

## IPSASB: Separate Financial Statements (ED 48)

Comments from ACCA to the International Public Sector Accounting Standards Board (IPSASB)

17 February 2014

Our ref: TECH-CDR-1248

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Further information about ACCA's comments on this matter can be obtained from:

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ACCA welcomes the opportunity to comment on the Exposure Draft (ED 48) for the first time adoption of accruals based accounts. The views set out in this response reflect those of ACCA's public sector global forum, which includes finance professionals, academics and policy advisors.

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## SUMMARY

Overall, we are highly supportive of the work of the IPSASB and developments in international public sector accounting standards. We believe that the proposed standard for separate financial statements has practical use for prescribing the accounting and disclosure requirements for investments when a public sector entity prepares separate financial statements.

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## SPECIFIC COMMENTS

### Specific Matter for Comment 1

**Do you agree generally with the proposals for separate financial statements? In particular, do you agree with the proposal to permit the use of the equity method in addition to cost and fair value, for investments in other entities?**

We agree with the proposals set out in ED 48. We understand the rationale for the proposal to allow the use of the equity method, particularly as a number of countries continue to use this established method of accounting for certain investments in the public sector. We agree with the supporting rationale that investments in most cases are used to enable service provision rather than for investment purposes, and there are likely to be a higher proportion of investments in the public sector for which there are no active markets and in respect of which fair values are not readily observable.