December 22, 2017

ICAN/R&T/ED/DEC/22/2017

The Technical Director
IPSASB-IFAC
529 Fifth Avenue, New York
NY 10017
USA

Dear Sir,

RE: COMMENTS ON PROPOSED INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARD - FINANCIAL INSTRUMENTS

The Institute of Chartered Accountants of Nigeria (ICAN) has considered the above named Exposure Draft and is pleased to submit comments as follows:

Specific Matter for Comment 1:
Consistent with the relief provided in IFRS 9, the IPSASB has agreed in [draft] IPSAS [X] (ED 62) to allow an option for entities to continue to apply the IPSAS 29 hedging requirements. Do you agree with the IPSASB's proposal?

Response
Yes, we agree with the IPSASB proposal. This enables a public sector entity to continue to apply hedge accounting to transactions that qualify for hedging both before transition to the proposed standards. The option also qualifies for hedging requirements after the adoption of the incoming standards in line with IPSAS 29.
Specific Matter for Comment 2:
The IPSASB recognizes that transition to the new standard [draft] IPSAS [X] (ED 62) may present implementation challenges as a result of the number of significant changes proposed. Therefore, the IPSASB intends to provide a 3 year implementation period until [draft] IPSAS [X] (ED 62) is effective (early adoption will be permitted). Do you agree with the proposed 3-year implementation period before [draft] IPSAS [X] (ED 62) becomes mandatory? Please explain.

Response
We agree on the number of years (3). However, we believe that the word “implementation” may be misinterpreted. We therefore, suggest that Specific Matter for Comment 2 should read “3 years transitional period”.

Specific Matter for Comment 3:
Do you agree with the proposed transition requirements in paragraphs 153-180, consistent with those provided in IFRS 9? If not, what specific changes do you recommend and why?

Response
Yes, we agree. The transition requirements in paragraphs 153 – 180 provide articulate guidance on financial instruments transition reporting.

We thank the Board for the opportunity given to our Institute to contribute to the proposed standard.

Yours faithfully,

for: Registrar/Chief Executive

[Signature]

Ben Ukaegbu, PhD, ACA
Deputy Registrar, Technical Services