Exposure Draft (ED) 89, *Amendments to Consider IFRIC Interpretations*

This summary provides an overview of ED 89, *Amendments to Consider IFRIC Interpretations*.

Project Objective: The objective of the ED is to propose guidance, aligned with IFRIC Interpretations developed by the IFRS Interpretations Committee, to clarify the application of existing IPSAS principles.

Project Stage: The International Public Sector Accounting Standards Board® (IPSASB®) issued ED 89 in April 2024.

Next Steps: The IPSASB seeks feedback on ED 89 to guide it in developing a final pronouncement that amends International Public Sector Accounting Standards® (IPSAS®) to introduce new guidance to clarify the application of existing principles.

Comment Deadline: ED 89 is open for public comment until June 17, 2024.

How to Respond: Respondents are asked to submit their comments electronically through the IPSASB website, using the "Submit a Comment" link. Please submit comments in both a PDF and Word file. Comments must be received in English to be considered. All comments will be considered a matter of public record and will ultimately be posted on the website.

Considering IFRIC and SIC Interpretations

This project reviews previously published IFRIC and SIC Interpretations to determine whether they are applicable to the public sector.

Maintaining Alignment

The IPSASB develops accrual IPSAS for the international public sector and aligns with IFRS where appropriate for the public sector.

To support the development of IPSAS, and IFRS alignment where appropriate, the IPSASB considers Interpretations issued by the IFRS Interpretations Committee (IFRIC) and former Standing Interpretations Committee (SIC). Each IFRIC or SIC Interpretation addresses a specific application matter and provides guidance to support consistent application of accounting principles.

The IPSASB initiated a narrow scope amendments project to review and consider IFRIC and SIC Interpretations issued but not yet considered to determine whether they are applicable to the public sector and decide whether they should be incorporated into IPSAS literature.

Interpretations Considered

The following seven IFRIC and SIC Interpretations were considered in this narrow scope amendments project, to determine whether they were applicable to the public sector:

- IFRIC 1, *Changes in Existing Decommissioning, Restoration and Similar Liabilities*;
- IFRIC 5, *Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds*;
- IFRIC 6, *Liabilities arising from Participating in a Specific Market—Waste Electrical and Electronic Equipment*;
- IFRIC 7, *Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies*;
- IFRIC 14, *IAS 19—The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*;
- IFRIC 21, *Levies*; and
- SIC-7, *Introduction of the Euro*.

Proposed IPSAS Amendments

ED 89 proposes amendments to IPSAS based on five IFRIC Interpretations.

Applicable Interpretations

The IPSASB determined that guidance in five IFRIC Interpretations in the scope of this project would be applicable to the public sector. Thus, the IPSASB proposes to incorporate guidance, based on these IFRIC Interpretations, into IPSAS to clarify the application of existing accounting principles to specific matters.

IFRIC Interpretation	Proposed Amendments to IPSAS	Summary of Proposed Amendments
IFRIC 1, *Changes in Existing Decommissioning, Restoration and Similar Liabilities*	IPSAS 19, *Provisions, Contingent Liabilities and Contingent Assets* IPSAS 43, *Leases* IPSAS 45, *Property, Plant, and Equipment*	To clarify how an entity should account for specific changes in estimates of existing liabilities to dismantle, remove and restore a property, plant, and equipment asset in the scope of IPSAS 45, or right-of-use asset in the scope of IPSAS 43.
IFRIC 5, *Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds*	IPSAS 19	To clarify how an entity that is a contributor to a decommissioning fund should account for its obligation to pay costs and its related interest in that decommissioning fund.
IFRIC 7, *Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies*	IPSAS 10, *Financial Reporting in Hyperinflationary Economies*	To clarify how an entity identifies the existence of hyperinflation in the economy of its functional currency when the economy was not hyperinflationary in the prior period.
IFRIC 14, *IAS 19—The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*	IPSAS 39, *Employee Benefits*	To clarify how an entity should consider limits on the defined benefit asset and minimum funding requirements when accounting for its post-employment defined benefits.
IFRIC 21, *Levies*	IPSAS 19	To clarify how an entity should account for an obligation to pay levies imposed by a government.

Not Applicable Interpretations

The IPSASB determined that guidance in two Interpretations in the scope of this project would not be applicable to the public sector. As a result, the IPSASB proposes to not incorporate guidance based on these Interpretations into IPSAS.

IFRIC or SIC Interpretation	Summary of IFRIC or SIC Interpretation	IPSASB's Rationale for Not Incorporating into IPSAS
IFRIC 6, *Liabilities Arising from Participating in a Specific Market—Waste Electrical and Electronic Equipment*	To clarify when an entity that produces electrical and electronic equipment for household use and is required under legislation to pay e-waste management costs should recognize a provision for waste management costs.	The IPSASB noted that there are rare circumstances where a public sector entity applying IPSAS would be a producer of electrical and electronic equipment for household use. Thus, the IPSASB decided that the guidance in IFRIC 6 is not applicable or useful for the public sector.
SIC-7, *Introduction of the Euro*	To clarify how an entity in a country participating in the Economic and Monetary Union (EMU) should account for the change from its national currency to the euro.	The IPSASB noted that there is limited applicability of the guidance for the international public sector, as-is. Further work is required to consider other challenges in applying IPSAS 4, *The Effects of Changes in Foreign Exchange Rates* in the international public sector, including dollarization and other current or prospective monetary unions. Thus, the IPSASB decided to further consider the application of IPSAS 4 in its future work program.

Next Steps

The deadline for comments is June 17, 2024.

During the comment period, the IPSASB members, technical advisors and/or staff are available to discuss the proposals with a wide range of parties.

How Can I Comment on the Proposals?

The ED includes Specific Matters for Comment (SMCs) on which the IPSASB is seeking views.

Respondents may choose to answer one or both SMCs. The IPSASB welcomes comments on any other matters respondents think it should consider in forming its views.

Respondents are asked to submit their comments electronically through the IPSASB website, using the "Submit a Comment" link. Please submit comments in both a PDF and Word file. Comments must be received in English to be considered.

All comments will be considered a matter of public record and will ultimately be posted on the website.

The IPSASB will carefully consider all feedback and discuss responses at its public meetings after the comment period has ended.

Stay Informed

The IPSASB's website will indicate the meetings at which feedback on the ED will be discussed. The dates and the locations of 2024 meetings are available at:

https://www.ipsasb.org/meetings

Specific Matters for Comment

The two SMCs asked in ED 89 cover the following issues:

SMC 1: Proposed accounting guidance, based on five IFRIC Interpretations, to be added as amendments to IPSAS.

SMC 2: Rationale for not including two IFRIC and SIC Interpretations as amendments to IPSAS.