



THE INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA

(Established by Act of Parliament No. 15 of 1965)

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Registrar/Chief Executive

AHMED M. KUMSHE (PROF.), FCA

October 31, 2020

ICAN/ED/R&T/OCT31/2020

IPSASB

277 Wellington Street West

Toronto, ON M5V 3H2

Canada.

Dear Sir,

**Re: EXPOSURE DRAFT 72 – REVENUE WITHOUT PERFORMANCE
OBLIGATIONS**

Please find below our responses to the above-named Exposure Draft.

Specific Matter for Comment 1:

Do you agree with the IPSASB's proposals that for the purposes of this [draft] Standard, Revenue without Performance Obligations, a specified activity and eligible expenditure give rise to present obligations? Are there other examples of present obligations that would be useful to include in the [draft] Standard?

Response: We agree with the IPSASB's proposals that for the purposes of this [draft] Standard, Revenue without Performance Obligations, a specified activity and eligible expenditure give rise to present obligations.

But we would appreciate if the board may give more examples that have clearer actual scenarios that illustrate the entire principle so that people might be able to appreciate and understand where there exists a past and present obligation.

Specific Matter for Comment 2:

Do you agree that the flowchart clearly illustrates the process? If not, what clarification is necessary?

Response: We agree that the flowchart clearly illustrates the process.

Specific Matter for Comment 3:

Do you agree that sufficient guidance exists in this [draft] Standard to determine when a present obligation is satisfied and when revenue should be recognized? For example, point in time or over time. If not, what further guidance is necessary to enhance clarity of the principle?

Response: We agree that sufficient guidance exists in this [draft] Standard to determine when a present obligation is satisfied and when revenue should be recognized? For example, point in time or over time.

However, we want the Board to consider providing more guidance in a situation where an asset is not developed, but just a service is rendered over time.

Specific Matter for Comment 4:

Do you agree sufficient guidance exists in this [draft] Standard to identify and determine how to allocate the transaction price between different present obligations? If not, what further guidance is necessary to enhance clarity of the principle?

Response: We agree that sufficient guidance exists in this [draft] Standard to identify and determine how to allocate the transaction price between different present obligations.

But we would want the Board to provide guidance to a situation where the performance obligations come in bundle of assets and services and those services are rendered over time.

Specific Matter for Comment 5: (Paragraphs 84-85) Do you agree with the IPSASB's proposals that receivables within the scope of this [draft] Standard should be subsequently measured in accordance with the requirements of IPSAS 41, Financial Instruments? If not, how do you propose receivables be accounted for?

Response: We agree with the IPSASB's proposals that receivables within the scope of this [draft] Standard should be subsequently measured in accordance with the requirements of IPSAS 41, Financial Instruments.

Specific Matter for Comment 6:

Do you agree the disclosure requirements in this [draft] Standard provide users with sufficient, reliable and relevant information about revenue transactions without performance obligations? In particular, (i) what disclosures are relevant; (ii) what disclosures are not relevant; and (iii) what other disclosures, if any, should be required?

Response: We agree with the Board that the disclosure requirements in this [draft] Standard provide users with sufficient, reliable and relevant information about revenue transactions without performance obligations.

Specific Matter for Comment 7:

Do you agree with the approach taken in the ED and that the structure and broad principles and guidance are logically set out? If not, what improvements can be made?

Response: We agree with the approach taken in the ED and that the structure and broad principles and guidance are logically set out.

We thank you for giving us the opportunity to contribute to the Exposure Draft and we are available should there be need for further clarifications.

Yours faithfully,

For: Registrar/Chief Executive

A handwritten signature in black ink, appearing to read 'Ben Ukaegbu', written in a cursive style.

Ben Ukaegbu, PhD, ACA
Deputy Registrar, Technical Services