



FINANCIAL REPORTING COUNCIL OF NIGERIA

Federal Ministry of Industry, Trade and Investment

JohnStanford (Project Officer)
International Public Sector Accounting Standards Board
International Federation of Accountants
529 5th Avenue
New York, New York 10017
United State of America

29 July 2016

Dear Stanford,

RE: EXPOSURE DRAFT 61, CASH BASIS ACCOUNTING

The Financial Reporting Council (FRC) of Nigeria welcomes the proposed amendments to the IPSAS: Cash Basis of Accounting as proposed in Exposure Draft 61

In view of the responses received from the constituents in Nigeria, the Council wish to comment on the proposed amendments to the Cash Basis IPSAS, as hereunder:

Specific Matter for Comment 1.1

Do you agree with the changes to the cash basis IPSAS proposed in this ED? If not, please provide your reasons.

Comments

The Council agreed with the proposal to move part 1 of the current Cash Basis IPSAS's requirements as regards preparation of consolidated financial statements and the disclosures of information about external assistance and payments made by third parties, to part 2.

The Council further agreed that, these requirements be modified and relocated as encouragement in part 2 of the proposed cash basis IPSAS which will encourage, but not require, the preparation of consolidated financial statements and the disclosures of certain information about external and other assistance and payments made by third parties.

However, if proposed standard is to be retained in its current form care must be taken to ensure that redrafted encourage disclosures in part 2 is recast and worded in a manner that will not be used by public sector entities especially those in developing countries to avoid consolidation of certain entities and avoiding disclosures regarding external assistance and payments made by third parties. The Council suggests the word "encouraged" should be replaced with "preferred"

The removal of these current requirements, which have been identified as the major obstacles to the adoption of Cash Basis IPSAS, will enhance the adoption of the standard by public sector entities, particularly those in the developing countries across the world.

The Council also agreed with the proposed changes to the terminologies used in the cash basis IPSAS because these changes will help to align terminologies in the Cash Basis IPSAS with those of the accrual IPSASs and reflect the objectives of financial reporting as specified in the *Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities*.

The new section called, *Basis for Conclusions* in the part 1 and 2 of the standard is a welcome development as it will assist preparers and users of financial statements in understanding the reasons for the amendments to the cash basis IPSAS and provide clarity to preparers and public sector experts in the application and analysis of the standard.

Specific Matter for Comment 1.2

Since issues of the cash basis IPSAS in 2003, the accrual IPSASs then on issue have been updated, and in some cases withdrawn and/or replaced, and new IPSASs and Recommended Practice Guides (RPGs) have been issued. The IPSASB would welcome your views on whether requirements or guidance drawn from any of these IPSASs or RPGs should be included as additional requirements or encouragements in the Cash Basis IPSAS in the future and, if so, which requirements or guidance.

Comments

Since Part 2 is not specific as to the additional disclosures, it is possible that almost any of the accrual IPSASs could be applicable. The Council therefore suggests that there should be a general phrase which requires thus: "any information provided in the Financial Statements or Notes in accordance with either Part 1 or Part 2 of the Cash Basis standard should be provided in a manner consistent with any relevant accrual IPSASs".

If you require any further information or clarification do not hesitate to contact the undersigned.

Yours sincerely,



VINCENT OKHIRIA

Assistant Director (ASD, Public/Private)