



REPUBLIC OF THE PHILIPPINES
COMMISSION ON AUDIT
Commonwealth Avenue, Quezon City

**GOVERNMENT ACCOUNTANCY SECTOR
OFFICE OF THE ASSISTANT COMMISSIONER**

May 20, 2024

Mr. Ian Carruthers

Chair, International Public Sector Accounting Standards Board (IPSASB)

Dear Mr. Carruthers,

Relative to your electronic email dated April 1, 2024, requesting COA's comments on the following exposure drafts (EDs) of the IPSASB:

1. ED 86, Exploration for and Evaluation of Mineral Resources;
2. ED 87, Stripping Costs in the Production Phase of a Surface Mine (Amendments to IPSAS 12); and
3. ED 88, Arrangements Conveying Rights Over Assets (Amendments to IPSAS 47 and IPSAS 48)

we submit the herein comments and recommendations/inputs of this Office, for consideration, please.

Thank you.

A handwritten signature in black ink, appearing to read 'Roy L. Ursal'.

ROY L. URSAL
Assistant Commissioner

REFERENCE	COMMENT(S) AND RECOMMENDATION(S)/INPUTS
<p>Exposure Draft 88: Arrangements Conveying Rights over Assets (Amendments to IPSAS 47 and IPSAS 48)</p>	
<p>Specific Matter for Comment 1:</p> <p>The IPSASB decided to carry over the proposals in ED 84 in IPSAS 23, <i>Revenue from Non-Exchange Transactions (Taxes and Transfers)</i> related to the concession in concessionary leases to IPSAS 47 (see paragraphs IPSAS 47 BC141–BC145). Do you agree with the proposed amendments to IPSAS 47? If not, please explain your reasons. If you agree, please provide any additional reasons not already discussed in the Basis for Conclusions.</p>	<p>We interpose no objection with the proposed amendments to IPSAS 47 which pertain to the application guidance in view of the inclusion of the accounting treatment of <i>Concessionary Leases for Lessees</i> and <i>Right-of-use Assets In-kind</i>, as these specific transactions may entail the recognition of revenue if the entity has an enforceable right to use the underlying asset.</p> <p>The additional policies presented in the application guidance (AG) are sufficient since the AG is an integral part of IPSAS 47. However, for emphasis and to inform the users of these additional policies, we suggest adding a provision in the core text or in one of the main paragraphs in IPSAS 47, citing that the accounting treatment for the Concessionary Leases for Lessees and Right-of-use Assets In-kind can be found in the AG of the said IPSAS.</p>
<p>Specific Matter for Comment 2:</p> <p>The IPSASB decided to propose non-authoritative guidance for arrangements conveying rights over assets in IPSAS 47 (see paragraphs IPSAS 47 BC146–BC150). Do you agree with the proposed non-authoritative amendments to IPSAS 47? If not, please explain your reasons. If you agree, please provide any additional reasons not already discussed in the Basis for Conclusions.</p>	<p>We agree with the proposed non-authoritative amendments to IPSAS 47 which are the illustrative examples of the remaining arrangements in the Request for Information (RFI). The illustrative examples may serve as an additional guidance to the public sector and may facilitate the possible implementation of this new accounting policy on the arrangements that conveyed the right to use an underlying asset for minimal or zero consideration, considering that such arrangements exist.</p> <p>Moreover, we suggest that the accounts to be used in the accounting entries reflected in the illustrative example be more specific, to aid the possible creation or revision of the existing accounts in the chart of accounts of the public sector. We also recommend providing a description for each accounting entry for better understanding/appreciation of the transactions.</p>

REFERENCE	COMMENT(S) AND RECOMMENDATION(S)/INPUTS
<p>Specific Matter for Comment 3:</p> <p>The IPSASB decided to propose non-authoritative guidance for arrangements conveying rights over assets without consideration in IPSAS 48 (see paragraphs IPSAS 48. BC41–BC44). Do you agree with the proposed non-authoritative amendments to IPSAS 48? If not, please explain your reasons. If you agree, please provide any additional reasons not already discussed in the Basis for Conclusions.</p>	<p>We concur with the IPSASB’s proposed non-authoritative guidance for arrangements conveying rights over assets without consideration in IPSAS 48, for the following reasons:</p> <ol style="list-style-type: none"> 1. The additional non-authoritative guidance will help clarify how entities should account for arrangements conveying rights over assets without consideration, which will eventually promote consistency in financial reporting practices; 2. Ambiguity in accounting standards can lead to varied interpretations and practices among entities. The proposed non-authoritative guidance can help reduce such ambiguity, leading to more consistent application of accounting principles; and 3. The proposed non-authoritative guidance will help the users of financial statements to better understand the nature of these arrangements and their impact on an entity's financial position and performance. <p>Similar with the proposed non-authoritative guidance under IPSAS 47, we suggest including illustrative examples with accounting entries for better appreciation of the policies on the recognition and measurement of the related transfer expenses.</p>