



31 May 2024

***BOTSWANA INSTITUTE OF CHARTERED ACCOUNTANTS COMMENT LETTER TO  
IPSASB'S EXPOSURE DRAFT (ED) 86 Exploration for and Evaluation of Mineral  
Resources***

**Introduction**

The Botswana Institute of Chartered Accountants ("BICA") is a statutory body established by Accountants Act, 2010, as amended for the regulation of the accountancy profession in Botswana. The Institute's mission is to protect public interest through promoting the accountancy profession, supporting accountants, facilitating quality professional accountancy services through the monitoring and regulation of professional accountants.

The Institute appreciates the opportunity to contribute towards exposure draft **86 Exploration for and Evaluation of Mineral Resources**

We have provided our comments on the specific matter for comment as per the Exposure Draft. Should you wish to have further engagements please do not hesitate to contact the undersigned.

Yours Faithfully,

  
Buisanang Ushuka, ACPA

Acting Director – Technical and Public Sector Accounting Services

## MATTERS FOR COMMENT

### *Specific Matter for Comment 1*

*The IPSASB decided to propose an IFRS 6-aligned Standard in ED 86 (see paragraphs BC2–BC7). Do you agree that amendments to IFRS 6, for the public sector, are limited to terminology and other IPSASB- specific formatting and consistency amendments (see paragraph BC8)?*

*If not, please explain your reasons, stating clearly what further amendments are necessary and why.*

### **Comment**

Yes, we do agree that amendments to IFRS 6, for the public sector, are limited to terminology and other IPSASB- specific formatting and consistency amendments.

We are of the view that majority of the accrual basis IPSASs are based on International Financial Reporting Standards (IFRSs), with appropriate modifications for application in the public sectors with public sector specific topics such as taxes and transfers.

In relation to public sector topics where no IPSAS has yet been developed, it is our considered view to refer to the relevant IFRSs or national accounting standards. This illustrates the types of reporting requirements an entity may face.

In this instance, IFRS 6 gives adequate guidance and coverage on the subject matter and IPSASB does not require a major departure from it.

Nonetheless, this does not imply a considered position BICA on those topics. Rather, it reflects the requirements of IPSAS 3, Accounting Policies, Changes in Accounting Estimates and Errors.

IPSAS 3 explains that management will need to use its judgment in developing an accounting policy that provides information that is relevant and reliable. In the absence of an IPSAS on a particular issue, IPSAS 3 requires that entities initially refer to, and consider the applicability of, other IPSASs dealing with similar and related issues, and the definitions, recognition and measurement criteria for elements described in other IPSASs.

Additionally, entities may also consider the most recent pronouncements of other standard-setting bodies for example IFRSs but only to the extent that they do not conflict with the IPSASs which in this instance has not been occasioned.

The objectives of the IPSASB explains the scope and authority of the IPSASs. The key consideration that the IPSASB must take when producing standards is to ask whether the equivalent IFRS is suitable for their needs or requires modification to be applicable in the public sector.

We realized that the Key elements of the IPSASB's development process as set out in its Terms of Reference and in Guidelines or "rules of the road" for modifying IFRSs for application by public sector entities fits these amendments.

This enables IPSASB to specify the financial reporting for the exploration for and evaluation of mineral resources that largely increases the consistency in accounting by public sector entities, involved in extractive activities, for their expenditure incurred during the exploration and evaluation phase of a mine.

We have carefully reviewed IFRS 6, and we did not identify any public sector specific reasons for IPSAB to depart from the principles in IFRS 6 in the development of this Standard, except for terminology. For example, "historical cost model", "current value model", and "impairment of cash-generating assets" used in the public sector as opposed to IFRS 6 usage of the terms "cost model", "revaluation model", and "impairment of assets":

In conclusion, we therefore support the IPSASB's proposed alignment with IFRS 6, Exploration for and Evaluation of Mineral Resources, which are limited to terminology, other IPSASB-specific formatting, and consistency amendments.