



MALAYSIAN INSTITUTE
OF ACCOUNTANTS

31 May 2022

Mr John Stanford
Technical Director
International Public Sector Accounting Standards Board
International Federation of Accountants
277 Wellington Street West
Toronto, Ontario M5V 3H2
CANADA

Dear John,

**EXPOSURE DRAFT 81, CONCEPTUAL FRAMEWORK UPDATE: CHAPTER 3,
QUALITATIVE CHARACTERISTIC AND CHAPTER 5, ELEMENTS IN FINANCIAL
STATEMENTS**

The Malaysian Institute of Accountants ("MIA") is pleased to provide comments on the International Public Sector Accounting Standards Board ("IPSASB") Exposure Draft (ED) 81, *Conceptual Framework Update: Chapter 3, Qualitative Characteristic and Chapter 5, Elements In Financial Statements* 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 Digital Economy, Reporting and Risk 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: Prudence

In paragraph 3.14A and 3.14B, the IPSASB has provided guidance on the role of prudence in supporting neutrality, in the context of the qualitative characteristic of faithful representation. Paragraphs BC3.17A-BC3.17E explain the reasons for this guidance. Do you agree with this approach?

If not, why not? How would you modify these paragraphs?

We agree with the guidance provided by the IPSASB based on the reasons explained in the Basis of Conclusion.

Specific Matter for Comment 2: Obscuring Information as a Factor Relevant to Materiality Judgments

In discussing materiality in paragraph 3.32 the IPSASB has added obscuring information to misstating or omitting information as factors relevant to materiality judgments. The reasons for this addition are in paragraphs BC3.32A and BC3.32B.

Do you agree with the addition of obscuring information to factors relevant to materiality judgments? If not, why not?

We agree with the addition of obscuring information as factors relevant to materiality judgements.

However, we wish to highlight that as transparency is an important expression of the overarching qualities that financial reporting is to achieve or aspire to (as expressed in BC3.6), we believe that information is only obscured when there are limitations imposed by rules and regulations as well as due to national interest.

Specific Matter for Comment 3: Rights-Based Approach to a Resource

Paragraph 5.7A-5.7G reflect a right-based approach to the description of resources in the context of an asset. The reasons for this approach are in paragraphs BC5.3A-BC5.3F.

Do you agree with this proposed change? If not, why not?

We agree with the proposed change.

Specific Matter for Comment 4: Definition of Liability

The revised definition of a liability is in paragraph 5.14:

A present obligation of the entity to transfer resources as a result of past events.

The reasons for the revised definition are in paragraphs 5.18A-5.18H.

Do you agree with the revised definition? If you do not agree with the revised definition, what definition do you support and why?

We agree with the revised definition of liability.

We propose that the term “transfer” is used consistently throughout the suite of IPSASs.

We also wish to highlight that there is inconsistency in the definition of revenue between the *Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities* (Conceptual Framework) and *IPSAS 1 Presentation of Financial Statements*. Accordingly, we propose that definition of revenue is aligned between those two documents.

Specific Matter for Comment 5: Guidance on the Transfer of Resources

The IPSASB has included guidance on the transfer of resources in paragraphs 5.16A-5.16F of the section on *Liabilities*. The reasons for including this guidance are in paragraphs BC5.19A-BC5.19D.

Do you agree with this guidance? If not, how would you modify it?

We agree with the guidance based on the reasons explained in the Basis of Conclusion.

Specific Matter for Comment 6: Revised Structure of Guidance on Liabilities

In addition to including guidance on the transfer of resources, the IPSASB has restructured the guidance on liabilities so that it aligns better with the revised definition of a liability. This guidance is in paragraphs 5.14A-5.17D. Paragraph BC5.18H explains the reasons for this restructuring.

Do you agree with this restructuring? If not, how would you modify it?

We agree with the revised structure of guidance on liabilities.

We propose that the term “non-legally binding obligations” or “constructive obligations” be aligned between the Conceptual Framework and *IPSAS 19 Provisions, Contingent Liabilities and Contingent Assets*.

Specific Matter for Comment 7: Unit of Account

The IPSASB has added a section of Unit of Account in paragraphs 5.26A-5.26J. The reasons for proposing this section are in paragraphs BC5.36A-BC5.36C.

Do you agree with the addition of a section on Unit of Account and its content? If not, how would you modify it and why?

We agree with the addition of a section on Unit of Account.

We propose that a clear guidance and application examples be provided for better understanding of the concept of Unit of Account.

Specific Matter for Comment 8: Accounting Principles for Binding Arrangements that are Equally Unperformed

The IPSASB took the view that guidance on accounting principles for binding arrangements that are equally unperformed should be included in the Conceptual Framework, but that a separate section on accounting principles for such binding arrangements is unnecessary. These principles are included in paragraphs 5.26G-5.26H of the section on Unit of Account. The explanation is at paragraphs BC5.36D-BC5.36F.

Do you agree that:

- (a) Guidance on principles for binding arrangements that are equally unperformed is necessary; and if so**
- (b) Such guidance should be included in the Unit of Account section, rather than in a separate section?**

If you do not agree, please give your reasons.

We agree on the guidance on principles for binding arrangements that are equally unperformed is necessary. We wish to clarify on the linkage between the binding arrangement that are equally unperformed with the unit of account which leads to the inclusion of such guidance in the Unit of Account section.