



THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

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CASLB/G/10

November 24, 2015

Andreas Bergmann
Chairman,
International Public Sector Accounting Standards Board,
International Federation of Accountants,
277 Wellington Street West,
Toronto, Ontario M5V 3H2 CANADA

Dear Andreas,

Sub: Comment on Exposure Draft 56, 'The Applicability of IPSASs'

We are pleased to provide comments on the Exposure Draft (ED) 56, 'The Applicability of IPSASs' issued by the International Public Sector Accounting Standards Board (IPSASB) of International Federation of Accountants (IFAC). Our comments are enclosed with this letter.

Please feel free to contact us, in case any further clarification in this regard is required.

Thanking you,

Yours sincerely,

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Annexure

Comments on Exposure Draft 56, 'The Applicability of IPSASs'

Under the earlier approach, the definition of GBEs was provided in the IPSASs and the purpose of providing the above definition was to scope out commercially oriented public sector entities that met the said definition. However, keeping in view the concern such as differing interpretation of GBEs in different countries, the IPSAS Board has proposed a new approach under this ED whereby:

- Definition/characteristics of Public sector entities to which IPSASs are applicable are provided in the '*Preface to the International Public Sector Accounting Standards*'.
- Definition of GBEs and the reference of GBEs given in all IPSASs and RPGs is deleted.

Comments:

- We agree with the view of the IPSAS Board in respect of defining the term '*public sector entities*' in the '*Preface to the International Public Sector Accounting Standards*'. However, it is suggested that the reference of the '*Preface to the International Public Sector Accounting Standards*' in regard to the above definition may be provided in each IPSAS for more clarification.
- Since the purpose of providing definition of the GBEs was to exclude the **Commercial Public sector entities** from the scope of the IPSASs, therefore, now under the new approach the term GBE/ its reference in the IPSASs should be replaced with the '*Commercial public sector entities*'. However, it is observed that at some places such as Para 9 of IPSAS 16, Paras 6, 20 & 21 of IPSAS 21 and Para 3 & BC 10 of IPSAS 24, the terms GBEs have been replaced with the term '*Commercial Entities*'. It is suggested that the term '*Commercial Public Sector Entities*' may be used in all IPSASs in order to maintain consistency.
- In respect of IPSAS 4, '*The Effects of Changes in Foreign Exchange Rates*' the amendments in paragraphs 6 and 7 are provided in the Exposure Draft 56. However, it is mentioned that the term '*GBEs*' has also been used in





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paragraph 13 (a) of IPSAS 4*, *Appendix A on 'Terms in this RPG defined in IPSASs'* of RPG 1 and RPG 2* also include definition of GBEs. Amendments in regard to these are not covered in the Exposure draft 56. It is suggested to modify the same according to the new proposal of deleting the definition/reference of GBEs in the IPSASs and RPGs.

* Volume I & II of Handbook of IPSASs (Edition 2014)