



MALAYSIAN INSTITUTE
OF ACCOUNTANTS

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Ms Stephenie Fox
Technical Director
International Public Sector Accounting Standards Board
International Federation of Accountants
277 Wellington Street West
Toronto, Ontario M5V 3H2
CANADA

Dear Stephenie

CONSULTATION PAPER: THE APPLICABILITY OF IPSASs TO GOVERNMENT BUSINESS ENTERPRISES AND OTHER PUBLIC SECTOR ENTITIES

The Accountant General Office of Malaysia ("AG Office") and the Malaysian Institute of Accountants ("MIA") are pleased to provide comments on the International Public Sector Accounting Standards Board ("IPSASB") Consultation Paper ("CP") *The Applicability of IPSASs to Government Business Enterprises and Other Public Sector Entities*.

In general, we agree with the IPSASB's preliminary view that Option 1 is most appropriate. Similar to majority of the IPSASB members, we also support Option 1a as it is high level and principle-based approach, as well as it acknowledges the role of regulators and other relevant authorities in determining which entities in their own jurisdictions should apply IPSASs.

However, we wish to highlight the following:

1. Mutually exclusive or combined characteristics

As proposed in the CP, Option 1a would describe the characteristics of the public sector entities in the following way:

IPSASs are designed to apply to entities that:

- a) Are responsible for the delivery of services to the public with assets held primarily for their service potential and/or to make transfer payments to redistribute income and wealth;
- b) Finance their activities, directly and indirectly, by means of taxes and/or transfers from other levels of government, social contributions, debt or fees and do not have capital providers that are seeking a return on their investment or a return of the investment.

We wish to seek clarification whether the entities that should apply IPSASs should satisfy either one or both of the above characteristics. The entities that will be covered by Option 1a will be

either wider or lesser, depending on whether the characteristics are mutually exclusive or combined. We propose the words "and/or" to be added between characteristics (a) and (b).

2. Timing to establish intention of the capital provider that seek a return on their investment or a return of the investment

Characteristic (b) includes the phrase "do not have capital providers that are seeking a return on their investment or a return of the investment". In Malaysia, the capital providers of the entities that deliver services to the public usually do not seek a return on their investment or a return of the investment during the initial years of the entities' operation. This is normally due to those entities are start-up corporations and are unable to generate revenue during the initial years. However, capital providers' intention might change when an entity is able to operate independently and consistently make profits due to higher economies of scale and efficient processes. In such cases, we wish to seek clarification whether such entities should continue applying IPSASs.

We hope our comments would contribute to the IPSASB deliberation in finalising the CP. If you have any queries or require clarification of this submission, please contact Rasmimi Ramli at +603 2279 9277 or by email at rasmimi@mia.org.my.

Yours sincerely,



DATO' HAJI CHE PEE BIN SAMSUDIN
Accountant General of Malaysia
ACCOUNTANT GENERAL'S DEPARTMENT
OF MALAYSIA



DATUK JOHAN IDRIS
President
MALAYSIAN INSTITUTE OF ACCOUNTANTS