PUBLIC SECTOR
ACCOUNTING BOARD
PSAB
CCSP
CONSEIL SUR
LA COMPTABILITÉ
DANS LE SECTEUR
PUBLIC

January 11, 2016

John Stanford
Deputy Director, IPSASB
International Public Sector Accounting Standards Board
277 Wellington Street West
Toronto, ON M5V 3H2

Re: PSAB Staff Comments on Exposure Draft 57 on "Impairment of Revalued Assets"

Thank you for the opportunity to provide input on the Exposure Draft, Impairment of Revalued Assets. The views provided in this comment letter represent the views of the PSAB staff and not those of the Public Sector Accounting Board (PSAB).

We support the proposed amendments to IPSAS 21, *Impairment of Non-Cash-Generating Assets*, and IPSAS 26, I*mpairment of Cash-Generating Assets* as well as the consequential amendments to IPSAS 17, *Property, Plant and Equipment* and IPSAS 31, *Intangible Assets*. These amendments improve the IPSASB standards by highlighting that impairments are distinct from revaluations and need to be considered separately when dealing with assets measured at revalued amounts.

Thank you again for the opportunity to provide you with input on this Exposure Draft. We hope that you find our comments helpful.

Sincerely,

Joanna Chrzanowski, CPA, CA
Principal
Public Sector Accounting

Joanna Chrzanowski, CPA, CA
Principal / Directrice de projets
Tel. / Tél : 416.204.3466
Fax / Téléc. : 416.204.3412
jchrzanowski@cpacanada.ca

**Public Sector
Accounting Board**
277 Wellington Street West
Toronto, Ontario
M5V 3H2   Canada
Tel: 416.977.3222
Fax: 416.977.8585
www.frascanada.ca

**Conseil sur la comptabilité
dans le secteur public**
277, rue Wellington Ouest
Toronto (Ontario)
M5V 3H2   Canada
Tél : 416.977.3222
Téléc : 416.977.8585
www.nifccanada.ca

Specific Matter for Comment

Do you agree with the changes to IPSAS 21 and IPSAS 26 proposed in the ED and the consequential amendments to IPSAS 17, *Property, Plant and Equipment*, and IPSAS 31, *Intangible Assets*? If not, please provide your reasons.

We **agree** with the changes to IPSAS 21, *Impairment of Non-Cash-Generating Assets,* and IPSAS 26, *Impairment of Cash-Generating Assets,* proposed in the ED and the consequential amendments to IPSAS 17, *Property, Plant and Equipment*, and IPSAS 31, *Intangible Assets.*

We are of the view that impairments are distinct from revaluations and need to be addressed separately. The current guidance under IPSAS 21 and IPSAS 26 may not lead to identification of impairment in a timely manner. This is because the revaluation requirements under these two standards do not appear to be "event driven" but rather require revaluation "with sufficient regularity" which for some assets may be every few years. For this reason we are of the view that the proposed amendments to assess the revalued asset for impairment at each reporting date improves these standards and will result in relevant and timely information helping users in distinguishing changes in value due to revaluations and impairment.

We also support the consequential amendments to IPSAS 17 and IPSAS 31 to clarify that when a revalued asset is impaired and an impairment loss is recognized, an entity is not required to revalue the entire class of assets to which that item belongs. We agree that the requirement to revalue the entire class of assets to which the revalued item belongs is critical when considering revaluation (avoids selective revaluation of assets), however, unnecessary and impractical when considering impairment unless other assets in the class have similar indications of potential impairment.