Date: June 28, 2026

Mr. Ross Smith

Program and Technical Director,

International Public Sector Accounting Standards Board

International Federation of Accountants

70 York Street, Suite 710

Toronto, ON M5J 1S9

Canada

RE: Comments on ED 95, *Improvements to IPSAS Accounting Standards – Volume 10*

Dear Mr. Smith,

We welcome the opportunity to comment on ED 95, *Improvements to IPSAS Accounting Standards – Volume 10*. We have consulted with our stakeholders on this ED and are pleased to attach our comments on the ED as Appendix 1.

Should you have any queries concerning the matters in this submission, or wish to discuss them in further detail, please reach me at:

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Yours sincerely,

Abdullah Alhomaida

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The Ministry of Finance

Riyadh, Saudi Arabia

Appendix 1 –ED 95, *Improvements to IPSAS Accounting Standards – Volume 10*

Part 1 – Supplier Finance Arrangements (SFA):

We support the proposed amendments to require disclosures on the use of supplier finance arrangements and the liquidity risks which could result from these arrangements.

In the KSA public sector, supplier finance arrangements are generally uncommon because payments to suppliers, particularly for budgetary entities, are centrally processed through government treasury platforms in accordance with strict fiscal controls and regulations. Government entities are generally not permitted to enter into financing arrangements without specific legal authorization, and the current payment infrastructure does not typically support the transfer of supplier obligations to third-party finance providers. Nevertheless, the proposals remain relevant for SOEs that prepare financial statements under IFRS Accounting Standards and subsequently convert them to IPSAS Accounting Standards for consolidation at the whole-of-government level. We also acknowledge the IPSASB's observation that, while fiscal rules may preclude some government entities from entering into supplier finance arrangements, such arrangements may be used by other public sector entities.

To promote consistent application, we recommend that the IPSASB include additional public sector-specific implementation guidance clarifying that centralized treasury payment systems, Treasury Single Account mechanisms, shared service payment arrangements, ordinary procurement payables, delayed budget releases, procurement cards, government guarantees, and letters of credit do not, in themselves, constitute supplier finance arrangements merely because a central body processes the payment. A supplier finance arrangement should exist only where a third-party finance provider provides early payment to suppliers or extended payment terms to the reporting entity, thereby changing the timing, classification, or liquidity risk profile of the related liabilities.

Part 2 - Classification and Measurement of Financial Instruments:

The classification as a financial instrument at fair value through net assets/equity certainly exists and electronic payment systems are used very frequently in the public sector in the public sector. Therefore, we agree with these proposed amendments. However, guidance should clarify that derecognition is inappropriate where the entity, treasury, or central bank retains a practical ability to withdraw, stop, recall, or cancel the payment instruction before final settlement, and we encourage the inclusion of practical examples that are relevant to the public sector.

Part 3 - Contracts Referencing Nature-Dependent Electricity (NDE):

Contracts referencing NDE are prevalent in public sector utility entities, which may be part of the government itself or consolidated based on control. Examples include electricity generated by hydroelectric, solar or wind plants. We therefore welcome the inclusion of guidance on such contracts, as proposed by IPSASB. We suggest adding examples helping to distinguish contracts entered into for own-use electricity needs from contracts entered into for trading, market-making, or policy-intervention purposes. We also suggest clarifying the interaction with onerous contract assessments under IPSAS 19. In the public sector, entities may accept above-market prices or volume risk for policy reasons, such as renewable energy commitments. The disclosure should help users distinguish financial risk from policy driven procurement decisions.

Part 4 – Lack of Exchangeability:

Although the Saudi Arabian Riyal is exchangeable against all major currencies, there might be currencies which are, indeed, not exchangeable. We do not see any public sector specific reason why this should affect the public sector in a different way from the private sector. Since the proposed definition of exchangeability in IPSAS 4 applies at entity level, it adequately reflects the situation in which a government has privileged access to foreign currency. In such a situation a currency might be exchangeable for the government even if this is not the case for private sector entities. We therefore agree with the proposed amendments.

Part 5 - Amendments to IPSAS 30, *Financial Instruments: Disclosures*, for Consistency with Other IPSAS Standards:

We support the proposed amendments aimed at editorial consistency between IPSAS standards and maintaining alignment with IFRS.

Part 6 - Derecognition of Lease Liabilities and Transaction Price:

We support the proposed clarifications on the derecognition criteria of lease liabilities and the determination of a transaction price, in order to keep alignment with IFRS as well as the proposed editorials to achieve consistency between IPSAS Standards.

Part 7 - Terminology Regarding the Cost Method:

We support the proposed amendments to achieve editorial consistency between IPSAS standards regarding the cost method and maintain alignment with IFRS.

Part 8 - De facto Agents:

We support the amendments to ensure better internal consistency in the application guidance regarding de facto agents and maintain alignment with IFRS.

Part 8 - Hedge Accounting by a First-Time Adopter:

We support the amendments relating to the guidance on hedge accounting upon the first-time adoption of IPSAS Standards to provide clarification and maintain alignment with IFRS.

Other Comments:

The following table identifies editorial issues in the ED:

Location	Issues	Suggested Corrections
Page 14, AG18(h)	"Has instruments that allows…"	"Has instruments that allow…"
Page 14, AG18(i)	"agreements.; or"	"agreements; or"
Pages 20-21, IG11A-IG11B	Inconsistent use of "Entity A" and "the Company"	Use "Entity A" consistently
Page 24, AG47B	Cross-reference to "paragraphs B3.3.8(a) and (b)" appears to be an IFRS 9 leftover reference	Replace with the relevant IPSAS 41 paragraph reference, likely AG47A(a) and AG47A(b)
Page 30, 5D	"with regards to"	"with regard to" or "regarding"