal to maintain the minimum requirements regarding the presentation of line items on the face of the Statement of Financial Performance, with additional guidance.

8. Respondents who partially agreed (7%) supported retaining the minimum line-item requirements but recommended that future enhancements be developed independently of or reconsidered once the categorization approach has been finalized.

9. Respondents who disagreed (7%) generally supported retaining minimum line-item requirements but considered the prescribed line items insufficient to reflect material public-sector activities. These respondents recommended expanding the requirements to include separate presentation or disclosure of items such as tax and other non-exchange revenue, grants and transfers received and paid, remeasurement gains and losses, depreciation and impairment of service-potential assets, and finance costs.

Specific Matter for Comment 1

10. SMC 1 asked respondents whether mixed presentation (presenting some expense line items by nature and others by function) should be permitted. Staff therefore classified responses based on

respondents' views on mixed presentation rather than whether respondents explicitly indicated agreement or disagreement. The CP proposed retaining the existing accounting policy choice to present expenses either by nature or by function. Accordingly, respondents who opposed mixed presentation were coded as "agree", as their views were consistent with the IPSASB's rationale and conclusion in the CP. Respondents who supported the introduction of IFRS 18-style mixed presentation were coded as "disagree".

11. Most respondents (58%) supported retaining the existing accounting policy choice to present expenses either by nature or by function, with the development of additional public sector-specific guidance. Respondents generally noted that permitting mixed presentation could reduce comparability and increase diversity in reporting practices across public sector entities.

12. 26% of respondents disagreed with the CP and supported the IFRS 18-based approach of permitting mixed presentation. These respondents noted that mixed presentation provides greater flexibility to present more useful and structured summary of expenses thereby resulting in more relevant information for users. Respondents also indicated that they did not identify a public sector-specific rationale for departing from the IASB's decision to permit mixed presentation.

Recommendation

13. Staff recommend that the IPSASB review Staff's analysis of responses and confirm that no other significant issues have been identified.

Review of Responses to Preliminary Views 11-13: Statement of Changes in Net Assets/Equity

Decision Required

1. The IPSASB is asked to determine whether the Staff summary of responses to PVs 11-13 appropriately reflects the issues raised by respondents and whether any additional issues should be captured.

Context

2. The preliminary views in Chapter 5 of the CP were analyzed together:

> **Preliminary View 11—Chapter 5: Statement of Changes in Net Assets/Equity**
>
> The IPSASB's Preliminary View is to maintain (1) requirements to present revenue and expense items recognized outside surplus or deficit directly in net assets/equity, on the Statement of Changes in Net Assets/Equity, and (2) requirements related to reclassification adjustments.
>
> **Preliminary View 12—Chapter 5: Statement of Changes in Net Assets/Equity**
>
> The IPSASB's Preliminary View is to maintain the presentation requirements regarding the Statement of Changes in Net Assets/Equity, and revise the reconciliation requirement to require the reconciliation be displayed on the face of the Statement.
>
> **Preliminary View 13—Chapter 5: Statement of Changes in Net Assets/Equity**
>
> The IPSASB's preliminary view is that guidance based on IFRIC 17 *Distribution of Non-cash Assets to Owners* should not be incorporated into the IPSAS Standards, as the relevant transactions are not prevalent in the international public sector. .

Quantitative Overview of Responses

3. The following table summarizes the numerical statistics for the responses regarding PV 11-13.

Table 5: Summary of Responses to PVs 11-13

	PV 11		PV 12		PV 13	
	#	%	#	%	#	%
Agree	35	81%	23	53%	32	75%
Partially Agree	0	0%	1	2%	0	0%
Disagree	3	7%	11	26%	1	2%
No Comment	5	12%	8	19%	10	23%

Analysis

Preliminary View 11

4. PV 11 was supported by constituents (81% agreed). Respondents considered the Statement of Changes in Net Assets/Equity (the "Statement") to be the most appropriate location for presenting revenue and expense items recognized outside of surplus or deficit. Respondents noted that introducing the Other Comprehensive Income (OCI) principle from IFRS was not relevant in the public sector and would add unnecessary complexity without a corresponding improvement to transparency. Respondents also supported retaining reclassification adjustments to prevent double counting.

5. 7% of respondents disagreed with the proposal and supported closer alignment with IFRS, arguing that presenting items such as revaluation and pension-related movements within a financial performance statement would increase visibility and provide users with a more complete and comparable view of financial performance.

Preliminary View 12

6. Majority of respondents agreed (55% agree and partially agree) with the preliminary view to maintain the presentation requirements regarding the Statement of Changes in Net Assets/Equity and revise the reconciliation requirement to require the reconciliation be displayed on the face of the Statement. However, the PV attracted a relatively higher level of disagreement (26%) than the other PVs in Chapter 5 of the CP (PV 11 and PV 12):

   (a) Supporters of PV 12 generally agreed with the rationale in the CP. Respondents also noted that implementation costs and effort would likely be limited because IPSAS 1 already requires this information to be presented either on the face of the Statement or in the notes. Some respondents emphasized the need for clear application of materiality, aggregation, and disaggregation principles to avoid making the Statement overly detailed and difficult to understand.

   (b) Respondents who disagreed with the proposal argued that presenting the reconciliation on the face of the Statement would increase complexity and reduce readability. In their view, detailed reconciliations are more appropriately disclosed in the notes and therefore supported retaining the existing IPSAS 1 flexibility that allows entities to present the reconciliation either on the face of the Statement or in the notes.

Preliminary View 13

7. The majority of constituents supported PV 13 (75%). Respondents generally noted that transactions within the scope of IFRIC 17 are not prevalent in the public sector and therefore considered the introduction of IFRIC 17 requirements unnecessary. Respondents indicated that incorporating the requirements would increase complexity without providing significant benefits. Several respondents who agreed suggested that the IPSASB monitor whether such transactions become more prevalent and, if necessary, address the issue through a future targeted interpretation or narrow-scope project.

Recommendation

8. Staff recommend that the IPSASB review Staff's analysis of responses and confirm that no other significant issues have been identified.

Review of Responses to Preliminary Views 14-16: Disclosure of Information in the Notes

Decision Required

1. The IPSASB is asked to determine whether the Staff summary of responses to PVs 14-16 appropriately reflects the issues raised by respondents and whether any additional issues should be captured.

Context

2. The preliminary views in Chapter 6 of the CP were analyzed together:

> **Preliminary View 14—Chapter 6: Disclosure of Information in the Notes**
>
> The IPSASB's Preliminary View is to retain existing IPSAS 1 requirements for the disclosure of information in the notes to the financial statements, and incorporate the IASB's amendments to IAS 1 (as presented in paragraphs 6.7 and 6.12) which would align with equivalent IFRS Accounting Standards guidance.
>
> **Preliminary View 15—Chapter 6: Disclosure of Information in the Notes**
>
> The IPSASB's Preliminary View is to not incorporate the IFRS 18 definition and disclosure requirements for management-defined performance measures (MPMs) into the IPSAS Standards.
>
> **Preliminary View 16—Chapter 6: Disclosure of Information in the Notes**
>
> The IPSASB's Preliminary View is to not include an amended IFRS 18 MPM concept for application in the public sector (thereby not introducing an amended version of the IFRS 18 MPM definition or disclosure requirements into the IPSAS Standards).

Quantitative Overview of Responses

3. The following table summarizes the numerical statistics for the responses regarding PV 14-16.

Table 5: Summary of Responses to PVs 14-16

	PV 14		PV 15		PV 16	
	#	%	#	%	#	%
Agree	34	79%	32	74%	31	72%
Partially Agree	1	2%	0	0%	0	0%
Disagree	0	0%	3	7%	3	7%
No Comment	8	19%	8	19%	9	21%

Analysis

4. Respondents supported PV 14 (81% agree and partially agree), endorsing retention of the existing IPSAS 1 note-disclosure framework and incorporation of the IASB's 2014 and 2021 amendments. Respondents also agreed with organizing the notes systematically around understandability and comparability, and with the shifting of focus from significant accounting policies to material accounting policy information. These changes were seen to encourage professional judgment, which would reduce immaterial disclosure and make the notes more relevant, while maintaining appropriate alignment with IFRS guidance.

5. A significant majority of respondents supported both PV 15 (74%) and PV 16 (72%). Respondents acknowledged that alternative public sector performance measures that would meet the IFRS 18 management-defined performance measures (MPM) definition were not prevalent in the public sector and that there was insufficient evidence supporting the need to incorporate the IFRS 18 requirements or develop an amended public-sector framework. Although in support of the PVs, some respondents nevertheless encouraged continued monitoring and future consideration of the adequacy of existing guidance.

6. The minority of respondents that disagreed with PV 15 and PV 16 (7% respectively) noted that the complete exclusion of the IFRS 18 MPM requirements was inappropriate for the public sector. These respondents proposed an accounting policy choice to present MPMs or encouraged the development of a public-sector-specific approach to improve the transparency of material fiscal, budgetary and other alternative financial measures, particularly where those measures differ from IPSAS-based information.

Recommendation

7. Staff recommend that the IPSASB review Staff's analysis of responses and confirm that no other significant issues have been identified.