

JULY 14, 2025

DEFINITION OF MATERIAL

ED 93 CONSULTATION RESPONSE



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Manj has over 30 years' experience working in public sector, focusing on implementation of accrual accounting across UK central Govt departments and the Whole of Government Accounts consolidation. She has advised several jurisdictions on implementing accrual accounting.

Manj has particular interest in supporting governments to address the practicalities of implementing IPSASs.



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Dear IPSASB secretariat

ED 93: Definition of Material (Amendments to IPSAS 1, IPSAS 3, and the Conceptual Framework)

Thank you for the opportunity to comment on Exposure draft 93: definition of material.

Determining what is material is fundamental in deciding what is included into the financial statements. However it is often difficult for many practitioners to determine what is material especially in those jurisdictions where there is traditionally a rules based approach rather than a principles based approach, requiring individually to exercise professional judgment. Therefore additional clarity as to what it is meant by materiality by updating the definition and then develop additional practical guidance to explain what it is material is to be welcomed.

Aligning the definition to the revised definition used in IAS 1 and 8 by including the term obscuring is logical. To make information useful for users to be able to make informed decisions requires only relevant information to be included rather than be hidden with too much information that can hinder salient information being clear to the users.

Similarly, the clarification in the definition to expand from could influence to 'could reasonably be expected to influence' may help users.

IPSASB's role in developing standards that will be applicable consistently in all scenarios/different jurisdictions, is very challenging. As such who is included as a primary user of the GPFR will also differ. Hence, it is not clear whether adding the distinction regarding primary users compared to users of the general purpose financial reports will achieve the desired outcome i.e. clarity as to what is included in the GPFR. More clarity as to what this distinction is seeking to achieve may help.

To ensure IPSASB move at pace and provide clarity to the increasing number of jurisdictions adopting IPSAS, the phased approach is sensible. Clarifying the definition of materiality helps provide the foundation, however every aim should be made to provide practical examples as planned in phase 2 as soon as possible, followed by phase 3 to think about materiality in the context of sustainability reporting.



Thank you once again for the opportunity to comment.

Please do not hesitate to contact me for further information.

Yours sincerely,

A handwritten signature in black ink, reading "M Kalar". The signature is stylized, with the first letters of the first and last names being capitalized and prominent. A horizontal line is drawn underneath the signature.

Manj Kalar

Principal consultant

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