



13 July 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 77/2018, ED 65 IMPROVEMENTS TO IPSAS, 2018

ICAEW welcomes the opportunity to comment on ED 65 *Improvements to IPSAS, 2018*.

We note that the IPSASB improvements project deals with non-substantive changes to IPSASs through a collection of amendments. The amendments in Part I derive from stakeholder feedback and Part II amendments arise through consideration of the annual improvements and narrow scope amendments projects of the IASB and interpretations of the IFRS Interpretations Committee.

We agree with the changes proposed to IPSASs in both Part I and Part II of the ED, but would like to reiterate the importance of maintaining IFRS convergence. Whilst keeping up to date with minor improvements and narrow scope amendments of IFRS is commendable, it should not be overlooked that some IPSASs are substantially out of date when compared with their IFRS counterparts. IPSAS 1, for example, was last revised significantly in 2006.

We highlighted the importance of IFRS convergence in our response to IPSASB's recent 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 IPSASs grows, it will become more difficult to ignore or defer closer convergence with IFRS.

We would also like to draw IPSASB's attention to the update of IPSAS 37 *Joint Arrangements*, in which the term 'business' is replaced with 'operation' in AG33CA, a change from the wording in IFRS 11. In our view substituting 'operation' for all IFRSs that use the term 'business' may cause confusion, since IFRS 11 uses the term 'joint operation' for exposure to underlying assets and liabilities of something that may not be an IFRS-defined 'business'. IFRS 11 uses the term operating in a different sense. Thus we think that replacing 'operation' for 'business' may prove problematic in some instances.

Yours sincerely



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