



## Consultation Paper, *Presentation of Financial Statements*

This summary provides an overview of the [Consultation Paper, \*Presentation of Financial Statements\*](#).

- Project Objective:** The objective of the Presentation of Financial Statements project is to enhance the communication effectiveness of financial information reported in general purpose financial statements by developing a new IPSAS Standard to replace IPSAS 1, *Presentation of Financial Statements*. The project focuses on the presentation of financial information to support accountability and decision-making across the public sector.
- Project Stage:** The International Public Sector Accounting Standards Board® (IPSASB®) issued this Consultation Paper (CP) in April 2026.
- Next Steps:** The IPSASB seeks feedback on the CP to guide it in developing an Exposure Draft of the proposed new IPSAS Standard replacing IPSAS 1, in the next stage of this project.
- Comment Deadline:** The CP is open for public comment until September 14, 2026.
- 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 submitted in English to be considered. All comments will be considered a matter of public record and will ultimately be posted on the website.

## Why the IPSASB Undertook this Project

The IPSASB added the Presentation of Financial Statements Project to improve the effective communication of financial statements and comparability of information presented in general purpose financial statements.

### Importance in the Public Sector

General purpose financial statements provide important financial information about a public sector entity, and are vital to ensure accountability, inform decision-making, promote transparency, and support efficient resource management.

The presentation of financial information in financial statements plays a critical role in strengthening public financial management (PFM) globally by supporting the information needs of users of financial statements. Users of public sector financial statements, comprising a wide range of users, rely on financial information as the basis for their decisions, including but not limited to:

- Forming future budgets, public policy decisions, and long-term fiscal sustainability planning; and
- Holding governments and other public sector entities accountable for the efficient use and management of public resources.

Given the importance of the presentation of financial information in financial statements and strong support from its stakeholders, the IPSASB initiated a major financial reporting project focused on presentation of financial statements.

### Financial Reporting Developments

IPSAS 1, *Presentation of Financial Statements* was first issued in 2000 and primarily aligned with the 2003 version of IAS 1, *Presentation of Financial Statements*. The development of a new IPSAS Standard to replace IPSAS 1 is an opportunity to enhance existing presentation requirements and reflect the evolution of the financial reporting landscape since 2000:

- The IPSASB issued its *Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities* (the Conceptual Framework), which may necessitate updates to IPSAS 1 to ensure consistency at standards level;
- The International Accounting Standards Board (IASB) revised IAS 1 and recently replaced it with IFRS 18 *Presentation and Disclosure in Financial Statements*. The IPSASB considers IFRS developments to maintain alignment where appropriate for the public sector;
- The International Monetary Fund (IMF) updated its Government Financial Statistics Manual (GFSM 2014), providing an opportunity to reduce unnecessary differences between IPSAS Standards and GFSM 2014 and promote broader use of IPSAS Standards-based information; and
- National standard-setters have conducted similar projects at the jurisdictional level, which may be useful for the IPSASB to consider at the international level.

## A Comprehensive Consultation

The IPSASB is taking a phased approach to communicate with and solicit feedback from constituents on how it proposes to enhance its presentation requirements.

### Project Scope

To achieve its project objective, the IPSASB is focusing on the principles and requirements in IPSAS 1 for presenting financial information in an entity’s financial statements. This includes information displayed on the face of the primary financial statements and other information disclosed in the notes of the financial statements. IPSAS 1 also sets out general requirements for the selection, location, and organization of information reported in financial statements, and provides guidance on the structure, minimum disclosures, and overarching principles for preparing financial statements in accordance with IPSAS Standards.

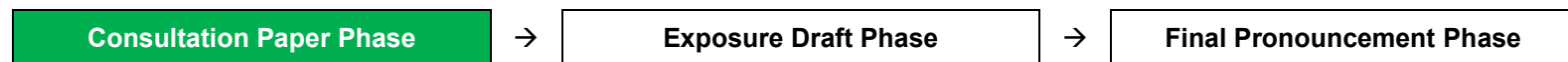
This project focuses on the presentation guidance for:



While other IPSAS Standards that include presentation requirements (such as IPSAS 2, *Cash Flow Statements*) are outside the scope of this project, the IPSASB will consider consequential amendments to ensure the IPSAS Standards continue to work together with the new IPSAS Standard replacing IPSAS 1.

### Development through a Phased Approach

The IPSASB is taking a three-phased approach to acknowledge the critical role that the presentation of financial statements plays in strengthening global PFM and the range of issues considered in this project.



In this first phase, the IPSASB explored new ideas and conducted relevant research and analysis to develop its CP. This CP:

- 1) Presents the IPSASB’s proposals for the new IPSAS Standard that will replace IPSAS 1, and seeks constituent feedback; and
- 2) Is accompanied by an illustrative Exposure Draft (in Appendix D), which illustrates the potential structure and guidance of the final pronouncement, based on the IPSASB’s Preliminary Views (PVs), to help constituents better understand and respond to the CP.

Constituent feedback on the PVs and Specific Matter for Comment (SMC) is essential for subsequent phases of development.

## Proposed Presentation Requirements

The CP proposes to build on IPSAS 1 presentation requirements by adding new requirements for the Statement of Financial Performance and enhancing other existing requirements.

### Evolving the Presentation Requirements for the Statement of Financial Performance

The most substantial proposals in the CP relate to the presentation requirements for the Statement of Financial Performance, which is a key source of financial information to help financial statement users access and understand relevant information to support their analysis and decision-making needs. Chapter 4 proposes new presentation requirements to prompt public sector entities to paint a clearer picture of their financial performance and improve the comparability of information presented on this statement across similar entities, thereby supporting information needs of financial statement users. These proposals introduce some new concepts to IPSAS Standards, that are broadly aligned with IFRS 18 with adaptations for application in the public sector.

CP	Proposal and Rationale	Differences vs. IPSAS 1	Related PV/SMC
Chapter 4 Statement of Financial Performance	<b>Categorization:</b> Introduce requirement to classify revenue and expenses recognized in surplus or deficit into specific categories. Categorizing financial information would bring a more structured presentation of revenue and expenses, reducing diversity in presentation and better supporting financial statement user needs.	Adds a new requirement	PV 8
	<b>Subtotals:</b> Introduce requirement to present an 'operating surplus or deficit' subtotal, and to retain IPSAS 1's existing requirement to present a 'surplus or deficit' total and the existing permission to present additional subtotals. These requirements would enhance the benefits of the proposed categorization requirement, while continuing to allow flexibility.	Adds to existing requirements	PV 9
	<b>Minimum line items:</b> Retain IPSAS 1's existing requirements regarding the presentation of line items. These requirements continue to be effective and appropriate but would be adjusted to be in the context of proposed categorization requirements.	Adjusts existing requirements	PV 10
	<b>Expenses by Nature or Function:</b> Retain IPSAS 1's existing requirements to present expenses by the nature of the expenses or by their function to the entity, with additional guidance. These presentation methods have different but equally valuable benefits. However, the IPSASB seeks constituent comment on whether to permit mixed presentation of expenses, consistent with the new option in IFRS 18.	[Contingent on responses]	SMC 1

## Enhancing Other Existing Presentation Requirements

The CP also analyzes whether to revise the general presentation requirements, presentation requirements for the Statement of Financial Position and Statement of Changes in Net Assets/Equity, and the requirements for disclosure of information in the notes currently in IPSAS 1. Overall, the proposals generally retain relevant existing IPSAS 1 requirements, and incorporate additional guidance aligned with equivalent IFRS to better support public sector entities in applying the presentation principles and requirements:

CP	Proposed Enhancements	Related PVs
<b>Chapter 2</b> General Presentation Requirements	Retain existing IPSAS 1 requirements, with updates primarily related to the definitions and comparative information requirements for alignment with the Conceptual Framework and IFRS where appropriate for the public sector.	PV 2 PV 3 PV 4
<b>Chapter 3</b> Statement of Financial Position	Retain existing IPSAS 1 requirements, with an additional requirement to present goodwill as a line item, in alignment with IFRS.	PV 5 PV 6 PV 7
<b>Chapter 5</b> Statement of Changes in Net Assets/Equity	Retain existing IPSAS 1 requirements, with one change: to require entities to display the reconciliation of each component of net assets/equity on the face of the Statement (rather than providing a choice of presenting it on the face or in the notes).	PV 11 PV 12
<b>Chapter 6</b> Disclosure of Information in the Notes	Retain existing IPSAS 1 requirements, with updates to incorporate the IASB's amendments from <i>Disclosure Initiative</i> project.	PV 14

## Considering Other IASB Guidance

In developing the CP, the IPSASB considered whether the following IASB guidance should be incorporated into the IPSAS Standards, to maintain alignment where appropriate for the public sector:

- IFRIC 17, *Distribution of Non-cash Assets to Owners* guidance (discussed in Chapter 5, PV 13); and
- IFRS 18's definition and disclosure requirements for management-defined performance measures (MPMs) (discussed in Chapter 6, PVs 15-16).

The CP shares the respective proposal and rationale to not incorporate these sets of guidance into the IPSAS Standards, based on the lack of prevalence or similar need in the international public sector.

## Next Steps

The deadline for comments is **September 14, 2026**.

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 CP requests comments on the PVs and SMC on which the IPSASB is seeking views.

Respondents may choose to answer all PVs and SMC or just a selected few. The IPSASB welcomes comments on any other matters within the scope of the project that 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 be posted on the IPSASB 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 CP will be discussed. The dates and the locations of upcoming IPSASB meetings are available at:

<https://www.ipsasb.org/meetings>

To stay up to date about the project, please visit:

<https://www.ipsasb.org/consultations-projects/presentation-financial-statements>

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