

June 26, 2018

Technical Director
International Public Sector Accounting Standards Board
International Federation of Accountants
277 Wellington Street West
Toronto, ON M5V 3H2 Canada

Re: Exposure Draft 65, Improvements to IPSAS, 2018

Thank you for the opportunity to comment on Exposure Draft, *Improvements to IPSAS, 2018*.

We support the proposed general improvements to the International Public Sector Accounting Standards (IPSAS) as well as the IFRS convergence amendments identified in Exposure Draft 65. Our only suggestion relates to the amendments to IPSAS 33, *First-time Adoption of Accrual Basis International Public Sector Accounting Standards*. We suggest to remove the reference to IPSAS 25, *Employee Benefits*, from the table on page 20 of the Exposure Draft. This is because IPSAS 39, *Employee Benefits*, replaced IPSAS 25 effective January 1, 2018.

Please note that this letter and the comments within represent the views of PSAB staff and not those of the Public Sector Accounting Board.

Thank you again for the opportunity to provide you with input on this Exposure Draft. We hope you find our comments helpful.

Sincerely,

Joanna Chrzanowski
Principal, Public Sector Accounting



NZ ACCOUNTING
STANDARDS
BOARD

2 July 2018

Mr John Stanford
Technical Director
International Public Sector Accounting Standards Board
International Federation of Accountants
277 Wellington Street West
Toronto
Ontario M5V 3H2
CANADA
Submitted to: www.ifac.org

Dear John

ED 65 *Improvements to IPSAS, 2018*

Thank you for the opportunity to comment on ED 65 *Improvements to IPSAS, 2018* (ED 65). ED 65 was exposed for comment in New Zealand and some New Zealand constituents may comment directly to you.

We are particularly pleased that ED 65 is proposing to:

- (a) address issues raised by stakeholders in a timely manner; and
- (b) maintain alignment with IFRS® Standards. We have mentioned in our comment letter on IPSASB *Proposed Strategy and Work Plan 2019–2023* that when transactions are the same for the public and private sectors it is important that alignment with IFRS Standards is maintained. Maintaining alignment with IFRS Standards ensures that IPSAS incorporate the latest thinking of the International Accounting Standards Board (IASB), to the extent appropriate for the public sector. This process ultimately contributes to the IPSASB developing and maintaining high-quality IPSAS and financial reporting guidance.

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We broadly support the proposed amendments in ED 65 except for the proposal to delete paragraph 76 in IPSAS 16 *Investment Property*. Our reasons for disagreeing with the proposed deletion are as follows.

- (a) IPSAS 16 would not be aligned with IAS 40 *Investment Property* and there is no public sector reason to depart from IAS 40. We would have concerns about the difference that this would create between IPSAS and IFRS Standards and would prefer that the issue be dealt with consistently in both sets of standards.
- (b) Under IPSAS 16, the rebuttable presumption is that an investment property can be measured at fair value on a continuing basis. However, if the fair value of an investment property under construction cannot be reliably measured, then it can be measured at cost until fair value becomes reliably measurable or construction is completed (whichever is earlier) (IPSAS 16.62). There could be situations where there is a difference between the carrying amount of investment property under construction and its fair value, in which case the guidance in paragraph 76 would be required. We do not agree with paragraph 76 being deleted. If the IPSASB wishes to address this issue, the paragraph could be relocated to the *Inability to determine fair value reliably* section, possibly after paragraph 63 of IPSAS 16.

We have compared the proposed amendments in Part II with the equivalent IFRS Standards for consistency. In Part II-6 of ED 65, paragraph 42E of IPSAS 37 *Joint Arrangements* is not aligned with equivalent paragraph C1AB of IFRS 11 *Joint Arrangements*. The missing text from paragraph C1AB of IFRS 11 is underlined below.

C1AB *Annual Improvements to IFRSs 2015–2017 Cycle*, issued in December 2017, added paragraph B33CA. An entity shall apply those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 January 2019. Earlier application is permitted. If an entity applies those amendments earlier, it shall disclose that fact.

The proposed amendment to paragraph 42E of IPSAS 37 is as follows.

42E. Paragraph AG33CA was added ~~amended~~ by [draft] *Improvements to IPSAS, 2018*, issued in [Month] [Year]. An entity shall apply this amendment to transactions in which it obtains joint control on or after the beginning of the first ~~for~~ annual financial statements covering periods beginning on or after January 1, [Year]. Earlier application is permitted. If an entity applies this amendment for a period beginning before January 1, [Year], it shall disclose that fact.

In Part II-7 of ED 65, paragraph 126C of IPSAS 40 *Public Sector Combinations* is not aligned with equivalent paragraph 64O of IFRS 3 *Business Combinations*. The missing text from paragraph 64O of IFRS 3 is underlined below.

64O *Annual Improvements to IFRSs 2015–2017 Cycle*, issued in December 2017, added paragraph 42A. An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2019. Earlier application is permitted. If an entity applies those amendments earlier, it shall disclose that fact.

The proposed amendment to paragraph 126C of IPSAS 40 is as follows.

126C. Paragraph 100A was added ~~amended~~ by [draft] *Improvements to IPSAS, 2018*, issued in [Month] [Year]. An entity shall apply this amendment to public sector combinations for which the acquisition date is on or after the beginning of the first ~~for~~ annual financial statements covering periods beginning


on or after January 1, [Year]. Earlier application is permitted. If an entity applies this amendment for a period beginning before January 1, [Year], it shall disclose that fact.

We recommend the IPSASB includes these amendments in the final standard for ED 65.

We wish to acknowledge in the Basis for Conclusions for each amendment in Part II of ED 65 the relevant IASB® amending pronouncement referenced. These explanations are clear and useful for constituents for tracking alignment of IPSAS with IFRS Standards.

If you have any questions or require clarification of any matters in this submission, please contact Aimy Luu Huynh (aimy.luuhuynh@xrb.govt.nz) or me.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Kimberley Crook', written in a cursive style.

Kimberley Crook

Chair – New Zealand Accounting Standards Board

John Stanford
Technical Director
International Public Sector
Accounting Standards Board
International Federation of Accountants
277 Wellington Street, 4th Floor
Toronto, Ontario M5V 3H2
CANADA

Lausanne, July 3, 2018

Swiss Comment to

Exposure Draft 65 Improvements to IPSASs 2018

Dear John,

With reference to the request for comments on the proposed Consultation Paper, we are pleased to present the Swiss Comments to Exposure Draft 65 Improvements to IPSASs 2018. We thank you for giving us the opportunity to put forward our views and suggestions. You will find our comments for the Exposure Draft in the attached document.

Should you have any questions, please do not hesitate to contact us.

Yours sincerely,

SRS-CSPCP



Prof Nils Soguel, President



Evelyn Munier, Secretary

Swiss Comment to Exposure Draft 65 Improvements to IPSASs 2018

Swiss Comment to

Exposure Draft 65 Improvements to IPSASs 2018

Table of Content	Page
1. Introduction.....	3
2. Comments to Exposure Draft 65	3
2.1. General Improvements to IPSASs	3
2.2. IASB Improvements to IPSASs	3

1. Introduction

The Swiss Public Sector Financial Reporting Advisory Committee (SRS-CSPCP) was established in 2008 by the Swiss Federal Ministry of Finance together with the cantonal Ministers of Finance. One of its aims is to provide the IPSAS Board with a consolidated statement for all three Swiss levels of government (municipalities, cantons and Confederation).

The SRS-CSPCP has discussed ED 65 Improvements to IPSASs 2018 and comments as follows

2. Comments to Exposure Draft 65

2.1. General Improvements to IPSASs

The SRS-CSPCP notes that the proposed amendments to the standards 10 Financial Reporting in Hyperinflationary Economies, 16 Investment Property, 17 Property, Plant, and Equipment, 22 Disclosure of Financial Information about the General Government Sector, 24 Presentation of Budget Information in Financial Statements, 31 Intangible Assets, 33 First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) and 34 Separate Financial Statements are only minor changes. These changes do not affect at all the meaning of the existing requirements. These amendments are also consistent with the Swiss public entities existing practices. Therefore the SRS-CSPCP considers the proposal appropriate and supports it.

2.2. IASB Improvements to IPSASs

The SRS-CSPCP notes that the proposed amendments to the standards 2 Cash Flow Statements, 4 The Effects of Changes in Foreign Exchange Rates, 5 Borrowing Costs, 16 Investment Property, 33 First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs), 36 Investments in Associates and Joint Ventures, 37 Joint Arrangements, 39 Employee Benefits and 40 Public Sector Combinations are only minor changes. These changes do not affect at all the meaning of the existing requirements. Therefore the SRS-CSPCP considers the proposal appropriate and supports it.

Lausanne, June 27, 2018



**The Japanese Institute of
Certified Public Accountants**

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July 9, 2018

Mr. John Stanford
Technical Director
International Public Sector Accounting Standards Board
International Federation of Accountants
277 Wellington Street West
Toronto, Ontario, Canada M5V 3H2

Comments on Exposure Draft 65 “Improvements to IPSAS, 2018”

Dear Mr. Stanford,

The Japanese Institute of Certified Public Accountants (hereafter the “JICPA”) highly respects the International Public Sector Accounting Standards Board (hereafter the “IPSASB”) for its continuous effort to serve the public interest. We are also pleased to comment on the Exposure Draft 65 “Improvements to IPSAS, 2018” (hereafter the “ED 65”).

The JICPA agrees with each amendment proposed in ED65 as a whole, though we see room for improvement on the following issues.

1. Frequency of amendments

A previous IPSASB improvement project took place in 2015 and three years passed until the current improvement project. We believe that improvement projects should take place annually rather than irregularly. This is because an improvement project is a significant process for ensuring alignment between the IFRSs and IPSASs. The IPSASB has recently allocated more resources to discuss issues specific to the public sector, and we expect this trend to continue going forward.

Under some circumstances where resources are constrained, an improvement project is an effective process ensuring efficient alignment with IFRSs. We propose that the improvement projects should actively focus on the catch-up amendments to IPSASs based on IFRSs requiring only minor amendments by expanding the scope of the current improvement projects, even though some issues relate to multiple IPSASs.

From a practical perspective, improvements at three-year intervals require reviews of significant

volumes of IASB literature and IPSAS standards. The workloads applicable to members, staff, and other stakeholders would therefore grow considerably compared to those on an annual basis. If improvement projects were to be carried out on an annual basis, the IPSASB could discuss issues in more detail and exposure drafts issued in relation to amendments could be expected to draw more substantive comments from respondents.

2. Explanation of the revision of the IPSAS Standards as a result of the IFRIC Interpretations

In IPSAS 4 *The Effects of Changes in Foreign Exchange Rates* at II-5a of ED 65 was expected to be amended by adding the requirements of IFRIC 22 *Foreign Currency Transactions and Advance Consideration*. Paragraph BC7 of the “Basis for the Conclusion of IPSAS 4” briefly explained the background circumstances leading up to the addition of the requirements.

We agree with those additions. In the process, however, Appendix A of IFRIC 22 is proposed to be the main text of IPSAS 4, and the main text of IFRIC 22 is proposed to be Appendix A of IPSAS 4. As ordinary thinking, we think the main text of IFRIC should be incorporated to the main text of IPSAS and the Appendix of IFRIC should go to the Appendix of IPSAS. We propose the IPSASB should explain why such amendments were made in terms of priority criteria for additions in the Basis for Conclusions of the IPSAS 4. We recommend that as similar additions have been made for the financial instrument standards, the IPSASB should also consider the relevant explanation to be provided for them.

3. Improvement items requiring approval

Parts I-2 and I-3a relate to the amendments attributable to missed amendments in the previous improvement project or relate to consequential amendments resulting from other IPSASs. We can expect little discussion to arise from them. We recommend that Part III or any Editorial List for items to be reported accompany the improvement project as an appendix. Such an approach could make it easier to approve the amendments.

4. Insignificant issues we identified

- (1) The term “profit or loss” remains in the second sentence of IE13 on p.36
- (2) The description date at IE18. p.37 appears in British style, which diverges from the style used elsewhere.

Yours sincerely,

Shuichiro Akiyama

Executive Board Member - Public Sector Accounting and Audit Practice

The Japanese Institute of Certified Public Accountants



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13 July 2018

Dear Sir/Madam

COMMENT ON EXPOSURE DRAFT 65: IMPROVEMENTS TO IPSAS, 2018

The Technical Director

International Public Sector Accounting Standards Board
 International Federation of Accountants
 277 Wellington Street West
 Toronto, Ontario M5V 3H2 Canada

We welcome the opportunity to comment on the Exposure Draft 65: *Improvements to IPSAS, 2018*.

The objective of this Exposure Draft is to propose improvements to IPSAS in order to address issues raised by stakeholders and to converge with amendments to International Financial Reporting Standards.

Overall, we are supportive of the proposed improvements in the IPSASB's Exposure draft: *Improvements to IPSAS, 2018*. Our responses to the proposed improvements are listed below.

Please feel free to contact me should you have any queries relating to this letter.

Yours sincerely

KPMG Services Proprietary Limited

 13/07/2018
 Per: Werner Roetz

Director

Reporting Accounting and Assurance Solutions

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KPMG Services Proprietary Limited is a company incorporated under the South African Companies Act and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

KPMG Services Proprietary Limited is not a Registered Auditor in terms of the Auditing Profession Act, 26 of 2005 and does not provide audit services as defined in Section 1 of this Act.

Registration number 1999/012876/07

Chief Executive: N Diomu

Directors: Full list on website

The company's principal place of business is at KPMG Crescent, 85 Empire Road, Parktown, where a list of the directors' names is available for inspection.

Part I

Part I-1a - Amendment to IPSAS 10, *Financial Reporting in Hyperinflationary Economies*

We agree with the proposed amendments.

Part I-1b – Amendments to IPSAS 22, *Disclosure of Financial Information about the General Government Sector*

We agree with the proposed amendments.

Part I-1c – Amendments to IPSAS 24, *Presentation of Budget Information in Financial Statements*

We agree with the proposed amendments.

Part I-2 – Amendments to IPSAS 16, *Investment Property*

We agree with the proposed amendments.

Part I-3a – Amendments to IPSAS 16, *Investment property*

We agree with the proposed amendment, but note the following:
Paragraph 97(a) encourages, but does not require, restatement of comparative information if the entity has previously disclosed publicly the fair value of its investment property. Paragraph 97(b) states that an entity that has not previously disclosed publicly the fair value of its investment property, shall not restate comparative information and shall disclose that fact. We suggest that paragraph 97(a) should also require an entity to disclose the fact that it has not restated its comparative information, should it elect not to do so.

Part I-3b – Amendments to IPSAS 17, *Property, Plant and Equipment*

We agree with the amendment following the deletion of transitional provisions to which paragraph 106 previously referred, however we note the following:
Per the Table of Amended Paragraphs in IPSAS 17, the transitional provisions in paragraphs 95 to 104 are overridden by IPSAS 33. As such, the five year transitional period included in paragraph 106 is only available to entities with a date of initial application before IPSAS 33 became effective. Entities that first applied IPSAS after IPSAS 33 became effective, or who early adopted IPSAS 33, must use the transition options available in IPSAS 33. This is not clear from paragraph 106 and may be

International Public Sector Accounting Standards Board
COMMENTS ON EXPOSURE DRAFT 65:
Improvements to IPSAS, 2018
13 July 2018

interpreted to mean that the 5 year transition period is still available to entities with a date of initial adoption after IPSAS 33 became effective.

Part I-4 – Amendments to IPSAS 31, *Intangible Assets*

We agree with the proposed amendments.

Part I-5 – Amendments to IPSAS 33, *First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs)*

We agree with the proposed amendments. We propose that the IPSASB re-words paragraph 142(b) as it refers to an opening balance of surplus or deficit, as follows: A reconciliation of its surplus or deficit in accordance with its previous basis of accounting for the latest period presented in the entity's most recent financial statements to its ~~opening balance of surplus or deficit in accordance with IPSAS for the same period.~~

Part I-6 – Amendments to IPSAS 33, *First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs)*

We agree with the proposed amendments.

Part I-7 – Amendments to IPSAS 34, *Separate Financial Statements*

We agree with the proposed amendments.

Part II

Part II-1 – Amendments to IPSAS 16, *Investment Property*

A new heading has been added to replace the old headings for paragraph 8 and 9. The new heading refers to classification of property as investment property or owner-occupied property. Paragraphs 8 and 9 refer only to investment property. If it is the IPSASB's intention that a property interest held by a lessee under an operating lease that does not meet the requirements to be accounted for as investment property, should be accounted for as owner-occupied property, that fact should be stated clearly. The term "owner-occupied property" creates the impression that the property should be accounted for in terms of IPSAS 17, yet the property interest is held under an operating lease and should be accounted for in terms of IPSAS 13. We recommend that the IPSASB reconsiders the appropriateness of the new heading.

Part II-2 – Amendments to IPSAS 2, *Cash Flow Statements*

We agree with the proposed amendments, however we suggest that the IPSASB considers the relevance of the additional information to the users of financial statements in the public sector, the availability of the information and the costs that entities would need to incur to obtain and record the required information. If the additional disclosures are aimed specifically at investors, it may not be relevant to entities that do not rely on external funding.

Part II-3 – Amendments to IPSAS 16, *Investment Property*

We agree with the proposed amendments, but note the following:
Paragraph 66(a) has been amended to include "development with a view to owner-occupation" as evidence of a change in use. We recommend that paragraph 66(c) should similarly include "development with a view to use as investment property" as evidence of a change in use.

Part II-4 – Amendments to IPSAS 36, *Investments in Associates and Joint Ventures*

We agree with the proposed amendments.

Part II-5a – Amendments to IPSAS 4, *The effects of Changes in Foreign Exchange Rates*

We agree with the proposed amendments.

International Public Sector Accounting Standards Board
COMMENTS ON EXPOSURE DRAFT 65:
Improvements to IPSAS, 2018
13 July 2018

Part II-5b – Amendments to IPSAS 33, *First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs)*

We agree with the proposed amendments.

Part II-6 – Amendments to IPSAS 37, *Joint Arrangements*

We agree with the proposed amendments.

Part II-7 – Amendments to IPSAS 40, *Public Sector Combinations*

We agree with the proposed amendments.

Part II-8 – Amendments to IPSAS 5, *Borrowing Costs*

We agree with the proposed amendments.

Part II-9 – Amendments to IPSAS 39, *Employee Benefits*

We agree with the proposed amendments.



13 July 2018

Mr. Ian Carruthers
International Public Sector Accounting Standards Board
529 Fifth Avenue,
New York, NY 10017
USA

Submitted electronically through the IPSASB website

Dear Mr Carruthers,

ICAEW REPRESENTATION 77/2018, ED 65 IMPROVEMENTS TO IPSAS, 2018

ICAEW welcomes the opportunity to comment on ED 65 *Improvements to IPSAS, 2018*.

We note that the IPSASB improvements project deals with non-substantive changes to IPSASs through a collection of amendments. The amendments in Part I derive from stakeholder feedback and Part II amendments arise through consideration of the annual improvements and narrow scope amendments projects of the IASB and interpretations of the IFRS Interpretations Committee.

We agree with the changes proposed to IPSASs in both Part I and Part II of the ED, but would like to reiterate the importance of maintaining IFRS convergence. Whilst keeping up to date with minor improvements and narrow scope amendments of IFRS is commendable, it should not be overlooked that some IPSASs are substantially out of date when compared with their IFRS counterparts. IPSAS 1, for example, was last revised significantly in 2006.

We highlighted the importance of IFRS convergence in our response to IPSASB's recent consultation on the proposed strategy and work plan for 2019-23. IPSASB have made it clear that the board's primary focus is the ongoing creation of public sector specific standards. However, as the suite of IPSASs grows, it will become more difficult to ignore or defer closer convergence with IFRS.

We would also like to draw IPSASB's attention to the update of IPSAS 37 *Joint Arrangements*, in which the term 'business' is replaced with 'operation' in AG33CA, a change from the wording in IFRS 11. In our view substituting 'operation' for all IFRSs that use the term 'business' may cause confusion, since IFRS 11 uses the term 'joint operation' for exposure to underlying assets and liabilities of something that may not be an IFRS-defined 'business'. IFRS 11 uses the term operating in a different sense. Thus we think that replacing 'operation' for 'business' may prove problematic in some instances.

Yours sincerely



Dr Nigel Sleigh Johnson
Head of Financial Reporting, Audit and Insurance

Nigel.Sleigh-Johnson@icaew.com



Respondent 07

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA

(Established by Act of Parliament No 15 of 1965)

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Registrar/Chief Executive
JOHN I. EVBODAGHE, MBA. FCA

10 July 2018
ICAN/ED/R&T/JULY/2/2018

The Technical Director
IAASB
529 Fifth Avenue, New York,
NY 10017
USA

Dear Sir,

**RE: COMMENTS ON PROPOSED INTERNATIONAL PUBLIC SECTOR ACCOUNTING
STANDARDS: IMPROVEMENTS TO IPSAS 2018**

The Institute of Chartered Accountants of Nigeria (ICAN) has considered the above named Exposure Draft 65 and is pleased to submit its comments as follows:

Summary of Proposed Change 1:

Replacement of the term “primary financial statements” (which is not defined in IPSAS) with the term “financial statements” (which is a defined term) to ensure consistency within the Standards and across all IPSAS.

IPSAS 10, Financial Reporting in Hyperinflationary Economies

IPSAS 22, Disclosure of Financial Information about the General Government Sector

IPSAS 24, Presentation of Budget Information in Financial Statements

Comment:

We agree with the suggested amendments, that is deleting “primary” from “primary financial statements”. This we believe will align the extant standards with the rest of IPSASs as well as accord substantially with IASs.

Summary of Proposed Change 2:

Update the requirements regarding the transfer of investment property when an entity completes the construction or development of a self-constructed investment property that will be carried at fair value. Following the amendments made by Improvements to IPSASs issued in January 2010, investment property under construction is within the scope of IPSAS 16, and hence is not transferred from another class of asset on completion of the construction. Paragraph 76, which refers to a transfer following completion of the construction or development of a self-constructed investment property, is therefore deleted.

IPSAS 16, Investment Property

Comment:

We agree with the Board's decision to delete paragraph 76 from IPSAS 16, since IPSAS 16 itself is the subject matter of Investment Property, which handles investment property including those under construction or self-constructed.

Summary of Proposed Change 3:

Transitional disclosure requirements amended to ensure consistency with other amendments made by IPSAS 33, first time Adoption of Accrual Basis International Public Sector Accounting Standards. Extend the requirement to consider whether reassessing the useful life of an intangible asset as finite rather than indefinite is an indicator that the asset may be impaired to include revalued intangible assets, following the publication of Impairment of Revalued Assets (Amendments to IPSAS 21, Impairment of Non-Cash-Generating Assets, and IPSAS 26, Impairment of Cash-Generating Assets).

IPSAS 16, Investment Property

IPSAS 17, Property, Plant, and Equipment

Comment:

We agree with the amendment to the transitional provisions in IPSAS 16 and IPSAS 17 as they provide clarity and better understanding of the paragraphs.



Summary of Proposed Change 4:

Extend the requirement to consider whether reassessing the useful life of an intangible asset as finite rather than indefinite is an indicator that the asset may be impaired to include revalued intangible assets, following the publication of Impairment of Revalued Assets (Amendments to IPSAS 21, Impairment of Non-Cash-Generating Assets, and IPSAS 26, Impairment of Cash-Generating Assets).

IPSAS 31, Intangible Assets

Comment:

We are in agreement with the suggested improvement in IPSAS 31 as it aligns properly with the amended IPSAS 21 and 26.

Summary of Proposed Change 5:

Clarify that the exemption from providing comparative information applies only to the first financial statements issued following the adoption of accrual basis IPSAS

IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs)

Comment:

We agree with the amendments to paragraphs 78, 79, 123 and 142 of the standard. We considered the amendments as appropriate in clarifying the positions of exempting comparative information during first time adoption.



Summary of Proposed Change 6:

Update the Basis for Conclusions and Implementation Guidance to reflect the fact that relief from the requirement to disclose experience adjustments in respect of defined benefit schemes is no longer required. This disclosure is required by IPSAS 25, Employee Benefits, but was not carried forward to the replacement Standard, IPSAS 39, Employee Benefits

IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs)

Comments:

We agree with the proposed improvement to IPSAS 33 with regard to the new paragraphs BC109 and IG91.

Summary of Proposed Change 7:

Amendments to correct the measurement and presentation of controlled investment entities in the separate financial statements of controlling entities that are not themselves investment entities.

IPSAS 34, Separate Financial Statements

Comments:

We agree with the proposed improvements to IPSAS 34 with respect to Paragraphs 14, 22, 30, 32C and BC9A.

PART II: IFRS CONVERGENCE AMENDMENTS

Summary of Proposed Change 1:

Update the headings in relation to the interrelationship between IPSAS 40, Public Sector Combinations, and IPSAS 16 when classifying property as investment property or owner-occupied property (the substantive changes have already been made by IPSAS 40).

IPSAS 16, Investment Property

Comment:

We are in support of the proposed amendment with respect to the headings covering paragraph 8 and 9 of IPSAS 16, Investment Property.

Summary of Proposed Change 2:

Add disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities

IPSAS 2, Cash Flow Statements

Comment:

We do not have objections with respect to the amendments proposed IPSAS 2 through the introduction of paragraphs 55A- 55E, 63G and BC3.

Summary of Proposed Change 3:

Amend the requirements relating to transfers of investment property to reflect the principle that a change in use would involve (a) an assessment of whether a property meets, or has ceased to meet, the definition of investment property; and (b) supporting evidence that a change in use has occurred. The list of circumstances in which a transfer occurs is re-characterized as a non-exhaustive list of examples to be consistent with this principle.

IPSAS 16, Investment Property

Comment:

We agree with the proposed amendments of paragraphs 66 and 68, introduction of paragraphs 100B-100D, 101G and BC9 of IPSAS 16- Investment Property



Summary of Proposed Change 4:

Clarify that an entity is able to choose between applying the equity method or measuring the investment at fair value for each investment in an associate or joint venture

IPSAS 36, Investments in Associates and Joint Ventures

Comment:

We agree with the proposed amendment to paragraph 24 of IPSAS 26- Investments in Associates and Joint Ventures and the introduction of paragraphs 51E and BC17-BC19.

Summary of Proposed Change 5:

Clarify how to account for a transaction when an entity recognizes a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset, expense or revenue

IPSAS 4, Effects of Changes in Foreign Exchange Rates

IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs)

Comment:

We accept the clarification provided with the introduction of paragraphs 70A, 70B, 71F and BC7 in addition to the appendix A, all for IPSAS 4- The Effects of Changes in Foreign Exchange Rates.



Summary of Proposed Change 6:

Clarify the accounting for a previously held interest in a joint operation when a party obtains joint control

IPSAS 37, Joint Arrangements

Comment:

We accept the proposed addition of paragraphs 42E, AG33CA and BC10 with respect to IPSAS 37- Joint Arrangements.

Summary of Proposed Change 7:

Clarify the accounting for a previously held interest in a joint operation when a party obtains control of the joint operation

IPSAS 40, Public Sector Combinations.

Comment:

Paragraphs 100A and 126C together with BC94, being proposed amendments to IPSAS 40, Public Sector Combinations are considered appropriate for the issues of joint arrangements covered therein.

Summary of Proposed Change 8:

Clarify that an entity includes borrowings made specifically to obtain a qualifying asset in general borrowings when that qualifying asset is ready for its intended use or sale

IPSAS 5, Borrowing Costs

Comment:

We accept the proposed amendments to paragraph 25 and the additions of paragraphs 41A and 42E together with BC2 with respect to amendments to IPSAS 5- Borrowing Costs, clarifying costs eligible for capitalization.

Summary of Proposed Change 9:

Require an entity to use the updated assumptions from the re-measurement associated with a change to a plan (an amendment, curtailment or settlement) to determine current service cost and net interest for the remainder of the reporting period after the change to the plan

IPSAS 39, Employee Benefits

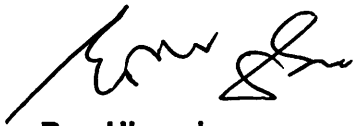
Comment:

We accept the proposed amendments to paragraphs 59, 101, 122, 125, 127, 128 and 129, together with the addition of paragraphs 103A, 124A, 125A and 176A, together with BC 23, all on IPSAS 39- Employee Benefits

We thank you for giving our Institute the opportunity to contribute to the work of the Board.

Yours faithfully,

for: Registrar/Chief Executive



Ben Ukaegbu, PhD, ACA
Deputy Registrar, Technical Services



The Technical Director
International Public Sector Accounting Standards Board
International Federation of Accountants
277 Wellington Street West
Toronto, Ontario M5V 3H2
Canada
13 July 2018
Per electronic submission

Dear John,

COMMENT ON EXPOSURE DRAFT 65 ON IMPROVEMENTS TO IPSAS 2018

We welcome the opportunity to provide comment on Exposure Draft 65 on *Improvements to IPSAS 2018*. Overall we support the proposed amendments to IPSAS, which respond to matters raised by stakeholders and align IPSAS to IFRS Standards. We believe the proposed amendments will enhance and improve the principles set out in the IPSAS.

The views expressed in this letter are those of the Secretariat and not the Accounting Standards Board. In formulating its comments, the Secretariat consulted with a range of stakeholders, including auditors, preparers, consultants, professional bodies, and other interested parties.

We would like to urge the IPSASB to publish Exposure Drafts in a timely manner to allow for maximum stakeholder engagement with all interested and potentially affected stakeholders on Exposure Drafts. We note that IPSASB approved the Exposure Draft at the meeting held 6 to 9 March 2018, but that it was only published on 16 April 2018 with a comment deadline of 15 July 2018. This has severely shortened the consultation time available to constituents.

Enclosed please find our comment on the proposed General Improvements to IPSAS and IFRS Convergence Amendments.

Board Members: Ms F Abba, Ms L Bodewig, Mr C Braxton, Mr K Hoosain, Ms I Lubbe, Mr K Makwetu,
Ms P Moalusi, Ms Z Mxunyelwa, Mr V Ndzimande, Ms N Themba,
Alternate: Ms M Sedikela
Chief Executive Officer: Ms E Swart, Technical Director: Ms J Poggiolini

Please do not hesitate to contact me should you wish to discuss our comment further.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Poggiolini', with a stylized, cursive script.

Jeanine Poggiolini

Technical Director

Part I: General Improvements to IPSAS

We support the proposed General Improvements to IPSAS, with the following specific comment:

I-4	<p>Amendments to IPSAS 31, <i>Intangible Assets</i></p> <p>We support the proposed amendment.</p> <p>Stakeholders noted that, in general, they do not use the revaluation model for subsequent measurement of intangible assets, but agree the amendment is necessary.</p>
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Part II: IFRS Convergence Amendments

We generally support the proposed IFRS Convergence Amendments, with the following specific comments:

II-2	<p>Amendments to IPSAS 2, <i>Cash Flow Statements</i></p> <p>Stakeholders raised concerns with the proposed amendment.</p> <p>Some stakeholders noted that the additional disclosure requirements are not clear. In particular, they are unsure about what information to present and how it should be presented, without specifically understanding users' information needs. They further found that the illustrative examples do not address the intricacies that could arise from presenting the additional disclosures and may be overly simplified. More elaborate examples could assist with implementing the requirements in practice.</p> <p>Stakeholders questioned the need for this information in the public sector, and suggested it could be helpful to first understand why this information was needed in the private sector, before concluding there is no public sector specific reason not to adopt the IFRS amendments. We note that the IASB indicated the amendments to IAS 7 <i>Statement of Cash Flows</i> respond to investors' requests for improved disclosures about changes in liabilities arising from financing activities, in order to:</p> <ul style="list-style-type: none"> • check their understanding of an entity's cash flows; • improve their confidence in forecasting an entity's future cash flows; • provide information about an entity's sources of finance and how it is used over time; and • help them understand an entity's exposure to risks associated with financing. <p>Given that public sector entities often do not have a complex capital structure, and are in some instances not allowed to obtain finance from external sources, the additional disclosures may not be as relevant in the public sector as in the private sector. We therefore suggest that the IPSASB first explores the relevance of this information to users of public sector financial statements before making the change.</p> <p>The illustrative example under the heading "Reconciliation of liabilities arising from financing activities" (page 28 of the Exposure Draft) refers to the requirement of IPSAS 1, <i>Presentation of Financial Statements</i> for corresponding amounts for the preceding period. It would be helpful to clarify whether the presentation of corresponding amounts will be required for the first period in which the entity presents this information, or only thereafter.</p>
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	<p>Stakeholders from the private sector indicated that they have had challenges implementing the disclosure in practice. These challenges include:</p> <ul style="list-style-type: none"> • Entities are unsure how to present the additional disclosure in a manner that will satisfy the needs of users. They also found that the illustrative examples provided are insufficient to address their uncertainties. • Entities often do not record information in the way that the disclosure is required. To comply with the additional disclosure requirements, system changes and changes to how records are kept are required. The IASB also noted this in their cost-benefit consideration. This will equally affect the public sector. • Guidance is needed in practice on when liabilities result from financing or operating activities. <p>Stakeholders further questioned whether the amendment is non-substantive in nature.</p> <p>It was noted that entities would require time to implement the necessary changes to systems and records management to be able to present this information separately. We therefore suggest that the IPSASB carefully considers the transitional provisions and effective date for this amendment, if the requirements remain unchanged from the Exposure Draft.</p>
II-5	<p>Amendments to IPSAS 4, <i>The Effects of Changes in Foreign Exchange Rates</i></p> <p>Stakeholders agreed with the principles of the IFRIC.</p> <p>However, stakeholders questioned the placement of the principles and guidance from the IFRIC in an authoritative appendix to the Standard, for the following reasons:</p> <ul style="list-style-type: none"> • An appendix provides clarity regarding the principles that exist in a Standard. In this instance, the appendix has its own introduction, scope, and application of the principles. It seems inappropriate for this information to be included in an appendix. <ul style="list-style-type: none"> ○ It is our view that authoritative principles should be incorporated in the body of the Standard and we therefore suggest that the appendix be removed and the relevant principles be incorporated in the body of the Standard. • The IPSASB does not have a policy for assessing the impact of IFRIC Interpretations on the public sector and IPSAS Standards. <ul style="list-style-type: none"> ○ We suggest that a policy first be developed to decide how the IPSASB will consider all the IFRIC Interpretations issued to date, instead of only considering one IFRIC as part of this Improvements to IPSAS project.

JULY 15, 2018

IPSASB EXPOSURE DRAFT 65:
IMPROVEMENTS TO IPSAS, 2018
CONSULTATION RESPONSE



KALAR CONSULTING

MANJ KALAR



KALAR CONSULTING



Manj has over 20 years' experience working in public sector, focusing on implementation of accrual accounting across UK central Govt departments and the Whole of Government Accounts consolidation. She has advised a number of jurisdictions on implementing accrual accounting.

Manj has particular interest in supporting governments to address the practicalities of implementing IPSASs.



International Public Sector Accounting Standards Board
International Federation of Accountants
277 Wellington Street, 4th Floor
Toronto
Ontario M5V 3H2
CANADA

Submitted electronically

15th July 2018

Dear IPSASB secretariat

ED 65: Improvement to IPSAS 2018

I am delighted to share my comments on the improvements to IPSAS exposure draft 65 consultation.

Part 1: Improvements to IPSAS

It is good to see proposed amends to address potential areas of confusion as advised by stakeholders, particularly practical implementation issues. The proposed changes will help those jurisdictions in the process of implementing IPSASs and others planning to do so over the next few years.

Part 2: IFRS convergence amends

As stated in my previous response to the strategy and work plan for 2019-2023, I suggest that 'alignment' is a more accurate reflection of IPSASB's activities rather than 'convergence' which may imply hierarchy in standards setting.

It is good to try to maintain alignment insofar as it is reasonable for the public sector. This approach is helpful for mixed groups and maintain the aim that public sector accounts are based on the same basis as the private sector and so aid comparability.

Detailed responses to the specific matters for comment are provided in the Annex.



KALAR CONSULTING

Thank you for the opportunity to comment. If there are any questions, please do not hesitate to contact me.

Yours sincerely,

Manj Kalar

Principal consultant



Annex: Detailed response to the Consultation ED 65: Improvements

Part 1: General improvements to IPSASs

I agree with the majority of the proposed amendments but I have two observations:

1. Amendments to IPSAS 16, Investment Property para 97 (a) states that the entity is *encouraged, but not required... to adjust the opening balance/ restates comparative information*. I would suggest where this is a material balance the restatement should be a requirement so that the change is clear to the user of the financial statements.
2. Amendments to IPSAS 17, Property, Plant, and Equipment to clarify disclosures under the three transitional year arrangements i.e. what is required to be disclosed in year one, year two and year three is most welcome. This removes confusion to the preparers of the financial statements and, more importantly, delivers greater transparency to the user who can see the progress in recognising fixed assets over the transitional period.

Part 2: IFRS Convergence (or alignment) amends

I agree with most of the amendments but I have one observation in respect of IPSAS 5 Borrowing costs. In the basis of conclusion, it states *IPSASB concurred with the IASB's view that the costs of applying the amendments retrospectively might exceed the potential benefits of doing so. Consequently, an entity applies the amendments only to borrowing costs incurred on or after the date it first applies the amendments*. Whilst I understand the rationale but if the entity would want to and can apply the amends retrospectively, it should be allowed to disclose this in a note to the accounts. This would maintain IPSASB's desire to not make changes too burdensome but if the information is available then they could produce this in a note to aid transparency to the user of the financial statements.

Thank you for the opportunity to comment.