



KPMG Services Proprietary Limited
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15 January 2016

Dear Sir/Madam

COMMENT ON EXPOSURE DRAFT 57: IMPAIRMENT OF REVALUED ASSETS

The Technical Director

International Public Sector Accounting Standards Board
International Federation of Accountants
277 Wellington Street West
Toronto, Ontario M5V 3H2 Canada

We welcome the opportunity to comment on Exposure Draft 57: *Impairment of Revalued Assets*.

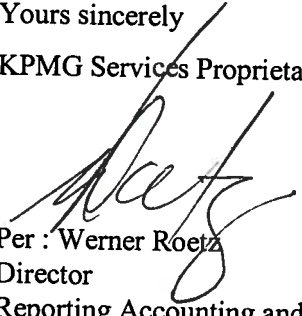
Exposure Draft 57: *Impairment of Revalued Assets* proposes to amend IPSAS 21, *Impairment of Non-Cash-Generating Assets*, and IPSAS 26, *Impairment of Cash-Generating Assets*, to include property, plant and equipment and intangible assets measured at revalued amounts within the scope of IPSAS 21 and IPSAS 26.

Overall, we are supportive of the IPSASB's proposed changes to IPSAS 21 and IPSAS 26, and the consequential amendments to IPSAS 17: *Property, plant and equipment* and IPSAS 31: *Intangible assets*.

Please feel free to contact me should you have any queries relating to this letter.

Yours sincerely

KPMG Services Proprietary Limited


Per : Werner Roetz
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KPMG Services Proprietary Limited is a company incorporated under the South African Companies Act and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

KPMG Services Proprietary Limited is not a Registered Auditor in terms of the Auditing Profession Act, 26 of 2005 and does not provide audit services as defined in Section 1 of this Act.

Registration number 1999/012876/07

Policy Board:
Chief Executive TH Hoole

Executive Directors N Dlomo, M Letsitsi, SL Louw, NKS Malaba, M Oddy, M Saloojee, CAT Smit

Other Directors ZH De Beer, LP Fourie, N Fubu, AH Jaffer (Chairman of the Board), FA Karreem, ME Magondo, AMS Mokgabudi, GM Pickering, JN Pierce, T Rossouw, GCC Smith

The company's principal place of business is at KPMG Crescent, 85 Empire Road, Parktown, where a list of the directors' names is available for inspection.

SPECIFIC MATTERS FOR COMMENT

Specific Matter for Comment 1:

Do you agree with the changes to IPSAS 21 and IPSAS 26 proposed in the ED? If not, please provide your reasons.

We support the proposed changes to IPSAS 21 and IPSAS 26 to provide information to users on impairment losses and reversals to property, plant and equipment and intangible assets carried at revalued amounts. We are of the opinion that these changes will better align the IPSASs with the International Financial Reporting Standards.

Specific Matter for Comment 2:

Do you agree with the consequential amendments to IPSAS 17 and IPSAS 31? If not, please provide your reasons.

We agree with the proposed amendments to IPSAS 17.

The current IPSAS 17 highlights that if an item of property, plant and equipment is revalued, the entire class of property, plant and equipment shall be revalued. We interpret paragraph 80 of the current IPSAS 31 standard to mean that if an item of intangible asset is revalued, the entire class should be revalued, except for items within the class for which no active market exists.

As a consequence, a paragraph similar to paragraph 51A in the amendment to IPSAS 17 proposed in Exposure Draft 57, which states that an impairment loss or reversal thereof, does not give rise to the need to revalue the entire class of assets, should also be added in addition to the amendments to IPSAS 31 proposed in Exposure Draft 57.

