



Ms Stephenie Fox
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IPSASB
IFAC

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Ref.: PSC/AKI/PGI

Dear Ms Fox,

IPSASB ED 53 First-Time Adoption of Accrual Basis International Public Sector Accounting Standards

- (1) FEE (the Federation of European Accountants, www.fee.be) is pleased to submit its views on this proposed International Public Sector Accounting Standard.

General Comments on the Exposure Draft

- (2) We strongly support IPSASB's programme which helpfully combines IFRS converged IPSASs on matters which are common to both private and public sectors, public sector specific IPSASs on matters which are unique to the sector, and conceptual work which will inform the development of standards in future, seeking to achieve the optimum balance between maintaining comparability and addressing sector specific issues.

Specific Matters for Comments

- (3) FEE's views are set out below on the Specific Matter on which the IPSASB would particularly value comments.

Specific Matter for Comment 1

The objective of the Exposure Draft is to provide a comprehensive set of reliefs to entities that adopt accruals basis IPSASs for the first time.

- (a) Do you agree with the proposed transitional exemptions included in the Exposure Draft?**
(b) Do you believe that IPSASB achieved its goal in providing relief for the first-time adopter in transitioning to accruals basis IPSASs?

Please provide a reason for your response.

- (4) We agree with the proposed transitional exemptions included in the Exposure Draft and we also believe that IPSASB has achieved its goal in providing relief for the first time adopter to accruals basis IPSASs.
- (5) We have taken this view because we believe that IPSASB has identified all the critical areas of difficulty that bodies in the public sector are likely to encounter in making the transition to accruals accounting.

Specific Matter for Comment 2

The IPSASB agreed that there should be a differentiation between those transitional exemptions that do not affect the fair presentation of the first time adopter's financial statements and its ability to assert compliance with the accruals basis IPSASs, and those that do.

- a) Do you agree with the proposed differentiation and how it is addressed in the ED; and**
b) Do you agree that the individual categorisation is appropriate?

Please provide a reason for your response and provide an alternative approach.

- (6) We agree with both the proposed differentiation of transitional exemptions between those affecting the fair presentation of the financial statements and those that do not and also with the allocation of individual items between these two categories.
- (7) In our opinion, this approach will permit public sector bodies planning to make the move to accruals accounting to first concentrate their efforts on the key areas that could cause them difficulty and so produce financial statements showing fair presentation in the shortest possible time.

Specific Matter for Comment 3

The Exposure Draft proposes a relief period of three years for the recognition and/or measurement of specific assets and/or liabilities in allowing a first-time adopter to transition to accruals basis IPSASs. **Do you agree that a relief period of three years is appropriate?** If not, please indicate the time frame that, in your view, would be appropriate, supported with the reason for the longer or shorter transitional relief period.

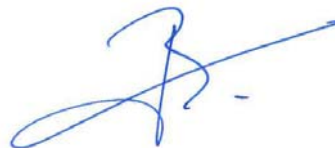
- (8) We believe that a three year exemption period is appropriate and should provide an adequate length of time for most public sector bodies to adequately deal with the issues arising from the transition to accruals accounting.
- (9) A three-year exemption period should, in our view, permit first-time adopters to implement systems and obtain information sufficient for them to produce financial statements complying with the accruals IPSASs including the provision of comparative information. We presume that bodies planning to make the move to accruals accounting would have started the necessary preliminary work well in advance of preparing their first set of transitional IPSAS financial statements. Additionally, any issues with, for example, obtaining historical cost information for assets and liabilities held for a long time by the bodies are unlikely to be resolved by any reasonable extension of the exemption period. For these reasons, we do not support any further extension of the three-year exemption period.

For further information on this letter, please contact Paul Gisby, Project Manager from the FEE Team, on +32 2 285 40 70 or via e-mail at paul.gisby@fee.be.

Yours sincerely,



André Killesse
President



Olivier Boutellis-Taft
Chief Executive