

PRESENTATION OF FINANCIAL STATEMENTS

IPSASB Meeting – September 2023

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AGENDA

- 1. Education Session on IPSAS 22 and IPSAS 24**
- 2. Approval of Project Brief (Agenda Items 10.2.1 and 10.2.2)**
- 3. Project Management Update: Consultation Paper Stage (Agenda Items 10.2.3)**



AGENDA

1. Education Session on
IPSAS 22 and IPSAS 24

Relevant IPSAS, Objectives and Applicability

IPSAS Related to Presentation of Financial Statements on Accrual Basis

IPSAS 1
Presentation
of Financial
Statements

IPSAS 2
Cash Flow
Statements

IPSAS 24
Presentation
of Budget
Information in
Financial
Statements *

IPSAS 22
Disclosure of
Information
About the
General
Government
Sector **

Separate and Consolidated
Financial Statements

Consolidated
Financial Statements

* Entities are required
to, or elect to, make
approved budget
publicly available

** Government elects to
present information on
General Government
Sector if consolidated in
the financial statements

IPSAS 24 — Summary

- Comparison
 - Approved Budget (Original/Final/Both) vs. Actual Amounts
 - Separate column in the financial statements (only if budget and actual on comparable basis), or
 - Separate “Statement of Comparison of Budget and Actual Amounts”
 - Actual presented on a Comparable Basis to the Budget
 - Accounting – Accrual, Cash, Other
 - Classification
 - Entities
 - Period

Aggregated budget
information

Comparatives not
required

IPSAS 24 — Summary

- **Reconciliation** of Actual Amounts on Comparable Basis and Actual Amounts in Financial Statements
 - Budget on Accrual accounting basis
 - Total Revenues; Total Expenses ; and Net cash flows from operating, investing, financing
 - Budget not on Accrual accounting basis
 - Net cash flows from operating, investing, financing
 - Differences can arise from: Basis; Timing; Entity; or Classification
- **Explanations** in the notes
 - Budgetary and classification basis of the Approved Budget
 - Changes between Original and Final Budget
 - Material differences between Final Budget and Actual

Disclosed in the
financial statements
or the notes

Agenda Item 10 – Presentation of Financial Statements

Illustrative Example: Government of Canada—Condensed Consolidated Financial Statements—year ended March 31, 2022

Condensed Consolidated Statement of Operations and Accumulated Deficit for the Year Ended March 31, 2022

\$ millions

	2022 Budget (Note 3)	2022 Actual	2021 Actual
Revenues			
Income tax revenues	240,497	287,989	236,974
Other taxes and duties	57,308	62,680	46,954
Employment insurance premiums	23,657	23,856	22,392
Proceeds from the pollution pricing framework	6,352	6,341	4,380
Other revenues	27,315	32,411	5,746
Total revenues	355,129	413,277	316,446
Expenses			
Transfer payments			
Old age security benefits and related payments	62,474	60,774	58,529
Major transfer payments to other levels of government	90,500	88,386	106,653
Employment insurance and support measures	41,179	38,923	58,356
Children's benefits	27,190	26,226	27,370
COVID-19 income support for workers	13,918	15,582	55,832
Canada emergency wage subsidy	25,955	22,291	80,166
Proceeds from the pollution pricing framework returned	6,924	3,814	4,566
Other transfer payments	84,960	88,478	97,961
<i>Total transfer payments</i>	<i>353,100</i>	<i>344,474</i>	<i>489,433</i>
Other expenses, excluding net actuarial losses	122,465	124,342	119,089
Total program expenses, excluding net actuarial losses	475,565	468,816	608,522
Public debt charges	22,066	24,487	20,358
Total expenses, excluding net actuarial losses	497,631	493,303	628,880
Annual deficit before net actuarial losses	(142,502)	(80,026)	(312,434)
Net actuarial losses	(12,210)	(10,186)	(15,295)
Annual deficit	(154,712)	(90,212)	(327,729)
Accumulated deficit at beginning of year	(1,048,746)	(1,048,746)	(721,360)
Other comprehensive income	-	4,465	343
Accumulated deficit at end of year	(1,203,458)	(1,134,493)	(1,048,746)

The accompanying notes are an integral part of these condensed consolidated financial statements.

Condensed Consolidated Statement of Change in Net Debt for the Year Ended March 31, 2022

\$ millions

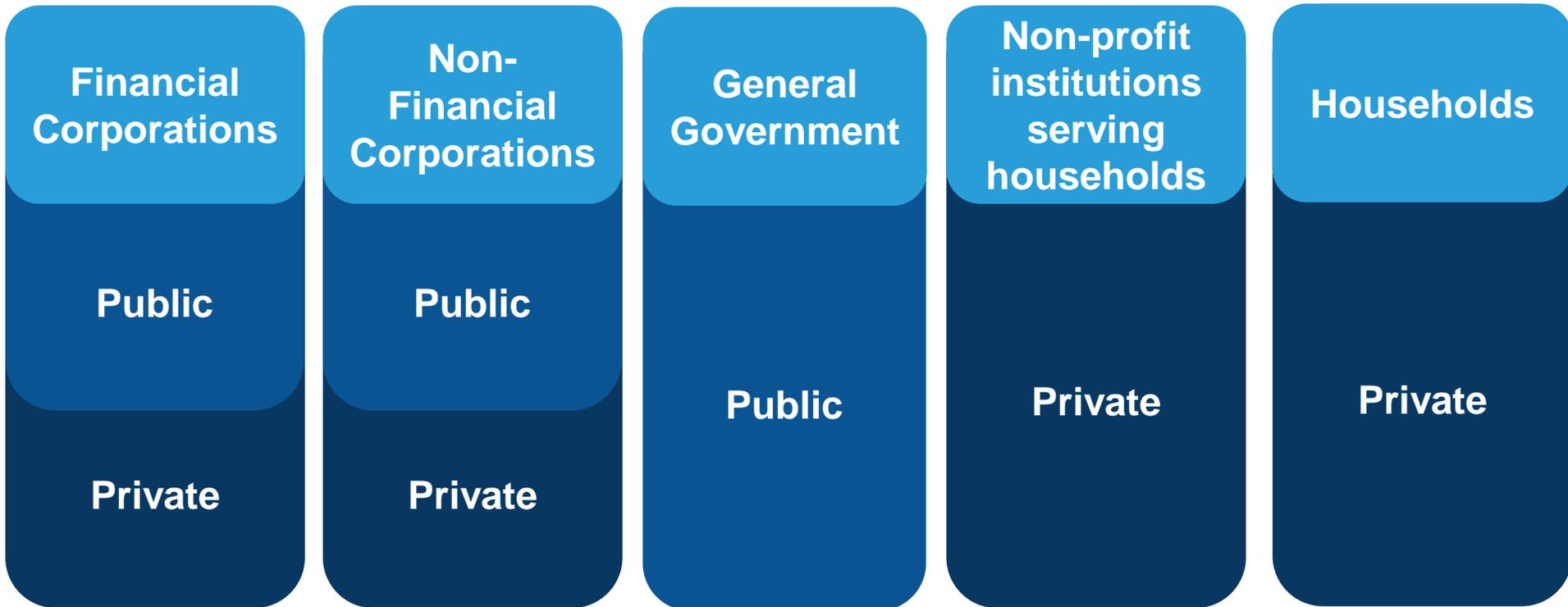
	2022 Budget (Note 3)	2022 Actual	2021 Actual
Net debt at beginning of year	(1,149,825)	(1,149,825)	(812,891)
Change in net debt during the year			
Annual deficit	(154,712)	(90,212)	(327,729)
Acquisition of tangible capital assets	(11,197)	(9,588)	(10,127)
Amortization of tangible capital assets	6,009	5,433	5,969
Other	2,272	1,361	(5,390)
Net increase in net debt due to operations	(157,628)	(93,006)	(337,277)
Other comprehensive income	-	4,465	343
Net increase in net debt	(157,628)	(88,541)	(336,934)
Net debt at end of year	(1,307,453)	(1,238,366)	(1,149,825)

The accompanying notes are an integral part of these condensed consolidated financial statements.



IPSAS 22 — Summary

The public sector and its relation to institutional sectors



Source: 2008 System of National Accounts

IPSAS 22 — Summary

- **Apply** to GGS the Accounting Policies adopted for Consolidated Financial Statements, except:
 - No elimination of balances and transactions between GGS with interests in PFC/PNFC sectors
 - Investment by GGS in PFC/PNFC sectors are Assets measured at the Carrying Amount of Net Assets of investee
- **Disclosures**
 - Minimum information per §35 (incl.: Assets by major class; Revenue by major class), presented as:
 - Note disclosure
 - Separate column in financial statements; or
 - Other appropriate presentation
 - Significant controlled entities that are included in GGS (including changes and explanation)

Does not replace requirements in IPSAS 18, *Segment Reporting*

Disaggregation of GGS information allowed

Reconciliation to Consolidated FS required

Reconciliation to info on Statistical Basis allowed

Agenda Item 10 – Presentation of Financial Statements

Illustrative Example: HM Treasury—Whole of Government Accounts—year ended 31 March 2021

Public Sector Net Debt compared to total WGA net liabilities

	2020-21	2019-20	2018-19
	£bn	£bn	£bn
Public Sector Net Debt (National Accounts)	1,835	1,806	1,774
Add liabilities not recognised in National Accounts:			
Net public sector pensions liability	2,306	2,190	1,894
Provisions	366	375	311
PFI contracts	27	31	32
Adjust assets measured differently in national accounts:			
Asset Purchase Facility	(1,557)	(181)	(194)
Unamortised premia on gilts	62	62	56
UK Asset Resolution (UKAR) net impact on net debt	5	(1)	(2)
Add assets and liabilities excluded from measure of PSND:			
Property, plant and equipment	(1,270)	(1,313)	(1,268)
Investment property	(17)	(24)	(23)
Intangible assets	(41)	(40)	(37)
Trade and other receivables	(43)	(45)	(41)
Prepayments and accrued income	(79)	(88)	(108)
Inventories	(15)	(11)	(10)
Investments	(41)	(33)	(53)
Trade and other payables	44	56	51
Accruals and deferred income	81	66	61
Deduct liabilities not yet recognised in WGA			
Housing associations	-	-	-
Other adjustments including eliminations	1,663	(16)	13
Net liabilities (WGA)	3,326	2,834	2,456

Public sector current budget deficit

	2020-21	2019-20	2018-19
	£bn	£bn	£bn
Public sector current budget deficit/(surplus) (National Accounts)	204	4	(6)
Add expenditure on liabilities excluded from National Accounts:			
Increase in provisions	32	74	21
Adjust expenditure calculated differently from National Accounts:			
Public sector pensions	-	-	-
Depreciation and amortisation	(16)	(19)	(15)
Impairments and revaluations of assets	27	16	13
Net (gains)/Losses on sale of assets	1	2	4
Capital grants	42	9	10
Research and development	2	2	2
Other adjustments including eliminations	39	17	27
Net expenditure on public services (WGA)	331	105	56
Financing costs of long-term liabilities, including discounting	56	67	(57)
Revaluation of financial assets and liabilities	17	20	(1)
Total net expenditure / (income) (WGA)	404	192	(2)





AGENDA

2. Approval of Project Brief
(Agenda Items 10.2.1 and
10.2.2)

Actioned IPSASB's Decisions & Instructions from the June 2023 Meeting

- **Objective**—“Enhance communication of financial information by replacing IPSAS 1, *Presentation of Financial Statements*” (§4.1 of [draft] Project Brief).
- **Scope**—Financial statements in IPSAS 1 and consequential amendments to other IPSAS (§5.1–5.3 of [draft] Project Brief).
- **Final Output**—Issuance of a new IPSAS on presentation of financial statements that will replace IPSAS 1 (§7.8 of [draft] Project Brief).
- **Four significant issues:**
 - Consistency with Conceptual Framework (§5.4–5.8 of [draft] Project Brief);
 - Identification of user’s needs (§5.9– 5.14 of [draft] Project Brief);
 - Alignment with Government Finance Statistics (GFS) (§5.17–5.22 of [draft] Project Brief); and
 - Alignment with International Financial Reporting Standards (IFRS) (§5.23–5.39 of [draft] Project Brief).
- **Consultation paper stage**, including an illustrative Exposure Draft (§7.2 of [draft] Project Brief).

Approval of Project Brief, *Presentation of Financial Statements*

Analysis

- **June 2023:**
 - IPSASB discussion of key topics to be included in the project brief
 - IPSASB CAG consulted on some topics to be included in the project brief
- **September 2023:**
 - Page-by-page review of [draft] Project Brief
 - Consider critical comments that require updates to the Project Brief

Recommendation

- Approve the Project Brief, *Presentation of Financial Statements*



AGENDA

- 3. Project Management Update: Consultation Paper Stage (Agenda Item 10.2.3)**

Project Management Update: Consultation Paper Stage

- **June 2025:** Approval of Consultation Paper (7 meetings)
- The topics generally follow the sequence of topics in IPSAS 1.
- At each meeting, at least one key issue identified in the Project Brief would be discussed.
- Chapters of the Consultation Paper and the illustrative Exposure Draft written at the same time, including the IPSASB’s preliminary views.
- Basis for Conclusions reviewed by the IPSASB at the next meeting related to decisions taken in the previous meeting.
- Implementation Guidance and Illustrative Examples discussed once the principles in the authoritative part of the illustrative Exposure Draft and corresponding text in the Consultation Paper are finalized by the IPSASB.

Topic	Sept 2023	Dec 2023	Mar 2024	Jun 2024	Sept 2024	Dec 2024	Mar 2025	Jun 2025
Overall Project Management								
Approval of Project Brief	📅							
Approval of Consultation Paper								📅
Consultation Paper & Illustrative Exposure Draft								
Objective		📅						
Scope		📅						
Purpose of Financial Statements		📅						
Presentation of Other Comprehensive Income & Other Economic Flows		📅						
Definitions and Terminology			📅					
Overall Considerations/General Features			📅					
Responsibility for Financial Statements			📅					
Identification of Users' Needs of Information in the Financial Statements			📅					
Identification of the Financial Statements				📅				
Reporting Period and Timeliness				📅				
Statement of Financial Position				📅				
Statement of Changes in Net Assets/Equity				📅				
Statement of Financial Performance					📅			
Statement of Other Comprehensive Income & Other Economic Flows					📅			
Notes (including IASB's disclosure initiative)					📅			
Titles of Financial Statements						📅		
Complete Set of Financial Statements						📅		
IFRIC 17, <i>Distributions of Non-cash Assets to Owners</i>						📅		
Linkages with IPSAS 2, IPSAS 22, and IPSAS 24							📅	
Transition							📅	
Non-Authoritative Text of Illustrative Exposure Draft								
Basis for Conclusions		📅	📅	📅	📅	📅	📅	📅
Implementation Guidance						📅	📅	
Illustrative Examples						📅	📅	