



**The Japanese Institute of  
Certified Public Accountants**

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**July 14, 2008**

**Technical Director**

**International Public Sector Accounting Standards Board**

**International Federation of Accountants**

**277 Wellington Street West**

**Toronto Ontario Canada M5V 3H2**

**Comments on the Proposed International Public Sector Accounting Standard,  
“Social Benefits: Disclosure of Cash Transfers to Individuals or Households”**

Dear Sir:

The Japanese Institute of Certified Public Accountants (JICPA) is pleased to comment on the Proposed International Public Sector Accounting Standard, “Social Benefits: Disclosure of Cash Transfers to Individuals or Households” (the “ED”), as follows:

**On “Specific Matters for Comment”**

1. The scope of this ED is appropriate (paragraphs 2–8). If you do not think that the scope is appropriate please detail how you would modify the scope. Please state your reasons.

We consider that the scope of this ED is appropriate.

2. The new definitions in this ED at paragraph 10 are sufficiently clear and comprehensive. If you disagree, please indicate (a) how these definitions should be modified and (b) which new terms should be defined. Please state your reasons.

We consider that the new definitions in this ED in paragraph 10 are sufficiently clear

and comprehensive.

3. The requirements for the determination of amounts expected to be transferred to eligible individuals or households are appropriate (paragraphs 30–44). If you do not think that they are appropriate please indicate what those requirements should be. Please state your reasons.

We consider that the requirements for the determination of the amounts expected to be transferred to eligible individuals or households are appropriate, except for the following requirement.

According to paragraph 19, if an entity is not able to identify non-exchange transactions and exchange transactions separately, it makes a judgment as to whether the program operates predominantly to provide benefits in the form of exchange or non-exchange transactions. It is our opinion that detailed guidance for this judgment is necessary.

4. The disclosure requirements in paragraph 45 are appropriate. If you think that they are unduly onerous, which disclosures should not be required? Conversely, if you think that the disclosures are inadequate, what further disclosures would you include? Please state your reasons.

- Disclosures that should not be required

(g) Whether a qualified actuary has been used in the determination of the principal assumptions and, if so, whether that actuary is an employee of the reporting entity or an external engagement;

Because an entity shall disclose the principal assumptions used at the reporting date, it need not disclose whether a qualified actuary has been used, and this disclosure is not required in IPSAS 25 or IAS19.

- The disclosures that should be included.

The eligibility criteria should be included in paragraph 45(a). It is included in illustrative disclosures, but it should be included in the disclosure requirements.

5. The disclosure requirements in paragraph 45 are going to provide information that is verifiable. If you think that the disclosure requirements are not going to provide

information that is verifiable, please identify the specific disclosures and state what those implications are.

No specific comment.

6. The implementation arrangements are appropriate (paragraphs 50–53). If the implementation arrangements are inappropriate, please specify how you would change them. Please state your reasons.

We consider that the implementation arrangements are appropriate.

Yours sincerely,

Yasuo Kameoka  
Takao Kashitani  
Executive Board Member  
Chair of the Public Sector Committee  
The Japanese Institute of Certified Public Accountants



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**Comments on the Consultation Paper “Social Benefits: Issues in Recognition and  
Measurement”**

Dear Sir:

The Japanese Institute of Certified Public Accountants (JICPA) is pleased to comment on the Consultation Paper “Social Benefits: Issues in Recognition and Measurement” as follows:

**On “Specific Matters for Comment”**

1. Do you agree that, within the constraints of the current implied conceptual framework for general purpose financial reporting, current financial statements such as the statement of financial position and the statement of financial performance cannot convey sufficient information by themselves to users about the financial condition of governmental programs providing social benefits? Please state your reasons.

We agree with the position of the IPSASB.

In order to provide information about a government that is useful to users of general purpose finance reports for accountability purposes and for making resource allocation, and political and social decisions, prospective information

about their social programs is very important, but current financial statements cannot convey sufficient information.

2. Do you think that a present obligation to individuals or households arises at any time for:

- a) Collective goods and services; and/or
- b) Individual goods and services?

If you think a present obligation does arise for either (a) or (b) or both (a) and (b), please indicate when and indicate your reasons.

We consider that a present obligation to individuals or households does not arise at any time for collective goods and services or for individual goods and services.

3. Do you think that a present obligation to individuals or households in respect of cash transfers arises when all eligibility criteria have been satisfied for:

- a) Non-contributory programs; and/or
- b) Contributory programs?

If you think that a present obligation arises at an earlier point for (a) or (b) or both (a) and (b), please indicate that point and give your reasons.

- We consider that whether a program is contributory or non-contributory does not affect the recognition of liability. An expectation that an individual or household will receive benefits is stronger, and the possibility that a constructive obligation arises is greater, for contributory programs than for non-contributory programs, but whether a program is contributory should not be a decisive factor.
- We consider that the present obligation to individuals or households in respect of cash transfers arises when all eligibility criteria have been satisfied, but we should treat programs like a social security pension program paying benefits to individuals who are of old age differently. The reason is as follows.  
 Firstly, individuals will certainly satisfy the criteria that they reach a specific age, unless they die, which is different from any other criteria.  
 Secondly, it is unrealistic for the government to change the program, because of the constant and strong expectation of receiving an old-age pension, which differentiates this program from all others.

4. Where a cash transfer program requires individuals or households to revalidate their entitlement to benefits, do you think that revalidation is an attribute that should be taken into account in the measurement of the liability or a recognition criterion? Please state your reasons.

It depends on the content of the revalidation whether it is an attribute that should be taken into account in the measurement of the liability or a recognition criterion.

For example, if the government revalidates eligibility to confirm that the individual is still alive, from the standpoint that the individual is required to be alive, the revalidation is not a recognition criterion, but an attribute that should be taken into account in the measurement of the liability.

On the contrary, if the government revalidates the eligibility to confirm that the individual's revenue is satisfactory as an eligibility criterion, the revalidation is a recognition criterion.

5. Do you think that in developing requirements for recognition and measurement of social benefits the IPSASB should further explore the executory contract accounting model briefly outlined in Key Issue 6. Please state your reasons.

We consider that in developing requirements for recognition and measurement of social benefits, the IPSASB should not further explore the executory contract accounting model. The reason is as follows.

Under this model, liabilities would not arise until legal entitlements have been established. If constructive obligations arise in areas such as accounting for post-employment benefit obligations, but not for social benefits, the balance of accounting treatment between post-employment benefit obligations and social benefits will be too poor, and the utility of financial statements will be damaged.

Yours sincerely,

Yasuo Kameoka  
Takao Kashitani  
Executive Board Member  
Chair of the Public Sector Committee  
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