



FINANCIAL REPORTING COUNCIL OF NIGERIA

May 27, 2021

Ross Smith
Program & Technical Director
International Public Sector Accounting Standards Board
227 Wellington Street
West Toronto, ON M5V 3H2
Canada

Dear Sir/Madam,

REQUEST FOR COMMENTS ON INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS BOARD (IPSASB) EXPOSURE DRAFT 81 – CONCEPTUAL FRAMEWORK UPDATE: CHAPTER 3, QUALITATIVE CHARACTERISTICS AND CHAPTER 5 ELEMENTS IN FINANCIAL STATEMENTS

The Financial Reporting Council of Nigeria (FRC) hereby avails its input alongside its constituents in Nigeria on the IPSASB Exposure Drafts (ED) 81.

In view of the responses received from the constituents in Nigeria, the Council wishes to comment on the exposure drafts (ED 81) as hereunder:

Responses to Specific Matters for Comment

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 characteristics of faithful representation. Paragraph 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?

Our response:

We agree with the IPSASB's guidance on the role of prudence in supporting neutrality, in the context of the qualitative characteristics of faithful representation.

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 factor relevant to materiality judgments. The reasons for this addition are in paragraphs BC3.32A and BC3.32B.

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

Our response:

We agree with the IPSASB's decision to add obscuring information to misstating or omitting information as factor relevant to materiality judgments.

Specific Matter for Comment 3: Right-based approach to a Resource Paragraphs 5.7A s 5.7G reflects a rights-based approach to the description of resources in the context of an asset. The reason for this approach are in paragraphs BC5.3A-BC5.3F

Do you agree with the proposed change? If not, why not.

Our Response:

We agree with IPSASB to reflect a right-based approach to the description of resources in the context of an asset.

Specific Matter for Comment 4: Definition of a 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?

Our response:

We agree with the revised definition of a liability.

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?

Our response:

We agree with the guidance on the transfer of resources.

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. The 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?

Our response:

We agree with the restructuring of the guidance on liabilities so that it aligns better with the revised definition of a liability.

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 Amount and its content? If no, how would you modify it and why?

Our response:

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

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

The IPSASB took the view that the 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 paragraph 5.26G-5.26H of the section on Unit of Account. The explanation is at paragraph BC5.36D-BC5.36F.

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Do you agree that:

- (a) Guidance on principles for bidding 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.

Our response:

We agree that guidance on principles for bidding arrangements that are equally unperformed is necessary; and that such guidance should be included in the Unit of Account section, rather than in a separate section.

If you require any further information or clarification, do not hesitate to contact the Head, Directorate of Accounting Standards (Public Sector) on:

ioanyahara@financialreportingcouncil.gov.ng

Yours faithfully,



Iheanyi O. Anyahara, Ph.D.

Head, Directorate of Accounting Standards – Public

For: Executive Secretary/CEO