



Tel. 011 697 0660
Fax. 011 697 0666
www.asb.co.za

The International Public Sector Accounting Standards Board

277 Wellington St. West
Toronto, ON
M5V 3H2

Submission via website

25 October 2021

Dear Ross

COMMENTS ON EXPOSURE DRAFT ON *PROPERTY, PLANT AND EQUIPMENT* (ED 78)

We thank you for the opportunity to provide comments on ED 78.

We issued ED 78 for comment in our jurisdiction. We arranged an education session and roundtable discussions (two) to solicit views from preparers, auditors, technical experts, academics, consultants, professional bodies and users. Members of the Pan African Federation of Accountants also attended these sessions. The comments outlined in this response have been developed by the Secretariat of the ASB and not the Board.

Other than the proposals on the treatment of subsequent expenditure on unrecognised heritage assets, and assessing all property, plant and equipment as having a finite or indefinite useful life, we are generally in support of the amendments. Our stakeholders welcomed the addition of implementation guidance and suggested that the IPSASB considers more areas where this could be provided. Our specific comments on the proposals in ED 78 are outlined in Annexure A (responses to specific matters for comment) and Annexure B (other comment). We include minor comment for consideration in Annexure C.

Should you have any questions regarding the comments outlined in our letter, please feel free to contact me.

Your sincerely

A handwritten signature in black ink, appearing to read 'Poggiolini', is written in a cursive style.

Jeanine Poggiolini

Technical Director

Board Members: Mr C Braxton (Chair), Mr D Dlamini, Ms W de Jager, Ms K Maree,
Dr P Masegare, Ms P Moalusi (Deputy-Chair), Ms A Muller, Ms N Themba, Mr A van der Burgh
Chief Executive Officer: Ms E Swart, Technical Director: Ms J Poggiolini



Specific Matter for Comment 1:

[Draft] IPSAS [X] (ED 78), Property, Plant, and Equipment proposes improvements to the existing requirements in IPSAS 17, Property, Plant, and Equipment by relocating generic measurement guidance to [draft] IPSAS [X] (ED 77), Measurement; relocating guidance that supports the core principles in this Exposure Draft to the application guidance; and adding guidance for accounting for heritage assets and infrastructure assets that are within the scope of the Exposure Draft.

Do you agree with the proposed restructuring of IPSAS 17 within [draft] IPSAS [X] (ED 78)? If not, what changes do you consider to be necessary and why?

We do not support the proposed restructuring of IPSAS 17.

We note the principle applied by the IPSASB in ED 78 was to retain core principles in the text of the Standard, with paragraphs that expand on these principles being moved to the Application Guidance of the Standard. We have the following concerns and observations regarding this approach:

- IPSAS 17 on *Property, Plant and Equipment* was a Standard aligned with IAS 16 on *Property, Plant and Equipment*. Paragraphs that are in the core text of IAS 16 have been moved to the Application Guidance in ED 78. These changes were not necessarily related to the guidance on measurement of property, plant and equipment, infrastructure assets or heritage assets. We are unsure what these changes mean for an IPSAS that is intended to be aligned with the equivalent IFRS, and for future projects.
- There is a risk of inconsistent interpretation of the requirements of the Standard as a result of paragraphs being moved.
- There is an artificial “split” in content in the Standard between the core text and Application Guidance. For example, paragraph .16 in the core text provides examples of directly attributable costs and paragraph AG21 provides examples of costs that are not costs of an item of property, plant and equipment.
- There is unnecessary repetition between the core text and Application Guidance. For example paragraphs .53 to .58, and paragraphs AG39 to AG42 on finite and indefinite useful lives contain duplicated content.
- The order of content in the core text differs to the order in the Application Guidance. For example the order in the section on depreciation.

We recommend that the re-ordering of content in IPSAS 17 be reconsidered. The alignment of paragraphs with IAS 16 should be retained in IPSAS 17 as far as possible, as there was no reason to relocate paragraphs, and users of the Standard may not understand the changes. Unnecessary duplication should be removed and content that belong together should not be separated.

Lastly, we note in our jurisdiction stakeholders are often unsure of the status of Application Guidance. It may be useful for the IPSASB to remind stakeholders that Application Guidance is authoritative, and that it is important to read the Basis for Conclusions with a Standard.

Specific Matter for Comment 2:

Do you agree that when an entity chooses the current value model as its accounting policy for a class of property, plant, and equipment, it should have the option of measuring that class of assets either at current operational value or fair value?

If not, please provide your reasons, stating clearly which current value measurement basis would best address the needs of the users of the financial information, and why.

We do not support including current operational value as a measurement basis.

Stakeholders generally had difficulty understanding current operational value. Refer to our comment on ED 76 on *Conceptual Framework Update: Chapter 7, Measurement of Assets and Liabilities in Financial Statements* and ED 77 on *Measurement* where we have communicated our concerns. Should the measurement basis remain in ED 78, stakeholders suggested that examples be added to illustrate how the basis should be applied.

Specific Matter for Comment 3:

Are there any additional characteristics of heritage assets (other than those noted in paragraph AG3) that present complexities when applying the principles of [draft] IPSAS [X] (ED 78) in practice?

Please provide your reasons, stating clearly what further characteristics present complexities when accounting for heritage assets, and why.

We support the characteristics of heritage assets as listed in AG3.

Additional characteristics

Our stakeholders noted that additional characteristics of heritage assets that present complexities in applying the ED 78 principles are that heritage assets are unique and sometimes rare. These characteristics could present measurement difficulties as an entity may not be able to derive a cost or current value for a rare and/or unique heritage asset, as it is likely that no comparable heritage asset exists.

Even though AG2 describes heritage assets as being rare, we are of the view that the list of characteristics in AG3 should be expanded to include that “they are unique and sometimes rare”.

Amending existing characteristic

AG3(a) lists restrictions on the use of heritage assets as a characteristic of heritage assets. As various legislative requirements could prohibit an entity from disposing a heritage asset, our stakeholders were of the view that this characteristic should be expanded to include restrictions on disposal of the heritage asset. We propose that AG3(a) should be amended to “they have restrictions on their use or disposal”.

If the IPSASB agrees with our proposal, we suggest that IPSAS 17 should require an entity to disclose information about disposals of assets subject to restrictions and the circumstances that led to the disposal. Our stakeholders noted that these disclosures will be helpful for accountability and decision-making.

Specific Matter for Comment 4:

Are there any additional characteristics of infrastructure assets (other than those noted in paragraph AG5) that present complexities when applying the principles of [draft] IPSAS [X] (ED 78) in practice?

Please provide your reasons, stating clearly what further characteristics present complexities when accounting for infrastructure assets, and why.

We have not identified any additional characteristics that the IPSASB should consider.

Our stakeholders confirmed the difficulties that exist with accounting for infrastructure assets and that these issues are related to their unique characteristics.

Specific Matter for Comment 5:

This Exposure Draft proposes to require disclosures in respect of heritage property, plant, and equipment that is not recognized in the financial statements because, at initial measurement, its cost or current value cannot be measured reliably.

Do you agree that such disclosure should be limited to heritage items?

If not, please provide your reasons, stating clearly the most appropriate scope for the disclosure, and why.

We agree that the disclosures required in ED 78.80 and .81 should be limited to heritage property, plant and equipment only.

From reading ED 78.08, we conclude that the principle to not recognise an item that meets the definition of an asset, only applies to heritage property, plant and equipment when the recognition criteria are not met. This is also explained in BC29.

The majority of our stakeholders agreed that the disclosures required in ED 78.80 and .81 should be limited to heritage property, plant and equipment, as the principle to not recognise an item that meets the definition of an asset only applies to heritage property, plant and equipment. A minority of our stakeholders proposed that the disclosures should not be limited to heritage property, plant and equipment as ED 79 does not propose a different accounting treatment for heritage assets, but considers heritage assets to be part of property, plant and equipment.

However we propose that AG45 should be amended to only apply to heritage property, plant and equipment by including the following “.....may be presented for groups or classes of heritage property, plant and equipment....”.

Specific Matter for Comment 6:

Do you agree with the Implementation Guidance developed as part of this Exposure Draft for heritage assets?

If not, please provide your reasons, stating clearly what changes to the Implementation Guidance on heritage assets are required, and why.

We support the Implementation Guidance that was developed for heritage assets as it will help preparers in applying the IPSAS 17 principles to account for their heritage assets.

Our stakeholders noted the following for the IPSASB's consideration.

Variability in the range of reasonable estimates

We propose that the principle in IG17 should be clarified. This paragraph concludes that, if a heritage asset is viewed as irreplaceable, it does not affect an entity's ability to derive its current value. The guidance indicates that, obtaining current values for heritage assets may be complex and difficult. As such, it involves professional judgement to reach an estimate that is derived from a range of possible values.

We support this guidance, but we are of the view that if the variability in the range of reasonable estimates is significant, and the probabilities of the various estimates cannot be reasonably assessed, a current value may not be determinable for a specific heritage asset. We therefore propose that IG17 should be clarified to explain that a heritage asset is likely not measurable when the range of values are diverse.

Additional guidance

We note two additional areas where the IPSASB could consider additional guidance. The first is where entities are required, in terms of their mandate, to collect items for preservation. Even though these items may not currently meet the characteristics of a heritage asset as described in AG3, an entity can collect these items now, because they have the intention to preserve them for future generations.

For example, a museum collects cameras for future generations to understand how technology has progressed. At present, these cameras have no restrictions on their use, they are replaceable, and they do not have long and/or indefinite useful lives, thus they do not meet the characteristics of heritage property, plant and equipment. This could change in future.

We propose that guidance should be included as part of the Implementation Guidance to explain how an entity should classify assets that are intended to be held and preserved for the benefit of future generations, even though they do not meet all the characteristics in AG3.

The second area relates to the guidance included in IG29. The paragraph explains that if circumstances change, the entity will need to consider if the heritage asset still has an indefinite useful life. If the heritage asset is found to have a finite useful life, the entity will then treat it as a depreciable asset and account for it accordingly.

We propose that IG29 should explain that the adjustment to the useful life of the heritage asset should be accounted for using IPSAS 3 on *Accounting Policies, Changes in Accounting Estimates and Errors*.

Specific Matter for Comment 7:

Do you agree with the Implementation Guidance developed as part of this Exposure Draft for infrastructure assets?

If not, please provide your reasons, stating clearly what changes to the Implementation Guidance on infrastructure assets are required, and why.

We agree in principle with the Implementation Guidance for infrastructure assets.

However, our stakeholders noted the following:

Land over or under infrastructure assets - control

Stakeholders noted issues with assessing if they control land over or under infrastructure assets. Stakeholders supported that guidance has been added in paragraphs IG4 and IG5, as well as IE1 to IE5. They noted that it would be helpful if the following matters are also considered in the guidance:

- Some arrangements are not in writing. Guidance on considerations where arrangements are not in writing would be useful.
- Entities find it difficult to separate the assessment of control of land from the assessment of control of the assets on the land. The guidance added on valuation of land over or under infrastructure assets (IG19) links to the requirement for land to be accounted for separately (paragraph 53). It is suggested that this should also be highlighted explicitly in the guidance on control of land over or under infrastructure assets.
- The specific example of a road may be problematic as there could be many factors affecting the outcome of the assessment of control, for example there are often servitudes related to land, which would be in the scope of IPSAS 31 on *Intangible Assets*. There may also be other types of “right of use” assets related to the example. It may be helpful to mention that the example does not deal with such rights.

Identifying parts of infrastructure assets that should be separately depreciated

Stakeholders supported the indicators to identify significant parts of an item of property, plant and equipment provided in IG 33.

They shared that an additional indicator used in practice is whether a part is separately maintained or replaced. It may also be helpful to recognise that infrastructure assets are often “linear” e.g. a pipeline, cable or road, with seemingly identical parts, however these parts are maintained and replaced separately. It is suggested that this be considered as an additional indicator to identify a significant part.

Questions were asked if the list is meant to be exhaustive and whether all the indicators need to be met to separately recognise a part. It may be helpful to clarify this in the guidance.

Stakeholders noted that it is often difficult to determine the timing of when to allocate the cost of an infrastructure asset to its significant parts and how to deal with subsequent changes to the costs and allocation of the costs. There are often timing differences between when an asset is available for use and when a completion certificate is signed off by engineers. This is particularly an issue for assets that are constructed in phases. Some parts / phases may become available for use after the part / phase is complete while others can only be used once the whole asset is complete. The completion certificate will only be issued once all parts /

phases are complete and other steps such as inspections have been finalised. It is often only possible to determine the full cost of the asset once the completion certificate is signed off. Costs allocated to parts / phases prior to this point may then need adjustment.

More guidance on this matter would be helpful.

Lastly, stakeholders noted the importance of assessing components correctly when the entity first recognises the asset. It is sometimes a challenge in practice to determine the estimated useful life that remains for a component of an asset (i.e. for how long the entity expects to use it) where it is different to the remaining useful life of the entire asset, especially where:

- there are changes to the useful life as a result of “under-maintenance”;
- an entity has componentised an asset at too low a level; or
- a depreciation method based on units of production is used.

The long useful lives of infrastructure assets further contributes to the difficulty in determining the useful life of a component. Emphasising the importance of an entity determining components at the right level and specific to the unique asset could help focus entities' efforts upfront and alleviate accounting difficulties later on.

OTHER COMMENT – GENERAL GUIDANCE

Initial measurement of assets acquired through a non-exchange transaction

We note in footnote 6 of ED 78 that the IPSASB decided not to replace the term “non-exchange transaction” in ED 78 with the term “revenue transaction without performance obligations” from the IPSASB’s revenue project. The IPSASB considers that the term “non-exchange” would continue to be relevant in the context of acquiring property, plant and equipment at no or reduced consideration.

We appreciate that the IPSASB is still deliberating the responses to the EDs on revenue. We however urge the IPSASB to consider the impact of the final guidance on revenue on other IPSAS that still refer to “non-exchange” transactions. Potential difficulties we foresee with the continued use of the term “non-exchange” include:

- The guidance on identifying non-exchange transactions and related definitions would no longer exist in IPSAS literature once IPSAS 9 on *Revenue from Exchange Transactions* and IPSAS 23 on *Revenue from Non-exchange Transactions (Taxes and Transfers)* are replaced.
- There may be conflicting requirements for recognising and measuring an asset – the debit entry (in ED78) and revenue – the credit entry (in ED 71), but it is one transaction.

We recommend that the IPSASB takes a holistic approach to guidance on “non-exchange transactions” once the revenue and transfer expenses projects are finalised, to ensure different IPSASs can be applied together.

Capitalisation thresholds

Stakeholders noted that the factors to be considered when choosing a capitalisation threshold, as noted in IG12, is helpful.

They expressed uncertainty regarding the application of materiality to capitalisation thresholds and the cumulative effect of applying a threshold. IG14 provides guidance in the context of grouping of items when applying the threshold, and states that the cumulative effect on a group of similar assets should be considered when relevant, e.g. when a group of assets are acquired at the same time as part of a single project. The ED does not provide guidance on whether there is a need to consider the cumulative effect of capitalisation thresholds over time.

In practice, entities experience difficulties with being required (often by auditors) to retain a record of items to which a capitalisation threshold was applied, to assess if these items become cumulatively material over time. This means that there is little benefit in applying a capitalisation threshold as the administrative burden on entities is the same.

Stakeholders also noted it may be useful to clarify whether the effect of a capitalisation threshold is assessed for the statement of financial position, statement of financial performance, or for the financial statements holistically.

We note that the IPSASB is considering work on materiality as a future project. Guidance on the above issue would be useful, either as part of this ED or as part of developing guidance on the application of materiality.

Disclosure requirements

We note that disclosure requirements from ED 77 on current value measurement have been included in ED 78. Our stakeholders were not opposed to these requirements, but identified a need for the IPSASB to consider:

- The interaction with existing requirements e.g. paragraph 77 may need to be relocated and integrated with the disclosure objectives.
- The balance of the disclosure requirements.

OTHER COMMENT - HERITAGE ASSETS

Classification of operational heritage assets

BC24 explains the concept of “operational heritage assets”. Our understanding of operational heritage assets is that they are assets that an entity intends to hold for long periods and preserve them for the benefit of present and future generations. In addition, these assets are also used in the production or supply of goods and services, held for rental, or for administration purposes.

We agree with the IPSASB’s conclusion that IPSAS 17 should apply to operational heritage assets in full as noted in BC7, but we are concerned with the classification of these assets as a class of property, plant and equipment.

We are concerned that an entity may include operational heritage property, plant and equipment within another class of property, plant and equipment based on the asset’s significant purpose or use, rather than classifying them as heritage assets. In our view, all heritage property, plant and equipment should be classified as a separate class of property, plant and equipment, irrespective of whether the heritage asset has an operational use.

Classifying heritage property, plant and equipment separately from other classes of property, plant and equipment will inform decision-making. As heritage assets are reflected as a single line item, users will also be able to assess if all heritage assets are held, managed and preserved in accordance with the entity’s mandate or any legislative and or regulatory requirements, if applicable.

We recommend that IPSAS 17 should be more explicit to require that if an asset meets the characteristics in AG3, the asset should be classified with other heritage property, plant and equipment as a separate class of property, plant and equipment.

In addition, we propose that IPSAS 17 should require an entity to disclose, as part of the financial statement disclosure notes, information about the operational purpose of heritage property, plant and equipment, if material.

Unrecognised heritage assets

ED 78.08 requires that, when information about the cost or current value of heritage property, plant, and equipment becomes available, the entity is required to recognise the heritage property, plant and equipment from that date.

We are of the view that a principle should be included in this paragraph to explain when, and how often an entity should assess if information becomes available. Based on local experience, we are of the view that an entity should be required to annually re-assess if a

reliable value can be determined subsequently. This annual assessment could be done on an indicator basis, similar to the approach in the impairment Standards. Only if an indicator has been triggered should the entity be required to re-assess if a value should be determined subsequently.

Implementation Guidance could be provided of possible indicators that trigger a re-assessment. Examples include:

- (a) Changes in the condition of the heritage asset.
- (b) Information about the fair value of a heritage asset becomes available.
- (c) Changes in the demand by the market for a specific heritage asset.

The IPSASB should consider including the following disclosures that will provide information to users when a value was determined subsequently:

- (a) a description of the heritage asset or class of heritage asset for which a value was determined after initial recognition;
- (b) the events or circumstances that led to a reliable value becoming available; and
- (c) the value at which the heritage asset or class of heritage assets is recognised.

The transitional guidance should be included to explain the accounting entries when the heritage property, plant and equipment is recognised on the day that a cost or current value is determined.

Finite and indefinite useful life

ED 78.55 requires an entity to assess if the useful life of property, plant and equipment is finite or indefinite based on an analysis of relevant factors. The paragraph also includes a rebuttable assumption that non-land property, plant and equipment have finite useful lives.

Even though the implementation guidance illustrates the factors to be considered when assessing if a heritage asset has an indefinite useful life (IG26), the requirement to assess the useful life of property, plant and equipment is not limited to heritage property, plant and equipment. An entity may therefore also assess if other non-land property, plant and equipment could have an indefinite useful life, despite the rebuttable assumption.

In our view, entities may inappropriately apply the principle to assess the useful life for non-land property, plant and equipment to be indefinite. We therefore recommend that the IPSASB amends the principle in paragraph .55 to only allow an entity to assess the useful life of heritage property, plant and equipment to be indefinite.

Disclosure requirements

Restrictions on disposal of heritage property, plant and equipment

One of the characteristics of heritage property, plant and equipment is that it has restrictions on its use (AG3). IPSAS 17.73(a) requires an entity to disclose the existence of amounts of restrictions on title. We propose that this disclosure requirement should be expanded to also require the disclosure of restrictions on use of heritage property, plant and equipment.

Annexure A – Application Guidance

Subsequent costs

AG20 explains that an entity should recognise subsequent expenditure on heritage property, plant and equipment in accordance with the recognition principles in paragraph .07. Recognition of such subsequent expenditure as an asset is unaffected by whether or not the underlying heritage property, plant and equipment was initially recognised.

The majority of our stakeholders questioned the inclusion of this principle. In their view, reflecting only the subsequent costs incurred on a heritage asset will not be a faithful representation of the value of the heritage asset. Even though a minority of our stakeholders agreed with the treatment of subsequent expenditure on heritage property, plant and equipment, we propose that any subsequent expenditure incurred on heritage property, plant and equipment be expensed.

If the IPSASB agrees to retain the principle on the treatment of subsequent expenditure on heritage assets as per the minority view of our stakeholders, and such costs are capitalised after meeting the recognition principles, we propose that the recognised costs should be presented separately from other heritage property, plant and equipment. For example, entities should classify these costs as “improvements to heritage property, plant and equipment”.

Basis for conclusions

BC6(a) explains that ED 78 should apply to heritage assets that are property, plant and equipment. BC7(e) explains that where a heritage item is within the scope of another IPSAS, that Standard should apply. These two conclusions seem to be contradictory, and there is also no explanation of the circumstances that would indicate that another IPSAS is more appropriate.

We propose that the wording should be reconsidered to explain when another IPSAS, other than ED 78, will be appropriate to account for a heritage asset.

MINOR COMMENT

Reference	Comment	Proposal
Par 6	We question the need to repeat terms defined in ED 77, IPSAS 21 on <i>Impairment of Non-cash-generating Assets</i> and IPSAS 26 on <i>Impairment of Cash-generating Assets</i> in this Standard, since the definitions section already contain the statement “Terms defined in other IPSAS are used in this Standard with the same meaning as in those Standards and are reproduced in the <i>Glossary of Defined Terms</i> published separately.”	We propose the lists of terms defined in other IPSASs be removed from the ED.
Par 7(b)	We are unsure of the interaction of paragraphs 7(b) and 12. Paragraph 7(b) states that an item is initially recognised if the cost or <u>current value</u> can be measured reliably. Paragraph 12 states that an asset is initially measured at cost, unless it is a non-exchange transaction and the asset is measured at <u>deemed cost</u> (as determined in ED 77).	We propose that paragraph 7(b) refers to cost or deemed cost, aligned with paragraph 12 and ED 77.
Par 8	We suggest that it is clarified that the paragraph refers to instances where the entity did not recognise an item because criterion 7(b) was not met.	Amend the text to “... does not meet the recognition criterion in paragraph 7(b)...”
Par 22 to 24	We question the placement of the paragraphs under the heading “measurement of cost” as it relates to the measurement of “deemed cost” (paragraph 12).	Consider adding a subheading for “measurement of deemed cost”. Some of the content may also be better suited in ED 77, e.g. the first sentence of paragraph 24.
Par 29 and 30	Paragraph 29 states the <u>primary objective for which an entity holds an asset</u> guides the selection of the current value measurement basis. It is unclear how paragraph 30 relates to this principle when stating a change in the current value measurement basis is appropriate if the change results in a measurement that is <u>more</u>	We recommend that paragraph 30 be amended to state that a change in basis is appropriate if it is more representative of the primary objective for which an entity holds an asset.

Reference	Comment	Proposal
	<u>representative of the current value of the item</u> of property, plant and equipment.	
Par 37	We question the list of classes of property, plant and equipment with reference to infrastructure assets as it includes classes at different levels and may be confusing: (c) roads, (e) electricity transmission networks, and (l) oil rigs could be “types” of infrastructure assets which may be classes, while (o) infrastructure assets is broad.	Consider amending (o) to “other infrastructure assets”, or removing it.
Par 55 to 58	The heading “finite and indefinite useful lives” may not be placed correctly, or may be unnecessary. There is content in paragraphs 53 and 54 that also deal with the subject.	Reconsider the placement of the heading, or delete it.
Par 59	We question the need for the paragraph and it may be confusing. It requires an entity to annually review property, plant and equipment with an indefinite useful life for indicators of impairment. This same requirement exists for property, plant and equipment with a definite useful life, as noted in paragraph 62.	We propose paragraph 59 be deleted.
AG4 to AG5	The ordering of the paragraphs could be reconsidered.	Consider placing AG5 before AG4.
Appendix B - Amendments to other IPSAS	Amendments to other IPSAS include amending the BCs of some of these IPSAS to explain decisions taken in this project. E.g. Amendments to IPSAS 21 and 26, IPSAS 27 on <i>Agriculture</i> , IPSAS 31 on <i>Intangible Assets</i> , etc. include sentences in the BCs to say that the IPSASB reconfirmed certain previous decisions of these Standards. We question the need for these additions to the BCs and we are uncertain whether the IPSASB explicitly reconfirmed some of these previous decisions in amending IPSAS 17.	We recommend the IPSASB carefully considers which past decisions were explicitly reconfirmed by Board deliberations as part of developing ED 78 and only amend the BCs of other IPSAS for these decisions.
IE1 to IE3; IE4 to IE5	Consider the placement of information in the examples. The conclusions include information that would be better placed in the background, because the information is needed to reach a conclusion. For example IE1 contains background information and IE2 concludes that the National Government controls the land and lists the reasons. The information in IE2(a) to (c) is necessary as	Reconsider the placement of background information in the examples.

Reference	Comment	Proposal
	background information before a conclusion can be reached.	