

Financial Reporting Council

MONTHLY UPDATES (December 2023) – IPSASB ENEWS

The International Public Sector Accounting Standards Board (IPSASB) held its final meeting of the year from December 5-8 in Toronto, Canada.

The topics discussed at the meetings were on the following:

1. [Natural Resources - IFRS Alignment](#)
2. [IPSAS 33 - Limited Scope Update](#)
3. [Sustainability – Climate - Related Disclosures](#)
4. [Natural Resources](#)
5. [Measurement - Application Phase](#)
6. [Presentation of Financial Statements](#)
7. [IFRIC Alignment - Narrow Scope Amendments](#)
8. [Navigating IPSAS - Practical Support Material](#)
9. [Other Lease -Type Arrangements](#)

1. Natural Resources - IFRS Alignment

The IPSASB approved Exposure Draft (ED) 86, *Exploration for and Evaluation of Mineral Resources*, which provides the accounting guidance related to the costs incurred in the exploration and evaluation of mineral resources, and ED 87, *Stripping Costs in the Production Phase of a Surface Mine* (Amendments to IPSAS 12, *Inventories*), which provides guidance on how to account for costs incurred to remove waste material in a surface mining operation.

ED 86 and ED 87 will be exposed in Q1 2024, with a four-month comment period.

2. IPSAS 33 - Limited Scope Update

Following the completion of an initial research phase on the implementation experience of IPSAS 33, *First Time Adoption of Accrual Basis IPSASs* for a group of countries, the IPSASB approved a project brief for a limited-scope project to update and enhance IPSAS 33 to help ensure it is more helpful to initial adopters.

3. Sustainability – Climate - Related Disclosures

The IPSASB reviewed the objectives, scope and conceptual foundations for the development of the draft Climate-related Disclosures standard for the public sector. The IPSASB emphasized the public sector specificities, including its main objective to deliver services, its role as a policy setter and regulator, and its various responsibilities at different levels of government. In breakout sessions that included all members, technical advisors, observers and staff, the IPSASB sought feedback on technical topics and issues planned for consideration in March 2024 related to governance, strategy and risk management sections of the developing draft standard.

4. Natural Resources

The IPSASB agreed on revised recognition criteria and initial measurement proposals, consistent with the Conceptual Framework and IPSAS for tangible assets. The IPSASB also decided that the guidance on natural resources should be in a standalone IPSAS.

5. Measurement - Application Phase

The IPSASB continued its discussion on the applicability of Current Operational Value (COV) to various IPSAS. The IPSASB decided to amend IPSAS 3, *Accounting Policies, Changes in Accounting Estimates and Errors* to clarify that a change in the measurement model is a change in accounting policy. The IPSASB also considered COV examples related IPSAS 21, *Impairment of Non-Cash-Generating Assets* to better understand how adding it might work when undertaking impairment testing.

6. Presentation of Financial Statements

The IPSASB agreed its Consultation Paper (CP) would explore an approach that allows different presentation approaches in IPSAS. The provision of different presentation approaches was supported based on the increased flexibility it would provide to public sector entities to provide a presentational approach more useful to the entities specific users. In breakout sessions, IPSASB members, technical advisors, observers and staff considered topics related to potential categorization and sub-totals in the statement of financial performance.

7. IFRIC Alignment - Narrow Scope Amendments

The IPSASB began to review those IFRIC and SIC Interpretations not yet considered by the Board to determine whether they were public sector relevant. The IPSASB concluded on how it would determine which IFRIC and SIC Interpretations to propose for inclusion in IPSAS, and decided that IFRIC 7, *Applying the Restatement Approach Under IAS 29, Financial Reporting in Hyperinflationary Economies* is applicable to the public sector, and should be incorporated into IPSAS 10, *Financial Reporting in Hyperinflationary Economies*. The remaining outstanding items not yet considered will be discussed by IPSASB in March 2024.

8. Navigating IPSAS - Practical Support Material

The IPSASB considered a draft of a feedback statement to communicate to constituents the IPSASB's decision to support development of practical support material by a strategic partner organization as opposed to pursuing a Differential Reporting standard-setting project.

The *Differential Reporting Feedback Statement* is planned for publication in January 2024.

9. Other Lease -Type Arrangements

The IPSASB continued the review of responses to ED 84, *Concessionary Leases and Right-of-Use Assets In-Kind*. The IPSASB decided to develop and then expose a standalone ED with non-authoritative guidance on the remaining arrangements included in the Request for Information, *Concessionary and Other Arrangements Similar to Leases*. The new ED will complement ED 84 and propose to update the most recent IPSAS on Revenue and Transfer Expenses on this topic.

For further information: mailchi.mp/ipsasb/dec-2023-eneews-282773?e=a9b2fac2c1