IPSASB APPLICATION GROUP (IAG)

Issues Considered and Board Responses

JUNE 2026

IPSASB APPLICATION GROUP (IAG): ISSUES CONSIDERED AND BOARD RESPONSES

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Issue Q3 2025-1: Measurement of Equity Investments

IPSASB Meeting(s) when Issue was Discussed:
September 2025, December 2025

Relevant IPSAS Standards:
IPSAS 28, *Financial Instruments: Presentation*, IPSAS 31, *Intangible Assets*, IPSAS 41, *Financial Instruments*, IPSAS 46, *Measurement*

Key Words
Control, current operational value, equity instrument, lack of contractual cash flows, lack of dividends, restrictions on sale, significant influence, substance over form

Summary of the Submission

1. The IAG received a submission asking for clarification on the accounting of equity instruments held by a public sector entity, specifically, whether the equity instrument can be measured at current operational value (COV). The entity owns 12.2% of the outstanding shares of a corporation that is wholly owned by a number of unrelated government entities. The objective of the corporation is to secure an uninterrupted supply of salt to mitigate road safety risks, and the corporation achieves this objective by mining, processing, and distributing salt for use on the roads within the shareholders' jurisdictions.

2. The submission noted that control, joint control, or significant influence does not exist, and the equity instrument is within the scope of IPSAS 41, *Financial Instruments*. The submission also noted that the equity instrument cannot be measured at amortized cost as there are no contractual cash flows. Furthermore, despite the presence of an active market for road salt, the submitter indicated that fair value is not an appropriate measurement basis as the sale of the shares is prohibited.

3. The submission considered if paragraph AG3 of IPSAS 41, which allows the use of the equity method via IPSAS 36 for strategic investments, is applicable. The submitter noted that the equity method is not appropriate because:

   (a) Significant influence does not exist in their view based on the nature of the shares and various restrictions from the shareholder agreement; and

   (b) The equity method does not capture the service potential or operational purpose in the same way as COV.

4. In the submission's view, holding the equity instruments for strategic reasons, together with the absence of cash flows and the restriction on sale, indicate that the instruments are held for their operational capacity and not for their financial capacity. As a result, the submission concluded that a COV, which reflects the amount an entity would pay to acquire the remaining service potential of an asset at the measurement date (i.e., a COV based on the cost approach), would be the appropriate measurement basis. Based on their conclusion, the submission indicated that there is currently a gap in the measurement guidance for financial instruments, as IPSAS 41 requires the current value of financial instruments to be measured at fair value.

Analysis by the IAG

5. The IAG discussed the above fact pattern at its November 2025. While the IAG does not advise on the accounting for specific transactions, depending on the specific facts and circumstances, the IAG considered the following:

   (a) Paragraph 9 of IPSAS 28, *Financial Instruments: Presentation*, defines a financial asset as:

      (i) Cash;

      (ii) An equity instrument of another entity; or

      (iii) A contractual right that will or may be settled in the entity's own equity instruments and is either a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments, or a derivative that will or may be settled other than by the exchange of a fixed amount of cash, another financial asset, or a fixed number of the entity's own equity instruments.

   (b) Paragraph 9 of IPSAS 28 also defines an equity instrument as any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

6. Where the case facts support the investment meets the definition of an equity instrument, and Entity A determines that the restrictions in the shareholders' agreement are not substantive, the investment could fall within the definitions of financial assets and equity instruments. Under this view, the investment would be within the scope of IPSAS 41 and measured at fair value. However, because the instrument is not actively traded, paragraphs AG140-AG143 could be applicable. These paragraphs clarify that in limited circumstances, where insufficient information is available, cost may be an appropriate estimate of fair value.

7. Where case facts support the investment does not, in substance, have the key characteristics of a financial asset or an equity instrument (for example, there appears to be restrictions on dividends, and the sale/liquidation of the investment is restricted), the investment is likely an intangible asset within the scope of IPSAS 31, *Intangible Assets*.

8. Paragraph 16 of IPSAS 31 defines an intangible asset as an identifiable non-monetary asset without physical substances. In this fact pattern, Entity B was set up, in substance, using the legal structure of a corporation to facilitate the supply of salt to the shareholders and the entity was not designed to generate a return to its shareholders. Under this view, the measurement guidance for the intangible assets in IPSAS 31 would be applicable.

IAG Conclusion

9. Based on the above, the IAG concluded that there is sufficient guidance in existing IPSAS Standards. Therefore, the IAG concluded that no amendments to existing guidance, or the development of additional guidance, is required.

IPSASB Decision

10. The above issue was discussed at the September 2025 and December 2025 IPSASB Meetings. The IPSASB agreed with the IAG and decided that the above submission regarding the measurement of an equity investment did not require changes to existing guidance or additional guidance.

Issue Q1 2026-1: Accounting for Digital Currencies Issued by a Central Bank from a Holder's Perspective

IPSASB Meeting(s) when Issue was Discussed:
March 2026

Relevant IPSAS Standards:
IPSAS 28, *Financial Instruments: Presentation*

Key Words
Cash, cryptocurrency, digital currency

Summary of the Submission

1. A federal government has introduced a Central Bank Digital Currency (CBDC), issued by the Central Bank in the jurisdiction, that mirrors the value of the country's physical fiat currency.[1] That is, the CBDC is convertible with all other forms of the local currency on a 1-to-1 basis.

2. This issuance was accompanied by an amendment to the laws in the jurisdiction to expand the definition of 'currency' to include the CBDC. The amended laws also explicitly state that the paper banknotes, metal coins, and CBDC issued by the Central Bank are "absolute legal tender valid for payment of any amount up to their full face value." References to 'currency', 'cash', 'monetary funds', or 'funds' in all other legislation were also amended to include the CBDC.

3. The submission noted that the CBDC are currently in circulation and accepted as payments at their face value in the jurisdiction. The submission also confirmed that in practice, there are no conditions or restrictions on the use of CBDC which would differentiate the digital currency from other forms of fiat currency in the jurisdiction.

4. The submission noted that an accounting paper published by the Financial Accounting Standards Board (FASB) in the United States concluded that crypto assets, which are similar to digital currencies, could be inventory, intangible assets, or financial assets from the perspective of the holder.

5. To facilitate transacting in CBDC, a regional government holds a balance of the digital currencies. The submission asked the IAG which IPSAS Standard would be applicable to the CBDC from the regional government's (i.e., a holder's) perspective. For clarity, the submission and the IAG's analysis only addresses the accounting by the regional government, which is a separate entity that is independent from the Central Bank or the federal government.

Analysis by the IAG

6. The IAG noted that, after the publication of the accounting paper referenced in the submission, the FASB updated US GAAP in December 2023 to require crypto assets that were not created or issued by the reporting entity or its related parties to be accounted for as intangible assets. The amendment requires crypto assets to be subsequently measured at fair value with changes recognized in net income for the reporting period.

[1] Fiat currency is money issued by a government that is authorized to be legal tender in its jurisdiction. Legal tender is money that is legally required to be accepted as payment of monetary debt.

7. In addition, the IFRS Interpretations Committee (IFRIC) published a final agenda decision in June 2019, which stated that cryptocurrencies can be intangible assets or inventory depending on the entity's reasons for holding the asset, but they are not financial assets as they do not meet the definition of financial assets in IAS 32, *Financial Instruments: Presentation*. The decision noted that paragraph AG3 of IAS 32 states that currency (cash) is a financial asset because it represents the medium of exchange and is therefore the basis on which all transactions are measured and recognized in the financial statements. The IFRIC observed that the existing cryptocurrencies at the time of the decision were not used as a medium of exchange or as the monetary unit used in the pricing of goods or services. Therefore, the IFRIC concluded that such cryptocurrencies are not considered cash.

8. The IFRIC decision also explicitly noted that it only applies to cryptocurrencies with certain characteristics, one of which is that the cryptocurrency is not issued by a jurisdictional authority. Given that the digital currency in the submission is issued by a jurisdictional authority, the IFRIC decision may not apply to the CBDC. However, as paragraph AG10 of IPSAS 28, *Financial Instruments: Presentation*, is aligned with paragraph AG3 of IAS 32, the factors considered by the IFRIC could be applied to determine if the CBDC can be considered cash.

9. Paragraph AG10 of IPSAS 28 states:

   "Currency (cash) is a financial asset because it represents the medium of exchange and is therefore the basis on which all transactions are measured and recognized in financial statements. A deposit of cash with a bank or similar financial institution is a financial asset because it represents the contractual right of the depositor to obtain cash from the institution or to draw a check or similar instrument against the balance in favor of a creditor in payment of a financial liability. Unissued currency does not meet the definition of a financial instrument. An entity applies paragraph 13 of IPSAS 12, Inventories in accounting for any unissued currency. Currency issued as legal tender from the perspective of the issuer, is not addressed in this Standard."

   (The discussion regarding holdings of unissued currency and the issuance of legal tender are not relevant to the submission, as these issues are only applicable from the perspective of the issuer.)

10. Applying the factors used by the IFRIC, the IAG discussed how, based on the case facts provided, the CBDC could be considered cash (i.e., subject to the recognition, measurement, presentation and disclosure requirements in IPSAS 28, IPSAS 30, and IPSAS 41) if the facts support the following:

    (a) The CBDC is considered the jurisdiction's legal tender and represents a medium of exchange. Based on the facts provided, the CBDC and physical currencies appear to be interchangeable, and both are considered legal tender; and

    (b) The CBDC forms the basis on which all transactions are measured and recognized in the financial statements. Based on the facts provided, the CBDC appears to have the same value as physical currency. Therefore, it could form the basis on which all transactions are measured and recognized.

11. The IAG also noted that there is precedent for similar digital currencies, such as the Digital Renminbi in China, to be accounted for as cash by the holder under local accounting standards which are largely aligned with IFRS.

IAG Recommendation

12. Based on the above, the existing guidance in IPSAS 28 could be applied to reach a potential conclusion that the CBDC is classified as cash in the financial statements. However, the IAG noted

that because of the previous positions from the IFRIC agenda decision and US GAAP, there could be diversity in practice that should be addressed.

13. In addition, the accounting for digital currencies from a holder's perspective is expected to have significant and widespread impacts in both the public and private sectors. As the principles regarding financial instruments in IFRS Accounting Standards and IPSAS Standards are aligned, the IAG recommends that the IPSASB work with the IASB to determine an appropriate path forward to ensure consistency across both frameworks.

IPSASB Decision

14. The above issue was discussed at the March 2026 IPSASB Meeting. The IPSASB instructed the IPSASB staff to connect with IASB staff to understand the guidance and any ongoing work to develop guidance on the accounting for digital currencies from the holder's perspective.

Issue Q1 2026-2: Accounting for the Transfer of Assets Without Consideration Between Government Entities under the Authority of a Single Controlling Authority

IPSASB Meeting(s) when Issue was Discussed:
March 2026

Relevant IPSAS Standards:
IPSAS 1, *Presentation of Financial Statements*, IPSAS 12, *Inventories*, IPSAS 23, *Revenue from Non-Exchange Transactions (Taxes and Transfers)*, IPSAS 31, *Intangible Assets*, IPSAS 45, *Property, Plant, and Equipment*, IPSAS 46, *Measurement*, IPSAS 47, *Revenue*

Key Words
Common control, intercompany transfers, non-exchange transactions

Summary of the Submission

1. The IAG received a question regarding transfer of assets between government entities at the direction of a single controlling entity. These transfers are made without any payment of consideration, and on a consolidated basis, the transferred assets remain within the same economic entity. (These transfers are hereafter referred to as "common control transfers".)

2. The submission also noted the following:

   (a) The entities involved with the transfer of assets generally apply the historical cost model for subsequent measurement;

   (b) The transfer does not change the economic substance for the controlling government entity, and in the submitter's view, the current value remeasurement provides no incremental decision-useful information at the consolidated level, as the government applies the cost model; and

   (c) The assets in these transfers do not meet the definition of "operation" under IPSAS 40, *Public Sector Combinations.*

3. The submission noted that, based on their understanding, current IPSAS Standards require assets in common control transfers to be remeasured at current value, even though such remeasurements are eliminated upon consolidation and have no effect on the government's consolidated financial position. As the assets are generally measured using the historical cost model, the remeasurements at the individual entity level result in undue administration burden.

4. The submission's view that common control transfers results in remeasurements to current values is based on the initial measurement requirements for non-exchange transactions in IPSAS 12, *Inventories*, IPSAS 23, *Revenue from Non-Exchange Transactions (Taxes and Transfers)*[2], IPSAS 31, *Intangible Assets*, IPSAS 45, *Property, Plant, and Equipment*, and IPSAS 46, *Measurement*. For example, paragraph 12 of IPSAS 45, which requires in-scope assets acquired in a non-exchange transaction to be measured at deemed cost. Paragraph 10 of IPSAS 46 requires a current value measurement basis to be used to determine deemed costs in such circumstances.

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[2] The guidance on similar transactions in IPSAS 47, *Revenue*, is consistent with the guidance in IPSAS 23.

5. The submission noted that in the private sector, IFRIC 17, *Distributions of Non-cash Assets to Owners*, requires non-cash distributions to owners to be measured at fair value, but distributions which do not result in a change of control over the assets are excluded from this requirement. The scope exclusion in IFRIC 17 has been interpreted to mean that transactions such as common control transfers should be recorded at the asset's carrying amount instead of fair value. A similar exception would be helpful in reducing administrative burden in the public sector.

6. The submission asked if the IPSAS Standards should allow an exception for these transfers to be measured for at their carrying amount, similar to the common control exception applied in IFRS literature.

Analysis by the IAG

7. The IAG noted that common control transactions could be considered transactions between the individual entities and the controlling entity. Per paragraph 122 of IPSAS 1, *Presentation of Financial Statements*:

   "Contributions by, and distributions to, owners include transfers between two entities within an economic entity (for example, a transfer from a government, acting in its capacity as owner, to a government department). Contributions by owners, in their capacity as owners, to controlled entities are recognized as a direct adjustment to net assets/equity only where they explicitly give rise to residual interests in the entity in the form of rights to net assets/equity."

8. While the paragraph does not provide an example of common control transfers, such transfers are, in substance, a transfer of assets from the transferor entity to the controlling entity, followed by an immediate transfer of those assets from the controlling entity to the recipient entity. As a result, the common control transfers noted in the submission could be considered contributions by, and distributions to, owners.

9. However, the IAG noted that paragraph 122 of IPSAS 1 only provides guidance on 'where' to account for transactions with owners (i.e., in net assets/equity and not as revenue or expenses) and does not provide guidance on how to measure these transactions. There is also no explicit guidance elsewhere in the IPSAS Standards regarding the measurement of common control transfers at the individual entity level. As a result, the IAG noted that such transactions could be measured by the individual entity using one of the following two approaches:

   (a) Common control transfers are measured at current value in accordance with IPSAS 46 as non-exchange acquisition of assets that are within the scope of IPSAS 12, IPSAS 31, or IPSAS 45 depending on the nature of the asset; or

   (b) Common control transfers are measured at carrying amount on the basis that they are transactions between the individual entities and the controlling entity in its capacity as an owner, and an accounting policy on measurement should be developed based on principles in existing IPSAS Standards and other accounting frameworks.

View 1: Common Control Transfers are Measured at Current Value Using the Guidance on the Acquisition of Assets from Non-Exchange Transactions

10. Under this view, the measurement of a common control transfer should be consistent with an acquisition of assets from a non-exchange transaction. The IAG noted that IPSAS 12, IPSAS 31, and IPSAS 45 do not explicitly scope out transactions with owners. Therefore, these standards could be applied to require the assets received from common control transfers to be measured at deemed

cost. IPSAS 46 then requires deemed cost to be measured at current value, which is either fair value or current operational value depending on the entity's reasons for holding the asset.

11. Under this view, because there is already applicable measurement guidance in the IPSAS Standards noted above, there would be no need to consider applying the principles from other IPSAS Standards or other accounting frameworks by analogy.

12. Economically, the measurement of transferred assets at deemed cost could provide relevant information on the financial position of each individual entity.

View 2: Common Control Transfers are Measured at the Assets' Carrying Amounts

13. If common control transfers are considered transactions with owners addressed by paragraph 122 of IPSAS 1, the paragraph could be interpreted to mean that these transactions are not considered non-exchange acquisitions of assets within the scope of IPSAS 12, IPSAS 31, or IPSAS 45. Under this view, the measurement guidance noted in paragraph 10 of this paper would not be applicable, so an accounting policy would need to be developed using the hierarchy from paragraphs 12–15 of IPSAS 3, *Accounting Policies, Changes in Accounting Estimates and Errors*.

14. The IAG noted a policy to measure common control transfers at carrying amount could be developed based on the following:

    (a) IPSAS 40, *Public Sector Combinations*, provides guidance on amalgamations, which are similar to common control transfers, as amalgamations also do not result in a change of control. IPSAS 40 requires the identifiable assets and liabilities in an amalgamations to be measured at their carrying amounts. The Standard explicitly does not apply to the acquisition of assets or assumption of liabilities that do not constitute an operation; however, the guidance on measurement at carrying amount can be applied by analogy; and

    (b) As noted in the submission, the scope exclusion in IFRIC 17 has been applied in practice in the private sector so that common control transfers are recorded at the transferred asset's carrying amount. Although IFRIC 17 has not been adapted into the IPSAS Standards, the guidance can be applied through the hierarchy in IPSAS 3. The IAG did note in September 2025, the IPSASB considered whether to develop public sector guidance based on IFRIC 17 and concluded transactions in scope of the interpretation were not prevalent in the public sector.

15. Economically, measuring a common control transfer at the asset's carrying amount would reflect the fact that such transactions are typically carried out for administrative purposes and do not represent a transaction with economic or commercial substance from a consolidated group perspective.

IAG Recommendation

16. The IAG noted that because there is currently no explicit guidance on how to measure common control transfers, the use of current value or carrying amount are both supportable based on differing interpretations of existing IPSAS Standards, as noted in paragraphs 10–15. Due to this lack of clarity, there could be diversity in practice leading to inconsistent accounting for similar transactions. As a result, the IAG recommend that the IPSASB direct staff to undertake research to identify potential ways forward to address this potential inconsistency.

IPSASB Decision

17. The above issue was discussed at the March 2026 IPSASB meeting. The IPSASB instructed staff to research reporting alternatives for the IPSASB to consider on the transfer of assets (which are not an operation) between entities under common control.

Issue Q1 2026-3: Valuation of Heritage Assets

IPSASB Meeting(s) when Issue was Discussed:
March 2026

Relevant IPSAS Standards:
IPSAS 45, *Property, Plant, and Equipment*, IPSAS 46, *Measurement*

Key Words
Artwork, current operational value, current value, heritage asset, insurance value, reliable measurement, valuation

Summary of the Submission

1. The IAG received a query regarding the measurement of heritage assets consisting of a collection of artwork within the scope of IPSAS 45, *Property, Plant, and Equipment*.

2. Based on the facts provided, the artwork collection has the following characteristics:

   (a) The items are considered irreplaceable and are subject to policies which require their preservation in perpetuity and prohibit their disposal or sale;

   (b) The artworks are individually insured at a value determined by management's appraisers and curators, but the submission noted that there is a lack of clarity on whether such a value can form the valid basis for a current value measurement. If not, a reliable measurement is not possible due to limited comparable market data, the unique and fragile nature of the artwork, and the absence of verifiable historical cost records.

3. The submission noted that there appears to be diversity in practice as they have observed that some jurisdictions have made the assertion that similar collections of artwork cannot be reliably measured, while in other jurisdictions, the auditors did not accept this assertion and issued an adverse opinion for collections that were not valued.

4. Based on this background information, the submission asked the following specific questions:

   (a) Can a reliable valuation be obtained for permanent art collections kept at a national gallery?

   (b) Do insurance values of artworks constitute a basis for reliable measurement?

   (c) Can insurance values be used as deemed cost?

   (d) Does management have an avenue to evoke paragraph 77 of IPSAS 45 to argue that cost or current value cannot be reliably measured?

   (e) Is it acceptable to only recognize artworks that were purchased at cost and deem the other artwork that is donated as not having a reliable value?

5. The submission noted that for situations where the asset cannot be reliably measured, the entity shall disclose information regarding the asset as required in IPSAS 45. However, the submission also noted that there is no guidance on what is considered 'reliable information' or whether insurance values can be used as the basis for current value in in IPSAS 45.

Analysis by the IAG

6. The IAG noted that whether a reliable current value measure can be obtained for a permanent art collection requires judgment and depends on the specific characteristics of the items in the collection.

Where a current value measure is required, IPSAS 46 provides guidance on the determination of current operational value and fair value in Appendix B and Appendix D, respectively.

7. Similarly, whether insurance values constitute a basis for reliable measurement will depend on the specific facts and circumstances of the insurance contracts. Some insurance values are based on an asset's current replacement cost, which could be used to estimate the asset's current value if its determination is consistent with the requirements of IPSAS 46.

8. On the determination of whether cost or current value can be reliably measured, paragraph 23 of IPSAS 45 states:

   "The current value of an asset is reliably measurable if the variability in the range of reasonable current value measurements is not significant for that asset, or the probabilities of the various estimates within the range can be reasonably assessed and used when measuring current value…"

9. A range of reasonable values that is significantly wide or probabilities of the various estimates that cannot be reasonably assessed could indicate that the current value cannot be reliably measured. In these situations, the disclosures in paragraph 77 of IPSAS 45 would be applicable.

10. Finally, assets are recognized and measured on an asset-by-asset basis. There could be situations where the recognition and measurement of specific items in an art collection is straightforward (e.g., art purchased in a market transaction that is recognized and measured at cost) while other items in the same collection cannot be reliably measured (e.g., art that was obtained from a non-exchange transaction such as a donation).

IAG Recommendation

11. The IAG noted that there is relevant guidance in the IPSAS Standards which sufficiently addresses the questions in the submission. As a result, changes to existing guidance or the development of additional guidance are not required.

IPSASB Decision

12. The above issue was discussed at the March 2026 IPSASB meeting. The IPSASB agreed with the IAG and decided that the above submission regarding the measurement of artwork does not require change to existing guidance or additional guidance.

Issue Q2 2026-1: Classification of Mint Gold Certificates and Special Drawing Rights

IPSASB Meeting(s) when Issue was Discussed:
June 2026

Relevant IPSAS Standards:
IPSAS 41, *Financial Instruments*

Key Words
Gold certificates, redemption for physical delivery, special drawing rights, SDR

Summary of the Submission

1. A state mint in a jurisdiction has issued Mint Gold Certificates to the public. These certificates have the following characteristics:

   (a) The certificates are perpetual instruments (i.e., no fixed term);

   (b) Each certificate can be redeemed by the holder in 0.01g of physical gold upon a formal written request (i.e., they cannot be redeemed for cash); and

   (c) There is a 50g minimum threshold for conversion with additional conversions in increments of 10g, but generally, there are no restrictions on when certificates can be redeemed by the holder.

2. In addition to the possibility of conversion into physical gold, these certificates are also secondarily traded in the jurisdiction's public commodities market. Since their issuance, the certificates have been trading at a premium when compared to the market price of gold; that is, the market price of each certificate is higher than the market spot price for 0.01g of gold. This premium is largely due to the convenience and lower carrying costs of holding and trading these certificates compared to physical gold.

3. The submission requested clarification on the **classification** of the Mint Gold Certificates from the perspective of the issuer.

4. Separately, the submission also asked about the accounting for Special Drawing Rights (SDR) issued by the International Monetary Fund (IMF).

5. The submission noted that Mint Gold Certificates are currently classified as 'other accounts payable', but as this classification impacts financial and statistical debt statistics, there are currently discussions on whether they should be classified as another type of liability.

Analysis by the IAG

Gold Mint Certificates

6. The IAG noted that regardless of whether the mint accounts for the certificates as financial liabilities or binding arrangement liabilities, the fact that the certificates are traded on the secondary market does not impact the accounting from the perspective of the issuer.

7. During the development of IPSAS 41, *Financial Instruments*, the IPSASB developed implementation guidance on the accounting for monetary gold. (See paragraphs BC18A-BC18D and Implementation Guidance B1 and B1.1 of IPSAS 41.) However, the IAG noted that in the fact pattern provided, the

gold does not meet the definition of monetary gold, as it is not held as an element of the monetary authority's foreign exchange reserves. Rather than monetary gold, the underlying gold appears to be inventory, and this is supported by the fact that the Mint Gold Certificates are sold as a right to receive physical gold and have no relationship to the monetary authority's foreign exchange reserves.

8. As a result, the Mint Gold Certificates are a prepaid sale of gold, as the certificate holders are essentially paying the mint the purchase price of gold upfront for the ability to demand physical delivery of gold at a later date. The obligation to deliver gold is therefore a binding arrangement liability within the scope of IPSAS 47, *Revenue*. As the certificate holder can demand delivery of gold at any time, the binding arrangement liability would be a current liability, which is similar to the 'other accounts payable' classification currently used by the entity.

Special Drawing Rights

9. Regarding Special Drawing Rights, the IAG noted that the accounting for SDR from the perspective of the rights holder is addressed in Implementation Guidance B.1.2.2 of IPSAS 41. As the holdings represent a claim on the currencies of members of the IMF, these holdings are regarded as financial assets. (The accounting for SDR allocations as financial liabilities is addressed in Implementation Guidance B.1.2.3.)

IAG Recommendation

10. Based on the above analysis, the IAG noted that there is already guidance in existing IPSAS Standards that sufficiently addresses the accounting for the Mint Gold Certificates and SDR allocations. As a result, the development of additional guidance is not required.

IPSASB Decision

11. The above issue was discussed at the June 2026 IPSASB meeting. The IPSASB agreed with the IAG and decided that the above questions regarding the classification of Mint Gold Certificates and the accounting SDRs do not require change to existing guidance or additional guidance.

Issue Q2 2026-2: Applicability of IPSAS 44, *Non-Current Assets Held for Sale and Discontinued Operations*

IPSASB Meeting(s) when Issue was Discussed:
June 2026

Relevant IPSAS Standards:
IPSAS 44, *Non-Current Assets Held for Sale and Discontinued Operations*

Key Words

Donation of assets, transfer of assets, assets held for donation, assets held for transfer

Summary of the Submission

1. The IAG received a submission regarding the applicability of IPSAS 44, *Non-Current Assets Held for Sale and Discontinued Operations*. Specifically, the submission inquired about the applicability of IPSAS 44 to assets or disposal groups that are held for transfer or donation to unrelated third parties.

2. The submission noted that:

   (a) Paragraphs BC5-BC7 of IPSAS 44 document the IPSASB's decisions on the scope of IPSAS 44 and address whether assets to be transferred, rather than sold, should be within its scope. Paragraphs BC6 and BC7 clarify that the IPSASB decided that IPSAS 44 only applies to non-current assets that will be sold;

   (b) Throughout the core text, IPSAS 44 also refers to 'non-current assets *(or disposal groups)* held for sale.' The definition of 'disposal group' in paragraph 9 refers to 'disposed of, by sale or otherwise'. The phrase 'or otherwise' can be read to mean that IPSAS 44 could be applicable to more than just non-current assets held for sale. The submission noted that IFRS 5, *Non-Current Assets Held for Sale and Discontinued Operations*, uses the same wording, but as the IASB Framework and IFRS Accounting Standards in general focus on economic benefits, they do not need to contemplate the transfer of assets for no consideration since the carrying amount of an asset (or disposal group) will be recovered through a sale transaction or continuing use—i.e., to generate net cash inflows; and

   (c) In addition, other IPSAS Standards appear to include the act of donation or the transfer of an asset for no consideration within the concept of 'disposal':

      (i) Paragraph 64 of IPSAS 45, *Property, Plant, and Equipment*, lists 'sale, entering into a finance lease, or donation' as examples of the disposal of an item of PP&E;

      (ii) Paragraph 113 of IPSAS 31, *Intangible Assets*, is similar and lists 'sale, entering into a finance lease, or non-exchange transactions' as examples of disposal of an intangible asset; and

      (iii) The definition of 'costs to sell' in paragraph 9 of IPSAS 27, *Agriculture*, states that, 'Disposal may occur through sale or through distribution at no charge or for a nominal charge.'

3. Based on the above, the submission noted that there appears to be inconsistencies within IPSAS 44 itself and between IPSAS 44 and other IPSAS Standards that could lead to diversity in practice. The basis for conclusions in IPSAS 44 explicitly states that the guidance is only applicable to assets to

be sold, but the definition of ‘disposal group’ and the discussion of disposal in other IPSAS Standards suggest that IPSAS 44 is also applicable to assets to be transferred to unrelated third parties for no consideration.

4. The submission noted that assets which fall within the scope of IPSAS 44 are subject to specific measurement, presentation and disclosure requirements. Such assets:

   (a) Are measured at the lower of carrying amount and fair value less costs to sell, and depreciation on such assets ceases;

   (b) Are presented separately from other assets and liabilities or revenues and expenses; and

   (c) Have additional qualitative disclosures such as a description of the facts and circumstances of the sale or expected disposal and the determination of fair value.

5. Based on IPSAS 44.BC6 as currently written, IPSAS 44 is not applicable to assets to be transferred, and such assets would likely fall within IPSAS 48, *Transfer Expenses*. While IPSAS 48 does not have measurement requirements prior to the transfer of the asset, the Standard does require the consideration of whether the change in use of the asset to be transferred could be an indication of impairment. This requirement applies to transfer expense transactions with and without binding arrangements. If an impairment loss exists, the asset could be written down to the higher of its fair value less costs to sell (same result as IPSAS 44) or value in use (which could differ from fair value less costs to sell). IPSAS 48 also requires the disclosure of significant binding arrangements, which could be similar to the disclosures required by IPSAS 44, but there is no requirement to provide information regarding the determination of fair value. In addition, while IPSAS 48 provides guidance on the presentation of transfer right assets and transfer obligation liabilities, the Standard does not have any presentation requirements for an asset to be transferred.

6. Based on the above, there could be significant differences in measurement, presentation and disclosure depending on whether assets to be donated are within the scope of IPSAS 44.

7. The submission also noted that the current principles in IPSAS 44 are suitable for assets held for financial capacity in the public sector, which are similar to those in the private sector. For assets held for operational capacity, mainly specialized assets, the recoverable amount is not expected to be fair value less costs to sell because there are restrictions on alternative uses other than those for which the assets are currently deployed, and faithful measurement is not feasible. Additionally, for specialized and non-specialized assets, the preference may be to transfer them to other public-sector or not-for-profit entities for use in rendering services to society. For these cases, the principles in IPSAS 44 (for example, the definition of disposal group, the guidance on a component of an entity which is considered discontinued, and the measurement requirements, which are currently tailored to assets held for financial capacity) should be adapted to address assets held for operational capacity.

8. The submission asked the following specific questions:

   (a) What is included within non-current assets (or disposal groups) held for sale or held for distribution to owners? Does ‘disposal’ include the transfer of an asset or a group of assets without consideration (e.g., a donation)?

   (b) If the definition of ‘disposal group’ was meant to capture disposals from both sales and transfers, should there be different requirements for ‘assets held for sale’ and ‘disposal groups’ within IPSAS 44?

Analysis by the IAG

9. In the IAG's view, it is clear from the basis for conclusions that the IPSASB and IPSASB staff's original intention was to exclude assets (or disposal groups) to be transferred to unrelated third parties from the scope of IPSAS 44. Conceptually, an asset (or disposal group) to be transferred or donated to unrelated third parties continues to be held for use rather than sale, as donating the asset (or disposal group) would achieve the entity's objectives.[3]

10. In addition, the IAG also noted that the different explanations of 'disposal' in IPSAS 44 and in the context of derecognition in other IPSAS Standards cited by the submission is appropriate. In contrast to IPSAS 44, the guidance on asset derecognition in the other IPSAS Standards needs to capture the loss of an entity's rights to the future economic benefits or service potential embodied in the assets. Therefore, it would be appropriate for the derecognition guidance in these other standards to capture the derecognition of the asset from sale, donations, and/or abandonment.[4]

IAG Recommendation

11. Based on the above analysis, the IAG noted that the existing text in IPSAS 44, including the basis for conclusions, are sufficiently clear that assets held to be transferred or donated to unrelated third parties are not within scope. As a result, the development of additional guidance is not required.

IPSASB Decision

12. The above issue was discussed at the June 2026 IPSASB meeting. The IPSASB agreed with the IAG that scope of IPSAS 44 is clear and that assets held to be transferred or donated to unrelated third parties are not within scope. Therefore, changes to existing guidance or additional guidance are not required.

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[3] While the submission focused on the transfer or donation of an individual asset or disposal group, the IAG noted that had the transfer involved an operation, the operation would be considered a discontinued operation, as abandoned operations are within the scope of IPSAS 44 for presentation and disclosure. See IPSAS 44, paragraph 20 and Example 9.

[4] Staff also noted that the IPSASB's practice is to use the same terms as the IASB's literature if they have the same meanings. Both IPSAS 44 and IFRS 5 use 'disposal' in a consistent context that is specific to an asset to be sold, so it would not be appropriate to modify the meaning of the term in IPSAS 44.

Issue Q2 2026-3: Initial Application of IPSAS 45 to Assets Already Recognized and Measured in Accordance with IPSAS 17

IPSASB Meeting(s) when Issue was Discussed:
June 2026

Relevant IPSAS Standards:
IPSAS 17, *Property, Plant and Equipment*, IPSAS 45, *Property, Plant, and Equipment*

Key Words

Transition, Adoption

Summary of the Submission

1. The IAG received a question regarding the transition from IPSAS 17, *Property, Plant, and Equipment*, to IPSAS 45, *Property, Plant, and Equipment*, for entities already applying accrual basis IPSAS Standards.

2. The submission noted that IPSAS 45 requires retrospective application except for the following situations:

   (a) An entity may elect to measure heritage assets at their deemed cost if reliable cost information was not available at the date of initial application (IPSAS 45, paragraph 87(a)); and

   (b) If there is a difference between an asset's previous carrying amount at fair value and the new carrying amount at fair value or current operational value, the difference is recognized as an adjustment to opening accumulated surplus or deficit (or other component of net assets/equity) without restatement of comparative information (IPSAS 45, paragraph 87(b)).[5]

3. The submission noted that, other than the exceptions in paragraph 87, IPSAS 45 requires the application of all recognition and measurement requirements on a retrospective basis, even when no changes from the application of IPSAS 17 are expected. This mandatory retrospective application could result in the need for additional work with no incremental changes in the resulting accounting outcomes. As a result, the submission asked the IAG to consider providing relief from applying the other requirements in IPSAS 45 retrospectively, such as those on recognition, initial and subsequent measurement, if they have already applied the recognition and measurement requirements in IPSAS 17.

Analysis by the IAG

4. The IAG noted that had an entity applied the requirements in IPSAS 17, the potential changes resulting from the initial application of IPSAS 45 would depend on the accounting policies selected by the entity and are likely to be limited to the following areas:

   (a) The recognition of heritage property, plant, and equipment was previously optional in IPSAS 17. Under IPSAS 45, the recognition of these items is required if they meet the recognition criteria. The transitional provision in paragraph 87(a) in IPSAS 45 permits the

[5] The IAG noted that for entities that have previously applied IPSAS 17, the requirements in IPSAS 45 regarding the initial measurement of PP&E acquired from an exchange of assets shall be applied prospectively to future transactions (IPSAS 45, paragraph 88). This exception to retrospective application is not relevant to the submission.

measurement of these items at deemed cost upon the initial application of IPSAS 45 if reliable historical cost information is not available; and

(b) If an entity had previously measured certain classes of property, plant, and equipment at fair value under IPSAS 17, the application of the current value model in IPSAS 45, along with the requirements in IPSAS 46, *Measurement*, could result in numerical differences, especially if a measurement basis based on a current operational value is used. The transitional provision in paragraph 87(b) provides transitional relief for these potential differences by requiring adjustments to be recorded to opening accumulated surplus or deficit without restatement of comparative figures.

5. Other than the above potential adjustments, the retrospective application of IPSAS 45 is not expected to result in material adjustments for entities who have previously applied IPSAS 17. As a result, the potential burdensome retrospective application of IPSAS 45 raised by the submission is not expected to occur.

IAG Recommendation

6. The IAG noted that the transitional provisions in IPSAS 45 are clear and already address the potential adjustments from the initial application of the standard. As a result, the development of additional guidance is not required.

IPSASB Decision

7. The above issue was discussed at the June 2026 IPSASB meeting. The IPSASB agreed with the IAG that the transitional provisions in IPSAS 45 are clear and that changes to existing guidance or additional guidance are not required.

Issue Q2 2026-4: Initial Measurement of Property Expropriated for Public Use with Variable Consideration

IPSASB Meeting(s) when Issue was Discussed:
June 2026

Relevant IPSAS Standards:
IPSAS 19, *Provisions, Contingent Liabilities and Contingent Assets*, IPSAS 41, *Financial Instruments*, IPSAS 45, *Property, Plant, and Equipment*

Key Words

Variable consideration

Summary of the Submission

1. The IAG received a submission regarding the initial recognition and measurement of property expropriated by a public sector entity.

2. Under the laws in the jurisdiction, a public sector entity has the ability to expropriate private property in certain circumstances in exchange for a payment to the original owner of the property. However, the determination of the final amount of compensation to be paid is subject to a lengthy assessment process. The public sector entity typically takes possession and control of the property and makes a provisional payment. Long after the initial compensation has been paid, further reviews could result in an adjustment to the compensation that could result in a recovery. In some cases, this review process could occur years after the initial payment.

3. The submission asked for the appropriate accounting for the initial measurement of the asset acquired from the expropriation, which could also potentially impact the liability resulting from the acquisition.

Analysis by the IAG

4. The IAG noted that the initial measurement of assets within the scope of IPSAS 45 depends on whether the asset was acquired in a non-exchange transaction (IPSAS 45, paragraphs 11 and 12). In the fact pattern provided, because the properties were acquired in exchange for consideration, paragraph 11 requires the properties to be measured at cost.

5. IPSAS 45 does not explicitly address contingent or variable consideration, and this is also the case in the corresponding private sector guidance in IAS 16, *Property, Plant and Equipment* (PP&E). The IAG noted that the IFRIC was asked to address the accounting for variable payments made for the purchase of an item of PP&E or intangible assets in 2016.

6. The IFRIC noted that:

   (a) There is significant diversity in practice regarding the accounting for such variable payments and whether the accounting should differ if the variable payments depend on a purchaser's future activity;

   (b) They were unable to reach a consensus on whether variable payments met the definition of a liability. As a result, there was a lack of consensus on whether a liability should be recognized by the purchaser at the time of purchase or at a later date when a related event occurs;

(c) They were also unable to reach a consensus on how a purchaser should measure a liability for variable payments; and

(d) There was also a lack of clarity on the accounting for the payments after the initial purchase of the asset.

7. Based on the above, the IFRIC determined that the issue is too broad for the committee to address within existing IFRS Accounting Standards and concluded that the IASB should comprehensively address such variable payments.

8. In addition to the IFRIC's discussions, the IAG noted that there is relevant interpretative guidance from the large accounting networks, which also noted the current diversity in practice and suggested that an accounting policy be developed. The large networks' guidance suggests the use of the following approaches depending on specific facts and circumstances:

(a) The variable consideration could be accounted for as a financial liability recognized upon the purchase of the asset and subsequently measured at fair value, with changes recognized in profit or loss[6];

(b) The purchaser could apply accounting similar to IFRIC 1, *Changes in Existing Decommissioning, Restoration and Similar Liabilities*. Under this approach, the entity recognizes the contingent consideration upon the purchase of the asset and subsequently remeasures the provision against the cost of the asset[7]; or

(c) The variable consideration is only recognized as the cost of the asset when the variability or contingency is resolved.

IAG Recommendation

9. Based on the IFRIC's conclusion and the guidance from the large accounting networks, the IAG noted that the accounting for variable payments in the purchase of an asset is not a public sector-specific issue. As a result, this issue is beyond the remit of the IAG.

10. Subsequent to the IFRIC's agenda decision, the IASB considered a potential project on variable payments and contingent consideration for asset purchases but excluded the project from its 2022-2026 work plan based on feedback from constituents. Staff will continue to monitor the IASB's work plan for any developments on this topic.

IPSASB Decision

11. The above issue was discussed at the June 2026 IPSASB meeting. The IPSASB agreed with the IAG's recommendation that the accounting for variable payments in the purchase of an asset is not a public sector-specific issue.

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[6] Under IPSAS 41, *Financial Instruments*, the changes in fair value from such a financial liability would be recognized in surplus or deficit.

[7] IFRIC 1 was incorporated into Appendix B of IPSAS 19, *Provisions, Contingent Liabilities and Contingent Assets*.

Issue Q2 2026-5: Import Duties and Non-Refundable Purchase Taxes

IPSASB Meeting(s) when Issue was Discussed:
June 2026

Relevant IPSAS Standards:
IPSAS 34, *Separate Financial Statements*, IPSAS 35, *Consolidated Financial Statements*, IPSAS 46, *Measurement*

Key Words

Transaction costs, current value, deemed cost, intra-economic entity transactions

Summary of the Submission

1. The IAG received a submission with the following fact pattern:

   (a) A public sector entity (the entity) pays non-refundable duties and taxes to the government treasury upon the purchase of non-current assets such as property, plant, and equipment, investment properties, and intangible assets. These non-refundable taxes duties and taxes are capitalized by the entity as part of the assets' purchase price;

   (b) The entity subsequently measures the purchased assets using the historical cost model; and

   (c) The entity's asset purchases are typically funded by transfers from the treasury. While the purchase price for some assets could be paid to unrelated third parties, the non-refundable duties and taxes are paid to the treasury. As a result, the treasury effectively pays the duties and taxes on behalf of the entity to itself; and

   (d) Both the public sector entity and the treasury are consolidated at the whole of government level.

2. The submission noted that the duties and taxes portion of asset purchases will be eliminated upon consolidation. As a result, the submission asked if the effects of the taxes and duties still need to be recognized in the separate financial statements of the entity and the treasury.

3. Separately, the submission noted that in some situations, an asset can be acquired through a non-exchange transaction and is measured at deemed cost (current value). In these situations, non-refundable duties and purchase taxes may still need to be paid to the treasury. The submission asked if the deemed cost (current value) of these transactions should include the non-refundable duties and taxes.

Analysis by the IAG

4. Regarding the first question, the IAG noted that IPSAS 34, *Separate Financial Statements*, and IPSAS 35, *Consolidated Financial Statements*, do not provide exemptions from accounting for intra-economic entity transactions in the separate financial statements, even though such transactions are eliminated upon consolidation. Conceptually, the reporting of these transactions is needed to accurately reflect the economic position and performance of the individual entities.

5. Regarding the impact of taxes and duties on the determination of current value for assets acquired in a non-exchange transaction, the IAG noted that the consideration of taxes and duties will depend on the nature of these payments and the measurement basis used. While IPSAS 46 does not provide

explicit guidance on non-refundable taxes and duties payable upon the purchase of an asset, these charges are transaction costs that are required to be paid upon the purchase of an asset.

6. If an asset's current value is measured using fair value, paragraph D12 of IPSAS 46 indicates that transaction costs are excluded from the determination of fair value, as these costs are not a characteristic of the asset. Based on this guidance, non-refundable taxes and duties paid upon the acquisition of an asset would be excluded from the determination of fair value.

7. If an asset's current value is measured using current operational value, paragraph B7 of IPSAS 46 indicates that transaction costs are included, as current operational value represents an asset's entry price. Based on this guidance, non-refundable taxes and duties would be included in the determination of current operational value.

IAG Recommendation

8. The IAG noted that the analysis in paragraphs 4-7 above is based on existing guidance in IPSAS 34, IPSAS 35, and IPSAS 46. As a result, the development of additional guidance is not required.

IPSASB Decision

9. The above issue was discussed at the June 2026 IPSASB meeting. The IPSASB agreed with the IAG and decided that the above questions regarding intra-economic entity transactions and the consideration of taxes duties and non-refundable purchase taxes in the measurement of acquired assets do not require change to existing guidance or additional guidance.

Issue Q2 2026-6: Requirement to Use Consistent Accounting Policies in the Consolidated Financial Statements/Financial Statements of the Investor where Component Entities/Investees have Used IPSAS 33 Exemptions Affecting Fair Presentation and Compliance with IPSAS Standards to Varying Degrees

IPSASB Meeting(s) when Issue was Discussed:
June 2026

Relevant IPSAS Standards:
IPSAS 33, *First-time Adoption of Accrual Basis International Public Sector Accounting Standards*, IPSAS 35, *Consolidated Financial Statements*, IPSAS 36, *Investments in Associates and Joint Ventures*

Key Words

First-time adoption, elections, exemptions, consolidated financial statements, consistent accounting policies

Summary of the Submission

1. In this submission, the consolidated financial statements of a government include a number of controlled entities which have each applied various exemptions in paragraphs 36-62C of IPSAS 33, *First-Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSAS)*, in their separate financial statements. In addition, the consolidated financial statements also include associates accounted for using the equity method. These associates have also applied various exemptions in IPSAS 33 in their separate financial statements.

2. The submission noted in many cases, the exemptions in paragraphs 36-62C of IPSAS 33 are applied inconsistently across the individual entities within a consolidated group. In addition, making the adjustments necessary to unify the accounting policies used is not practical or may not be possible. As a result, the consolidated financial statement will consist of entities which used different exemptions at the individual separate financial statements level.

3. The submission noted that paragraph 38 of IPSAS 35, *Consolidated Financial Statements*, and paragraph 37 of IPSAS 36, *Investments in Associates and Joint Ventures*, require the controlling entity to prepare financial statements using uniform accounting policies for like transaction and events in similar circumstances. In addition, IPSAS 33 does not provide exemptions from the requirements in IPSAS 35 or IPSAS 36 (see paragraphs 52-62, IG91 and the Appendix in IPSAS 33.) As a result, there appears to be a conflict between the requirements in IPSAS 33, IPSAS 35, and IPSAS 36.

Analysis by the IAG
(For the purposes of this analysis, the IAG looked at the 2025 version of IPSAS 33 as it superseded the previous version issued in 2015.)

4. The IAG noted that transitional exemptions and provisions in IPSAS 33 are only available to a first-time adopter during its transition period of up to three years. During this transition period, the first-time adopter's financial statements are not in compliance with accrual basis IPSAS Standards. (See IPSAS 33, paragraphs 5-7.)

5. Paragraph 16 of IPSAS 33 further reinforces that the transitional exemptions and provisions in the standard are not 'accounting policies' to be applied on a go-forward basis once the financial statements begin to comply with IPSAS Standards. Paragraph 16 states:

> "The transitional exemptions and provisions in other IPSAS Standards apply to changes in accounting policies made by an entity that already applies accrual basis IPSAS Standards. The transitional exemptions and provisions in this IPSAS Standards apply to a first-time adopter that prepares and presents its annual financial statements on the adoption of, and during the transition to, IPSAS Standards."[8]

6. As a result of the reasons noted in paragraphs 4 and 5, there is no need for consistency in the application of the transitional exemptions and provisions in IPSAS 33 among controlled entities or associates within a consolidated group.

IAG Recommendation

7. The IAG noted that it is already clear from IPSAS 33 that the transitional exemptions and provisions are not accounting policies. As a result, the development of additional guidance is not required.

8. However, as IPSAS 33 may often be the first piece of guidance to be analyzed by an entity considering the adoption of IPSAS Standards, this clarification could be extremely beneficial to first-time adopters. As a result, the IAG recommend that the IPSASB consider clarifying that the transitional exemptions and provisions in IPSAS 33 are not accounting policies in educational materials.

IPSASB Decision

9. The above issue was discussed at the June 2026 IPSASB meeting. The IPSASB agreed with the IAG's recommendation and decided that staff should develop educational materials regarding the difference between the exemptions in IPSAS 33 applied upon first-time adoption and the requirement to use consistent accounting policies in the consolidated financial statements.

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8 This wording is also in paragraph 22 of the 2015 version of IPSAS 33.

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