



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

18th 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 89, Proposed International Public Sector Accounting Standard on Amendments to Consider IFRIC Interpretations

We are pleased to provide comments on the Exposure Draft 89, Proposed International Sector Accounting Standard on 'Amendments to Consider IFRIC Interpretations' issued by the International Public Sector Accounting Standards Board (IPSASB) of the International Federation of Accountants (IFAC). Our comments on the Exposure Draft 89 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
CPGFM Secretariat: 0120-3045985
E-mail: cpf.aslb@icai.in; cpf_ga@icai.in
CPGFM Portal: <https://cpqfm.icai.org/>
CPGFM Twitter Handle: @cpqfmicai

Encl: as above



**Exposure Draft (ED) 89, Proposed International Public Sector Accounting Standard,
Amendments to Consider IFRIC Interpretations**

Specific Matter for Comment 1

The IPSASB proposes amendments to IPSAS based on five IFRIC Interpretations developed by the IFRS Interpretations Committee, as presented in Table 1, because the guidance is applicable to the public sector (see Basis for Conclusions, paragraphs in the respective IPSAS). Do you agree with the proposed amendments? If not, please explain your reasons.

Table 1: Amendments to IPSAS to consider IFRIC Interpretations

IFRIC Interpretation	Proposed Amendments to IPSAS [Note 1]	Summary of Proposed Amendments
IFRIC 1, Changes in Existing Decommissioning, Restoration and Similar Liabilities	IPSAS 19, Provisions, Contingent Liabilities and Contingent Assets	Appendix B and Illustrative Examples
	IPSAS 43, Leases	Reference to IPSAS 19, Appendix B
	IPSAS 45, Property, Plant, and Equipment	Reference to IPSAS 19, Appendix B
IFRIC 5, Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	IPSAS 19	Appendix C
IFRIC 7, Applying the Restatement Approach under IAS 29, Financial Reporting in Hyperinflationary Economies	IPSAS 10, Financial Reporting in Hyperinflationary Economies	Appendix A



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IFRIC 14, IAS 19- The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	IPSAS 39, Employee Benefits	Appendix AA and Illustrative Examples	To clarify how an entity should consider limits on the defined benefit asset and minimum funding requirements when accounting for its post-employment defined benefits or other long-term employee defined benefits. (See Part 4)
IFRIC 21, Levies	IPSAS 19	Appendix D and Illustrative Examples	To clarify how an entity should account for an obligation to pay levies imposed by a government. (See Part 5)

[Note 1]: Parts 1, 2, and 5 all propose amendments to IPSAS 19. The IPSASB has proposed a single paragraph for the transitional provision (paragraph 110B), effective date (paragraph 111P), and Basis for Conclusion (paragraph BC27) in each respective Part, to reflect the proposed amendments. These paragraphs have been repeated in Parts 1, 2, and 5 in this ED, but will not be repeated in the final Pronouncement.

ICAI's views:

We agree with the IPSASB approach. However, the following changes may be considered to be made for better presentation.

IFRIC Interpretation	Proposed Amendments to IPSAS		Suggested structural Changes
IFRIC 1	IPSAS 19	Appendix B and Illustrative Examples	(1) Appendix B may be structured as follows: -Introduction (para B1) -Scope (para B2) -Issues (para B3) -Accounting Principles (para B4-B8) (2) The term "revaluation model" has been replaced in ED 89 as "current value model" in line with IPSAS 45. Such terminology change may be specifically mentioned in Basis for Conclusions.
	IPSAS 43	Reference to IPSAS 19, Appendix B	----



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	IPSAS 45	Reference to IPSAS 19, Appendix B	----
IFRIC 5	IPSAS 19	Appendix C	<p>(1) Appendix C may be structured as follows:</p> <ul style="list-style-type: none"> -Introduction (para C1-C3) -Scope (para C4-C5) -Issues (para C6) -Accounting Principles (para C7-C10) -Disclosure (C11-C13) <p>(2) The term “revaluation model” has been replaced in ED 89 as “current value model” in line with IPSAS 45. Such terminology change may be specifically mentioned in Basis for Conclusions.</p>
IFRIC 7	IPSAS 10	Appendix A	<p>Appendix A may be structured as follows:</p> <ul style="list-style-type: none"> -Introduction (para A1) -Issues (para A1’s last part) -Accounting Treatment (para A2-A3)
IFRIC 14, IAS 19	IPSAS 39	Appendix AA and Illustrative Examples	<p>Appendix AA may be structured as follows:</p> <ul style="list-style-type: none"> -Introduction (para AA1-AA3) -Scope (para AA4-AA5) -Issues (para AA4’s last part) -Accounting Principles (para AA6-AA23)
IFRIC 21	IPSAS 19	Appendix D and Illustrative Examples	<p>Appendix D may be structured as follows:</p> <ul style="list-style-type: none"> -Introduction (para D1) -Scope (para D1’s last part - D4) -Issues (para D5) -Accounting Principles (para D6-D11)

Specific Matter for Comment 2

The IPSASB decided not to propose amendments to IPSAS based on two Interpretations, as presented in Table 2, for the rationale listed below. Do you agree with the IPSASB’s decision not to propose amendments to IPSAS for these two Interpretations? If not, please explain your reasons, and indicate where the guidance should be included and why.



Table 2: IFRIC and SIC Interpretations not proposed for inclusion in IPSAS

IFRIC or SIC Interpretation	Summary of IFRIC or SIC Interpretation	IPSASB's Rationale for not Incorporating into IPSAS
IFRIC 6, <i>Liabilities Arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment</i>	To clarify when an entity that produces electrical and electronic equipment for household use and is required under legislation to pay e-waste management costs should recognize a provision for waste management costs.	The IPSASB noted that there are rare circumstances where a public sector entity applying IPSAS would be a producer of electrical and electronic equipment for household use. Thus, the IPSASB decided that the guidance in IFRIC 6 is not applicable or useful for the public sector.
SIC-7, <i>Introduction of the Euro</i>	To clarify how an entity in a country participating in the Economic and Monetary Union (EMU) should account for the change from its national currency of the euro.	The IPSASB noted that there is limited applicability of the guidance for the international public sector, as-is. Further work is required to consider other challenges in applying IPSAS 4, <i>The Effects of Changes in Foreign Exchange Rates</i> in the international public sector, including dollarization and other current or prospective monetary unions. Thus, the IPSASB decided to further consider the application of IPSAS 4 in its future work program.

ICAI's views:

We agree with the IPSASB approach.

In our jurisdiction, public sector entity is not involved in production of electrical and electronic equipment. And our jurisdiction is also not participating in the Economic and Monetary Union.

General Comments

IPSASB ED 89 has considered only few selected IFRIC and SIC Interpretations. Whether IPSASB has any plans to consider the relevance of remaining IFRIC and SIC Interpretations (enclosed as Annexure A) from the public sector entity's perspective in the future.



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Annexure A

**List of IFRIC Interpretations that have not been yet superseded
(but not made part of IPSASB ED)**

#	IFRIC Interpretation Name	Issued
IFRIC 2	Members' Shares in Co-operative Entities and Similar Instruments	2004
IFRIC 4	Determining Whether an Arrangement Contains a Lease	2004
IFRIC 9	Reassessment of Embedded Derivatives	2006
IFRIC 10	Interim Financial Reporting and Impairment	2006
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	2008
IFRIC 17	Distributions of Non-cash Assets to Owners	2008
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	2009
IFRIC 22	Foreign Currency Transactions and Advance Consideration	2016
IFRIC 23	Uncertainty over Income Tax Treatments	2017

**List of SIC Interpretations that have not been yet superseded
(but not made part of IPSASB ED)**

#	SIC Name	Issued
SIC-10	Government Assistance – No Specific Relation to Operating Activities	1998
SIC-15	Operating Leases – Incentives	1999
SIC-25	Income Taxes – Changes in the Tax Status of an Enterprise or its Shareholders	2000
SIC-27	Evaluating the Substance of Transactions in the Legal Form of a Lease	2000
SIC-29	Service Concession Arrangements: Disclosures	2001
SIC-32	Intangible Assets – Web Site Costs	2001