

Date: May 30, 2024

Mr. Christoph Braxton

Principal,

International Public Sector Accounting Standards Board

International Federation of Accountants

529 5th Avenue

New York, New York 10017

RE: Comments on ED 87, *Stripping costs in the Production Phase of a Surface Mine (Amendments to IPSAS 12)*

Dear Mr. Braxton,

We welcome the opportunity to comment on ED 86, *Stripping costs in the Production Phase of a Surface Mine (Amendments to IPSAS 12)*.

Our responses to the specific questions raised in the Exposure Draft as well as other comments are set out in Appendix 1.

Should you have any queries concerning the matters in this submission, or wish to discuss them in further detail, please contact Mr. Abdullah Alhomaida via email at:

[a.alhomaida@mof.gov.sa](mailto:a.alhomaida@mof.gov.sa)

Yours sincerely,

Abdullah Al Mehthil

Head of the Public Sector Accrual Accounting Center and Secretary to the Public Sector Accounting Standards Committee

The Ministry of Finance

Riyadh, Saudi Arabia

## **Appendix 1 - Exposure Draft (ED) 87, *Stripping costs in the Production Phase of a Surface Mine (Amendments to IPSAS 12)***

### **Specific Matter for Comment 1:**

The IPSASB decided to propose IFRIC 20-aligned guidance in ED 87 (see paragraph BC9). Do you agree that amendments to IFRIC 20, for the public sector, are limited to terminology and other IPSASB-specific formatting and consistency amendments (see paragraph BC10)?

#### **[Our Comments]**

Yes, we agree. We also do not identify any public-sector specific reasons to depart from IFRIC 20. A close alignment with IFRS is highly beneficial in this case, because extractive activities are usually undertaken in close collaboration between governments, state-owned-enterprises, and private sector companies. Any differences in accounting principles for such activities would increase complexity and reduce comparability.

### **Specific Matter for Comment 2:**

The IPSASB decided to propose the IFRIC 20-aligned guidance in ED 87 as an amendment to IPSAS 12, *Inventories*, by including the guidance as an Appendix (see paragraph BC11). Do you agree with the IPSASB's decision?

#### **[Our Comments]**

Yes, we agree in principle, but have some concerns about the perception of IPSAS 12 by preparers not familiar with mining activities. The proposal to include the guidance in IPSAS 12 is based on the logic that stripping cost ultimately is part of the cost of minerals produced, which are dealt with in IPSAS 12. This logic is correct and easy to follow. However, most public sector entities might not be involved in surface mining.

#### **-[Other Comments]**

We suggest changing the wording of paragraph A14 of ED 87 to use the term current value instead of revalued amount, consistent with terminology used in IPSAS 45, *Property, Plant and Equipment* and IPSAS 46, *Measurement*.