

**Meeting:** International Public Sector Accounting Standards Board

**Meeting Location:** Riyadh, Saudi Arabia

**Meeting Date:** December 10–13, 2024

## Agenda Item **3**

For:

Approval

Discussion

Information

### IFRIC ALIGNMENT – NARROW SCOPE AMENDMENTS

<b>Project summary</b>	The objective of this narrow scope amendments project is to review IFRIC and SIC Interpretations issued but not yet considered by the IPSASB, to determine whether they are applicable and to be incorporated into IPSAS literature.	
<b>Project staff lead</b>	<ul style="list-style-type: none"> <li>Eileen Zhou, Principal</li> </ul>	
<b>Meeting objectives</b> <b>Project management</b>	<b>Topic</b>	<b>Agenda Item</b>
	<a href="#">Project Management Dashboard</a>	<a href="#">3.1.1</a>
	<a href="#">Instructions up to Previous Meeting</a>	<a href="#">3.1.2</a>
	<a href="#">Decisions up to Previous Meeting</a>	<a href="#">3.1.3</a>
<b>Decisions required at this meeting</b>	<a href="#">Finalizing the [draft] Pronouncement</a>	<a href="#">3.2.1</a>
	<a href="#">Approval of Amendments to IPSAS: Specific IFRIC Interpretations</a>	<a href="#">3.2.2</a>
<b>Other supporting items</b>	<a href="#">Supporting Document – [draft] Amendments to IPSAS: Specific IFRIC Interpretations (Track Changes version)</a>	<a href="#">3.3.1 (posted separately)</a>

Prepared by: Eileen Zhou (November 2024)

**IFRIC ALIGNMENT – NARROW SCOPE AMENDMENTS:  
 PROJECT MANAGEMENT DASHBOARD**

Topic	Past Meetings	December 2024
<b>Overall Project Management</b>		
Plan and Approach	✓	
Review and Approve Final Pronouncement		
<b>Consider each IFRIC/SIC Interpretation for ED 89</b>		
• IFRIC 1, <i>Changes in Existing Decommissioning, Restoration and Similar Liabilities</i>	✓	
• IFRIC 5, <i>Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds</i>	✓	
• IFRIC 6, <i>Liabilities arising from Participating in a Specific Market—Waste Electrical and Electronic Equipment</i>	✓	
• IFRIC 7, <i>Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies</i>	✓	
• IFRIC 14, <i>IAS 19—The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i>	✓	
• IFRIC 21, <i>Levies</i>	✓	
• SIC-7, <i>Introduction of the Euro</i>	✓	
Approve Exposure Draft (with Basis for Conclusions)	✓	
<b>Analyze and Address Responses to ED 89</b>		
• Part 1 (guidance based on IFRIC 1)	✓	
• Part 2 (guidance based on IFRIC 5)	✓	
• Part 3 (guidance based on IFRIC 7)	✓	
• Part 4 (guidance based on IFRIC 14)	✓	
• Part 5 (guidance based on IFRIC 21)	✓	
• Exclusion (guidance based on IFRIC 6)	✓	
• Exclusion (guidance based on SIC-7)	✓	
• Other Comments	✓	

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

**INSTRUCTIONS UP TO PREVIOUS MEETING**

Meeting	Instruction	Actioned
September 2024	1. Incorporate the agreed drafting and editorial changes, as proposed in September 2024 Agenda Items 8.2.2, 8.2.4, and 8.2.5, and present the [draft] Final Pronouncement for the IPSASB's approval in December 2024.	1. See summary in <a href="#">Agenda Item 3.2.1</a> and track changes in <a href="#">Agenda Item 3.3.1</a> .
September 2024	2. Monitor IASB developments regarding IFRIC 21 <i>Levies</i> and provide an update at the December meeting.	2. See update in <a href="#">Agenda Item 3.2.1</a>
September 2024	3. Based on the monitoring, update the IPSAS-IFRS Alignment Dashboard as necessary to reflect the IPSASB's preliminary decision related to IFRIC 21.	3. Reflected on Table 3 of the IPSAS-IFRS Alignment Dashboard.
March 2024	1. All instructions provided up until March 2024 were reflected in <a href="#">Exposure Draft (ED) 89, Amendments to Consider IFRIC Interpretations</a>	1. All instructions provided up until March 2024 were reflected in <a href="#">Exposure Draft (ED) 89, Amendments to Consider IFRIC Interpretations</a>

**DECISIONS UP TO PREVIOUS MEETING**

<b>Meeting</b>	<b>Decision</b>	<b>BC Reference</b>
September 2024	1. Subject to the agreed drafting and editorial changes, the proposal to amend IPSAS as proposed in Parts 1-4 of ED 89 should be carried forward to the final pronouncement.	1. See Basis for Conclusions in the Final Pronouncement. This decision will also be reflected in the IPSAS-IFRS Alignment Dashboard after approval of the Final Pronouncement.
September 2024	2. Amendments to IPSAS as presented in Part 5 of ED 89 should not be carried forward to the final pronouncement for now, as it was understood that the IASB was considering withdrawing IFRIC 21 <i>Levies</i> as part of its Provisions – Targeted Improvements Project.	2. n/a – Consistent with past practice, the IPSASB’s decision is reflected on Table 3 of the IPSAS-IFRS Alignment Dashboard.
September 2024	3. No guidance should be added to IPSAS based on IFRIC 6 <i>Liabilities arising from Participating in a Specific Market—Waste Electrical and Electronic Equipment</i> and SIC-7 <i>Introduction of the Euro</i> , as proposed in ED 89.	3. n/a – Consistent with past practice, the IPSASB’s decision is reflected on Table 3 of the IPSAS-IFRS Alignment Dashboard.
March 2024	1. All decisions made up until March 2024 were reflected in <a href="#">Exposure Draft (ED) 89, Amendments to Consider IFRIC Interpretations</a>	1. n/a

## **Finalizing the [draft] Pronouncement**

### **Question**

1. Does the IPSASB agree with the drafting changes?

### **Recommendation**

2. Staff recommend the IPSASB confirm that the drafting changes, agreed in September 2024, have been appropriately incorporated into the [draft] Final Pronouncement.

### **Background**

3. In April 2024, the IPSASB issued Exposure Draft (ED) 89, *Amendments to Consider IFRIC Interpretations* for a 60-day comment period.
4. In September 2024, the IPSASB reviewed and discussed staff's analysis of ED 89 responses, noting the overwhelming constituent support for its proposals. The IPSASB decided it will:
  - (a) Carry forward the guidance presented in Parts 1-4 of ED 89 into the Final Pronouncement, subject to the agreed drafting changes; and
  - (b) Not carry forward the guidance in Part 5 of ED 89 into the Final Pronouncement at this time, and continue to monitor the IASB's "Provisions – Targeted Improvements" project for future developments.
5. The IPSASB also asked staff to monitor and provide an update regarding the IASB's project and its proposal to withdraw IFRIC 21 *Levies* at the December IPSASB meeting.

### **Analysis**

#### *Developing the Final Pronouncement*

6. The IPSASB reviewed and approved staff's proposed drafting changes to the amendments proposed in ED 89. The IPSASB instructed staff to incorporate the agreed drafting changes and finalize the pronouncement for its approval in December 2024.
7. Staff have processed all agreed drafting changes (summarized in [Appendix 1](#) for reference purposes) in markup format in [Agenda Item 3.3.1](#). IPSASB members will be asked to provide comments on an exception-only basis during a page flip at the December meeting, and are encouraged to send any final editorial suggestions to staff offline.

#### *Update on IASB's Proposed Withdrawal*

8. During the September 2024 meeting, staff informed the IPSASB that the IASB is proposing to withdraw IFRIC 21 and replace it with new illustrative examples to accompany IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.
9. On November 12, 2024, the IASB [issued its ED](#), which proposes amendments to IAS 37. The ED confirmed that the IASB proposals have not changed since the IPSASB staff's September update to the IPSASB. The IASB will consider feedback after the comment period closes on March 12, 2025, to develop its final pronouncement.
10. The IPSASB decided in September 2024 that, given the potential withdrawal of IFRIC 21, it would not include Part 5 of ED 89 in its final pronouncement. Rather, it would update the IPSAS-IFRS

## Agenda Item 3.2.1

Alignment Dashboard to facilitate communications and future monitoring of the impact of subsequent IASB developments. The issuance of IASB's ED confirms that these decisions remain appropriate. No further discussions or decisions are required at this time. Staff will continue to monitor the IASB's progress on its Provisions – Targeted Improvements project and implications for the IPSASB.

### Decision Required

11. Does the IPSASB agree with the Staff [recommendation](#)?

**Appendix 1 – Summary of Agreed Changes**

Members are not required to review this Appendix – it is provided for reference purposes only.

Section	Changes Made	Change Rationale / Comments
<b>Part 1</b>	<ol style="list-style-type: none"> <li>1. Revised journal entry names in IE5, 17, 20 to “Asset (historical cost model)”</li> <li>2. Revised journal entry names in IE10, 13, 14 to “Asset (current value model)”</li> <li>3. Revised effective date paragraph number in amendments to IPSAS 45, <i>Property, Plant, and Equipment</i></li> <li>4. Revised paragraph B6 to use “class of assets”, aligned with IPSAS 45, and reordered guidance to improve flow</li> <li>5. Deleted references to Appendix D and IFRIC 21, <i>Levies</i></li> <li>6. Enhanced the Basis for Conclusions (BCs) to fully reflect the IPSASB’s work and review</li> <li>7. Revised BC paragraph numbers based on other pronouncements</li> </ol>	<p>To process drafting and editorial changes agreed by the IPSASB in September 2024.</p> <p>To reflect the IPSASB’s decisions in September 2024, including its decision to not add Part 5 of ED 89 (based on IFRIC 21) into IPSAS.</p>
<b>Part 2</b>	<ol style="list-style-type: none"> <li>8. Deleted references to Appendix D and IFRIC 21</li> <li>9. Enhanced the BCs to fully reflect the IPSASB’s work and review</li> </ol>	<p>To reflect the IPSASB’s decisions in September 2024, including its decision to not add Part 5 of ED 89 (based on IFRIC 21) into IPSAS.</p>
<b>Part 3</b>	<ol style="list-style-type: none"> <li>10. Added paragraph A4 to refer entities applying IPSAS that are subject to paying income taxes to relevant international or national accounting standards</li> <li>11. Enhanced the BCs to fully reflect the IPSASB’s work and review</li> <li>12. Revised effective date paragraph number based on other pronouncements</li> </ol>	<p>To process drafting and editorial changes agreed by the IPSASB in September 2024.</p> <p>To reflect the IPSASB’s decisions in September 2024.</p>
<b>Part 4</b>	<ol style="list-style-type: none"> <li>13. Added the title of IPSAS 1 to paragraph AA9</li> <li>14. Enhanced the BCs to fully reflect the IPSASB’s work and review</li> </ol>	<p>To process drafting and editorial changes agreed by the IPSASB in September 2024.</p> <p>To reflect the IPSASB’s decisions in September 2024.</p>

Section	Changes Made	Change Rationale / Comments
<b>Part 5</b>	15. Deleted all of Part 5	To reflect the IPSASB’s decisions in September 2024, including its decision to not add Part 5 of ED 89 (based on IFRIC 21) into IPSAS.
<b>General / Other</b>	16. Updated the Table of Contents 17. Added a Cover Page 18. Updated formatting of references in non-authoritative guidance (“ <i>paragraph XX of Appendix XX of IPSAS XX</i> ”) 19. Added expected publication date and proposed effective date of pronouncement (see <a href="#">Agenda Item 3.2.2</a> ), and deleted “[draft]” 20. Processed general formatting updates	For consistency with IPSASB’s standard setting practice for Final Pronouncements.

## **Approval of Amendments to IPSAS: Specific IFRIC Interpretations**

### **Question**

1. Does the IPSASB agree to vote to approve the [draft] Final Pronouncement, *Amendments to IPSAS: Specific IFRIC Interpretations*, with an effective date of January 1, 2026?

### **Recommendation**

2. Staff recommend the IPSASB:
  - (a) Vote to approve *Amendments to IPSAS: Specific IFRIC Interpretations* based on the IPSASB Program and Technical Director's assertion that due process has been followed effectively in its development; and
  - (b) Set the effective date as January 1, 2026.

### **Background**

3. The IPSASB has completed its review of constituent responses and the [draft] Final Pronouncement. This paper summarizes the IPSASB's work in compliance with due process in developing the *Amendments to IPSAS: Specific IFRIC Interpretations*, walks through next steps to facilitate the approval, and asks the IPSASB to approve the Final Pronouncement.

### **Analysis**

#### *Due Process*

4. The IPSASB has followed due process throughout this project (see full analysis in [Appendix 1](#)). Key activities and final steps in due process are presented below.
5. In April 2024, the IPSASB released [Exposure Draft \(ED\) 89, Amendments to Consider IFRIC Interpretations](#). The IPSASB received 17 comment letters, which staff reviewed and analyzed.
6. In September 2024, the IPSASB discussed staff's analysis and addressed comments raised by respondents, in developing the [draft] Final Pronouncement.
7. When the staff are satisfied that a proposed final international standard (i.e., the Final Pronouncement) is ready for approval, the IPSASB's [Due Process and Working Procedures](#) sets out the necessary steps to facilitate its approval:
  - (a) **Staff present the revised content of the exposed international standard to the IPSASB;**  
See track changes in [draft] *Amendments to IPSAS: Specific IFRIC Interpretations* ([Agenda Item 3.3.1](#)).
  - (b) **The IPSASB Program and Technical Director advises the IPSASB on whether due process has been followed effectively;**  
The IPSASB Program and Technical Director asserts that due process has been followed effectively in developing [draft] *Amendments to IPSAS: Specific IFRIC Interpretations*.
  - (c) **The IPSASB confirms whether or not it is satisfied the due process has been followed effectively;**  
The IPSASB Chair asks the IPSASB for confirmation on due process.

- (d) **The IPSASB votes on the approval of *Amendments to IPSAS: Specific IFRIC Interpretations* in accordance with its [Terms of Reference](#);**

Staff recommend the approval of *Amendments to IPSAS: Specific IFRIC Interpretations*.

- (e) **The IPSASB considers whether there has been a substantial change to the exposed document such that a vote on re-exposure is necessary;**

Staff confirm that there have been no substantial changes that would require a vote on re-exposure by the IPSASB.

- (f) **The IPSASB sets the effective date of the application of *Amendments to IPSAS: Specific IFRIC Interpretations*; and**

Staff recommend the IPSASB set an effective date for *Amendments to IPSAS: Specific IFRIC Interpretations* of January 1, 2026 (see rationale in paragraph 4(f) of [Appendix 1](#)).

- (g) **The IPSASB issues Basis for Conclusions with respect to comments received on an exposure draft.**

See Basis for Conclusions in [draft] *Amendments to IPSAS: Specific IFRIC Interpretations* ([Agenda Item 3.3.1](#)).

### Decision Required

8. Does the IPSASB agree with the Staff [recommendations](#)?

**Appendix 1 – Detailed Due Process for Approval of Amendments to IPSAS: Specific IFRIC Interpretations**

1. The IPSASB has followed due process throughout this project. Thus, the detail of the final steps in due process are noted below.
2. IPSASB released [Exposure Draft \(ED\) 89, Amendments to Consider IFRIC Interpretations](#) in April 2024. The IPSASB received 17 comment letters, which were reviewed and analyzed by IPSASB staff.
3. In September 2024, the IPSASB discussed and addressed issues raised by ED 89 respondents in its development of [draft] Final Pronouncement, *Amendments to IPSAS: Specific IFRIC Interpretations*. During Q4 2024, staff:
  - (a) Made drafting and editorial changes (summarized in [Agenda Item 3.2.1](#) and presented in [Agenda Item 3.3.1](#) in markup format, based on the IPSASB's review and discussion;
  - (b) Added the expected publication date (January 2025) and proposed effective date (January 1, 2026, see rationale in paragraph 4(f)); and
  - (c) Removed references to [draft].
4. When the staff are satisfied a proposed new final international standard (i.e., the Final Pronouncement) is ready for approval, IPSASB's [Due Process and Working Procedures](#) sets out the necessary steps to facilitate its approval:
  - (a) **Staff present the revised content of the exposed international standard to the IPSASB;**  
[Agenda Item 3.3.1](#) includes all changes in markup from ED 89 and reflects drafting and editorial changes that the IPSASB agreed to incorporate at its September 2024 meeting. Changes to the ED reflect matters raised in comment letters, to clarify the proposed guidance, or for consistency with existing guidance. There were no substantial changes to the guidance.
  - (b) **The IPSASB Program and Technical Director advises the IPSASB on whether due process has been followed effectively;**  
The IPSASB Program and Technical Director asserts that due process has been followed effectively, noting that:
    - o [ED 89](#) was issued for consultation;
    - o Responses to the EDs were received and made publicly available on [the IPSASB website](#);
    - o The IPSASB has deliberated significant matters raised in the comment letters at its meetings in September 2024, and decisions taken have been minuted; and
    - o The IPSASB will be asked to consider whether there are any issues raised by respondents, in addition to those summarized by staff, that it considers should be discussed by the IPSASB and agree there are none.
  - (c) **The IPSASB confirms whether or not it is satisfied the due process has been followed effectively;**  
The IPSASB Chair asks the IPSASB for confirmation on due process.

- (d) **The IPSASB votes on the approval of the Final Pronouncement, *Amendments to IPSAS: Specific IFRIC Interpretations*, in accordance with its [Terms of Reference](#);**

Staff recommend the approval of the Final Pronouncement, *Amendments to IPSAS: Specific IFRIC Interpretations*.

- (e) **The IPSASB considers whether there has been a substantial change to the exposed document such that a vote on re-exposure is necessary;**

The IPSASB Program and Technical Director, in consultation with the Chair of the IPSASB, advises the IPSASB that no substantial changes have been made to ED 89 that would necessitate a vote on re-exposure. Changes to ED 89 reflect matters raised in comment letters or are editorial in nature. There were no substantial changes to the guidance.

- (f) **The IPSASB sets the effective date of the application of *Amendments to IPSAS: Specific IFRIC Interpretations*; and**

The IPSASB will need to consider the effective date of the Final Pronouncement, *Amendments to IPSAS: Specific IFRIC Interpretations*. Paragraph A44 of the IPSASB's [Due Process and Working Procedures](#) requires the IPSASB to consider the reasonable expected minimum period for effective implementation, including the need for translation into national languages.

[1] Considering the IFRS Interpretation Committee's Approach to Interpretations

The IFRS Interpretation Committee's general practice is to allow at least three months between finalizing an Interpretation and its application, to enable entities to obtain the Interpretation and implement any necessary system changes.<sup>1</sup> Longer periods are provided where appropriate.

Staff note that the four IFRIC Interpretations, which form the basis for the guidance in *Amendments to IPSAS: Specific IFRIC Interpretations*, had 3-to-12-month implementations:

Interpretation	Initial Issuance Date	Initial Effective Date	Implementation Period
IFRIC 1, <i>Changes in Existing Decommissioning, Restoration and Similar Liabilities</i>	May 2004	For annual periods beginning on or after September 1, 2004	3 months
IFRIC 5, <i>Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds</i>	December 2004	For annual periods beginning on or after January 1, 2006	12 months
IFRIC 7, <i>Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies</i>	November 2005	For annual periods beginning on or after March 1, 2006	3 months
IFRIC 14, <i>IAS 19—The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i>	July 2007	For annual periods beginning on or after January 1, 2008	5 months

<sup>1</sup> This was explicitly noted in Basis for Conclusions paragraph BC27 of IFRIC 5, *Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds*.

[2] Considering the IPSASB's Approach to Improvements

During its December 2023 and March 2024 meetings, the IPSASB:

- Acknowledged that IFRIC and SIC Interpretations and the IASB's Annual Improvements are similar in nature, and do not change any existing accounting principles;
- Noted that it has previously considered and issued guidance from these two sources together, as part of annual *Improvements to IPSAS* processes; and thus
- Issued ED 89 with a 60-day exposure period, consistent with the IPSASB's EDs related to *Improvements to IPSAS*.

Staff note that the IPSASB's usual practice with respect to *Improvements to IPSAS* is to set an effective date of January 1 in the year following publication, subject to any additional implementation period required for specific improvements.

Staff Conclusion

*Amendments to IPSAS: Specific IFRIC Interpretations* is expected to be published in early Q1 of 2025. Setting an effective date of January 1, 2026 would be consistent with the IPSASB's usual practice with respect to *Improvements to IPSAS*, and exceeds the standard implementation period for IFRIC Interpretations. Therefore, staff recommend an effective date of January 1, 2026 for this Final Pronouncement.

**(g) The IPSASB issues Basis for Conclusions with respect to comments received on an exposure draft.**

See Basis for Conclusions in [draft] *Amendments to IPSAS: Specific IFRIC Interpretations* ([Agenda Item 3.3.1](#)).

**Supporting Document – [draft] *Amendments to IPSAS: Specific IFRIC Interpretations* (Track Changes version)**

The [draft] Final Pronouncement, *Amendments to IPSAS: Specific IFRIC Interpretations* in markup format (i.e., track changes) is posted separately for easier readability.

A clean version (i.e., without track changes) is available upon request offline.