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Ian Carruthers
Chairman
International Public Sector Accounting
Standards Board
International Federation of Accountants

Submitted via website

30 September 2021

Comments to IPSASB's ED 80 "*Improvements to IPSAS 2021*"

Dear Mr. Carruthers,

We are pleased to respond to the IPSASB's ED 80 "*Improvements to IPSAS 2021*".

We support the general improvements proposed in the ED, given that most of them are editorial in nature and update some of the references included in the standards. However, we identified some substantial changes that would merit a separate project in the IPSASB to further analyze their impacts in the public sector. This applies for example to the interest rate benchmark reform, which in our opinion should be considered separately as amendments for the financial instrument standards and not as improvements to IPSAS 2021. Finally, the Basis for Conclusion of these amendments refer indirectly to the conclusions made by the IASB, but there is no reference to the analysis and discussions that the IPSASB conducted in relation to this important topic for the public sector.

In relation to the amendments to IPSAS 1, Presentation of Financial Statements, we agree with the proposed change of referring to the right rather than the discretion to roll over an obligation for the classification of liabilities as current or not current. Nevertheless, it could be considered by the Board whether, in addition to the existence of the right to roll over the obligation, the probability to exercise that right should be taken into account for the classification of the liability as current or non-current. For instance, if an entity has the right to roll-over the obligation for more than twelve months after the reporting date, but it has decided to fulfil the obligations in the short term, the obligation would be classified as non-current according to the new

amendment. In this case, the amendments would force the entity to classify the liability as non-current, although it is very probable that the liability will be cancelled earlier, and therefore should be classified as current. For this reason, the probability to exercise the right to roll over the obligation could also be considered in the classification of a liability, in order to support the substance over form principle.

Should you need any further information, please do not hesitate to contact us.

Sincerely,



Thomas Müller-Marqués Berger
Partner and Global Leader of Public Sector Accounting

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