



**BUILDING A BRIDGE TO A BRIGHTER AFRICA**

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## **The International Public Sector Accounting Standards Board (IPSASB)**

*Website submission*

### **PREFACE**

The Pan-African Federation of Accountants (PAFA), is the continental body representing Africa's professional accountants. Our objective is to accelerate the development of the profession and strengthen the voice of the accountancy profession within Africa and worldwide.

In its unique regional capacity to facilitate PAOs and present a unified position of the profession, PAFA presents below its comments on Exposure Draft (ED) 68 issued by the International Public Sector Accounting Standards Board (IPSASB) titled *Improvements to IPSAS, 2019*. The responses have been presented in order of the specific IPSAS lined up for amendments resulting from IPSAS 41, *Financial Instruments* and other improvements to IPSAS as presented in this ED.

### **Objective of the Exposure Draft**

The objective of Exposure Draft (ED) 68, *Improvements to IPSAS, 2019* is to propose improvements to IPSAS in order to address issues raised by stakeholders.

### **IPSAS Addressed:**

The Improvements project deals with non-substantive changes to IPSAS through a collection of amendments which are unrelated. Amendments included in ED 68 arise from comments received from stakeholders.

IPSAS	Summary of Proposed Change in ED 68	Comments by PAFA
<b>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</b>		
IPSAS 5, <i>Borrowing Costs</i> .	Proposed amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.	We are in agreement that the use of an effective interest method as described in IPSAS 41 would be appropriate guidance in computing interest expense as one of the components of borrowing cost.
IPSAS 30, <i>Financial Instruments: Disclosures</i> .	Proposed amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.	We are of the view that the detailed information presented in a tabular format and the accompanying illustrations is sufficient guidance on hedging and credit risk.
IPSAS 30, <i>Financial Instruments: Disclosures</i> .	Proposed amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.	We are in agreement with the proposed amendment to IPSAS 30
IPSAS 33, <i>First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs)</i> .	Proposed amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.	We are in agreement with the updated guidance on classifying financial instruments on initial adoption of accrual basis of IPSAS
<b>Other Improvements to IPSAS</b>		
IPSAS 13, <i>Leases</i> .	Proposed amendments to IPSAS 13 to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks.	We are in agreement that reference to IPSAS 21, <i>Impairment of Non-Cash-Generating Assets</i> and IPSAS 26, <i>Impairment of Cash-Generating Assets</i> would be an objective way of accounting for leases rather than applying international and/or national accounting standards. This guidance will also ensure uniformity when accounting for leases.

IPSAS 13, <i>Leases</i> and IPSAS 17, <i>Property, Plant, and Equipment</i> .	Proposed amendments to remove transitional provisions which should have been deleted when IPSAS 33, <i>First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs)</i> was approved.	IPSAS 33, <i>First Time Adoption of Accrual Basis</i> IPSAS is comprehensive enough hence no need of any transitional provisions.
IPSAS 21, <i>Impairment of Non-Cash-Generating Assets</i> and IPSAS 26, <i>Impairment of Cash-Generating Assets</i> .	Proposed amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, <i>Property, Plant, and Equipment</i> and IPSAS 31, <i>Intangible Assets</i> .	We are in agreement with the guidance provided for the impairment of revalued assets in the scope of IPSAS 17 and IPSAS 31.
IPSAS 33, <i>First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs)</i> .	Proposed amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard.	We are in agreement with the proposed amendments to the implementation guidance on deemed costs in IPSAS 33.
IPSAS 40, <i>Public Sector Combinations</i> .	Proposed amendments to include the effective date paragraph which were inadvertently omitted when IPSAS 40 was issued.	Once a standard has been approved, it is necessary to give guidance on when it becomes effective. We are therefore in agreement with the proposed amendment to IPSAS 40 to include the effective date paragraph.