Item 7: Amendments to IPSAS 36 and IPSAS 41, 2018

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Manager, Standards Development and Technical Projects

IPSASB Meeting
Kuala Lumpur, Malaysia
December 4–7, 2018
Amendments to IPSAS 36 and IPSAS 41, 2018

Amendments to IPSAS 36 and IPSAS 41 (Agenda Item 7.2.1 & 7.2.2)

<table>
<thead>
<tr>
<th>#</th>
<th>Description</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Part I</td>
<td><strong>Clarify</strong> that IPSAS 41, <em>Financial Instruments</em>, including its impairment requirements, <strong>applies to Long-term Interests in Associates and Joint Ventures</strong>.</td>
<td>Agreed: 8</td>
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<td>Issues: 3</td>
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<td>Part II</td>
<td><strong>Amend the Classification requirements</strong> so that <strong>Particular Financial Assets with Prepayment Features</strong> that may result in reasonable <strong>negative compensation</strong> for the early termination of the contract are eligible to be measured at <strong>amortized cost or at fair value through net assets/equity</strong>.</td>
<td>Agreed: 7</td>
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<td>Issues: 4</td>
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Amendments to IPSAS 36 and IPSAS 41, 2018

Part I – Comments from Respondents (Agenda Item 7.2.1)

Part I
Amendments to IPSAS 36

Respondent #07
Intricacies of Retrospective Application

Staff response
IPSAS 3 requires retrospective application for Change in Accounting policies.

Respondent #10
Potential Double Accounting in IPSAS 36 and IPSAS 41

Staff response
Scope of IPSAS 36 and 41 is clear and illustrative examples are in place (Alignment with IFRS. IASB also considered this concern).

Respondent #11
Only recognize Amendments to Opening Accumulated Surplus/Deficit

Staff response
IPSAS 3 allows amendments to be recognized in Opening Accumulated Surplus or Deficit or Another component of Net Assets/Equity.

Respondent #11
Editorial Amendments to explain Rationale for Alignment with IFRS (BC 20)

Staff response
Rationale for Alignment with IFRS is already explained in Paragraphs BC2 – BC4 in IPSAS 36.
Amendments to IPSAS 36 and IPSAS 41, 2018

Part II – Comments from Respondents
(Agenda Item 7.2.2)

Part II
Amendments to IPSAS 41

Respondent #06
Incorrect Classification as Amortized Cost or Fair Value Through Surplus or Deficit

Staff response
Made the necessary Change to Classification to Fair Value Through Net Assets/Equity.

Respondent #07
Longer Transitional Period January 1, 2022 to January 1, 2024

Staff response
Transitional Period Aligned to that of IPSAS 41. If extend = Apply Transitional Requirements Twice

Respondent #09
Editorial Amendments to explain disclosure of Retrospective Application

Staff response
IPSAS 3 provides guidance for disclosure of Cumulative Adjustments as a result of Retrospective Application

Respondent #11
Editorial Amendments to explain Rationale for Alignment with IFRS (BC 45)

Staff response
Rationale for Alignment with IFRS is already explained in Paragraphs BC45 in IPSAS 41
Amendments to IPSAS 36 and IPSAS 41, 2018

Approval of Final Pronouncement
(Agenda Item 7.2.4)

- ED 66 issued
- Responses made publicly available

Confirm Due Process Followed Effectively

Approve Amendments to IPSAS 36 and 41, 2018

- Publish January 1, 2019.
- Effective Date generally, January 1, 2020.
- Effective Date is aligned to that of IPSAS 41 and staff propose ED of January 1, 2022

Agree Effective Date