



# THE INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA

( Established by Act of Parliament No 15 of 1965 )

Tel: 09053847510-1  
E-mail: [info.ican@ican.org.ng](mailto:info.ican@ican.org.ng)  
website: [www.icanig.org](http://www.icanig.org)

PLOT 16, IDOWU TAYLOR STREET,  
VICTORIA ISLAND,  
P.O. BOX 1580, MARINA,  
LAGOS, NIGERIA.

Registrar/Chief Executive  
JOHN I. EVBODAGHE, MBA. FCA

10 July 2018  
ICAN/ED/R&T/JULY/2/2018

The Technical Director  
IAASB  
529 Fifth Avenue, New York,  
NY 10017  
USA

Dear Sir,

**RE: COMMENTS ON PROPOSED INTERNATIONAL PUBLIC SECTOR ACCOUNTING  
STANDARDS: IMPROVEMENTS TO IPSAS 2018**

The Institute of Chartered Accountants of Nigeria (ICAN) has considered the above named Exposure Draft 65 and is pleased to submit its comments as follows:

**Summary of Proposed Change 1:**

**Replacement of the term “primary financial statements” (which is not defined in IPSAS) with the term “financial statements” (which is a defined term) to ensure consistency within the Standards and across all IPSAS.**

**IPSAS 10, Financial Reporting in Hyperinflationary Economies**

**IPSAS 22, Disclosure of Financial Information about the General Government Sector**

**IPSAS 24, Presentation of Budget Information in Financial Statements**

**Comment:**

We agree with the suggested amendments, that is deleting “primary” from “primary financial statements”. This we believe will align the extant standards with the rest of IPSASs as well as accord substantially with IASs.

## Summary of Proposed Change 2:

Update the requirements regarding the transfer of investment property when an entity completes the construction or development of a self-constructed investment property that will be carried at fair value. Following the amendments made by Improvements to IPSASs issued in January 2010, investment property under construction is within the scope of IPSAS 16, and hence is not transferred from another class of asset on completion of the construction. Paragraph 76, which refers to a transfer following completion of the construction or development of a self-constructed investment property, is therefore deleted.

### IPSAS 16, Investment Property

#### Comment:

We agree with the Board's decision to delete paragraph 76 from IPSAS 16, since IPSAS 16 itself is the subject matter of Investment Property, which handles investment property including those under construction or self-constructed.

## Summary of Proposed Change 3:

Transitional disclosure requirements amended to ensure consistency with other amendments made by IPSAS 33, first time Adoption of Accrual Basis International Public Sector Accounting Standards. Extend the requirement to consider whether reassessing the useful life of an intangible asset as finite rather than indefinite is an indicator that the asset may be impaired to include revalued intangible assets, following the publication of Impairment of Revalued Assets (Amendments to IPSAS 21, Impairment of Non-Cash-Generating Assets, and IPSAS 26, Impairment of Cash-Generating Assets).

### IPSAS 16, Investment Property

### IPSAS 17, Property, Plant, and Equipment

#### Comment:

We agree with the amendment to the transitional provisions in IPSAS 16 and IPSAS 17 as they provide clarity and better understanding of the paragraphs.





#### Summary of Proposed Change 4:

*Extend the requirement to consider whether reassessing the useful life of an intangible asset as finite rather than indefinite is an indicator that the asset may be impaired to include revalued intangible assets, following the publication of Impairment of Revalued Assets (Amendments to IPSAS 21, Impairment of Non-Cash-Generating Assets, and IPSAS 26, Impairment of Cash-Generating Assets).*

#### IPSAS 31, Intangible Assets

Comment:

We are in agreement with the suggested improvement in IPSAS 31 as it aligns properly with the amended IPSAS 21 and 26.

#### Summary of Proposed Change 5:

*Clarify that the exemption from providing comparative information applies only to the first financial statements issued following the adoption of accrual basis IPSAS*

#### IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs)

Comment:

We agree with the amendments to paragraphs 78, 79, 123 and 142 of the standard. We considered the amendments as appropriate in clarifying the positions of exempting comparative information during first time adoption.



#### Summary of Proposed Change 6:

Update the Basis for Conclusions and Implementation Guidance to reflect the fact that relief from the requirement to disclose experience adjustments in respect of defined benefit schemes is no longer required. This disclosure is required by IPSAS 25, Employee Benefits, but was not carried forward to the replacement Standard, IPSAS 39, Employee Benefits

#### IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs)

##### Comments:

We agree with the proposed improvement to IPSAS 33 with regard to the new paragraphs BC109 and IG91.

#### Summary of Proposed Change 7:

Amendments to correct the measurement and presentation of controlled investment entities in the separate financial statements of controlling entities that are not themselves investment entities.

#### IPSAS 34, Separate Financial Statements

##### Comments:

We agree with the proposed improvements to IPSAS 34 with respect to Paragraphs 14, 22, 30, 32C and BC9A.

### PART II: IFRS CONVERGENCE AMENDMENTS

#### Summary of Proposed Change 1:

Update the headings in relation to the interrelationship between IPSAS 40, Public Sector Combinations, and IPSAS 16 when classifying property as investment property or owner-occupied property (the substantive changes have already been made by IPSAS 40).

## IPSAS 16, Investment Property

Comment:

We are in support of the proposed amendment with respect to the headings covering paragraph 8 and 9 of IPSAS 16, Investment Property.

### Summary of Proposed Change 2:

Add disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities

## IPSAS 2, Cash Flow Statements

Comment:

We do not have objections with respect to the amendments proposed IPSAS 2 through the introduction of paragraphs 55A- 55E, 63G and BC3.

### Summary of Proposed Change 3:

Amend the requirements relating to transfers of investment property to reflect the principle that a change in use would involve (a) an assessment of whether a property meets, or has ceased to meet, the definition of investment property; and (b) supporting evidence that a change in use has occurred. The list of circumstances in which a transfer occurs is re-characterized as a non-exhaustive list of examples to be consistent with this principle.

## IPSAS 16, Investment Property

Comment:

We agree with the proposed amendments of paragraphs 66 and 68, introduction of paragraphs 100B-100D, 101G and BC9 of IPSAS 16- Investment Property





#### Summary of Proposed Change 4:

Clarify that an entity is able to choose between applying the equity method or measuring the investment at fair value for each investment in an associate or joint venture

#### IPSAS 36, Investments in Associates and Joint Ventures

##### Comment:

We agree with the proposed amendment to paragraph 24 of IPSAS 26- Investments in Associates and Joint Ventures and the introduction of paragraphs 51E and BC17-BC19.

#### Summary of Proposed Change 5:

Clarify how to account for a transaction when an entity recognizes a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset, expense or revenue

#### IPSAS 4, Effects of Changes in Foreign Exchange Rates

#### IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs)

##### Comment:

We accept the clarification provided with the introduction of paragraphs 70A, 70B, 71F and BC7 in addition to the appendix A, all for IPSAS 4- The Effects of Changes in Foreign Exchange Rates.



## Summary of Proposed Change 6:

**Clarify the accounting for a previously held interest in a joint operation when a party obtains joint control**

### IPSAS 37, Joint Arrangements

Comment:

We accept the proposed addition of paragraphs 42E, AG33CA and BC10 with respect to IPSAS 37- Joint Arrangements.

## Summary of Proposed Change 7:

**Clarify the accounting for a previously held interest in a joint operation when a party obtains control of the joint operation**

### IPSAS 40, Public Sector Combinations.

Comment:

Paragraphs 100A and 126C together with BC94, being proposed amendments to IPSAS 40, Public Sector Combinations are considered appropriate for the issues of joint arrangements covered therein.

## Summary of Proposed Change 8:

**Clarify that an entity includes borrowings made specifically to obtain a qualifying asset in general borrowings when that qualifying asset is ready for its intended use or sale**

### IPSAS 5, Borrowing Costs

Comment:

We accept the proposed amendments to paragraph 25 and the additions of paragraphs 41A and 42E together with BC2 with respect to amendments to IPSAS 5- Borrowing Costs, clarifying costs eligible for capitalization.

## Summary of Proposed Change 9:

**Require an entity to use the updated assumptions from the re-measurement associated with a change to a plan (an amendment, curtailment or settlement) to determine current service cost and net interest for the remainder of the reporting period after the change to the plan**

### IPSAS 39, Employee Benefits

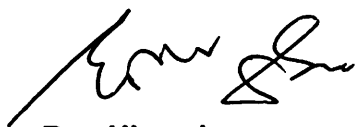
Comment:

We accept the proposed amendments to paragraphs 59, 101, 122, 125, 127, 128 and 129, together with the addition of paragraphs 103A, 124A, 125A and 176A, together with BC 23, all on IPSAS 39- Employee Benefits

We thank you for giving our Institute the opportunity to contribute to the work of the Board.

Yours faithfully,

for: Registrar/Chief Executive



**Ben Ukaegbu**, PhD, ACA  
Deputy Registrar, Technical Services