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Lausanne, October 11, 2021

Swiss Comment to

ED 79 Non-Current Assets Held for Sale and Discontinued Operations

Dear Ross,

With reference to the request for comments on the proposed Consultation Paper, we are pleased to present the Swiss Comments to ED 79 Non-Current Assets Held for Sale and Discontinued Operations. We thank you for giving us the opportunity to put forward our views and suggestions. You will find our comments for the Exposure Draft in the attached document.

Should you have any questions, please do not hesitate to contact us.

Yours sincerely,

SRS-CSPCP



Prof Nils Soguel, President



Evelyn Munier, Secretary

Comments to ED 79 Non-Current Assets Held for Sale and Discontinued Operations

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1. Introduction

The Swiss Public Sector Financial Reporting Advisory Committee (SRS-CSPCP) was established in 2008 by the Swiss Federal Ministry of Finance together with the cantonal Ministers of Finance. One of its aims is to provide the IPSAS Board with a consolidated statement for all three Swiss levels of government (municipalities, cantons and Confederation). The SRS-CSPCP has discussed the ED 79 Non-Current Assets Held for Sale and Discontinued Operations.

2. General Remarks

The SRS-CSPCP fully understands that the IPSAS Board wishes to align with the IFRS. This can create certain advantages in consolidation. However, it wonders whether what practical advantage such a standard would bring. Frequently, the concerned transactions, which fulfill the requirements in the public sector, are insignificant (e.g. the sale of vehicles on replacement). Significant transactions regularly require the approval of the competent authority. Contracts often become valid retroactively after approval which conflicts with early disclosure. Many transactions in the public sector do not fulfill the requirements in ED 79 and are capitalized unchanged and possibly depreciated systematically. If this standard is adopted, the SRS-CSPCP wishes that in the future *Differential Reporting* (standards for small and medium public sector entities) such a standard will not be included in order that the complexity is not too great.

3. Specific Matter for Comment

The IPSASB decided that there was no public sector specific reason to depart from the measurement requirements of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. However, the IPSASB considers that, where materially different, disclosures of the fair value of non-current assets classified as held for sale measured at a lower carrying amount would provide useful information to users of financial statements for accountability purposes. The additional proposed disclosure is shown at paragraph 52 of this ED. Do you agree with this disclosure proposal? If not, why not?

The SRS-CSPCP does not agree with the view of the IPSAS Board. Such a requirement would prejudice the position of the public sector in a pricing procedure, e.g. in a tendering procedure, (examples - revealing of «business secrets » or expected price limit). In addition the disclosure cannot prevent a sale on non-market-conform terms (below fair value) because then the standard is frequently not applicable. The IPSAS Board has adopted IFRS 5 fully in the context of an alignment project. In this very standard, which applies for the private sector, no such disclosures are required. The SRS-CSPCP therefore does not see why such disclosures are required from the public sector and which reason would explain that one diverts from the intended alignment.