

14 June 2005

International Public Sector Accounting Standards Board (IPSASB)

International Federation of Accountants (IFAC)

545 Fifth Avenue, 14th Floor,

New York, NY 10017, USA.

FAX: +1-212-2869570

(Attention: Ms. Helene Kennedy)

We studied the Exposure Draft 24 on *Financial Reporting Under the Cash Basis of Accounting –Disclosure Requirements of External Assistance* and it is our pleasure to attach herewith our comments for your consideration.

Shall you need further comments in this connection please free to contact me at +977-1-4262639 and Email: oagnep@ntc.net.np .

Sincerely,

(Dev Bohara)

Assistant Auditor General

Comments on Exposure Draft 24 Financial Reporting Under the Cash Basis of Accounting –Disclosure Requirements of External Assistance

1. Para 5:

Waiving of loan and interest thereon or debt relief may be a form of assistance, hence it would appropriate to be covered in the definition of external assistance.

2. Para 44:

Date to be used for application of exchange rate needs to be clarified for determining fair value of assistance. Particularly;

- Rate applicable at reporting time or, and
- Date of payment.

Similarly, date to be used for application of foreign exchange for valuation purposes for Turn Key assistance also needs to be specified.

3. Others

Apart from above we believe that the following points also deserve consideration:

a. Mode of payment:

Normally mode of external assistance may include cash, reimbursable, direct payment and Turn Key assistance. In our view, the disclosure policies of these modes of payment need to be specified in the standard to make fair presentation of such assistance.

b. Treatment of reimbursable

Whether the reimbursable amount can be treated as loan or grant and its disclosure policy needs to be specified in the standard.