

The Technical Director
International Public Sector Accounting Standards Board
International Federation of Accountants
277 Wellington Street West
Toronto, Ontario M5V 3H2 CANADA

Dear Stephanie,

ED 53 First-Time Adoption of Accrual Basis International Public Sector Accounting Standards

The Accounting and Auditing Standards Desk of the Abu Dhabi Accountability Authority (ADAA) is pleased to provide a response to the International Public Sector Accounting Standards Board (IPSASB) request for comments on ED 53. We are fully supportive of the IPSASB's objectives to enhance the quality and consistency of financial reporting of Public Sector Entities (PSEs) and improve the transparency and accountability of government reporting.

Our comments on the specific question asked by the IPSASB are as follows:

Matter for Comment 1:

The objective of this Exposure Draft is to provide a comprehensive set of principles that provides relief to entities that adopt accrual basis IPSASs for the first time.

- a) **Do you agree with the proposed transitional exemptions included in the Exposure Draft; and**
- b) **Do you believe that the IPSASB achieved its goal in providing appropriate relief to a first-time adopter in transitioning to accrual basis IPSASs?**

Please provide a reason for your response.

- a) We welcome the approach of the IPSASB as set out in paragraph 26 of distinguishing the exemptions between those that impact fair presentation and those that do not. This provides a much needed level of clarity for preparers and users alike. We agree with the proposed transitional exemptions and believe that the three year time frame for full compliance is appropriate.
- b) In our experience IFRS users transitioning from local GAAP to full IFRS found the transition sometimes complex and data that had not previously been captured was often required to be captured. This meant changes to processes and systems and training for their people. Public Sector Entities used to cash based reporting will find the change to full accruals based IPSAS even more demanding. The transitional reliefs become even more relevant in this context.

Matter for Comment 2:

The IPSASB agreed that there should be a differentiation between those transitional exemptions that do not affect the fair presentation of a first-time adopter's financial statements and its ability to assert compliance with accrual basis IPSASs, and those that do.

- a) **Do you agree with the proposed differentiation and how it is addressed in the Exposure Draft, and**
- b) **Do you agree that the individual categorization is appropriate?**

If not, please provide a reason for your response and provide an alternative approach.

- a) We agree with the proposed differentiation and how it is addressed.
- b) We agree the individual categorization is appropriate.

Matter for Comment 3:

This Exposure Draft proposes a relief period of three years for the recognition and/or measurement of specific assets and/or liabilities in allowing a first-time adopter to transition to accrual basis IPSASs. Do you agree that a relief period of three years is appropriate? If not, please indicate the time frame that, in your view, would be appropriate, supported with the reason for the longer or shorter transitional relief period.

The time frame of the relief period is a matter of some debate. A shorter period is more desirable in achieving compliance and comparability however a shorter period may be detrimental to encouraging users to move from cash basis to full accrual basis. On balance we agree a relief period of three years is appropriate.

Yours faithfully

Steven Ralls BA, FCA
Head of Accounting and Auditing Standards Desk
Financial Audit and Examination, Abu Dhabi Accountability Authority