

Meeting: International Public Sector Accounting Standards Board

Meeting Location: Toronto, Canada

Meeting Date: June 25–28, 2024

Agenda Item 5

For:

Approval

Discussion

Information

IPSAS 33–LIMITED SCOPE UPDATE

Project summary	The objective of this project is to address stakeholder concerns with IPSAS 33, <i>First-Time Adoption of Accrual Basis IPSASs</i> to be more user-friendly and effective.	
Project staff leads	Christoph Braxton, Principal	
Subject matter expert	Abdullah Alhomaida, Ministry of Finance, Saudi Arabia	
Task Force members	<ul style="list-style-type: none"> • Abdullah Al-Mehthil, IPSASB Member (Task Force Chair) • Nor Yati Ahmad, IPSASB Member • Kamira Sanchez Nicosia, IPSASB Member • David Watkins, IPSASB Technical Advisor • Admire Ndurunduru, Pan-African Federation of Accountants • Lindy Bodewig, National Treasury, South Africa • Paul Sama, Ministry of Finance, Cameroon 	
Meeting objectives	Topic	Agenda Item
Project management	Exposure Draft Dashboard	5.1.1
	Instructions up to Previous Meeting	5.1.2
	Decisions up to Previous Meeting	5.1.3
	Project Roadmap	5.1.4
Decisions required at this meeting	Amendments to Authoritative Text	5.2.1
	Changes to Measurement Guidance	5.2.2
	New Implementation Guidance	5.2.3
	Amendments to Other IPSAS	5.2.4
	Other Additions and Revisions	5.2.5
	Approval of [Draft] Exposure Draft (ED) [XX]	5.2.6
Other supporting items	[draft] ED [XX], <i>IPSAS 33, First-Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSAS)(2025)</i>	5.3.1
	Amendments to IPSAS 33 (Marked Up Version)	5.3.2
	Table of Concordance for IPSAS 33	5.3.3

**IPSAS 33–LIMITED SCOPE UPDATE:
 EXPOSURE DRAFT DASHBOARD**

Topic	Past Meetings	March 2024	June 2024
Overall Project Management			
Project Planning	✓		
Project Brief	✓		
Review and Approval of IPSAS 33 Limited Scope Update			
IPSAS 33 – Authoritative Text			
Objective & Scope			
Definitions			
Recognition & Measurement			
Opening Statement of Financial Position on Adoption of IPSAS			
Accounting Policies			
Exceptions to the Retrospective Application of IPSAS			
Estimates			
Presentation & Disclosure			
Exemptions from Disclosure Requirements in IPSASs During the Period of Transition			
Explanation of Transition to IPSAS			
Reconciliations			
Transitional Provisions in other IPSAS			
Effective Date			
Withdrawal of IPSAS 33 (issued 2015)			
Application Guidance			
IPSAS 33 – Non-Authoritative Text			
Basis for Conclusions			
Implementation Guidance			
Illustrative Examples			

Agenda Item 5.1.1

Legend	
	Task Completed
	Planned IPSASB Discussion
	Page-by-page Review

INSTRUCTIONS UP TO PREVIOUS MEETING

Meeting	Instruction	Actioned
March 2024	1. Limit the Implementation Guidance to what is needed and helpful.	1. Refer Agenda Item 5.2.3
March 2024	2. Provide appropriate and consistent high-level references to non-IPSAS sources used in the development of the Implementation Guidance.	2. Refer Agenda Item 5.2.3
March 2024	3. Draft the Basis for Conclusions to reflect the reasons for the changes being made to IPSAS 33.	3. Refer Agenda Item 5.2.5
December 2023	1. Develop Implementation Guidance to distinguish first-time adoption of all IPSAS from a phased approach.	1. Refer Agenda Item 5.2.3 for overview of Implementation Guidance development.

DECISIONS UP TO PREVIOUS MEETING

Meeting	Decision	BC Reference
March 2024	1. Implementation Guidance be included to support first-time adopters’ transition to accrual basis IPSAS, leveraging Pathways to Accrual, where appropriate.	1. BC141 in [draft] ED
March 2024	2. Implementation Guidance be revisited to encourage first-time adopters to incrementally, and as soon as possible, apply IPSAS.	2. BC140 in [draft] ED
March 2024	3. The Task Force should be delegated to perform a detail review of the current Implementation Guidance.	3. N/A – This is a process decision of the IPSASB. The Task Force is a sub-group for the IPSASB.
March 2024	4. Exemption provisions, for up to a maximum of three years, be rephrased to emphasize that fact and encourage earlier full application of the relevant IPSAS as soon as possible.	4. BC140 in [draft] ED
March 2024	5. The authoritative text in IPSAS 33 should be reorganized according to current standard-setting practice.	5. BC140 in [draft] ED
December 2023	1. The IPSASB voted to approve the Project Brief, IPSAS 33 – Limited Scope Update Arrangements.	1. BC138 and BC139 in [draft] ED
September 2023	1. Material in IPSAS 33 shall be rearranged by topic and non-authoritative guidance shall be added.	1. BC140 in [draft] ED

**IPSAS 33–LIMITED SCOPE UPDATE:
 PROJECT ROADMAP**

Meeting	Completed Actions or Discussions / Planned Actions or Discussions:
September 2023	1. Discussion to determining the best option to improving IPSAS 33, First-Time Adoption of Accrual Basis IPSASs to better enable the use of IPSAS 33 in practice.
December 2023	1. Approve project brief.
March 2024	1. Discuss Issues 2. Review the Implementation Guidance (IGs) Approach and Structure.
June 2024	1. Review [draft] Exposure Draft (ED). 2. Approve ED.
July 2024	1. Issue Exposure Draft.
August 2024- November 2024	1. Consultation Period (4 months).
December 2024	1. Initial Review of Comments to Exposure Draft. 2. Discuss Issues.
March 2025	1. Initial Review of Comments to Exposure Draft. 2. Discuss Issues. 3. Review [draft] IPSAS.
June 2025	1. Approve Pronouncement.

Amendments to Authoritative Text

Question

1. Does the IPSASB agree with the proposed changes to the authoritative text of IPSAS 33?

Recommendation

2. Staff recommend that the IPSASB:
 - (a) Confirm its instructions to amend the authoritative text had been addressed; and
 - (b) Confirm the exclusion of authoritative text from original IPSAS 33 to minimize duplication.

Background

3. IPSAS 33 provides exemptions and other transitional provisions for first-time adopters to adopt accrual basis IPSAS. The Standard does not prescribe the recognition, measurement, presentation and disclosure for items in the financial statements. Instead, those requirements are contained in other IPSAS. However, given the public sector challenges in transitioning to accrual basis IPSAS, IPSAS 33 provides exemptions to help entities that are taking a phased approach to their transition.
4. The IPSASB approved the project brief for this limited scope project in December 2023. The objective of the project is to make IPSAS 33 more user-friendly and effective in its application. In developing an exposure draft to meet this objective, in December 2023 and March 2024, the IPSASB has agreed to amend IPSAS 33 as follows:
 - (a) Rephrase exemption provisions to emphasize the limit of the transition period to be a maximum of three years and encourage earlier full application of the relevant IPSAS as soon as possible.
 - (b) Reorganize the authoritative text according to current standard-setting practice, between:
 - (i) Core text, which presents the objective and scope of IPSAS 33, and the requirements for first-time adopters using IPSAS 33; and
 - (ii) Application Guidance, which presents guidance regarding the exemptions available to a first-time adopter using IPSAS 33.
 - (c) Delete guidance in IPSAS 33 to improve the usefulness of the Standard.

The IPSASB decision to rearrange and “streamline” guidance, remove duplication, and also delete certain paragraphs (that either replicate guidance in other IPSAS, or other parts of IPSAS 33 align with the overall intent and purpose of the Standard, i.e., to support entities in their transition to accrual basis IPSAS.

5. The IPSASB completed a page-by-page review of the authoritative text at the March 2024 meeting. Members provided instructions and offline comments for staff to consider. This paper summarizes staff’s process in addressing these instructions and comments.

Analysis

Addressing Decisions, Instructions/Comments and Other Items since March 2024

6. [draft] ED [XX], *IPSAS 33, First-Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSAS)(2025)*, has been amended to reflect all of the IPSASB’s decisions and instructions, as follows, in the manner approved by the IPSASB, summarized in paragraph 4:

- (a) Rephrasing of the relevant paragraphs in the authoritative text to emphasize that a first-time adopter may elect to apply the related exemptions, and that the transition period is limited to a maximum of three years. Consequently, a first-time adopter is expected to apply IPSAS incrementally and as soon as possible during the transition period; and
 - (b) Finalizing the reorganization of the authoritative text.
7. Staff further completed the amendment of Application Guidance for Entity Combinations (paragraphs AG38-AG55 of [Agenda Item 5.3.1](#)) and Financial Instruments (paragraphs AG84-AG106 of [Agenda Item 5.3.1](#)), which was ongoing at the March 2024 meeting, by clarifying and refining the extensive text on these topics. Staff believe the guidance is now more user friendly for these complex areas of accounting.
8. Other consequential amendments included wording changes to reflect consistency within the Standard and with other IPSAS, and other editorials.

Existing Authoritative Text from Original IPSAS 33 not Incorporated

9. In March 2024, Staff proposed excluding paragraphs from the authoritative text of original IPSAS 33 to improve the usefulness of the Standard. In preparing the ED for IPSASB approval in June, staff completed a thorough review of paragraphs in IPSAS 33 by assessing how each paragraph in original IPSAS 33 was considered in developing the ED. Through this work, staff noted that 52 (27%) paragraphs from original IPSAS 33 have not been incorporated into the ED. These exclusions do not substantially change the objective, scope, nor available exemptions in the Standard. Rather, it reduces duplication of guidance within IPSAS 33, and removes repetition of guidance included in other IPSAS. The deletions are summarized as follows:
- (a) 24 (46%) paragraphs repeat the guidance of its respective preceding paragraph, in simpler language, and adds an example in some cases. These paragraphs were deemed not relevant as authoritative text;
 - (b) 5 (10%) paragraphs support the paragraphs in (a) and are consequential deletions;
 - (c) 5 (10%) paragraphs encourage first-time adopters to apply IPSAS principles sooner during the transition period. This encouragement has now been included in the respective exemption paragraphs;
 - (d) 3 (6%) paragraphs were deleted due to lack of relevance as authoritative text; and
 - (e) 15 (289%) paragraphs relate to effective dates of previous consequential amendments and are no longer relevant.
10. Refer to the Table of Concordance included as [Agenda Item 5.3.3](#) for the specific deleted paragraphs.

Reviewing Amendments

11. Overall, the amendments made to IPSAS 33 are in line with the objective of the limited scope project to address stakeholder concerns by improving the understandability and user-friendliness of the Standard, and to reflect the IPSASB's decisions in achieving this objective. [Agenda Item 5.2.6](#) provides additional detail to support the assertion that all amendments made to IPSAS 33 have not substantially changed the scope, objective, nor requirements in IPSAS 33.

12. The IPSASB completed a page-by-page review in March 2024. Members are encouraged to review the additional changes made to the authoritative text since March 2024, and provide any substantive comments on the changes to staff. Please contact staff if you wish to receive a detailed track changes version of the [draft] ED which presents changes since March 2024 (not included for the sake of brevity).¹ Editorials are welcome to be provided offline.

Decision Required

13. Does the IPSASB agree with Staff's [recommendation](#)?

¹ Agenda Item 5.3.2 includes all changes to the original IPSAS 33, consistent with changes previously presented.

Changes to Measurement Guidance

Question

1. Does the IPSASB agree with the proposed amendments to IPSAS 33 regarding the measurement exemptions and related disclosures?

Recommendation

2. Staff recommend the IPSASB to:
 - (a) Approve the re-introduction of the definition of deemed cost in IPSAS 33, aligned with IPSAS 46, *Measurement*;
 - (b) Approve the revision of guidance to include current operational value as a measurement basis for deemed cost, consistent with decisions on the Measurement Application Phase project;
 - (c) Replacing the amendments to IPSAS 33, originally made by IPSAS 46 pertaining to disclosures, with more succinct guidance.

Background

3. This IPSAS 33 limited scope project prompted staff and the IPSASB to comprehensively consider the content, structure, understandability, and user-friendliness of IPSAS 33. IPSAS 33 provides exemptions related to measurement and includes recent decisions and changes because of the IPSASB's Measurement projects.
4. IPSAS 46, issued in May 2023, included amendments to IPSAS 33. Those amendments were:
 - (a) The deletion of the definition of "deemed cost";
 - (b) The provision of current operational value as a measurement basis for deemed cost of property, plant and equipment; and
 - (c) The addition of disclosure requirements where a current value measurement basis (either current operational value (COV) or fair value) is used.

Analysis

Definition of "deemed cost"

5. IPSAS 46 deleted the definition of "deemed cost" from IPSAS 33. However, staff noted that "deemed cost" is also of particular importance in the application of the exemptions in IPSAS 33, and therefore propose to re-insert the definition of "deemed cost" in IPSAS 33, aligned with the definition in IPSAS 46.

COV as deemed cost

6. The IPSASB confirmed in its Measurement Application Phase project that COV can be used to measure various assets, and serve as a measurement basis to determine deemed cost. As such, Staff conclude that it would be appropriate to update relevant measurement exemptions guidance on using deemed cost to include COV, for consistency with the IPSASB's decisions on the Measurement project.

Current Value Measurement Disclosures

7. Staff noted that paragraphs 152A to 152F, which were added to IPSAS 33 as a result of IPSAS 46, are:
 - (a) Not related to exemptions, but rather, they are disclosure requirements related to use of COV and FV for deemed cost. This additional guidance requires an entity who uses COV and/or FV for deemed cost to disclose the measurement techniques and inputs they use to derive that value; and
 - (b) A duplicate of disclosure requirements in other IPSAS (e.g., IPSAS 12, IPSAS 16, IPSAS 31, IPSAS 45), which applies after initial recognition.
8. Therefore, staff concluded that it would be more useful to include sub-bullet (aa) to IPSAS 33 paragraph AG25 to explicitly indicate that a first-time adopter who uses a current value measurement basis as deemed cost would need to disclose measurement techniques and inputs, and to use the relevant IPSAS (where that disclosure guidance already exists). This would still provide the intended information originally proposed by IPSAS 46, but also improve clarity for entities using IPSAS 33 and also limit duplication for guidance across IPSAS.

Paragraph AG25(aa) reads as follows:

“AG25. If a first-time adopter uses a current value measurement basis (i.e., current operational value or fair value) as deemed cost for inventory, investment property, property, plant and equipment, intangible assets, right-of-use assets, financial instruments, or service concession assets, its financial statements shall disclose:

...

(aa) The measurement techniques and inputs used to develop those current values, in accordance with the relevant IPSAS;

...”

9. Staff propose the removal of the existing disclosure guidance in IPSAS 33 included by IPSAS 46, and include the proposed limited disclosure.

Decision Required

10. Does the IPSASB agree with Staff's [recommendation](#)?

New Implementation Guidance

Question

1. Does the IPSASB agree with the addition of the developed IPSASB-approved and new Implementation Guidance (IG)?

Recommendations

2. Task Force and Staff recommend the IPSASB to:
 - (a) Approve the addition of the drafted IPSASB-approved IG; and
 - (b) Approve the addition of the proposed topics, and drafted New IG not previously considered.

Background

3. As part of [Agenda Item 11.2.3](#) in March 2024, the IPSASB reviewed a list of 7 proposed IG topics to clarify the existing guidance in IPSAS 33.
4. The IPSASB instructed staff to work with the Task Force to draft the approved topics for IGs.
5. In developing Implementation Guidance, staff considered common questions asked by first-time adopters in using IPSAS 33, reviewed existing IPSAS 33 IG guidance, and considered experience from Task Force members as representatives of their own jurisdictions/organizations.

Analysis

Developing IG Approved in March 2024

6. Staff developed Implementation Guidance for the 7 IPSASB-approved IG topics, with the support of the Task Force, to clarify the application of IPSAS 33 requirements and exemptions and clarify when IPSAS 33 becomes applicable in the context of the planning and preparation phase and the adoption of accrual IPSAS.
7. [Appendix 1](#) provides a summary of the IPSASB-agreed/approved IG topics, and the specific IG number that addresses those topics. This Appendix also indicates where IG guidance in the original IPSAS 33 were considered and/or incorporated (see paragraphs 10-12 for further details).

Developing Additional IG for IPSASB consideration

8. During the development of IG, staff identified 7 additional topics/potential IG that would benefit first-time adopters of IPSAS. The Task Force considered and discussed the rationale for adding guidance on these topics, and whether they relate to prevalent implementation challenges in public sector. The Task Force concluded that these IG would be useful to first-time adopters since these IG stem from practical challenges experienced by past and current first-time adopters.
9. [Appendix 2](#) provides a summary of the additional IG topics proposed for IPSASB approval, rationale for inclusion, and the specific IG number that addresses those topics.

Leveraging Existing IG

10. Current IPSAS 33 includes 20 IG topics (91 IG paragraphs). Considering constituent comments which led to this limited scope project, staff considered whether existing IG guidance remains useful to retain.
11. Based on its review, staff noted that 26 paragraphs in the existing IGs remain relevant and appropriate to incorporate into the current set of IG guidance. The last column of the table in [Appendix 1](#) identifies where they are incorporated.
12. Staff note that recent constituent feedback indicated that the other 65 paragraphs did not substantially clarify nor address implementation challenges, and should be deleted.

Reviewing Proposed Guidance

13. Staff request that the IPSASB review the drafted IG, proposed by the Task Force and Staff, as follows:
 - (a) [Appendix 1](#): Review by exception
 - (b) [Appendix 2](#): Review in detail

Decision Required

14. Does the IPSASB agree with Task Force’s and Staff’s [recommendations](#)?

Appendix 1 – IG Previously Approved by the IPSASB

This Appendix summarizes the IG developed by topic approved by the IPSASB in March 2024, with including previous IG considered.

IPSAS 33 section	IG Topic	IG Ref	IG Description	Previous IG considered
Definitions	Date of Adoption	B.1.1	Differences between the Date of Adoption of IPSAS and the Date of Announcement of Adoption	IG2 to IG4
		B.1.2	Changing the Date of Adoption of IPSAS	
		B.1.3	Comparative Information and the Date of Adoption of IPSAS	
	Transition Period	B.2	Transition Period	IG33 and IG 34
	Transitional IPSAS financial statements and First IPSAS financial statements	B.3	Transitional IPSAS Financial Statements and First IPSAS Financial Statements	IG5 to IG14
Recognition & Measurement	How to apply deemed cost	C.5	Application of Deemed Cost	IG39 to IG42
Exceptions to the Retrospective Application of IPSAS	Explanation of exceptions	D.2	Changes in Estimates	IG15 and IG16
Presentation & Disclosure	Reconciliation requirements	E.1	Reconciliations to amounts under previous basis of accounting	IG35 to IG38
Planning and Preparation Guidance	Guidance on the planning and preparation phase of IPSAS adoption, based on Pathways to Accrual	F.1	Entity Operations	IG3
		F.2	Pre-adoption consideration of IPSAS 33	
		F.3	Approaches for Transitioning to IPSAS	
		F.4	Planning and preparation for transition to accrual-basis IPSAS	

Appendix 2 – New IG Developed

This Appendix summarizes the new IG developed that would benefit first-time adopters.

IPSAS 33 section	IG Topic	IG Ref	IG Description	Rationale for inclusion supported by TF
Objective & Scope	Use of IPSAS 33 by Newly Created Entities	A.1	Use of IPSAS 33 by Newly Created Entities	<ul style="list-style-type: none"> IPSAS 33 is aimed at first-time adopters of IPSAS transitioning from a previous basis of accounting, not newly created entities. The IG provides clarity on the scope of the Standard. Creation of new entities in the public sector is prevalent throughout jurisdictions.
Definitions	Opening Statement of Financial Position	B.4.1	Reporting amounts in the Opening Statement of Financial Position	<ul style="list-style-type: none"> The opening statement of financial position is the starting point of the transition under IPSAS 33. Various constituents requested guidance on the opening statement of financial position.
		B.4.2	Adjusting Amounts Reported in the Opening Statement of Financial Position	
Recognition & Measurement	Use of exemptions not within IPSAS 33	C.1	Use of exemptions not within IPSAS 33	<ul style="list-style-type: none"> Exemptions from IPSAS requirements are the basis of the Standard and there should be limits of applying other accounting policies as “exemptions.” Various constituents requested guidance
	Assets/liabilities acquired during transition period	C.2	Assets / liabilities acquired/accrued during transition period	<ul style="list-style-type: none"> Assets are a prevalent issue for first-time adopters. Various constituents requested guidance.
	Reporting entity application of exemptions	C.3	Reporting entity application of exemptions	<ul style="list-style-type: none"> Most if not all jurisdictions have national accounts requiring consolidation at some level. Differences in entity accounting policies created challenges for consolidations. The impact of exemption choices by entities is necessary guidance.

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IPSAS 33 section	IG Topic	IG Ref	IG Description	Rationale for inclusion supported by TF
	Incomplete asset recognition at the date of adoption of IPSAS	C.4	Incomplete non-financial asset recognition at the date of adoption of IPSAS	<ul style="list-style-type: none"> • Assets are a prevalent issue for first-time adopters. • Various constituents requested guidance.
Exceptions to the Retrospective Application of IPSAS	Basis for preparation	D.1	Basis of preparation	<ul style="list-style-type: none"> • IPSAS 1 and IPSAS 33 require the disclosure of the basis of preparation and as a first-time adopter transition to IPSAS, this basis of preparation may change. • This guidance is necessary to guide the first-time adopter to in the preparation of the transitional IPSAS financial statements.

Amendments to Other IPSAS

Question

1. Does the IPSASB agree with the proposed Amendments to Other IPSAS?

Recommendation

2. Staff recommend the IPSASB amend other Standards for consistency with the amendments made to IPSAS 33.

Background

3. The IPSASB intends to approve an ED to amend IPSAS 33 in June 2024.
4. Guidance in other IPSAS may need to be amended for consistency with changes proposed to IPSAS 33 as a result of this limited scope project. Thus, the ED should also expose consequential amendments (i.e., amendments to other IPSAS) for constituent comment.

Analysis

5. The amendments to IPSAS 33, as a result of this limited scope project, do not change any of the “principles” or fundamental elements of the Standard; rather, it focuses on updating the structure and flow of existing guidance, and adding new guidance, to help first-time adopters understand the objective and application of IPSAS 33.
6. The following changes to IPSAS 33 may impact other IPSAS:

Revisions to clarify key concepts

- (a) Updating terminology: "period of transition" was changed to "transition period";
- (b) Clarifying definitions: several definitions were rephrased for improved clarity and readability; and
- (c) Encouraging entities to stop using exemptions as early as possible: Exemptions generally refer to "may elect to apply", which was changed from the general reference to "not required to".

Editorials

- (d) Updating for consistency with current standard setting practice: use “IPSAS” without the "s"; and
 - (e) Paragraph numbers changed due to the review and restructuring of the Standard's authoritative text.
7. Staff identified 43 Standards require amendment based on paragraph 6. All amendments to other IPSAS are for consistency, and are not substantial changes in nature. Proposed amendments to Other IPSAS are presented on pages 36-55 in the [draft] ED, presented in [Agenda Item 5.3.1](#).

Decision Required

8. Does the IPSASB agree with the Staff's [recommendation](#)?

Other Additions and Revisions

Question

1. Does the IPSASB agree with the revisions and additions to the Basis for Conclusions (BC), and the retention of two Illustrative Examples (IE)?

Recommendations

2. Staff recommends the IPSASB to:
 - (a) Reorder the existing BC for consistency with the newly proposed structure and flow in authoritative text;
 - (b) Add the new BC proposed to reflect its decisions on this Limited Scope Project;
 - (c) Retain two examples from original IPSAS, but present them in the current IE format; and
 - (d) Not include a GFS or an IFRS comparison table.

Background

3. The IPSASB intends to approve an ED for amendments to IPSAS 33 in June 2024.
4. In addition to the authoritative text, IG, and amendments to other Standards presented in the preceding papers, Staff also completed work on updating the BC, considering and retaining any useful IE, to create a comprehensive ED for constituent feedback.

Analysis

Basis for Conclusions (refer pages 56-78 of the ED)

5. Original IPSAS 33 included BC related to the development of IPSAS 33 between 2012-2014.
6. Under this limited scope project, the IPSASB decided that guidance in IPSAS 33 should be arranged by topic and to make structural changes to IPSAS 33 to improve the user-friendliness and understandability for first-time adopters. To support the achievement of this goal, existing BC should also be reordered to match the new structure of the authoritative text.
7. Staff also added new BC to reflect decisions made on this limited scope project since September 2023.

Illustrative Examples (refer pages 89-94 of the ED)

8. Original IPSAS 33 did not have any IE. However, the Task Force and Staff noted that some of the original IG guidance were in essence IE, and would be useful to retain as 2 Examples in IE.

Comparison with GFS and IFRS

9. Original IPSAS 33 did not include comparison tables for IFRS and GFS. These tables were introduced, after IPSAS 33's 2015 issuance, when new pronouncements are developed. This limited scope project provides the IPSASB with an opportunity to consider if IPSAS 33 should follow the IPSASB's current standard setting approach.

10. During the development of the original IPSAS 33, the IPSASB concluded that IPSAS 33 would not provide specific guidance to a first-time adopter on alignment of GFS reporting and accrual basis IPSAS, because it is not the objective of the Standard (refer IPSAS 33.BC41 (original)), which is now paragraph BC126 in [Agenda Item 5.3.1](#)). There are no new public sector reasons that question the IPSASB’s rationale at that time. Staff noted further that IPSAS 33 does not prescribe recognition, measurement, presentation and disclosure requirements for items, included in other IPSAS and GFS respectively, Therefore, Staff’s view is no Comparison with GFS table is necessary nor would it be useful.
11. During the development of the original IPSAS 33, the IPSASB decided not to converge with IFRS 1, *First-time Adoption of International Financial Reporting Standards*, but it did leverage certain IFRS 1 transitional exemptions where appropriate for the public sector. There are no new public sector reasons that question the IPSASB’s rationale at that time. Furthermore, IPSAS 33 does not prescribe the recognition and measurement, presentation, and disclosure of items, which are contained in other IPSAS. Instead, IPSAS 33 supports entities which elected to adopt IPSAS while IFRS 1 supports entities which elected to adopt IFRS. These frameworks respond to the needs of different users, and therefore, IPSAS 33 and IFRS 1 are foundationally different Standards and applicable to different scenarios not expected to intersect at any stage. Therefore, Staff’s view is no Comparison with IFRS table is necessary.

Decision Required

12. Does the IPSASB agree with the Staff’s [recommendations](#)?

Approval of [Draft] Exposure Draft (ED) [XX]

Question

1. Does the IPSASB agree to approve [draft] Exposure Draft (ED) [XX], *IPSAS 33, First-Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSAS) (2025)* with a 120-day exposure period?

Recommendations

2. The Task Force and Staff recommend the IPSASB:
 - (a) Approve [draft] ED [XX], *IPSAS 33* for exposure; and
 - (b) Expose the [draft] ED for a period of 120 days, with a Specific Matter for Comment to ask respondents whether they agree with the proposed changes.

Background

3. The IPSASB approved the project brief for this limited scope project in December 2023, to address stakeholder concerns with *IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSAS)*, to make it more user friendly and effective. The IPSASB, with support from the Task Force, has rearranged and clarified guidance, clarified the role of *IPSAS 33* in the transition to accrual-basis *IPSAS*, and added new non-authoritative guidance.
4. The IPSASB has reviewed the revised and additional authoritative text, and the new non-authoritative text. This paper is intended to:
 - (a) Support the IPSASB’s conclusion that, overall, the amendments to *IPSAS 33* are consistent with the project brief;
 - (b) Propose a title and format for the [draft] ED that would better communicate to and collect feedback from constituents; and
 - (c) Facilitate the formal voting process to approve the [draft] ED for exposure and help the IPSASB decide on its exposure period.

Analysis

Overview of amendments to IPSAS 33

5. In finalizing the [draft] ED, staff noted that the IPSASB’s standard-setting practice is to present amendments to existing *IPSAS* in mark-up (e.g., striking out deletions, underlying additions, etc.). However, staff acknowledge that presenting amendments to *IPSAS 33* in the [draft] ED in this format may significantly impair the readability of the [draft] ED, thereby significantly impairing the ability of constituents to provide crucial constructive feedback. To support constituents in considering the IPSASB’s proposed amendments to *IPSAS 33* under this limited-scope project, staff propose that the [draft] ED is:
 - (a) Issued as a “clean” version, without markups, to better enable constituents to consider and comment on the proposed amendments to *IPSAS 33* (see [Agenda Item 5.3.1](#)); and

- (b) Supplemented with a marked-up version (using the IPSASB’s standard-setting practice, see [Agenda Item 5.3.2](#)) and a detailed Table of Concordance (see [Agenda Item 5.3.3](#)) to detail changes made to the current IPSAS 33. This supplemental material would support constituents in understanding how the IPSASB revised existing IPSAS 33 to make it more understandable and user friendly, in order to respond to the [draft] ED.
- 6. Staff noted that while there is a large volume of changes to the current IPSAS 33, the substance of these changes is consistent with the IPSASB’s objective under this limited scope project to address stakeholder concerns by making IPSAS 33 more user-friendly and effective.
- 7. The Table of Concordance in [Agenda Item 5.3.3](#) provides detail on Staff’s paragraph-by-paragraph review and the nature of changes.
- 8. The IPSASB is requested to review the [draft] ED ([Agenda Item 5.3.1](#)) and Table of Concordance ([Agenda Item 5.3.3](#)) and provide any substantive comments to Staff. The IPSASB is not required to review the Marked-Up version ([Agenda Item 5.3.2](#)), which is provided as reference. Editorials are welcome to be provided offline.

ED Number, Title, and Format

- 9. The [draft] ED number will be assigned based on the IPSASB’s decisions at its June 2024 meeting on this Agenda Item and Agenda Item 3, *Measurement Application Phase*.
- 10. The Task Force and Staff considered whether the final pronouncement from this limited scope project should retain the number IPSAS 33, or introduce a new IPSAS (i.e., delete and superseded IPSAS 33 with a new IPSAS). During this discussion, the Task Force and Staff did not identify any disadvantages of retaining IPSAS 33. Rather, the Task Force and staff identified several convincing advantages to doing so, specifically:
 - (a) **Better communicates the nature of changes made in this project** – changes to original IPSAS 33 relate to clarification and reordering existing guidance to enhance usability and understandability and adding new non-authoritative guidance to further support constituents in using IPSAS 33. The analysis and results of this limited scope project did not challenge any of the Board’s existing rationale in developing the original IPSAS 33 in 2015, nor change any of existing principles; and
 - (b) **Minimize confusion, given the strong existing awareness and branding of current IPSAS number 33** – prospective first-time adopters, who consider IPSAS “33” synonymous to guidance to support for their transition to accrual IPSAS. Retaining the number better supports first time adopters and is consistent with the key intention of this project (to make the guidance more user friendly and effective)².

² This would also be consistent with preliminary feedback received from constituents on the publication of IPSAS 45, *Property, Plant, and Equipment* to delete/superseded IPSAS 17, *Property, Plant, and Equipment*.

11. Based on the above analysis, and the overview of changes, Staff proposes the [draft] ED be exposed as a clean ED, titled "IPSAS 33, First-Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSAS)(2025)" ([Agenda Item 5.3.1](#)) and to support the ED with supplemental material in [Agenda Item 5.3.2](#) and [Agenda Item 5.3.3](#). Staff note that the IPSASB will further consider the nomenclature, as well as the effective date, in the next phase of the project, after the IPSASB has reviewed ED responses.

Specific Matters for Comment (SMC)

12. To achieve the objective of this limited scope project, revisions to IPSAS 33 clarified and restructured the existing authoritative guidance to be more understandable and user-friendly, and added a substantial amount of non-authoritative guidance to better support first-time adopters in using IPSAS 33. Existing guidance was also revised to emphasize that exemptions are elective, and not required, while encouraging first-time adopters who have elected to use any exemptions available in IPSAS 33 to cease their use of those exemptions incrementally and apply accrual basis IPSAS as soon as possible. Staff propose that the IPSASB include the following SMC:

"The IPSASB agreed to undertake this limited scope project to address stakeholder concerns in the application of IPSAS 33, to improve its effectiveness and user-friendliness. In response, the IPSASB propose to amend IPSAS 33 as follows:

- (a) To revise authoritative text and Basis for Conclusions by rearranging the guidance by topic;
- (b) To revise guidance to improve understandability and reduce duplication;
- (c) To revise relevant guidance to encourage the first-time adopter to apply IPSAS incrementally and as soon as possible by emphasizing the choice to elect to apply the available exemptions;
- (d) To add non-authoritative guidance (particularly under implementation guidance) to support the understanding and application of IPSAS 33; and
- (e) To add non-authoritative guidance on the pre-adoption planning and preparation phase of the transition to accrual basis IPSAS.

Do you agree with the proposed amendments? If not, please explain your reasons."

Exposure Period

13. The IPSASB's [Due Process and Working Procedures](#) states that public exposure periods for draft international standards are ordinarily 120 days, while exposure periods for Improvements EDs are generally 60 days due to the consequential nature of changes.
14. Based on the same reasoning in the paragraphs above, Staff are of the view that the IPSASB should expose the [draft] ED for the standard 120 days.

Decision Required

15. Does the IPSASB agree with the Staff's [recommendations](#)?

Supporting Document 1 – [draft] Exposure Draft [XX], *IPSAS 33, First-Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSAS)(2025)*

The [draft] Exposure Draft is posted separately for easier readability.

Supporting Document 2 – Amendments to IPSAS 33 (Marked Up Version)

The marked-up version of amendments to IPSAS 33, using the standard amendments formatting (e.g., underline for new text, strikethroughs for deletions, etc.), is provided for reference purposes (as described in [Agenda Item 5.2.6](#)). This document is posted separately for easier readability.

Supporting Document 3 – Table of Concordance for IPSAS 33

The Table of Concordance accompanies the preceding two supporting documents ([Agenda Item 5.3.1](#) and [Agenda Item 5.3.2](#)), and provides a detailed summary of changes made to IPSAS 33. Specifically, this Table provides information on whether the original IPSAS 33 paragraph was amended, relocated, deleted, or unchanged, and the new paragraph number in the [draft] ED. The document is posted separately for easier readability.