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MINISTRY OF FINANCE
ACCOUNTANT GENERAL'S DEPARTMENT OF MALAYSIA

Malaysian Public Sector Accounting Standards

Improvements to MPSASs 2023

Accrual Accounting Implementation Team
Accountant General's Department of Malaysia

IMPROVEMENTS TO MPSASs 2023

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IMPROVEMENTS TO MPSASs 2023

The *Improvements to MPSASs 2023* is based on improvements documents made up to *2018 Handbook of International Public Sector Accounting Pronouncements*. *Improvements to MPSASs 2023* consists of *Improvements to IPSASs 2011*, *Improvements to IPSASs 2014*, *Improvements to IPSASs 2015*, *Impairment of Revalued Assets* and *The Applicability of IPSASs*. All documents were used with permission of IFAC.

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A. MPSASs IMPROVEMENTS DUE TO IPSAS CONCEPTUAL FRAMEWORK FOR GENERAL PURPOSE FINANCIAL REPORTING BY PUBLIC SECTOR ENTITIES

The IPSASB is currently in the process of developing the Conceptual Framework (CF). Although all the components of the CF are interconnected, the CF project is being developed in phases. Phase 1 has now been completed which comprises Chapters 1–4 of the CF that has been published in January 2013. These Chapters deal with:

- Chapter 1: Role and Authority of the Conceptual Framework
- Chapter 2: Objectives and Users of General Purpose Financial Reporting
- Chapter 3: Qualitative Characteristics
- Chapter 4: Reporting Entity

Prior to the improvement of the CF, the qualitative characteristics are included in Appendix A of MPSAS 1, *Presentation of Financial Statements*. In chapter 3 of the CF, the characteristics of reliability has been changed to faithful representation. It described reliable information as information that is 'free from material error and bias, and can be depended on by users to represent faithfully that which it purports to represent or could reasonably be expected to represent.' Faithful representation, substance over form, neutrality, prudence and completeness were identified as components of reliability. The CF uses the term 'faithful representation' rather than 'reliability' to describe what is substantially the same concept. In addition, it does not explicitly identify substance over form and prudence as components of faithful representation. In some cases faithful representation is a better expression of the nature of the concept intended.

The IPSASB is of the view that explanation in the CF that "Faithful representation is attained when the depiction of the phenomenon is complete, neutral, and free from material error", and the elaboration of these key features will protect against the loss of any of the qualities that were formerly reflected in the use of the term reliability. Furthermore, the term reliability is itself open to different interpretations and subjective judgments, with consequences for the quality of information included in General Purpose Financial Reports (GPFRs). The IPSASB is of the view that use of the term faithful representation will overcome problems in the interpretation and application of reliability that have been experienced in some jurisdictions without a lessening of the qualities intended by the term, and is more readily translated into, and understood in, a wide range of languages.

As a result of the improvements in the CF, there are several MPSASs that have been identified to be amended to be in line with the amendment of the CF. In these section, it will list down the MPSASs that need to be improved which will involve the replacements of the words 'reliability' and 'reliable' to 'faithful representation' and 'faithfully representative' respectively as stated in Part I and the insertion of a footnote for the word 'reliably'/ 'reliable' as stated in Part II below.

PART I

Replacing the words 'reliability' and 'reliable' to 'faithful representation' and 'faithfully representative' respectively

Amendments to MPSAS 1, *Presentation of Financial Statements*

Paragraphs 29, 44, 70, 73, 74, 109 and 116 are amended. Paragraph 153H is added. Appendix A is deleted. New text is underlined and deleted text is struck through.

Overall Considerations

Fair Presentation and Compliance with MPSASs

…

29. In virtually all circumstances, a fair presentation is achieved by compliance with applicable MPSASs. A fair presentation also requires an entity:

    (a) To select and apply accounting policies in accordance with MPSAS 3, *Accounting Policies, Changes in Accounting Estimates and Errors*. MPSAS 3 sets out a hierarchy of authoritative guidance that management consider~~s~~, in the absence of a Standard that specifically applies to an item.

    (b) To present information, including accounting policies, in a manner that provides relevant,~~ reliable,~~ faithfully representative, understandable, timely, comparable, and verifiable~~ understandable~~ information.

    (c) To provide additional disclosures when compliance with the specific requirements in MPSASs is insufficient to enable users to understand the impact of particular transactions, other events, and conditions on the entity's financial position and financial performance.

Consistency of Presentation

…

44. An entity changes the presentation of its financial statements only if the changed presentation provides information that is ~~reliable~~ faithfully representative and is more relevant to users of the financial statements, and the revised structure is likely to continue, so that comparability is not impaired. When making such changes in presentation, an entity reclassifies its comparative information in accordance with paragraphs 55 and 56.

Structure and Content

…

Statement of Financial Position

Current/Non-current Distinction

…

70. **An entity shall present current and non-current assets, and current and non-current liabilities, as separate classifications on the face of its statement of financial position in accordance with paragraphs 76-87, except when a presentation based on liquidity provides information that is ~~reliable~~ faithfully representative and is more relevant. When that exception applies, all assets and liabilities shall be presented broadly in order of liquidity.**

73. For some entities, such as financial institutions, a presentation of assets and liabilities in increasing or decreasing order of liquidity provides information that is ~~reliable~~ faithfully representative and is more relevant than a current/non-current presentation, because the entity does not supply goods or services within a clearly identifiable operating cycle.

74. In applying paragraph 70, an entity is permitted to present some of its assets and liabilities using a current/non-current classification, and others in order of liquidity, when this provides information that is ~~reliable~~ faithfully representative and is more relevant. The need for a mixed basis of presentation might arise when an entity has diverse operations.

Statement of Financial Performance

Information to be Presented either on the Face of the Statement of Financial Performance or in the Notes

…

109. **An entity shall present, either on the face of the statement of financial performance or in the notes, an analysis of expenses using a classification based on either the nature of expenses or their function within the entity, whichever provides information that is ~~reliable~~ faithfully representative and more relevant.**

…

116. The choice between the function of expense method and the nature of expense method depends on historical and regulatory factors and the nature of the entity. Both methods provide an indication of those costs that might vary, directly or indirectly, with the outputs of the entity. Because each method of presentation has its merits for different types of entities, this Standard requires management to select the most relevant and ~~reliable~~ faithfully representative presentation. However, because information on the nature of expenses is useful in predicting future cash flows, additional disclosure is required when the function of expense classification is used. In paragraph 115, employee benefits ~~have~~ has the same meaning as in MPSAS 25, *Employee Benefits*.

…

Effective Date

153H. **Paragraphs 29, 44, 70, 73, 74, 109 and 116 were amended, and Appendix A, Qualitative Characteristics of Financial Reporting, was deleted by *Improvements to MPSASs 2022* issued in December 2022. An entity shall apply those amendments for annual financial statements covering periods beginning on or after January 1, 2024. Earlier application is encouraged. If an entity applies the amendment for a period beginning before January 1, 2024 it shall disclose that fact.**

~~Appendix A~~

~~Qualitative Characteristics of Financial Reporting~~

~~This Appendix is an integral part of MPSAS 1.~~

~~Paragraph 29 of this Standard requires an entity to present information, including accounting policies, in a manner that meets a number of qualitative characteristics. This guidance summarizes the qualitative characteristics of financial reporting.~~

~~Qualitative characteristics are the attributes that make the information provided in financial statements useful to users. The four principal qualitative characteristics are understandability, relevance, reliability, and comparability.~~

~~Understandability~~

~~Information is understandable when users might reasonably be expected to comprehend its meaning. For this purpose, users are assumed to have a reasonable knowledge of the entity's activities and the environment in which it operates, and to be willing to study the information.~~

~~Information about complex matters should not be excluded from the financial statements merely on the grounds that it may be too difficult for certain users to understand.~~

~~Relevance~~

~~Information is relevant to users if it can be used to assist in evaluating past, present, or future events or in confirming, or correcting, past evaluations. In order to be relevant, information must also be timely.~~

~~Materiality~~

~~The relevance of information is affected by its nature and materiality.~~

~~Information is material if its omission or misstatement could influence the decisions of users or assessments made on the basis of the financial statements. Materiality depends on the nature or size of the item or error, judged in the particular circumstances of its omission or misstatement. Thus, materiality provides a threshold or cut-off point rather than being a primary qualitative characteristic that information must have if it is to be useful.~~

~~Reliability~~

~~Reliable information is free from material error and bias, and can be depended on by users to represent faithfully that which it purports to represent or could reasonably be expected to represent.~~

~~Faithful Representation~~

~~For information to represent faithfully transactions and other events, it should be presented in accordance with the substance of the transactions and other events, and not merely their legal form.~~

~~Substance Over Form~~

~~If information is to represent faithfully the transactions and other events that it purports to represent, it is necessary that they be accounted for and presented in accordance with their substance and economic reality, and not merely their legal form. The substance of transactions or other events is not always consistent with their legal form.~~

~~Neutrality~~

~~Information is neutral if it is free from bias. Financial statements are not neutral if the information they contain has been selected or presented in a manner designed to influence the making of a decision or judgment in order to achieve a predetermined result or outcome.~~

~~Prudence~~

~~Prudence is the inclusion of a degree of caution in the exercise of the judgments needed in making the estimates required under conditions of uncertainty, such that assets or revenue are not overstated and liabilities or expenses are not understated.~~

~~However, the exercise of prudence does not allow, for example, (a) the creation of hidden reserves or excessive provisions, (b) the deliberate understatement of assets or revenue, or (c) the deliberate overstatement of liabilities or expenses, because the financial statements would not be neutral and, therefore, not have the quality of reliability.~~

~~Completeness~~

~~The information in financial statements should be complete within the bounds of materiality and cost.~~

~~Comparability~~

~~Information in financial statements is comparable when users are able to identify similarities and differences between that information and information in other reports.~~

~~Comparability applies to the:~~

~~(a) Comparison of financial statements of different entities; and~~

~~(b) Comparison of the financial statements of the same entity over periods of time.~~

~~An important implication of the characteristic of comparability is that users need to be informed of the policies employed in the preparation of financial statements, changes to those policies, and the effects of those changes.~~

~~Because users wish to compare the performance of an entity over time, it is important that financial statements show corresponding information for preceding periods.~~

~~Constraints on Relevant and Reliable Information~~

~~Timeliness~~

~~If there is an undue delay in the reporting of information, it may lose its relevance. To provide information on a timely basis, it may often be necessary to report before all aspects of a transaction are~~

~~known, thus impairing reliability. Conversely, if reporting is delayed until all aspects are known, the information may be highly reliable but of little use to users who have had to make decisions in the interim. In achieving a balance between relevance and reliability, the overriding consideration is how best to satisfy the decision-making needs of users.~~

~~*Balance between Benefit and Cost*~~

~~The balance between benefit and cost is a pervasive constraint. The benefits derived from information should exceed the cost of providing it. The evaluation of benefits and costs is, however, substantially a matter of judgment. Furthermore, the costs do not always fall on those users who enjoy the benefits. Benefits may also be enjoyed by users other than those for whom the information was prepared. For these reasons, it is difficult to apply a benefit-cost test in any particular case. Nevertheless, standard setters, as well as those responsible for the preparation of financial statements and users of financial statements, should be aware of this constraint.~~

~~*Balance between Qualitative Characteristics*~~

~~In practice a balancing, or trade-off, between qualitative characteristics is often necessary. Generally, the aim is to achieve an appropriate balance among the characteristics in order to meet the objectives of financial statements. The relative importance of the characteristics in different cases is a matter of professional judgment.~~

Amendments to MPSAS 3, *Accounting Policies, Changes in Accounting Estimates and Errors*

Paragraphs 7, 10, 12, 13, 14, 15, 17 and 34 are amended. Paragraph 59C is added. New text is underlined and deleted text is struck through.

Definitions

7. **The following terms are used in this Standard with the meanings specified:**

…

Prior period errors are omissions from, and misstatements in, the entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, ~~reliable~~ faithfully representative information that:

(a) Was available when financial statements for those periods were authorized for issue; and

(b) Could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts, and fraud.

…

Accounting Policies

Selection and Application of Accounting Policies

…

10. MPSASs set out accounting policies that the Accountant General's Department has concluded result in financial statements containing relevant and ~~reliable~~ faithfully representative information about the transactions, other events, and conditions to which they apply. Those policies need not be applied when the effect of applying them is immaterial. However, it is inappropriate to make, or leave uncorrected, immaterial departures from MPSASs to achieve a particular presentation of an entity's financial position, financial performance, or cash flows.

…

12. **In the absence of an MPSAS that specifically applies to a transaction, other event, or condition, 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.**

    (a) ~~**Relevant to the decision-making needs of users; and**~~

    (b) ~~**Reliable, in that the financial statements:**~~

        ~~(i) **Represent faithfully the financial position, financial performance, and cash flows of the entity;**~~

        ~~(ii) **Reflect the economic substance of transactions, other events, and conditions and not merely the legal form;**~~

        ~~(iii) **Are neutral, i.e., free from bias;**~~

        ~~(iv) **Are prudent; and**~~

        ~~(v) **Are complete in all material respects.**~~

13. ~~Paragraph 12 requires the development of accounting policies to ensure that the financial statements provide information that meets a number of qualitative characteristics. Appendix A in MPSAS 1 summarizes the qualitative characteristics of financial reporting.~~ [Deleted]

14. **In making the judgment, described in paragraph 12, management shall refer to, and consider the applicability of, the following sources in ~~descending~~ the following order:**

    (a) **The requirements in MPSASs dealing with similar and related issues; and**

    (b) **The definitions, recognition and measurement criteria for assets, liabilities, revenue and expenses described in ~~other MPSASs~~ *the Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities.***

15. In making the judgment described in paragraph 12 management may also consider:

    (a) the most recent pronouncements of other standard-setting bodies; and

(b) accepted public or private sector practices;

but only to the extent that these do not conflict with the sources in paragraph 14. Examples of such pronouncements include pronouncements of the MASB, ~~including the Conceptual Framework for the Financial Reporting,~~ MFRSs and Interpretations issued by MASB's Interpretations Committee (IC).

…

Changes in Accounting Policies

17. **An entity shall change an accounting policy only if the change:**

(a) **Is required by a MPSAS; or**

(b) **Results in the financial statements providing ~~reliable~~ faithfully representative and more relevant information about the effects of transactions, other events, and conditions on the entity's financial position, financial performance, or cash flows.**

…

Limitations on Retrospective Application

…

Disclosure

…

34. **When a voluntary change in accounting policy (a) has an effect on the current period or any prior period, (b) would have an effect on that period, except that it is impracticable to determine the amount of the adjustment, or (c) might have an effect on future periods, an entity shall disclose:**

(a) The nature of the change in accounting policy;

(b) The reasons why applying the new accounting policy provides ~~reliable~~ faithfully representative and more relevant information;

(c) For the current period and each prior period presented, to the extent practicable, the amount of the adjustment for each financial statement line item affected;

(d) The amount of the adjustment relating to periods before those presented, to the extent practicable; and

(e) If retrospective application is impracticable for a particular prior period, or for periods before those presented, the circumstances that led to the existence of that condition and a description of how and from when the change in accounting policy has been applied.

…

Effective Date

…

59C. **Paragraphs 7, 10, 12, 13, 14, 15, 17 and 34 were amended by *Improvements to MPSASs 2023* issued in December 2022. An entity shall apply those amendments for annual**

financial statements covering periods beginning on or after January 1, 2024. Earlier application is encouraged. If an entity applies the amendments for a period beginning before January 1, 2024 it shall disclose that fact.

Amendments to MPSAS 16, *Investment Property*

Paragraph 40 is amended. Paragraph 101C is added. New text is underlined and deleted text is struck through.

Measurement after Recognition

Accounting Policy

…

40. MPSAS 3, *Accounting Policies, Changes in Accounting Estimates and Errors* states that a voluntary change in accounting policy shall be made only if the change results in the financial statements providing ~~reliable~~ faithfully representative and more relevant information about the effects of transactions, other events or conditions on the entity's financial position, financial performance or cash flows. It is highly unlikely that a change from the fair value model to the cost model will result in a more relevant presentation.

…

Effective Date

…

101C. **Paragraph 40 was amended by *Improvements to MPSASs 2023* issued in December 2022. An entity shall apply this amendment for annual financial statements covering periods beginning on or after January 1, 2024. Earlier application is encouraged. If an entity applies the amendment for a period beginning before January 1, 2024 it shall disclose that fact.**

Amendments to MPSAS 20, *Related Party Disclosures*

Paragraphs 27 and 32 are amended. Paragraphs 42C is added. New text is underlined and deleted text is struck through.

Disclosure

…

Disclosure of Related Party Transactions

27. **In respect of transactions between related parties, other than transactions that would occur within a normal supplier or client/recipient relationship on terms and conditions no more or less favorable than those which it is reasonable to expect the entity would have adopted if dealing with that individual or entity at arm's length in the same circumstances, the reporting entity shall disclose:**

    (a) **The nature of the related party relationships;**

    (b) **The types of transactions that have occurred; and**

(c) **The elements of the transactions necessary to clarify the significance of these transactions to its operations and sufficient to enable the financial statements to provide relevant and ~~reliable~~ <u>faithfully representative</u> information for decision making and accountability purposes.**

…

32. **Items of a similar nature may be disclosed in aggregate, except when separate disclosure is necessary to provide relevant and ~~reliable~~ <u>faithfully representative</u> information for decision-making and accountability purposes.**

Effective Date

…

<u>42C. **Paragraphs 27 and 32 were amended by *Improvements to MPSASs 2023* issued in December 2022. An entity shall apply these amendments for annual financial statements covering periods beginning on or after January 1, 2024. Earlier application is encouraged. If an entity applies these amendments for a period beginning before January 1, 2024 it shall disclose that fact.**</u>

<u>Amendments to MPSAS 22, *Disclosure of Financial Information about the General Government Sector*</u>

Paragraph 13 is amended. Paragraph 47C is added. New text is underlined and deleted text is struck through.

Scope

…

Accounting Policies

…

13. This standard requires that when disclosures about the GGS are made in financial statements, those disclosures are to be made in accordance with the requirements prescribed in this Standard. This will ensure that an appropriate representation of the GGS is made in the financial statements, and that disclosures about the GGS satisfy the qualitative characteristics of financial information, ~~including~~ <u>which are</u> ~~understandability,~~ relevance, ~~reliability~~ <u>faithful representation, understandability, timeliness,</u> ~~and~~ comparability<u>, and verifiability</u>.

Effective Date

…

<u>47C. **Paragraph 13 was amended by *Improvements to MPSASs 2023* issued in December 2022. An entity shall apply this amendment for annual financial statements covering periods beginning on or after January 1, 2024. Earlier application is encouraged. If an entity applies the amendment for a period beginning before January 1, 2024 it shall disclose that fact.**</u>

Amendments to MPSAS 24, *Presentation of Budget Information in Financial Statements*

Paragraph 26 is amended. Paragraph 54B is added. New text is underlined and deleted text is struck through.

Presentation of a Comparison of Budget and Actual Amounts

…

Level of Aggregation

…

26. MPSAS 3, *Accounting Policies, Changes in Accounting Estimates and Errors*, requires financial statements to provide information that meets ~~a number of~~ the qualitative characteristics, including that the information 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 other qualitative characteristics and takes account of the constraints on information included in general purpose financial reports.

~~(a) Relevant to the decision-making needs of users; and~~

~~(b) Reliable in that the financial statements:~~

~~(i) Represent faithfully the financial position, financial performance, and cash flows of the entity;~~

~~(ii) Reflect the economic substance of transactions, other events, and conditions, and not merely the legal form;~~

~~(iii) Are neutral, that is, free from bias;~~

~~(iv) Are prudent; and~~

~~Are complete in all material respect~~

…

Effective Date

…

54B. **Paragraph 26 was amended by *Improvements to MPSASs 2023* issued in December 2022. An entity shall apply this amendment for annual financial statements covering periods beginning on or after January 1, 2024. Earlier application is encouraged. If an entity applies the amendment for a period beginning before January 1, 2024 it shall disclose that fact.**

Amendments to MPSAS 29, *Financial Instruments: Recognition and Measurement*

Paragraph 125D is added. Paragraph AG8 is amended. New text is underlined and deleted text is struck through.

Effective Date

…

125D. **Paragraph AG8 was amended by *Improvements to MPSASs 2023* issued in December 2022. An entity shall apply this amendment for annual financial statements covering periods beginning on or after January 1, 2024. Earlier application is encouraged. If an entity applies the amendment for a period beginning before January 1, 2024 it shall disclose that fact.**

Application Guidance

This Appendix is an integral part of MPSAS 29.

Definitions (paragraphs 9 and 10)

Designation as at Fair Value through Surplus or Deficit

…

AG8. The decision of an entity to designate a financial asset or financial liability as at fair value through surplus or deficit is similar to an accounting policy choice (although, unlike an accounting policy choice, it is not required to be applied consistently to all similar transactions). When an entity has such a choice, paragraph 17(b) of MPSAS 3, *Accounting Policies, Changes in Accounting Estimates and Errors* requires the chosen policy to result in the financial statements providing ~~reliable~~ faithfully representative and more relevant information about the effects of transactions, other events and conditions on the entity's financial position, financial performance or cash flows. In the case of designation as at fair value through surplus or deficit, paragraph 10 sets out the two circumstances when the requirement for more relevant information will be met. Accordingly, to choose such designation in accordance with paragraph 10, the entity needs to demonstrate that it falls within one (or both) of these two circumstances.

Amendments to MPSAS 30, *Financial Instruments: Disclosures*

Paragraph 52C is added. Paragraph AG7 is amended. New text is underlined and deleted text is struck through.

Effective Date

…

52C. **Paragraph AG7 was amended by *Improvements to MPSASs 2023* issued in December 2022. An entity shall apply this amendment for annual financial statements covering periods beginning on or after January 1, 2024. Earlier application is encouraged. If an entity applies the amendment for a period beginning before January 1, 2024 it shall disclose that fact.**

Application Guidance

This appendix is an integral part of MPSAS 30.

Nature and Extent of Risks Arising from Financial Instruments (paragraphs 38–49)

…

Quantitative Disclosures (paragraph 41)

AG7. Paragraph 41(a) requires disclosures of summary quantitative data about an entity's exposure to risks based on the information provided internally to key management personnel of the entity. When an entity uses several methods to manage a risk exposure, the entity shall disclose information using the method or methods that provide the most relevant and ~~reliable~~ <u>faithfully representative</u> information. MPSAS 3, *Accounting Policies, Changes in Accounting Estimates and Errors* discusses relevance and reliability.

Reason of Amendments

RA1. Following completion of *The Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities* (the Conceptual Framework) the IPSASB initiated a limited scope project to make changes to IPSASs to reflect the first four chapters of the Conceptual Framework. These chapters address role and authority; objectives and users; qualitative characteristics (QCs) and constraints on information in general purpose financial reports; and the reporting entity. The Conceptual Framework adopted the QC of 'faithful representation' rather than 'reliability'.

RA2. The IPSASB decided that it is important that the concepts in the Conceptual Framework are considered directly rather than being mediated through secondary sources. The IPSASB therefore decided to delete Appendix A completely from IPSAS 1, *Presentation of Financial Statements*.

PART II

Inserting a footnote for the word 'reliably' or 'reliable' that being used in recognition criteria

<u>Amendments to MPSAS 5, *Borrowing Costs*</u>

A footnote is added to paragraph 19. New text is underlined.

Borrowing Costs—Allowed Alternative Treatment

Recognition

…

19. Under the allowed alternative treatment, borrowing costs that are directly attributable to the acquisition, construction, or production of an asset are included in the cost of that asset. Such borrowing costs are capitalized as part of the cost of the asset when (a) it is probable that they will result in future economic benefits or service potential to the entity, and (b) the costs can be measured reliably[1]. Other borrowing costs are recognized as an expense in the period in which they are incurred.

<u>[1] Information that is reliable is free from material error and bias, and can be depended on by users to faithfully represent that which it purports to represent or could reasonably be expected to represent.</u>

<u>Amendments to MPSAS 9, *Revenue from Exchange Transactions*</u>

A footnote is added to paragraph 19. New text is underlined.

Rendering of Services

19. **When the outcome of a transaction involving the rendering of services can be estimated reliably[1], revenue associated with the transaction shall be recognized by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:**

    (a) **The amount of revenue can be measured reliably;**

    (b) **It is probable that the economic benefits or service potential associated with the transaction will flow to the entity;**

    (c) **The stage of completion of the transaction at the reporting date can be measured reliably; and**

    (d) **The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.**

<u>[1] Information that is reliable is free from material error and bias, and can be depended on by users to faithfully represent that which it purports to represent or could reasonably be expected to represent.</u>

Amendments to MPSAS 11, *Construction Contracts*

A footnote is added to paragraph 30. New text is underlined.

Recognition of Contract Revenue and Expenses

30. When the outcome of a construction contract can be estimated reliably[1], contract revenue and contract costs associated with the construction contract shall be recognized as revenue and expenses respectively by reference to the stage of completion of the contract activity at the reporting date. An expected deficit on a construction contract to which paragraph 44 applies shall be recognized as an expense immediately in accordance with paragraph 44.

---

[1] Information that is reliable is free from material error and bias, and can be depended on by users to faithfully represent that which it purports to represent or could reasonably be expected to represent.

Amendments to MPSAS 13, *Leases*

A footnote is added to paragraph 21. New text is underlined.

Classification of Leases

…

21. Whenever necessary in order to classify and account for a lease of land and buildings, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the buildings elements in proportion to the relative fair values of the leasehold interests in the land element and buildings element of the lease at the inception of the lease. If the lease payments cannot be allocated reliably[1] between these two elements, the entire lease is classified as a finance lease, unless it is clear that both elements are operating leases, in which case the entire lease is classified as an operating lease.

---

[1] Information that is reliable is free from material error and bias, and can be depended on by users to faithfully represent that which it purports to represent or could reasonably be expected to represent.

Amendments to MPSAS 16, *Investment Property*

A footnote is added to paragraph 20. New text is underlined.

Recognition

20. **Investment property shall be recognized as an asset when, and only when:**

    (a) **It is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity; and**

    (b) **The cost or fair value of the investment property can be measured reliably[1].**

---

[1] Information that is reliable is free from material error and bias, and can be depended on by users to faithfully represent that which it purports to represent or could reasonably be expected to represent.

Amendments to MPSAS 17, *Property, Plant and Equipment*

A footnote is added to paragraph 14. New text is underlined.

Recognition

14. **The cost of an item of property, plant and equipment shall be recognized as an asset if, and only if:**

    (a) **It is probable that future economic benefits or service potential associated with the item will flow to the entity; and**

    (b) **The cost or fair value of the item can be measured reliably[1].**

---

[1] Information that is reliable is free from material error and bias, and can be depended on by users to faithfully represent that which it purports to represent or could reasonably be expected to represent.

Amendments to MPSAS 19, *Provisions, Contingent Liabilities and Contingent Assets*

A footnote is added to paragraph 22. New text is underlined.

Recognition

Provisions

22. **A provision shall be recognized when:**

    (a) **An entity has a present obligation (legal or constructive) as a result of a past event;**

    (b) **It is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and**

    (c) **A reliable[1] estimate can be made of the amount of the obligation. If these conditions are not met, no provision shall be recognized.**

---

[1] Information that is reliable is free from material error and bias, and can be depended on by users to faithfully represent that which it purports to represent or could reasonably be expected to represent.

Amendments to MPSAS 21, *Impairment of Non-Cash-Generating Assets*

A footnote is added to paragraph 37. New text is underlined.

Measuring Recoverable Service Amount

…

37. It may be possible to determine fair value less costs to sell, even if an asset is not traded in an active market. Paragraph 42 sets out possible alternative bases for estimating fair value less costs to sell when an active market for the asset does not exist. However, sometimes it will not be possible to determine fair value less costs to sell, because there is no basis for making a reliable[1] estimate of the amount obtainable from the sale of the asset in an arm's length transaction

between knowledgeable and willing parties. In this case, the entity may use the asset's value in use as its recoverable service amount.

[1] Information that is reliable is free from material error and bias, and can be depended on by users to faithfully represent that which it purports to represent or could reasonably be expected to represent.

Amendments to MPSAS 23, *Revenue From Non-Exchange Transactions (Taxes and Transfers)*

A footnote is added to paragraph 31. New text is underlined.

Recognition of Assets

…

31. **An inflow of resources from a non-exchange transaction, other than services in-kind, that meets the definition of an asset shall be recognized as an asset when, and only when:**

   (a) **It is probable that the future economic benefits or service potential associated with the asset will flow to the entity; and**

   (b) **The fair value of the asset can be measured reliably[1].**

[1] Information that is reliable is free from material error and bias, and can be depended on by users to faithfully represent that which it purports to represent or could reasonably be expected to represent.

Amendments to MPSAS 25, *Employee Benefits*

A footnote is added to paragraph 20. New text is underlined.

Recognition and Measurement

Bonus Payments and Profit-Sharing Payments

20. **An entity shall recognize the expected cost of bonus payments and profit-sharing payments under paragraph 13 when, and only when:**

   (a) **The entity has a present legal or constructive obligation to make such payments as a result of past events; and**

   (b) **A reliable[1] estimate of the obligation can be made.**

   A present obligation exists when, and only when, the entity has no realistic alternative but to make the payments.

[1] Information that is reliable is free from material error and bias, and can be depended on by users to faithfully represent that which it purports to represent or could reasonably be expected to represent.

Amendments to MPSAS 26, *Impairment of Cash-Generating Assets*

A footnote is added to paragraph 33. New text is underlined.

Measuring Recoverable Amount

…

33. It may be possible to determine fair value less costs to sell, even if an asset is not traded in an active market. However, sometimes it will not be possible to determine fair value less costs to sell because there is no basis for making a reliable[1] estimate of the amount obtainable from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In this case, the entity may use the asset's value in use as its recoverable amount.

[1] Information that is reliable is free from material error and bias, and can be depended on by users to faithfully represent that which it purports to represent or could reasonably be expected to represent.

Amendments to MPSAS 27, *Agriculture*

A footnote is added to paragraph 13. New text is underlined.

Recognition and Measurement

13. **An entity shall recognize a biological asset or agricultural produce when and only when:**

(a) **The entity controls the asset as a result of past events;**

(b) **It is probable that future economic benefits or service potential associated with the asset will flow to the entity; and**

(c) **The fair value or cost of the asset can be measured reliably[1].**

[1] Information that is reliable is free from material error and bias, and can be depended on by users to faithfully represent that which it purports to represent or could reasonably be expected to represent.

Amendments to MPSAS 31, *Intangible Assets*

A footnote is added to paragraph 28. New text is underlined.

Recognition and Measurement

28. **An intangible asset shall be recognized if, and only if:**

(a) **It is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and**

(b) **The cost or fair value of the asset can be measured reliably[1].**

[1] Information that is reliable is free from material error and bias, and can be depended on by users to faithfully represent that which it purports to represent or could reasonably be expected to represent.

Amendments to MPSAS 32, *Service Concession Arrangements*

A footnote is added to paragraph AG20. New text is underlined.

Recognition and Initial Measurement of a Service Concession Asset (see paragraphs 9–13)

Constructed or Developed Asset

AG20. Where a constructed or developed asset meets the conditions in paragraph 9 (or paragraph 10 for a whole-of-life asset) the grantor recognizes and measures the asset in accordance with this Standard. MPSAS 17 or MPSAS 31, as appropriate, set out the criteria for when a service concession asset should be recognized. Both MPSAS 17 and MPSAS 31 require that an asset shall be recognized if, and only if:

(a) It is probable that future economic benefits or service potential associated with the item will flow to the entity; and

(b) The cost or fair value of the item can be measured reliably[1].

[1] Information that is reliable is free from material error and bias, and can be depended on by users to faithfully represent that which it purports to represent or could reasonably be expected to represent.

Amendments to MPSAS 33, *First-Time Adoption of Accrual Basis Malaysian Public Sector Accounting Standards*

A footnote is added to paragraph 39. New text is underlined.

Exemptions that Affect Fair Presentation and Compliance with Accrual Basis MPSASs During the Period of Transition

…

Three Year Transitional Relief Period for the Recognition and/or Measurement of Assets and/or Liabilities

Recognition and/or Measurement of Assets and/or Liabilities

…

39. Subject to paragraphs 36 and 38, a first-time adopter is not required to change its accounting policy(ies) in respect of the recognition and/or measurement of assets and/or liabilities for reporting periods beginning on a date within three years following the date of adoption of MPSASs. The transitional exemptions in paragraphs 36 and 38 are intended to allow a first-time adopter a period to develop reliably[1] models for recognizing and/or measuring its assets and/or liabilities during the period of transition. The first-time adopter may apply accounting policies for the recognition and/or measurement of such assets and/or liabilities that do not comply with the provisions of other MPSASs.

[1] Information that is reliable is free from material error and bias, and can be depended on by users to faithfully represent that which it purports to represent or could reasonably be expected to represent.

Amendments to MPSAS 36, *Investments in Associates and Joint Ventures*

A footnote is added to paragraph 4. New text is underlined.

Scope

…

4. This Standard provides the basis for accounting for ownership interests in associates and joint ventures. That is, the investment in the other entity confers on the entity the risks and rewards incidental to an ownership interest. This Standard applies only to quantifiable ownership interests. This includes ownership interests arising from investments in the formal equity structure of another entity. A formal equity structure means share capital or an equivalent form of capital, such as units in a property trust. Quantifiable ownership interests may also include ownership interests arising from other investments in which the entity's ownership interest can be measured reliably[1] (for example, interests in a partnership). Where the equity structure of the other entity is poorly defined, it may not be possible to obtain a reliable measure of the ownership interest.

[1] Information that is reliable is free from material error and bias, and can be depended on by users to faithfully represent that which it purports to represent or could reasonably be expected to represent.

Reason of Amendments

RA3. The IPSASB noted that recognition criteria in IPSASs include the words 'reliably' or 'reliable'. Many other IPSASs do not include explicit recognition criteria, but include references to 'reliably' and 'reliable' in more general guidance on recognition, estimation, allocation and other issues related to measurement. The IPSASB did not consider it appropriate to make piecemeal changes to recognition criteria in advance of a fuller review of recognition criteria and related guidance.

RA4. The IPSASB therefore decided to include a footnote explaining the meaning of 'reliability' in each IPSAS with recognition criteria or related guidance on aspects of measurement. This footnote states that 'information that is reliable is free from material error and bias, and can be depended on by users to faithfully represent that which it purports to represent or could reasonably be expected to represent.'

B. GENERAL IMPROVEMENTS TO MPSASs

Part I

Removal of references in MPSAS to the international or national accounting standards dealing with non-current assets held for sale and discontinued operation

The objective of this improvement is to clarify that reference to IFRS 5, *Non-current Assets Held for Sale and Discontinued Operation* or other similar accounting standard would only be appropriate in the public sector in limited circumstances.

Therefore, MPSAS 14, MPSAS 19, MPSAS 26, MPSAS 27 and MPSAS 31 that makes references to international or national accounting standards dealing with non-current assets held for sale and discontinued operation are amended.

Amendments to MPSAS 14, *Events After The Reporting Date*

Paragraph 31 is amended. Paragraph 32C is added. New text is underlined and deleted text is struck through.

Disclosure of Non-adjusting Events after the Reporting Date

31. The following are examples of non-adjusting events after the reporting date that would generally result in disclosure:

…

(d) Announcing a plan to discontinue an operation or major program, disposing of assets, or settling liabilities attributable to a discontinued operation or major program, or entering into binding agreements to sell such assets or settle such liabilities~~ (guidance on the treatment and disclosure of discontinued operations can be found in the relevant international or national accounting standard dealing with discontinued operations)~~;

Effective Date

…

<u>32C.</u> <u>**Paragraph 31 was amended by *Improvements to MPSASs 2023*, issued in December 2022. An entity shall apply that amendment for annual financial statements covering periods beginning on or after January 1, 2024. Earlier application is encouraged. If an entity applies the amendment for a period beginning before January 1, 2024, it shall disclose that fact.**</u>

Amendments to MPSAS 19, *Provisions, Contingent Liabilities and Contingent Assets*

Paragraph 6 is amended. Paragraph 111D is added. New text is underlined and deleted text is struck through.

Scope

6. This Standard applies to provisions for restructuring (including <u>operations being </u>discontinued ~~operations~~). ~~In some cases, a restructuring may meet the definition of a discontinued operation.~~

An entity shall disclose information that enables users of its financial statements to evaluate the financial effects of a restructuring. ~~Guidance on disclosing information about discontinued operations can be found in IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations.*~~

Effective Date

…

111D. **Paragraph 6 was amended by *Improvements to MPSASs 2023*, issued in December 2022. An entity shall apply that amendment for annual financial statements covering periods beginning on or after January 1, 2024. Earlier application is encouraged. If an entity applies the amendment for a period beginning before January 1, 2024, it shall disclose that fact.**

…

Amendments to MPSAS 26, *Impairment of Cash-Generating Assets*

Paragraphs 2 and 8 are amended. Paragraph 126F is added. New text is underlined and deleted text is struck through.

Scope

2. An entity that prepares and presents financial statements under the accrual basis of accounting shall apply this Standard in accounting for the impairment of cash-generating assets, except for:

…

(k) Deferred acquisition costs, and intangible assets, arising from an insurer's contractual rights under insurance contracts within the scope of the relevant international or national accounting standard dealing with insurance contracts; and

(l) ~~Non-current assets (or disposal groups) classified as held for sale that are measured at the lower of carrying amount and fair value, less costs to sell, in accordance with the relevant international or national accounting standard dealing with non-current assets held for sale and discontinued operations; and~~

…

8. This Standard does not apply to inventories and cash-generating assets arising from construction contracts, because existing standards applicable to these assets contain requirements for recognizing and measuring such assets. This Standard does not apply to deferred tax assets, assets related to employee benefits, or deferred acquisition costs and intangible assets arising from an insurer's contractual rights under insurance contracts. The impairment of such assets is addressed in the relevant international or national accounting standards. In addition, this Standard does not apply to ~~(a)~~ biological assets related to agricultural activity that are measured at fair value less costs to sell. ~~, and (b) non-current assets (or disposal groups) classified as held for sale that are measured at the lower of carrying amount and fair value less costs to sell.~~ MPSAS 27 dealing with biological assets related to agricultural activity, ~~and the relevant international or national accounting standards dealing with non-current assets (or disposal groups) classified as held for sale,~~ contains measurement requirements.

…

Effective Date

…

126F. **<u>Paragraphs 2 and 8 were amended by *Improvements to MPSASs 2023*, issued in December 2022. An entity shall apply those amendments for annual financial statements covering periods beginning on or after January 1, 2024. Earlier application is encouraged. If an entity applies the amendments for a period beginning before January 1, 2024, it shall disclose that fact.</u>**

Amendments to MPSAS 27, *Agriculture*

Paragraphs 34 and 48 are amended. Paragraph 56B are added. New text is underlined and deleted text is struck through.

…

Inability to Measure Fair Value Reliably

34. **There is a presumption that fair value can be measured reliably for a biological asset. However, that presumption can be rebutted only on initial recognition for a biological asset for which market-determined prices or values are not available, and for which alternative estimates of fair value are determined to be clearly unreliable. In such a case, that biological asset shall be measured at its cost less any accumulated depreciation and any accumulated impairment losses. Once the fair value of such a biological asset becomes reliably measurable, an entity shall measure it at its fair value less costs to sell. ~~Once a non current biological asset meets the criteria to be classified as held for sale (or is included in a disposal group that is classified as held for sale) in accordance with the relevant international or national accounting standard dealing with non-current assets held for sale and discontinued operations, it is presumed that fair value can be measured reliably.~~**

…

48. **An entity shall present a reconciliation of changes in the carrying amount of biological assets between the beginning and the end of the current period. The reconciliation shall include:**

…

(d) **Decreases attributable to sales ~~and biological assets classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with the relevant international or national standard dealing with non-current assets held for sale and discontinued operations~~;**

Effective Date

…

56B. **<u>Paragraphs 34 and 48 were amended by *Improvements to MPSASs 2023*, issued in December 2022. An entity shall apply those amendments for annual financial statements covering periods beginning on or after January 1, 2024. Earlier application is encouraged. If an entity applies the amendments for a period beginning before January 1, 2024, it shall disclose that fact.</u>**

Amendments to MPSAS 31, *Intangible Assets*

Paragraphs 3, 96, 116 and 117 are amended. Paragraph 132E is added. New text is underlined and deleted text is struck through.

Scope

…

3. This Standard shall be applied in accounting for intangible assets, except:

…

(i) Deferred acquisition costs, and intangible assets, arising from an insurer's contractual rights under insurance contracts within the scope of the relevant international or national accounting standard dealing with insurance contracts. In cases where the relevant international or national accounting standard does not set out specific disclosure requirements for those intangible assets, the disclosure requirements in this Standard apply to those intangible assets; and

~~(j) Non-current intangible assets classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with the relevant international or national accounting standard dealing with non-current assets held for sale and discontinued operations; and~~

…

Intangible Assets with Finite Useful Lives

Amortization Period and Amortization Method

96. **The depreciable amount of an intangible asset with a finite useful life shall be allocated on a systematic basis over its useful life. Amortization shall begin when the asset is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Amortization shall cease at ~~the earlier of the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with the relevant international or national accounting standard dealing with non-current assets held for sale and discontinued operations and~~ the date that the asset is derecognized. The amortization method used shall reflect the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the entity. If that pattern cannot be determined reliably, the straight-line method shall be used. The amortization charge for each period shall be recognized in surplus or deficit unless this or another Standard permits or requires it to be included in the carrying amount of another asset.**

…

Retirements and Disposals

…

116. Amortization of an intangible asset with a finite useful life does not cease when the intangible asset is no longer used, unless the asset has been fully depreciated. ~~or is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with the relevant international or national accounting standard dealing with non-current assets held for sale and discontinued operations.~~

…

Disclosure

General

117. **An entity shall disclose the following for each class of intangible assets, distinguishing between internally generated intangible assets and other intangible assets:**

…

(e) **A reconciliation of the carrying amount at the beginning and end of the period showing:**

(i) **Additions, indicating separately those from internal development and those acquired separately;**

(ii) **~~Assets classified as held for sale or included in a disposal group classified as held for sale in accordance with the relevant international or national accounting standard dealing with non-current assets held for sale and discontinued operations and other d~~Disposals;**

…

Effective Date

…

132E. **Paragraphs 3, 96, 116 and 117 were amended by *Improvements to MPSASs 2023*, issued in December 2022. An entity shall apply those amendments for annual financial statements covering periods beginning on or after January 1, 2024. Earlier application is encouraged. If an entity applies the amendments for a period beginning before January 1, 2024, it shall disclose that fact.**

Reason of Amendments

RA5. IPSASB had concluded that IFRS 5 would only be appropriate in the public sector in limited circumstances, for the following reasons:

(a) Sales of assets in the public sector may not be completed within one year because of the levels of approval required. This raises questions about the relevance and consistency of information provided in accordance with IFRS 5. In particular, the IPSASB notes that, under IFRS 5, non-current assets held for sale are not depreciated. The IPSASB has concerns that not depreciating assets for an extended period of time may be inappropriate.

(b) Many assets in the public sector are disposed of through a transfer or distribution for no or nominal consideration. As IFRS 5 deals with sales at fair value, the measurement and disclosure requirements may not provide relevant information for these transfers. However, the IPSASB recognizes that the measurement and disclosure requirements in IFRS 5 may be appropriate where sales are intended to take place at fair value.

(c) Many discontinued operations in the public sector are operations that previously provided services at no or nominal cost. As IFRS 5 deals with discontinued operations that were either cash-generating units or a group of cash-generating units prior to disposal or being classified as held for sale, the disclosure requirements may not provide relevant information for public sector discontinued operations. However, the IPSASB recognizes that the disclosure requirements in IFRS 5 may be appropriate where discontinued operations were previously either cash-generating units or one or more groups of cash generating units.

RA6. Therefore IPSASB agreed to remove references in IPSAS to international or national accounting standards dealing with non-current assets held for sale and discontinued operations. The IPSASB had concerns that retaining this reference may result in entities following the requirements of IFRS 5 in circumstances where this may not be appropriate.

RA7. IPSASB noted that IPSAS 3, *Accounting Policies, Changes in Accounting Estimates and Errors*, provides guidance on selecting accounting policies for transactions that are not specifically addressed in IPSASs. This guidance would permit entities to adopt an accounting policy that is consistent with IFRS 5 where the entity considers this is appropriate.

Part II

Narrowing the scope of MPSAS 27, Agriculture

This amendment is made due to the alignment of IPSAS 27 with IAS 41 to narrow the scope of the MPSAS 27, *Agriculture* by excluding bearer plants and include the bearer plants in the scope of MPSAS 17 - *Property, Plant and Equipment*.

This improvement will update MPSAS 17 and MPSAS 27 as well as consequential amendments to MPSAS 13, MPSAS 16 and MPSAS 26.

<u>Amendments to MPSAS 27, *Agriculture*</u>

Paragraphs 2, 3, 5, 6, 9, 28 and 40 are amended. Paragraphs 9A, 9B, 9C, 56C and 56D are added. New text is underlined and deleted text is struck through.

Scope

2. **An entity that prepares and presents financial statements under the accrual basis of accounting shall apply this Standard for the following when they relate to agricultural activity:**

   (a) **Biological assets<u>, except for bearer plants</u>; and**

   (b) **Agricultural produce at the point of harvest.**

3. This Standard does not apply to:

   (a) Land related to agricultural activity (see MPSAS 16, *Investment Property* and MPSAS 17, *Property, Plant, and Equipment*);

   (b) <u>Bearer plants related to agricultural activity (see MPSAS 17). However, this Standard applies to the produce on those bearer plants;</u>

   ~~(b)~~<u>(c)</u> Intangible assets related to agricultural activity (see MPSAS 31, *Intangible Assets*); and

   ~~(c)~~<u>(d)</u> Biological assets held for the provision or supply of services.

…

5. This Standard is applied to agricultural produce, which is the harvested ~~product~~ <u>produce</u> of the entity's biological assets, ~~only~~ at the point of harvest. Thereafter, MPSAS 12, or another applicable Standard, is applied. Accordingly, this Standard does not deal with the processing of agricultural produce after harvest; for example, the processing of grapes into wine by a vintner who has grown the grapes. While such processing may be a logical and natural extension of agricultural activity, and the events taking place may bear some similarity to biological transformation, such processing is not included within the definition of agricultural activity in this Standard.

6. The table below provides examples of biological assets, agricultural produce, and products that are the result of processing after harvest:

Biological assets	**Agricultural produce**	**Products that are the result of processing after harvest**
Sheep	Wool	Yarn, carpet
Trees in a timber plantation ~~forest~~	Felled trees	Logs, lumber
~~Plants~~	~~Cotton~~	~~Thread, clothing~~
	~~Harvested cane~~	~~Sugar~~
Dairy cattle	Milk	Cheese
Pigs	Carcass	Sausages, cured hams
Cotton plants	Harvested cotton	Thread, clothing
Sugarcane	Harvested cane	Sugar
Tobacco plants ~~Bushes~~	Picked leaves ~~Leaf~~	~~Tea, c~~Cured tobacco
Tea bushes	Picked leaves	Tea
Grape ~~V~~vines	Picked ~~G~~grapes	Wine
Fruit trees	Picked fruit	Processed fruit
Oil Palms	Picked fruit	Palm Oil
Rubber trees	Harvested latex	Rubber products
Some plants, for example, tea bushes, grape vines, oil palms and rubber trees, usually meet the definition of a bearer plant and are within the scope of MPSAS 17. However, the produce growing on bearer plants, for example, tea leaves, grapes, oil palm fruit and latex, is within the scope of MPSAS 27.		

Definitions

Agriculture-related Definitions

9. **The following terms are used in this Standard with the meanings specified:**

…

Agricultural produce is the harvested ~~product~~ produce of the entity's biological assets.

A bearer plant is a living plant that:

(a) **Is used in the production and supply of agricultural produce;**

(b) **Is expected to bear produce for more than one period; and**

(c) **Has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.**

…

9A. The following are not bearer plants:

(a) Plants cultivated to be harvested as agricultural produce (for example, trees grown for use as lumber);

(b) Plants cultivated to produce agricultural produce when there is more than a remote likelihood that the entity will also harvest and sell the plant as agricultural produce, other than as incidental scrap sales (for example, trees that are cultivated for their fruit and their lumber); and

(c) Annual crops (for example, maize and wheat).

9B. When bearer plants are no longer used to bear produce they might be cut down and sold as scrap, for example, for use as firewood. Such incidental scrap sales would not prevent the plant from satisfying the definition of a bearer plant.

9C. Produce growing on bearer plants is a biological asset.

…

Recognition and Measurement

…

28. Cost may sometimes approximate fair value, particularly when:

(a) Little biological transformation has taken place since initial cost incurrence (for example, for ~~fruit tree~~ seedlings planted immediately prior to reporting date or newly acquired livestock); or

(b) The impact of the biological transformation on price is not expected to be material (for example, for the initial growth in a 30-year pine plantation production cycle).

…

Disclosure

General

…

40. Consumable biological assets are those that are held for harvest as agricultural produce or for sale or distribution at no charge or for a nominal charge as biological assets. Examples of consumable biological assets are animals and plants for one-time use, such as livestock intended for the production of meat, livestock held for sale, fish in farms, crops such as maize and wheat, produce on a bearer plant and trees being grown for lumber. Bearer biological assets are those

biological assets that are used repeatedly or continuously for more than one year in an agricultural activity. Bearer biological assets are not agricultural produce but, rather, are held to bear produce ~~self-regenerating~~. Examples of types of animals that are bearer biological assets include breeding stocks (including fish and poultry), livestock from which milk is produced, and sheep or other animals used for wool production. Examples of types of plants that are bearer biological assets include trees from which fruit is harvested, vines and shrubs cultivated for the harvest of fruits, nuts, sap, resin, bark and leaf products ~~and trees from which firewood is harvested while the tree remains~~.

…

Effective Date

…

56C. **Paragraphs 2, 3, 5, 6, 9, 28 and 40 were amended and paragraphs 9A, 9B and 9C added by *Improvements to MPSASs 2023* issued in December 2022. An entity shall apply those amendments for annual periods beginning on or after January 1, 2024. Earlier application is permitted. If an entity applies those amendments for an earlier period, it shall disclose that fact. An entity shall apply those amendments retrospectively, in accordance with MPSAS 3, *Accounting Policies, Changes in Accounting Estimates and Errors*.**

56D. **In the reporting period when the amendments to MPSAS 17 and MPSAS 27 from *Improvements to MPSASs 2023* is first applied an entity need not disclose the quantitative information required by paragraph 33(f) of MPSAS 3 for the current period. However, an entity shall present the quantitative information required by paragraph 33(f) of MPSAS 3 for each prior period presented.**

Amendments to MPSAS 17, *Property, Plant and Equipment*

Paragraphs 6, 13 and 52 are amended. Paragraphs 36A, 107H, 107I and 107J. New text is underlined and deleted text is struck through.

Scope

…

6. This Standard does not apply to:

   (a) Biological assets related to agricultural activity other than bearer plants (see MPSAS 27, *Agriculture*). This Standard applies to bearer plants but does not apply to the produce on bearer plants;~~or~~

   (b) Mineral rights and mineral reserves such as oil, natural gas, and similar non-regenerative resources (see the relevant international or national accounting standard dealing with mineral rights, mineral reserves, and similar non-regenerative resources).

   However, this Standard applies to property, plant, and equipment used to develop or maintain the assets described in 6(a) or 6(b).

Definitions

13. **The following terms are used in this Standard with the meanings specified:**

A bearer plant is a living plant that:

(a) **Is used in the production or supply of agricultural produce;**

(b) **Is expected to bear produce for more than one period; and**

(c) **Has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.**

(Paragraphs 9A–9C of MPSAS 27 elaborate on this definition of a bearer plant.)

…

Elements of cost

…

36A. Bearer plants are accounted for in the same way as self-constructed items of property, plant, and equipment before they are in the location and condition necessary to be capable of operating in the manner intended by management. Consequently, references to 'construction' in this Standard should be read as covering activities that are necessary to cultivate bearer plants before they are in the location and condition necessary to be capable of operating in the manner intended by management.

…

Revaluation Model

…

52. A class of property, plant, and equipment is a grouping of assets of a similar nature or function in an entity's operations. The following are examples of separate classes:

(a) …

(k) Office equipment; ~~and~~

(l) Oil rigs~~.~~; and

(m) Bearer plants.

…

Effective Date

…

107H. **Paragraphs 6, 13 and 52 were amended and paragraph 36A added by *Improvements to MPSASs 2023* issued in December 2022. An entity shall apply those amendments for annual financial statements covering periods beginning on or after January 1, 2024. Earlier application is encouraged. If an entity applies the amendments for a period beginning before January 1, 2024, it shall disclose that fact. An entity shall apply those amendments retrospectively, in accordance with MPSAS 3, *Accounting Policies, Changes in Accounting Estimates and Errors*, except as specified in paragraph 107I.**

107I. **In the reporting period when the amendments to MPSAS 17 and MPSAS 27 from *Improvements to MPSASs 2023* is first applied an entity need not disclose the quantitative**

information required by paragraph 33(f) of MPSAS 3 for the current period. However, an entity shall present the quantitative information required by paragraph 33(f) of MPSAS 3 for each prior period presented.

107J. **An entity may elect to measure an item of bearer plants at its fair value at the beginning of the earliest period presented in the financial statements for the reporting period in which the entity first applies the amendments to MPSAS 17 and MPSAS 27 from *Improvements to MPSASs 2023* and use that fair value as its deemed cost at that date. Any differences between the previous carrying amount and fair value shall be recognized in opening accumulated surpluses/deficits at the beginning of the earliest period presented.**

Reason of Amendments

RA8. IPSASB has improved IPSAS 27 to align with the revision of IAS 41 (amendments titled *Agriculture: Bearer Plants*) to narrow the scope of the standard through titled *Improvements to IPSASs 2015* issued in April 2016 (amendments to IPSAS 17 and IPSAS 27). Therefore, such proposed improvements in MPSAS 27 would reflect in paragraphs 2, 3, 5, 6, 9, 9A, 9B, 9C, 28, and 40 since there is no public sector specific issues in Malaysia.

RA9. Consequently, IPSASB has improved IPSAS 17 to align with the revision of IAS 16 (amendments titled *Agriculture: Bearer Plants*) to amend the scope of the standard through titled *Improvements to IPSASs 2015* issued in April 2016 (amendments to IPSAS 17 and IPSAS 27). Therefore, such improvements in MPSAS 17 would reflect in paragraphs 6, 13, 36A and 52 since there is no public sector specific issues in Malaysia.

RA10. As a result of the amendments proposed to MPSAS 27, other MPSASs which are MPSAS 13, MPSAS 16 and MPSAS 26 will be affected and amended accordingly.

Consequential Amendments to Other MPSASs

The following amendments to MPSAS 13, MPSAS 16 and MPSAS 26 are as a result of the amendments proposed to MPSAS 27.

Amendments to MPSAS 13, *Leases*

Scope

2. …

However, this Standard shall not be applied as the basis of measurement for:

…

(c) **Biological assets within the scope of MPSAS 27, *Agriculture* held by lessees under finance leases ~~(see MPSAS 27, Agriculture)~~; or**

(d) **Biological assets within the scope of MPSAS 27 provided by lessors under operating leases ~~(see MPSAS 27)~~.**

Amendments to MPSAS 16, *Investment Property*

Scope

…

6. This Standard does not apply to:

   (a) Biological assets related to agricultural activity (see MPSAS 27, *Agriculture* and MPSAS 17, *Property, Plant, and Equipment*); and

   (b) …

Amendments to MPSAS 26, *Impairment of Cash-Generating Assets*

Scope

2. **An entity that prepares and presents financial statements under the accrual basis of accounting shall apply this Standard in accounting for the impairment of cash-generating assets, except for:**

   …

   (j) **Biological assets related to agricultural activity within the scope of MPSAS 27, *Agriculture* that are measured at fair value less costs to sell ~~(see MPSAS 27, Agriculture)~~;**

   …

Part III
Clarification of acceptable methods of depreciation and amortization

This amendment in MPSAS 17 and MPSAS 31 is made due to the alignment with IPSAS 17 and IPSAS 31 respectively that clarify the acceptable methods of depreciation and amortization which prohibit depreciation method based on revenue that is generated by an activity which involves the use of an asset. In addition, paragraph 17 of MPSAS 17 and paragraph that related to accounting for revalued asset (paragraph 50, MPSAS 17 and paragraph 79, MPSAS 31) are rephrased.

Furthermore, the IPSASB also made an improvements to these standards to include the application of impairment of cash-generating asset when there is an impairment to the asset and to clarify that the gains from the disposal of assets is part of the revenue.

Amendments to MPSAS 17, *Property, Plant and Equipment*

Paragraphs 17, 50, 72, 79, 81, 83, 88 and 93 are amended. Paragraphs 78A, 106A, 107D and 107E are added. New text is underlined and deleted text is struck through.

Recognition

…

17. ~~Spare~~ Items such as spare parts, stand-by equipment and servicing equipment are recognized in accordance with this MPSAS ~~are usually carried as inventory and recognized in surplus or deficit as consumed. However, major spare parts and stand-by equipment qualify as property, plant, and equipment~~ when they meet the definition of property, plant, and equipment. Otherwise, such items are classified as inventory. ~~an entity expects to use them during more than one period. Similarly, if the spare parts and servicing equipment can be used only in connection with an item of property, plant, and equipment, they are accounted for as property, plant, and equipment.~~

…

Revaluation Model

…

50. When an item of property, plant, and equipment is revalued, ~~any accumulated depreciation~~ the carrying amount of that asset is adjusted to the revalued amount. A~~a~~t the date of the revaluation, the asset is treated in one of the following ways:

    (a) ~~Restated proportionately~~ The gross carrying amount is adjusted in a manner that is consistent with the ~~change in the gross carrying amount of the asset, so that~~ revaluation of the carrying amount of the asset. For example, the gross carrying amount may be restated by reference to observable market data or it may be restated proportionately to the change in the carrying amount. The accumulated depreciation at the date of the revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses; or ~~after revaluation equals its revalued amount. This method is often used when an asset is revalued by means of applying an index to its depreciated replacement cost~~.

(b) The accumulated depreciation is ~~E~~eliminated against the gross carrying amount of the asset. ~~and the net amount restated to the revalued amount of the asset. This method is often used for buildings.~~

The amount of the adjustment ~~arising on the restatement or elimination~~ of accumulated depreciation forms part of the increase or decrease in carrying amount that is accounted for in accordance with paragraphs 54 and 55.

…

Depreciable Amount and Depreciation Period

…

72. The future economic benefits or service potential embodied in an item of property, plant, and equipment are consumed by the entity principally through the use of the asset. However, other factors such as technical or commercial obsolescence and wear and tear while an asset remains idle often result in the diminution of the economic benefits or service potential that might have been obtained from the asset. Consequently, all the following factors are considered in determining the useful life of an asset:

(a) Expected usage of the asset. Usage is assessed by reference to the asset's expected capacity or physical output.

(b) Expected physical wear and tear, which depends on operational factors such as the number of shifts for which the asset is to be used and the repair and maintenance program, and the care and maintenance of the asset while idle.

(c) Technical or commercial obsolescence arising from changes or improvements in production, or from a change in the market demand for the product or service output of the asset. Expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technical or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits or service potential embodied in the asset.

…

Depreciation method

…

78A. A depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate. The revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits or service potential of the asset. For example, revenue is affected by other inputs and processes, selling activities and changes in sales volumes and prices. The price component of revenue may be affected by inflation, which has no bearing upon the way in which an asset is consumed.

…

Measurement at Recognition

…

Impairment

79. To determine whether an item of property, plant, and equipment is impaired, an entity applies MPSAS 21 or MPSAS 26, *Impairment of Cash-Generating Assets*, as appropriate. ~~That Standard explains~~ These Standards explain how an entity reviews the carrying amount of its assets, how it determines the recoverable service amount or recoverable amount of an asset, and when it recognizes, or reverses the recognition of, an impairment loss.

Compensation for Impairment

…

81. Impairments or losses of items of property, plant, and equipment, related claims for or payments of compensation from third parties, and any subsequent purchase or construction of replacement assets are separate economic events and are accounted for separately as follows:

    (a) Impairments of items of property, plant, and equipment are recognized in accordance with MPSAS 21 or MPSAS 26, as appropriate;

Derecognition

…

83. The gain or loss arising from the derecognition of an item of property, plant, and equipment shall be included in surplus or deficit when the item is derecognized (unless MPSAS 13 requires otherwise on a sale and leaseback). ~~Gains shall not be classified as revenue.~~

Disclosure

88. The financial statements shall disclose, for each class of property, plant, and equipment recognized in the financial statements:

    …

    (e) A reconciliation of the carrying amount at the beginning and end of the period showing:

    ...

        (iv) Increases or decreases resulting from revaluations under paragraphs 44, 54, and 55 and from impairment losses (if any) recognized or reversed directly in net assets/equity in accordance with MPSAS 21 or MPSAS 26, as appropriate;

        (v) Impairment losses recognized in surplus or deficit in accordance with MPSAS 21 or MPSAS 26, as appropriate;

        (vi) Impairment losses reversed in surplus or deficit in accordance with MPSAS 21 or MPSAS 26, as appropriate;

…

93. In accordance with MPSAS 21 and MPSAS 26, an entity discloses information on impaired property, plant, and equipment in addition to the information required by paragraph 88(e)(iv)–(vi).

Transitional Provisions

…

106A. Paragraph 50 was amended by *Improvements to MPSASs 2023* issued in December 2022. An entity shall apply those amendments to all revaluations recognized in annual periods beginning on or after the date of initial application of that amendment and in the immediately preceding annual period.

…

Effective Date

…

107D. **Paragraph 79, 81, 83, 88 and 93 were amended by *Improvements to MPSASs 2023* issued in December 2022. An entity shall apply those amendments for annual financial statements covering periods beginning on or after January 1, 2024. Earlier application is encouraged. If an entity applies the amendments for a period beginning before January 1, 2024, it shall disclose that fact.**

107E. **Paragraphs 17, 50 and 72 were amended and paragraphs 78A and 106A added by *Improvements to MPSASs 2023* issued in December 2022. An entity shall apply those amendments prospectively for annual financial statements covering periods beginning on or after January 1, 2024. Earlier application is encouraged. If an entity applies the amendments for a period beginning before January 1, 2024, it shall disclose that fact.**

…

Amendments to MPSAS 31, *Intangible Assets*

Paragraphs 79, 91, 97 are amended. Paragraphs 97A, 97B, 97C, 131A and 132B are added. New text is underlined and deleted text is struck through.

Revaluation Model

…

79. ~~If~~When an intangible asset is revalued, ~~any accumulated amortization~~ the carrying amount of that asset is adjusted to the revalued amount. A~~a~~t the date of the revaluation, the asset is ~~either~~ treated in one of the following ways:

(a) ~~Restated proportionately~~ The gross carrying amount is adjusted in a manner that is consistent with the ~~change in the gross carrying amount of the asset so that~~ revaluation of the carrying amount of the asset. For example, the gross carrying amount may be restated by reference to observable market data or it may be restated proportionately to the change in the carrying amount. The accumulated amortization at the date of the revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses ~~after revaluation equals its revalued amount~~; or

(b) The accumulated amortization is ~~E~~eliminated against the gross carrying amount of the asset.~~ and the net amount restated to the revalued amount of the asset.~~

The amount of the adjustment of accumulated amortization forms part of the increase or decrease in the carrying amount that is accounted for in accordance with paragraphs 84 and 85.

…

Useful life

…

91. Given the history of rapid changes in technology, computer software and many other intangible assets are susceptible to technological obsolescence. Therefore, it ~~is likely~~ will often be the case that their useful life is short. Expected future reductions in the selling price of an item that was produced using an intangible asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits or service potential embodied in the asset.

…

Amortization Period and Amortization Method

…

97. A variety of amortization methods can be used to allocate the depreciable amount of an asset on a systematic basis over its useful life. These methods include the straight-line method, the diminishing balance method and the units of production method. The method used is selected on the basis of the expected pattern of consumption of the expected future economic benefits or service potential embodied in the asset and is applied consistently from period to period, unless there is a change in the expected pattern of consumption of those future economic benefits or service potential.

…

97A. There is a rebuttable presumption that an amortization method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate. The revenue generated by an activity that includes the use of an intangible asset typically reflects factors that are not directly linked to the consumption of the economic benefits or service potential embodied in the intangible asset. For example, revenue is affected by other inputs and processes, selling activities and changes in sales volumes and prices. The price component of revenue may be affected by inflation, which has no bearing upon the way in which an asset is consumed. This presumption can be overcome only in the limited circumstances:

(a) In which the intangible asset is expressed as a measure of revenue, as described in paragraph 97C; or

(b) When it can be demonstrated that revenue and the consumption of the economic benefits or service potential of the intangible asset are highly correlated.

97B. In choosing an appropriate amortization method in accordance with paragraph 97, an entity could determine the predominant limiting factor that is inherent in the intangible asset. For example, the contract that sets out the entity's rights over its use of an intangible asset might specify the entity's use of the intangible asset as a predetermined number of years (i.e., time), as a number of units produced or as a fixed total amount of revenue to be generated. Identification of such a predominant limiting factor could serve as the starting point for the identification of the appropriate basis of amortization, but another basis may be applied if it more closely reflects the expected pattern of consumption of economic benefits or service potential.

97C. In the circumstance in which the predominant limiting factor that is inherent in an intangible asset is the achievement of a revenue threshold, the revenue to be generated can be an appropriate basis for amortization. For example, the right to operate a toll road could be based on a fixed total amount of revenue to be generated from cumulative tolls charged (for example, a contract could allow operation of the toll road until the cumulative amount of tolls generated from operating the road reaches RM100 million). In the case in which revenue has been established as the predominant limiting factor in the contract for the use of the intangible asset, the revenue that is to be generated might be an appropriate basis for amortizing the intangible asset, provided that the contract specifies a fixed total amount of revenue to be generated on which amortization is to be determined.

…

Transitional Provisions

…

131A. Paragraph 79 was amended by *Improvements to MPSASs 2023* issued in December 2022. An entity shall apply that amendment to all revaluations recognized in annual periods beginning on or after the date of initial application of that amendment and in the immediately preceding annual period.

…

Effective Date

…

132B. **Paragraphs 79, 91 and 97 were amended and paragraphs 97A, 97B, 97C and 131A added by *Improvements to MPSASs 2023* issued in December 2022. An entity shall apply those amendments prospectively for annual financial statements covering periods beginning on or after January 1, 2024. Earlier application is encouraged. If an entity applies the amendments for a period beginning before January 1, 2024, it shall disclose that fact.**

…

Reason of Amendments

RA11. IPSASB has reviewed and improved IPSAS 17 through titled *Improvements to IPSASs 2011* issued in October 2011. The improvements would reflect in paragraphs 79, 81, 88 and 93 to include the application of MPSAS 26, *Impairment of Cash-Generating Assets*, where appropriate. Whereas amended to delete the final sentence in paragraph 83 because the IPSASB decided to use the term “revenue” in a broader sense than IASB which the definition of revenue includes income and gains.

RA12. IPSASB has improved IPSAS 17 to align with the revision of IAS 16 (amendments titled *Improvements to IFRSs* and *Clarification of Acceptable Methods of Depreciation and Amortisation*) through titled *Improvements to IPSASs 2014* issued in January 2015. Therefore, such improvements in MPSAS 17 would reflect in paragraphs 17, 50, 72 and 78A since there is no public sector specific issues in Malaysia.

RA13. IPSASB has improved IPSAS 31 to align with the revision of IAS 38 (amendments titled *Improvements to IFRSs* and *Clarification of Acceptable Methods of Depreciation and Amortisation*) through titled *Improvements to IPSASs 2014* issued in January 2015. Therefore, such proposed improvements in MPSAS 31 would reflect in paragraphs 79, 91, 97, 97A, 97B, and 97C since there is no public sector specific issues in Malaysia.

Part IV
Presentation of Service Concession Assets

The objective of this improvement is to clarify that the presentation requirement of service concession assets in MPSAS 32 to be consistent with the disclosure requirement in MPSAS 17 and MPSAS 31 that requires an item of asset with similar nature to be aggregated and disclose as a group of asset. The improvement in MPSAS 32 will requires service concession asset to be aggregated and disclose together with other asset with similar nature in MPSAS 17 or MPSAS 31, rather than as a separate class of assets.

Amendments to MPSAS 32, *Service Concession Arrangements*

Paragraphs 13, 32, 33 and AG35 are amended. Paragraphs 35A, 35B and 36B are added. New text is underlined and deleted text is struck through.

Recognition and Measurement of a Service Concession Asset (see paragraphs AG5–AG35)

…

13. After initial recognition or reclassification, service concession assets shall be accounted for ~~as a separate class of assets~~ in accordance with MPSAS 17 or MPSAS 31, as appropriate.

Presentation and Disclosure (see paragraphs AG65–AG67)

…

32. All aspects of a service concession arrangement shall be considered in determining the appropriate disclosures in the notes. A grantor shall disclose the following information in respect of service concession arrangements in each reporting period:

…

(c) The nature and extent (e.g., quantity, time period, or amount, as appropriate) of:

(i) Rights to use specified assets;

(ii) Rights to expect the operator to provide specified services in relation to the service concession arrangement;

(iii) The carrying amount of s~~S~~ervice concession assets recognized~~ as assets~~ at ~~during~~ the end of the reporting period, including existing assets of the grantor reclassified as service concession assets;

…

33. The disclosures required in accordance with paragraph 32 are provided individually for each material service concession arrangement or in aggregate for ~~each class of service concession arrangements. A class is a grouping of~~ service concession arrangements involving services of a similar nature (e.g., toll collections, telecommunications or water treatment services). This disclosure ~~by class of service concession asset~~ is in addition to the disclosures required in MPSAS 17 and/or MPSAS 31 ~~that required in paragraph 13~~ by class of asset. Service concession assets within service concession arrangements of a similar nature that are reported in aggregate may form a subset of a class of assets disclosed in accordance with MPSAS 17 and/or MPSAS

31 or may be included in more than one class of assets disclosed in accordance with MPSAS 17 and/or MPSAS 31. For example, for the purposes of MPSAS 17 ~~paragraph 13~~ a toll bridge may be ~~grouped with~~ included in the same class as other bridges. For the purposes of this paragraph, the toll bridge may be ~~grouped with~~ included with service concession arrangements reported in aggregate as toll roads.

…

Transition (see paragraphs AG68–AG73)

…

35A. Paragraphs 13, 32, 33 and AG35 were amended by *Improvements to MPSASs 2023* issued in December 2022. An entity that has previously applied MPSAS 32 shall reassess the classification of service concession assets in accordance with paragraph 13. The entity shall present service concession assets in the revised classification retrospectively in accordance with MPSAS 3.

35B. Where service concessions assets are reclassified in accordance with paragraph 35A, an entity shall account for the service concession assets as follows:

(a) If the service concession assets have previously been measured using the cost model, and the class of assets to which those service concession assets have been reclassified is measured using the cost model, the entity shall continue to apply the cost model. The entity shall carry forward the cost of the service concession assets, along with any accumulated depreciation or amortization and any accumulated impairment losses.

(b) If the service concession assets have previously been measured using the cost model, and the class of assets to which those service concession assets have been reclassified is measured using the revaluation model, the entity shall either:

(i) Revalue the service concession assets; or

(ii) Subject to the requirements in MPSAS 3 dealing with changes in accounting policies, retrospectively apply the cost model to the remaining assets in the class of asset to which those service concession assets have been reclassified. Where information regarding the cost of the assets is not available, the entity may use the carrying amount of the assets as the deemed cost.

(c) If the service concession assets have previously been measured using the revaluation model, and the class of assets to which those service concession assets have been reclassified is measured using the cost model, the entity shall either:

(i) Retrospectively apply the cost model to the service concession assets. Where information regarding the cost of the assets is not available, the entity may use the carrying amount of the service concession assets as the deemed cost; or

(ii) Subject to the requirements in MPSAS 3 dealing with changes in accounting policies, revalue the remaining assets in the class of asset to which those service concession assets have been reclassified.

(d) If the service concession assets have previously been measured using the revaluation model, and the class of assets to which those service concession assets have been reclassified is measured using the revaluation model, the entity shall adjust the revaluation surplus in respect of each class of asset. Where previous revaluation decreases have been recognized in respect of either a service concession asset or one or more assets in the class to which the service concession asset is transferred, the entity shall consider whether transfers between revaluation surplus and accumulated surpluses or deficits are required.

Effective Date

…

36B. **Paragraphs 13, 32, 33 and AG35 were amended and paragraphs 35A and 35B added by *Improvements to MPSASs 2023* issued in December 2022. An entity shall apply those amendments for annual financial statements covering periods beginning on or after January 1, 2024. Earlier application is encouraged. If an entity applies the amendments for a period beginning before January 1, 2024 it shall disclose that fact.**

Application Guidance

This Appendix is an integral part of MPSAS 32.

…

Subsequent Measurement

AG35. After initial recognition, a grantor applies MPSAS 17 and MPSAS 31 to the subsequent measurement and derecognition of a service concession asset. ~~For the purposes of applying MPSAS 17 and MPSAS 31, service concession assets should be treated as a separate class of assets.~~ MPSAS 21 and MPSAS 26 are also applied in considering whether there is any indication that a service concession asset is impaired. These requirements in these Standards are applied to all assets recognized or classified as service concession assets in accordance with this Standard.

Reason of Amendments

RA14. IPSASB has reviewed and improved IPSAS 32 through titled *Improvements to IPSASs 2015* issued in April 2016. The proposed improvements in MPSAS 32 would reflect in paragraphs 13, 32, 33 and AG35 since there is no public sector specific issues in Malaysia.

RA15. The IPSASB had its attention drawn to a possible inconsistency between the requirements in IPSAS 32 and the requirements in IPSAS 17 and IPSAS 31. The requirements in IPSAS 32 could be seen as requiring service concession assets to be presented as a single class of assets, even if they were of a dissimilar nature and function. As it is not the intention of the IPSASB to require that dissimilar assets be reported as if they were similar, the IPSASB decided to propose clarifications to IPSAS 32 to make its intentions clear. The IPSASB considered whether these changes would reduce the information available to users, but is satisfied that the current disclosure requirements, in particular those in paragraph 32, ensure high quality disclosures about assets subject to service concession arrangements.

RA16. The IPSASB noted that the reclassification of service concessions assets could require a change in measurement basis for some entities. For example, some service concession assets measured using the revaluation model, might be reclassified into a class of assets measured using the cost model. Equally, some service concession assets measured using the cost model, might be reclassified into a class of assets measured using the revaluation model. Because the balance between the service concession assets and the other assets in a class will vary from entity to entity, the IPSASB agreed to permit entities to select the measurement basis to be applied at the point of reclassification. The IPSASB also noted that the information required to retrospectively apply the cost model might not be readily available. Consequently, the IPSASB agreed to permit entities to use the carrying amounts determined under the revaluation model as deemed cost at the point of reclassification where an entity elects to measure a class of assets using the cost model. This transitional guidance would be reflected in paragraph 35B of MPSAS 32.

Part V
Other General Improvements

Other general improvements are considered as not a major updates to the MPSASs due to revision and alignment of IPSAS with IAS. The objective of the improvements is to provide clearer requirement and better understanding to the standards as well as to improve consistency across the MPSASs. This improvements would reflect in MPSAS 1, MPSAS 21 and MPSAS 29.

Amendments to MPSAS 1, *Presentation of Financial Statements*

Paragraphs 21, 53, and 54 are amended. Paragraphs 53A and 153E are added. New text is underlined and deleted text is struck through.

Components of Financial Statements

21. **A complete set of financial statements comprises:**

    (a) **A statement of financial position;**

    (b) **A statement of financial performance;**

    (c) **A statement of changes in net assets/equity;**

    (d) **A cash flow statement;**

    (e) **When the entity makes publicly available its approved budget, a comparison of budget and actual amounts either as a separate additional financial statement or as a budget column in the financial statements; ~~and~~**

    (f) **Notes, comprising a summary of significant accounting policies and other explanatory notes~~.~~; and**

    (g) **Comparative information in respect of the preceding period as specified in paragraphs 53 and 53A of MPSAS 1.**

…

Comparative information

Minimum comparative information

53. **Except when a MPSAS permits or requires otherwise, an entity shall present comparative information ~~shall be disclosed~~ in respect of the ~~previous~~ preceding period for all amounts reported in the financial statements. An entity shall include ~~C~~comparative information ~~shall be included~~ for narrative and descriptive information ~~when~~ if it is relevant to ~~an~~ understanding ~~of~~ the current period's financial statements.**

53A. **An entity shall present, as a minimum, one statement of financial position with comparative information for the preceding period, one statement of financial performance**

with comparative information for the preceding period, one cash flow statement with comparative information for the preceding period and one statement of changes in net assets/equity with comparative information for the preceding period, and related notes.

54. In some cases, narrative information provided in the financial statements for the ~~previous~~ preceding period(s) continues to be relevant in the current period. For example, an entity discloses in the current period details of a legal dispute, the outcome of which was uncertain at the ~~last reporting date~~ end of the preceding period and is yet to be resolved~~, are disclosed in the current period~~. Users may benefit from the disclosure of information ~~(a)~~ that the uncertainty existed at the ~~last reporting date,~~ end of the preceding period and ~~(b)~~ from disclosure of information about the steps that have been taken during the period to resolve the uncertainty.

…

Effective Date

…

153E. **Paragraphs 21, 53 and 54 were amended and paragraph 53A added by *Improvements to MPSASs 2023*, issued in December 2022. An entity shall apply those amendments for annual financial statements covering periods beginning on or after January 1, 2024. Earlier application is encouraged. If an entity applies the amendments for a period beginning before January 1, 2024, it shall disclose that fact.**

Reason of Amendments

RA17. MPSAS 1 is propose to be amended due to improvements made in IPSAS 1 by taking into account the amendments which have not considered major changes to the standard as a result of the revision of IAS 1 (amendments titled *Improvements to IFRSs*) through titled *Improvements to IPSASs 2014* issued in January 2015. The improvements is to provide explicit guidance on minimum comparative information requirements. Therefore, such improvements in MPSAS 1 would reflect in paragraphs 21, 53, 53A and 54 since there is no public sector specific issues in Malaysia.

Amendments to MPSAS 21, *Impairment of Non-Cash-Generating Assets*

Paragraph 27 is amended. Paragraph 80A and 82B are added. New text is underlined and deleted text is struck through.

Identifying an Asset that may be Impaired

…

27. **In assessing whether there is any indication that an asset may be impaired, an entity shall consider, as a minimum, the following indications:**

…

Internal sources of information

…

(d) **Significant long-term changes with an adverse effect on the entity have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, ~~or~~ plans to dispose of an asset before the previously expected date <u>and reassessing the useful life of an asset as finite rather than indefinite</u>;**

…

Transitional Provisions

80A. **<u>The amendment to paragraph 27 shall be applied prospectively from the date of its application.</u>**

Effective Date

82B. **<u>Paragraph 27 was amended by *Improvements to MPSASs 2023* issued in December 2022. An entity shall apply that amendment for annual financial statements covering periods beginning on or after January 1, 2024. Earlier application is encouraged. If an entity applies the amendment for a period beginning before January 1, 2024, it shall disclose that fact.</u>**

…

Reason of Amendments

RA18. MPSAS 21 is propose to be amended due to improvements made in IPSAS 21 through titled *Improvements to IPSASs 2011* issued in October 2011. The improvements would reflect in paragraph 27 to include another indicator of impairment – where an asset's useful life has been reassessed as finite rather than indefinite.

<u>Amendments to MPSAS 28, *Financial Instruments: Presentation*</u>

Paragraphs 40, 42 and 44 are amended. Paragraphs 40A and 60A are added. New text is underlined and deleted text is struck through.

Interest, Dividends or Similar Distributions, Losses and Gains (see also paragraph AG62)

40. **Interest, dividends, losses and gains relating to a financial instrument or a component that is a financial liability shall be recognized as revenue or expense in surplus or deficit. Distributions to holders of an equity instrument shall be <u>recognized</u> ~~debited~~ by the entity directly ~~to~~ <u>in</u> net assets/equity~~, net of any related income tax benefit~~. Transaction costs incurred on transactions in net assets/equity shall be accounted for as a deduction from net assets/equity~~, net of any related income tax benefit~~.**

<u>40A. Income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction shall be accounted for in accordance with the relevant international or national accounting standard dealing with income taxes.</u>

…

42. An entity typically incurs various costs in issuing or acquiring its own equity instruments. Those costs might include registration and other regulatory fees, amounts paid to legal, accounting and other professional advisers, printing costs and stamp duties. Any related transaction costs are accounted for as a deduction from net assets/equity ~~(net of any related income tax benefit)~~ to the extent that they are incremental costs directly attributable to the transaction that otherwise would have been avoided. The costs of such a transaction that is abandoned are recognized as an expense.

…

44. The amount of transaction costs accounted for as a deduction from net assets/equity in the period is disclosed separately ~~under~~ in accordance with MPSAS 1.

Effective Date

…

60A. **Paragraphs 40, 42 and 44 were amended and paragraph 40A added by *Improvements to MPSASs 2023* issued in December 2022. An entity shall apply those amendments for annual financial statements covering periods beginning on or after January 1, 2024. Earlier application is encouraged. If an entity applies the amendments for a period beginning before January 1, 2024, it shall disclose that fact.**

…

Reason of Amendments

RA19. MPSAS 28 is propose to be amended due to improvements made in IPSAS 28 by IPSASB to align with the revision of IAS 32 (amendments titled *Improvements to IFRSs*) through titled *Improvements to IPSASs 2014* issued in January 2015. These improvement is to clarify that the income tax relating to distribution to holders of an equity instrument and to transaction costs of an equity transaction shall be accounted for in accordance with the relevant international or national accounting standard dealing with income taxes. Therefore, such improvements in MPSAS 28 would reflect in paragraphs 40, 40A, 42 and 44 since there is no public sector specific issues in Malaysia.

C. GOVERNMENT FINANCE STATISTICS IMPROVEMENTS TO MPSASs

The objective of these improvements is to increase consistency with *Government Finance Statistics (GFS) Reporting Guidelines* in terms of the terminology that being used in the guidelines which are 'military inventories' and 'weapons systems'. These improvements would reflect in MPSAS 12 and MPSAS 17.

Amendments to MPSAS 12, *Inventories*

Paragraph 12 is amended. Paragraphs 14A and 51C are added. New text is underlined and deleted text is struck through.

Inventories

…

12. **Inventories in the public sector may include:**

    (a) **~~Ammunition~~ Military inventories;**

…

14A. Military inventories consist of single-use items, such as ammunition, missiles, rockets and bombs delivered by weapons or weapons systems. However, some types of missiles may be accounted for in accordance with MPSAS 17, *Property, Plant and Equipment*, if they satisfy the criteria to be classified in that standard.

Effective Date

…

51C. **Paragraph 12 was amended and paragraph 14A was added by *Improvements to MPSASs 2023*, issued in December 2022. An entity shall apply those amendments for annual financial statements covering periods beginning on or after January 1, 2024. Earlier application is encouraged. If an entity applies the amendments for a period beginning before January 1, 2024, it shall disclose that fact.**

Reason for Amendments

RA20. IPSASB has improved IPSAS 12 through titled *Improvements to IPSASs 2015* issued in April 2016. This is due to *Government Finance Statistics (GFS) Reporting Guidelines* use the term 'military inventories' to comprise all single-use items, including ammunition. Therefore, the IPSASB concluded that replacing the IPSAS term 'ammunition' with the GFS term 'military inventories' and including a description will clarify the types of military assets that are to be classified as inventories, while increasing consistency with *GFS Reporting Guidelines*. Thus, the proposed improvements in MPSAS 12 would reflect in paragraphs 12 and 14A.

Amendments to MPSAS 17, *Property, Plant and Equipment*

Paragraphs 5, 20 and 52 are amended. Paragraph 107G is added. New text is underlined and deleted text is struck through.

Scope

5. This Standard applies to property, plant and equipment including:

   (a) ~~Specialist military equipment~~ Weapons systems;

…

20. ~~Specialist military equipment~~ Weapons systems will normally meet the definition of property, plant and equipment, and should be recognized as an asset in accordance with this Standard. Weapons systems include vehicles and other equipment, such as warships, submarines, military aircraft, tanks, missile carriers and launchers that are used continuously in the provision of defense services, even if their peacetime use is simply to provide deterrence. Some single-use items, such as certain types of ballistic missiles, may provide an ongoing service of deterrence against aggressors and, therefore, can be classified as weapons systems.

Revaluation Model

…

52. A class of property, plant and equipment is a grouping of assets of a similar nature or function in an entity's operations. The following are examples of separate classes:

   …

   (h) ~~Specialist military equipment~~ Weapons systems;

…

Effective Date

…

107G. **Paragraphs 5, 20 and 52 were amended by *Improvements to MPSASs 2023*, issued in December 2022. An entity shall apply that amendment for annual financial statements covering periods beginning on or after January 1, 2024. Earlier application is encouraged. If an entity applies the amendment for a period beginning before January 1, 2024, it shall disclose that fact.**

Reason of Amendments

RA21. IPSASB has improved IPSAS 17 through titled *Improvements to IPSASs 2015* issued in April 2016. This is due to *Government Finance Statistics (GFS) Reporting Guidelines* use the term "weapons systems" to comprise items that are used continuously in the provision of defense services, even if their peacetime use is simply to provide deterrence. Therefore, the IPSASB concluded that replacing the IPSAS term "specialist military equipment" with the GFS term "weapons systems" and including a description would clarify the applicability of IPSAS 17, *Property, Plant and Equipment*, while increasing consistency with GFS reporting guidelines. The definition of weapons systems are includes vehicles with or without weapons, provided that they fulfill their specialist function. Thus, the proposed improvements in MPSAS 17 would reflect in paragraphs 5, 20, and 52.

D. IMPAIRMENT OF REVALUED ASSETS

The objective of the improvements to MPSAS 21, *Impairment of Non-Cash-Generating Assets*, and MPSAS 26, *Impairment of Cash-Generating Assets,* is to clarify that assets measured at revalued amounts under the revaluation model in MPSAS 17, *Property, Plant and Equipment*, and MPSAS 31, *Intangible Assets*, are within the scope of MPSAS 21 and MPSAS 26. This improvements is to align with the improvements made to IPSAS 21 and IPSAS 26.

As a result of the amendments, an entity is required to assess at each reporting date whether there is any indication that an asset, or group of assets, may be impaired. If any indication exists, the entity is then required to assess the recoverable service amount (non-cash-generating asset) or recoverable amount (cash-generating asset) of that asset, or group of assets, and recognize an impairment loss if the recoverable service amount or recoverable amount is less than the carrying amount.

However, where an impairment loss is recognized for an asset, or group of assets, that is revalued, an entity is not necessarily required to revalue the entire class of assets to which that impaired asset, or group of assets, belongs.

The improvement will update the MPSAS 21 and MPSAS 26, and a consequence update to MPSAS 17 and MPSAS 31.

Amendments to MPSAS 21, *Impairment of Non-Cash-Generating Assets*

Paragraphs 2, 54, 69 and 73 are amended. Paragraphs 7 and 11 are deleted. Paragraphs 54A, 69A, 81A and 82F are added. New text is underlined and deleted text is struck through.

Scope

2. **An entity that prepares and presents financial statements under the accrual basis of accounting shall apply this Standard in accounting for impairment of non-cash-generating assets, except:**

…

(d) **Investment property that is measured using the fair value model (see MPSAS 16, *Investment Property*); <u>and</u>**

(e) **<u>[Deleted]</u>~~Non-cash-generating property, plant, and equipment that is measured at revalued amounts (see MPSAS 17, *Property, Plant and Equipment*);~~**

(f) **<u>[Deleted]</u>~~Non-cash-generating intangible assets that are measured at revalued amounts (see MPSAS 31, *Intangible Assets*); and~~**

(g) **Other assets in respect of which accounting requirements for impairment are included in another MPSAS.**

…

7. [Deleted]~~This Standard excludes non-cash-generating intangible assets that are regularly revalued to fair value from its scope. This Standard includes all other non-cash-generating intangible assets (e.g., those that are carried at cost less any accumulated amortization) within its scope. Entities apply the requirements of this Standard to recognizing and measuring~~

~~impairment losses, and reversals of impairment losses, related to such non-cash-generating intangible assets~~.

…

11. [Deleted]~~This Standard does not require the application of an impairment test to non-cash-generating assets that are carried at revalued amounts under the allowed alternative treatment in MPSAS 17. This is because, under the allowed alternative treatment in MPSAS 17, (a) assets will be revalued with sufficient regularity to ensure that they are carried at an amount that is not materially different from their fair value at the reporting date, and (b) any impairment will be taken into account in the valuation. In addition, the approach adopted in this Standard to measuring an asset's recoverable service amount means that it is unlikely that the recoverable service amount of an asset will be materially less than as asset's revalued amount, and that any such differences would relate to the costs of disposal of the asset~~.

…

Recognizing and Measuring an Impairment Loss

…

54. **An impairment loss shall be recognized immediately in surplus or deficit, unless the asset is carried at revalued amount in accordance with another Standard (for example, in accordance with the revaluation model in MPSAS 17 and MPSAS 31). Any impairment loss of a revalued asset shall be treated as a revaluation decrease in accordance with that other Standard.**

54A. An impairment loss on a non-revalued asset is recognized in surplus or deficit. However, an impairment loss on a revalued asset is recognized in revaluation surplus to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that class of assets. Such an impairment loss on a revalued asset reduces the revaluation surplus for that class of assets.

…

Reversing an Impairment Loss

…

69. **A reversal of an impairment loss for an asset shall be recognized immediately in surplus or deficit, unless the asset is carried at revalued amount in accordance with another Standard (for example, the revaluation model in MPSAS 17 and MPSAS 31). Any reversal of an impairment loss of a revalued asset shall be treated as a revaluation increase in accordance with that other Standard.**

69A. A reversal of an impairment loss on a revalued asset is recognized directly in the revaluation reserve and increases the revaluation surplus for that class of assets. However, to the extent that an impairment loss on the same class of revalued assets was previously recognized in surplus or deficit, a reversal of that impairment loss is also recognized in surplus or deficit.

…

Disclosure

…

73. **An entity shall disclose the following for each class of assets:**

    (a) **The amount of impairment losses recognized in surplus or deficit during the period, and the line item(s) of the statement of financial performance in which those impairment losses are included; ~~and~~**

    (b) **The amount of reversals of impairment losses recognized in surplus or deficit during the period, and the line item(s) of the statement of financial performance in which those impairment losses are reversed~~.~~;**

    (c) **The amount of impairment losses on revalued assets recognized directly in revaluation surplus during the period; and**

    (d) **The amount of reversals of impairment losses on revalued assets recognized directly in revaluation surplus during the period.**

…

Transitional Provisions

…

81A. Paragraphs 2, 54, 69 and 73 were amended, paragraphs 7 and 11 were deleted, and paragraphs 54A and 69A were added by *Improvements to MPSASs 2023* (Amendments to MPSASs 21 and 26) in December 2022. Those amendments shall be applied prospectively from the date of their application.

…

Effective Date

…

82F. ***Improvements to MPSASs 2023* amended paragraphs 2, 54, 69 and 73, deleted paragraphs 7 and 11, and added paragraphs 54A, 69A and 81A. An entity shall apply those amendments for annual financial statements covering periods beginning on or after January 1, 2024. Earlier application is encouraged. If an entity applies those amendments for a period beginning before January 1, 2024, it shall disclose that fact.**

Reason of Amendments

RA22. IPSASB has revisited IPSAS 21 of the original decision to exclude revalued property, plant and equipment and intangible assets from the scope of IPSAS 21 through titled *Impairment of Revalued Assets* issued in July 2016.

RA23. The IPSASB acknowledged the view that impairments would be taken into account when carrying out revaluations of assets to ensure that their carrying amounts do not differ materially from fair value, as required by paragraph 44 of IPSAS 17 and paragraph 74 of IPSAS 31.

RA24. The IPSASB also acknowledged that it was ambiguous whether impairment losses and reversals of impairment losses are revaluations, given that they are accounted for in a similar manner.

Paragraph 51 of IPSAS 17 requires an entire class of assets to be revalued if an item of property, plant and equipment belonging to that class is revalued.

RA25. Therefore, if impairment losses and reversals of impairment losses are interpreted as revaluations the consequences are onerous. The IPSASB considered that it should resolve this ambiguity by ensuring that impairment losses and reversals of impairment losses of a revalued asset did not require an entity to revalue the entire class of assets to which that item belongs in order to recognize an impairment loss in respect of that item.

RA26. The IPSASB also considered it is important that users are provided with the quantitative and qualitative information on impairments specified in paragraphs 77 and 78 of IPSAS 21.

RA27. Therefore, the proposed improvements in MPSAS 21 would reflect in paragraphs 2, 7, 11, 54, 54A, 69, 69A, and 73 since there is no public sector specific issues in Malaysia. As a result of the amendments proposed to MPSAS 21, other MPSASs which are MPSAS 17 and MPSAS 31 will be affected and amended accordingly.

Amendments to MPSAS 26, *Impairment of Cash-Generating Assets*

Paragraphs 2, 73, 108, 115 and 124 are amended. Paragraphs 6 and 11 are deleted. Paragraphs 73A, 108A and 126H are added. New text is underlined and deleted text is struck through.

Scope

2. **An entity that prepares and presents financial statements under the accrual basis of accounting shall apply this Standard in accounting for the impairment of cash-generating assets, except for:**

…

(e) **[Deleted]~~Cash-generating property, plant, and equipment that is measured at revalued amounts (see MPSAS 17, *Property, Plant, and Equipment*);~~**

…

(h) **[Deleted]~~Cash-generating intangible assets that are measured at revalued amounts (see MPSAS 31, *Intangible Assets*);~~**

(i) **Goodwill;**

...

6. [Deleted]~~This Standard excludes cash-generating intangible assets that are regularly revalued to fair value from its scope. This Standard includes all other cash-generating intangible assets (for example, those that are carried at cost less any accumulated amortization) within its scope.~~

11. [Deleted]~~This Standard does not require the application of an impairment test to cash-generating assets that are carried at revalued amounts under the revaluation model in MPSAS 17. Under the revaluation model in MPSAS 17, assets will be revalued with sufficient regularity to ensure~~

~~that they are carried at an amount that is not materially different from their fair value at the reporting date, and any impairment will be taken into account in that valuation.~~

…

Recognizing and Measuring an Impairment Loss of an Individual Asset

…

73. **An impairment loss shall be recognized immediately in surplus or deficit, unless the asset is carried at revalued amount in accordance with another Standard (for example, in accordance with the revaluation model in MPSAS 17 and MPSAS 31). Any impairment loss of a revalued asset shall be treated as a revaluation decrease in accordance with that other Standard.**

73A. An impairment loss on a non-revalued asset is recognized in surplus or deficit. However, an impairment loss on a revalued asset is recognized in revaluation surplus to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that class of assets. Such an impairment loss on a revalued asset reduces the revaluation surplus for that class of assets.

…

Reversing an Impairment Loss for an Individual Asset

…

108. **A reversal of an impairment loss for an asset shall be recognized immediately in surplus or deficit, unless the asset is carried at revalued amount in accordance with another Standard (for example, the revaluation model in MPSAS 17 and MPSAS 31). Any reversal of an impairment loss of a revalued asset shall be treated as a revaluation increase in accordance with that other Standard.**

108A. A reversal of an impairment loss on a revalued asset is recognized directly in the revaluation reserve and increases the revaluation surplus for that class of assets. However, to the extent that an impairment loss on the same class of revalued assets was previously recognized in surplus or deficit, a reversal of that impairment loss is also recognized in surplus or deficit.

…

Disclosure

…

115. **An entity shall disclose the following for each class of assets:**

(a) **The amount of impairment losses recognized in surplus or deficit during the period, and the line item(s) of the statement of financial performance in which those impairment losses are included;~~.~~**

(b) **The amount of reversals of impairment losses recognized in surplus or deficit during the period, and the line item(s) of the statement of financial performance in which those impairment losses are reversed;~~.~~**

(c) **The amount of impairment losses on revalued assets recognized directly in revaluation surplus during the period; and**

(d) **The amount of reversals of impairment losses on revalued assets recognized directly in revaluation surplus during the period.**

…

124. **If some or all of the carrying amount of intangible assets with indefinite useful lives is allocated across multiple cash-generating units, and the amount so allocated to each unit is not significant in comparison with the entity's total carrying amount of intangible assets with indefinite useful lives, that fact shall be disclosed, together with the aggregate carrying amount of intangible assets with indefinite useful lives allocated to those units. In addition, if ~~(i)~~ the recoverable amounts of any of those units are based on the same key assumption(s), and ~~(ii)~~ the aggregate carrying amount of intangible assets with indefinite useful lives allocated to them is significant in comparison with the entity's total carrying amount of intangible assets with indefinite useful lives, an entity shall disclose that fact…**

…

Effective Date

…

126H. ***Improvements to MPSASs 2023*** **amended paragraphs 2, 73, 108, 115 and 124, deleted paragraphs 6 and 11, and added paragraphs 73A and 108A. An entity shall apply those amendments prospectively for annual financial statements covering periods beginning on or after January 1, 2024. Earlier application is encouraged. If an entity applies those amendments for a period beginning before January 1, 2024, it shall disclose that fact.**

…

Reason of Amendments

RA28. IPSASB has revisited IPSAS 26 of the original decision to exclude revalued property, plant and equipment and intangible assets from the scope of IPSAS 26 through titled *Impairment of Revalued Assets* issued in July 2016.

RA29. The IPSASB acknowledged the view that impairments would be taken into account when carrying out revaluations of assets to ensure that their carrying amounts do not differ materially from fair value, as required by paragraph 44 of IPSAS 17 and paragraph 74 of IPSAS 31.

RA30. The IPSASB also acknowledged that it was ambiguous whether impairment losses and reversals of impairment losses are revaluations, given that they are accounted for in a similar manner. Paragraph 51 of IPSAS 17 requires an entire class of assets to be revalued if an item of property, plant and equipment belonging to that class is revalued.

RA31. Therefore, if impairment losses and reversals of impairment losses are interpreted as revaluations the consequences are onerous. The IPSASB considered that it should resolve this ambiguity by ensuring that impairment losses and reversals of impairment losses of a revalued asset did not require an entity to revalue the entire class of assets to which that item belongs in order to recognize an impairment loss in respect of that item.

RA32. The IPSASB also considered it important that users are provided with the quantitative and qualitative information on impairments specified in paragraphs 120 and 121 of IPSAS 26.

RA33. Therefore, the proposed improvements in MPSAS 26 would reflect in paragraphs 2, 73, 108, 115, and 124 since there is no public sector specific issues in Malaysia. As a result of the amendments proposed to MPSAS 26, other MPSASs which are MPSAS 17 and MPSAS 31 will be affected and amended accordingly.

Consequential Amendments to Other MPSASs

Amendments to MPSAS 17, *Property, Plant and Equipment*

Paragraphs 51A and 107L are added. Paragraph 51 is not amended but is provided for context. New text is underlined.

…

51. **If an item of property, plant and equipment is revalued, the entire class of property, plant and equipment to which that asset belongs shall be revalued.**

51A. Impairment losses and reversals of impairment losses of an asset under MPSAS 21 and MPSAS 26, *Impairment of Cash-Generating Assets*, do not necessarily give rise to the need to revalue the class of assets to which that asset, or group of assets, belongs.

…

Effective Date

…

107L. ***Improvements to MPSASs 2023*** **added paragraph 51A. An entity shall apply that amendment for annual financial statements covering periods beginning on or after January 1, 2024. Earlier application is encouraged. If an entity applies that amendment for a period beginning before January 1, 2024, it shall disclose that fact.**

…

Reason of Amendments

RA34. As a consequence of amendments to MPSAS 21, *Impairment of Non-Cash-Generating Assets*, and MPSAS 26, *Impairment of Cash-Generating Assets*, paragraph 51A is added to clarify that the recognition of impairment losses and reversals of impairment losses of an asset, or group of assets, do not give rise to the need to revalue the entire class of assets to which that asset, or group of assets, belongs.

Amendments to MPSAS 31, *Intangible Assets*

Paragraph 110 is amended. Paragraph 132G is added. New text is underlined and deleted text is struck through.

Recoverability of the Carrying Amount—Impairment Losses

110. To determine whether an intangible asset ~~measured under the cost method~~ is impaired, an entity applies either MPSAS 21 or MPSAS 26, as appropriate. …

…

Effective Date

…

132G. ***Improvements to MPSASs 2023*** **amended paragraph 110. An entity shall apply that amendment for annual financial statements covering periods beginning on or after January 1, 2024. Earlier application is encouraged. If an entity applies that amendment for a period beginning before January 1, 2024, it shall disclose that fact.**

…

Reason of Amendments

RA35. As a consequence of amendments to MPSAS 21, *Impairment of Non-Cash-Generating Assets*, and MPSAS 26, *Impairment of Cash-Generating Assets*, paragraph 110 of MPSAS 31 is amended accordingly.

E. THE APPLICABILITY OF MPSASs

The objective of this improvements is to remove the Government Business Enterprise (GBE) definition in MPSAS 1, *Presentation of Financial Statements* and propose consequential amendments in MPSASs.

According to IPSASB, it is proposed to replace the term 'GBE' with the term 'commercial public sector entities' and acknowledge that regulators can interpret the term taking account of jurisdictional factors. This is a way of communicating the public sector entities for which MPSASs are designed in a positive way, rather than focusing attention on entities for which MPSASs are not intended, which include commercial public sector entities.

Therefore, the characteristics of public sector entities in paragraph 10 of the *Preface to IPSASs* have been amended to increase consistency with the Conceptual Framework, while retaining a principles-based approach to the description of public sector characteristics. This improvements is to align with the improvements made to IPSASs. The regulators have a role to develop the transitional requirements when public sector entities change their accounting framework.

Amendments to *Preface to Malaysian Public Sector Accounting Standards*

Paragraphs 7, 8, 10 and 18 are amended. Paragraph 10A is added. New text is underlined and deleted text is struck through.

Governance Structure

…

7. The GASAC is headed by the Deputy Accountant General of Malaysia and its members comprises ~~The GASAC comprises~~ of representatives from AGD, State Treasury, Ministry of Finance Malaysia, Auditor General's Department of Malaysia, Institution of Higher Learning, Malaysian Institute of Accountants, Malaysian Accounting Standards Board (MASB), professional accounting bodies, local authorities and statutory bodies. The Accrual Accounting Steering Committee (ACSC) is responsible for approving the MPSASs which have been deliberated and endorsed at GASAC meetings. ACSC is headed by the Accountant General of Malaysia and its members comprises of senior directors of AGD and Chief Accountants of Federal ministries.

Scope and Authority of Malaysian Public Sector Accounting Standards

8. The AGD develops and issues the following publications:

   - MPSASs as the standards to be applied in the preparation of general purpose financial reports of public sector entities. ~~other than Government Business Enterprises (GBEs).~~

…

Scope of the Standards

…

10. ~~The MPSASs are designed to apply to the general purpose financial reports of all public sector entities other than GBEs. Public sector entities include the Federal Government, State~~

~~Governments and Local Governments, unless otherwise stated. The MPSASs do not apply to GBEs. GBEs apply approved accounting standards which are issued by the Malaysian Accounting Standards Board (MASB). MPSASs include a definition of GBEs.~~

The MPSASs are designed to apply to public sector entities[1] that meet all the following criteria:

(a) Are responsible for the delivery of services[2] to benefit the public and/or to redistribute income and wealth;

(b) Mainly finance their activities, directly or indirectly, by means of taxes and/or transfers from other levels of government, social contributions, debt or fees; and

(c) Do not have a primary objective to make profits.

10A. The MPSASs are designed to apply to the general purpose financial reports of all public sector entities other than commercial public sector entities. Public sector entities include the Federal Government, State Governments and Local Governments, unless otherwise stated. However, if the public sector entities are required by law to apply standards other than MPSAS, such mandatory requirement of the law shall prevail.

…

Authority of the Malaysian Public Sector Accounting Standards

…

18. The AGD strongly encourages the adoption of MPSASs by all public sector entities except commercial public sector entities ~~GBEs~~ towards enhancing the quality and transparency of public sector financial reporting by providing better information for public sector financial management and decision making towards achieving enhancement of the quality of public services.

---

1 Paragraph 1.8 of *The Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities* issued by IPSASB which identifies a wide range of public sector entities.

2 Services encompasses goods, services and policy advice, including to other public sector entities.

Reason of Amendments

RA36. IPSASB has revisited IPSASs and decided to delete the definition of a GBE from IPSAS 1 and from other IPSASs and RPGs. This approach considered as best serves the public interest because it removes a definition that has been ambiguous and difficult to implement, and describes the characteristics of public sector entities for which IPSASs are designed.

RA37. The IPSASB believed that by removing the term ‘GBE’, it helps in communicating the public sector entities for which IPSASs are designed in a positive way, rather than focusing attention on entities for which IPSASs are not intended, which include commercial public sector entities. However, the IPSASB was of the view that only removing the term ‘GBE’ would leave a vacuum in the IPSASB’s literature because the public sector comprises not only entities for which IPSASs are designed, but also commercial entities.

RA38. Hence, IPSASB decided to replace the term ‘GBE’ with one term – ‘commercial public sector entities’ - and acknowledge that regulators can interpret the term taking account of jurisdictional factors. Thus, the characteristics of public sector entities in paragraph 10 of the *Preface to*

IPSASs have been amended to increase consistency with the Conceptual Framework, while retaining a principles-based approach to the description of those characteristics.

RA39. Therefore, *Preface to MPSASs* is propose to be amended due to improvements made in *Preface to IPSASs* by replace the term 'GBE' with the term 'commercial public sector entities', and inserting a high-level description of the characteristics of 'public sector entities'. The Preface also considered that the legislation prevail the applicability of MPSAS to the public sector entities by considering the jurisdictional factors in Malaysia.

RA40. Consequently, it is proposed to delete the definition of a GBE from MPSAS 1 and to amend by removing the GBE in the scope section of individual MPSAS and replace the term 'GBE' with 'commercial public sector entities' to align with the improvements made by IPSASB through titled *The Applicability of IPSASs* issued in April 2016.

Amendments to MPSAS 1, *Presentation of Financial Statements*

Paragraphs 5, 6 and 12 are deleted. Paragraph 153I is added. Paragraphs 7 and 97 are amended. New text is underlined and deleted text is struck through.

Scope

…

5. ~~**This Standard applies to all public sector entities other than Government Business Enterprises (GBEs).**~~ [Deleted]

6. ~~The *Preface to Malaysian Public Sector Accounting Standards* issued by the Accountant General's Department explains that GBEs apply approved accounting standards issued by the Malaysian Accounting Standards Board (MASB). GBEs are defined in paragraph 7 below.~~ [Deleted]

Definitions

7. The following terms are used in this Standard with the meanings specified:

…

~~Government Business Enterprise means an entity that has all the following characteristics:~~

~~(a) Is an entity with the power to contract in its own name;~~

~~(b) Has been assigned the financial and operational authority to carry on a business;~~

~~(c) Sells goods and services, in the normal course of its business, to other entities at a profit or full cost recovery;~~

~~(d) Is not reliant on continuing government funding to be a going concern (other than purchases of outputs at arm's length); and~~

~~(e) Is controlled by a public sector entity.~~

…

Government Business Enterprises

12. ~~GBEs include both trading enterprises, such as utilities, and financial enterprises, such as financial institutions. GBEs are, in substance, no different from entities conducting similar activities in the private sector. GBEs generally operate to make a profit, although some may have limited community service obligations under which they are required to provide some individuals and organizations in the community with goods and services at either no charge or a significantly reduced charge. MPSAS 35 provides guidance on determining whether control exists for financial reporting purposes, and should be referred to in determining whether a GBEis controlled by another public sector entity.~~ <u>[Deleted]</u>

…

Structure and Content

…

Statement of Financial Position

…

Information to be presented either on the Face of the Statement of Financial Position or in the Notes

…

97. In some cases, there may be a non-controlling interest in the net assets/equity of the entity. For example, at the whole-of-government level, the economic entity may include a ~~GBE~~ <u>commercial public sector entity</u> that has been partly privatized. Accordingly, there may be private shareholders who have a financial interest in the net assets/equity of the entity.

…

Effective Date

…

<u>153I.</u> <u>**Paragraphs 5, 6 and 12 were deleted and paragraphs 7 and 97 were amended by *Improvements to MPSASs 2023*, issued in December 2022. An entity shall apply those amendments for annual financial statements covering periods beginning on or after January 1, 2024. Earlier application is encouraged. If an entity applies the amendments for a period beginning before January 1, 2024, it shall disclose that fact.**</u>

…

Amendments to MPSAS 2, *Cash Flow Statements*

Paragraphs 3, 4 and 16 are deleted. Paragraph 63E is added. New text is underlined and deleted text is struck through.

Scope

…

3. ~~**This Standard applies to all public sector entities other than Government Business Enterprises (GBEs).**~~ [Deleted]

4. ~~The Preface to Malaysian Public Sector Accounting Standards issued by the Accountant General's Department explains that GBEs apply approved accounting standards issued by the Malaysian Accounting Standards Board (MASB). GBEs are defined in MPSAS 1, *Presentation of Financial Statements*.~~ [Deleted]

…

Definitions

…

Government Business Enterprises

16. ~~GBEs include both trading enterprises, such as utilities, and financial enterprises, such as financial institutions. GBEs are, in substance, no different from entities conducting similar activities in the private sector. GBEs generally operate to make a profit, although some may have limited community service obligations under which they are required to provide some individuals and organizations in the community with goods and services at either no charge or a significantly reduced charge. MPSAS 6, *Consolidated and Separate Financial Statements*, provides guidance on determining whether control exists for financial reporting purposes, and should be referred to in determining whether a GBE is controlled by another public sector entity.~~ [Deleted]

…

Effective Date

…

63E. **Paragraphs 3, 4 and 16 were deleted by *Improvements to MPSASs 2023*, issued in December 2022. An entity shall apply those amendments for annual financial statements covering periods beginning on or after January 1, 2024. Earlier application is encouraged. If an entity applies the amendments for a period beginning before January 1, 2024, it shall disclose that fact.**

…

Amendments to MPSAS 5, *Borrowing Costs*

Paragraphs 2, 3 and 11 are deleted. Paragraph 42C is added. New text is underlined and deleted text is struck through.

Scope

…

2. ~~**This Standard applies to all public sector entities other than Government Business Enterprises (GBEs).**~~ [Deleted]

3. ~~The *Preface to Malaysian Public Sector Accounting Standards* issued by the Accountant General's Department explains that GBEs apply approved accounting standards issued by the Malaysian Accounting Standards Board (MASB). GBEs are defined in MPSAS 1, *Presentation of Financial Statements*.~~ [Deleted]

…

Definitions

…

Government Business Enterprises

11. ~~GBEs include both trading enterprises, such as utilities, and financial enterprises, such as financial institutions. GBEs are, in substance, no different from entities conducting similar activities in the private sector. GBEs generally operate to make a profit, although some may have limited community service obligations under which they are required to provide some individuals and organizations in the community with goods and services at either no charge or a significantly reduced charge. MPSAS 6, *Consolidated and Separate Financial Statements*, provides guidance on determining whether control exists for financial reporting purposes, and should be referred to in determining whether a GBE is controlled by another public sector entity.~~ [Deleted]

…

Effective Date

…

42C. **Paragraphs 2, 3 and 11 were deleted by *Improvements to MPSASs 2023*, issued in December 2022. An entity shall apply those amendments for annual financial statements covering periods beginning on or after January 1, 2024. Earlier application is encouraged. If an entity applies the amendments for a period beginning before January 1, 2024, it shall disclose that fact.**

…

Amendments to MPSAS 21, *Impairment of Non-Cash-Generating Assets*

Paragraphs 3, 4 and 15 are deleted. Paragraph 82E is added. Paragraphs 6, 20 and 21 are amended. New text is underlined and deleted text is struck through.

Scope

…

3. **~~This Standard applies to all public sector entities other than Government Business Enterprises (GBEs).~~** [Deleted]

4. ~~The *Preface to Malaysian Public Sector Accounting Standards* issued by the Accountant General's Department explains that GBEs apply approved accounting standards issued by the Malaysian Accounting Standards Board (MASB). GBEs are defined in MPSAS 1, *Presentation of Financial Statements*.~~ [Deleted]

…

6. This Standard excludes from its scope the impairment of assets that are dealt with in another MPSAS. ~~GBEs apply IAS 36, and therefore are not subject to the provisions of this Standard~~. Public sector entities ~~other than GBEs~~ apply MPSAS 26 to their cash-generating assets, and apply this Standard to their non-cash-generating assets. Paragraphs 6-13 explain the scope of the Standard in greater detail.

…

Definitions

…

Government Business Enterprises

15. ~~GBEs include both trading enterprises, such as utilities, and financial enterprises, such as financial institutions. GBEs are, in substance, no different from entities conducting similar activities in the private sector. GBEs generally operate to make a profit, although some may have limited community service obligations under which they are required to provide some individuals and organizations in the community with goods and services at either no charge or a significantly reduced charge.~~ [Deleted]

…

Cash-Generating Assets

…

20. In some cases, it may not be clear whether the primary objective of holding an asset is to generate a commercial return. In such cases, it is necessary to evaluate the significance of the cash flows. It may be difficult to determine whether the extent to which the asset generates cash flows is so significant that this Standard is applicable rather than MPSAS 26. Judgment is needed to determine which Standard to apply. An entity develops criteria so that it can exercise that judgment consistently in accordance with the definition of cash-generating assets and non- cash-generating assets, and with the related guidance in paragraphs 16–20. Paragraph 73A requires

an entity to disclose the criteria used in making this judgment. However, given the overall objectives of ~~most~~ public sector entities~~, other than GBEs,~~ the presumption is that assets are non-cash-generating and, therefore, MPSAS 21 will apply.

21. Assets held by ~~GBEs~~ <u>commercial public sector entities</u> are cash-generating assets. Public sector entities ~~other than GBEs~~ may hold assets to generate a commercial return. For the purposes of this Standard, an asset held by a ~~non-GBE~~ public sector entity is classified as a cash-generating asset if the asset (or unit of which the asset is a part) is operated with the objective of generating a commercial return through the provision of goods and/or services to external parties.

…

Effective Date

…

82E. <u>**Paragraphs 3, 4 and 15 were deleted and paragraphs 6, 20 and 21 were amended by *Improvements to MPSASs 2023*, issued in December 2022. An entity shall apply those amendments for annual financial statements covering periods beginning on or after January 1, 2024. Earlier application is encouraged. If an entity applies the amendments for a period beginning before January 1, 2024, it shall disclose that fact.**</u>

…

<u>Amendments to MPSAS 22, *Disclosure of Financial Information about the General Government Sector*</u>

Paragraph 16 is deleted. Paragraph 47D is added. Paragraphs 3 and 22 are amended. New text is underlined and deleted text is struck through.

Scope

…

3. Governments raise funds from taxes, transfers, and a range of nonmarket and market activities to fund their service delivery activities. They operate through a variety of entities to provide goods and services to their constituents. Some entities rely primarily on appropriations or allocations from taxes or other government revenues to fund their service delivery activities, but may also undertake additional revenue-generating activities, including commercial activities in some cases. Other entities may generate their funds primarily or substantially from commercial activities. ~~These include Government Business Enterprises (GBEs) as defined in MPSAS 1, *Presentation of Financial Statements*.~~

…

Definitions

…

Government Business Enterprises (GBEs)

16. ~~GBEs include both trading enterprises, such as utilities, and financial enterprises, such as financial institutions. GBEs are, in substance, no different from entities conducting similar activities in the private sector. GBEs generally operate to make a profit, although some may have limited community service obligations under which they are required to provide some individuals and organizations in the community with goods and services at either no charge or a significantly reduced charge.~~ [Deleted]

General Government Sector

…

Public Non-Financial Corporations Sector

…

22. ~~A GBE as defined in this Standard~~ Commercial public sector entities ~~has~~ have similar characteristics to a public corporation or public quasi-corporation, as defined in statistical bases of financial reporting. However, there may not be an identical mapping of ~~GBEs~~ these public sector entities and the PFC and PNFC sectors. For example, a ~~GBE~~ commercial public sector entity that is not resident would not be classified as a PFC or a PNFC.

…

Effective Date

…

47D. **Paragraph 16 was deleted and paragraphs 3 and 22 were amended and by *Improvements to MPSASs 2023*, issued in December 2022. An entity shall apply those amendments for annual financial statements covering periods beginning on or after January 1, 2024. Earlier application is encouraged. If an entity applies the amendments for a period beginning before January 1, 2024, it shall disclose that fact.**

…

Consequential Amendments to Other MPSASs

Amendments to MPSAS 3, *Accounting Policies, Changes in Accounting Estimates and Errors*

Paragraphs 5 and 6 are deleted. Paragraph 59D is added. New text is underlined and deleted text is struck through.

Scope

…

5. ~~**This Standard applies to all public sector entities other than Government Business Enterprises (GBEs).**~~ [Deleted]

6. ~~The *Preface to Malaysian Public Sector Accounting Standards* issued by the Accountant General's Department explains that GBEs apply approved accounting standards issued by the~~

~~Malaysian Accounting Standards Board (MASB). GBEs are defined in MPSAS 1, *Presentation of Financial Statements*.~~ [Deleted]

…

Effective Date

…

59D. **Paragraphs 5 and 6 were deleted by *Improvements to MPSASs 2023*, issued in December 2022. An entity shall apply those amendments for annual financial statements covering periods beginning on or after January 1, 2024. Earlier application is encouraged. If an entity applies the amendments for a period beginning before January 1, 2024, it shall disclose that fact.**

Amendments to MPSAS 4, *The Effect of Changes in Foreign Exchange Rates*

Paragraphs 6 and 7 are deleted. Paragraph 71C is added. Paragraph 13 is amended. New text is underlined and deleted text is struck through.

Scope

…

6. ~~**This Standard applies to all public sector entities other than Government Business Enterprises (GBEs).**~~ [Deleted]

7. ~~The *Preface to Malaysian Public Sector Accounting Standards* issued by the Accountant General's Department explains that GBEs apply approved accounting standards issued by the Malaysian Accounting Standards Board (MASB). GBEs are defined in MPSAS 1, *Presentation of Financial Statements*.~~ [Deleted]

…

Definitions

…

Functional Currency

…

13. The following additional factors are considered in determining the functional currency of a foreign operation, and whether its functional currency is the same as that of the reporting entity (the reporting entity, in this context, being the entity that has the foreign operation as its controlled entity, branch, associate, or joint arrangement):

    (a) Whether the activities of the foreign operation are carried out as an extension of the reporting entity, rather than being carried out with a significant degree of autonomy. An example of the former is when a department of defense has a number of overseas bases that conduct activities on behalf of a national government. The defense bases might conduct their activities substantially in the functional currency of the reporting entity. For example, military personnel may be paid in the functional currency and receive only a small allowance in local currency. Purchases of supplies and equipment might be largely obtained via the reporting entity, with purchases in local currency being kept to a minimum. Another example would be an overseas campus of a public university that operates under the management and direction of the domestic campus. In contrast, a foreign operation with a significant degree of autonomy may accumulate cash and other monetary items, incur expenses, generate revenue, and perhaps arrange borrowings, all substantially in its local currency. Some examples of government-owned foreign operations that may operate independently of other government agencies include tourist offices, petroleum exploration companies, trade boards, and broadcasting operations. Such entities may be established as ~~GBEs~~ commercial public sector entities.

(b) Whether transactions with the reporting entity are a high or a low proportion of the foreign operation's activities.

(c) Whether cash flows from the activities of the foreign operation directly affect the cash flows of the reporting entity and are readily available for remittance to it.

(d) Whether cash flows from the activities of the foreign operation are sufficient to service existing and normally expected debt obligations without funds being made available by the reporting entity.

…

Effective Date

…

71C. **Paragraphs 6 and 7 were deleted and paragraph 13 was amended by *Improvements to MPSASs 2023*, issued in December 2022. An entity shall apply those amendments for annual financial statements covering periods beginning on or after January 1, 2024. Earlier application is encouraged. If an entity applies the amendments for a period beginning before January 1, 2024, it shall disclose that fact.**

…

Amendments to MPSAS 9, *Revenue from Exchange Transactions*

Paragraphs 2 and 3 are deleted. Paragraph 41C is added. New text is underlined and deleted text is struck through.

Scope

…

2. ~~**This Standard applies to all public sector entities other than Government Business Enterprises (GBEs).**~~ [Deleted]

3. ~~The *Preface to Malaysian Public Sector Accounting Standards* issued by the Accountant General's Department explains that GBEs apply approved accounting standards issued by the Malaysian Accounting Standards Board (MASB). GBEs are defined in MPSAS 1, *Presentation of Financial Statements*.~~ [Deleted]

…

Effective Date

…

41C. **Paragraphs 2 and 3 were deleted by *Improvements to MPSASs 2023*, issued in December 2022. An entity shall apply those amendments for annual financial statements covering periods beginning on or after January 1, 2024. Earlier application is encouraged. If an entity applies the amendments for a period beginning before January 1, 2024, it shall disclose that fact.**

…

Amendments to MPSAS 11, *Construction Contracts*

Paragraphs 2 and 3 are deleted. Paragraph 57B is added. Paragraph 45 is amended. New text is underlined and deleted text is struck through.

Scope

…

2. ~~**This Standard applies to all public sector entities other than Government Business Enterprises (GBEs).**~~ [Deleted]

3. ~~The *Preface to Malaysian Public Sector Accounting Standards* issued by the Accountant General's Department explains that GBEs apply approved accounting standards issued by the Malaysian Accounting Standards Board (MASB). GBEs are defined in MPSAS 1, *Presentation of Financial Statements*.~~ [Deleted]

…

Recognition of Expected Deficits

…

45. Public sector entities may enter into construction contracts that specify that the revenue intended to cover the construction costs will be provided by the other parties to the contract. This may occur where, for example:

    (a) Government departments and agencies that are largely dependent on appropriations or similar allocations of government revenue to fund their operations are also empowered to contract with ~~GBE's~~ commercial public sector entities or private sector entities for the construction of assets on a commercial or full cost recovery basis; or

    (b) Government departments and agencies transact with each other on arm's length or commercial basis as may occur under a "purchaser-provider" or similar model of government.

…

Effective Date

57B. **Paragraphs 2 and 3 were deleted and paragraph 45 was amended by *Improvements to MPSASs 2023*, issued in December 2022. An entity shall apply those amendments for annual financial statements covering periods beginning on or after January 1, 2024. Earlier application is encouraged. If an entity applies the amendments for a period beginning before January 1, 2024, it shall disclose that fact.**

…

Implementation Guidance

This guidance accompanies, but is not part of, MPSAS 11.

Disclosure of Accounting Policies

IG1. The following are examples of accounting policy disclosures for a department that enters noncommercial construction contracts with other government agencies for full, partial, or no cost recovery from the other parties to the contract. The department is also empowered to enter into construction contracts with commercial public sector entities and private sector entities ~~and GBEs~~, and to enter full cost recovery construction contracts with certain state hospitals and state universities.

…

Contract Disclosures

Appropriation/Aid Funded Contracts and Full Cost Recovery Contracts

IG22. The Department of Works and Services was recently created as the entity to manage the construction of major buildings and roadworks for other government entities. It is funded predominantly by appropriation, but with the approval of the Minister is empowered to undertake construction projects financed by national or international aid agencies. It has its own construction capabilities and can also subcontract. With the approval of the Minister, the Department may also undertake construction work on a commercial basis for commercial public sector entities and private sector entities ~~and GBEs~~ and on a full cost recovery basis for state hospitals and state run universities.

…

Commercial Contracts

IG26. The Division of National Construction Works has been established within the Department of Works and Services to undertake construction work on a commercial basis for ~~GBEs~~ commercial public sector entities and private sector entities at the direction, and with the approval, of the Minister. The Division has reached the end of its first year of operations. All its contract costs incurred have been paid for in cash, and all its progress billings and advances have been received in cash. Contract costs incurred for contracts B, C, and E include the cost of materials that have been purchased for the contract, but which have not been used in contract performance to date. For contracts B, C, and E, the customers have made advances to the contractor for work not yet performed.

Amendments to MPSAS 12, *Inventories*

Paragraphs 4 and 5 are deleted. Paragraph 51D is added. New text is underlined and deleted text is struck through.

Scope

…

4. ~~**This Standard applies to all public sector entities other than Government Business Enterprises (GBEs).**~~ [Deleted]

5. ~~The *Preface to Malaysian Public Sector Accounting Standards* issued by the Accountant General's Department explains that GBEs apply approved accounting standards issued by the Malaysian Accounting Standards Board (MASB). GBEs are defined in MPSAS 1, *Presentation of Financial Statements*.~~ [Deleted]

…

Effective Date

…

51D. **Paragraphs 4 and 5 were deleted by *Improvements to MPSASs 2023*, issued in December 2022. An entity shall apply those amendments for annual financial statements covering periods beginning on or after January 1, 2024. Earlier application is encouraged. If an entity applies the amendments for a period beginning before January 1, 2024, it shall disclose that fact.**

…

Amendments to MPSAS 13, *Leases*

Paragraphs 3 and 4 are deleted. Paragraph 85D is added. New text is underlined and deleted text is struck through.

Scope

…

3. ~~**This Standard applies to all public sector entities other than Government Business Enterprises (GBEs).**~~ [Deleted]

4. ~~The *Preface to Malaysian Public Sector Accounting Standards* issued by the Accountant General's Department explains that GBEs apply approved accounting standards issued by the Malaysian Accounting Standards Board (MASB). GBEs are defined in MPSAS 1, *Presentation of Financial Statements*.~~ [Deleted]

…

Effective Date

...

85D. **Paragraphs 3 and 4 were deleted by *Improvements to MPSASs 2023*, issued in December 2022. An entity shall apply those amendments for annual financial statements covering periods beginning on or after January 1, 2024. Earlier application is encouraged. If an entity applies the amendments for a period beginning before January 1, 2024, it shall disclose that fact.**

…

Amendments to MPSAS 14, *Events After The Reporting Date*

Paragraphs 3 and 4 are deleted. Paragraph 32D is added. Paragraphs 15 and 21 are amended. New text is underlined and deleted text is struck through.

Scope

…

3. ~~**This Standard applies to all public sector entities other than Government Business Enterprises (GBEs).**~~ [Deleted]

4. ~~The *Preface to Malaysian Public Sector Accounting Standards* issued by the Accountant General's Department explains that GBEs apply approved accounting standards issued by the Malaysian Accounting Standards Board (MASB). GBEs are defined in MPSAS 1, *Presentation of Financial Statements*~~. [Deleted]

…

Recognition and Measurement

…

Dividends or Similar Distributions

…

15. Dividends may arise in the public sector when, for example, a public sector entity controls and consolidates the financial statements of a ~~GBE~~ commercial public sector entity that has outside ownership interests to whom it pays dividends. In addition, some public sector entities adopt a financial management framework, for example "purchaser provider" models, that require them to pay income distributions to their controlling entity, such as the central government.

…

21. Some ~~agencies, although not GBEs,~~ public sector entities may be required to be fully or substantially self-funding, and to recover the cost of goods and services from users. For any such entity, deterioration in operating results and financial position after the reporting date may

indicate a need to consider whether the going concern assumption is still appropriate.

…

Effective Date

…

32D. **Paragraphs 3 and 4 were deleted and paragraphs 15 and 21 were amended by *Improvements to MPSASs 2023*, issued in December 2022. An entity shall apply those amendments for annual financial statements covering periods beginning on or after January 1, 2024. Earlier application is encouraged. If an entity applies the amendments for a period beginning before January 1, 2024, it shall disclose that fact.**

…

Amendments to MPSAS 16, *Investment Property*

Paragraphs 3 and 4 are deleted. Paragraph 101D is added. Paragraph 9 is amended. New text is underlined and deleted text is struck through.

Scope

…

3. ~~**This Standard applies to all public sector entities other than Government Business Enterprises (GBEs).**~~ [Deleted]

4. ~~The *Preface to Malaysian Public Sector Accounting Standards* issued by the Accountant General's Department explains that GBEs apply approved accounting standards issued by the Malaysian Accounting Standards Board (MASB). GBEs are defined in MPSAS 1, *Presentation of Financial Statements*~~. [Deleted]

…

Definitions

…

9. There are a number of circumstances in which public sector entities may hold property to earn rental and for capital appreciation. For example, a public sector entity ~~(other than a GBE)~~ may be established to manage a government's property portfolio on a commercial basis. In this case, the property held by the entity, other than property held for resale in the ordinary course of operations, meets the definition of an investment property. Other public sector entities may also hold property for rentals or capital appreciation, and use the cash generated to finance their other (service delivery) activities. For example, a university or local government may own a building for the purpose of leasing on a commercial basis to external parties to generate funds, rather than to produce or supply goods and services. This property would also meet the definition of investment property.

…

Effective Date

…

101D. **Paragraphs 3 and 4 were deleted and paragraph 9 was amended by *Improvements to MPSASs 2023*, issued in December 2022. An entity shall apply those amendments for annual financial statements covering periods beginning on or after January 1, 2024. Earlier application is encouraged. If an entity applies the amendments for a period beginning before January 1, 2024, it shall disclose that fact.**

…

Amendments to MPSAS 17, *Property, Plant and Equipment*

Paragraphs 3 and 4 are deleted. Paragraph 107K is added. New text is underlined and deleted text is struck through.

Scope

…

3. ~~**This Standard applies to all public sector entities other than Government Business Enterprises (GBEs).**~~ [Deleted]

4. ~~The *Preface to Malaysian Public Sector Accounting Standards* issued by the Accountant General's Department explains that GBEs apply approved accounting standards issued by the Malaysian Accounting Standards Board (MASB). GBEs are defined in MPSAS 1, *Presentation of Financial Statements*~~. [Deleted]

…

Effective Date

…

107K. **Paragraphs 3 and 4 were deleted by *Improvements to MPSASs 2023*, issued in December 2022. An entity shall apply those amendments for annual financial statements covering periods beginning on or after January 1, 2024. Earlier application is encouraged. If an entity applies the amendments for a period beginning before January 1, 2024, it shall disclose that fact.**

…

Amendments to MPSAS 19, *Provisions, Contingent Liabilities and Contingent Assets*

Paragraphs 2 and 3 are deleted. Paragraph 111E is added. New text is underlined and deleted text is struck through.

Scope

…

2. ~~**This Standard applies to all public sector entities other than Government Business Enterprises (GBEs).**~~ [Deleted]

3. ~~The *Preface to Malaysian Public Sector Accounting Standards* issued by the Accountant General's Department explains that GBEs apply approved accounting standards issued by the Malaysian Accounting Standards Board (MASB). GBEs are defined in MPSAS 1, *Presentation of Financial Statements*~~. [Deleted]

…

Effective Date

…

111E. **Paragraphs 2 and 3 were deleted by *Improvements to MPSASs 2023*, issued in December 2022. An entity shall apply those amendments for annual financial statements covering periods beginning on or after January 1, 2024. Earlier application is encouraged. If an entity applies the amendments for a period beginning before January 1, 2024, it shall disclose that fact.**

…

Amendments to MPSAS 20, *Related Party Disclosures*

Paragraphs 2 and 3 are deleted. Paragraph 42D is added. New text is underlined and deleted text is struck through.

Scope

…

2. ~~**This Standard applies to all public sector entities other than Government Business Enterprises (GBEs).**~~ [Deleted]

3. ~~The *Preface to Malaysian Public Sector Accounting Standards* issued by the Accountant General's Department explains that GBEs apply approved accounting standards issued by the Malaysian Accounting Standards Board (MASB). GBEs are defined in MPSAS 1, *Presentation of Financial Statements*.~~ [Deleted]

…

Effective Date

…

42D. **<u>Paragraphs 2 and 3 were deleted by *Improvements to MPSASs 2023*, issued in December 2022. An entity shall apply those amendments for annual financial statements covering periods beginning on or after January 1, 2024. Earlier application is encouraged. If an entity applies the amendments for a period beginning before January 1, 2024, it shall disclose that fact.</u>**

…

Implementation Guidance

This guidance accompanies, but is not part of, MPSAS 20.

Disclosure—Government X

The following disclosures are made in the financial statements of Government X.

Controlled Entities (Paragraph 25)

The Government controls the following reporting entities:

Government Departments and Agencies: Education, Welfare, Police, Post, Works and Services, Defense, Justice, Treasury/Finance, Department X, Agency XYZ (identify all departments and agencies).

~~Government Business Enterprises~~ <u>Commercial Public Sector Entities</u>: Government Electricity Company, Government Telecommunications ~~Agency~~ <u>Company</u> (identify all ~~GBEs~~ <u>commercial public sector entities</u>).

…

Disclosure—Government Agency XYZ

These disclosures are made in the financial statements of Government Agency XYZ, which is a separate reporting entity.

Controlled Entities (Paragraph 25)

The Agency is controlled by Department X. Department X is controlled by Government X.

The Agency controls the Administration Services Unit, which is a ~~government business enterprise (GBE)~~ <u>commercial public sector entity</u>.

Amendments to MPSAS 23, *Revenue from Non-Exchange Transactions (Taxes and Transfers)*

Paragraphs 3 and 4 are deleted. Paragraph 124D is added. New text is underlined and deleted text is struck through.

Scope

…

3. ~~**This Standard applies to all public sector entities other than Government Business Enterprises (GBEs).**~~ [Deleted]

4. ~~The *Preface to Malaysian Public Sector Accounting Standards* issued by the Accountant General's Department explains that GBEs apply approved accounting standards issued by the Malaysian Accounting Standards Board (MASB). GBEs are defined in MPSAS 1, *Presentation of Financial Statements*.~~ [Deleted]

…

Effective Date

…

124D. **Paragraphs 3 and 4 were deleted by *Improvements to MPSASs 2023*, issued in December 2022. An entity shall apply those amendments for annual financial statements covering periods beginning on or after January 1, 2024. Earlier application is encouraged. If an entity applies the amendments for a period beginning before January 1, 2024, it shall disclose that fact.**

…

Amendments to MPSAS 24, *Presentation of Budget Information in Financial Statements*

Paragraph 4 is deleted. Paragraph 54C is added. Paragraphs 3 and 46 are amended. New text is underlined and deleted text is struck through.

Scope

…

3. **This Standard applies to public sector entities~~, other than Government Business Enterprises (GBEs),~~ which are required or elect to make their approved budget(s) publicly available.**

4. ~~The *Preface to Malaysian Public Sector Accounting Standards* issued by the Accountant General's Department explains that GBEs apply approved accounting standards issued by the Malaysian Accounting Standards Board (MASB). GBEs are defined in MPSAS 1, *Presentation of Financial Statements*.~~ [Deleted]

…

Note Disclosures of Budgetary Basis, Period and Scope

…

46. MPSASs require entities to prepare and present financial statements that consolidate all resources controlled by the entity. At the whole-of-government level, financial statements prepared in accordance with MPSASs will encompass budget-dependent entities and ~~GBEs~~ commercial public sector entities controlled by the government. However, as noted in paragraph 35, approved budgets prepared in accordance with statistical reporting models may not encompass operations of the government that are undertaken on a commercial or market basis. Consistent with the requirements of paragraph 31, budget and actual amounts will be presented on a comparable basis. Disclosure of the entities encompassed by the budget will enable users to identify the extent to which the entity's activities are subject to an approved budget, and how the budget entity differs from the entity reflected in the financial statements.

…

Effective Date

…

54C. **Paragraph 4 was deleted and paragraphs 3 and 46 were amended by *Improvements to MPSASs 2023*, issued in December 2022. An entity shall apply those amendments for annual financial statements covering periods beginning on or after January 1, 2024. Earlier application is encouraged. If an entity applies the amendments for a period beginning before January 1, 2024, it shall disclose that fact.**

…

Illustrative Examples

These examples accompany, but are not part of, MPSAS 24.

…

Extract of Note Disclosures—for Government X

…

4. The budget and the accounting bases differ. The financial statements for the whole-of-government are prepared on the accrual basis, using a classification based on the nature of expenses in the statement of financial performance. The financial statements are consolidated statements that include all controlled entities, including ~~government business enterprises~~ commercial public sector entities for the fiscal period from January 1, 20XX to December 31, 20XX. The financial statements differ from the budget which is approved on the cash basis and which deals only with the general government sector which excludes ~~government business enterprises~~ commercial public sector entities and certain other non-market government entities and activities.

5. The amounts in the financial statements were recast from the accrual basis to the cash basis, and reclassified by functional classification to be on the same basis as the final approved budget. In addition, adjustments to amounts in the financial statements for timing differences associated with the continuing appropriation and differences in the entities covered (~~GBEs~~ commercial public sector entities) were made to express the actual amounts on a comparable basis to the final approved budget. The amount of these adjustments are identified in the following table.

…

Amendments to MPSAS 25, *Employee Benefits*

Paragraphs 8 and 9 are deleted. Paragraph 177C is added. New text is underlined and deleted text is struck through.

Scope

…

8. ~~**This Standard applies to all public sector entities other than Government Business Enterprises (GBEs).**~~ [Deleted]

9. ~~The *Preface to Malaysian Public Sector Accounting Standards* issued by the Accountant General's Department explains that GBEs apply approved accounting standards issued by the Malaysian Accounting Standards Board (MASB). GBEs are defined in MPSAS 1, *Presentation of Financial Statements*.~~ [Deleted]

…

Effective Date

…

177C. **Paragraphs 8 and 9 were deleted by *Improvements to MPSASs 2023*, issued in December 2022. An entity shall apply those amendments for annual financial statements covering periods beginning on or after January 1, 2024. Earlier application is encouraged. If an entity applies the amendments for a period beginning before January 1, 2024, it shall disclose that fact.**

…

Amendments to MPSAS 26, *Impairment of Cash-Generating Assets*

Paragraphs 3 and 4 are deleted. Paragraph 126G is added. Paragraphs 5 and 18 are amended. New text is underlined and deleted text is struck through.

Scope

…

3. ~~**This Standard applies to all public sector entities other than Government Business Enterprises (GBEs).**~~ [Deleted]

4. ~~The *Preface to Malaysian Public Sector Accounting Standards* issued by the Accountant General's Department explains that GBEs apply approved accounting standards issued by the Malaysian Accounting Standards Board (MASB). GBEs are defined in MPSAS 1, *Presentation of Financial Statements*.~~ [Deleted]

5. ~~GBEs apply MFRS 136, *Impairment of Assets*, and therefore are not subject to the provisions of this Standard.~~ Public sector entities~~, other than GBEs,~~ that hold non-cash-generating assets as defined in paragraph 13 apply MPSAS 21, *Impairment of Non-Cash-Generating Assets*, to such assets. Public sector entities~~, other than GBEs,~~ that hold cash-generating assets apply the requirements of this Standard.

…

Definitions

…

Cash-Generating Assets

…

18. In some cases it may not be clear whether the primary objective of holding an asset is to generate a commercial return. In such cases it is necessary to evaluate the significance of the cash flows. It may be difficult to determine whether the extent to which the asset generates cash flows is so significant that this Standard is applicable, rather than MPSAS 21. Judgment is needed to determine which Standard to apply. An entity develops criteria so that it can exercise that judgment consistently in accordance with the definition of cash-generating assets and non-cash-generating assets and with the related guidance in paragraphs 14–17. Paragraph 114 requires an entity to disclose the criteria used in making this judgment. However, given the overall objectives of ~~most~~ public sector entities ~~other than GBEs~~, the presumption is that assets are non-cash-generating in these circumstances and, therefore, MPSAS 21 will apply.

…

Effective Date

…

126G. **Paragraphs 3 and 4 were deleted and paragraphs 5 and 18 were amended by *Improvements to MPSASs 2023*, issued in December 2022. An entity shall apply those amendments for annual financial statements covering periods beginning on or after January 1, 2024. Earlier application is encouraged. If an entity applies the amendments for a period beginning before January 1, 2024, it shall disclose that fact.**

…

Implementation Guidance

This guidance accompanies, but is not part of, MPSAS 26.

Most assets held by public sector entities are non-cash-generating assets, and accounting for their impairment should be undertaken in accordance with MPSAS 21.

In those circumstances when an asset held by a public sector entity is held with the objective of generating a commercial return, the provisions of this Standard should be followed. Most cash-generating assets will arise in business activities run by ~~government agencies that do not meet the definition of a GBE~~ commercial public sector entities. An example is a seed-producing unit run on a commercial basis that is part of an agricultural research entity.

For the purposes of all these examples, a public sector entity ~~that is not a GBE~~ undertakes commercial activities.

…

Amendments to MPSAS 27, *Agriculture*

Paragraphs 7 and 8 are deleted. Paragraph 56E is added. New text is underlined and deleted text is struck through.

Scope

…

7. ~~**This Standard applies to all public sector entities other than Government Business Enterprises (GBEs).**~~ [Deleted]

8. ~~The *Preface to Malaysian Public Sector Accounting Standards* issued by the Accountant General's Department explains that GBEs apply approved accounting standards issued by the Malaysian Accounting Standards Board (MASB). GBEs are defined in MPSAS 1, *Presentation of Financial Statements*.~~ [Deleted]

…

Effective Date

…

56E. **Paragraphs 7 and 8 were deleted by *Improvements to MPSASs 2023*, issued in December 2022. An entity shall apply those amendments for annual financial statements covering periods beginning on or after January 1, 2024. Earlier application is encouraged. If an entity applies the amendments for a period beginning before January 1, 2024, it shall disclose that fact.**

…

Amendments to MPSAS 28, *Financial Instruments: Presentation*

Paragraphs 7 and 8 are deleted. Paragraph 60D is added. New text is underlined and deleted text is struck through.

Scope

…

7. ~~**This Standard applies to all public sector entities other than Government Business Enterprises (GBEs).**~~ [Deleted]

8. ~~The *Preface to Malaysian Public Sector Accounting Standards* issued by the Accountant General's Department explains that GBEs apply approved accounting standards issued by the Malaysian Accounting Standards Board (MASB). GBEs are defined in MPSAS 1, *Presentation of Financial Statements*.~~ [Deleted]

…

Effective Date

…

60D. **Paragraphs 7 and 8 were deleted by *Improvements to MPSASs 2023*, issued in December 2022. An entity shall apply those amendments for annual financial statements covering periods beginning on or after January 1, 2024. Earlier application is encouraged. If an**

entity applies the amendments for a period beginning before January 1, 2024, it shall disclose that fact.

Amendments to MPSAS 29, *Financial Instruments: Recognition and Measurement*

Paragraphs 7 and 8 are deleted. Paragraph 125E is added. New text is underlined and deleted text is struck through.

Scope

…

7. ~~**This Standard applies to all public sector entities other than Government Business Enterprises (GBEs).**~~ [Deleted]

8. ~~The *Preface to Malaysian Public Sector Accounting Standards* issued by the Accountant General's Department explains that GBEs apply approved accounting standards issued by the Malaysian Accounting Standards Board (MASB). GBEs are defined in MPSAS 1, *Presentation of Financial Statements*.~~ [Deleted]

…

Effective Date

…

125E. **Paragraphs 7 and 8 were deleted by *Improvements to MPSASs 2023*, issued in December 2022. An entity shall apply those amendments for annual financial statements covering periods beginning on or after January 1, 2024. Earlier application is encouraged. If an entity applies the amendments for a period beginning before January 1, 2024, it shall disclose that fact.**

…

Amendments to MPSAS 30, *Financial Instruments: Disclosures*

Paragraphs 6 and 7 are deleted. Paragraph 52D is added. New text is underlined and deleted text is struck through.

Scope

…

6. ~~**This Standard applies to all public sector entities other than Government Business Enterprises (GBEs).**~~ [Deleted]

7. ~~The *Preface to Malaysian Public Sector Accounting Standards* issued by the Accountant General's Department explains that GBEs apply approved accounting standards issued by the Malaysian Accounting Standards Board (MASB). GBEs are defined in MPSAS 1, *Presentation of Financial Statements*.~~ [Deleted]

…

Effective Date

…

52D. **Paragraphs 6 and 7 were deleted by *Improvements to MPSASs 2023*, issued in December 2022. An entity shall apply those amendments for annual financial statements covering periods beginning on or after January 1, 2024. Earlier application is encouraged. If an entity applies the amendments for a period beginning before January 1, 2024, it shall disclose that fact.**

…

Amendments to MPSAS 31, *Intangible Assets*

Paragraphs 4 and 5 are deleted. Paragraph 132F is added. New text is underlined and deleted text is struck through.

Scope

…

4. ~~**This Standard applies to all public sector entities other than Government Business Enterprises (GBEs).**~~ [Deleted]

5. ~~The *Preface to Malaysian Public Sector Accounting Standards* issued by the Accountant General's Department explains that GBEs apply approved accounting standards issued by the Malaysian Accounting Standards Board (MASB). GBEs are defined in MPSAS 1, *Presentation of Financial Statements*.~~ [Deleted]

…

Effective Date

…

132F. **Paragraphs 4 and 5 were deleted by *Improvements to MPSASs 2023*, issued in December 2022. An entity shall apply those amendments for annual financial statements covering periods beginning on or after January 1, 2024. Earlier application is encouraged. If an entity applies the amendments for a period beginning before January 1, 2024, it shall disclose that fact.**

Amendments to MPSAS 32, *Service Concession Arrangements: Grantor*

Paragraphs 3 and 4 are deleted. Paragraph 36C is added. New text is underlined and deleted text is struck through.

Scope

…

3. ~~**This Standard applies to all public sector entities other than Government Business Enterprises (GBEs).**~~ [Deleted]

4. ~~The *Preface to Malaysian Public Sector Accounting Standards* issued by the Accountant General's Department explains that GBEs apply approved accounting standards issued by the Malaysian Accounting Standards Board (MASB). GBEs are defined in MPSAS 1, *Presentation of Financial Statements*.~~ [Deleted]

Effective Date

…

36C. **Paragraphs 3 and 4 were deleted by *Improvements to MPSASs 2023*, issued in December 2022. An entity shall apply those amendments for annual financial statements covering periods beginning on or after January 1, 2024. Earlier application is encouraged. If an entity applies the amendments for a period beginning before January 1, 2024, it shall disclose that fact.**

…

Amendments to MPSAS 33, *First-time Adoption of Accrual Basis Malaysian Public Sector Accounting Standards (MPSASs)*

Paragraphs 7 and 8 are deleted. Paragraph 155 is added. New text is underlined and deleted text is struck through.

Scope

…

7. ~~**This Standard applies to all public sector entities other than Government Business Enterprises (GBEs).**~~ [Deleted]

8. ~~The *Preface to Malaysian Public Sector Accounting Standards* issued by the Accountant General's Department explains that GBEs apply approved accounting standards issued by the Malaysian Accounting Standards Board (MASB). GBEs are defined in MPSAS 1, *Presentation of Financial Statements*.~~ [Deleted]

…

Effective Date

…

155. **Paragraphs 7 and 8 were deleted by *Improvements to MPSASs 2023*, issued in December 2022. An entity shall apply those amendments for annual financial statements covering periods beginning on or after January 1, 2024. Earlier application is encouraged. If an entity applies the amendments for a period beginning before January 1, 2024, it shall disclose that fact.**

…

Amendments to MPSAS 34, *Separate Financial Statements*

Paragraphs 4 and 5 are deleted. Paragraph 32A is added. New text is underlined and deleted text is struck through.

Scope

…

4. ~~**This Standard applies to all public sector entities other than Government Business Enterprises (GBEs).**~~ [Deleted]

5. ~~The *Preface to Malaysian Public Sector Accounting Standards* issued by the Accountant General's Department explains that GBEs apply approved accounting standards issued by the~~

~~Malaysian Accounting Standards Board (MASB). GBEs are defined in MPSAS 1, *Presentation of Financial Statements*.~~ [Deleted]

…

Effective Date

…

32A. **Paragraphs 4 and 5 were deleted by *Improvements to MPSASs 2023*, issued in December 2022. An entity shall apply those amendments for annual financial statements covering periods beginning on or after January 1, 2024. Earlier application is encouraged. If an entity applies the amendments for a period beginning before January 1, 2024, it shall disclose that fact.**

…

Amendments to MPSAS 35, *Consolidated Financial Statements*

Paragraphs 11, 12 and 13 are deleted. Paragraph 79A is added. Paragraph 8 is amended. New text is underlined and deleted text is struck through.

Scope

…

8. A controlled entity is not excluded from consolidation because its activities are dissimilar to those of the other entities within the economic entity, for example, the consolidation of ~~Government Business Enterprises (GBEs)~~ commercial public sector entities with entities in the budget sector. Relevant information is provided by consolidating such controlled entities and disclosing additional information in the consolidated financial statements about the different activities of controlled entities. ~~For example, the disclosures required by MPSAS 18, *Segment Reporting*, help to explain the significance of different activities within the economic entity.~~

…

Government Business Enterprises

11. ~~**This Standard applies to all public sector entities other than GBEs.**~~ [Deleted]

12. ~~The *Preface to Malaysian Public Sector Accounting Standards* issued by the Accountant General's Department explains that GBEs apply approved accounting standards issued by the Malaysian Accounting Standards Board (MASB). GBEs are defined in *MPSAS 1, Presentation of Financial Statements*.~~ [Deleted]

13. ~~**Although GBEs are not required to comply with this Standard in their own financial statements, the provisions of this Standard will apply where a public sector entity that is not a GBE has one or more controlled entities that are GBEs. In these circumstances, this Standard shall be applied in consolidating GBEs into the financial statements of the economic entity.**~~ [Deleted]

…

Effective Date

…

79A. **Paragraphs 11, 12 and 13 were deleted and paragraph 8 was amended by *Improvements to MPSASs 2023*, issued in December 2022. An entity shall apply those amendments for annual financial statements covering periods beginning on or after January 1, 2024. Earlier application is encouraged. If an entity applies the amendments for a period beginning before January 1, 2024, it shall disclose that fact.**

…

Amendments to MPSAS 36, *Investments in Associates and Joint Ventures*

Paragraphs 6 and 7 are deleted. Paragraph 51A is added. New text is underlined and deleted text is struck through.

Scope

…

6. ~~**This Standard applies to all public sector entities other than Government Business Enterprises (GBEs).**~~ [Deleted]

7. ~~The *Preface to Malaysian Public Sector Accounting Standards* issued by the Accountant General's Department explains that GBEs apply approved accounting standards issued by the Malaysian Accounting Standards Board (MASB). GBEs are defined in MPSAS 1, *Presentation of Financial Statements*.~~ [Deleted]

…

Effective Date

…

51A. **Paragraphs 6 and 7 were deleted by *Improvements to MPSASs 2023*, issued in December 2022. An entity shall apply those amendments for annual financial statements covering periods beginning on or after January 1, 2024. Earlier application is encouraged. If an entity applies the amendments for a period beginning before January 1, 2024, it shall disclose that fact.**

…

Amendments to MPSAS 37, *Joint Arrangements*

Paragraphs 5 and 6 are deleted. Paragraph 42A is added. New text is underlined and deleted text is struck through.

Scope

…

5. ~~**This Standard applies to all public sector entities other than Government Business Enterprises (GBEs).**~~ [Deleted]

6. ~~The *Preface to Malaysian Public Sector Accounting Standards* issued by the Accountant General's Department explains that GBEs apply approved accounting standards issued by the Malaysian Accounting Standards Board (MASB). GBEs are defined in MPSAS 1, *Presentation of Financial Statements*.~~ [Deleted]

…

Effective Date

…

42A. **Paragraphs 5 and 6 were deleted by *Improvements to MPSASs 2023*, issued in December 2022. An entity shall apply those amendments for annual financial statements covering periods beginning on or after January 1, 2024. Earlier application is encouraged. If an entity applies the amendments for a period beginning before January 1, 2024, it shall disclose that fact.**

…

Amendments to MPSAS 38, *Disclosure of Interests in Other Entities*

Paragraphs 5 and 6 are deleted. Paragraph 61A is added. New text is underlined and deleted text is struck through.

Scope

…

5. ~~**This Standard applies to all public sector entities other than Government Business Enterprises (GBEs).**~~ [Deleted]

6. ~~The *Preface to Malaysian Public Sector Accounting Standards* issued by the Accountant General's Department explains that GBEs apply approved accounting standards issued by the Malaysian Accounting Standards Board (MASB). GBEs are defined in MPSAS 1, *Presentation of Financial Statements*.~~ [Deleted]

…

Effective Date

…

61A. **Paragraphs 5 and 6 were deleted by *Improvements to MPSASs 2023*, issued in December 2022. An entity shall apply those amendments for annual financial statements covering periods beginning on or after January 1, 2024. Earlier application is encouraged. If an entity applies the amendments for a period beginning before January 1, 2024, it shall disclose that fact.**

…