



MALAYSIAN INSTITUTE
OF ACCOUNTANTS

1 August 2022

Mr John Stanford
Technical Director
International Public Sector Accounting Standards Board
International Federation of Accountants
277 Wellington Street West
Toronto, Ontario M5V 3H2
CANADA

Dear John,

EXPOSURE DRAFT 82, RETIREMENT BENEFIT PLANS

The Malaysian Institute of Accountants (“MIA”) is pleased to provide comments on the International Public Sector Accounting Standards Board (“IPSASB”) Exposure Draft (ED) 82, *Retirement Benefit Plans* as attached in Appendix 1 to this letter.

We hope our comments would contribute to the IPSASB’s deliberation in finalising the matter. If you have any queries or require clarification of this submission, please contact Rasmimi Ramli, Executive Director of Digital Economy, Reporting and Risk at +603 2722 9277 or by email at rasmimi@mia.org.my.

Yours sincerely,

MALAYSIAN INSTITUTE OF ACCOUNTANTS

DR WAN AHMAD RUDIRMAN WAN RAZAK
Chief Executive Officer

Specific Matter for Comment 1 – Paragraph 9 (see paragraph BC10-BC13)

This Exposure Draft (ED) proposes amending the IAS 26 definition of ‘defined benefit plans’ to include all retirement benefit plans that are not defined contribution plans. The definition proposed for a defined benefit plan is consistent with IPSAS 39, Employee Benefits as follows:

‘Defined benefit plans are retirement benefit plans other than defined contribution plans’

Do you agree with this proposal? If not, why not?

We agree with the proposed definition that could provide coverage on the various categories and nature of the available retirement benefit plans.

Specific Matter for Comment 2: Paragraph 9 (see paragraph BC14)

This ED proposes to retain the IAS 26 definition for ‘actuarial present value of promised retirement benefits’ as it addresses the plan perspective rather than to use the IPSAS 39 definition for ‘present value of a defined benefit obligation’.

Do you agree with this proposal? If not, why not?

We agree with the proposed definition.

Specific Matter for Comment 3: Paragraph 10 (see paragraph BC15)

This ED proposes that for defined benefit plans the actuarial present value of promised retirement benefits be recognized and presented on the face of the statement of financial position as a provision for that obligation. This removes two options in IAS 26 which permit the actuarial present value of promised retirement benefits to be only disclosed in the notes to the financial statements or in a separate actuarial report.

Do you agree with the proposal? If not, why not?

We would like to propose for this ED to be aligned with IAS 26 where it provides disclosure options given that participants in different jurisdictions may have different appetite on the information being provided especially for those jurisdictions that are in the midst of transitioning or recently transitioned to accrual accounting.

Specific Matter for Comment 4: Paragraph 11 (see paragraph BC16)

IAS 26 does not specify whether or where the retirement benefit obligations for defined contribution plans should be recognised and presented. To achieve the objective of increased transparency and accountability, this ED proposes that

defined contribution obligations should be recognized and presented on the face of statement of financial position.

Do you agree with this proposal? If not, why not?

We agree with the proposal.

We propose that clearer guidance be provided on the recognition and measurement of the defined contribution obligations.

Specific Matter for Comment 5: Paragraph 12 (see paragraph BC19)

IAS 26 allows plan assets to be valued at amounts other than fair value. This ED proposes that plan investments should be measured at fair value.

Do you agree with this proposal? If not, why not?

We agree that the plan investments be measured at fair value.

Specific Matter for Comment 6: Paragraph 13 (see paragraph BC17)

IAS 26 allows the actuarial present value of promised retirement benefits to be calculated using either current or projected salaries. This ED proposes that only projected salaries should be used.

Do you agree with this proposal? If not, why not?

We agree that projected salaries should be used in calculating the actuarial present value of promised retirement benefits.

Specific Matter for Comment 7: Paragraphs 15(c) and 19, (see paragraph BC23)

This ED proposes that a retirement benefit plan be required to prepare a cash flow statement, whereas IAS 26 is silent on this. This ED also proposes the cash flow statement be prepared using the direct method.

Do you agree with this proposal? If not, why not?

We agree that a retirement benefit plan be required to prepare a cash flow statement and the cash flow statement be prepared using the direct method.

Specific Matter for Comment 8 – Paragraph 27 (see paragraph BC24)

This ED proposes prospective application of the requirements of the Standard, which would require an opening and closing statement of financial position in accordance with the Standard but not comparative figures in other financial statements.

Do you agree with this proposal? If not, why not?

We agree with the proposal on prospective application of the requirements of the Standard.

We propose that the Standard states clearly the requirement to disclose comparative figures in the subsequent financial statements.

Specific Matter for Comment 9 – Paragraphs BC20-BC21 and Implementation Guidance

Public Sector retirement benefit plans are structured and/or regulated in many different ways and jurisdiction-specific requirements on how to account for contributions and benefits may vary. As a result, this proposes not to require contributions or benefits to be accounted for as any specific element in the financial statements, which is aligned with the approach taken in IAS 26. Instead, Implementation Guidance and Illustrative Examples are provided to demonstrate different accounting presentations depending on how the contributions and benefits are viewed.

Do you agree with this proposal? If not, why not?

We agree that Implementation Guidance and Illustrative Examples are provided to demonstrate different accounting presentations depending on the characteristics of the contributions and benefits.

We propose that the Standard illustrates separate financial statements for each scenario included in the Standard to provide more clarity to the preparers.