



**INTERNATIONAL FEDERATION  
OF ACCOUNTANTS**

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DATE: 15 SEPTEMBER 2004  
MEMO TO: MEMBERS OF THE IFAC PUBLIC SECTOR COMMITTEE  
FROM: HONGXIA LI  
SUBJECT: **CURRENT STATUS OF IPSAS GENERAL IMPROVEMENTS  
PROJECT**

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**ACTION REQUIRED**

The Committee is asked to:

- **note** the progress and proposed timetable of the IPSASs General Improvements project

**AGENDA MATERIAL:**

	<b>Pages</b>
12.2 Memo from Hongxia Li and Li Li Lian	12.4 – 12.7
12.3 Overview of Changes	12.8 – 12.12
12.4 Marked-up IPSASs 17, 16, 3 and 6	12.13 – 12.196

**BACKGROUND**

The IASB issued the Exposure Draft of Proposed Improvements to IASs in May 2002. A subcommittee was established by the PSC after the July 2002 PSC meeting to consider the issues raised in the IASB ED. The PSC's submission was sent to the IASB in September 2002.

At the April and July 2003 meetings, the PSC noted that IPSASs should reflect the improvements made by the IASB in their equivalent IASs to the extent appropriate.

At the November 2003 meeting, Staff prepared a strategy paper that outlined the following three possible approaches available to the PSC to deal with the IPSASs/IFRSs convergence program:

- 1) rely on the hierarchy in IPSAS 1 *Presentation of Financial Statements* (the hierarchy paragraph was proposed to relocate to IPSAS 3 *Accounting Policies, Changes in Accounting Estimates and Errors*) for the authority of IASs/IFRSs;
- 2) adopt the content and wording of the IASs/IFRSs with an introduction (or postscript) to the original text of the IASs/IFRSs; and
- 3) review and rewrite IASs/IFRSs where necessary (ie redrafting sections that pertain to public sector specific issues).

The PSC agreed that it should not simply rely on the hierarchy and would use approaches 2 or 3 as appropriate. It was agreed that going forward the PSC should, when harmonizing its IPSASs with IASs/IFRSs, change as little as possible of the original IASs/IFRSs text and provide clear indications why a change was made.

This memorandum outlines the progress made to date and the proposed timetable for this meeting and beyond in respect of the IPSASs General Improvements project.

*Progress made to date*

At the March 2004 meeting, the PSC agreed that it would adopt the equal authority doctrine going forward in the development of IPSASs. It was also agreed to update the *Preface* subject to the usual due process, and use “shall” terminology in place of “should” to be consistent with the IASB’s approach. At that meeting, the PSC Chair requested the Deputy Chair, Mike Hathorn, to lead and co-ordinate the development of IPSASs/IFRSs convergence program.

At the July 2004 meeting, the PSC:

- noted that the improved IASs had been further updated as a consequence of newly issued IFRSs, such as IFRS 3 *Business Combinations* and IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*; and
- agreed that the IPSASs under the General Improvements project would be updated to reflect only the changes arising from the IASB Improvements project. The amendments made to the improved IASs as a result of the issue of new IFRSs would not be incorporated into their equivalent IPSASs, as the PSC had not reviewed these new IFRSs.

At the March and July meetings in 2004, the PSC has reviewed and agreed on the changes to be made to the following 4 IPSASs - IPSAS 12 *Inventories*, IPSAS 13 *Leases*, IPSAS 14 *Events after the Reporting Date* and IPSAS 1 *Presentation of Financial Statements*.

*Proposed timetable for this meeting and beyond*

At this meeting, it is intended that the PSC complete its review of proposed amendments to the following 4 IPSASs - IPSAS 17 *Property, Plant and Equipment*, IPSAS 16 *Investment Property*, IPSAS 3 *Accounting Policies, Changes in Accounting Estimates and Errors* and IPSAS 6 *Consolidated and Separate Financial Statements*.

At the March 2005 meeting, it is proposed that the PSC review the remaining 3 IPSASs under the General Improvements project - IPSAS 4 *The Effects of Changes in Foreign Exchange Rates*, IPSAS 7 *Interests in Associates* and IPSAS 8 *Interests in Joint Ventures*.

At the July 2005 meeting, it is proposed that the PSC review the omnibus Exposure Draft of the proposed 11 IPSASs, specific matters for comment for each draft IPSAS and a Basis for Conclusion for the whole package. The intention is to issue that omnibus ED after the July 2005 meeting. (see attachment for the proposed timetable of the IPSASs General Improvements project)

The amendments resulting from other relevant projects, such as heritage assets and impairment of cash-generating assets, will be dealt with as “Amendments to Other IPSASs” in the Appendices of IPSASs under the General Improvements project.

**Hongxia Li**

**TECHNICAL MANAGER**

**Attachment****Timetable for the IPSASs General Improvements project**

<b>PSC meetings</b>	<b>Tentatively agreed</b>		<b>To be discussed</b>		
March 2004	IPSAS 12 IPSAS 13 IPSAS 14				
July 2004		IPSAS 1			
November 2004			IPSAS 17 IPSAS 16 IPSAS 3 IPSAS 6		
March 2005				IPSAS 7 IPSAS 8 IPSAS 4	
July 2005					Omnibus ED (including 11 IPSASs, specific matter for comments, Basis for Conclusions)



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DATE: 15 SEPTEMBER 2004  
MEMO TO: MEMBERS OF THE IFAC PUBLIC SECTOR COMMITTEE  
FROM: HONGXIA LI AND LI LI LIAN  
SUBJECT: **IPSAS GENERAL IMPROVEMENTS PROJECT**

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**ACTION REQUIRED**

The Committee is asked to:

- **agree** the changes made to IPSAS 17, IPSAS 16, IPSAS 3 and IPSAS 6.

**BACKGROUND**

At this meeting, Staff propose that the PSC reviews and agrees on the changes made in the 4 IPSASs in the following sequence:

- IPSAS 17 *Property, Plant and Equipment*
- IPSAS 16 *Investment Property*;
- IPSAS 3 *Accounting Policies, Changes in Accounting Estimates and Errors*; and
- IPSAS 6 *Consolidated and Separate Financial Statements*

The reason for this sequence is because IPSAS 17, IPSAS 16 and IPSAS 3 were provided as agenda papers for both the Buenos Aires meeting and the New York meeting, and Hongxia will attend the Delhi meeting to lead discussion on IPSAS 17 and IPSAS 16. Staff propose to discuss IPSAS 17 before IPSAS 16. This is because the resolution of the issues in IPSAS 17 will flow through to IPSAS 16. IPSAS 3 deals with the issue of the hierarchy. The changes made in IPSAS 3 are relevant to the authority and status of other pronouncements issued by the PSC and other standards-setting bodies. The discussion of IPSAS 6 will facilitate the review of IPSAS 7 *Interests in Associates* and IPSAS 8 *Interests in Joint Ventures*, which are scheduled to be reviewed in the PSC March 2005 meeting.

Agenda Item 12.3 provides a brief overview of the major changes to the 4 IPSASs and identifies the PSC's views on the issues raised in the IASs Improvements ED submitted to the IASB in 2002.

Staff have also updated these 4 IPSASs to reflect the decisions made by the PSC at the New York meeting. Summarized below are the main changes to the 4 IPSASs since the New York meeting.

**Amendments Resulting From New IFRSs**

At the New York meeting, the PSC confirmed that the IPSASs under the PSC's General Improvements project would be updated to reflect the changes arising from the IASB Improvements project. However, the amendments made to IASs as a consequence of newly issued IFRSs would not be incorporated into their equivalent IPSASs, as the PSC has not

reviewed these new IFRSs. As such, Staff have amended the 4 IPSASs to be consistent with the December 2003 version of the improved IASs as appropriate.

In the 4 marked-up IPSASs, Staff have noted in side boxes where the IASB made consequential amendments resulting from new IFRSs. The major consequential amendments that were not reflected in the IPSASs are identified in the attachment to this memo.

### **Cross-referencing**

As agreed at the New York meeting, a similar style of cross-referencing to that adopted in the existing IPSASs, including the recently approved IPSAS 21 *Impairment of Non-cash-generating Assets*, was adopted in the marked-up draft IPSASs in respect of IASs/IFRSs for which an IPSAS has not yet been issued.

### **Other Changes**

#### *Equal Authority Box*

The PSC agreed in the Buenos Aires meeting to adopt the doctrine of equal authority in the development of IPSASs. Staff have reflected this decision by including a box to explain this in each draft IPSAS under the General Improvements project. This approach is consistent with IASB's approach.

#### *Withdrawal paragraph*

As agreed at the New York meeting, a paragraph indicating that the revised IPSAS supersedes the current IPSAS has been included in each draft IPSAS under the General Improvements project.

#### *Rename the Non-authoritative Appendix to Implementation Guidance*

Consistent with IASB's approach, Staff have renamed the non-authoritative appendix contained in IPSAS 17, IPSAS 16 and IPSAS 3 as Implementation Guidance.

#### *Transitional Provisions in IPSAS 16 and IPSAS 17*

At the Berlin November 2003 meeting, the PSC agreed that, for the time being, an IPSAS on first-time adoption of IPSASs would not be considered. Therefore, transitional provisions in specific IPSASs need to deal with effectively both the first-time adoption and changeover from the existing IPSASs to the revised version of IPSASs. Consistent with this, Staff have made some clarifications in respect of the transitional provisions of first-time adoption of IPSAS 16 and IPSAS 17.

#### *Illustrative Examples in IPSAS 6*

Five illustrative examples are contained in the Implementation Guidance of IAS 27 *Consolidated and Separate Financial Statements*. Staff have also introduced five additional examples in the Implementation Guidance of IPSAS 6, which are based on the examples in IAS 27 but reflect a public sector context.

**Li Li Lian**

**TECHNICAL MANAGER**

**Hongxia Li**

**TECHNICAL MANAGER**

## Attachment

The major consequential amendments resulting from new IFRSs, such as IFRS 3 *Business Combinations* and IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, which were not reflected in the 4 IPSASs are identified below. There are no consequential changes made to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (and therefore IPSAS 3) as a result of the issue of new IFRSs.

### (a) IPSAS 17 *Property, Plant and Equipment*

- (i) As a consequence of the issue of IFRS 5, IAS 16 *Property, Plant and Equipment* now excludes “property, plant and equipment classified as held for sale” from its scope. The measurement and disclosure of these assets will be dealt with in IFRS 5. The scope of IPSAS 17 was not updated to reflect this exclusion. Consequently, property, plant and equipment held for sale remains within the scope of IPSAS 17 (see IPSAS 17 paragraph 5).
- (ii) As a consequence of the issue of IFRS 2 *Share-based Payment*, the definition of cost in both IAS 16 and IAS 40 was amended to reflect that the cost of an asset can be the amount attributed to that asset when initially recognized in accordance with the specific requirements of other IFRSs, eg IFRS 2. This amendment to the definition of cost was not incorporated in IPSAS 17 and IPSAS 16.
- (iii) As a result of the issue of IFRS 5, IAS 16 now requires that depreciation of an asset cease at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognized. This amendment was not reflected in IPSAS 17. Therefore, in accordance with IPSAS 17, depreciation of an asset ceases at the date that the asset is derecognized (see IPSAS 17 paragraph 71).

### (b) IPSAS 16 *Investment Property*

- (i) As a result of the issue of IFRS 4 *Insurance Contracts*, a new requirement on the subsequent measurement of investment property linked to liabilities was introduced into IAS 40 (see IAS 40 paragraphs 32A-32C). This requirement allows an entity to choose either the fair value model or the cost model for all investment property backing liabilities, and to choose either the fair value model or the cost model for all other investment property. This amendment was not included in IPSAS 16.
- (ii) As a result of the issue of IFRS 5, the subsequent measurement of investment property under the cost model in IAS 40 was changed to reflect that investment property classified as held for sale would be measured at the lower of carrying amount and fair value less costs to sell in accordance with IFRS 5. IPSAS 16 was not amended to reflect this change. Consequently, investment property under the cost model is measured at cost less accumulated depreciation and accumulated impairment losses in accordance with IPSAS 16 (see IPSAS 16 paragraph 65).

### (c) IPSAS 6 *Consolidated and Separate Financial Statements*

- (i) As a result of the issue of IFRS 5, IAS 27 *Consolidated and Separate Financial Statements* eliminates the exemption from consolidation for controlled entities that are acquired and held exclusively with a view to its disposal within twelve months from acquisition. It now requires a parent to consolidate all subsidiaries. IPSAS 6 was not amended to reflect this change. Therefore, these controlled

entities are excluded from consolidation in accordance with IPSAS 6 (see IPSAS 6 paragraph 21).

- (ii) As a result of the issue of IFRS 5, IAS 27 now requires that in separate financial statements, investments in subsidiaries, jointly controlled entities and associates that are classified as held for sale be measured at the lower of the carrying amount and fair value less costs to sell in accordance with IFRS 5. This amendment was not incorporated in IPSAS 6. Therefore, these investments will be accounted for either at cost or fair value in separate financial statements in accordance with IPSAS 6 (see IPSAS 6 paragraph 58).

## Overview of Changes in IPSASs affected by the IASB's General Improvements Project

The table below summarizes major changes in 4 IPSASs affected by the IASB's General Improvements project that will be discussed in this meeting – IPSAS 3, IPSAS 6, IPSAS 16 and IPSAS 17. It identifies whether the changes are new requirements, changes in existing requirements or further clarification of matters already dealt with (or implied) in the existing IPSASs. In some cases, determining how to classify the change is a matter of judgment.

The table identifies the PSC's views in the submission it made on proposals in the IASB's Improvements ED – that submission generally focused on the specific questions raised by the IASB in the ED. The table also identifies changes that were not proposed in the Improvements ED but were introduced by the IASB when finalizing the improved IASs.

IPSASs/ Changes made in revised IPSASs to harmonize with improved IASs	Consistent with IASB Improvement ED/Submission by the PSC on IASB Improvement ED/Not in IASB Improvement ED but added by the IASB when finalizing
<b><i>IPSAS 3, Accounting Policies, Changes in Accounting Estimates and Errors</i></b>	
1) Eliminate the allowed alternative treatment for voluntary changes in accounting policies and correction of errors. (Nature of change: Change in requirement)	<ul style="list-style-type: none"> <li>• Consistent with IASB Improvement ED</li> <li>• PSC submission on the IASB Improvement ED: Agreed</li> </ul>
2) Eliminate distinction between fundamental and material errors and to replace them with 'prior period errors'. (Nature of change: Change in requirement)	<ul style="list-style-type: none"> <li>• Consistent with IASB Improvement ED</li> <li>• PSC submission on the IASB Improvement ED: Agreed</li> </ul>
3) Define the term 'impracticable' and provide additional guidance on how to apply 'impracticable'. (Nature of change: New definition/further clarification)	<ul style="list-style-type: none"> <li>• Not in IASB Improvement ED but added by the IASB when finalizing IAS 8</li> </ul>
4) Change from commentary to black letter the hierarchy of PSC's pronouncements, authorities and non-mandatory guidance to be considered when selecting accounting policies. (Nature of change: Further clarification)	<ul style="list-style-type: none"> <li>• Details of hierarchy changed by the IASB from Improvement ED when finalizing IAS 8</li> </ul>
5) On issue of a new IPSAS, an entity is required to disclose: <ul style="list-style-type: none"> <li>• the impending change in accounting policy; and</li> <li>• if known or reasonably estimable, information relevant to assessing the possible impact that application of the new IPSAS will have on the entity's financial statements in the period of initial application.</li> </ul>	<ul style="list-style-type: none"> <li>• Changed by the IASB from Improvement ED when finalizing IAS 8 to respond to concerns that the proposed requirements were sometimes impracticable</li> <li>• PSC submission on the IASB Improvement ED: Do not agree with requirements proposed (NB: This issue was not specifically raised by the IASB as a 'specific matters for comment'.) <i>[The changed requirements may address the PSC's concerns.]</i></li> </ul>

<p style="text-align: center;"><b>IPSASs/ Changes made in revised IPSASs to harmonize with improved IASs</b></p>	<p style="text-align: center;"><b>Consistent with IASB Improvement ED/Submission by the PSC on IASB Improvement ED/Not in IASB Improvement ED but added by the IASB when finalizing</b></p>
<p>6) Require more detailed disclosure of the amounts of adjustments as a consequence of changing accounting policies or correcting prior period errors. (Nature of change: New requirement)</p>	<ul style="list-style-type: none"> <li>• Not in IASB Improvement ED but added by the IASB when finalizing IAS 8</li> </ul>
<p><b>IPSAS 6, Consolidated and Separate Financial Statements</b></p>	
<p>1) Expand the scope of the Standard to apply to accounting for controlled entities, jointly controlled entities and associates in the separate financial statements of a controlling entity, a venturer or an investor and change the title of the Standard to “Consolidated and Separate Financial Statements”. (Nature of change: New requirement)</p>	<ul style="list-style-type: none"> <li>• Consistent with IASB Improvement ED</li> </ul>
<p>2) Define two new terms “cost method” and “separate financial statements”. (Nature of change: New definitions/further clarification)</p>	<ul style="list-style-type: none"> <li>• “Separate financial Statements” definition not in IASB Improvement ED but added by the IASB when finalizing IAS 27</li> </ul>
<p>3) Tighten the circumstances in which a controlling entity is exempted from preparing consolidated financial statements. (Nature of change: Further clarification)</p>	<ul style="list-style-type: none"> <li>• Consistent with IASB Improvement ED</li> <li>• PSC submission on the Improvement ED: Agreed and noted that many controlling entities in the public sector represent key sectors or activities of a government and the purpose of IPSAS 6 is not to exempt such entities from preparing consolidated financial statements.</li> </ul>
<p>4) Clarify the exemption for controlled entities from consolidation - when there is evidence that (a) control is intended to be temporary because the controlled entity is acquired and held exclusively with a view to its disposal within twelve months from acquisition and (b) management is actively seeking a buyer. The previous exemption from consolidation for entities under long-term severe restrictions has been removed. (Nature of change: New requirement/further clarification)</p>	<ul style="list-style-type: none"> <li>• Criterion (a) consistent with IASB Improvement ED</li> <li>• Criterion (b) not in IASB Improvement ED but added by the IASB when finalizing IAS 27</li> </ul>
<p>5) Clarify that the requirement to consolidate investments in controlled entities applies to venture capital organization, mutual funds, unit trusts and similar entities. (Nature of change: Further clarification)</p>	<ul style="list-style-type: none"> <li>• Consistent with IASB Improvement ED</li> </ul>
<p>6) Require an entity to consider the existence and effect of potential voting rights currently exercisable or convertible when assessing whether it has the power to govern the financial and operating policies of another entity. (Nature of change: New requirement)</p>	<ul style="list-style-type: none"> <li>• Consistent with IASB Improvement ED</li> </ul>
<p>7) Require use of uniform accounting policies for reporting like transactions and other events in similar circumstances and remove the previous exception to this requirement. (Nature of change: Further clarification)</p>	<ul style="list-style-type: none"> <li>• Consistent with IASB Improvement ED</li> </ul>

<p style="text-align: center;"><b>IPSASs/ Changes made in revised IPSASs to harmonize with improved IASs</b></p>	<p style="text-align: center;"><b>Consistent with IASB Improvement ED/Submission by the PSC on IASB Improvement ED/Not in IASB Improvement ED but added by the IASB when finalizing</b></p>
<p>8) Require minority interests to be presented within net assets/equity in the consolidated statement of financial position, separately from the controlling entity's net assets/equity. (Nature of change: Change in requirement)</p>	<ul style="list-style-type: none"> <li>• Consistent with IASB Improvement ED</li> <li>• PSC submission on the Improvement ED: Agreed.</li> </ul>
<p>9) Require accounting for controlled entities, jointly controlled entities and associates in separate financial statements to be accounted for at cost or as financial instruments. The equity method contained in previous IPSAS 6 has been removed. (Nature of change: New requirement)</p>	<ul style="list-style-type: none"> <li>• Consistent with IASB Improvement ED</li> <li>• PSC submission on the Improvement ED: Majority agreed.</li> </ul>
<p>10) Require controlled entities, jointly controlled entities and associates that are accounted for as financial instruments in the consolidated financial statements to be accounted for in the same way in the investor's separate financial statements. (Nature of change: New requirement)</p>	<ul style="list-style-type: none"> <li>• Consistent with IASB Improvement ED</li> <li>• PSC submission on the Improvement ED: Majority agreed.</li> </ul>
<p><b>IPSAS 16, <i>Investment Property</i></b></p>	
<p>1) Allow property interest held by a lessee under an operating lease to be classified as investment property provided that:</p> <ol style="list-style-type: none"> <li>a. the definition of investment property is met;</li> <li>b. the operating lease is accounted for as if it were a finance lease in accordance with IPSAS 13; and</li> <li>c. the lessee uses the fair value model set out in IPSAS 16. (Nature of change: New requirement)</li> </ol>	<ul style="list-style-type: none"> <li>• Consistent with IASB Improvement ED</li> <li>• PSC submission on the IASB Improvement ED: Agreed.</li> </ul>
<p>2) Require an entity to apply the general asset recognition principle to all investment property costs at the time they are incurred, including initial costs and subsequent expenditures. (Nature of change: Change in requirement.)</p>	<ul style="list-style-type: none"> <li>• Not in IASB Improvement ED but added by the IASB when finalizing IAS 40 per changes in IAS 16</li> </ul>
<p>3) Require an entity to measure an investment property acquired in an asset exchange transaction at fair value unless the transaction lacks commercial substance, or unless the fair value of neither the asset given up nor the asset received can be reliably measured. (Nature of change: New requirement)</p>	<ul style="list-style-type: none"> <li>• Not in IASB Improvement ED but added by the IASB when finalizing IAS 40 per changes in IAS 16</li> </ul>
<p>4) Require an entity to derecognize the carrying amount of a part of an investment property if that part has been replaced and the cost of replacement has been included in the carrying amount of the asset. (Nature of change: New requirement)</p>	<ul style="list-style-type: none"> <li>• Not in IASB Improvement ED but added by the IASB when finalizing IAS 40 per changes in IAS 16</li> </ul>
<p>5) Require an entity to include compensation from third parties for an investment property that was impaired, lost or given up in surplus or deficit when the compensation becomes "receivable". (Nature of change: New requirement)</p>	<ul style="list-style-type: none"> <li>• Not in IASB Improvement ED but added by the IASB when finalizing 40 per changes in IAS IAS 16</li> </ul>

<p style="text-align: center;"><b>IPSASs/ Changes made in revised IPSASs to harmonize with improved IASs</b></p>	<p style="text-align: center;"><b>Consistent with IASB Improvement ED/Submission by the PSC on IASB Improvement ED/Not in IASB Improvement ED but added by the IASB when finalizing</b></p>
<p><b>IPSAS 17, <i>Property, Plant and Equipment (PPE)</i></b></p>	
<p>1) Define the term “entity-specific value” and used to determine if an asset exchange transaction has commercial substance. (Nature of change: New definition/new requirement)</p>	<ul style="list-style-type: none"> <li>• Not in IASB Improvement ED but added by the IASB when finalizing IAS 16</li> </ul>
<p>2) Require an entity to apply the general asset recognition principle to all property, plant and equipment costs at the time they are incurred, including initial costs and subsequent expenditures. (Nature of change: Change in requirement)</p>	<ul style="list-style-type: none"> <li>• Not in IASB Improvement ED but added by the IASB when finalizing IAS 16.</li> </ul>
<p>3) Require an entity to include the initial estimate of asset dismantlement, removal and restoration costs as an element of cost of an item of PPE, regardless of the obligation incurred as a consequence of acquiring the item or using it for purposes other than to produce inventories. (Nature of change: Further clarification)</p>	<ul style="list-style-type: none"> <li>• Consistent with IASB Improvement ED.</li> </ul>
<p>4) Require an entity to measure an item of PPE acquired in an asset exchange transaction at fair value unless the exchange transaction lacks commercial substance, or unless the fair value of neither of the assets exchanged can be determined reliably. (Nature of change: Change in requirement)</p>	<ul style="list-style-type: none"> <li>• Consistent with IASB Improvement ED</li> <li>• PSC submission on the IASB Improvement ED: Majority Agreed.</li> <li>• Guidance on commercial substance not in IASB Improvement ED but added by the IASB when finalizing IAS 16.</li> </ul>
<p>5) Require an entity to determine the depreciation charge separately for each significant part of an item of property, plant and equipment. (Nature of change: New requirement/further clarification)</p>	<ul style="list-style-type: none"> <li>• Not in Improvement ED but added by the IASB when finalizing IAS 16.</li> </ul>
<p>6) Require an entity to begin depreciating an item of property, plant and equipment when it is available for use and to continue depreciating it until the asset is derecognized, even if during that period the item is idle. (Nature of change: Change in requirement/further clarification)</p>	<ul style="list-style-type: none"> <li>• Consistent with IASB Improvement ED</li> <li>• PSC submission on the IASB Improvement ED: <ul style="list-style-type: none"> <li>□ Concerned that the proposal may not be consistent with the depreciation requirements of the ED, especially where the temporary idle period was intended and built into the estimate of the useful life;</li> <li>□ Agreed that such PPE should be tested for impairment annually.</li> </ul> </li> <li>• Guidance on when to start depreciating not included in the ED but added by the IASB when finalizing IAS 16.</li> </ul>

<p style="text-align: center;"><b>IPSASs/ Changes made in revised IPSASs to harmonize with improved IASs</b></p>	<p style="text-align: center;"><b>Consistent with IASB Improvement ED/Submission by the PSC on IASB Improvement ED/Not in IASB Improvement ED but added by the IASB when finalizing</b></p>
<p>7) Require an entity to include in surplus or deficit compensation from third parties for items of property, plant and equipment that were impaired, lost or given up when the compensation becomes “receivable”. (Nature of change: New requirement)</p>	<ul style="list-style-type: none"> <li>• Consistent with IASB Improvement ED</li> </ul>
<p>8) Require an entity to derecognize the carrying amount of an item of property, plant and equipment that it disposes of on the date the criteria for the sale of goods in IPSAS 9 <i>Revenue from Exchange Transactions</i> are met. (Nature of change: New requirement/further clarification)</p>	<ul style="list-style-type: none"> <li>• Consistent with IASB Improvement ED</li> </ul>
<p>9) Require an entity to derecognize the carrying amount of a part of an item of property, plant and equipment if that part has been replaced and the entity has included the cost of replacement in the carrying amount of the item. (Nature of change: New requirement)</p>	<ul style="list-style-type: none"> <li>• Not in IASB Improvement ED but added by the IASB when finalizing IAS 16</li> </ul>