

Meeting: International Public Sector Accounting
Standards Board

Meeting Location: Brussels, Belgium

Meeting Date: September 17–20, 2024

Agenda Item 7

For:









- ☐ Approval
☒ Discussion
☐ Information



NATURAL RESOURCES – IFRS 6 AND IFRIC 20 ALIGNMENT

Project summary	<p>The objective of this project is to develop:</p> <ul style="list-style-type: none"> An IPSAS aligned with IFRS 6, <i>Exploration for and Evaluation of Mineral Resources</i>; and Guidance aligned with IFRIC 20, <i>Stripping Costs in the Production Phase of a Surface Mine</i>. 	
Project staff lead	<ul style="list-style-type: none"> Christoph Braxton, Principal 	
Meeting objectives	Topic	Agenda Item
Project management	Exposure Drafts Dashboard	7.1.1
	Instructions up to Previous Meeting	7.1.2
	Decisions up to Previous Meeting	7.1.3
	Project Roadmap	7.1.4
Decisions required at this meeting	ED 86 and ED 87: Review of Responses	7.2.1
	ED 86: IFRS 6 Alignment with Limited Public Sector Amendments (SMC 1)	7.2.2
	ED 87: IFRIC 20 Alignment with Limited Public Sector Amendments (SMC 1)	7.2.3
	ED 87: Guidance as Appendix to IPSAS 12 (SMC 2)	7.2.4
Other supporting items	Supporting Document 1 – ED 86: Analysis of Respondents by Region, Function and Language, List of Respondents, Summary of Responses to SMC	7.3.1
	Supporting Document 2 – [draft] Final Pronouncement, <i>Exploration for and Evaluation of Mineral Resources</i>	7.3.2
	Supporting Document 3 – ED 87: Analysis of Respondents by Region, Function and Language, List of Respondents, Summary of Responses to SMC	7.3.3
	Supporting Document 4 – [draft] Final Pronouncement, <i>Stripping Costs in the Production Phase of a Surface Mine</i> (Amendments to IPSAS 12)	7.3.4
	Responses to Exposure Draft 86, <i>Exploration for and Evaluation of Mineral Resources</i>	Posted Separately

	<u>Responses to Exposure Draft 87, <i>Stripping Costs in the Production Phase of a Surface Mine</i> (Amendments to IPSAS 12)</u>	<u>Posted Separately</u>
--	--	--

**NATURAL RESOURCES – IFRS 6 AND IFRIC 20 ALIGNMENT:
EXPOSURE DRAFTS DASHBOARD**

Topic	Past Meetings	September 2024	December 2024
Overall Project Management (ED 86 and ED 87)			
Project Planning	✓		
Review and Approval of EDs	✓		
Review and Approval of Final Pronouncements			
ED 86 (IFRS 6 Alignment)			
Analysis of Responses to ED 86			
IFRS 6 Alignment with Limited Public Sector Amendments (SMC 1)			
Basis for Conclusions			
ED 87 (IFRIC 20 Alignment)			
Analysis of Responses to ED 87			
IFRIC 20 Alignment with Limited Public Sector Amendments (SMC 1)			
Guidance as Appendix to IPSAS 12 (SMC 2)			
Basis for Conclusions			

Legend	
✓	Task Completed
	Planned IPSASB Discussion
	Page-by-page Review

INSTRUCTIONS UP TO PREVIOUS MEETING

Meeting	Instruction	Actioned
December 2023	1. All instructions provided were reflected in ED 86 and ED 87.	1. See ED 86 and ED 87 .

DECISIONS UP TO PREVIOUS MEETING

Meeting	Decision	BC Reference
December 2023	1. All decisions made up to December 2023 were reflected in ED 86 and ED 87.	1. See ED 86 and ED 87 .

**NATURAL RESOURCES – IFRS 6 AND IFRIC 20 ALIGNMENT:
PROJECT ROADMAP**

Meeting	Completed Actions or Discussions / Planned Actions or Discussions:
March 2020	1. Project Brief approval 2. Commencement of Consultation Paper (CP) development
March 2022	1. Approval of CP
May 2022	1. Publish CP
June 2022- December 2022	1. CP comment period
March 2023	1. Review of responses to the CP
September 2023	1. Discussion of issues 2. Development of EDs on alignment with IFRS 6 and IFRIC 20
December 2023	1. Discussion of issues 2. Approval of EDs on alignment with IFRS 6 and IFRIC 20
January 2024	1. Publish EDs
February 2024- May 2024	1. Consultation Period (4 months)
June 2024- August 2024	1. Review of Comments to EDs
September 2024	1. Discussion of Issues 2. Page by page review of [draft] Final Pronouncements
December 2024	1. Approve Final Pronouncements

ED 86 and ED 87: Review of Responses

Purpose

1. To provide the IPSASB with a high-level review of responses to Exposure Draft (ED) 86, *Exploration for and Evaluation of Mineral Resources*, and ED 87, *Stripping Costs in the Production Phase of a Surface Mine* (Amendments to IPSAS 12).

Background

2. On January 31, 2024, the IPSASB issued [ED 86](#) and [ED 87](#).
3. ED 86 proposed accounting for expenditure incurred in the exploration for and evaluation of mineral resources. The proposals were aligned with the requirements in IFRS 6, *Exploration for and Evaluation of Mineral Resources*, with limited changes for the public sector context.
4. ED 87 proposed adding an authoritative appendix to IPSAS 12, *Inventories*, which provides interpretive guidance when to capitalize or expense costs incurred to remove waste material in surface mining operations, aligned with the guidance in IFRIC 20, *Stripping costs in the Production Phase of a Surface Mine*, with limited changes for the public sector context.
5. This agenda item provides the IPSASB with a high-level review of responses to ED 86 and ED 87.

Analysis

6. ED 86 and ED 87 each received 28 responses. Both EDs received strong support, with the vast majority of respondents agreeing or partially agreeing with the proposals in ED 86 and ED 87.
7. The review of responses to each ED is done by classifying responses to the individual Specific Matter for Comments (SMCs) into four types, as follows:
 - (a) **Agree**—the response only says that it agrees with the ED proposals, either by not making any further suggestions to enhance the ED proposals or by providing additional reasons to support the ED proposals.
 - (b) **Partially agree**—the response says that it agrees with the ED proposals and provides suggestions to enhance those proposals, without modifying the ED's proposed principles. The suggestions have a nature of clarifications, drafting, editorials, or adding more guidance to support the proposed principles.
 - (c) **Disagree**—the response says that it disagrees with the ED proposals. In case the response suggests enhancements to the ED proposals, those suggestions are considered together with the suggestions made by the responses that partially agree with the ED proposals.
 - (d) **No comment**—the response does not specifically agree or disagree.
8. As part of classifying responses, the qualitative aspects of the responses are evaluated by Staff to determine whether any individual response raises points that have not been considered by the IPSASB as part of the development of each ED.
9. Detailed analysis of the responses is contained in:
 - (a) [Agenda Item 7.2.2](#) for ED 86, and
 - (b) [Agenda Item 7.2.3](#) and [Agenda Item 7.2.4](#) for ED 87.

Agenda Item 7.2.1

10. Detailed response information on ED 86 and ED 87 is listed in: [Agenda Item 7.3.1](#) and [Agenda Item 7.3.3](#) respectively, including:
- (a) Analysis of responses received by region, function, and language (Appendix A of the respective Agenda Item);
 - (b) List of organizations or individuals that responded (Appendix B of the respective Agenda Item); and
 - (c) Summary of Responses for each SMC (Appendix C of the respective Agenda Item)

Decision Required

11. This agenda item is for noting and no decision is required.

ED 86: IFRS 6 Alignment with Limited Public Sector Amendments (SMC 1)

Question

1. Does the IPSASB agree with Staff's recommendations to amend the [draft] Final Pronouncement as summarized below, and detailed in [Appendix A.1](#), [Appendix A.2](#), and [Appendix A.3](#), with tracked changes in [Supporting Document 2: \[draft\] Final Pronouncement, Exploration for and Evaluation of Mineral Resources](#)?

Recommendations

2. Staff recommend the IPSASB to:
 - (a) Update the Amendments to Other IPSAS to include amendments to IPSAS 31, *Intangible Assets*;
 - (b) Amend the Basis for Conclusions (BC) in the [draft] Final Pronouncement to clarify:
 - (i) The removal of the temporary nature of the exemption in paragraph 8;
 - (ii) The application to commercial mining operations and not for service deliver purposes; and
 - (iii) The scope does not extend to accounting for the State's power to issue exploration rights.
 - (c) Approve the revisions as presented in [Supporting Document 2: \[draft\] Final Pronouncement, Exploration for and Evaluation of Mineral Resources](#).

Background

3. ED 86 included the following Specific Matter for Comment (SMC):

Specific Matter for Comment 1:

The IPSASB decided to propose an IFRS 6-aligned Standard in ED 86 (see paragraphs BC2–BC7). Do you agree that amendments to IFRS 6, for the public sector, are limited to terminology and other IPSASB-specific formatting and consistency amendments (see paragraph BC8)?

If not, please explain your reasons, stating clearly what further amendments are necessary and why.

4. This Agenda Item addresses the respondents' suggestions to enhance ED 86 proposals for the [draft] Final Pronouncement.

Analysis

5. The ED received strong support, with the vast majority of respondents (24 or 86%) agreeing or partially agreeing with the proposals in ED 86. Three (11%) respondents disagree with the proposals in ED 86. One (3%) respondent neither agrees nor disagrees.
6. Staff analyzed comments from respondents. The detailed analysis is included as follows:
 - (a) [Appendix A.1](#) – Respondents who **Agree or Partially Agree** and Staff's recommendations on **acceptance** of from respondents' suggestions to enhance the [draft] Final Pronouncement.

- (b) [Appendix A.2](#) – Respondents who **Agree or Partially Agree** and Staff's recommendations on **non-acceptance** of respondents' suggestions to enhance [draft] Final Pronouncement.
- (c) [Appendix A.3](#) – Respondents who **Disagree** and Staff's recommendations to address respondents' concerns.
7. The respondents that agreed or partially agreed with ED 86 proposals made several suggestions to enhance the [draft] Final Pronouncement. Based on the Staff's analysis of respondents who **Agree or Partially Agree** ([Appendix A.1](#) and [Appendix A.2](#)), in summary, Staff propose the following amendments to the [draft] Final Pronouncement:
- (a) To update the Amendments to Other IPSAS to include amendments to IPSAS 31, *Intangible Assets*, which was omitted from ED 86.
- The amendment is required, to be consistent with the amendment to IPSAS 45, *Property, Plant, and Equipment*, by referring to this [draft] Final Pronouncement in the text of that IPSAS, and not the international or national accounting standard dealing with this topic.
- (b) To update paragraphs BC5 and BC8 to clarify that the application to exploration and evaluation activities of a commercial nature and the exclusion of public sector specific terms related to "service delivery", i.e., "service potential", to clarify the scope of the [draft] Final Pronouncement.
- The IPSASB decided to align with IFRS 6 which is applicable to entities conducting exploration and evaluation for commercial interests, and agreed that this is equally relevant in the public sector. Respondents agreed that this is the focus, but clarity was needed in the BC.
- (c) To update paragraph BC11 to clarify the IPSASB's decision that no 'temporary exemption' in applying principles in IPSAS 3 is necessary, consistent with the IASB's decision for IFRS 6.
- Respondents noted that IFRS 6 still reflects the 'temporary exemption' from some principles in IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*. The IASB's decision to make the exemption permanent is yet to be affected in a formal pronouncement. Respondents recommended clarifying in the BC the IPSASB's decision to align with the IASB's decision, as exposed in ED 86, prior to updating IFRS 6.
- (d) To clarify the scope of the [draft] Final Pronouncement does not extend to accounting for the State's power to issue exploration rights (see paragraph BC9).
- Many respondents were confused by the scope of the [draft] Final Pronouncement and interpreted that it may extend to accounting for the power to issue rights. Clarifying the scope in the BCs will facilitate better application of the guidance.
8. Staff's analysis of respondents who **Disagree** ([Appendix A.3](#)) noted that these respondents disagree because:
- (a) The use of management judgement may lead to inconsistencies in and limit the comparability of financial statements (R04);
- (b) ED 86 does not consider all the practical aspects of the public sector (R04, R12);
- (c) There is a lack of feasibility in applying ED 86 proposals in the respondent's jurisdiction (R08);

- (d) Some exploration and evaluation assets are managed by the State for no consideration which need to be recognized as intangible assets (R08);
 - (e) Impairment indicators should not be limited to the indicators in paragraph 21 of ED 86 (R08);
 - (f) Impairment indicators may indicate loss of control (R12);
 - (g) There is inconsistency with the *Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities* on the application of the Qualitative Characteristics of GPFRs and definition of an asset (R12); and
 - (h) There is a lack of clarity on classification of the exploration and evaluation asset (R12).
9. Staff noted further that for the respondents who disagree:
- (a) **Issues were not specific to the public sector.** Many of the issues raised were not specific to the public sector. For example, the challenges identified in paragraphs in applying the impairment requirements are not unique to the public sector. In developing this aligned guidance, the IPSASB agreed to develop additional guidance to support its application in the public sector. Since the challenges are not specific to the public sector, no clarification is necessary;
 - (b) **Confusion regarding the scope of the ED.** Many of the issues challenged the objective and scope of the ED. For example, some respondents considered the state's power to issue exploration rights to be in scope of the ED, or questioned the applicability of the guidance in the public sector. However, the IPSASB confirmed that the ED's focus is on the entity which conducts the exploration and evaluation activities for commercial purposes. Clarification is provided as proposed in paragraph 7(b) and 7(d) above; or
 - (c) **Did not raise new issues that the IPSASB did not consider as part of the development of ED 86.** For example, a respondent questioned the comparability of financial information if the accounting policy choice to capitalize exploration and evaluation expenditure and exemption from IPSAS 3 is allowed. The IPSASB considered this scenario and confirmed the usefulness of information for users of the financial statements will still be achieved even though accounting policies may differ. No clarification is necessary.
10. Based on the Staff's analysis of respondents who **Disagree** ([Appendix A.3](#)), Staff propose, in addition to the proposals in paragraph 7(b), (c) and (d) above:
- (a) To further clarify in paragraph BC5 that the [draft] Final Pronouncement applies to commercial mining operations.
11. [Supporting Document 2: \[draft\] Final Pronouncement, Exploration for and Evaluation of Mineral Resources](#) shows, in red mark-up, the changes made to the [draft] Final Pronouncement consistent with Staff's recommendations above.

Decision Required

12. Does the IPSASB agree with Staff's [recommendations](#)?

Appendix A.1—Respondents' Suggestions to Enhance ED 86 Proposals Accepted by Staff

	Respondents' Suggestions	Staff's Recommendations
1.	<p>The proposed consequential amendments to other IPSASs seem to have omitted IPSAS 31, paragraph 3(c). (R13)</p> <p>Appendix A: Amendments to Other IPSAS A similar consequential amendment to that in IPSAS 45 on Property, Plant and Equipment should be included in paragraph 3(c) of IPSAS 31 on Intangible Assets: 03 This Standard does not apply to:</p> <p>(a) the recognition and measurement of exploration and evaluation assets (see [draft] IPSAS [X], Exploration for and Evaluation of Mineral Resources the relevant international or national accounting standard dealing with the exploration for, and evaluation of, mineral resources). (R20)</p>	<p>To proceed with the respondents' suggestions. Consistent with IFRS, the Amendments to Other IPSAS will be updated to include IPSAS 31, <i>Intangible Assets</i>, as follows:</p> <p>Amendments to IPSAS 31, <i>Intangible Assets</i></p> <p>Paragraph 3 is amended, and paragraph 132L is added. New text is underlined, and deleted text is struck through.</p> <p>3. This Standard does not apply to:</p> <p>...</p> <p>(c) The recognition and measurement of exploration and evaluation assets (see [draft] IPSAS [X], <u>Exploration for and Evaluation of Mineral Resources</u> the relevant international or national accounting standard dealing with exploration for, and evaluation of, mineral resources).</p> <p>...</p> <p>Effective Date</p> <p>...</p> <p>132L. Paragraph 3 was amended by [draft] IPSAS [X], <u>Exploration for and Evaluation of Mineral Resources</u>, issued on [MM DD, YYYY]. An entity shall apply this amendment for annual financial statements covering periods beginning on or after [MM DD, YYYY]. Earlier application is permitted. If an entity applies the amendments for a period beginning before [MM DD, YYYY], it shall disclose that fact.</p> <p>...</p>
2.	<p>Paragraph BC8 explains that the terminology of economic benefits used in IFRS 6 was retained as it is considered relevant to public sector entities using the [draft] Standard. As the term "economic benefits" is not used in ED 86, the explanation in paragraph BC8 may be unclear. We propose that the Basis for Conclusions explains why only the IFRS 6 concepts such as commercial viability and</p>	<p>To proceed with the respondent's suggestion. The Basis of Conclusions should be updated to provide clarity on the conclusion. It is proposed to amend paragraph BC8 as follows:</p> <p>"The IPSASB did not identify any public sector specific reasons to depart from principles in IFRS 6 in the development of this [draft] Standard, except for terminology and other IPSASB-specific</p>

	Respondents' Suggestions	Staff's Recommendations
	impairment of cash-generating assets, with reference to IPSAS 26 on Impairment of Cash-generating Assets, are retained. (R20)	formatting and consistency amendments. The IPSASB decided to retain the terminology of economic benefits <u>"commercial viability" and "impairment of cash-generating assets"</u> used in IFRS 6, because the [draft] Standard is only applicable to exploration and evaluation activities of a commercial nature, and as it is considered that this would be a relevant concept to public sector entities who use the [draft] Standard."
3.	<p>In the Scope P.3-5, it is recommended to clarify the applicability by considering FC P.18 of IPSAS 1 on the Consultation Document (CD), Applicability of IPSAS to Public Enterprises and Other Public Sector Entities.</p> <p>Rationale: A large part of the activities indicated in this standard are undertaken by Public Enterprises that will not necessarily apply IPSAS. (R17)</p>	<p>To proceed with the respondent's suggestion, but rather the Basis of Conclusions should provide clarity. It is proposed to amend paragraph BC5 as follows:</p> <p>"The IPSASB determined that guidance on exploration and evaluation costs should be based on aligned with IFRS 6, <u>applicable to exploration and evaluation activities of a commercial nature, and not of a service delivery nature. ...</u>"</p>
4.	<p>It was observed that following deviations have been made from IFRS 6 whose reasons have not been outlined in Basis for Conclusions that may be incorporated appropriately:</p> <p>BC 1 prescribes that "this draft Standard is based on IFRS 6 published by the IASB on 31st December 2004 including amendments up to March 2018". However, ED 86 incorporates the latest decision made by IASB, i.e., removed the temporary nature of the exemption from the application of paragraphs 11 and 12 of IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors'. The updated IFRS 6 is yet to be issued, however, the ED 86 incorporates such latest IASB's decision that fact may be mentioned in Basis for Conclusions. (R27)</p>	<p>To proceed with the respondent's suggestion. The Basis of Conclusions should be updated to reflect this conclusion. It is proposed to amend paragraph BC10 as follows:</p> <p>"The IPSASB also noted that the IASB concluded its project on Extractive Activities in September 2023. And <u>No further changes to the accounting and disclosure requirements in IFRS 6 are expected will be made, and the temporary nature of the exemption from paragraphs 11 and 12 of IAS 8, Accounting Policies, Changes in Accounting Estimates, and Errors will be removed as part of the IASB's next annual improvements cycle. The IPSASB agreed to align to the IASB's decision to remove the temporary nature of the exemption, which supports the conclusion on the usefulness of information per BC8.</u>"</p>
5.	<p>We wish to note that no specific section of the ED addressed possibility of a reversal of impairment that has been previously recognised and this means we have to be referring to IPSAS 26. (R03)</p> <p>We also wish to request clarification on whether reversal of impairment is possible when there are changes in circumstances i.e. when the technical</p>	<p>To proceed with the respondent's suggestion. Paragraphs 99-105 of IPSAS 26, <i>Impairment of Cash-Generating Assets</i> prescribes the reversal of impairment loss and remain applicable. The IASB's conclusion in paragraph BC48 of IFRS 6, states that the reversal of impairment losses is required of all entities for all assets when specified requirements in IAS 36, <i>Impairment of Assets</i> are met.</p>

	Respondents' Suggestions	Staff's Recommendations
	feasibility and commercial viability are now demonstrable. (R21)	<p>The Basis of Conclusions should be updated to provide clarity on this conclusion. It is proposed to amend paragraph BC12 as follows:</p> <p><u>"Reversal of impairment losses</u></p> <p><u>The IPSASB noted that for the reversal of impairment losses, entities should apply the specified requirements set out in paragraphs 99–105 of IPSAS 26, <i>Impairment of Cash-Generating Assets</i>, because these requirements apply to all entities for all assets (excluding goodwill and equity investments classified as available for sale)."</u></p>
6.	<p>P.10 in subparagraph (a) Acquisition of rights to explore; even those that do not involve monetary outlay should be included and should be measured at fair value.</p> <p>Rationale: Some exploration and appraisal assets are treated as intangibles (e.g., drilling rights), when they are managed by the state itself and there is no disbursement that does not consider these values within the measurement. (R17)</p>	<p>To proceed as follows. ED 86 applies to exploration and evaluation assets, which may include acquired rights to explore, and which are intangible in nature. However, ED 86 does not apply to internally generated intangible assets, which should be accounted for under IPSAS 31, <i>Intangible Assets</i>. Furthermore, powers and rights conferred by legislation, a constitution, or by equivalent means, such as mining rights managed by the state itself, are excluded from the scope of IPSAS 31 and are not recognized as intangible assets.</p> <p>The Basis of Conclusions should be updated to reflect this conclusion. It is proposed to insert paragraph BC9:</p> <p>"The IPSASB noted the view of some respondents to Exposure Draft 86 that the [draft] Standard should provide guidance to recognize as intangible assets the State's power to issue exploration rights to entities. The IPSASB noted that accounting by the issuer of the exploration rights is not in the scope of this [draft] Standard and noted, furthermore, that powers and rights conferred by legislation, a constitution, or by equivalent means, such as mining rights managed by the state itself, are also excluded from the scope of IPSAS 31, <i>Intangible Assets</i>."</p>

Appendix A.2—Respondents' Suggestions to Enhance ED 86 Proposals Not Accepted by Staff

	Respondents' Suggestions	Staff's Recommendations
1.	<p>We recommend that the IPSASB consider providing illustrative examples to assist entities in applying the proposed standard effectively. (R02)</p> <p>It is also suggested that the future standard contain application and implementation guides and illustrative examples, to demonstrate the practical application of the standard, such as cases of impairment and expressions such as 'exploration and evaluation assets', 'exploration for and evaluation of mineral resources', etc. (R06)</p> <p>However, we suggest incorporating guidelines to facilitate the understanding of the recording of expenses, exploration and evaluation assets, such as intangibles and illustrative examples. (R09)</p> <p>Paragraph 18 of ED 86 states that “an exploration and evaluation asset shall no longer be classified as such when the technical feasibility and commercial viability of extracting a mineral resource are demonstrable”. We propose that the IPSASB include example(s) to illustrate when the reclassification would occur. Accordingly, we propose the underlined sentence below is added to paragraph 18 as follows:</p> <p>“An exploration and evaluation asset shall no longer be classified as such when the technical feasibility and commercial viability of extracting a mineral resource are demonstrable. <u>For example, the vehicles and drilling rigs classified as exploration and evaluation assets are reclassified to property, plant and equipment upon the technical feasibility and commercial viability of extracting a mineral resource are demonstrable.</u> Exploration and evaluation assets shall be assessed for impairment, and any impairment loss recognized, before reclassification.” (R21)</p> <p>"Recommendations: 1. It is suggested that the future standard should contain guidance with illustrative examples, to demonstrate the practical application of the standard, such as impairment</p>	<p>No change necessary. In developing ED 86, the IPSASB concluded the guidance applied to transactions were consistent between the public and private sector, and therefore the accounting principles should be aligned. No public sector transactions have been identified, either by the IPSASB or respondents, that differ from the private sector that warrant the development of additional IG or IE for the purposes of this [draft] Final Pronouncement.</p>

	Respondents' Suggestions	Staff's Recommendations
	<p>cases and expressions such as ""asset exploration and evaluation"", ""mineral resource exploration and evaluation"", etc. (R17)</p> <p>The proposed ED includes definitions of exploration for and evaluation of mineral resources, and exploration and evaluation expenditures. The ED identifies, in Paragraphs 5-6, expenditures that are excluded from the proposed definition of exploration and evaluation assets. We support additional guidance to assist in identifying exploration and evaluation expenditures that are excluded in the definition of an exploration and evaluation expenditure and asset. (R28)</p> <p>Notably, we believe that more attention should be paid to addressing the demonstration of the technical feasibility and commercial viability, as this triggers the non-applicability of the standard. Examples of such a demonstration should be given to support the guidance. (R28)</p>	
2.	We suggest moving the paragraph 29 under the "Disclosure" portion instead of Transition, since it pertains to the application of paragraph 19 rather than discussing the transitional provision. (R02)	No change necessary. The requirement in paragraph 29 is only applied on transition. Paragraph 29 provides an exemption to the disclosure of comparatives in IPSAS 1, <i>Presentation of Financial Statements</i> .
3.	Moreover, include transition provisions similar to ED 87. (R02)	No change necessary. In developing ED 86, the IPSASB concluded the guidance applied to transactions that were consistent between the public and private sector, and therefore the accounting principles should be aligned. There is no public sector reason to depart from the transitional provisions.
4.	There is no consideration for the impairment of the mineral asset for example, when government comes in as a joint operator of the said asset and thereby pass a law that impacts the mineral mine. (R03)	No change necessary. The passing of laws may affect exploration and evaluation of mineral resources irrespective of whether this is done in the private or public sector. Therefore, this suggestion is not a public sector reason to depart from what IFRS 6. Furthermore, the indicators of impairment provided in paragraph 21 of the [draft] Final Pronouncement are not an exhaustive list and may be expanded on if information indicates impairment may have occurred.

Agenda Item 7.2.2

	Respondents' Suggestions	Staff's Recommendations
5.	There is no guidance in the standard for a case, whereby during exploration, you discover another mineral and it is compulsory to mine that discovery mineral because of the tax implication on it. (R03)	No change necessary. The scope of the [draft] Final Pronouncement is limited to the period before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable, i.e. before the production or extraction phase of a mine. Furthermore, such information may indicate impairment of the exploration and evaluation asset, if recognized. The list of impairment indicators in paragraph 21 are not exhaustive, and this information may be considered. It is not appropriate to expand the list of indicators for entity specific scenarios. The information may also require the recognition of a provision in terms of IPSAS 19, <i>Provisions, Changes in Accounting Estimates, and Errors</i> .
6.	There is need to consider additional disclosures and guidance on impairment. (R03)	No change necessary. The [draft] Final Pronouncement only supersedes IPSAS 26 for purposes of the example indicators, as required in paragraph 20 of the [draft] Final Pronouncement, and the allocation to a cash-generating unit, as required by paragraph 22 of the [draft] Final Pronouncement. An entity shall measure, present and disclose any resulting impairment loss in accordance with the guidance in IPSAS 26, as required by paragraph 19 of the [draft] Final Pronouncement, except where the [draft] Final Pronouncement has a different requirement, i.e., the measurement of impairment for a CGU.
7.	It is suggested that the future standard contain general explanations on criteria for granting licenses to public sector entities, which sometimes already have authorizations guaranteed by law for the exploitation of mineral resources. (R06)	No change necessary. It is not in scope of the [draft] Final Pronouncement to consider general terms and conditions related to mining licences or rights, which may impact the exploration and evaluation activities. Those considerations relate to the issuing of the right itself and depends on each jurisdiction's own laws in this regard.
8.	In addition to the requirement to apply paragraph 12 of IPSAS 3, we suggest strengthening the asset recognition section (paragraphs 7 and 8) by specifically requiring recognition of exploration and evaluation assets to be governed by (i) the typical criteria for recognizing an asset including that it is probable that future economic benefits associated with the expenditure will flow to the entity,	No change necessary. Introducing recognition criteria would cause a conflict in the guidance. The asset recognition criteria included in IPSAS 45, <i>Property, Plant, and Equipment</i> and IPSAS 31, <i>Intangible Assets</i> work two ways: a) An asset shall be recognized if the criteria are met; and b) An asset shall not be recognized if the criteria are not met.

	Respondents' Suggestions	Staff's Recommendations
	<p>(ii) paragraph 5 of the scope section and</p> <p>(iii) the definition of exploration and evaluation expenditures in paragraph 6. This would guide entities on what to recognize as exploration and evaluation assets and when such recognition begins and ends. (R13)</p> <p>We suggest strengthening the asset recognition section, with the definition of assets, to mitigate potential political incentives to capitalize disbursements on assets that should be recognized as expenses. While this problem is less common in the private sector, there is a risk of overvaluing assets in the public sector. (R19)</p>	<p>ED 86 introduces an accounting policy choice to capitalize exploration and evaluation expenditure even if the asset recognition criteria are not met (as indicated by b) above), especially the criterion: "It is probable that future economic benefits or service potential associated with the item will flow to the entity;" because exploration and evaluation expenditure are incurred <u>before</u> the technical feasibility and commercial viability of extracting a mineral resource are demonstrable.</p> <p>ED 86 is aligned with IFRS 6 which was specifically developed to allow an accounting policy choice to account for exploration and evaluation expenditure to meet the information needs of both preparers and users of financial statements (see paragraph BC10 of the [draft] Final Pronouncement).</p>
9.	<p>We suggest strengthening the wording of paragraph 16 of ED 86 to emphasize that it is necessary to apply the relevant IPSAS to this tangible or intangible assets according to the nature of the assets (e.g., IPSAS 45, Property, Plant and Equipment). (R19)</p>	<p>No change necessary. Paragraph 26 of the [draft] Final Pronouncement requires an entity to treat exploration and evaluation assets as a separate class of assets, as either tangible or intangible (paragraph 16 of the [draft] Final Pronouncement). Only when the technical feasibility and commercial viability of extracting a mineral resource are demonstrable shall an exploration and evaluation asset shall no longer be classified as such. (Paragraph 18 of the [draft] Final Pronouncement). Classification as an item of property, plant, and equipment or intangible asset only applies from this point forward.</p> <p>Only the disclosure per IPSAS 45 or IPSAS 31 are required per paragraph 26 of the [draft] Final Pronouncement.</p>
10.	<p>While paragraph 13 requires applying the historical cost model or the current value model to the exploration and evaluation asset after recognition, it is not clear that exploration and evaluation assets are not subject to depreciation and amortization until they are eventually reclassified as part of operating assets (that is, when the production phase begins). We suggest that this should be clarified. (R13)</p> <p>Currently, it is only clear that the assets are subject to impairment, but it is not clear that they may also</p>	<p>No change necessary. Paragraph 46 of IPSAS 46 require both models for subsequent measurement of the exploration and evaluation asset to reflect the consumption of the asset as either depreciation or amortization.</p>

	Respondents' Suggestions	Staff's Recommendations
	be subject to depreciation and amortization under the relevant IPSAS. (R19)	
11.	We understand that IFRS 6 has a temporary status pending a comprehensive review by the IASB of the accounting for extractive activities. We suggest that the final IPSAS should also have a temporary status. Otherwise, changes might be needed to revise the text in the draft standard suggesting that other IPSASs are to be applied by analogy (as opposed to directly applicable) and to remove scope exclusions in other IPSASs relating to extractive activities (for example, IPSAS 31, paragraphs 3(d) and 10) in order to reflect that these IPSASs are now directly applicable. (R13)	No change necessary. The IPSASB exposed ED 86 after considering the IASB's concluded review of extractive activities industry and its decision to remove the temporary nature of the exemption in IFRS 6. The IPSASB agreed at the December 2023 meeting to provide the exemption in paragraph 8 of the [draft] Final Pronouncement permanently (i.e., it is not a temporary exemption).
12.	It is also suggested to address aspects related to the exploration and evaluation of Mineral Resources within the framework of IPSAS 32 Service Concession Arrangements: Grantor. (R18)	No change necessary. Service concession assets are assets held to provide public services in a service concession arrangement to be accounted for by the grantor. This [draft] Final Pronouncement is focused on exploration and evaluation activities of a commercial nature and not for service delivery purposes.
13.	In deterioration, recognition, and measurement. P.20 should not be evaluated exclusively in relation to P.21 but should be considered elements of IPSAS 26 P.25/29. Rationale: This could result in the exclusion of material information from the financial statements due to the failure to timely recognize impairment losses and the inclusion of unreliable information due to the inclusion of assets that do not accurately represent the transactions and other events they purport. (R20)	No change necessary. The indicators of impairment in paragraph 25 of IPSAS 26 are generic and aimed at wide application to non-financial assets. Due to the specific nature of exploration and evaluation assets, new indicators are introduced in the [draft] Final Pronouncement and provide internal and external sources of information, not unlike IPSAS 26, to indicate that such an asset may be impaired. These indicators are more specific and more appropriate to use in these circumstances.
14.	The information related to the amounts of commercial reserves is the most important element for an entity with extraction activities, although it is true that this disclosure is outside the scope of this Standard, it would be advisable to include it especially in the case of future concessions in the exploitation stage. (R17) Considering that sustainability reports already exist, the impact of these non-renewable mineral resources and their social impact should be evaluated. (R17)	No change necessary. The disclosure of commercial mineral resource reserves, and reporting on the impact of non-renewable mineral resources on society, are outside the scope of this [draft] Final Pronouncement. Furthermore, this [draft] Final Pronouncement only applies to the disclosure pertaining to the exploration and evaluation asset recognized, and not the mineral resources themselves.

	Respondents' Suggestions	Staff's Recommendations
15.	We consider it important to clearly specify which expenses should be recognized as exploration and evaluation assets, in addition to the convenience of establishing guidelines for the assessment of situations, particularly in the distinction between capital expenditures and operating expenditures during the exploration phase. (R22)	No change necessary. Each entity's scenario would be unique and the accounting policy choice to capitalize exploration and evaluation expenditure is a judgement call by management. The list of expenses provided in paragraph 10 of the [draft] Final Pronouncement are examples to assist application when capitalizing those expenditure.
16.	IFRS 6 prescribes to measure the exploration and evaluation assets after recognition by applying either the cost model or the revaluation model. However, the term "revaluation model" has been replaced in ED 86 as "current value model" in line with IPSAS 45, Property, Plant and Equipment and IPSAS 31, 'Intangible Assets'. Such terminology change may be specifically mentioned in Basis for Conclusions. (R27)	No change necessary. Paragraph BC8 of the [draft] Final Pronouncement refers to terminology and other IPSASB-specific formatting and consistency amendments.
17.	We observe that paragraphs 22-23 do not clearly describe the level of the impairment. We believe that it could be difficult in this area to identify a segment from the guidance of IPSAS 18, as it could be deemed subjective and arbitrary. (R28)	No change necessary. There is a strong correlation between activities for exploration and evaluation and how segments may be reported by management in accordance with IPSAS 18, <i>Segment Reporting</i> . Therefore, the requirement to assess impairment at the segment level, as a minimum level, is appropriate in these circumstances.
18.	Although the ED is recalling IPSAS 45 or IPSAS 31 for the disclosures requested in the case of impairment, we strongly believe that more (detailed) disclosure requirements with regard to the impairment testing, at least in terms of examples, should be considered by the Board. Moreover, IPSAS 45 and 31 also recall other standards in terms of disclosures, i.e. IPSAS 21 and 26. It would be better to mention in the standard such disclosures separately and on each of them refer to the appropriate IPSAS. (R28)	No change necessary. An entity shall measure, present and disclose any impairment loss in accordance with the guidance in IPSAS 26, as required by paragraph 19 of the [draft] Final Pronouncement, except where the [draft] Final Pronouncement has a different requirement, i.e., the measurement of impairment for a CGU.
19.	In addition, as the ED is proposing alignment with IFRS 6, it should also align with the other standards which are implicitly or explicitly recalled in the ED itself. For example, IPSAS 18 should be aligned with IFRS 8, since the latter has more specific guidance on the determination of segments. (R28)	No change necessary. Each IPSAS development decision includes considering alignment with IFRS and will be dealt with separately as stated in the IPSASB's due process for the development of pronouncements.

Appendix A.3—Respondents' Reasons that Disagree with ED 86 Proposals and Staff's Analysis

Respondents' Reasons	Staff's Analysis
SMC 1 – IFRS 6 alignment with limited public sector amendments	
<p>1. The use of management judgement in determining the accounting policy, exempt from applying paragraphs 14 and 15 of IPSAS 3, may lead to inconsistencies in the accounting for these costs and limit the comparability of financial statements from one entity to the other. (R04)</p>	<p>1. The [draft] Final Pronouncement requires compliance with paragraph 12 of IPSAS 3, <i>Accounting Policies, Changes in Accounting Estimates, and Errors</i>, which requires management to use its judgment in developing and applying an accounting policy.</p> <p>Therefore, management judgement when selecting an accounting policy for the accounting of costs linked to exploration and evaluation activities may be entity specific, based on past practice of the entity in this industry, i.e., the expensing or capitalization of exploration and evaluation costs,</p> <p>Furthermore, the exemption from applying paragraph 14 (i.e., referring to current guidance in IPSAS) and paragraph 15 (i.e., referring to external guidance from other standard setting bodies or accounting practices) is to allow this existing accounting practice, to continue.</p> <p>The IPSASB did not identify any public sector reason not to allow the exemption from applying paragraphs 14 and 15.</p>
<p>2. Paragraph BC8 of the ED states that the IPSASB did not identify any specific reason to depart from the principles in IFRS 6 in the development of this Standard, except for terminology and other IPSASB-specific formatting and consistency amendments. Paragraph BC10 states that the IPSASB also noted that the IASB concluded its project on Extractive Activities in September 2023, and no further changes to the accounting and disclosure requirements in IFRS 6 are expected, which supports the conclusion on the usefulness of information per BC8.</p> <p>In terms of the IASB's Project Summary on Extractive Activities (December 2023) the IASB conducted extensive research and gathered</p>	<p>2. The IASB concluded its review of extractive activities and decided to remove the temporary nature of the exemption in IFRS 6. This decision was made in September 2023, prior to the approval of ED 86. Even though the amendment¹ to IFRS 6 still had to be affected, it was considered appropriate to include it in the development of ED 86.</p> <p>Further analysis of public sector scenarios, to support making the exemption permanent, would be resource intensive, while such an analysis may not lead to tangible benefits to public sector reporting due to the specialized nature of exploration and evaluation activities.</p>

¹ The IASB agreed to amend IFRS 6 as part of the IASB's next annual improvements cycle.

Respondents' Reasons	Staff's Analysis
<p>evidence to help it decide whether to amend or replace IFRS 6 or consider making changes to improve other IFRS Accounting Standards applying to extractive activities. In terms of that research, the IASB did not find evidence of a significant financial reporting problem that could be addressed by standard-setting, despite evidence of diversity, some of which could be explained by an entity's particular circumstances. Following the completion of its comprehensive review of the accounting for extractive activities, the IASB decided to remove the word 'Temporary' from the heading of the section in IFRS 6 that exempts an entity from applying some of the requirements in IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors to its accounting policies for exploration and evaluation expenditure. In contrast, the IPSASB has not included the words 'Temporary' under the heading 'Exemption from IPSAS 3 paragraphs 14 and 15' despite not having conducted a detailed review of accounting for extractive industries in the public sector. This implies that the exemption provided in paragraph 8 of ED 86 is permanent."</p> <p>SAICA therefore recommends that the IPSASB first conducts a detailed review of recognition, measurement and disclosure issues relating to exploration and evaluation assets experienced by public sector entities prior to applying the exemption in terms of paragraph 8 of the ED. This will ensure that the decision to exempt entities from applying paragraphs 14 and 15 of IPSAS 3 is informed by detailed evidence relating to the application of the standard. (R04)</p>	<p>The Basis of Conclusions should be updated to reflect this conclusion. It is proposed to amend paragraph BC10 as follows:</p> <p>"The IPSASB also noted that the IASB concluded its project on Extractive Activities in September 2023, and no No further changes to the accounting and disclosure requirements in IFRS 6 are expected <u>will be made</u>, <u>and the temporary nature of the exemption from paragraphs 11 and 12 of IAS 8, Accounting Policies, Changes in Accounting Estimates, and Errors will be removed as part of the IASB's next annual improvements cycle.</u> The IPSASB agreed to align to the IASB's <u>decision to remove the temporary nature of the exemption,</u> which supports the conclusion on the usefulness of information per BC8."</p>
<p>3. No, we think that the IFRS 6 amendments for the public sector are not limited to terminology and other format.</p> <p>In the Scope P. 3-5, it is recommended to clarify the applicability by considering FC P.18 of IPSAS 1 on the Consultation Document (DC), IPSAS applicability to Public Enterprises and Other Public Sector Entities.</p>	<p>3. The IPSASB's decision to develop a [draft] Final Pronouncement aligned with IFRS 6 received strong support from respondents to the Consultation Paper, <i>Natural Resources</i>.</p> <p>The alignment with IFRS 6 did not change the scope of the [draft] Final Pronouncement, which only apply to activities of a commercial nature. Activities of a service delivery nature are outside the scope of the [draft] Final Pronouncement.</p>

Respondents' Reasons	Staff's Analysis
<p>Rationale: A large part of the activities indicated in this standard are undertaken by Public Enterprises that will not necessarily apply IPSAS. (R08)</p>	<p>The Basis of Conclusions should be updated to reflect this conclusion. It is proposed to amend paragraph BC5 as follows:</p> <p>"The IPSASB determined that guidance on exploration and evaluation costs should be based on <u>aligned with IFRS 6, applicable to exploration and evaluation activities of a commercial nature, and not of a service delivery nature. ...</u>"</p>
<p>4. In Cost of Exploration and Appraisal Assets Elements. P.10 in subparagraph (a) Rights Acquisition to explore; even those that do not involve monetary outlay should be included and should be measured at fair value.</p> <p>Rationale: Some exploration and appraisal assets are treated as intangibles (e.g., drilling rights), when they are managed by the state itself and there is no disbursement that does not consider these values within the measurement. (R08)</p>	<p>4. ED 86 applies to exploration and evaluation assets, which may include <u>acquired</u> rights to explore, and which are intangible in nature. However, ED 86 does not apply to internally generated intangible assets, which should be accounted for under IPSAS 31, <i>Intangible Assets</i>. Furthermore, powers and rights conferred by legislation, a constitution, or by equivalent means, such as mining rights managed by the state itself, are excluded from the scope of IPSAS 31 and are not recognized as intangible assets.</p> <p>The Basis of Conclusions should be updated to reflect this conclusion. It is proposed to insert paragraph BC9:</p> <p>"<u>The IPSASB noted the view of some respondents to Exposure Draft 86 that the [draft] Standard should provide guidance to recognize, as intangible assets, the State's power to issue exploration rights to entities. The IPSASB noted that accounting by the issuer of the exploration rights is not in the scope of this [draft] Standard and noted, furthermore, that powers and rights conferred by legislation, a constitution, or by equivalent means, such as mining rights managed by the state itself, are also excluded from the scope of IPSAS 31, <i>Intangible Assets</i>.</u>"</p>
<p>5. In deterioration, recognition, and measurement. P.20 should not be evaluated exclusively in relation to P. 21 but should be considered elements of IPSAS 26 P. 25-29.</p> <p>Rationale: This could result in the exclusion of material information from the financial statements due to the failure to timely recognize impairment</p>	<p>5. The indicators of impairment in paragraph 25 of IPSAS 26, <i>Impairment of Cash-Generating Assets</i> are generic and aimed at wide application to non-financial assets.</p> <p>Due to the specific nature of exploration and evaluation assets, new indicators are introduced in the [draft] Final Pronouncement and provide</p>

Respondents' Reasons	Staff's Analysis
losses and the inclusion of unreliable information due to the inclusion of assets that do not accurately represent the transactions and other events they purport. (R08)	internal and external sources of information, not unlike IPSAS 26, to indicate that such an asset may be impaired. These indicators are more specific and more appropriate to use in these circumstances.
<p>6. No, the change in terminology is not sufficient to adapt the standard to the public sector.</p> <p>We consider that the exposure draft doesn't consider all the particular aspects of the public sector. IFRS 6 is intended for companies engaged in commercial exploitation that require licenses to carry out exploration and evaluation activities of mineral resources, and not for government entities that have this legal or constitutional mandate for other purposes. (R12)</p>	<p>6. The IPSASB discussed the scope of the pronouncement and concluded given the type of transactions covered, it was appropriate to maintain the scope of the guidance to focus on operations with commercial operations (those focussed on delivering economic benefits).</p> <p>The proposal to amend paragraph BC5 will address the applicability of the [draft] Final Pronouncement to commercial exploration and evaluation activities.</p>
<p>7. Also, inconsistencies are observed between the exposure draft and the IPSASB guidelines of the IPSAS Conceptual Framework, including: the definition of mineral resource exploration and evaluation assets as an expense; stating the classification of qualitative characteristics, when the IPSASB considers them equally important. (R12)</p>	<p>7. ED 86 requires compliance with paragraph 12 of IPSAS 3, which states "...management shall use its judgment in developing and applying an accounting policy that results in information that is relevant to the accountability and decision-making needs of users, faithfully represents the financial position, financial performance, and cash flows of the entity, meets the qualitative characteristics of understandability, timeliness, comparability, and verifiability and takes account of the constraints on information included in general purpose financial reports and the balance between the qualitative characteristics."</p> <p>Determining an accounting policy is an entity-specific decision and the qualitative characteristics should indeed be considered, as required in paragraph 12.</p>
<p>8. Inconsistency between the guidelines for the definition of which elements are part of the cost. (R12)</p>	<p>8. There is no inconsistency between the elements of cost and the definition of exploration and evaluation assets within the [draft] Final Pronouncement, which is consistent with IFRS 6.</p> <p>The definition of an exploration and evaluation asset introduces the potential to capitalize such expenditure when the technical feasibility and commercial viability of extracting a mineral resource are demonstrable.</p>

Respondents' Reasons	Staff's Analysis
	<p>Paragraph 10 of the [draft] Final Pronouncement requires an entity to consider the degree to which the exploration and evaluation expenditure can be associated with finding specific mineral resources, which can be capitalized, and provides examples of such expenditure.</p> <p>The capitalization of exploration and evaluation expenditure is allowed under ED 86, because this treatment may provide useful information to users of the financial statements in the mining industry. Such expenditure would not generally meet capitalization criteria.</p>
<p>9. Doubts as to whether impairment indicators are impairment loss or whether they are criteria for derecognition of assets. (R12)</p>	<p>9. The indicators in the draft Standard are appropriately drafted not to imply a loss of control triggering derecognition. The loss of control is event driven and the indicators only reflect a possible future event, therefore triggering an impairment test.</p> <p>For example:</p> <p>“(a) The period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed.”</p> <p>For this indicator, the renewal of a license after expiration is administratively possible and non-renewal is only expected, and not yet a fact, and therefore no loss of control of the asset is indicated by this information.</p>
<p>10. Lack of clarity on how the reclassification of assets should be made when the technical feasibility and commercial viability of extracting a mineral resource is demonstrable. (R12)</p>	<p>10. Paragraph 18 of the [draft] Final Pronouncement states that when the technical feasibility and commercial viability of extracting a mineral resource are demonstrable, the asset recognized under the accounting policy of the entity shall no longer be classified as an exploration and evaluation asset, but instead classified according to the substance of the asset, whether tangible (e.g., PPE) or intangible.</p> <p>Specific guidance on the reclassification of assets, resulting from the exploration and evaluation activities, is not considered necessary in light of the</p>

Respondents' Reasons	Staff's Analysis
	appropriate asset classification guidance in Chapter 5 of the <i>Conceptual Framework</i> , to ensure understandability of the information, and utilizing the Scope and Definitions of the relevant IPSAS, e.g., IPSAS 31 and IPSAS 45.

ED 87: IFRIC 20 Alignment with Limited Public Sector Amendments (SMC 1)

Question

1. Does the IPSASB agree with Staff's recommendations to amend the [draft] Final Pronouncement (Amendments to IPSAS 12) as summarized below, and detailed in [Appendix A.1](#), [Appendix A.2](#), and [Appendix A.3](#) with tracked changes in [Supporting Document 4, \[draft\] Final Pronouncement, Stripping Costs in the Production Phase of a Surface Mine \(Amendments to IPSAS 12\)](#)?

Recommendations

2. Staff recommend the IPSASB to:
 - (a) To amend paragraph A14 to clarify that the measurement basis for stripping activity assets, is consistent with the measurement requirements in IPSAS 45 and IPSAS 46;
 - (b) Amend paragraph BC10 to clarify that the recognition criteria in paragraph A9 of Appendix A of the [draft] Final Pronouncement (Amendments to IPSAS 12), are limited to economic benefits expected to flow to the entity; and
 - (c) Approve the revisions as presented in [Supporting Document 4: \[draft\] Final Pronouncement \(Amendments to IPSAS 12\)](#).

Background

3. ED 87 included the following Specific Matter for Comment (SMC):

Specific Matter for Comment 1:

The IPSASB decided to propose IFRIC 20-aligned guidance in ED 87 (see paragraph BC10). Do you agree that amendments to IFRIC 20, for the public sector, are limited to terminology and other IPSASB-specific formatting and consistency amendments (see paragraph BC10)?

If not, please explain your reasons, stating clearly what further amendments are necessary and why.

4. This Agenda Item addresses the respondents' suggestions to enhance ED 87 proposals for the [draft] Final Pronouncement (Amendments to IPSAS 12).

Analysis

5. SMC 1 received strong support, with the vast majority of respondents (26 or 94%) agreeing or partially agreeing with the proposals in SMC 1. Only one (3%) respondent disagrees with the proposals in SMC 1. One (3%) respondent neither agrees nor disagrees.
6. Staff further analyzed comments from the respondents. The detailed analysis is included as follows:
 - (a) [Appendix A.1](#) – Respondents who **Agree and Partially Agree** and Staff's recommendations on **acceptance** of from respondents' suggestions to enhance the [draft] Final Pronouncement (Amendments to IPSAS 12).
 - (b) [Appendix A.2](#) – Respondents who **Agree and Partially Agree** and Staff's recommendations on **non-acceptance** of respondents' suggestions to enhance [draft] Final Pronouncement (Amendments to IPSAS 12).

- (c) [Appendix A.3](#) – Respondent who **Disagrees** and Staff's recommendations to address the respondent's concerns.
7. Based on Staff's review of the responses to SMC 1 Staff propose the following amendments to the [draft] Final Pronouncement (Amendments to IPSAS 12):
- (a) To amend paragraph A14 to clarify that the measurement basis for stripping activity assets, is consistent with the measurement requirements in IPSAS 45 and IPSAS 46.
- ED 87 was exposed with reference to "revalued amount" which was inconsistent with the terminology used to describe the measurement basis in IPSAS 45 and IPSAS 46; and
- (b) To update paragraph BC10 to clarify that the recognition criteria in paragraph A9 of Appendix A of the [draft] Final Pronouncement (Amendments to IPSAS 12), does not include the probability of service potential to flow to the entity, because it is expected that entities conduct these operations for commercial purposes, and not for service delivery reasons.
- A common change made when the new guidance is aligned with IFRS is to include the principle of 'service potential' with 'economic benefit'. However, the IPSASB concluded this guidance should be applied only to operations with commercial purposes, which respondents agreed with, but wanted additional clarity in the BCs.
8. [Supporting Document 4: \[draft\] Final Pronouncement \(Amendments to IPSAS 12\)](#) shows, in red mark-up, the changes made to the [draft] Final Pronouncement (Amendments to IPSAS 12) consistent with Staff's recommendations above.

Decision Required

9. Does the IPSASB agree with Staff's [recommendations](#)?

Appendix A.1—Respondents’ Suggestions to Enhance ED 87 Proposals Accepted by Staff

	Respondents’ Suggestions	Staff’s Recommendations
	SMC 1 – IFRIC 20 Alignment with Limited Public Sector Amendments	
1	<p>Paragraph A14 of the exposure draft ED 87 guidance states that the subsequent recognition of the asset for stripping activity shall be accounted for either at cost or at revalued value. However, from IPSAS 45-Property, Plant and Equipment and IPSAS 46-Measurement, the current operating value is mentioned as the basis of measurement. In this regard, it is suggested that the measurement basis associated with subsequent measurement be revised in the ED 87 project, since we find it inconsistent with the measurement basis indicated in the aforementioned IPSAS. (R12)</p> <p>We suggest changing the wording of paragraph A14 of ED 87 to use the term current value instead of revalued amount, consistent with terminology used in IPSAS 45, Property, Plant and Equipment and IPSAS 46, Measurement. (R13)</p> <p>However, we propose for the IPSASB to align the subsequent measurement of stripping activity asset with the requirement in paragraph 17 of IPSAS 46 Measurement. (R21)</p>	<p>To proceed with the respondents’ suggestions and paragraph A14 be amended as follows:</p> <p>“After initial recognition, the stripping activity asset shall be carried <u>in the same manner as the existing asset of which it is a part</u> at either its:</p> <ul style="list-style-type: none"> • <u>historical cost or its revalued amount less any accumulated depreciation or amortization and less any accumulated impairment losses, or</u> • its revalued amount, <u>being its current operational value or fair value at the date of the revaluation, less any subsequent accumulated depreciation or amortization and less any subsequent accumulated impairment losses in the same way as the existing asset of which it is a part.</u>”
2.	<p>Our comment on specific guidance in ED 87 is outlined below. We note that a routine terminology amendment made to IPSAS when aligning with IFRS Accounting Standards is to consider service potential in addition to economic benefits. Paragraph A9 explains the criteria that should be met to recognise a stripping activity asset. One of the criteria is that “it is probable that the future economic benefit associated with the stripping activity will flow to the entity”. This criterion only refers to “economic benefit” and is not extended to “service potential”. While this may be appropriate for ED 87, we recommend that the reason for not including “service potential” is explained in the Basis for Conclusions. (R20)</p>	<p>To proceed with the respondent’s suggestion. The Basis of Conclusions should be updated to provide clarity on the conclusion. It is proposed to insert paragraph BC11 as follows:</p> <p>“<u>The IPSASB noted a common change made when the new guidance is aligned with IFRS is to include the principle of ‘service potential’ with ‘economic benefit’ when evaluating whether an asset can be recognized. In this case the IPSASB agreed not to amend the recognition criteria in paragraph A9 of Appendix A, because it is expected that entities conduct these operations for commercial purposes, and not for service delivery reasons.</u>”</p>

Appendix A.2—Respondents’ Suggestions to Enhance ED 87 Proposals Not Accepted by Staff

	Respondents’ Suggestions	Staff’s Recommendations
	SMC 1 – IFRIC 20 Alignment with Limited Public Sector Amendments	
1.	<p>We recommend that the IPSASB consider providing illustrative examples to assist entities in applying the amended standard effectively. (R02)</p> <p>However it is suggested to incorporate guidelines to facilitate the understanding of the recording of stripping costs in the production phase of a surface mine. (R09)</p>	<p>No change necessary. In developing ED 7, the IPSASB concluded the guidance applied to transactions were consistent between the public and private sector, and therefore the accounting principles should be aligned. No public sector transactions have been identified, either by the IPSASB or respondents, that differ from the private sector that warrant the development of additional IE for the purposes of this [draft] Final Pronouncement.</p>
2.	<p>How should subsequent discovery of other assets/minerals in the space/mine be classified? It will be of value to include specific disclosure requirements in the final standard such that users of the financial statements are able to understand what portion of the asset being capitalized or what portion of the inventory relates to stripping cost. (R03)</p>	<p>No change necessary. The disclosure requirements in the IPSAS 12 and IPSAS 45 provide sufficient information on capitalization. For example, two assets may be recorded once it is determined that a portion resulting from new ore (inventory) and the other the improved access (PPE).</p>
3.	<p>It is crucial to ensure that any unique public sector considerations are also adequately addressed. For example, the public sector might operate under different regulatory or environmental obligations compared to the private sector, which could impact the accounting treatment of stripping costs. Additionally, public sector projects may be subject to different funding arrangements or budgetary constraints, potentially requiring modifications in the recognition and measurement criteria. If there are significant public sector-specific issues not covered by the current scope of IFRIC 20, further amendments may be necessary to ensure that the guidance is fully relevant and applicable. In this context, it would be beneficial for the IPSASB to thoroughly review any distinctive aspects of public sector operations that might necessitate additional guidance, thereby ensuring that the adapted standard fully meets the needs of public sector entities. (R16)</p> <p>We recommend that the IPSASB ensure that all unique public sector considerations not covered in IFRIC 20 are adequately addressed. (R20)</p>	<p>No change necessary. The appendix provides interpretive guidance on a very specific application, and it is further limited to a specific operational activity of a surface mine. Furthermore, regulatory, funding, or environmental obligations in the public sector are not expected to be different to the regulatory, funding, or environmental scenarios in the private sector for entities conducting stripping activities, and therefore would not affect accounting for stripping costs.</p>

	Respondents' Suggestions	Staff's Recommendations
4	<p>It is recommended to clarify that this guide does not address oil and natural gas extraction, including the question of whether oil sands extraction is an open-pit mining activity. (R15)</p> <p>It is recommended to clarify that this guide does not address oil and natural gas extraction, including the question of whether oil sands extraction was an open-pit mining activity. (R17)</p> <p>IFRIC 20 is specifically designed for surface mines. The public sector might have entities dealing with a wider range of extractive activities (e.g., quarries, forestry). The IPSASB might need to clarify if the guidance applies broadly or needs adjustments for different resource extraction types. (R28)</p>	<p>No change necessary. Paragraph BC9 indicates that the Appendix A “applies to all types of natural resources that are extracted using this process.”</p>
5.	<p>In paragraph A10, it mentions that the entity may identify the adequacy or improvement of an existing asset. It is recommended to clarify that the criteria set out in Conceptual Framework 5.7 must be met. If the criteria are not met, an asset will not be recognized for clearing activity. (R21)</p>	<p>No change necessary. The appendix provides interpretive guidance regarding principles in IPSAS 12 and IPSAS 45 which clearly require the asset recognition criteria be met.</p>
6.	<p>The asset from the clearing activity could complement or enhance a variety of existing assets, e.g. ownership of the mine (land), the mineral deposit itself, an intangible right to extract the mineral or an asset that originated in the development phase of the mine that would be subject to the IPSAS 17 application, IPSAS 31. (R21)</p>	<p>No change necessary. The benefits derived may be in the form of inventory or a non-current asset (which includes tangible or intangible assets) and therefore all types of non-financial assets can be added to or enhanced.</p>
7.	<p>Additionally, it is suggested to clarify in the paragraph A13 of ED 87 with regard to the cost allocation guidance whether it can be based on sales price. In our view jurisdiction, when applying the IFRIC for the purpose, it was pointed out by the relevant industries to give clarification which was considered appropriately, and the following paragraph was added in Ind AS:</p> <p>“The production measure shall not be calculated using a basis that is based on sales values. A basis that is based on sales values, in the context of stripping costs, is inappropriate because it is not closely linked to the activity taking place.</p> <p>Furthermore, if the current sales price of the relevant</p>	<p>No change necessary. Allocation of costs should be based on a relevant production measure (for example: cost of inventory produced compared with expected cost), which is consistent with IFRS 6. A measure based on sales price may introduce unnecessary volatility into the calculations, especially considering the fluctuation in international commodity prices.</p> <p>Furthermore, a measure based on sales volume does not reflect the stripping activity (i.e., the production) itself, which may produce dual benefits of saleable inventory and improved access to the ore body.</p>

	Respondents' Suggestions	Staff's Recommendations
	<p>material is used in determining the allocation basis, the same current sales price will be applied to the volume of the mineral in both the extracted ore and the identified component. Hence, the relevant variable will be the volume of mineral in both the extracted ore and the identified component, i.e., the current sales price will not change the allocation basis. Applying a future sales price basis involves practical difficulties. Identifying a future sales price for ore that will be mined in the future can be difficult, given the volatility of market prices for many minerals. Further complexities may arise when more than one mineral is present (whether byproducts or joint products) when the ore is extracted." It may be useful if it can be added. (R27)</p>	
8.	<p>Public sector entities heavily rely on government grants. IFRIC 20 does not address how stripping costs might be treated when grants are involved. The IPSASB might need to provide guidance on how to account for stripping costs funded by grants, considering IAS 20 on government grants. (R28)</p>	<p>No change necessary. IPSAS 23 / IPSAS 47 address principles applicable to grant revenue. The recognition of the asset is a separate consideration to that of the recognition of revenue.</p>

Appendix A.3—Respondent Reasons that Disagrees with ED 87 Proposals and Staff’s Analysis

Respondents’ Reasons	Staff’s Analysis
SMC 1 – IFRIC 20 Alignment with Limited Public Sector Amendments	
<p>1. Paragraph A14 of the exposure draft ED 87 guidance states that the subsequent recognition of the asset for stripping activity shall be accounted for either at cost or at revalued value. However, from IPSAS 45-Property, Plant and Equipment and IPSAS 46-Measurement, the current operating value is mentioned as the basis of measurement. In this regard, it is suggested that the measurement basis associated with subsequent measurement be revised in the ED 87 project, since we find it inconsistent with the measurement basis indicated in the aforementioned IPSAS. (R12)</p>	<p>1. To proceed with the respondents’ suggestions and paragraph A14 be amended as follows:</p> <p>“After initial recognition, the stripping activity asset shall be carried <u>in the same manner as the existing asset of which it is a part</u> at either its:</p> <ul style="list-style-type: none"> • <u>historical</u> cost or its revalued amount less <u>any accumulated depreciation or amortization and less any accumulated impairment losses</u>, or • its revalued amount, <u>being its current operational value or fair value at the date of the revaluation, less any subsequent accumulated depreciation or amortization and less any subsequent accumulated impairment losses in the same way as the existing asset of which it is a part.</u>”

ED 87: Guidance as Appendix to IPSAS 12 (SMC 2)

Question

1. Does the IPSASB agree with Staff's recommendations to amend the [draft] Final Pronouncement (Amendments to IPSAS 12) as summarized below, and detailed in [Appendix A.1](#), [Appendix A.2](#), and [Appendix A.3](#) with tracked changes in [Supporting Document 4: \[draft\] Final Pronouncement \(Amendments to IPSAS 12\)](#)?

Recommendations

2. Staff recommend the IPSASB:
 - (a) Amend paragraph BC12 of the [draft] Final Pronouncement (Amendments to IPSAS 12) to clarify the inclusion of the guidance as Appendix A in IPSAS 12, *Inventories*; and
 - (b) Approve the revisions as presented in [Supporting Document 4: \[draft\] Final Pronouncement \(Amendments to IPSAS 12\)](#).

Background

3. ED 87 included the following Specific Matter for Comment (SMC):

Specific Matter for Comment 2:

The IPSASB decided to propose the IFRIC 20-aligned guidance in ED 87 as an amendment to IPSAS 12, *Inventories*, by including the guidance as an Appendix (see paragraph BC11). Do you agree with the IPSASB's decision?

If not, please explain your reasons, stating clearly where the guidance should be included and why.

4. This Agenda Item addresses the respondents' suggestions to enhance ED 87 proposals for the [draft] Final Pronouncement (Amendments to IPSAS 12).

Analysis

5. SMC 2 received strong support, with the vast majority of respondents (27 or 97%) agreeing or partially agreeing with the proposal in SMC 2. Only one (3%) respondent disagrees with the proposal in SMC 2.
6. Staff further analyzed comments from the respondents. The detailed analysis is included as follows:
 - (a) [Appendix A.1](#) – Respondents who **Partially Agree** and Staff's recommendations on **acceptance** of from respondents' suggestions to enhance the [draft] Final Pronouncement (Amendments to IPSAS 12).
 - (b) [Appendix A.2](#) – Respondents who **Partially Agree** and Staff's recommendations on **non-acceptance** of respondents' suggestions to enhance [draft] Final Pronouncement (Amendments to IPSAS 12).
 - (c) [Appendix A.3](#) – Respondent who **Disagrees** and Staff's recommendations to address the respondent's concerns.

7. The respondents that agreed and partially agree with SMC 2 proposals made several suggestions to enhance ED 87. Based on the Staff's analysis of respondents who **Agreed and Partially Agree** ([Appendix A.1](#) and [Appendix A.2](#)), in summary, Staff propose the following amendments to the [draft] Final Pronouncement:
- (a) To update paragraph BC12 to clarify the IPSASB's decision to include the guidance as Appendix A in IPSAS 12, *Inventories*, as the most appropriate placement of this interpretive as per the IPSASB agreement in December 2023.
- Respondents required further clarity on this decision of the IPSASB on why it is an appropriate placement of guidance in IPSAS.
8. Staff's analysis of the respondent who **Disagrees** ([Appendix A.3](#)) noted that this respondent disagrees because:
- (a) The interpretative guidance should be a separate pronouncement of the IPSASB; and
- (b) A lack of feasibility in applying ED 87 proposals in the respondent's jurisdiction.
9. Staff propose not to continue with the proposals of the respondent who **Disagrees** because:
- (a) **Appendix to IPSAS 12.** The respondent did not raise new issues that the IPSASB did not consider as part of the development of ED 87, specifically, the inclusion of the interpretive guidance as an Appendix in IPSAS 12, rather than a separate pronouncement, which is not the IPSASB standard-setting approach. No further clarification is necessary; and
- (b) **Jurisdiction specific.** While one jurisdiction indicated that no government entities are involved in mineral exploitation in that jurisdiction, other respondents indicated they were eagerly awaiting the guidance. No further clarification is necessary.
10. [Supporting Document 4: \[draft\] Final Pronouncement \(Amendments to IPSAS 12\)](#) shows, in red mark-up, the changes made to the [draft] Final Pronouncement (Amendments to IPSAS 12) consistent with Staff's recommendations above.

Decision Required

11. Does the IPSASB agree with Staff's [recommendations](#)?

Appendix A.1—Respondents’ Suggestions to Enhance ED 87 Proposals Accepted by Staff

	Respondents’ Suggestions	Staff’s Recommendations
	SMC 2 – Guidance as Appendix to IPSAS 12	
1	<p>As described in paragraph A4 that “— There can therefore be two benefits accruing to the entity from the stripping activity: usable ore that can be used to produce inventory and improved access to further quantities of material that will be mined in future periods,” this ED specifies that there are two types of benefits from stripping activity.</p> <p>In this regard, paragraph BC11 says, “The IPSASB concluded that stripping costs ultimately end in the cost of mineral inventory produced by a surface mine, from which the surface mine will derive benefits.” We understand that this provision only applies when the benefit arising from the stripping activity is “inventory produced.”</p> <p>However, in paragraph BC11, there is no mention of the case when the benefit from the stripping activity is “improved access.” It can be read as if the costs of stripping activities are ultimately capitalized as the acquisition cost of the mineral inventory, regardless of the type of benefits, which could lead to misunderstandings by the readers and potentially result in incorrect accounting treatment.</p> <p>We therefore suggest that the description in paragraph BC11 should be supplemented to indicate that it pertains to the case of “inventory produced,” which is one of the two types of benefits arising from the stripping activity. (R01)</p> <p>Some concerns about the perception of IPSAS 12 by preparers not familiar with mining activities. The proposal to include the guidance in IPSAS 12 is based on the logic that stripping cost ultimately is part of the cost of minerals produced, which are dealt with in IPSAS 12. This logic is correct and easy to follow. However, most public sector entities might not be involved in surface mining. (R13)</p> <p>However, we do believe that BC11 rationale to include the IFRIC 20-aligned guidance as an appendix to IPSAS 12 is questionable and insufficient. If the stripping costs ultimately end in the</p>	<p>To proceed with the respondent’s suggestion. The Basis of Conclusions should be updated to provide clarity on the conclusion. It is proposed to amend paragraph BC11 as follows:</p> <p><u>“The IPSASB noted that it does not develop separate interpretative pronouncements. Rather, the IPSASB incorporates interpretive guidance as Appendices in the related IPSAS. The IPSASB considered the placement of the interpretive guidance on stripping costs in either IPSAS 12, <i>Inventories</i>, IPSAS 31, <i>Intangible Assets</i>, or IPSAS 45, <i>Property, Plant, and Equipment</i>, and concluded that stripping costs, similar to other costs incurred to produce inventory, ultimately end are capitalized, whether directly (e.g., direct labor) or indirectly (e.g., production overheads such as depreciation), in the cost of mineral inventory produced by a surface mine, from which the surface mine will derive benefits through the sale of the mineral inventory.</u></p> <p>Therefore, due to this relationship between stripping activities and the cost of inventory produced, the IPSASB decided that the guidance aligned with IFRIC 20 be included as Appendix A to IPSAS 12, and not also as an appendix to IPSAS 31, or IPSAS 45, to limit duplication of guidance in IPSAS.”</p>

	Respondents' Suggestions	Staff's Recommendations
	<p>cost of mineral inventory produced by a surface mine, it is also the case for other intangible or tangible assets used for that purposes, but recognized as such. So, we strongly recommend more clarification in BC11 on why the guidance should be added to IPSAS 12 instead of IPSAS 31 for example. The significance of the relationship between stripping activities and the cost of the inventory produced can be such a starting point. (R25)</p> <p>If ONECCA BF agrees the guidance being an appendix to an IPSAS because educational and application materials for IPSAS are very awaited in our jurisdictions where lack of referenced sources and guidelines are paramount and preparers tend to use other non - IPSASB sources, we however strongly recommend more clarification in BC11 on why the guidance should be added to IPSAS 12 instead of other IPSAS, IPSAS 31 for example. The importance of the relationship between stripping activities and the cost of the inventory produced can be such a starting point. (R26)</p>	

Appendix A.2—Respondents’ Suggestions to Enhance ED 87 Proposals Not Accepted by Staff

	Respondents’ Suggestions	Staff’s Recommendations
	SMC 2 – Guidance as Appendix to IPSAS 12	
1.	We recommend that the IPSASB consider providing illustrative examples to assist entities in applying the amended standard effectively. (R02)	No change necessary. In developing ED 87, the IPSASB concluded the guidance applied to transactions that were consistent between the public and private sector, and therefore the accounting principles should be aligned. No public sector transactions have been identified, either by the IPSASB or respondents, that differ from the private sector that warrant the development of additional IEs for the purposes of this pronouncement. Furthermore, [draft] Appendix A to IPSAS 12 already presents interpretative guidance.
2.	It is crucial that the Appendix is well-referenced, and its importance is highlighted in the main body of IPSAS 12 to ensure that users are aware of and utilize this guidance appropriately.	No change necessary. In discussing the IPSAS to which ED 87 should be linked to, the IPSASB also discussed the prominence of the proposed Appendix. While this guidance is useful to several public sector entities, given its narrow applicability, the IPSASB agreed it should not be highlighted in the core text of IPSAS 12, as those that operate in the extractive industries will be aware the Appendix exists.

Appendix A.3—Respondent Reasons that Disagrees with ED 87 Proposals and Staff’s Analysis

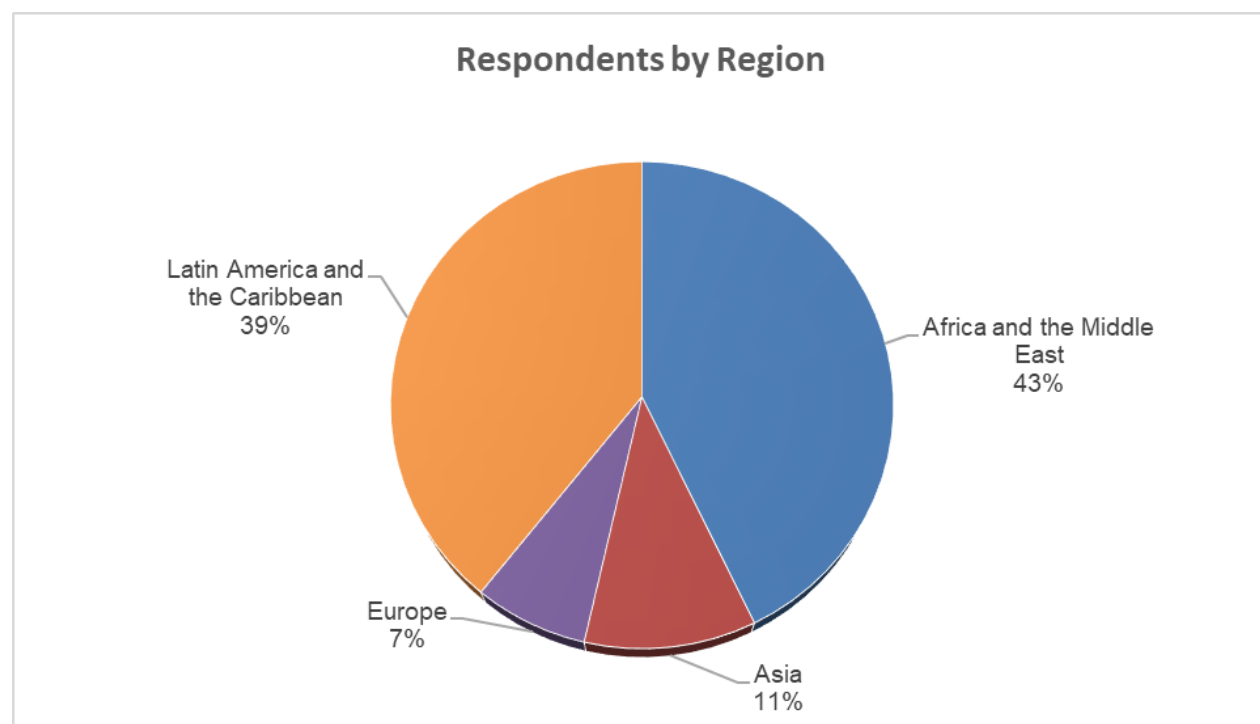
Respondents’ Reasons	Staff’s Analysis
SMC 2 – Guidance as Appendix to IPSAS 12	
1. Therefore we suggest evaluating the relevance of modifying IPSAS 12 or whether some type of interpretation document separate from IPSASs should be contemplated. (R12)	1. It is not the IPSASB approach to issue interpretive guidance as standalone pronouncements. The IPSASB discussed and agreed at the December 2023 meeting to include this guidance in IPSAS 12.
2. In the Colombian context no government entities have been identified whose economic activity is the exploitation of open-pit mineral resources. Instead government entities are the ones who grant exploitation rights to public or private companies. In this regard we suggest assessing whether in other countries there are cases of government entities that carry out open-pit mining activities in order to determine the need to amend IPSAS. (R12)	2. This objective of the project is to align to IFRIC 20, <i>Stripping Costs in the Production Phase of a Surface Mine</i> , and as part of the scoping of this project, the IPSASB agreed that this guidance is relevant globally and is applicable in other jurisdictions.

Supporting Document 1 – ED 86: Analysis of Respondents by Region, Function and Language, List of Respondents, Summary of Responses to SMC

Appendix A: Analysis of Respondents by Region, Function and Language

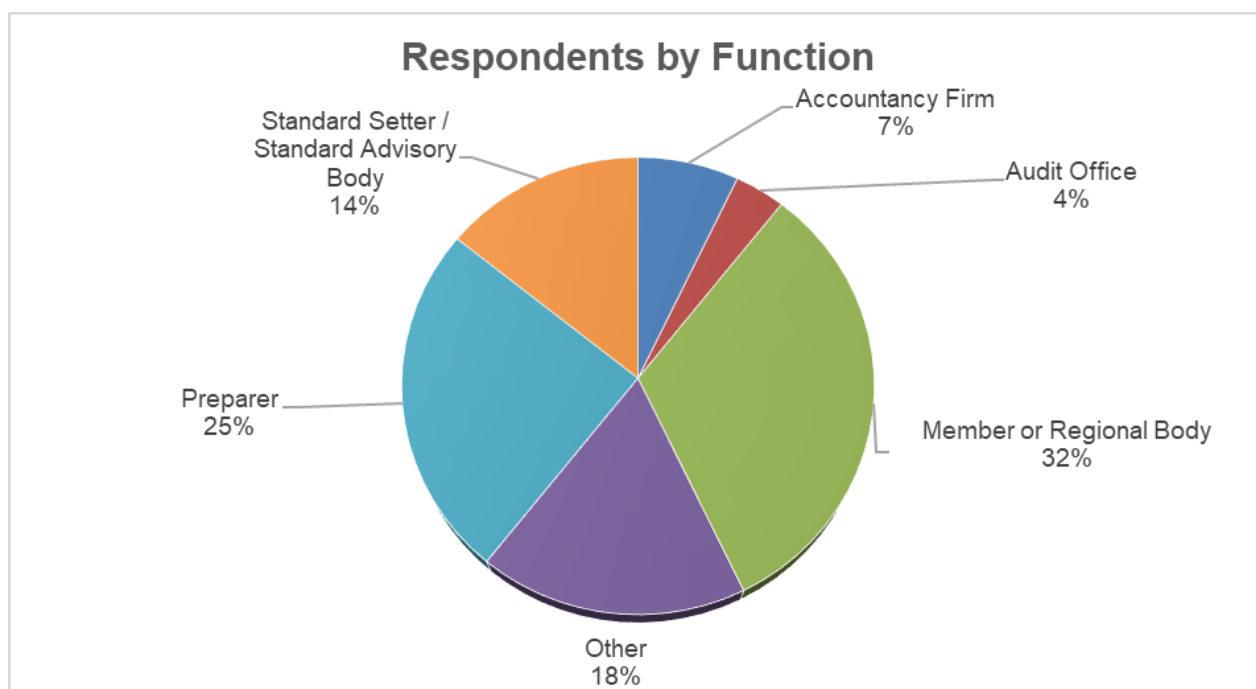
Geographic Breakdown

Region	Comment letter(s)	Total Respondents
Africa and the Middle East	R01, R03, R04, R05, R13, R14, R16, R19, R21, R24, R25, R26	12
Asia	R02, R20, R27	3
Australasia and Oceania	-	0
Europe	R18, R28	2
Latin America and the Caribbean	R06, R07, R08, R09, R10, R11, R12, R15, R17, R22, R23	11
North America	-	0
International	-	0
Total		28



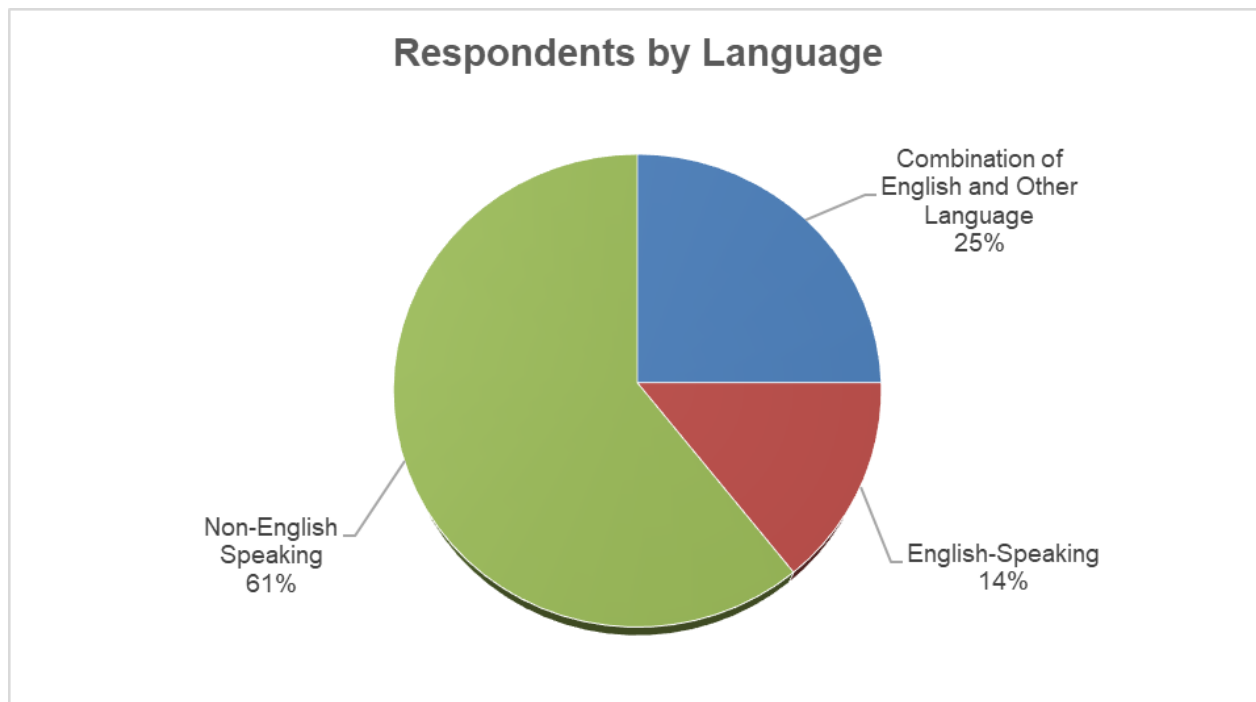
Functional Breakdown

Function	Comment letter(s)	Total Respondents
Accountancy Firm	R14, R25	2
Audit Office	R02	1
Member or Regional Body	R04, R05, R06, R15, R16, R20, R23, R26, R27	9
Preparer	R07, R08, R09, R10, R11, R12, R13	7
Standard Setter / Standard Advisory Body	R03, R18, R19, R24	4
Other	R01, R17, R21, R22, R28	5
Total		28



Linguistic Breakdown

Language	Comment letter(s)	Total Respondents
English-Speaking	R04, R05, R19, R24	4
Non-English Speaking	R02, R06, R07, R08, R09, R10, R11, R12, R13, R15, R17, R18, R20, R22, R23, R25, R26	17
Combination of English and Other Language	R01, R03, R14, R16, R21, R27, R28	7
Total		28



Appendix B: List of Respondents

Comment Letter #	Respondent	Country	Function
01	Meenakshi Bookauram Seebundhun	Mauritius	Other
02	Commission on Audit Philippines (COA)	Philippines	Audit Office
03	Financial Reporting Council of Nigeria (FRC)	Nigeria	Standard Setter / Standard Advisory Body
04	South African Institute of Chartered Accountants (SAICA)	South Africa	Member or Regional Body
05	Botswana Institute of Chartered Accountants (BICA)	Botswana	Member or Regional Body
06	Conselho Federal de Contabilidade (CFC)	Brazil	Member or Regional Body
07	Forum of Governmental Accounting of Latin America (FOCAL) – El Salvador	El Salvador	Preparer
08	Forum of Governmental Accounting of Latin America (FOCAL) – Ecuador	Ecuador	Preparer
09	Forum of Governmental Accounting of Latin America (FOCAL) – Guatemala	Guatemala	Preparer
10	Forum of Governmental Accounting of Latin America (FOCAL) – Mexico	Mexico	Preparer
11	Forum of Governmental Accounting of Latin America (FOCAL) – Venezuela	Venezuela	Preparer
12	Forum of Governmental Accounting of Latin America (FOCAL) – Colombia	Colombia	Preparer
13	Ministry of Finance Saudi Arabia	Saudi Arabia	Preparer
14	Mo Chartered Accountants	Zimbabwe	Accountancy Firm
15	Colegio de Contadores Públicos de Pichincha y del Ecuador (CCPP)	Ecuador	Member or Regional Body
16	Pan African Federation of Accountants (PAFA)	Not Applicable	Member or Regional Body
17	Board of Deans of Colleges of Public Accountants of Peru	Peru	Other
18	Swiss Public Sector Financial Reporting Advisory Committee (SRS-CSPCP)	Switzerland	Standard Setter / Standard Advisory Body
19	Accounting Standards Board South Africa (ASB)	South Africa	Standard Setter / Standard Advisory Body
20	Malaysian Institute of Accountants (MIA)	Malaysia	Member or Regional Body
21	Public Accountants and Auditors Board (PAAB)	Zimbabwe	Other
22	Asociacion Interamericana de Contabilidad (AIC)	Not applicable	Other
23	Colegio de Contadores Publicos de Costa Rica	Costa Rica	Member or Regional Body
24	Public Sector Accounting Standards Board (PSASB)	Kenya	Standard Setter / Standard Advisory Body

Agenda Item 7.3.1

Comment Letter #	Respondent	Country	Function
25	ETY	Burkina Faso	Accountancy Firm
26	Ordre National des Experts Comptables et des Comptables Agréés du Burkina Faso (ONECCA BF)	Burkina Faso	Member or Regional Body
27	Institute of Chartered Accountants of India (ICAI)	India	Member or Regional Body
28	Task Force IRSPM PSAAG, CIGAR Network, EGPA PSG XII	Not Applicable	Other

Appendix C: Summary of Responses for the Specific Matter for Comment (SMC)

Specific Matter for Comment 1:

The IPSASB decided to propose an IFRS 6-aligned Standard in ED 86 (see paragraphs BC2–BC7). Do you agree that amendments to IFRS 6, for the public sector, are limited to terminology and other IPSASB-specific formatting and consistency amendments (see paragraph BC8)?

If not, please explain your reasons, stating clearly what further amendments are necessary and why.

SMC*	Agree		Partially agree		Disagree		No comment	
Comment letters	#	%	#	%	#	%	#	%
1 – IFRS 6 Alignment with Limited Public Sector Amendments	11	39	13	47	3	11	1	3

* Note: Percentages have been rounded to total 100%.

Supporting Document 2 – [draft] Final Pronouncement, *Exploration for and Evaluation of Mineral Resources*

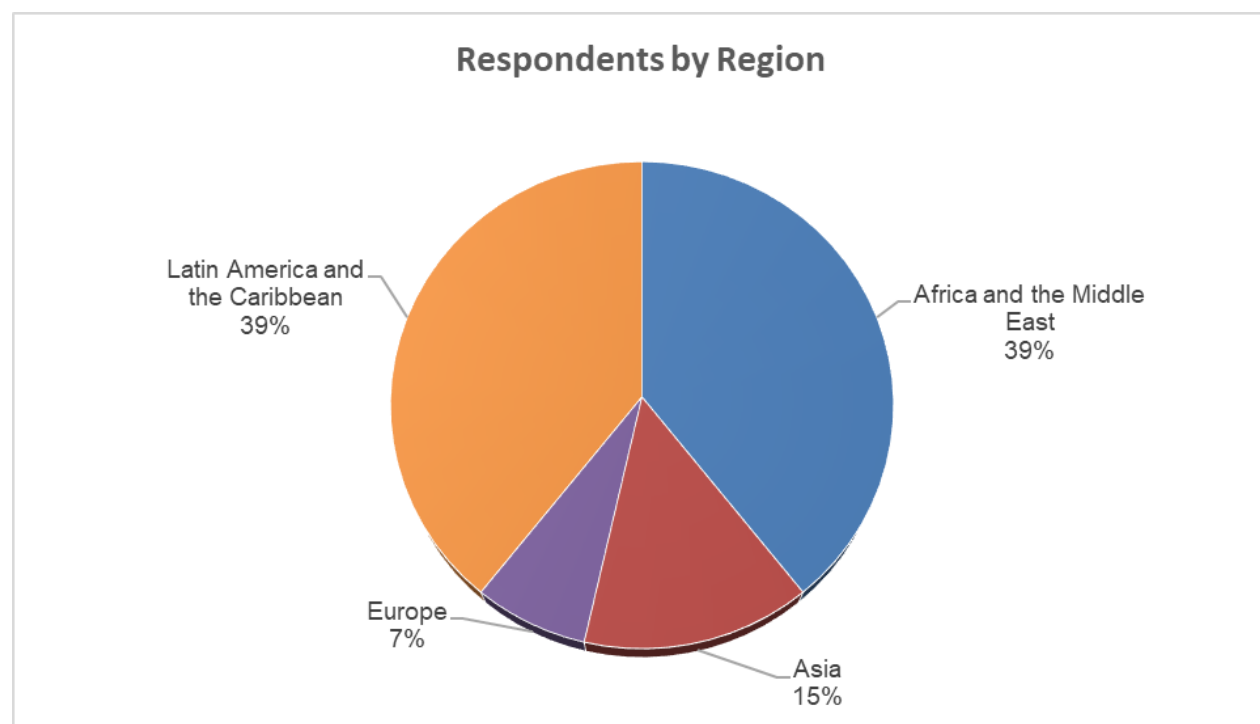
1. The [draft] Final Pronouncement is posted separately for easier readability.
2. The [draft] Final Pronouncement:
 - (b) Is in red marked-up changes to compare with the version presented to the IPSASB at the December 2023 meeting, except for the effective date paragraph for understandability purposes.
 - (c) Is consistent with Staff's recommendations in the above Agenda Items regarding the review of responses to ED 86.

Supporting Document 3 – ED 87: Analysis of Respondents by Region, Function and Language, List of Respondents, Summary of Responses to SMCs

Appendix A: Analysis of Respondents by Region, Function and Language

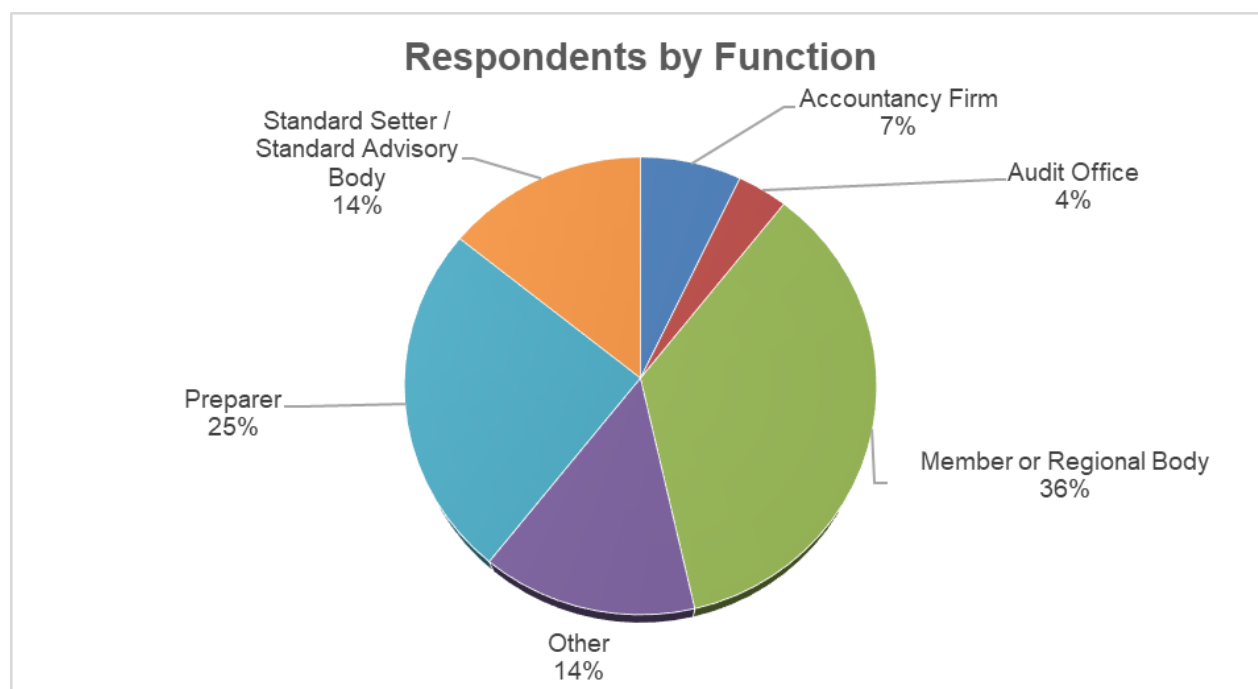
Geographic Breakdown

Region	Comment letter(s)	Total Respondents
Africa and the Middle East	R03, R04, R05, R13, R14, R16, R20, R22, R24, R25, R26	11
Asia	R01, R02, R19, R27	4
Australasia and Oceania	-	0
Europe	R18, R28	2
Latin America and the Caribbean	R06, R07, R08, R09, R10, R11, R12, R15, R17, R21, R23	11
North America	-	0
International	-	0
Total		28



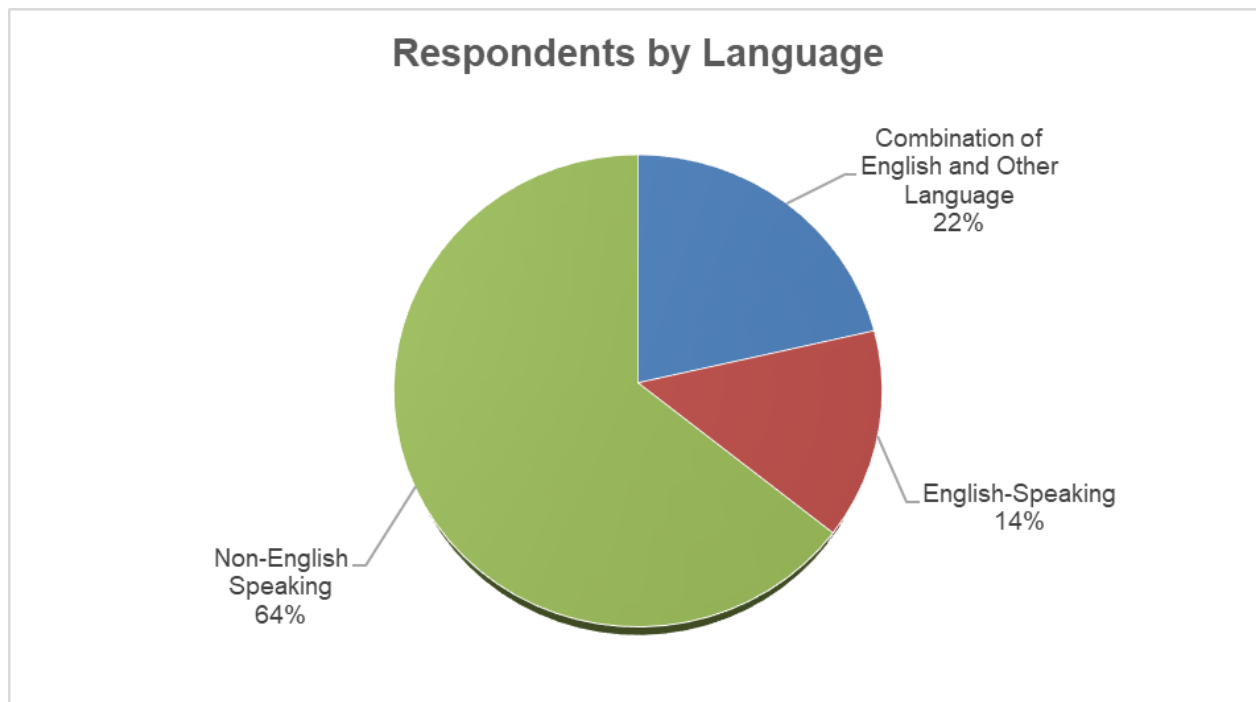
Functional Breakdown

Function	Comment letter(s)	Total Respondents
Accountancy Firm	R14, R25	2
Audit Office	R02	1
Member or Regional Body	R01, R04, R05, R06, R15, R16, R19, R23, R26, R27	10
Preparer	R07, R08, R09, R10, R11, R12, R13	7
Standard Setter / Standard Advisory Body	R03, R18, R22, R24	4
Other	R17, R20, R21, R28	4
Total		28



Linguistic Breakdown

Language	Comment letter(s)	Total Respondents
English-Speaking	R04, R05, R22, R24	4
Non-English Speaking	R01, R02, R06, R07, R08, R09, R10, R11, R12, R13, R15, R17, R18, R19, R21, R23, R25, R26	18
Combination of English and Other Language	R03, R14, R16, R20, R27, R28	6
Total		28



Appendix B: List of Respondents

Comment Letter #	Respondent	Country	Function
01	The Japanese Institute of Certified Public Accountants (JICPA)	Japan	Member or Regional Body
02	Commission on Audit (COA)	Philippines	Audit Office
03	Financial Reporting Council of Nigeria (FRC)	Nigeria	Standard Setter / Standard Advisory Body
04	South African Institute of Chartered Accountants (SAICA)	South Africa	Member or Regional Body
05	Botswana Institute of Chartered Accountants (BICA)	Botswana	Member or Regional Body
06	Conselho Federal de Contabilidade (CFC)	Brazil	Member or Regional Body
07	Forum of Governmental Accounting of Latin America (FOCAL) – El Salvador	El Salvador	Preparer
08	Forum of Governmental Accounting of Latin America (FOCAL) – Ecuador	Ecuador	Preparer
09	Forum of Governmental Accounting of Latin America (FOCAL) – Guatemala	Guatemala	Preparer
10	Forum of Governmental Accounting of Latin America (FOCAL) – Mexico	Mexico	Preparer
11	Forum of Governmental Accounting of Latin America (FOCAL) – Venezuela	Venezuela	Preparer
12	Forum of Governmental Accounting of Latin America (FOCAL) – Colombia	Colombia	Preparer
13	Ministry of Finance Saudi Arabia	Saudi Arabia	Preparer
14	Mo Chartered Accountants	Zimbabwe	Accountancy Firm
15	Colegio de Contadores Públicos de Pichincha y del Ecuador (CCPP)	Ecuador	Member or Regional Body
16	Pan African Federation of Accountants (PAFA)	Not Applicable	Member or Regional Body
17	Board of Deans of Colleges of Public Accountants of Peru	Peru	Other
18	Swiss Public Sector Financial Reporting Advisory Committee (SRS-CSPCP)	Switzerland	Standard Setter / Standard Advisory Body
19	Malaysian Institute of Accountants (MIA)	Malaysia	Member or Regional Body
20	Public Accountants and Auditors Board (PAAB)	Zimbabwe	Other
21	Asociacion Interamericana de Contabilidad (AIC)	Not applicable	Other
22	Accounting Standards Board South Africa (ASB)	South Africa	Standard Setter / Standard Advisory Body
23	Colegio de Contadores Publicos de Costa Rica	Costa Rica	Member or Regional Body
24	Public Sector Accounting Borad (PSASB)	Kenya	Standard Setter / Standard Advisory Body

Agenda Item 7.3.3

Comment Letter #	Respondent	Country	Function
25	ETY	Burkina Faso	Accountancy Firm
26	Ordre National des Experts Comptables et des Comptables Agréés du Burkina Faso (ONECCA BF)	Burkina Faso	Member or Regional Body
27	Institute of Chartered Accountants of India (ICAI)	India	Member or Regional Body
28	Task Force IRSPM PSAAG, CIGAR Network, EGPA PSG XII	Not applicable	Other

Appendix C: Summary of Responses for the Specific Matter for Comments (SMCs)

Specific Matter for Comment 1:

The IPSASB decided to propose IFRIC 20-aligned guidance in ED 87 (see paragraph BC10). Do you agree that amendments to IFRIC 20, for the public sector, are limited to terminology and other IPSASB-specific formatting and consistency amendments (see paragraph BC10)?

If not, please explain your reasons, stating clearly what further amendments are necessary and why.

Specific Matter for Comment 2:

The IPSASB decided to propose the IFRIC 20-aligned guidance in ED 87 as an amendment to IPSAS 12, *Inventories*, by including the guidance as an Appendix (see paragraph BC11). Do you agree with the IPSASB's decision?

If not, please explain your reasons, stating clearly where the guidance should be included and why.

SMC*	Agree		Partially agree		Disagree		No comment	
Comment letters	#	%	#	%	#	%	#	%
1 – IFRS 6 Alignment with Limited Public Sector Amendments	15	54	11	40	1	3	1	3
2 – Guidance as Appendix in IPSAS 12	20	72	7	25	1	3	0	0

* Note: Percentages have been rounded to total 100%.

Supporting Document 4 – [draft] Final Pronouncement (Amendments to IPSAS 12)

1. The [draft] Final Pronouncement (Amendments to IPSAS 12) are posted separately for easier readability.
2. The [draft] Final Pronouncement (Amendments to IPSAS 12):
 - (a) Is in red marked-up changes to compare with the version presented to the IPSASB at the December 2023 meeting, except for the effective date paragraph for understandability purposes.
 - (b) Is consistent with Staff's recommendations in the above Agenda Items regarding the review of responses to ED 87.