



MALAYSIAN INSTITUTE
OF ACCOUNTANTS

13 December 2024

Mr Ross Smith
Program and Technical Director
International Public Sector Accounting Standards Board
International Federation of Accountants
277 Wellington Street West
Toronto, Ontario M5V 3H2
CANADA

Dear Mr Smith

EXPOSURE DRAFT 91, LIMITED-SCOPE UPDATES TO FIRST-TIME ADOPTION OF ACCRUAL BASIS INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS (IPSAS) (AMENDMENTS TO IPSAS 33)

The Malaysian Institute of Accountants (“MIA”) is pleased to provide comments on the International Public Sector Accounting Standards Board (“IPSASB”) Exposure Draft 91, *Limited-scope Updates to First-Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSAS) (Amendments to IPSAS 33)* as attached in Appendix 1 to this letter.

We hope our comments would contribute to the IPSASB’s deliberation in finalising the matter. If you have any queries or require clarification of this submission, please contact Rasmimi Ramli, Executive Director of Sustainability, Digital Economy, and Reporting at +603 2722 9277 or by email at rasmimi@mia.org.my.

Yours sincerely,

MALAYSIAN INSTITUTE OF ACCOUNTANTS

DR WAN AHMAD RUDIRMAN WAN RAZAK

Chief Executive Officer

Specific Matter for Comment 1:

The IPSASB agreed to undertake this limited scope project to address stakeholder concerns in the application of IPSAS 33, to improve its effectiveness and user-friendliness. In response, the IPSASB propose to amend IPSAS 33 as follows:

- (a) To revise authoritative text and Basis for Conclusions by rearranging the guidance by topic;
- (b) To revise guidance to improve understandability and reduce duplication;
- (c) To revise relevant guidance to encourage the first-time adopter to apply IPSAS incrementally and as soon as possible by emphasizing the choice to elect to apply or not apply the available exemptions;
- (d) To add non-authoritative guidance (particularly under implementation guidance) to support the understanding and application of IPSAS 33; and
- (e) To add non-authoritative guidance on the pre-adoption planning and preparation phase of the transition to accrual basis IPSAS.

Do you agree with the proposed amendments? If not, please explain your reasons.

We generally agree with the IPSASB's approach in amending IPSAS 33 as set out above. Please refer to Appendix 1 for our specific comments.

Specific Matter for Comment 2:

The definition of "deemed cost" was previously deleted from the IPSAS 33 as a consequential amendment through IPSAS 46, *Measurement*. The IPSASB agreed that the definition of "deemed cost" is important for the understanding of the exemptions in the Standard relating to the use of deemed cost, and therefore propose to include a copy of the IPSAS 46 definition of deemed cost in IPSAS 33.

Do you agree with the inclusion of the definition of "deemed cost"? If not, please explain your reasons.

We agree with the inclusion of the definition of "deemed cost" in IPSAS 33.

No.	Section	Page	Paragraph	Comments
Core Text				
1.	Presentation and Disclosures - Reconciliations	10	29(a)	We propose that a consistent term is used in relation to the terms 'opening balance' and 'opening statement'. We noted that paragraph 29(a) uses the term 'opening balance' while paragraph 11 uses the term 'opening statement'.
Application Guidance				
2.	Exemptions that Do Not Affect Fair Presentation and Compliance with Accrual Basis IPSAS during the Transition Period	12	AG5(e)	We suggest the references to include AG81.
3.	Exemptions that Do Not Affect Fair Presentation and Compliance with Accrual Basis IPSAS during the Transition Period	23 – 25	AG60 – AG76	<p>Paragraph BC38 states that “if a first-time adopter has not previously collected the necessary information, collecting or estimating it retrospectively may be costly and/or impractical. To avoid excessive cost, this Standard allows a first-time adopter to use the current operational value or fair value as a substitute for the initial cost of inventory, investment property where the first-time adopter elects to use the historical cost model in investment property, property, plant, and equipment, financial instruments and service concession assets at the date of adoption of IPSAS”.</p> <p>In addition, paragraph BC42 of the ED states that “the use of a deemed cost should be restricted to those circumstances where reliable information about the historical cost of the asset is not available”.</p> <p>We noted that the ED allows entities to measure certain non-financial assets (such as inventory (in AG63) and investment property (in AG64),</p>

No.	Section	Page	Paragraph	Comments
				at current operational value or fair value, in accordance with IPSAS 46, when reliable cost information about the assets is not available and use that fair value as the deemed cost. However, such guidance is not explicitly stated for property, plant and equipment and concession assets. We propose similar wordings are included for those assets.
Implementation Guidance				
4.	Section B: Definitions	64	B.4.1	<p>We propose the following edits to the paragraph below.</p> <p>“Where the first-time adopter elects to apply any of the exemptions in paragraph AG9 to AG127 of IPSAS 33, the following two scenarios affect the opening statement of financial position performance ...”.</p>
5.	Section C: Recognition and Measurement	66	C.4	<p>We propose to expand the scenario in C.4 to clarify whether an entity is allowed to recognise a class of asset, stage by stage, during the transition period.</p> <p>For example, in cases where only 80% of vehicles were recognized in the first year of the transition period, with the remaining 20% were recognized progressively in the second and third years to achieve full compliance by the end of the transition period.</p>
6.	Section D: Exceptions to the Retrospective Application of IPSAS	67	D.1	<p>We suggest rephrasing the question in D.1 for clarity.</p> <p>“Do IPSAS 33 exemptions have any impact on a first-time adopter's financial statements by the end of the transition period?”</p>

No.	Section	Page	Paragraph	Comments
7.	Section D: Exceptions to the Retrospective Application of IPSAS	67	D.2	<p>The referenced paragraph should be paragraph 18 of the core text pertaining to estimates instead of AG18.</p> <p>We suggest rephrasing the first paragraph of the answer for clarity as set out below.</p> <p>“The first-time adopter should account for any changes in estimates in accordance with IPSAS 3, <i>Accounting Policies, Changes in Accounting Estimates, and Errors</i>, prospectively. IPSAS 33 prohibits the retrospective application of changes in estimates following the date of adoption of IPSAS. Paragraph 18 of IPSAS 33 requires the first-time adopter’s estimates at the date of adoption of IPSAS to be consistent with estimates made in accordance with the previous basis of accounting.”</p>
8.	Section E: Presentation and Disclosure	68	E.1	<p>We propose to include reference to IE1 at the end of the last paragraph of the answer to the question as set out below.</p> <p>“The purpose of the reconciliations is to illustrate the adjustments that are necessary to conform with the requirements of accrual basis IPSAS. Such reconciliation is illustrated in IE1”.</p>
9.	Section F: Planning and Preparation Phase of IPSAS Transition	69	F.2	<p>We suggest that the question is amended for better clarity as set out below.</p> <p>“How should an entity plan its transition to accrual basis IPSAS in accordance with IPSAS 33?”</p> <p>Accordingly, we suggest the word ‘Yes’ be removed from the answer.</p>

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10.	Section F: Planning and Preparation Phase of IPSAS Transition	68	F	<p>We recommend rearranging the questions under Section F to create a more logical flow that guides the planning and preparation process from the pre-adoption phase to the transition phase.</p> <p>This restructuring will enhance clarity and ensure a cohesive understanding of the steps involved in successfully transitioning to IPSAS.</p> <p>The proposed rearrangement is as below.</p> <ol style="list-style-type: none"> 1. F.4 → F.1 2. F.1 → F.2 3. F.3 remain as F.3 4. F.2 → F.4