



भारतीय सनदी लेखाकार संस्थान  
(संसदीय अधिनियम द्वारा स्थापित)  
**THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA**  
(Set up by an Act of Parliament)

5<sup>th</sup> June 2024

Mr. Ian Carruthers  
Chairman,  
International Public Sector Accounting Standards Board,  
The International Federation of Accountants,  
277 Wellington Street West,  
Toronto, Ontario M5V 3H2 CANADA

Dear Ian Carruthers,

**Sub: Comment on Exposure Draft 87, Proposed International Sector Accounting Standard on Stripping Costs in the Production Phase of a Surface Mine (Amendments to IPSAS 12)**

We are pleased to provide comments on the Exposure Draft 87, Proposed International Sector Accounting Standard on Stripping Costs in the Production Phase of a Surface Mine (Amendments to IPSAS 12) issued by the International Public Sector Accounting Standards Board (IPSASB) of the International Federation of Accountants (IFAC). Our comments on the Exposure Draft 87 are enclosed with this letter.

Please feel free to contact us, in case any further clarification in this regard is required.

Thanking you,

Yours sincerely,

CA. Kemisha Soni  
Chairperson  
Committee on Public and Government Financial Management  
The Institute of Chartered Accountants of India  
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**Encl: as above**



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**Exposure Draft (ED) 87, Proposed International Public Sector Accounting Standard, 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)?

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

**ICAI's views:**

We agree with the IPSASB to propose IFRIC 20 aligned guidance in ED 87. Additionally, it is suggested to clarify in the paragraph A13 of ED 87 with regard to the cost allocation guidance whether it can be based on sales price. In our view jurisdiction, when applying the IFRIC for the purpose, it was pointed out by the relevant industries to give clarification which was considered appropriately, and the following paragraph was added in Ind AS:

*"The production measure shall not be calculated using a basis that is based on sales values. A basis that is based on sales values, in the context of stripping costs, is inappropriate because it is not closely linked to the activity taking place. Furthermore, if the current sales price of the relevant material is used in determining the allocation basis, the same current sales price will be applied to the volume of the mineral in both the extracted ore and the identified component. Hence, the relevant variable will be the volume of mineral in both the extracted ore and the identified component, i.e., the current sales price will not change the allocation basis. Applying a future sales price basis involves practical difficulties. Identifying a future sales price for ore that will be mined in the future can be difficult, given the volatility of market prices for many minerals. Further complexities may arise when more than one mineral is present (whether by-products or joint products) when the ore is extracted."*

It may be useful if it can be added.

**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?

If not, please explain your reasons, stating clearly where the guidance should be included and why.

**ICAI's views:**

We agree with the IPSASB approach to include the IFRIC-20 aligned guidance in ED 87 as an amendment to IPSAS 12, *Inventories*, by including the guidance as an Appendix.