

JULY 15, 2018

IPSASB EXPOSURE DRAFT 65:  
IMPROVEMENTS TO IPSAS, 2018

CONSULTATION RESPONSE



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Manj has over 20 years' experience working in public sector, focusing on implementation of accrual accounting across UK central Govt departments and the Whole of Government Accounts consolidation. She has advised a number of jurisdictions on implementing accrual accounting.

Manj has particular interest in supporting governments to address the practicalities of implementing IPSASs.



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Dear IPSASB secretariat

**ED 65: Improvement to IPSAS 2018**

I am delighted to share my comments on the improvements to IPSAS exposure draft 65 consultation.

**Part 1: Improvements to IPSAS**

It is good to see proposed amends to address potential areas of confusion as advised by stakeholders, particularly practical implementation issues. The proposed changes will help those jurisdictions in the process of implementing IPSASs and others planning to do so over the next few years.

**Part 2: IFRS convergence amends**

As stated in my previous response to the strategy and work plan for 2019-2023, I suggest that 'alignment' is a more accurate reflection of IPSASB's activities rather than 'convergence' which may imply hierarchy in standards setting.

It is good to try to maintain alignment insofar as it is reasonable for the public sector. This approach is helpful for mixed groups and maintain the aim that public sector accounts are based on the same basis as the private sector and so aid comparability.

Detailed responses to the specific matters for comment are provided in the Annex.



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Thank you for the opportunity to comment. If there are any questions, please do not hesitate to contact me.

Yours sincerely,

Manj Kalar

Principal consultant



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## **Annex: Detailed response to the Consultation ED 65: Improvements**

### Part 1: General improvements to IPSASs

I agree with the majority of the proposed amendments but I have two observations:

1. Amendments to IPSAS 16, Investment Property para 97 (a) states that the entity is *encouraged, but not required... to adjust the opening balance/ restates comparative information*. I would suggest where this is a material balance the restatement should be a requirement so that the change is clear to the user of the financial statements.
2. Amendments to IPSAS 17, Property, Plant, and Equipment to clarify disclosures under the three transitional year arrangements i.e. what is required to be disclosed in year one, year two and year three is most welcome. This removes confusion to the preparers of the financial statements and, more importantly, delivers greater transparency to the user who can see the progress in recognising fixed assets over the transitional period.

### Part 2: IFRS Convergence (or alignment) amends

I agree with most of the amendments but I have one observation in respect of IPSAS 5 Borrowing costs. In the basis of conclusion, it states *IPSASB concurred with the IASB's view that the costs of applying the amendments retrospectively might exceed the potential benefits of doing so. Consequently, an entity applies the amendments only to borrowing costs incurred on or after the date it first applies the amendments*. Whilst I understand the rationale but if the entity would want to and can apply the amends retrospectively, it should be allowed to disclose this in a note to the accounts. This would maintain IPSASB's desire to not make changes too burdensome but if the information is available then they could produce this in a note to aid transparency to the user of the financial statements.

Thank you for the opportunity to comment.