

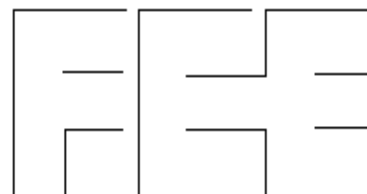
Date
22 June 2005

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Mr. Paul Sutcliffe
The Technical Director
International Public Sector Accounting Standards Board
545 Fifth Avenue
14th floor
USA-New York 10017



Dear Mr. Sutcliffe,

Re: Disclosure Requirements for Recipients of External Assistance (Exposure Draft 24)

Introduction

FEE is pleased to comment on exposure draft 24.

We welcome the initiative taken by the International Public Sector Accounting Standards Board in developing this standard.

We believe the standard will help donors of assistance to ascertain more readily how their donations have been used. We also note that if the standard is followed, the statements of recipients will be more readily comparable. Finally we acknowledge that adoption of the standard should reduce recipients' costs in complying with the different reporting requirements that are currently imposed on them by providers of assistance.

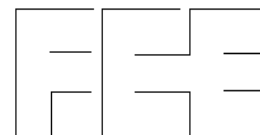
We have set out detailed comments on the questions you raise in the Annex to this letter.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'David Devlin', is written over a light blue horizontal line.

David Devlin
President

Encl.



ANNEX

Specific Matters for Comment

1. Whether the proposed definition of “external assistance” in paragraph 5 is sufficiently broad to encompass all official resources received.

We agree that the definition is sufficiently broad to encompass all official resources received. However, we have concerns that it would not cover all grants and donations received, for instance from NGOs – see (2) below.

2. Whether other sources of assistance, such as assistance provided by non-governmental organisations (NGOs), should also be included in the definition of “external assistance”. Currently, the Exposure Draft requires that entities disclose all official resources received. Official resources as defined in paragraph 5 would exclude certain assistance received from NGOs.

Whilst we can see that there is some merit in the ED covering all external assistance received including that supplied by NGOs, we believe that this would place an unreasonable reporting burden on developing countries. We would therefore do not support the inclusion of this requirement in the ED.

3. Whether the Exposure Draft should specify the categories of external assistance by “major classes” without further specification.

Specification of the categories will aid comparison between financial statements and for that reason we support the draft ED paragraphs 13 – 15. We suggest that it is very important to retain the ‘other’ category to prevent omission of any amounts if they do not fit into the other five categories.

4. The proposal to disclose the balance of, and changes in, undrawn external assistance during the period (paragraph 22).

We agree that the recording of undrawn external assistance is essential if the financial statements are to provide a complete picture and we therefore support the requirements set out in paragraph 22. However, we see that the category of ‘other’ has been omitted. As discussed in (3) above, this could lead to omission and we therefore suggest that such a category be added.

5. The proposal to disclose the terms and conditions of external assistance agreements as required by paragraphs 26-28 and other non-compliance thereof (paragraph 36).

We agree with this proposal that the terms and conditions of external assistance agreements and non-compliance thereof should be disclosed as set out in the ED.

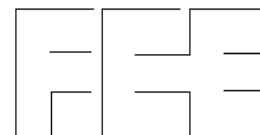
6. Whether the proposals in paragraph 44 as noted below are appropriate:

- (a) To disclose the fair value of non-cash goods-in-kind; and*
- (b) That fair value should be based on the prices of equivalent goods or services in the recipient country.*

Whilst we see that disclosure of the fair value of non-cash goods in kind would be desirable, we believe that the process of valuing these goods could place an undue burden on recipient countries. We therefore suggest that the provisions of paragraph 44 be made discretionary rather than mandatory.

7. Whether the disclosures proposed are appropriate. If the disclosures are considered excessive, the IPSASB would welcome input on which disclosures should not be required. The IPSASB would also welcome input on any key disclosures that have not been dealt with and should be required.

We believe that the disclosures are appropriate. However, if there are particular difficulties identified for some of them, we suggest that they are made discretionary, rather than taken out altogether.



8. *Whether the proposal in paragraph 54:*

- (a) For a transitional period of two years is sufficient to apply this Standard. Is a longer transitional period necessary to ensure that the appropriate authorities in each recipient country are able to access the data necessary to properly account for external assistance?*
- (b) To exempt the requirement to disclose comparative figures during the first year of application of this Standard is appropriate.*

We believe that two years is sufficient time for recipients to apply the Standard.

We agree that there should be exemption for comparative figures in the first year.