

Meeting: International Public Sector Accounting
Standards Board

Meeting Location: Washington, D.C., USA

Meeting Date: March 18–21, 2025

Agenda Item 7

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 lead[s]	Sayja Barton, Principal	
Subject matter expert	Abdullah Alhomaidda, 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 Lindy Bodewig, National Treasury, South Africa Admire Ndurunduru, Pan-African Federation of Accountants Paul Sama, Ministry of Finance, Cameroon 	
Meeting objectives Project management	Topic	Agenda Item
	IPSAS 33 – Limited Scope Update Dashboard	7.1.1
	Instructions up to Previous Meeting	7.1.2
	Decisions up to Previous Meeting	7.1.3
	IPSAS 33 – Limited Scope Update: Project Roadmap	7.1.4
Decisions required at this meeting	Review of Responses to Exposure Draft (ED) 91 (For discussion purposes only)	7.2.1
	SMC 1 – Comprehensive Revisions to IPSAS 33	7.2.2
	SMC 2 – Inclusion of Definition of Deemed Cost in IPSAS 33	7.2.3
	Number and Title of [draft] IPSAS proposed in ED 91	7.2.4
Other supporting items	Supporting Documents 1 – ED 91: Analysis of Responses by Region, Function, Language and List of Respondents	7.3.1

Prepared by: Sayja Barton (March 2025)


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	<u>Supporting Documents 2 – Amendments to [draft] IPSAS 33, <i>First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSAS) (2025)</i></u>	<u>7.3.2</u>
	<u>Responses to ED 91</u>	<u>Posted Separately</u>

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

Topic	Past Meetings	March 2025	June 2025
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	✓		

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Implementation Guidance	✓		
Illustrative Examples	✓		
Analyze and Address Responses to ED 91			
Analyze responses to SMC 1			
Analyze responses to SMC 2			
Approve final pronouncement			

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

INSTRUCTIONS UP TO PREVIOUS MEETING

Meeting	Instruction	Actioned
June 2024	1. All instructions provided up until June 2024 were reflected in <u>Exposure Draft (ED) 91, Limited-scope Updates to First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSAS) (Amendments to IPSAS 33)</u> .	1. All instructions provided up until June 2024 were reflected in <u>Exposure Draft (ED) 91, Limited-scope Updates to First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSAS) (Amendments to IPSAS 33)</u> .

DECISIONS UP TO PREVIOUS MEETING

Meeting	Decision	BC Reference
June 2024	1. All decisions provided up until June 2024 were reflected in Exposure Draft (ED) 91, <i>Limited-scope Updates to First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSAS) (Amendments to IPSAS 33)</i> .	1. n/a

**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
August 2024	1. Issue Exposure Draft
August 2024- December 2024	1. Consultation Period (4 months)
March 2025	1. Review of Responses
June 2025	1. Review of Responses 2. Approve Pronouncement

Review of Responses to Exposure Draft (ED) 91

Purpose

1. To provide the IPSASB with an overview of the responses and present staff's approach to review and consider responses to [Exposure Draft \(ED\) 91, Limited-scope Updates to First-time Adoption of Accrual Basis International Public Sector Accounting Standards \(IPSAS\) \(Amendments to IPSAS 33\)](#).

Background

2. In September 2023, the IPSASB commenced this limited-scope project with the primary objective of addressing stakeholder concerns with IPSAS 33, *First-Time Adoption of Accrual Basis IPSAS*, to make the Standard more user-friendly and effective.
3. In June 2024, the IPSASB completed and approved ED 91. ED 91 was open for comments for a 120-day period and proposed to:
 - (a) Revise authoritative text and Basis for Conclusions by rearranging the guidance in IPSAS 33 by topic;
 - (b) Revise guidance to improve understandability and reduce duplication throughout the Standard;
 - (c) 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 or not apply the available exemptions in IPSAS 33;
 - (d) Add non-authoritative guidance (particularly under implementation guidance) to support the understanding and application of IPSAS 33;
 - (e) Add non-authoritative guidance on the pre-adoption planning and preparation phase of the transition to accrual basis IPSAS; and
 - (f) Include a copy of the IPSAS 46 definition of deemed cost in IPSAS 33 (See [Appendix A](#) for specific matters for comment).

Reviewing Responses to ED 91

4. The IPSASB received 21 comment letters from a diverse group of constituents, both from regional and functional perspectives¹. Overall, the proposals put forward by the IPSASB in ED 91 were strongly supported by constituents:

		Responses across 21 Comment Letters							
ED 91	Agree & Partially Agree	Agree		Partially Agree		Disagree		No Comment	
		#	%	#	%	#	%	#	%
SMC 1 – Revisions to IPSAS 33	90%	10	48%	9	43%	1	5%	1	5%

¹ Supporting document 1 includes an analysis of respondents by region, function, and language, includes a list of respondents. Comment letters received by the IPSASB are available on the public website: [Exposure Draft \(ED\) 91, Limited-scope Updates to First-time Adoption of Accrual Basis International Public Sector Accounting Standards \(IPSAS\)](#)

SMC 2 – Inclusion of definition of deemed cost	90%	15	71%	4	19%	1	5%	1	5%
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5. Respondents strongly support the proposals in the ED. Respondents:
 - (a) Found the reorganized structure of the existing authoritative guidance in the core text and application guidance more user friendly and comprehensive;
 - (b) Found the new and revised non-authoritative implementation guidance and illustrative examples to be more understandable and useful for first-time adopters implementing the standard;
 - (c) Generally appreciated the removal of duplicate text and the streamlining of the standard as it made the remaining guidance easier to understand and apply;
 - (d) Appreciated the emphasis to apply IPSAS as soon as possible and the addition of the pre-adoption planning and preparation phase guidance to help first-time adopters understand at which point in the adoption process IPSAS 33 becomes applicable and what work needs to be done before that stage; and
 - (e) Were also very supportive of the definition of deemed cost being included within IPSAS 33 due to how critical it is for a first-time adopter's understanding of the exemptions in the Standard.
6. To effectively consider all constituent comments, staff:
 - (a) Completed a detailed review of the 21 comment letters received by the IPSASB for ED 91; and
 - (b) Categorized, compiled, and assessed comments by SMC and amendments to determine whether the IPSASB should proceed with or make changes to the proposal in ED 91.
7. Overall staff noted, the responses to ED 91, as noted in paragraph 5, strongly supported the proposals. Many of the comments identified issues already considered by the IPSASB during the development of ED 91. However, there were a number of suggestions for further improvements to IPSAS 33, particularly related to SMC 1. Staff have prepared papers analyzing the comments received on SMC 1 and SMC 2 for discussion with the Board, see paragraph 8.

Next Steps

8. In March 2025, the IPSASB will consider and discuss:
 - (a) Analysis of responses to SMC 1 on the revisions to the structure and content of IPSAS 33 and proposed amendments based on feedback received as outlined in [Agenda Item 7.2.2](#);
 - (b) Analysis of responses to SMC 2 related to the inclusion of the definition of deemed cost in IPSAS 33 and related proposed amendments as outlined in [Agenda Item 7.2.3](#); and
 - (c) The numbering and title of the revised Standard as outlined in [Agenda Item 7.2.4](#).
9. In June 2025, the IPSASB will:
 - (a) Discuss additional issues identified by respondents related to SMC 1 as outlined in [Agenda Item 7.2.2](#) that were not covered during the March 2025 meeting and review related updated guidance;
 - (b) Review updated and new BC's;

- (c) Review the final pronouncement via page flip; and
- (d) Vote on the approval of the final pronouncement.

Decision Required

10. No decision is required.

Appendix A – ED 91 Specific Matters for Comment

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

1. ED 91 was issued on August 14, 2024, and was open for a 120-day comment period ending December 6, 2024. A clean version of ED 91 was issued, along with supplemental materials that included a marked up version of ED 91 and a Table of Concordance. All of these materials can be found on the IPSASB website [here](#). The ED asked two Specific Matters for Comment (SMC):

Specific Matter for Comment 1:

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 or not 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.

Specific Matter for Comment 2:

The definition of “deemed cost” was previously deleted from the IPSAS 33 as a consequential amendment through IPSAS 46, *Measurement*. The IPSASB agreed that the definition of “deemed cost” is important for the understanding of the exemptions in the Standard relating to the use of deemed cost, and therefore propose to include a copy of the IPSAS 46 definition of deemed cost in IPSAS 33.

Do you agree with the inclusion of the definition of “deemed cost”? If not, please explain your reasons.

SMC 1 –Comprehensive Revisions to IPSAS 33

Question

1. Does the IPSASB agree to proceed with the proposed amendments to IPSAS 33 related to SMC 1 of ED 91 as outlined below?

Recommendation

2. Staff recommend the IPSASB proceed with the proposed amendments to IPSAS 33 in ED 91 to:
 - (a) Revise authoritative text and Basis for Conclusions by rearranging the guidance by topic;
 - (b) Revise guidance to improve understandability and reduce duplication;
 - (c) 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 or not apply the available exemptions;
 - (d) Add non-authoritative guidance (particularly under implementation guidance) to support the understanding and application of IPSAS 33;
 - (e) Add non-authoritative guidance on the pre-adoption planning and preparation phase of the transition to accrual basis IPSAS; and
 - (f) Amend the proposals in ED 91 in response to feedback received from respondents as reflected in the marked up version of IPSAS 33 in [Agenda Item 7.3.2](#).

Background

3. The IPSASB's key objective in undertaking this project was to address stakeholder concerns with IPSAS 33, *First-Time Adoption of Accrual Basis IPSAS*, by making the Standard more user-friendly and effective through.
4. The scope of this project was limited to remodeling, rearranging and streamlining the existing guidance in IPSAS 33 and adding additional non-authoritative guidance as necessary to address areas of confusion in applying IPSAS 33. The scope did not include changing principles or existing exemptions in IPSAS 33.
5. In June 2024, the IPSASB completed its development and approved ED 91. SMC 1 of ED 91 asked constituents if they agreed with the proposals to:
 - (a) Revise authoritative text and Basis for Conclusions by rearranging the guidance in IPSAS 33 by topic;
 - (b) Revise guidance to improve understandability and reduce duplication throughout the Standard;
 - (c) 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 or not apply the available exemptions in IPSAS 33;
 - (d) Add non-authoritative guidance (particularly under implementation guidance) to support the understanding and application of IPSAS 33; and

- (e) Add non-authoritative guidance on the pre-adoption planning and preparation phase of the transition to accrual basis IPSAS.

Analysis

Responses Analysis

6. Respondents to ED 91 strongly supported the proposals outlined in SMC 1:

Responses across 21 Comment Letters									
ED 91	Agree & Partially Agree	Agree		Partially Agree		Disagree		No Comment	
		#	%	#	%	#	%	#	%
SMC 1	90%	10	48%	9	43%	1	5%	1	5%

7. Respondents that agreed with the proposal, either:
- (a) Provided supporting comments for why they agreed, consistent with the IPSASB's objectives in undertaking this project to address stakeholder concerns by making IPSAS 33 more user friendly and understandable (see paragraph 5 in [Agenda Item 7.2.1](#));
 - (b) Did so without providing further details, or
 - (c) Requested additional improvements to the guidance (See [Appendix A](#)).
8. One respondent disagreed with the proposals because they did not believe the revisions went far enough in actually addressing substantive issues on first-time adoption raised by constituents during the IPSASB's 2021 Mid-period Work Program Consultation.
9. Many respondents who partially agreed requested the IPSAS Standard provide additional guidance or further clarification on the revisions including:
- (a) Add a comprehensive list of exemptions that affect and do not affect fair presentation and compliance with IPSAS;
 - (b) Reconsider and clarify the length of the transition period;
 - (c) Consider permitting a more gradual recording of items over the transition period;
 - (d) Add back some of the guidance removed from the Standard and reconsider the location of some of the guidance in the Standard;
 - (e) Clarify guidance on applying some of the exemptions; and
 - (f) Add some additional application guidance.
10. Staff considered and assessed all the responses and provided recommendations on how to address the comments raised (see [Appendix A](#) for details). Most of the suggestions fell outside the scope of the project. Those that staff recommend the IPSASB action are editorial in nature and do not impact the principles in IPSAS 33. Staff's proposed amendments to IPSAS 33 based on respondents' feedback are reflected in the marked up version of the standard in [Agenda Item 7.3.2](#).

Proposed Next Steps

11. Consistent with the strong support from constituents, staff recommend that the IPSASB proceed with the proposals outlined in paragraph 2.

Decision Required

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

Appendix A – Assessment of Constituents’ Comments to SMC 1

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

1. The below table:

- (a) Provides staff’s detailed analysis of the respondents’ comments on the amendments proposed to IPSAS 33 in SMC 1 of ED 91; and
- (b) Proposes whether the IPSASB should revise the guidance proposed in ED 91 or conduct further work to address constituents’ comments.

Analysis of Constituents’ Comments

Constituents Comments	Staff Analysis
Respondents disagree with the proposal in SMC 1 for the following reasons:	
<p>One respondent disagreed with the proposals in SMC 1 because they did not believe the revisions actually addressed the substantive issues raised by constituents during the IPSASB’s 2021 Mid-period Work Program Consultation. In particular, the respondent:</p> <ul style="list-style-type: none"> a) Was unsure whether rearranging the authoritative text and BCs by topic improves the effectiveness and user-friendliness of IPSAS 33; b) Agreed the revised guidance reduced the duplication in IPSAS 33, but was unsure whether that actually improved the understandability of IPSAS Standards; c) Based on the respondent’s experience, entities generally wait until the adoption of a Standard is compulsory to implement it rather than planning in advance. The current version of IPSAS 33 already encourages first-time adopters to comply in full as soon as possible and they do not. As a result, the respondent does not think adding further encouragement will necessarily change the behaviour of first-time adopters; 	<p>No changes are necessary.</p> <p>Staff notes that:</p> <ul style="list-style-type: none"> • While the respondent does not believe the proposed changes go far enough to address the substantive issues raised by constituents during the IPSASB’s 2021 Mid-period Work Program Consultation, more substantive changes are outside the scope of this current limited scope update project. • This respondent was the only one who disagreed with the proposals in SMC 1. This response does not raise new information that was not already considered by the IPSASB during the development of ED 91. The majority of respondents were very supportive of the proposals outlined in SMC 1 (a)-(e) as they believed the changes proposed improve the effectiveness and user-friendliness of IPSAS 33 for first-time adopters.

Constituents Comments	Staff Analysis
<p>d) Agreed the non-authoritative guidance may be useful to stakeholders in supporting the understanding and application of IPSAS 33;</p> <p>e) Does not support the inclusion of non-authoritative guidance on the pre-adoption planning and preparation phases of the transition to IPSAS within IPSAS 33, as this guidance should be provided outside the standards. Also does not support references within IPSAS 33 to outside literature such as Pathways to Accrual published by IFAC.</p>	
Respondents partially agree with the proposal in SMC 1 for the following reasons:	
Revise Authoritative Guidance	
<p>Groupings</p> <p>The vast majority of respondents agreed with the revised grouping of the guidance in IPSAS 33 by topic as they found it made the standard more user friendly. However, there were some suggestions related to the groupings:</p> <ul style="list-style-type: none"> • A couple of respondents did not like the new groupings as they found it difficult to get an overall picture of all the exemptions that affect fair presentation and compliance and those that do not, because now they are split up by topic and spread out throughout the standard. • Similarly, a few of the respondents who did find the new grouping by topic structure useful, also noted that it was difficult to get an overall picture of the exemptions that affect/do not affect fair presentation for the reason noted above. These respondents suggested adding a comprehensive list of all the exemptions that affect fair presentation and all the exemptions that do not. • One respondent noted that it was challenging to navigate through the AG section and suggested breaking down the AG section in the overall Table of Contents (ToC) for the Standard 	<p>Additional table on list of exemptions that affect and do not affect fair presentation and compliance to be added and ToC breaking down AG section of Standard to be added</p> <ul style="list-style-type: none"> • Staff agree with respondents suggestion to add a comprehensive listing of all exemptions that affect fair presentation and those that do not so that it is easier for users of the Standard to see the whole picture. This would also address the concerns of respondents who disagreed with the new grouping structure. Staff will draft such a list/table in Q2 and bring it and a proposed location for the list/table forward to the June 2025 meeting. • In regards to the respondent's suggestion to either break down the overall ToC for the Standard to expand the AG section by grouping or add a small, hyperlinked ToC at the beginning of the AG section by grouping to make navigation of the standard easier, staff note that AG4 and AG5 located at the beginning of the AG section already provide links to the related paragraphs for each set of groupings that can be used to navigate through the AG section of the Standard. • Staff disagree with the proposed name change for the groupings because the groupings were previously approved by the IPSASB at the December 2023 Board meeting and these groupings were

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Constituents Comments	Staff Analysis
<p>by groupings or adding a small, hyperlinked ToC at the beginning of the AG section listing each of the groupings to make it easier for users to navigate through the section.</p> <ul style="list-style-type: none"> A couple respondents suggested alternative names for some of the groupings to better reflect what was in the categories (e.g. changing the grouping “Financial Statements” to “General Presentation and Disclosure Principles”; changing the grouping “Accounting Boundaries” to “Interests in Other Entities”; removing the word “Disclosures” from the “Disclosures and Other Standards” grouping). 	<p>specifically chosen by the Board to align with the groupings in IFAC Pathways to Accrual, World Bank PULSE Assessment Framework & Potential EPSAS Standards.</p>
<p>Missing Exemptions</p> <p>A respondent noted that paragraph AG54 in ED 91 does not include IPSAS 32, <i>Service Concession Assets</i>, but that it should because:</p> <ol style="list-style-type: none"> 1) The currently issued IPSAS 33 previously provided an exemption to measure service concession assets at their fair value when reliable cost information about the assets and liabilities is not available, and to use that fair value as deemed cost (paragraph 64(f) in currently issued IPSAS 33). This election is not included for service concession assets in proposed ED 91, because they are not listed in AG54 and there is no corresponding separate paragraph similar to AG63 or AG64 for service concession assets. Both would need to be added. 2) The respondent also noted that the three year recognition and measure measurement election in paragraph 36(g) of currently issued IPSAS 33, also was not included for service concession assets and the related liability in proposed ED 91. <p>The respondent also noted that the same issue outlined in paragraph 2 above exists for the three year recognition and</p>	<p>Further analysis required</p> <p>Staff continue to analyze these issues and look at whether all the exemptions provided in paragraphs 36 and 64 in currently issued IPSAS 33 have been appropriately reflected in the proposals in ED 91. Staff will develop a recommendation for the June 2025 meeting.</p>

Constituents Comments	Staff Analysis
<p>measurement exemptions in existing paragraph 36(g) for the related service concession liability, 36(i) for social benefits and 36(d) for employee benefits, and thus the exemptions should be added into the proposals in ED 91.</p>	
<p>Clarify Guidance in AG19 on how it applies in relation to class-by-class or category-by-category basis</p> <p>One respondent requested clarification on the class-by-class or category-by-category portion of the last sentence in paragraph AG19. Paragraph AG19 states:</p> <p style="padding-left: 40px;">A first-time adopter shall only change its accounting policies during the transition period to conform to the accounting policies in accrual basis IPSAS, and may retain its existing accounting policies until the exemptions that provided the relief have expired or when the relevant items are recognized and/or measured in the financial statements in accordance with the applicable IPSAS (whichever is earlier). A first-time adopter may change its accounting policy in respect of the recognition and/or measurement of assets and/or liabilities and/or revenue and/or expenses on a class-by-class or category-by-category basis where the use of classes or categories is permitted in the applicable IPSAS.</p> <p>The respondent commented that there is confusion because categorization in IPSAS is generally associated with the application of a different accounting policy for measurement (see IPSAS 3 paragraph 16, IPSAS 41 paragraphs 39-65, IPSAS 45 paragraph 24).</p> <p>The respondent explained that it is not currently clear for purposes of applying AG19 that if an entity intends to use the same accounting policy of historical cost for subsequent measurement of a number of different types of assets (e.g. buildings, vehicles, etc.),</p>	<p>Clarify issue in IGs</p> <p>The terms class-by-class and category-by-category are used many times within IPSAS 33 and the terms class and category are used many times within the IPSAS Standards, so this is a term first-time adopters will need to become familiar with. Individual IPSAS Standards provide guidance on what class and category mean in the context of those standards (e.g. IPSAS 45, provides guidance on classes of property, plant and equipment). Within IPSAS 33, C.2 includes a reference to AG19 and provides an example of classes of assets related to vehicles. Staff will either further clarify C.2 or develop a separate IG to provide clarity on this issue for the June 2025 meeting.</p>

Constituents Comments	Staff Analysis
<p>whether those items of property, plant and equipment together constitute one class/category, because the entity plans to subsequently measure them all at historical cost. Or if for purposes of applying AG19, buildings would be considered one class/category of assets and vehicles would be considered another class/category regardless of the fact that the entity plans to measure both buildings and vehicles subsequently at historical cost. The respondent requested that the IPSASB address this by adding guidance and not leaving room for interpretation.</p>	
<p>Length of Transition Period Several respondents commented on the length of the transition period for a first-time adopter:</p> <ul style="list-style-type: none"> Two respondents disagreed with the three year transition period and suggested the IPSASB consider aligning with IFRS 1, because: some entities wait till the very end of the three year period to make the changes needed to adopt IPSAS anyways; some jurisdictions do not permit a gradual approach over three years; for consolidation purposes IPSAS 35, Consolidated Financial Statements, requires uniform accounting policies of all consolidated entities, which is not achievable during a three year transition phase unless all entities apply the transitional provisions uniformly. Several respondents provided comments that the current transition period which allows an entity to transition over a period of up to three years is needed, as for many entities the transition period takes at least that long as entities come from different starting points and face different challenges when transitioning. Several respondents recommended that IPSAS 33 allow for a transition period that is more flexible and would allow an entity to transition over a period longer than three years as in their 	<p>No change necessary – outside the scope of ED 91</p> <ul style="list-style-type: none"> At the March 2024 meeting the Board reconfirmed that the transition period should remain as three years and that the exemptions in IPSAS 33 should be rephrased to encourage entities to fully adopt IPSAS as soon as possible. Additionally, the IGs in Section F were added to emphasize the importance of the pre-transition phase and the work that should be done during that phase, as well as, better explain when and how IPSAS 33 first into the transition timeline. IG B.2 was also added to further clarify that the transition period is limited to a maximum of three years. It is clear in the standard and further emphasized in IG B.2 that by the end of that period the entity must present its first IPSAS financial statements in full compliance with IPSAS. If an entity fails to do so it could not claim compliance with IPSAS, and its auditor would not be able to issue a clean audit opinion. As a result, staff does not recommend any changes to IPSAS 33 related to the transitional provision for the reasons outlined above. Additionally, such a change would be a change to the principles of IPSAS 33, which is outside the scope of this project.

Constituents Comments	Staff Analysis
<p>view it takes many entities longer than three years to transition to IPSAS depending on their starting point and due to technical, structural, and operational adaptations needed, resource constraints, time to translate standards and unexpected challenges.</p> <ul style="list-style-type: none"> One respondent requested that IPSAS 33 provide guidance on the implications if the transition period is not met at the end of three years. 	
<p>Clarification of Transition Period and which set of Financial Statements need to be in Full Compliance with IPSAS Standards</p> <p>A respondent raised a question related to the transition period and if a first-time adopter uses the full three year transition period which set of financial statements need to be in full compliance with IPSAS Standards. If the first-time adopter's date of adoption of IPSAS is January 1, 20X1, there is confusion as to whether the first financial statements that must be fully compliant with IPSAS are the financial statements for the year ended December 31, 20X3 or December 31, 20X4. There is also confusion as to whether fully in compliance with IPSAS means the comparative December 31 year end figures/opening Jan 1 figures must also be fully in compliance with IPSAS.</p>	<p>Clarification of transition period length to be provided in IGs</p> <p>Staff are of the view that under the proposals in ED 91 for the example provided, the first set of financial statements that are required to be fully in compliance with IPSAS are those for the year ended December 31, 20X3. This is outlined in IG B.2. However, staff understand the confusion and recommend clarifying IG B.2 as well as D.1 to further clarify this issue of the appropriate year end and the question on the comparative year end/opening Jan 1, 20X3 balances. Staff will develop revised IGs for the June 2025 meeting.</p>
<p>Permit a more gradual recording of items over the transition period</p> <ul style="list-style-type: none"> Some respondents suggested that the IPSASB should consider amending the exemptions that permit some assets and liabilities to be recognized and/or measured at any date within the transition period to allow for a gradual recording of the assets on a class by class/category by category basis in accordance with IPSAS. Currently, under the exemption, all of the assets/liabilities in a class/category must be recognized at 	<p>Further analysis required</p> <p>Staff will perform further analysis on this issue and develop a recommendation for the June 2025 meeting.</p>

Constituents Comments	Staff Analysis
<p>the same time as illustrated in the example in IG C.2. This achieves consistency in accounting policies over the transition period. However, these respondents noted that in practice many first-time adopters do not do this, because it makes the accounting more complicated. For example, an entity may have data to recognize and measure 40% of its buildings in accordance with IPSAS in year one of the transition period, and the remaining 60% of its buildings in year 3. It may purchase additional buildings in year 2, but because its previous accounting policy was to expense property, plant and equipment, it must expense the buildings purchased in year 2 and then capitalize them in year 3 along with the rest of its buildings once it has the information for all assets in the building class. This makes the accounting complex when an entity has a large volume of assets and purchases many additional assets over the three year period. As a result, many first-time adopters do not follow this exemption fully in IPSAS 33 in practice and instead recognize the assets gradually over the three year period as they gather the information to record them in accordance with IPSAS.</p> <ul style="list-style-type: none"> • Conversely, one respondent suggested that if this exemption is not changed as outlined above, then IG C.2 should be further clarified to explain that the gradual approach to recognizing assets is not permitted. • Other respondents went further and suggested the IPSAS allow for a more incremental/flexible approach to adoption of IPSAS. One respondent suggested that in addition to the gradual recording of assets described above, the IPSASB should also permit: <ul style="list-style-type: none"> • The requirements in IPSAS 35 and IPSAS 36 for uniform accounting policies to be applied incrementally during the 	

Constituents Comments	Staff Analysis
<p>transition on a controlled entity-by-controlled entity, associate-by-associate or joint venture-by-joint venture basis.</p> <ul style="list-style-type: none"> • The requirements in IPSAS 35 and IPSAS 36 for uniform accounting policies must be applied to all controlled entities, associates and joint ventures by the end of the transition period. • A similar incremental approach should be also considered for disclosure only standards such as IPSAS 18, IPSAS 20 and IPSAS 38. 	
<p>Add Deemed Cost Exemption for Internally Generated Intangible Assets</p> <p>One respondent requested that the IPSASB reconsider its current position to not allow the use of deemed cost for internally generated intangible assets, because material items such as government-wide management information systems might end up not captured in the financial statements due to unavailability of reliable cost information. The respondent noted that the IPSASB's rationale in BC51 for its position refers to the difficulty "to retrospectively assess the probability of expected future economic benefits or service potential through reasonable and supportable assumptions as management would not be able to apply hindsight in obtaining such information. Due to the absence of reliable information on the date of adoption of accrual basis IPSAS, it was therefore agreed that a deemed cost may not be determined for internally generated intangible assets." The respondent noted this difficulty equally applies to pulling together the historical development cost for such internally generated intangible assets.</p>	<p>No change necessary – outside the scope of ED 91</p> <p>The IPSASB's decision to not allow the use of deemed cost for measurement of internally generated intangible assets on first-time adoption of IPSAS predates the ED 91 project. Additionally, changing this decision would be a change to the principles in IPSAS 33, which is outside the scope of this project. As a result, staff recommend no change.</p>
Revise Non-Authoritative Guidance	
Add Additional Pre-adoption Guidance	No change necessary – outside the scope of ED 91

Agenda Item 7.2.2

Constituents Comments	Staff Analysis
<p>Many respondents appreciated the additional guidance added to Section F of the IGs related to the planning and preparation phase of the transition to IPSAS. They appreciated the clarification of when and how IPSAS 33 fits into this process and how much of the planning and preparation should be done before an entity enters the transition period in IPSAS 33. However, several respondents requested additional and more detailed guidance on the steps a first-time adopter should take, the aspects they should consider, and references to specific guidance available to support preparers during this phase be added to Section F.</p>	<p>Staff do not recommend any changes to ED 91 as including additional guidance on the planning and preparation phase of the transition to IPSAS Standards is outside the scope of this project. Additionally, Section F already refers users to Pathways for Accrual as an additional resource.</p>
<p>Add Guidance to Differentiate between Transitioning from a Cash vs an Accrual Basis</p> <p>One respondent noted that the technical challenges to adopting IPSAS can be different for entities transition from a cash basis of accounting vs those transition from an accrual basis of accounting. The respondent suggested it may be appropriate for the Board to consider differentiating between these two types of entities in the non-authoritative guidance in IPSAS 33.</p>	<p>No change necessary – outside the scope of ED 91</p> <p>Entities transitioning to IPSAS from a cash basis of accounting do face different challenges to those transitioning from an accrual basis of accounting. However, even among entities transitioning to IPSAS Standards from an accrual basis the challenges will be different as one entity may have previously been following IFRS, another a local GAAP, and another more basic accrual accounting. As a result, all entities transitioning to IPSAS Standards face different challenges. It is not possible to write the IPSAS 33 to fit every entity's circumstance and in doing so the standard may become more complex. As a result, staff do not recommend any changes to the Standard as this suggestion is outside the scope of this project.</p>
<p>Clarify Change in Estimates Guidance in D.2</p> <p>A respondent suggested amendments to IG D.2 regarding how changes in estimates before and after the date of adoption of IPSAS are accounted for to better explain the difference between a change in estimate and an error related to estimates.</p>	<p>Example to be clarified</p> <p>Changes in estimate during the transition process is common. Clarification better supports consistency in practice. Staff recommend clarifying IG D.2 for the issue raised and will develop revised text back for the June 2025 meeting.</p>
<p>Other Comments</p>	
<p>Text Not Carried Forward to ED 91</p> <p>Most respondents agreed with the Board's decision to remove duplicate or excessive text in ED 91 compared to what is in the</p>	<p>Some Text Added Back</p> <p>Staff analyzed all of the paragraphs that respondents requested by added back and found that:</p>

Constituents Comments	Staff Analysis
<p>currently issued version of IPSAS 33. They found the proposed streamlined standard easier to follow and found it was more user friendly. However, a few respondents did question the removal of certain paragraphs of text and requested they be added back.</p>	<ul style="list-style-type: none"> For many paragraphs, the text the respondent thought was removed had been relocated to another paragraph within the standard where it made more sense (e.g. text moved to AGs or IGs). Note the Table of Concordance that was published with the Supplementary Materials to ED 91 identified many of these instances. Some of the text that was removed was considered too detailed or was causing confusion in practice, so it was removed or replaced by an IG or IE where the issue could be better explained. Some of the text was removed because it was a duplication of the general accounting guidance that is in the individual IPSAS Standards the topic relates to. One of the key objectives of this IPSAS 33 project was to make it clear that an entity cannot just rely on IPSAS 33 alone when adopting accrual basis IPSAS. The entity must understand the accounting requirements of the other IPSAS Standards and IPSAS 33 is meant to ease the entity's transition to IPSAS by providing some exemptions to the requirements of those other IPSAS Standards (e.g. use of deemed cost if reliable historical cost information not available, use of the three year transition period for recognition and measurement, etc). A few respondents specifically commented on the removal of the first sentence in paragraph AG90 (which is paragraph 118 in currently issued IPSAS 33), which discusses hedging relationships that cannot be recognized under IPSAS 41. These respondents requested this sentence be added back, because these respondents found it difficult to understand the rest of paragraph AG90 related to the exemption on hedging relationships without the first sentence. Staff agreed with the recommendation as it ensures the understandability of paragraph AG90 for first-time adopters and recommend adding back the sentence (change can be seen in marked up version of the Standard see Agenda Item 7.3.2).
Location of Guidance	Location of guidance changed where appropriate

Agenda Item 7.2.2

Constituents Comments	Staff Analysis
<p>A few respondents suggested changes to the location of guidance within ED 91 for the following reasons:</p> <ul style="list-style-type: none"> • A respondent suggested reordering the guidance in paragraphs AG70-AG76 related to IPSAS 45 so that it flowed more logically and was easier to follow, while another respondent suggested reordering the questions in Section F.1 to F.4 so that they flowed through the pre-adoption phase in a more logical manner. • One respondent commented that within the Accounting Boundaries section of the AGs related to IPSAS 34, paragraphs AG38-AG40 (which are paragraphs 72, 73 and 129 in currently issued IPSAS 33) are shown in ED 91 as exemptions that affect fair presentation and compliance with IPSAS. Similarly, within the Non-Financial Assets section of the AGs related to recognition and measurement, paragraphs AG57-AG58 (which are paragraphs 66 and 70 in currently issued IPSAS 33) are shown in ED 91 as exemptions that affect fair presentation and compliance with IPSAS. However, these same paragraphs in the currently issued IPSAS 33 do not affect fair presentation and presentation and compliance. As a result, they should be relocated to the appropriate sections of ED 91, so they are listed as not affecting fair presentation and compliance. • Some respondents suggested changes to the location of paragraphs that were in the AGs so that they were in the core text to ensure they were mandatory. 	<p>Staff made the following changes as a result of the suggestions:</p> <ul style="list-style-type: none"> • Reordered paragraphs AG70-AG76 and Section F.1-F.4 as suggested so that they flowed logically, which clarifies the guidance and makes it easier for users to follow (changes can be seen in marked up version of the Standard see Agenda Item 7.3.2). • Moved the location of paragraphs AG38-AG40 and AG57-AG58 so that they are shown in the appropriate location in the Standard as exemptions that do not affect fair presentation, as it was not the IPSASB's intent to change principles related to these exemptions (changes can be seen in marked up version of the Standard see Agenda Item 7.3.2). • Did not change the location of paragraphs that were in the AGs and move them to the core text as the AGs are mandatory and the IPSASB previously decided to move the guidance to this location as part of the objectives of this project. The respondent did not provide any new information the IPSASB had not previously considered in its deliberations.
<p>Usefulness of Comparative Information</p> <p>One respondent questioned the usefulness of a first-time adopter presenting comparative information in the first transition IPSAS financial statements or first IPSAS financial statements. The respondent notes that IPSAS 33 paragraph 11 explains that a first-</p>	<p>No change necessary – outside the scope of ED 91</p> <p>Staff do not recommend a change, because a first-time adopter currently has the option under paragraph AG11 to not present comparative information in its first transitional IPSAS financial statements or its first IPSAS financial statements if it does not feel that the comparative</p>

Constituents Comments	Staff Analysis
<p>time adopter should prepare and present an opening statement of financial position at the date IPSAS is adopted. A first-time adopter can elect under paragraph AG11, to present comparative information in its first transitional IPSAS financial statements or its first IPSAS financial statements. Paragraph AG12 explains that where a first-time adopter elects to present comparative information, its first transitional IPSAS financial statements or its first IPSAS financial statements will include “one statement of financial position with comparative information for the preceding period, and an opening statement of financial position as at the beginning of the reporting period prior to the date of adoption of IPSAS.”</p> <p>As the basis of preparation of the comparative information differs from the basis of preparation on the date of IPSAS adoption, we question the usefulness of presenting comparative information in the first transitional IPSAS financial statements or first IPSAS financial statements, even when read with the required reconciliations, as the information is not comparable. We recommend that the option to present comparative information in a first-time adopter’s first transitional IPSAS financial statements or first IPSAS financial statements be reconsidered.</p>	<p>information would be useful to the users of its financial statements. Conversely, if the first-time adopter does believe the comparative information would be useful to users it currently can present such information and provide the disclosure reconciliations required by paragraph 29. Staff do not think it would be useful to remove this optionality from the Standard. Additionally, removing this option would be a change to the principles of IPSAS 33 which is outside the scope of this project.</p>
<p>Sharing of Adoption Experience</p> <p>Several respondents who had previously adopted IPSAS Standards took the opportunity in their response letters to share some information on their adoption experience, including whether they deviated from IPSAS 33 in terms of the process they used for adopting IPSAS. Many respondents also shared the challenges they encountered, much of which included challenges specific to their jurisdiction.</p>	<p>No change necessary – outside the scope of ED 91</p> <p>Staff do not recommend any changes to ED 91 as a result of the information shared. However, the information shared is valuable and there may be the opportunity for these respondents to share such information in a case study for Pathways to Accrual which could benefit future adopters of IPSAS.</p>
Editorials and clarifications	Editorials and clarifications made where appropriate

Agenda Item 7.2.2

Constituents Comments	Staff Analysis
<p>Several respondents sent in editorials and clarification requests suggesting edits and improvements to ED 91.</p>	<p>Staff analyzed all suggested editorials and clarifications and all those that were appropriate and further supported the objectives of the project have been made to the marked up version of the draft Standard (see Agenda Item 7.3.2).</p> <p>Also, staff note that one respondent commented that the wording in paragraphs AG67 and AG69 should be clarified to be consistent with the wording in paragraphs AG63 related to the use of the words “current operational value” and the proposals in ED 90 on measurement. Staff have made the change as suggested, but the final amendments to these three paragraphs will depend on the Board’s decision related to proposals in ED 90 on the use of COV for inventories, intangible assets and right of use assets. Staff will finalize the updates to these paragraphs as appropriate based on the Boards decisions at the March and June 2025 meetings.</p>

SMC 2 – Inclusion of Definition of Deemed Cost in IPSAS 33

Question

- Does the IPSASB agree to proceed with the amendments to IPSAS 33 related to SMC 2 of ED 91 on deemed cost as outlined below?

Recommendation

- Staff recommend the IPSASB:
 - Proceed with the proposal in SMC 2 of ED 91 to include a copy of the IPSAS 46, *Measurement*, definition of deemed cost in IPSAS 33; and
 - Amend the location of the definition so that it is consistent with how repeated terms have previously been defined in other IPSAS Standards in order to reduce confusion amongst constituents, so that it is clear there is only one definition of deemed cost in the IPSAS Handbook.

Background

- The definition of “deemed cost” was previously deleted from IPSAS 33 as a consequential amendment through IPSAS 46, *Measurement*.
- However, the IPSASB agreed during the development of ED 91 that the definition of deemed cost is important for the understanding of the exemptions in IPSAS 33 relating to the use of deemed cost and therefore proposed to include a copy of the IPSAS 46 definition of deemed cost in IPSAS 33.
- SMC 2 asked constituents whether or not they agreed with the inclusion of a copy of the IPSAS 46 definition of deemed cost in IPSAS 33.

Analysis

Responses Analysis

- Respondents to ED 91 strongly supported the proposal to include a copy of the IPSAS 46 definition of deemed cost in IPSAS 33:

		Responses across 21 Comment Letters							
ED 91	Agree & Partially Agree	Agree #	Agree %	Partially Agree #	Partially Agree %	Disagree #	Disagree %	No Comment #	No Comment %
SMC 2	90%	15	71%	4	19%	1	5%	1	5%

- Respondents that agreed with the proposal, either:
 - Provided supporting comments for why they agreed, consistent with the IPSASB’s analysis that the definition of deemed cost is important to a first-time adopter understanding of the exemptions in IPSAS 33 relating to the use of deemed cost;
 - Agreed without providing further details; or
 - Requested additional guidance (See [Appendix A](#)).

8. One respondent disagreed because they did not think that it was necessary to include the definition of deemed cost in IPSAS 33 since it is already defined in IPSAS 46, and a first-time adopter will need to look at IPSAS 46 for further guidance on determining deemed cost.
9. A respondent to who partially agreed requested that the IPSASB specifically state that the definition of deemed cost in IPSAS 33 is the same as the definition of deemed cost in IPSAS 46 to prevent confusion amongst users of the Handbook. Another respondent who partially agreed, agreed with the inclusion of the definition of deemed cost in IPSAS 33, but not with the entirety of the rationale provided in the Basis of Conclusions for why it was included.
10. Staff considered and assessed respondents who disagreed and partially agreed with the proposal (see [Appendix A](#)), noting that:
 - (a) The issues raised by respondents were already considered during the development of ED 91; and
 - (b) The suggestion for clarifying that the definition of deemed cost in IPSAS 33 is the same as the definition in IPSAS 46 is helpful in preventing confusion amongst first-time adopters and that the rationale in the Basis of Conclusions could be improved.

Proposed Next Steps

11. Consistent with the strong support from constituents, staff recommend that the IPSASB proceed with including the definition of deemed cost in IPSAS 33.
12. However, staff recommend removing the definition of deemed cost from the middle of paragraph 8 where it is located in ED 91, and relocating it to the bottom of paragraph 8 so it becomes part of the last sentence as follows:

8. The following terms are used in this [draft] Standard with the meanings specified:

...

~~**Deemed cost is the amount used as a surrogate for transaction price at the measurement date.**~~

...

“...Terms defined in other IPSAS are used in this Standard with the same meaning as in those Standards and are reproduced in the Glossary of Defined Terms published separately. Specifically, the following term is defined in IPSAS 46, *Measurement*, - Deemed cost is an amount used as a surrogate for transaction price at the measurement date.”

13. This change would be consistent with how the IPSASB has previously assisted constituents with locating definitions that are key to one standard, but which are defined in another standard (see for example, IPSAS 36, *Investments in Associates and Joint Ventures*). It is also consistent with past IPSAS Handbook development practice to not repeat definitions. Traditionally in IPSAS, a term is only defined once in one standard and that definition is also included in the Glossary of Defined Terms. By moving the location of the definition of “deemed cost” to the end of paragraph 8 and clearly stating that it is as defined in IPSAS 46, this will reduce the potential for constituents to think there are multiple definitions of deemed cost in the IPSAS Handbook. It will also still provide first-time

adopters with the ability to easily reference the definition of deemed cost as they work through understanding the exemptions related to deemed cost in IPSAS 33.

Decision Required

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

Appendix A – Assessment of Constituents’ Comments to SMC 2

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

1. The below table:
 - (a) Provides staff’s detailed analysis of the respondents’ comments on the amendments proposed to IPSAS 33 in SMC 2 of ED 91; and
 - (b) Proposes whether the IPSASB should revise the guidance proposed in ED 91 or conduct further work to address constituents’ comments.

Analysis of Constituents’ Comments

Constituents Comments	Staff Analysis
Respondent disagreed with the proposal in SMC 2 for the following reasons:	
The respondent considers the inclusion of definition “deemed cost” in IPSAS 33 as unnecessary, because to determine a deemed cost where the acquisition cost of an asset and/or liability is not available, a first-time adopter will consider the guidance in IPSAS 46 on Measurement and will also need to understand other measurement concepts from IPSAS 46 (e.g. current operational value). Also, paragraph 8 of ED 91 states “Terms defined in other IPSAS are used in this Standard with the same meaning as in those Standards and are reproduced in the Glossary of Defined Terms published separately.”	<p>No changes are necessary</p> <p>Staff notes that:</p> <ul style="list-style-type: none"> • This response does not raise new information that was not already considered by the IPSASB during the development of ED 91. • The way that the definition of deemed cost is presented, is proposed to be changed as outlined below.
Respondents partially agreed with the proposal in SMC 2 for the following reasons:	
Respondents agreed with including the definition of deemed cost in IPSAS 33, but requested that to prevent users’ misunderstanding, the IPSASB add the statement that the definition of “deemed cost” is the same as that given in IPSAS 46.	<p>Revise location of definition of deemed cost in IPSAS 33 and make it clear it is the same definition as IPSAS 46</p> <p>Staff recommend moving the location of the definition of deemed cost from the middle of paragraph 8 where it is located in ED 91, to the bottom of paragraph 8 so it becomes part of the last sentence as follows:</p> <p>“Terms defined in other IPSAS are used in this Standard with the same meaning as in those Standards and are reproduced in the Glossary of Defined Terms published separately. <u>Specifically, the following term is defined in IPSAS 46, <i>Measurement</i>, - Deemed cost is an amount used as a surrogate for transaction price at the measurement date.</u>”</p>

Constituents Comments	Staff Analysis
	<p>This change would be consistent with how the IPSASB has previously assisted constituents with locating definitions that are key to one standard, but which are defined in another standard (see for example, IPSAS 36, <i>Investments in Associates and Joint Ventures</i>). Traditionally in IPSAS Standards, a term is only defined once in one standard and that definition is also included in the Glossary of Defined Terms. By moving the location of the definition of “deemed cost” to the end of paragraph 8 and clearly stating that it is as defined in IPSAS 46, this will reduce the potential for constituents to think there are multiple definitions of deemed cost in the IPSAS Handbook². It will also still provide first-time adopters with the ability to easily reference the definition of deemed cost as they read through IPSAS 33, which respondents to ED 91 believed was useful. BC15 and BC137 would also be updated to reflect this change.</p>
<p>Respondent agreed with including the definition of deemed cost in IPSAS 33, but did not agree with the rational for the inclusion provided in BC15. In particular, the respondent did not agree with the phrase “because IPSAS 33 precedes IPSAS 46”, since many IPSAS Standards use terms which are defined in other IPSAS Standards that occur later in the Handbook when the IPSAS standards are read in chronological order. So, the rational in BC15 did not seem consistent with past practice.</p>	<p>Revise BC15 to remove phrase “because IPSAS 33 precedes IPSAS 46”</p> <p>Staff recommend revising BC15 to remove phrase “because IPSAS 33 precedes IPSAS 46” as this rational is not used in other IPSAS Standards.</p>
Requested Additional Guidance	
<p>A couple respondents requested the inclusion of implementation guidance and illustrative examples of determining deemed cost for property, plant and equipment assets, particularly buildings and structures,</p>	<p>No changes are necessary – out of scope of ED 91</p> <p>Staff notes that IPSAS 46 provides guidance on determining deemed cost. It is out of scope of this project to add this guidance to IPSAS 33.</p>

² Note currently the Glossary of Defined Terms in the IPSAS Handbook includes two different definitions of deemed cost: 1) the definition of deemed cost in IPSAS 46.6; and 2) a different definition of deemed cost that is included in the current issued version of IPSAS 33.9 (this is the version of deemed cost that was withdrawn as part of the original IPSAS 46 Measurement project. This version is only applicable for periods beginning on or before December 31, 2024, after that it will be removed from the IPSAS Handbook).

Constituents Comments	Staff Analysis
when reliable supporting documentation for historical cost is lacking.	
Other Comments	
One respondent said that the word “surrogate” in the definition of deemed cost is not easily understood or translated. The respondent said that it needs to be replaced with a simple word that is easy to understand and translate such as substitute, proxy or another term.	<p>No changes are necessary – out of scope of ED 91</p> <p>Staff notes that the definition of deemed cost was determined after careful consideration as part of the IPSAS 46 project. It is out of scope of this IPSAS 33 project to change the definition of deemed cost.</p>

Number and Title of [draft] IPSAS proposed in ED 91

Question

1. Does the IPSASB agree with staff's recommendation to retain the number of the Standard as IPSAS 33 and append "2025" to the title?

Recommendation

2. Staff recommend that:
 - (a) The number of the [draft] IPSAS remains as "IPSAS 33"; and
 - (b) The title of the [draft] IPSAS be "First-Time Adoption of Accrual Basis IPSAS (**2025**)"

Background

3. IPSAS 33, *First-time Adoption of Accrual Basis IPSAS*, was first issued in January 2015 and it has been amended several times.
4. The IPSASB approved the limited scope update of IPSAS 33 in response to constituent feedback on the 2019-2023 Strategy and Work Program. The objective of the project is to address challenges experienced by first-time adopters of accrual-basis IPSAS in applying IPSAS 33, to enhance the guidance in IPSAS 33 for easier application, and to clarify the role of IPSAS 33 in the transition to accrual-basis IPSAS Standards.
5. At the June 2024 meeting, the IPSASB approved Exposure Draft (ED) 91, titled "Limited-scope Updates to First-time Adoption of International Public Sector Accounting Standards (IPSAS) (Amendments to IPSAS 33)." ED 91 proposed amendments to existing requirements to clarify and reorder existing guidance to enhance usability and understandability and to add additional non-authoritative guidance to further support constituents in using IPSAS 33. The proposals did not change the scope, objective or existing principles in IPSAS 33.

Analysis

6. Even though the project was approved as a "limited scope update", significant restructuring of the authoritative text, and revision of the non-authoritative text (i.e., Implementation Guidance and Illustrative Examples), along with other improvements, resulted from it. These revisions resulted in a significant change in the look and feel of the Standard, beyond that of minor improvements expected from annual improvements projects. As a result, it calls into question whether the number and/or title of the Standard should be changed to differentiate the revised standard from the current version of IPSAS 33 included in the IPSAS Handbook.

Number of [draft] IPSAS

7. Potential options for the number of the Standard are as follows:
 - (a) Renumber Standard as IPSAS 0;
 - (b) Renumber Standard as IPSAS 51; or
 - (c) Retain number as IPSAS 33.
8. Staff considered all three options.

9. The benefits of renumbering the Standard are that it would be an easy way to differentiate the revised Standard from the current version of IPSAS 33 that is in the IPSAS Handbook. The benefits of renumbering the standard as:
 - (a) IPSAS 0, would be that it would be at the start of the IPSAS Handbook and for an entity transitioning to IPSAS Standards for the first time that would be a logical place to look. It would also be consistent with the location of the first-time adoption standard in other frameworks (e.g. IFRS 1, *First-time Adoption of International Financial Reporting Standards*).
 - (b) IPSAS 51, would be that it is the next available number for a new IPSAS in the current sequence of Standard numbers.
10. However, the current number of the Standard of IPSAS 33 is widely recognized by jurisdictions adopting accrual-based IPSAS Standards, as well as by future first-time adopters from various jurisdictions. Changing the Standard's number could disrupt continuity and require unnecessary adjustments in regulatory frameworks, guidance documents, and training materials.
11. Furthermore, the scope, objective and principles of the Standard have not changed. The existing guidance in the standard has only been clarified and reordered to enhance usability and understandability, with some additional non-authoritative guidance added to further support constituents in adopting accrual basis IPSAS. As a result, constituents may be confused as to why the Standard has a new number when the underlying principles of the Standard have not changed.
12. As part of the analysis, the IPSASB Staff consulted with the Kingdom of Saudi Arabia Ministry of Finance (KSA) team to conduct a survey among countries in the region to gather feedback on the proposed name and number of the Standard. The survey results indicated support for retaining the existing number of the Standard as IPSAS 33, while appending '2025' to the existing title. Respondents emphasized the importance of maintaining continuity and avoiding unnecessary confusion, particularly for jurisdictions currently in the process of adopting accrual-based IPSAS.
13. As a result, staff propose that the number assigned to the Standard should remain unchanged as IPSAS 33.

Title of [draft] IPSAS

14. Following from the above discussion, staff propose retaining the current title of the Standard with the addition of '2025', which will clearly distinguish the updated version while maintaining continuity. As a result, the title of the standard would be '*First-time Adoption of Accrual Basis IPSAS (2025)*'. This approach ensures that users can easily identify the most current standard without implying substantive changes in principles. It also aligns with standard-setting practices, where adding a year to the title signals an update without renaming the standard entirely.

Proposed Next Steps

15. Based on the above, staff recommend that:
 - (a) The number of the [draft] IPSAS remains as "IPSAS 33"; and
 - (b) The title of the [draft] IPSAS be "First-Time Adoption of Accrual Basis IPSAS (2025)"

Decision Required

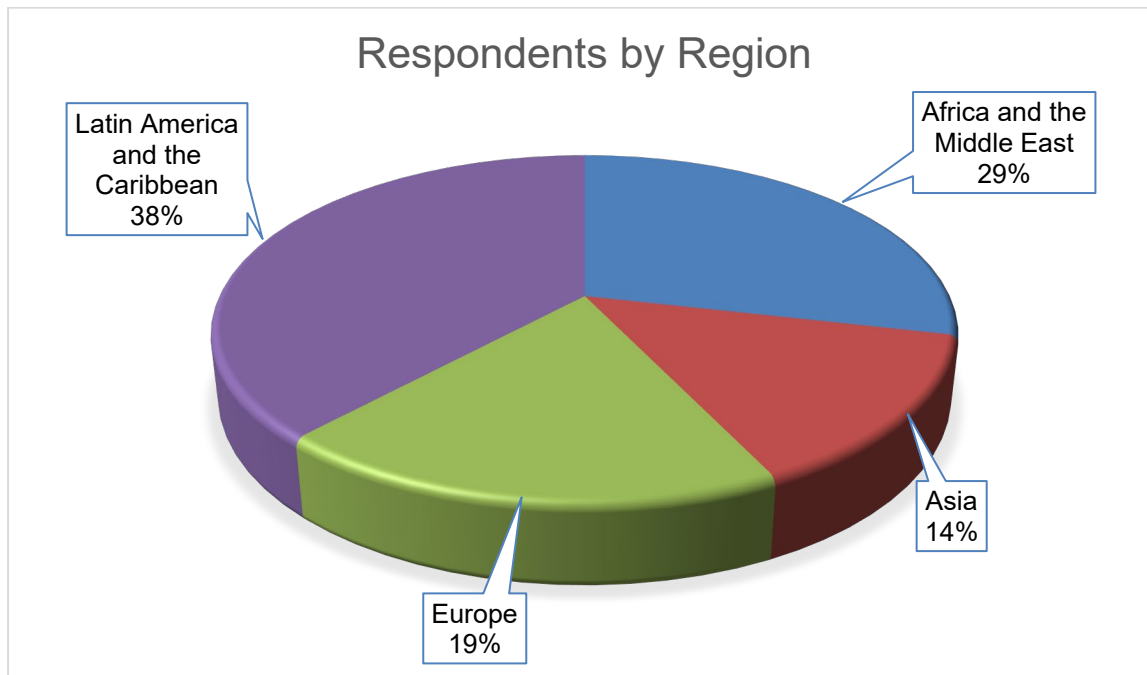
16. Does the IPSASB agree with the Staff [recommendation](#)?

Supporting Documents 1 – ED 91: Analysis of Respondents by Region, Function and Language, and List of Respondents

Appendix A: Analysis of Respondents by Region, Function, and Language

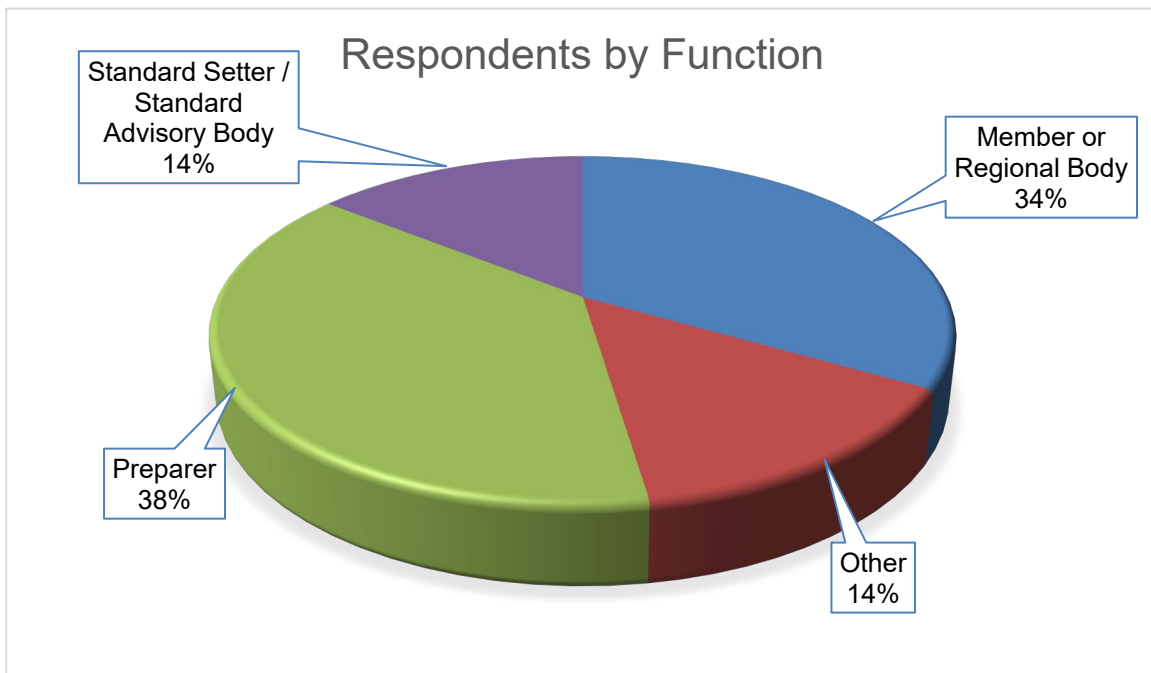
Regional Breakdown

Region	Comment Letter(s)	Total
Africa and the Middle East	R04, R11, R14, R16, R19 and R20	6
Asia	R02, R03, and R17	3
Europe	R01, R10, R18 and R21	4
Latin America and the Caribbean	R05, R06, R07, R08, R09, R12, R13 and R15	8
Total		21



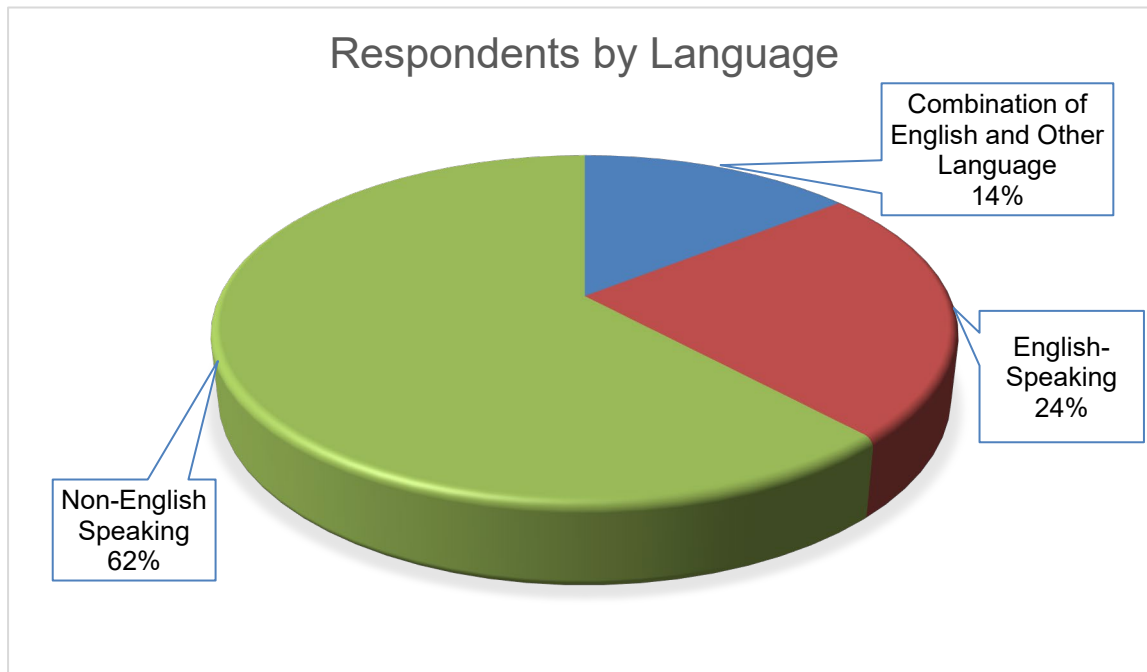
Functional Breakdown

Region	Comment Letter(s)	Total
Member or Regional Body	R02, R03, R04, R12, R15, R17, R20	7
Other	R10, R13, R18	3
Preparer	R05, R06, R07, R08, R09, R11, R14 and R21	8
Standard Setter / Standard Advisory Body	R01, R16, R19	3
Total		21



Linguistic Breakdown

Region	Comment Letter(s)	Total
Combination of English and Other Language	R01, R20, and R21	3
English-Speaking	R04, R10, R16, R18, and R19	5
Non-English Speaking	R02, R03, R05, R06, R07, R08, R09, R11, R12, R13, R14, R15, R17	13
Total		21



Agenda Item 7.3.1

Appendix B: List of Respondents

Comment Letter #	Respondent	Country	Function
01	Swiss Public Sector Financial Reporting Advisory Committee (SRS-CSPCP)	Switzerland	Standard Setter / Standard Advisory Body
02	The Japanese Institute of Certified Public Accountants (JICPA)	Japan	Member or Regional Body
03	Institute of Chartered Accountants of India (ICAI)	India	Member or Regional Body
04	Botswana Institute of Chartered Accountants (BICA)	Botswana	Member or Regional Body
05	Forum of Governmental Accounting of Latin America (FOCAL) – Chile	Chile	Preparer
06	Forum of Governmental Accounting of Latin America (FOCAL) – Ecuador	Ecuador	Preparer
07	Forum of Governmental Accounting of Latin America (FOCAL) – Peru	Peru	Preparer
08	Forum of Governmental Accounting of Latin America (FOCAL) – Dominican Republic	Dominican Republic	Preparer
09	Forum of Governmental Accounting of Latin America (FOCAL) – Venezuela	Venezuela	Preparer
10	European Accounting Association Public Sector Accounting Committee (EAA PSAC)	Greece	Other
11	Ministry of Finance	Saudi Arabia	Preparer
12	Conselho Federal de Contabilidade (CFC)	Brazil	Member or Regional Body
13	Board of Deans of Colleges of Public Accountants of Peru	Peru	Other
14	General Treasury of the Kingdom of Morocco	Morocco	Preparer
15	Asociación Interamericana de Contabilidad (AIC)	Panama	Member or Regional Body
16	Public Sector Accounting Standard Board (PSASB)	Kenya	Standard Setter / Standard Advisory Body
17	Malaysian Institute of Accountants (MIA)	Malaysia	Member or Regional Body

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18	Financial Audit and Accounting Subcommittee (FAAS)	United Kingdom	Other
19	Accounting Standards Board (ASB)	South Africa	Standard Setter / Standard Advisory Body
20	Pan African Federation of Accountants (PAFA)	South Africa	Member or Regional Body
21	North Atlantic Treaty Organization (NATO)	Belgium	Preparer

Supporting Documents 2 – Amendments to [draft] IPSAS 33, *First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSAS) (2025)*

A marked up version of the amendments to [draft] IPSAS 33, discussed in Agenda Items [7.2.2](#), [7.2.3](#), and [7.2.4](#) using the standard amendments formatting (e.g., underline for new text, strikethrough for deletions, etc.), is provided for review. This document is posted separately.