

October 30, 2020

Mr John Stanford
Technical Director
International Public Sector Accounting Standards Board
277 Wellington Street West
Toronto, Ontario M5V 3H2
Canada

Via Online Submission

Dear Mr John Stanford

**COMMENTS ON EXPOSURE DRAFT 70, REVENUE WITH PERFORMANCE OBLIGATIONS,
EXPOSURE DRAFT 71, REVENUE WITHOUT PERFORMANCE OBLIGATIONS AND
EXPOSURE DRAFT 72, TRANSFER EXPENSES**

The Malaysian Institute of Certified Public Accountants ("MICPA") appreciates the opportunity to comment on the following exposure drafts of the International Public Sector Accounting Standards Board ("IPSASB"):

- Exposure Draft 70 *Revenue with Performance Obligations* ("ED 70")
- Exposure Draft 71 *Revenue without Performance Obligations* ("ED 71"); and
- Exposure Draft 72 *Transfer Expenses* ("ED 72").

We also applaud the effort of the IPSASB to provide the relevant Standards to address the needs of public sector.

Overall, we believe that the IPSASB's proposed standards will go a long way toward maintaining the usefulness of the information provided to users of the financial statements in public sector. We are generally supportive of these ED 70, ED 71 and ED 72 and are pleased to provide our comments with respect to the proposals in the Special Matter for Comment 4 of ED 71 and Special Matter for Comments 3 and 5 of ED 72 for your consideration.

For the Specific Matter for Comment 4 of ED 71, we suggest the IPSASB to provide illustrative examples on the allocation of the transaction price to each present obligation identified in the binding arrangement, including the estimation of variable consideration, discount, return and refund, so as to enhance the understanding and application of the standard by the users of financial statements.

With respect to the Specific Matter for Comments 3 and 5 of ED 72, we are supportive of the Public Sector Performance Obligation Approach ("PSPOA") by adopting a five-step approach in ED 70 which. However, we have a concern on the practicality of applying Paragraph 13(d) of this standard which requires a transfer provider to monitor the satisfaction of performance obligations throughout the duration of the binding arrangement. This will be difficult to apply in practice as it will put a great pressure on transfer provider in dealing with this, the volume of transactions will be a challenge for transfer provider to monitor the satisfaction of each performance obligation throughout the duration of the binding arrangement. Such approach would result in an increase in cost of monitoring and compliance, as it will require a sophisticated accounting system to manage and keep track of each performance obligation throughout the duration of the binding arrangement. Hence, we would like to request the IPSASB to reconsider the proposed criteria in the PSPOA and take into consideration of cost benefit perspective in drafting the standard. In addition, it would be helpful if the IPSASB could provide further guidance to the users of financial statements in applying the PSPOA.

We trust our comments and accompanying recommendations to be of value and useful to the IPSASB, in your onward deliberation. MICPA looks forward to further strengthening such dialogues with your organisation.

Please do not hesitate to contact the undersigned or the Technical Director, Ms Chiam Pei Pei, at +603-2698 9622 should you require any clarification.

Thank you.

Yours sincerely,



NOVIE BIN TAJUDDIN
Chief Executive Officer