

anan



Founded in 1979 and chartered by Act No. 76 of 1993

248/250, Herbert Macaulay Street,
P.M.B. 1011,
Yaba, Lagos,
Nigeria.
Tel: 01-7642100, 7900926, 07038147508
Web Address: www.anan.org.ng
E-mail: info@anan.org.ng

Our Ref:

Your Ref:

February 24, 2014.

Stephenie Fox,
International Public Sector Accounting Standards Board,
International Federal of Accountants,
277 Wellington Street West, 6th Floor,
Toronto, Ontario M5V 3H2,
CANADA.

Dear Ms Fox,

IPSASB Exposure Draft 49 – Consolidated Formula Statements

Association of National Accountants of Nigeria is very pleased to comment on the above mentioned Exposure Draft on IPSAS 6.

Association of National Accountant of Nigeria (ANAN) is a statutorily recognised professional accountancy body in Nigeria. The body is charged among others, with the duty of advancing the science of accountancy.

The Association was formed on 1st January, 1979 and operate under the ANAN Act 76 Cap A26 Of 1993 LFN 2004, working in the public interest. The Association regulates its practicing and non-practicing members, and is overseen by the Financial Reporting Council of Nigeria.

ANAN members are more than 21,000, they are either FCNA OR CNA and are found in business, practice, academic and public sector in all the States of Nigeria and Overseas. The members provide professional services to various users of their services.

ANAN is an Associate of the International Federation of Accountants (IFAC), the Association of Accountancy Bodies in West Africa (ABWA), the International Association for Accounting Education & Research (IAAER), and the Pan African Federation of Accountants (PAFA).

Our responses to specific matters for comments (1-6) are set out below:

Specific matter for Comment 1:

Do you agree with the proposed definition of control? If not, how would you change the definition?

Our Response:

ANAN agree with the proposed definition of control in this exposure draft.

Specific matter for Comment 2:

Do you agree that a controlling entity should consolidate all controlled entities (except in the circumstances proposed in this Exposure Draft)? If you consider that certain categories of entities should not be consolidated, please justify your proposal having regard to user needs and indicate your preferred accounting treatment for any such controlled entities. If you have any comments about temporarily controlled entities, please respond to specific.

Our Response:

ANAN agree that a controlling entity should consolidate all controlled entities provided there is no objection from any shareholder with significant interest in the subsidiaries.

Specific matter for Comment 3:

Do you agree with the proposal to withdraw the exemption in IPSAS 6, Consolidate and separate Financial Statement (December 2006) for temporarily controlled entities? If you agree with the withdrawal of the exemption, please give reasons. If you disagree with the withdrawal of the exemption please indicate any modifications that you would propose to the exemption in IPSAS 6 (December 2006).

Our Response:

ANAN disagree with the proposal to withdraw the exemption in IPSAS 6, because it will not be in line with IFRS/IPSAS requirement for full disclosure.

Specific matter for comment 4:

Do you agree that a controlling entity that meets the definition of an investment entity should be required to account for its investments at fair value through surplus or deficit?

Our Response:

ANAN agree that a controlling entity that meets the definition investment entity should be required to account for its investments at fair value through surplus or deficit. The

justification is that profit or loss incurred by any entity is always recognised through the P & L (TPL).

Specific matter for comment 5:

Do you agree that a controlling entity, that is not itself an investment entity, but which controls an investment entity should be required to present consolidated financial statements in which (i) measures the investments of the controlled investment entity at fair value through surplus or deficit in accordance with IPSAS 29, Financial Instrument, Recognition and Measurement, and (ii) consolidates the other assets and liabilities and revenue and expenses of the controlled investment entity in accordance with this standard?

Do you agree that the proposed approach is appropriate and practicable? If not, what approach do you consider would be more appropriate and practicable?

Our Response:

ANAN agree that a controlling entity that is not itself an investment entity but which controls an investment entity should be required to present consolidated financial statements. The reason is that the mere fact the holding company and subsidiary company do not engage in the same line of business does not make consolidation inappropriate.

Specific matter for comment 6:

The IPSASB has aligned the principles in this standards with the Government finance statistics manual 2013 (GFSM 2013) where feasible. Can you identify any further opportunities for alignment?

Our Response:

We cannot identify any further opportunities for alignment.

We hope you find the above useful. If you would like to discuss any of the above further please contact the undersigned who will be very pleased to address your area of concern.

Yours faithfully,



ASSOCIATION OF NATIONAL ACCOUNTANTS OF NIGERIA (ANAN)
SUNDAY A EKUNE, B Sc. (Hons.) M.Sc. MIOD, CNA.
Registrar/Chief Executive.