

May 21, 2024

Ross Smith
Program & Technical Director
International Public Sector Accounting Standards Board
227 Wellington Street
West Toronto, ON M5V 3H2
Canada

Dear Sir/Madam,

RE: REQUEST FOR FEEDBACK COMMENTS ON INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS BOARD (IPSASB) ED 86 –EXPLORATION OF AND EVALUATION OF MINERAL RESOURCES

The Financial Reporting Council of Nigeria (FRC) is pleased to avail its input alongside its constituents in Nigeria on the IPSASB Exposure Draft 86 – Exploration for and Evaluation of Mineral Resources.

In order to elicit comments from stakeholders, the Financial Reporting Council of Nigeria organised a webinar on May 16, 2024 where 822 registered while 216 attended. Therefore, it is the voice of the 216 participants at the webinar that is being submitted by the Financial Reporting Council of Nigeria. The Council, on behalf of the Nigerian Constituent wishes to comment on the Exposure Draft as hereunder:

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.

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The Council's Response to Specific Matters for Comment 1


The Council agrees with the proposed IFRS 6-aligned Standard in the Exposure Draft and limited to other IPSAS-specific formatting and consistency amendments. The ED greatly with aligns with IFRS except some exceptions in IPSAS terminology.

In terms of recognition of Exploration asset, ED 86 has allowed an Accounting Policy choice to be made by public sector preparers to develop an accounting policy for evaluation activities. Guidance has been provided specifically in the ED to mention that activities can be evaluated and considered as assets. E.g is the right itself, reference to IPSAS 31.

We wish to note that no specific section of the ED addressed possibility of a reversal of impairment that has been previously recognised and this means we have to be referring to IPSAS 26. There is no consideration for the impairment of the mineral asset for example, when government comes in as a joint operator of the said asset and thereby pass a law that impacts the mineral mine. There is no guidance in the standard for a case, whereby during exploration, you discover another mineral and it is compulsory to mine that discovery mineral because of the tax implication on it. There is need to consider additional disclosures and guidance on impairment.

If you require any further information or clarification, do not hesitate to contact the Head, Directorate of Accounting Standards (Public Sector) on: ioanyahara@frcnigeria.gov.ng

Yours faithfully,



Iheanyi O. Anyahara, PhD
Coordinating Director, Directorates of Accounting Standards –
Public and Private Sectors
For: Executive Secretary/CEO

