

# AT THE GLIMPSE

November 2023

This At The Glimpse publication has been prepared by Accrual Accounting Implementation Team (PPPA) of the Accountant General's Department of Malaysia for information purpose only and not form part of the standard.



Ministry of Finance  
Accountant General's Department of Malaysia

## Malaysian Public Sector Accounting Pronouncements Handbook 2023 Improvements to MPSASs 2023

**Project Objective:** The purpose of updating Malaysian Public Sector Accounting Standards (MPSAS) is to be in line with the *2018 Handbook of International Public Sector Accounting Pronouncements* of the *International Public Sector Accounting Standards Board (IPSASB)*, published by the *International Federation of Accountants (IFAC)*. This is the first update to the standards since the first issuance of MPSASs, and between the times there were numerous updates have been made to the IPSAS standards. Therefore, this improvements is intended to bridge the gap between MPSASs and IPSASs.

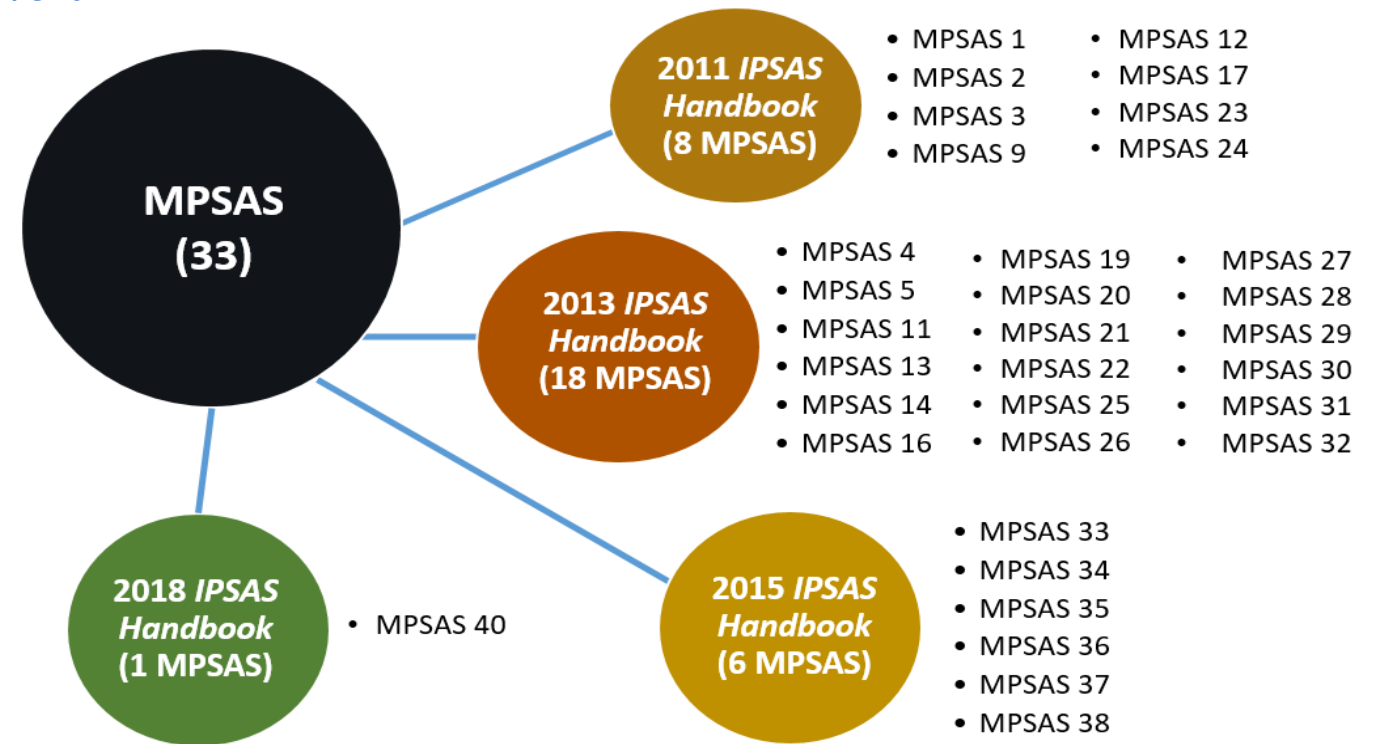
**Approved:** The *Improvements to MPSASs 2023* was approved and published in December 2022 by the Accountant General's Department (AGD). Following the issuance of the improvements, AGD initiated updating individual MPSAS to be aligned with the improvements made earlier and compile 33 standards into one handbook of MPSAS named *Malaysian Public Sector Accounting Pronouncements Handbook 2023*, which was published in November 2023.

# MPSAS first edition

*The first edition of MPSAS were primarily drawn from various IPSAS handbooks from 2011, 2013, 2015 and 2018. Since then, no update has been made to the MPSAS, even though there are several updates in the IPSAS.*

Out of a total of 40 IPSAS from the 2018 Handbook of International Public Sector Accounting Pronouncements, a total of 36 IPSAS have been successfully adopted. One IPSAS has not been adopted yet, which is IPSAS 39, *Employee Benefits*. Whereas another three IPSAS will not be adopted which are IPSAS 15, *Financial Instruments: Disclosure & Presentation*, which have been superseded by other IPSASs and IPSAS 10, *Financial Reporting in Hyperinflationary Economies* and IPSAS 18, *Segment Reporting*, which have been found to be irrelevant to the context of the Malaysian public sector. The diagram 1 shown of MPSASs which have been adopted from IPSAS Handbooks.

Diagram 1



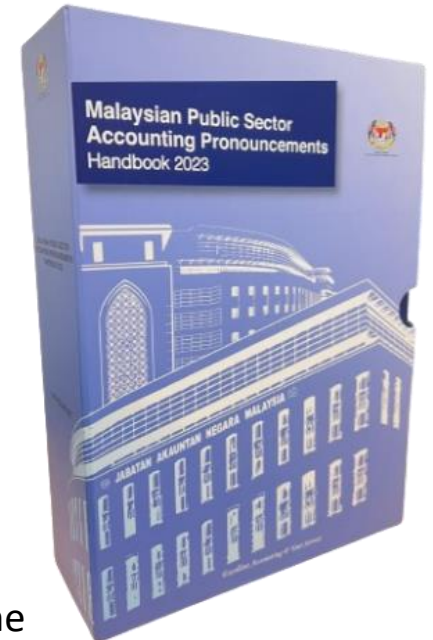
# Malaysian Public Sector Accounting Pronouncements Handbook 2023

*The Malaysian Public Sector Accounting Pronouncements Handbook 2023 is drawn based on the Handbook of International Public Sector Accounting Pronouncements of the International Public Sector Accounting Standards Board, published by the International Federation of Accountants (IFAC) in 2018 and is used with permission of IFAC.*

This Handbook contains the complete *Malaysian Public Sector Accounting Standards (MPSAS)* and *Glossary of Defined Terms for MPSAS* issued by the Accountant General's Department of Malaysia.

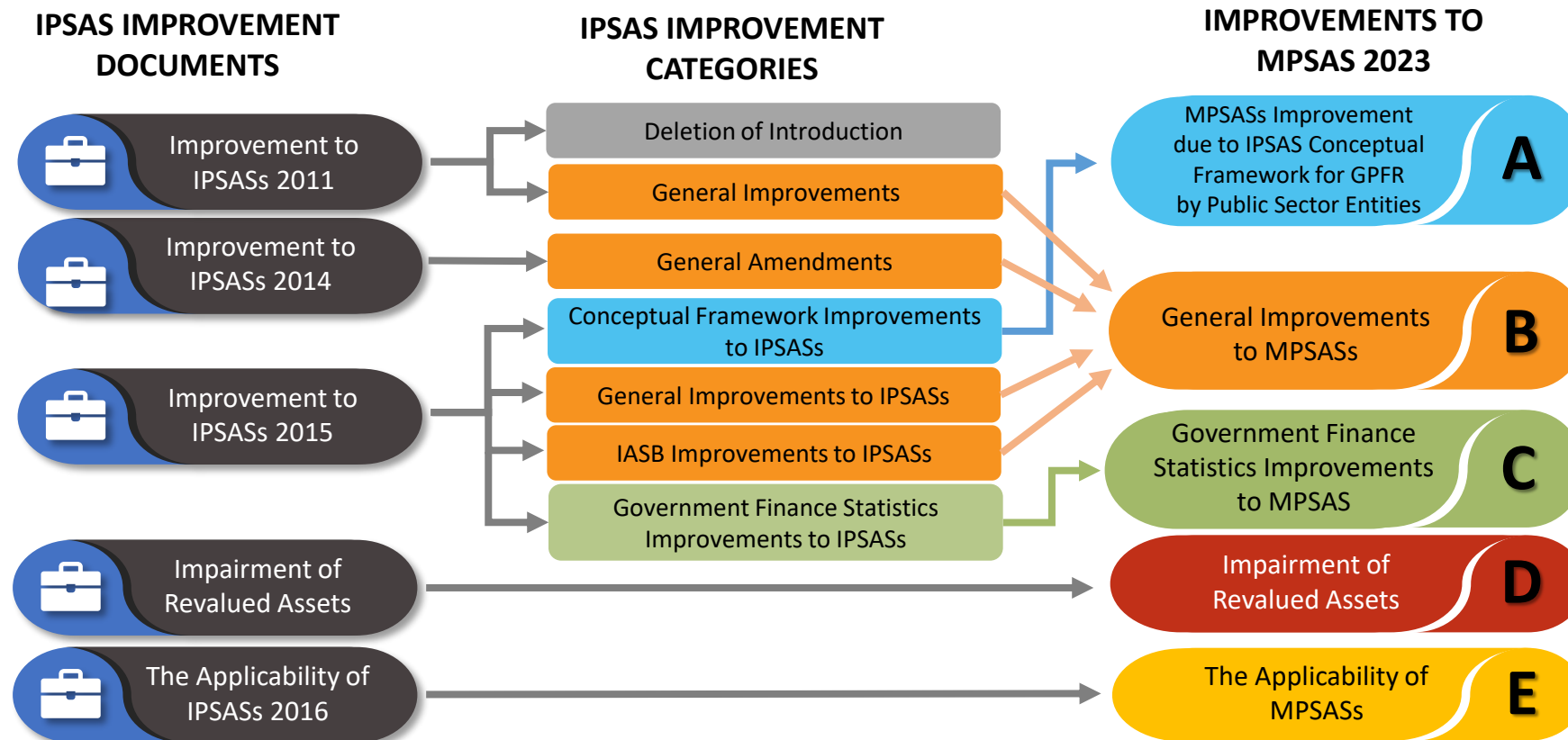
This Handbook does not include the *Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities, Cash Basis IPSAS* and *Recommended Practice Guidelines (RPG)* from the *Handbook of International Public Sector Accounting Pronouncements* © September 2018.

The handbook encompass the new standard and improvements to the standard issued up to December 2022.



# Improvements to MPSASs 2023

Numerous updates have been made by the International Public Sector Accounting Standards Board (IPSASB) to IPSAS throughout the years from 2011 until 2018. Those updates were made to improve the existing IPSASs and due to the issuance of new standards.



# MPSASs Improvements due to IPSAS Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities

*In chapter 3 of the conceptual framework (CF), the characteristics of reliability have been changed to faithful representation. The CF use 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.*

## Reliability

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.

## Faithful representation

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.

- The MPSAS only used 'reliability' and 'reliable' for general guidance on recognition, estimation, allocation and other issues related to measurement, the words 'reliability' and 'reliable' will be replaced to 'faithful representation' and 'faithfully representative' respectively.
- The MPSAS used the terms 'reliability' and 'reliable' explicitly in recognition criteria or related guidance on aspect of measurement, the word “reliably” or “reliable” will not be replaced. Instead, it will include a footnote explaining the meaning of “reliability” that refers to “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.”

# General Improvements to MPSASs

## 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.

## Presentation of Service Concession Asset

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.

## Other General Improvements

- **Amendment to MPSAS 1, *Presentation of Financial Statements*** that provide explicit guidance on minimum comparative information requirements.
- **Amendment to MPSAS 21, *Impairment of Non-Cash Generating Assets*** which include another indicator of impairment – where an asset's useful life has been reassessed as finite rather than indefinite.
- **Amendment to MPSAS 28, *Financial Instruments: Presentation*** that 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.

## Clarification of acceptable methods of depreciation and amortization

To 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.

## Narrowing the scope of MPSAS 27, Agriculture

This amendment is made 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*.

# 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”.*

Government Finance Statistics (GFS) Reporting Guidelines use the term “military inventories” to comprise all single-use items, including ammunition.

## **MPSAS 12**

*Replacing the words ‘ammunition’ with ‘military inventories’*

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.

## **MPSAS 17**

*Replacing the words ‘specialist military equipment’ with ‘weapons systems’*

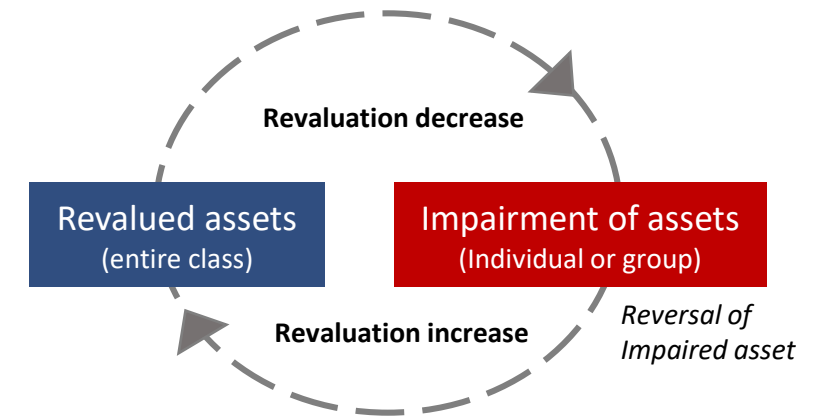
# Impairment of Revalued Assets

*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 these standards.*

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 in order to recognize an impairment loss in respect of that item.

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

- **Revaluation decrease** - any impairment loss on an 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.
- **Revaluation increase** – any reversal of the impairment loss of a revalued asset shall be treated as revaluation increase which recognized directly in the revaluation surplus for that class of assets to the extent that the impairment loss on the same class of revalued assets was previously recognized in surplus or deficit. The reversal of that impairment loss is also recognized in surplus or deficit.





# The Applicability of MPSASs

*Currently MPSAS 1, Presentation of Financial Statements, includes a definition of a Government Business Enterprise (GBE). The scope section of each MPSAS specifically excludes GBEs and includes a reference to the Preface to Malaysian Public Sector Accounting Standards (Preface), which states that GBEs apply approved accounting standards issued by the Malaysian Accounting Standards Board (MASB).*

This improvement will remove GBE from MPSAS 1 and other MPSASs. 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 MPSASs are designed.

## The characteristics of **public sector entities**

- (a) Are responsible for the delivery of services to benefit the public and/or to redistribute income and wealth;
- (b) 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.

## Amendments to the *Preface to Malaysian Public Sector Accounting Standards*

**Provide high-level description of the characteristics of ‘public sector entities’**

## Amendments to 32 MPSASs

- **Removing the GBE definition**
- **Amending the scope section by removing the GBE exclusion;**
- **Replace the term “GBE” with the term “commercial public sector entities”**

# Effective Date

*The effective date of Improvements to MPSASs 2023 is January 1, 2024.*

## **Effective date of *Improvements to MPSASs 2023***

Earlier application is encouraged. If an entity applies this Standard before January 1, 2024, it shall disclose that fact.

To learn more and view about the *Improvements to MPSASs 2023* and *Malaysian Public Sector Accounting Pronouncements Handbook 2023* please visit:  
<https://www2.anm.gov.my/akruan/Pages/MPSAS.aspx>

