# Swiss Comment to

# Exposure Draft 80 Improvements to IPSASs 2021

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## 1. Introduction

The Swiss Public Sector Financial Reporting Advisory Committee (SRS-CSPCP) was established in 2008 by the Swiss Federal Ministry of Finance together with the cantonal Ministers of Finance. One of its aims is to provide the IPSAS Board with a consolidated statement for all three Swiss levels of government (municipalities, cantons and Confederation).
The SRS-CSPCP has discussed ED 80 Improvements to IPSASs 2021 and comments as follows

## 2. Remarks to Exposure Draft 80

### 2.1. Part I: General Improvements to IPSASs

The SRS-CSPCP finds that the proposed amendments in the Standards *22 Disclosure of Financial Information About the General Government Sector, 39 Employee Benefits and RPG Reporting on the Long-Term Sustainability of an Entity's Finances* are not fundamental and do not change the essence of the existing requirements of these standards.
By contrast, the proposed changes in the Standard *IPSAS 29 Financial Instruments: Recognition and Measurement* are important for the limitation of undesirable accounting effects as a result of the worldwide reform of the international reference interest rate (LIBOR Reform or *Interest Rate Benchmark Reform).* In various currency areas LIBOR has been replaced by alternative reference interest rates (so-called ARRs, *Alternative Reference Rates*), in Switzerland by SARON (*Swiss Average Rate Overnight*).
The amendment is necessary in both IPSAS 29 and IPSAS 41 (cf. Section 2.2), because although IPSAS 41 does not have to be applied compulsorily before 1.1.2022, earlier application is permitted.
By changing the standard, the IPSASB takes over from IFRS amendments to the standards, which would arise when measuring contractual changes of financial instruments indexed by the LIBOR Reform (e.g. securities or loan agreements). Simplifications were adopted, which aim for simplified reflection of modifications caused by the LIBOR reform and enable a continuation of hedging conditions (*hedge accounting*) after transition to the new reference interest rates.
The amendments to IPSAS 29/41 also lead to additional disclosure requirements in the financial statements (IPSAS 30), in order to provide the users of the financial statements with insight into the effects of the LIBOR Reform.
The SRS-CSPCP considers the proposed amendments to be appropriate and supports them.

### 2.2. Part II: IFRS Alignment Improvements to IPSASs

The SRS-CSPCP finds that the proposed amendments in the Standards *33 First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs), 41 Financial Instruments, 19 Provisions, Contingent Liabilities and Contingent Assets and 17 Property, Plant, and Equipment* are not fundamental and do not change the essence of the existing requirements of these standards.
By contrast, the proposed amendments to Standard 41 *Financial Instruments* are important for the limitation of undesirable accounting effects as a result of the worldwide LIBOR Reform (*Interest Rate Benchmark Reform* and replacement of LIBOR by SARON in Switzerland) (cf. Section 2.1).
The amendments in IPSAS 1 *Presentation of Financial Statements* concern the classification of the liabilities by maturity between long- and short-term. In future, not only the unconditional, but also the possibility linked to conditions to effect the deferment of payment for more than

one year will be considered. This, however, only if the conditions are satisfied by the reporting entity at the reporting date.
The SRS-CSPCP considers the proposed amendments to be appropriate and supports them.

Lausanne, September 23, 2021