



MALAYSIAN INSTITUTE  
OF ACCOUNTANTS

25 October 2021

Mr John Stanford  
Technical Director  
International Public Sector Accounting Standards Board  
International Federation of Accountants  
277 Wellington Street West  
Toronto, Ontario M5V 3H2  
CANADA

Dear John,

**EXPOSURE DRAFT 78, *PROPERTY, PLANT AND EQUIPMENT***

The Malaysian Institute of Accountants ("MIA") is pleased to provide comments on the International Public Sector Accounting Standards Board ("IPSASB") Exposure Draft (ED) 78, *Property, Plant and Equipment* as attached in Appendix 1 to this letter.

We hope our comments would contribute to the IPSASB's deliberation in finalising the matter. If you have any queries or require clarification of this submission, please contact Rasmimi Ramli, Deputy Executive Director of Digital Economy, Reporting and Risk at +603 2722 9277 or by email at [rasmimi@mia.org.my](mailto:rasmimi@mia.org.my).

Yours sincerely,

**MALAYSIAN INSTITUTE OF ACCOUNTANTS**

**DR NURMAZILAH DATO' MAHZAN**  
Chief Executive Officer

**Specific Matter for Comment 1:**

[Draft] IPSAS [X] (ED 78), *Property, Plant, and Equipment* proposes improvements to the existing requirements in IPSAS 17, *Property, Plant, and Equipment* by relocating generic measurement guidance to [draft] IPSAS [X] (ED 77), *Measurement*; relocating guidance that supports the core principles in this Exposure Draft to the application guidance; and adding guidance for accounting for heritage assets and infrastructure assets that are within the scope of the Exposure Draft.

**Do you agree with the proposed restructuring of IPSAS 17 within [draft] IPSAS [X] (ED 78)? If not, what changes do you consider to be necessary and why?**

We agree with the proposed restructuring of IPSAS 17 within ED 78.

In relation to initial measurement, paragraph 12 of ED 78 states that “an item of property, plant, and equipment that qualifies for recognition shall be measured at its cost, unless it is acquired through a non-exchange transaction”. In addition, paragraph 13 of ED 78 requires that when measuring an item of property, plant and equipment (PPE) at recognition, an entity shall apply ED 77.

We would like to seek clarification on the relationship, similarities or differences (if any) between ‘transaction price’ and ‘cost’ as mentioned in ED77 and ED 78 respectively. We propose that these are described clearly either in ED77 or ED 78.

We also propose that paragraph 13 of ED 78 to state clearly the relevant paragraphs to be referred to in ED 77 when measuring property, plant and equipment.

**Specific Matter for Comment 2—(paragraphs 29-30):**

**Do you agree that when an entity chooses the current value model as its accounting policy for a class of property, plant, and equipment, it should have the option of measuring that class of assets either at current operational value or fair value?**

**If not, please provide your reasons, stating clearly which current value measurement basis would best address the needs of the users of the financial information, and why.**

We agree with the proposal. However, we propose a clear guidance is provided on the appropriate measurement bases for PPE to guide preparers of financial statements in making the accounting policy option.

We understand that when an entity elects to measure a class of property, plant and equipment using current value model, it has an option to measure either using operational value or fair value for the entire class. We believe that this would cause inappropriate measurement basis of item in the class of PPE that are different in characteristic, measurement objective and the monetary information.

**Specific Matter for Comment 3—(paragraph AG3):**

**Are there any additional characteristics of heritage assets (other than those noted in paragraph AG3) that present complexities when applying the principles of [draft] IPSAS [X] (ED 78) in practice?**

**Please provide your reasons, stating clearly what further characteristics present complexities when accounting for heritage assets, and why.**

In Malaysia, heritage assets are governed by the National Heritage Act 2005 or any relevant provisions by the states authority. The Act determines the qualification of an asset to be declared as a heritage asset. Accordingly, we wish to emphasize that legal restriction is a prominent characteristic of heritage assets.

**Specific Matter for Comment 4—(paragraph AG5):**

**Are there any additional characteristics of infrastructure assets (other than those noted in paragraph AG5) that present complexities when applying the principles of [draft] IPSAS [X] (ED 78) in practice?**

**Please provide your reasons, stating clearly what further characteristics present complexities when accounting for infrastructure assets, and why.**

We propose that a clear guidance is provided on the words “Networks” and “Systems” for preparers to better understand whether an asset fulfills such characteristics. For instance, whether a common recreational park, a port or a terminal is considered as an infrastructure asset under ED 78.

We also propose that further guidance is provided on ‘long useful lives’ i.e. how long is considered ‘long useful lives’?

**Specific Matter for Comment 5—(paragraphs 80-81 and AG44-AG45):**

**This Exposure Draft proposes to require disclosures in respect of heritage property, plant, and equipment that is not recognized in the financial statements because, at initial measurement, its cost or current value cannot be measured reliably.**

**Do you agree that such disclosure should be limited to heritage items?  
If not, please provide your reasons, stating clearly the most appropriate scope for the disclosure, and why.**

We agree that the disclosures are limited to heritage items.

**Specific Matter for Comment 6—(paragraphs IG1-IG40):**

**Do you agree with the Implementation Guidance developed as part of this Exposure Draft for heritage assets?**

**If not, please provide your reasons, stating clearly what changes to the Implementation Guidance on heritage assets are required, and why.**

We agree with the Implementation Guidance on heritage assets.

**Specific Matter for Comment 7—(paragraphs IG1-IG40):**

**Do you agree with the Implementation Guidance developed as part of this Exposure Draft for infrastructure assets?**

**If not, please provide your reasons, stating clearly what changes to the Implementation Guidance on infrastructure assets are required, and why.**

Please refer to our response to Specific Matter for Comment 4.