

Summary—Improvements to IPSAS, 2021

This summary provides an overview of [Improvements to IPSAS, 2021](#).

Project Objective:

This pronouncement includes general improvements and International Financial Reporting Standards® (IFRS®) alignment improvements to IPSAS. General improvements consist of proposals for minor amendments to IPSAS identified by stakeholders. IFRS alignment improvements consist of proposals for minor amendments to IPSAS sourced from recent IFRS improvements and narrow scope amendment projects.

Approved:

The International Public Sector Accounting Standards Board® (IPSASB®) approved [Improvements to IPSAS, 2021](#) in December 2021. This pronouncement was issued in January 2022.

Project History:

In July 2021, the IPSASB issued Exposure Draft (ED) 80, *Improvements to IPSAS, 2021*.

The strong support from respondents to ED 80 has resulted in the final pronouncement, [Improvements to IPSAS, 2021](#).

The final pronouncement does not include ED 80 proposed IFRS alignment improvements to the classification of liabilities as current or non-current in IPSAS 1, *Presentation of Financial Statements* because the International Accounting Standards Board (IASB) has initiated a [project](#) to revise the related requirements in IAS 1, *Presentation of Financial Statements*.

General Improvements and IFRS Alignment Improvements Included

This table provides an overview of the general and IFRS alignment improvements included in *Improvements to IPSAS, 2021*.

| General Improvements to IPSAS | |
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| IPSAS | Summary of Proposed Change in ED 80 |
| IPSAS 22, <i>Disclosure of Financial Information About the General Government Sector</i> . | Refer to latest edition of <i>System of National Accounts, 2008</i> (2008 SNA). |
| IPSAS 39, <i>Employee Benefits</i> . | Delete “composite” from the term “composite social security programs”. |
| RPG 1, <i>Reporting on the Long-Term Sustainability of an Entity’s Finances</i> . | Indicate in the Basis for Conclusions that the Conceptual Framework and Social Benefits projects were completed. |
| Currently effective IPSAS 29, <i>Financial Instruments: Recognition and Measurement</i> (as applicable prior to the adoption of IPSAS 41, <i>Financial Instruments</i>) | Interest Rate Benchmark Reform amendments are explained in more detail on page 3. |
| IFRS Alignment Improvements to IPSAS | |
| IPSAS 41, IPSAS 29 (as amended by IPSAS 41 when it was first published in 2018), and IPSAS 30, <i>Financial Instruments: Disclosures</i> . | Interest Rate Benchmark Reform amendments are explained in more detail on page 3. |
| IPSAS 33, <i>First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs)</i> . | Extend the exemption to allow cumulative translation differences to be based on the controlled entity’s financial statements on date of adoption of IPSAS. |
| IPSAS 41, <i>Financial Instruments</i> . | Clarify the fees to include when applying the ‘10 percent’ test to derecognize a financial liability. |
| IPSAS 19, <i>Provisions, Contingent Liabilities and Contingent Assets</i> . | Clarify the costs of fulfilling a contract when assessing whether a contract will be onerous. |
| IPSAS 17, <i>Property, Plant, and Equipment</i> . | Prohibit proceeds from selling items produced before asset is available for use to be deducted from the cost of property, plant, and equipment. |

Interest Rate Benchmark Reform

The Interest Rate Benchmark Reform amendments provide relief from the effects of the uncertainty caused by the reform.

Background

In 2014, the Financial Stability Board published a report setting out recommendations to reform interest rate benchmarks such as interbank offered rates (IBORs).

Public authorities in many jurisdictions have taken steps to implement interest rate benchmark reform. They have increasingly encouraged market participants to ensure timely progress towards the reform of interest rate benchmarks, including the replacement of those benchmarks with alternative, nearly risk-free interest rates that are based, to a greater extent, on transaction data (alternative benchmark rates).

Types of Amendments

To address the potential financial reporting impacts interest rate benchmark reform may have, *Improvements to IPSAS, 2021* includes two types of amendments to the IPSASB's literature:

(a) **Pre-replacement issues.** Issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative, nearly risk-free rate. These amendments provide temporary exceptions to the highly probable requirement; prospective assessments; and separately identifiable risk components; and

(b) **Replacement issues.** Issues that might affect financial reporting when an existing interest rate benchmark is replaced with an alternative nearly risk-free rate. These amendments assist stakeholders when changes are made to contractual cash flows or hedging relationships because of the interest rate benchmark reform and provide useful information to users of financial statements.

The IPSASB noted that interest rate benchmark reform amendments were applicable for:

- (a) IPSAS 29, *Financial Instruments: Recognition and Measurement* (applicable prior to the adoption of IPSAS 41);
- (b) IPSAS 29, *Financial Instruments: Recognition and Measurement* (applicable after the adoption of IPSAS 41); and
- (c) IPSAS 41, *Financial Instruments*.

Effective Date and Project History

The effective date is January 1, 2023, except for the interest rate benchmark reform amendments to IPSAS 29 which is January 1, 2022.

Effective Date of *Improvements to IPSAS, 2021*

The effective date of *Improvements to IPSAS, 2021* is January 1, 2023, except for the interest rate benchmark reform amendments to IPSAS 29 which is January 1, 2022.

Earlier application is permitted.

Project History

To learn more about the project history, and to view the consultation documents and responses, please visit: <https://www.ipsasb.org/consultations-projects/improvements-ipsas-2021>