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**Swiss Comments to
Exposure Draft 53 First Time Adoption of Accrual Basis
International Public Sector Accounting Standards (IPSASs)**

Dear Stephenie,

With reference to the request for comments on the proposed Exposure Draft, we are pleased to present the Swiss Comments to Exposure Draft 53 First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). We thank you for giving us the opportunity to put forward our views and suggestions. You will find our comments to the Exposure Draft in the attached document.

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

Yours sincerely,

SRS-CSPPC



Prof Nils Soguel, President



Evelyn Munier, Secretary

Swiss Comments to Exposure Draft 53 First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs)

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1 Introduction

The Swiss Public Sector Financial Reporting Advisory Committee (SRS-CSPCP) has discussed *Exposure Draft 53 First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs)*. The SRS-CSPSP was established in 2008 by the Swiss Federal Ministry of Finance together with the Ministers of Finance at the cantonal level. One of its aims is to provide the IPSAS Board with a consolidated statement for all the three Swiss levels of government (municipalities, cantons and Confederation).

2 Comments to Exposure Draft 53 First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs)

2.1 General Remarks

This ED is no longer of imminent practical relevance in Switzerland. Accrual accounting has been introduced on all levels of government. The financial reporting of the federal level, as well as of several states/cantons is based on IPSAS. The other states/cantons and the municipalities are using the so-called Harmonized Accounting Model (HAM), which is currently rolled out in its second updated release. If an entity which is currently under HAM was adopting IPSAS for a first time, the technical issues would be rather limited. If some Swiss entities don't adopt IPSAS's it is not for technical reasons. However, we acknowledge that for entities implementing accrual accounting for a first time, the proposed standard is highly relevant.

The SRS-CSPCP would like to draw to the attention of the IPSAS Board a detail, which does not concern any of the three Matters of Comment, but the Appendix to the Exposure Draft; in fact it seems that in all standards the transitional provisions are deleted, except in IPSAS 27 *Agriculture*. The SRS-CSPCP is of the opinion that all standards must be treated equally and therefore Paragraph 55 of IPSAS 27 should also be deleted.

2.2 Matter for Comment 1

The objective of this Exposure Draft is to provide a comprehensive set of principles that provides relief to entities that adopt accrual basis IPSASs for the first time.

- (a) Do you agree with the proposed transitional exemptions includes in the Exposure Draft; and***
(b) Do you believe that the IPSASB achieved its goal in providing appropriate relief to a first-time adopter in transitioning to accrual basis IPSASs?

- (a) The SRS-CSPCP agrees with the proposed exemptions. They are permitted for captions, which experience shows to be time consuming to prepare.
- (b) The SRS-CSPCP agrees with this statement. It is positive that as before it will be possible to perform a first time adoption without complete prior year comparatives. The cost-benefit aspect has here been sensibly applied.

2.3 Matter for Comment 2

The IPSASB agreed that there should be a differentiation between those transitional exemptions that do not affect the fair presentation of a first-time adopter's financial statements and its ability to assert compliance with accrual basis IPSASs, and those that do.

(a) Do you agree with the proposed differentiation and how it is addressed in the Exposure Draft; and

(b) Do you agree that the individual categorization is appropriate?

The SRS-CSPCP agrees with the proposed differentiation. It is also of the opinion that the individual categorisation is appropriate.

2.4 Matter for Comment 3

This Exposure Draft proposes a relief period of three years for the recognition and/or measurement of specific assets and/or liabilities in allowing a first-time adopter to transition to accrual basis IPSASs.

Do you agree that a relief period of three years is appropriate? If not, please indicate the time frame that, in your view, would be appropriate, supported with the reason for the longer or shorter transitional relief period.

The SRS-CSPCP is of the opinion that for entities implementing accrual accounting for the first time, the transitional period of 3 years should be considered as a minimum; better would be a transitional period of up to 5 years. Particularly in the public sector, changes require a great deal of time, especially when revisions of laws are subject to democratic decision. The large number of stakeholders involved and the reliance on external assignments, which are frequently subject to public tender, also demands a lot of time.

Furthermore as a rule it is always challenging to carry through new projects in the public sector; if more time is allowed for implementation, it is more likely that the project is accepted.

Lausanne, 23 January 2014