October 25, 2021

The Chairman
International Public Sector Accounting Standards Board
277 Wellington Street West
Toronto, Ontario M5V 3H2
Canada

Via Online Submission

Dear Mr. Ian Carruthers

COMMENTS ON EXPOSURE DRAFT 78, ‘PROPERTY, PLANT AND EQUIPMENT’

The Malaysian Institute of Certified Public Accountants (“MICPA”) appreciates the opportunity to comment on the Exposure Draft 78, ‘Property, Plant and Equipment’. We also applaud the effort of the International Public Sector Accounting Standards Board (“IPSASB”) to enhance the Standard in support of the public sector.

In this regard, we are pleased to attach MICPA’s comments as set out in Appendix for your consideration.

We trust our comments, to be of value and useful to the IPSASB, in your onward deliberation. MICPA looks forward to further strengthening such dialogues with your organisation.

Please do not hesitate to contact the undersigned or the Technical Director, Ms Chiam Pei Pei, at +603-2698 9622 should you require any clarification.

Thank you.

Yours sincerely,

NOVIE BIN TAJUDDIN
Chief Executive Officer
Our responses to the specific questions are as follows:

Specific Matter for Comment 1

[Draft] IPSAS [X] (ED 78), *Property, Plant, and Equipment* proposes improvements to the existing requirements in IPSAS 17, *Property, Plant, and Equipment* by relocating generic measurement guidance to [draft] IPSAS [X] (ED 77), *Measurement*; relocating guidance that supports the core principles in this Exposure Draft to the application guidance; and adding guidance for accounting for heritage assets and infrastructure assets that are within the scope of the Exposure Draft.

Do you agree with the proposed restructuring of IPSAS 17 within [draft] IPSAS [X] (ED 78)? If not, what changes do you consider to be necessary and why?

**Comment:**

We agree with the proposal by relocating generic measurement guidance; relocating guidance that supports the core principles in this Exposure Draft to the application guidance and; adding guidance for accounting for heritage assets and infrastructure assets.

Specific Matter for Comment 2 – (paragraphs 29-30)

Do you agree that when an entity chooses the current value model as its accounting policy for a class of property, plant, and equipment, it should have the option of measuring that class of assets either at current operational value or fair value?

If not, please provide your reasons, stating clearly which current value measurement basis would best address the needs of the users of the financial information, and why.

**Comment:**

We agree that when an entity chooses the current value model as its accounting policy for a class of property, plant, and equipment, the entity should have the option of measuring its property, plant and equipment at current operational value or fair value.
Specific Matter for Comment 3 – (paragraph AG3)

Are there any additional characteristics of heritage assets (other than those noted in paragraph AG3) that present complexities when applying the principles of [draft] IPSAS [X] (ED 78) in practice?

Please provide your reasons, stating clearly what further characteristics present complexities when accounting for heritage assets, and why.

**Comment:**

None noted.

Specific Matter for Comment 4 – (paragraph AG5)

Are there any additional characteristics of infrastructure assets (other than those noted in paragraph AG5) that present complexities when applying the principles of [draft] IPSAS [X] (ED 78) in practice?

Please provide your reasons, stating clearly what further characteristics present complexities when accounting for infrastructure assets, and why.

**Comment:**

None noted.

Specific Matter for Comment 5 – (paragraphs 80-81 and AG44-AG45)

This Exposure Draft proposes to require disclosures in respect of heritage property, plant, and equipment that is not recognized in the financial statements because, at initial measurement, its cost or current value cannot be measured reliably.

Do you agree that such disclosure should be limited to heritage items?

If not, please provide your reasons, stating clearly the most appropriate scope for the disclosure, and why.

**Comment:**

We agree with the proposed disclosures to require unrecognised heritage property, plant and equipment in the financial statements, as it provides useful information to users.
Specific Matter for Comment 6 – (paragraphs IG1-IG40)

Do you agree with the Implementation Guidance developed as part of this Exposure Draft for heritage assets?

If not, please provide your reasons, stating clearly what changes to the Implementation Guidance on heritage assets are required, and why.

Comment:

We agree with the Implementation Guidance developed as part of this Exposure Draft for heritage assets to support the understanding of preparers of the financial statements.

Specific Matter for Comment 7 – (paragraphs IG1-IG40)

Do you agree with the Implementation Guidance developed as part of this Exposure Draft for infrastructure assets?

If not, please provide your reasons, stating clearly what changes to the Implementation Guidance on infrastructure assets are required, and why.

Comment:

We agree with the Implementation Guidance developed as part of this Exposure Draft for infrastructure assets to support the understanding of preparers of the financial statements.