**Responses due by 31 August 2026**

# ACCOUNTING STANDARDS BOARD

# INVITATION TO COMMENT ON THE CONSULTATION PAPER OF THE INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS BOARD PRESENTATION OF FINANCIAL STATEMENTS

# (ED 221)

**Issued by the**
**Accounting Standards Board**

**May 2026**

ED 221

## Commenting on this Exposure Draft

The Accounting Standards Board (ASB) seeks comment on the Consultation Paper of the International Public Sector Accounting Standards Board (IPSASB) on *Presentation of Financial Statements*. The IPSASB is seeking feedback to inform its next stage of developing an Exposure Draft on *Presentation of Financial Statements*. Comment received on this ED will be used in formulating a response to the IPSASB.

Comment should be submitted in writing so as to be received by **31 August 2026**. Email responses are preferred. Unless respondents to this ED specifically request confidentiality, their comment is a matter of public record. Comment should be addressed to:


The Chief Executive Officer

Accounting Standards Board

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## Background to this Exposure Draft

In line with the ASB's due process for locally relevant international pronouncements, the ASB is concurrently issuing the IPSASB's Consultation Paper (CP), *Presentation of Financial Statements*, to obtain local stakeholder input for submission to the IPSASB. The IPSASB issued the CP as the first phase of a project to develop a new IPSAS Standard to replace IPSAS 1, *Presentation of Financial Statements*.

The project aims to improve the effectiveness of communicating financial information in general purpose financial statements to support accountability and decision-making in the public sector.

The CP considers the existing presentation requirements in IPSAS 1 and explores improvements broadly informed by the developments in IFRS 18 *Presentation and Disclosure in Financial Statements*, with adaptations for the public sector. The CP is supported by an illustrative Exposure Draft (Appendix D), which is provided to help stakeholders understand what a future replacement of IPSAS 1 could look like based on the IPSASB's preliminary views expressed in the CP.

## Key preliminary views and proposals in the Consultation Paper

The key preliminary views and proposals in the Consultation Paper are as follows:

### 1. General presentation requirements

***Targeted updates to definitions and comparative information***

The IPSASB proposes to retain and update the existing general presentation requirements in IPSAS 1. The proposals include clarifying and retaining definitions of financial statement elements and introducing or refining other definitions to support consistent application of presentation requirements. The IPSASB also proposes to retain existing comparative information requirements, with an additional requirement to present a third statement of financial position when prior period information is materially affected by restatement or reclassification.

### 2. Statement of financial performance

***2.1. Categorisation of revenue and expenses***

Compared to existing IPSAS 1 presentation requirements, the IPSASB proposes a more structured statement of financial performance by requiring revenue and expenses recognised in surplus or deficit to be classified into specified categories. The categories (Operating, Investing, Financing, Income Tax and Discontinued Operations) are broadly aligned with IFRS 18, with public sector adaptations. This is intended to improve comparability and reduce diversity in presentation.

***2.2. Operating surplus or deficit and clearer subtotals***

The IPSASB proposes to retain the requirement to present a surplus or deficit total, as a key measure of overall financial performance. A new requirement is introduced to present an ”operating surplus or deficit” subtotal to help users assess whether current revenues are sufficient to sustain service delivery and future objectives. This subtotal enhances comparability and provides a consistent starting point for analysing financial performance, particularly when combined with the proposed categorisation of revenue and expenses. Entities may continue to present additional subtotals where relevant, provided they are consistent, constructed in accordance with IPSAS Standards, and do not detract from the required totals.

***2.3. Expenses by nature or function, and whether mixed presentation should be allowed***

The IPSASB proposes retaining the existing requirement to present expenses by nature or by function, with additional guidance. The IPSASB seeks views on whether entities should be permitted to use a mixed presentation of expenses (some line items by nature and others by function), consistent with a new option introduced in IFRS 18.

### 3. Statement of financial position

***Limited enhancements (including goodwill line item)***

While largely retaining the existing IPSAS 1 requirements, the CP proposes limited improvements to the statement of financial position, including requiring that goodwill be presented as a line item, aligned with IFRS 18.

### 4. Statement of changes in net assets/equity

***Reconciliation shown on the face of the statement***

The CP seeks views on requiring the reconciliation of each component of net assets/equity to be displayed on the face of the statement of changes in net assets/equity, rather than allowing a choice to present it either on the face or in the notes.

### 5. Disclosure of information in the notes

***Enhanced disclosure guidance and certain alignment decisions***

The IPSASB proposes to retain existing IPSAS 1 requirements for disclosures in the notes, while incorporating IASB amendments to clarify the structure of the notes and improve their organisation and understandability. The proposals also emphasise the application of judgment by focusing on material accounting policy information, providing clearer guidance on aggregation and disaggregation, and clarifying the distinction between information displayed in the primary financial statements and information disclosed in the notes. Requirements relating to estimation uncertainty, general entity information and net assets/equity disclosures are retained to improve the relevance and usefulness of information provided.

## Impact of the IPSASB’s proposals on the local environment

Entities applying Standards of GRAP will continue to apply the Standard of GRAP on *Presentation of Financial Statements*, which is drawn primarily from IPSAS 1. This concurrent exposure is intended to obtain stakeholder input and does not amend local reporting requirements. The Board will consider whether any amendments to the Standards of GRAP are necessary after the IPSASB has finalised its project and issued the replacement Standard, including any consequential amendments.

## Due process and timetable

The Board invites comment on the proposals set out in this ED from preparers, users, auditors, standard-setters and other parties with an interest in public sector financial reporting. Upon the closure of the comment period, comment received will be used in formulating a response to the IPSASB.

## Available materials

The IPSASB's CP, together with supporting materials including the illustrative Exposure Draft as Appendix D, is available on the ASB website.

## Request for comment

Comment on this ED is invited by **31 August 2026**. The comment period is earlier than the comment date of the IPSASB to enable the Secretariat to review and collate the comment received before submission to the IPSASB.

Respondents should express an overall opinion on whether the ED, in general, is supported and supplement this opinion with detailed comment, whether supportive or critical, on the proposals in the ED. Respondents are asked to comment on all matters discussed in this ED, including all Preliminary Views and Specific Matter for Comment. The Preliminary Views and Specific Matter for Comment in this ED are provided below. Chapter numbers identify the location of the Preliminary View or Specific Matter for Comment in the text.

## Preliminary Views

***Preliminary View 1—Chapter 1: Development of New Presentation Standard***

The IPSASB's Preliminary View is that the development of a new IPSAS Standard to replace IPSAS 1, *Presentation of Financial Statements* should consider IFRS 18 *Presentation and Disclosure in Financial Statements*, with appropriate adaptations to reflect the objectives of financial reporting by public sector entities.

Do you agree with the IPSASB's Preliminary View?

If not, please provide your reasons and clearly explain what you consider should be changed in the development approach.

***Preliminary View 2—Chapter 2: General Presentation Requirements***

The IPSASB's Preliminary View is to continue providing definitions on financial statement elements (aligned with the IPSASB Conceptual Framework and IFRS 18) in the new IPSAS Standard, and to provide other definitions that support the understanding and application of presentation requirements.

Do you agree with the IPSASB's Preliminary View?

If not, please provide your reasons, and clearly explain what you consider should be changed from a public-sector perspective.

***Preliminary View 3—Chapter 2: General Presentation Requirements***

The IPSASB's Preliminary View is to retain the existing requirements regarding comparative information, and to add the requirement for an additional Statement of Financial Position at the beginning of the preceding period when previously reported information has been materially impacted by a restatement or reclassification into IPSAS Standards, aligned with IFRS 18 requirements.

Do you agree with the IPSASB's Preliminary View?

If not, please provide your reasons and clearly explain what you consider should be changed from a public-sector perspective.

***Preliminary View 4—Chapter 2: General Presentation Requirements***

The IPSASB's Preliminary View regarding the other general presentation requirements is to:

a) Retain existing IPSAS 1 guidance, without updates:

   i. The responsibility of financial statements (paragraphs 2.9-2.10);

b) Retain existing IPSAS 1 guidance, with updates to align with IFRS 18 for the public sector context:

   i. The objective of financial statements (paragraphs 2.4-2.8);

   ii. The complete set financial statements (paragraphs 2.11-2.13);

   iii. Identification of financial statements (paragraphs 2.20-2.21);

   iv. Material information (paragraphs 2.33-2.34);

   v. The other general presentation requirements in Table 2 (paragraphs 2.41-2.44);

c) Add new guidance, aligned with IFRS 18 and the IPSASB's Conceptual Framework:

   i. The roles of the financial statements and notes (paragraphs 2.14-2.19); and

   ii. The other general presentation requirements in Table 2 (paragraphs 2.41-2.44).

Do you agree with the IPSASB's Preliminary View?

If not, please provide your reasons and clearly explain what you consider should be changed in the development approach.

***Preliminary View 5—Chapter 3: Statement of Financial Position***

The IPSASB's Preliminary View is to retain:

(a) The current/non-current approach as the general approach for classifying assets and liabilities on the face of the Statement of Financial Position;

(b) The order of liquidity approach as a permitted approach on an exception basis; and

(c) The mixed approach, to allow some assets and liabilities to be presented using the current/non-current classification, and others are presented in order of liquidity.

Do you agree with the IPSASB's Preliminary View?

If not, please provide your reasons and clearly explain what you consider should be changed regarding the classification of assets and liabilities on the Statement of Financial Position.

***Preliminary View 6—Chapter 3: Statement of Financial Position***

The IPSASB's Preliminary View is that the specific line items required in IPSAS 1 should be carried forward, with enhancements limited to adding a new line for goodwill (to align with IFRS 18).

Do you agree with the IPSASB's Preliminary View?

If not, please provide your reasons and clearly explain what line items should be added or removed from the list provided in Table 3.

***Preliminary View 7—Chapter 3: Statement of Financial Position***

The IPSASB's Preliminary View is that the new IPSAS Standard should retain IPSAS 1 requirements to:

a) Not prescribe a specific structure (i.e., order or format) for presenting the Statement of Financial Position; and

b) Not require the presentation of specific subtotals on the Statement of Financial Position.

Do you agree with the IPSASB's Preliminary View?

If not, please provide your reasons and clearly explain what you consider should be changed regarding the structure and the presentation of specific subtotals.

***Preliminary View 8—Chapter 4: Statement of Financial Performance***

The IPSASB's Preliminary View is to present revenue and expense items recognised in surplus or deficit in categories on the Statement of Financial Performance. The categorisation requirements are aligned with IFRS 18 requirements, with additional public sector guidance.

Do you agree with the IPSASB's Preliminary View?

If not, please provide your reasons and clearly explain what you consider should be changed (for example, if you prefer a specific public-sector categorisation, such as those considered in paragraph 4.30, please explain why it would meet the criteria in paragraph 4.29).

***Preliminary View 9—Chapter 4: Statement of Financial Performance***

The IPSASB's Preliminary View is to present totals and subtotals, and to permit entities to present additional subtotals, on the Statement of Financial Performance, as listed in paragraph 4.35. The total and subtotal requirements are aligned with IFRS 18 requirements, adapted for the public sector.

Do you agree with the IPSASB's Preliminary View?

If not, please provide your reasons and clearly explain what you consider should be changed.

***Preliminary View 10—Chapter 4: Statement of Financial Performance***

The IPSASB's Preliminary View is to maintain the minimum requirements regarding the presentation of line items on the face of the Statement of Financial Performance, with additional guidance. The minimum line item presentation requirements are aligned with IFRS 18 requirements, with additional public sector guidance.

Do you agree with the IPSASB's Preliminary View?

If not, please provide your reasons and clearly explain what you consider should be changed.

***Preliminary View 11—Chapter 5: Statement of Changes in Net Assets/Equity***

The IPSASB's Preliminary View is to maintain (1) requirements to present revenue and expense items recognised outside surplus or deficit directly in net assets/equity, on the Statement of Changes in Net Assets/Equity, and (2) requirements related to reclassification adjustments.

Do you agree with the IPSASB's Preliminary View, and are there additional enhancements to these IPSAS 1 requirements the IPSASB should consider (for example, whether to enhance disclosure requirements to help users better understand the nature and composition of material revenue and expense items recognised outside of surplus or deficit)?

If you do not agree, please provide your reasons and clearly explain what you consider should be changed.

***Preliminary View 12—Chapter 5: Statement of Changes in Net Assets/Equity***

The IPSASB's Preliminary View is to maintain the presentation requirements regarding the Statement of Changes in Net Assets/Equity, and revise the reconciliation requirement to require the reconciliation be displayed on the face of the Statement.

Do you agree with the IPSASB's Preliminary View?

If not, please provide your reasons and clearly explain what you consider should be changed.

***Preliminary View 13—Chapter 5: Statement of Changes in Net Assets/Equity***

The IPSASB's preliminary view is that guidance based on IFRIC 17 *Distribution of Non-cash Assets to Owners* should not be incorporated into the IPSAS Standards, as the relevant transactions are not prevalent in the international public sector.

Do you agree with the IPSASB's Preliminary View?

If not, please provide your reasons and clearly explain what you consider should be changed.

***Preliminary View 14—Chapter 6: Disclosure of Information in the Notes***

The IPSASB's Preliminary View is to retain existing IPSAS 1 requirements for the disclosure of information in the notes to the financial statements, and incorporate the IASB's amendments to IAS 1 (as presented in paragraphs 6.7 and 6.12) which would align with equivalent IFRS Accounting Standards guidance.

Do you agree with the IPSASB's Preliminary View?

If not, please provide your reasons and clearly explain what you consider should be changed.

***Preliminary View 15—Chapter 6: Disclosure of Information in the Notes***

The IPSASB's Preliminary View is to not incorporate the IFRS 18 definition and disclosure requirements for management-defined performance measures (MPMs) into the IPSAS Standards.

Do you agree with the IPSASB's Preliminary View?

If not, please provide your reasons and clearly explain what you consider should be changed.

***Preliminary View 16—Chapter 6: Disclosure of Information in the Notes***

The IPSASB's Preliminary View is to not include an amended IFRS 18 MPM concept for application in the public sector (thereby not introducing an amended version of the IFRS 18 MPM definition or disclosure requirements into the IPSAS Standards).

Do you agree with the IPSASB's Preliminary View?

If not, please:

a) Provide your reasons, and provide specific examples of alternative performance measures that are defined by management and provided in public communications outside the financial statements; and

b) Clearly explain why there is a need for greater transparency of those measures that warrants new guidance in the IPSAS Standards

## Specific matter for comment

***Chapter 4: Statement of Financial Performance***

The IPSASB proposes to maintain the requirements to present expenses by the nature of the expenses or by their function to the entity on the face of the Statement of Financial Performance, in alignment with IFRS 18 requirements, with additional guidance.

In your view, should the new IPSAS Standard replacing IPSAS 1 permit mixed presentation, where some expense line items are presented by nature, while others are presented by function?

Would mixed presentation result in a useful structured summary of those expenses for users of financial statements in your jurisdiction?

Please provide the reasoning behind your view.

## General matters for comment

As with any other ED, comment on any matter contained in this ED would be welcomed. Comment is most helpful if reference is made to a specific paragraph or group of paragraphs.