



22 October 2018

Mr. Ian Carruthers  
International Public Sector Accounting Standards Board  
529 Fifth Avenue,  
New York, NY 10017  
USA

Submitted electronically through the IPSASB website

Dear Mr Carruthers,

**ICAEW REPRESENTATION 121/18, Exposure Draft 66 Long-term Interests in Associates and Joint Ventures (Amendments to IPSAS 36) and Prepayment Features with Negative Compensation (Amendments to IPSAS 41)**

ICAEW welcomes the opportunity to comment on ED 66 - part I: long-term interests in associates and joint ventures and part II: prepayment features with negative compensation.

We note that the objective of ED 66 is to propose amendments to IPSAS to converge with narrow-scope amendments to IAS 28 *Investments in Associates and Joint Ventures* and IFRS 9 *Financial Instruments*. We highlighted the importance of IFRS convergence in our response to IPSASB's consultation on the proposed strategy and work plan for 2019-23. IPSASB have made it clear that the board's primary focus is the ongoing creation of public sector specific standards. However, as the suite of IPSAS grows, it will become more difficult to ignore or defer closer convergence with IFRS.

In our response to IASB's original consultation on the narrow scope amendments to IAS 28, we expressed our discomfort that long-term interests in associates and joint ventures are subject to both the impairment under the financial instruments standard as well as the allocation of losses per the investments in associates and joint venture standard. We believe that the dual application of the standards to the long-term interests may lead to unnecessary confusion and complexity. We believe IASB should change its approach in this regard, in which case we would recommend IPSASB doing the same.

Until then, however, IPSAS convergence with IFRS is the primary benefit and we support the amendments in both part I and part II of the ED.

Yours sincerely

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