

14 August 2009

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

Direct line	0844 798 2359
Email	m-langley@audit-commission.gov.uk

By email: edcomments@ifac.org and
stepheniefox@ifac.org

Dear Stephenie

IPSASB Exposure Draft 40 on Intangible Assets

The Audit Commission welcomes the opportunity to comment on the exposure draft on intangible assets..

The Audit Commission is an independent watchdog, driving economy, efficiency and effectiveness in local public services in England to deliver better outcomes for everyone. We appoint auditors to over 700 major public bodies that are moving to prepare accounts under IFRS. Our work across local government, health, housing, community safety and fire and rescue services means that we have a unique perspective. We promote value for money for taxpayers, auditing the £200 billion spent by 11,000 local public bodies. As a force for improvement, we work in partnership to assess local public services and make practical recommendations for promoting a better quality of life for local people.

The Commission's Response

The Commission welcomes the approach taken by the Board that, in the absence of any specific public sector reasons for departure, ED 40 should be converged with the requirements, structure and text of IAS 38 '*Intangible Assets*'.

We would like to draw the Board's attention to the Transitional Provisions and particularly an apparent inconsistency between paragraphs 140 (b) and 140 (c). It is unclear how 140(b), which requires prospective accounting for all intangible assets other than those from entity combination from exchange transactions aligns with the requirements of 140(c). Paragraph 140(c) requires the entity to reassess previously recognised and unrecognised intangible assets under the recognition criteria of paragraph 30. This is surely retrospective adoption and therefore inconsistent with the requirement of 140(b).

Specific matters for comment

We agree with the proposal to exclude the power to grant rights and the power to tax from the scope of this ED and for IPSASB to consider this matter further as part of its Conceptual Framework project.

It is acknowledged that this exposure draft does not cover the accounting requirements for intangible assets acquired in an entity combination from a non-exchange transaction as this circumstance is not covered in IAS 38 and it is understood that this area will be covered in future developments of IPSASs.

We note the addition of public sector guidance in the Illustrative Examples and throughout the text and consider such amendments and additions to the IAS helpful.

Should you have any queries on this response please do not hesitate to contact me.

Yours sincerely

Mike Langley

Senior Technical Manager- Financial Reporting