

Speed Post



**Office of the Comptroller and Auditor General of India  
10-BSZ Marg, New Delhi-110 124.**

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Date: 28/12/2017

**To**


**The Secretary,  
Committee on Accounting Standards for Local Bodies,  
The Institute of Chartered Accountant of India,  
ICAI Bhawan, Post Box no.7100'  
IP Marg, New Delhi – 110 002.**

**Subject: Consultation papers issued by International Public Sector Accounting Standard Board (IPSASB) on 'Heritage in the Public Sector' and 'Accounting for Revenue and Non-Exchange Expenses' reg.**

In inviting reference to your mail dated 06/09/2017 on the subject cited above, I am directed to submit following comments on this issue please:

1. The rationale behind combining IPSAS 9 (Revenue from Exchange Transactions) and IPSAS 11 (Construction Contracts) to align it with IFRS 15 (accounting for Revenue from Contracts) is not clear. The reason is manifold. IPSAS deals with accounting issues of International Public Sector Accounting Standards whereas IFRS deals with International Financial Reporting Standards for **business and commercial affairs**. The exchange transactions are by nature different from non-exchange transactions, there may be a tacit exchange but with the Government or its PSU working with a welfare motive, the return may take a long time.
2. Further merging Construction Contracts with Revenue Exchange transactions may not be a very good idea because Government, across organizations, has the largest role in infrastructure contracts, and Government does most of it from a welfare point of view, without an exchange or return as a motive.

Yours faithfully,

  
28/12/2017  
(R S Chauhan)

Sr.AO/Govt.A/cs Coord.