



December 15, 2023

Mr. Ian Carruthers
Chairman,
International Public Sector Accounting Standards Board,
The International Federation of Accountants,
277 Wellington Street West,
Toronto, Ontario M5V 3H2 CANADA

Dear Ian Carruthers,

Sub: Comment on Exposure Draft 85, Improvements to IPSAS, 2023

We are pleased to provide comments on the Exposure Draft 85, Improvements to IPSAS, 2023 issued by the International Public Sector Accounting Standards Board (IPSASB) of the International Federation of Accountants (IFAC). Our comments on Exposure Draft 85 are enclosed with this letter.

Please feel free to contact us, in case any further clarification in this regard is required.

Thanking you,

Yours sincerely,

(CA. Kemisha Soni)
Chairperson
Committee on Public & Government Financial Management (CPGFM)
The Institute of Chartered Accountants of India
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THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

(Set up by an Act of Parliament)

Comments on IPSASB Exposure Draft 85, 'Improvements to IPSAS, 2023'

S. No.	IFRS Alignment Improvements to IPSAS proposed in ED 85:	Equivalent IPSAS	ICAI Comments
1	Classification of Liabilities as Current or Non-current (Amendments to IAS 1) (Issued in January 2020) <i>Non-current Liabilities with Covenants</i> (Amendments to IAS 1) (Issued in October 2022)	IPSAS 1, <i>Presentation of Financial Statements</i>	<p>We agree with the proposed amendment that if “<i>the entity does not have the right at the end of the reporting date to defer settlement of the liability for at least twelve months after the reporting date</i>”, such liability to be classified as current.</p> <p>However, we have concerns with regard to paragraph 87B(b) as it would require assessment of the future facts and circumstances to make disclosures in the notes to financial statements. Providing forward-looking information in the disclosures would also not be cost effective as it might prompt entities to procure a high volume of information to produce forecast information.</p>
2	<i>Interest Rate Benchmark Reform—Phase 2</i> (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) (Issued in August 2020)	IPSAS 43, <i>Leases</i>	<p>We agree with the proposed amendment as globally, many jurisdictions have been taking steps for replacing existing Interbank offered rates (IBORs) with some alternate benchmark rates as a result of recommendations of Financial Stability Board.</p>
3	<i>Lease Liability in a Sale and Leaseback</i> (Amendments to IFRS 16) (Issued in September 2022)	IPSAS 43, <i>Leases</i>	<p>We agree with the proposed amendment as there is a need to address the issue of initial and subsequent measurement of lease liability in case of sale and lease back transactions where the variable lease payments are not linked to any index or rate.</p> <p>However, there is a need to provide an exception in the existing definition of lease payments (provided in IPSAS 43, '<i>Leases</i>') for including the variable lease payments in case of sale and leaseback transactions so as to avoid inconsistency in the Standard.</p>