



# THE INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA

(Established by Act of Parliament No 15 of 1965)

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Registrar/Chief Executive  
ROTIMI A. OMOTOSO MBA, FCA

February 14, 2014

Stephenie Fox  
Technical Director  
International Public Sector Accounting Standards Board (IPSASB)  
259 Fifth Avenue, 6<sup>th</sup> Floor  
New York  
NY 10017

Dear Stephenie,

## First-Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs): Exposure Draft 53

The Institute of Chartered Accountants of Nigeria (ICAN) has considered the above exposure draft and is pleased to submit its comments.

The Institute is particularly pleased to note the increased attention by the International Public Sector Accounting Standards Board (IPSASB) being paid to development of more transparent and wider acceptable accounting standards for the public sector, particularly at this time when concerns are growing for a more robust system and standards of accounting in the public sector across the world.

Detailed below are the Institute's comments in the context of the Exposure Draft 53 on First-Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs)

### 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?



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## Comments:

- (a) Yes, we agree.

### Reason:

The proposed transitional exemption will allow the public sector entities in developing countries time to develop appropriate record and model for the recognition and measurement of the elements of the financial statement.

Further, in view of the fact that financial statements faithfully represent the performance and financial position of the reporting entities, it would not be proper to rush into adoption of accrual basis IPSAS if the faithful representation of the financial statement cannot be guaranteed.

It will reduce the cost and efforts that would be required to gather information to enable the entity apply the accrual basis IPSAS retrospectively.

- (b) Yes, we believe that the IPSASB achieved its goal in providing appropriate relief to a first time adopter

### Reason:

The exemptions, for example, paragraph 32 and 64 which had been provided under this proposed standard are broad based enough to provide adequate relief to a first time adopter. However, it is not clear whether the entity will be required to retrospectively or prospectively recognize and measure the transitional exemptions that impact the fair presentation of financial statement upon the expiration of the three-year transitional period.

## 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?

