

Exposure Draft 57 *Impairment of Revalued Assets*

Exposure Draft 58 *Improvements to IPSASs 2015*

# **response to exposure drafts**

15 January 2016

CIPFA, the Chartered Institute of Public Finance and Accountancy, is the professional body for people in public finance. Our 14,000 members work throughout the public services, in national audit agencies, in major accountancy firms, and in other bodies where public money needs to be effectively and efficiently managed.

As the world's only professional accountancy body to specialise in public services, CIPFA's portfolio of qualifications are the foundation for a career in public finance. They include the benchmark professional qualification for public sector accountants as well as a postgraduate diploma for people already working in leadership positions. They are taught by our in-house CIPFA Education and Training Centre as well as other places of learning around the world.

We also champion high performance in public services, translating our experience and insight into clear advice and practical services. They include information and guidance, courses and conferences, property and asset management solutions, consultancy and interim people for a range of public sector clients.

Globally, CIPFA shows the way in public finance by standing up for sound public financial management and good governance. We work with donors, partner governments, accountancy bodies and the public sector around the world to advance public finance and support better public services.

Our ref: Responses/ 160115 SC0222

International Public Sector Accounting Standards Board  
International Federation of Accountants  
277 Wellington Street, 4th Floor  
Toronto  
Ontario M5V 3H2  
CANADA  
Submitted electronically

January 2015

Dear IPSASB secretariat

**Exposure Draft 57 *Impairment of Revalued Assets***

**Exposure Draft 58 *Improvements to IPSASs 2015***

CIPFA is pleased to present its comments on these Exposure Drafts, which have been reviewed by CIPFA's Accounting and Auditing Standards Panel.

CIPFA supports all of the proposed amendments and improvements. Comments on the exposure drafts are provided in the attached annex.

I hope this is a helpful contribution to the Board's standards development process. If you have any questions about this response, please contact Steven Cain (e: [steven.cain@cipfa.org](mailto:steven.cain@cipfa.org), t: +44(0)20 7543 5794).

Yours sincerely

Alison Scott  
Head of Standards and Financial Reporting  
CIPFA  
77 Mansell Street, London E1 8AN  
t: +44(0)1604 889451  
e: [alison.scott@cipfa.org](mailto:alison.scott@cipfa.org)

**Specific Matter for Comment ED 57**

*The IPSASB proposes to include revalued property, plant and equipment and intangible assets within the scope of IPSAS 21 and IPSAS 26 in order to (a) provide information to users on impairment losses and reversals to property, plant and equipment and intangible assets carried at revalued amounts and (b) clarify that when a revalued asset is impaired and an impairment loss is recognized, an entity is not required to revalue the entire class of assets to which that item belongs.*

*Do you agree with the changes to IPSAS 21 and IPSAS 26 proposed in the ED and the consequential amendments to IPSAS 17, Property, Plant and Equipment, and IPSAS 31, Intangible Assets? If not, please provide your reasons.*

CIPFA agrees with the current proposals to broaden the scope of the impairment standards. CIPFA's view, as explained in our responses to ED 23 'Impairment' and ED 30 'Impairment of Cash-Generating Assets' is that the exclusion of revalued assets from impairment testing results in less good financial reporting.

We also agree with the clarification that the recognition of an impairment of a revalued asset need not trigger the revaluation of the entire asset class.

## Comments on ED 58

### **Part I: Conceptual Framework Improvements to IPSASs**

*Consequential amendments related to Chapters 1–4 of the Conceptual Framework for Financial Reporting in the Public Sector. These relate to the Qualitative Characteristics, accounting policies and the hierarchy of sources used in the selection and application of accounting policies.*

CIPFA agrees with the main amendments made to align IPSAS terminology with the conceptual framework.

*The Conceptual Framework adopted "faithful representation" as a qualitative characteristic, rather than "reliability". The IPSASB decided not to make piecemeal changes to recognition criteria and guidance on measurement before considering changes to IPSASs arising from Chapter 5, Elements and Chapter 6, Recognition of the Conceptual Framework. Therefore an explanation of the term "reliability" will be included in a footnote on the first usage of "reliably" or "reliable" in IPSASs containing requirements on recognition or aspects of measurement uncertainty.*

CIPFA agrees that in the specific context of recognition and measurement, it is more difficult to reframe the material currently articulated in terms of reliability. We also agree with BC15 which explains that a piecemeal approach would not be beneficial in advance of a fuller review of recognition criteria and related guidance.

We therefore agree with the drafting approach proposed.

### **Part II: General Improvements to IPSASs**

*Amendments to remove references to the relevant international or national accounting standard dealing with non-current assets held for sale and discontinued operations.*

*Amendments to clarify the inconsistency between IPSAS 32 and IPSAS 17, Property, Plant, and Equipment, over dissimilar assets being accounted for as a class of assets.*

CIPFA agrees with the proposed amendments.

**Part III: Government Finance Statistics Improvements to IPSASs**

CIPFA agrees that the reframing of military assets terminology in line with the GFS terminology is helpful and provides clearer more informative reporting.

**Part IV: IASB Improvements to IPSASs**

CIPFA agrees with the proposed amendments. As observed by IASB when amending its directly related standards, the economic characteristics of 'bearer plants' are more similar to property, plant and equipment than those biological assets for which the agriculture standard was developed.