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Ms. Stephenie Fox

Technical Director

International Public Sector Accounting Standards Board

International Federation of Accountants

277 Wellington Street West

Toronto, Ontario, Canada M5V 3H2

***Comments on the Consultation Paper “Conceptual Framework for General
Purpose Financial Reporting by Public Sector Entities: Presentation
in General Purpose Financial Reports”***

Dear Ms. Fox,

The Japanese Institute of Certified Public Accountants (JICPA) is pleased to comment on the Consultation Paper (CP) “Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities: Presentation in General Purpose Financial Reports,” as follows.

Comments on Specific Matters for Comments

Specific Matter for Comment 1 (*See paragraphs 2.1 to 2.18*)

With respect to the descriptions of “presentation”, “display”, “disclosure”, “core information”, and “supporting information”, and the proposed relationships between these terms:

- (a) Do you agree that the proposed descriptions and relationships are appropriate and adequate?
- (b) Do you agree that identification of core and supporting information for GPFs should be made at a standards level rather than as part of the Conceptual Framework?

1. We agree with the view that the proposed descriptions and relationships are appropriate and adequate.
2. We also agree that the identification of core and supporting information for GPFs should be made at a standards level.
3. However, we would like the Board to consider further the description of paragraph 4.4 in the CP, which explains the relationships between information areas and presentation objectives.
4. Paragraph 4.4 provides examples of possible presentation objectives for three different information areas. We are uncomfortable with the fact that each information area is treated as if it were equally important. We believe the most essential information area is GPFs. We also believe that those objectives shown in this paragraph are not the presentation objectives, but rather the objectives of GPFs.
5. Therefore, we suggest that the Board should treat service performance information and information on the long-term sustainability of finances as supporting information to financial statements (GPFs). For example, service performance information supplements GPFs, by disclosing 3E (especially effectiveness) information that GPFs alone cannot provide sufficiently.
6. In addition, we suggest adding the word “financial” before the word “statement(s)” in the presentation of core and supporting information shown in Diagram A, to clarify that “Display is on the face of a financial statement” and “Disclosure is in the notes to the financial statements.” We believe that this would make the descriptions in Diagram A more consistent with the statements in paragraph 2.8.

Specific Matter for Comment 2 (See paragraphs 3.1 to 3.12)

With respect to the IPSASB’s approach to presentation of information:

- (a) Do you agree with the development of presentation concepts that can be adopted

for the more comprehensive scope of GPFRs including, but not restricted to, financial statements?

(b) Do you agree with the approach of (i) focusing on user needs to identify presentation objectives, (ii) application of the qualitative characteristics (QCs) to presentation decisions, and (iii) separate presentation concepts?

7. We agree with both (a) and (b).
8. However, we suggest that the Board should clarify the definition and the scope of information areas other than GPFs (but included in GPFRs), as well as their relationships with GPFs in the Conceptual Framework.
9. At present, those entities that have adopted IPSASs should follow either compulsory requirements (IPSASs) or optional guidelines (such as recommended practice guideline “RPG”) with regard to their preparation and disclosure
10. In relation to this, we suggest that the Board should consider whether the same presentation concepts can be applied to GPFs prepared in accordance with IPSASs, and long-term fiscal sustainability reports prepared in accordance with the RPG. We also recommend that, in some cases, it would be desirable to include the circumstances when presentation concepts are applied to these reports in the Conceptual Framework.

Specific Matter for Comment 3 (*See paragraphs 4.1 to 4.5*)

This CP discusses the importance of developing presentation objectives as part of standard setting.

(a) Do you agree that presentation objectives should be developed?

(b) If so, in your view, should they be developed at a standards level, or as part of the Conceptual Framework?

11. We agree that the presentation objectives should be developed. If they are not clarified in the Conceptual Framework, we are concerned that entities would not have the criteria they can refer to. Entities would need to be given a certain set of objectives they can refer to, in deciding which items are to be presented and how they are presented in the GPFRs. This is due to the fact that the practice of financial information disclosure has not become fully established amongst public sector entities.

12. We believe that the Board should develop presentation objectives as part of the Conceptual Framework. If each objective were to be developed at a standards level, the relationships among all of GPFs may be unclear and the ultimate objective of the GPFs may not be achieved.

Specific Matter for Comment 4 (*See paragraphs 6.1 to 6.27*)

This CP proposes three presentation concepts. Please provide your views on these concepts, in particular whether:

- (a) Any of these concepts should be excluded from the Conceptual Framework; and
- (b) The description of each concept could be improved and, if so, indicate how.

13. We believe that none of these concepts should be excluded from the Conceptual Framework.
14. With regard to the presentation concept of “(W)hat information needs to be shown” for the presentation decision, we suggest that “(S)elect accurate (or verifiable) information” should be added, with the consideration of QCs (especially verifiability).

Specific Matter for Comment 5 (*See paragraphs 6.1 to 6.27*)

In addition to the three concepts proposed in Section 6, please provide your views on:

- (a) Whether there are further concepts that should be included in the Conceptual Framework; and
- (b) What those further concepts should be.

15. We are content with the current concepts.

Specific Matter for Comment 6 (*See paragraphs 6.12, 6.17, 6.24, and 6.27*)

Each presentation concept refers to the possibility of developing criteria to determine the presentation techniques to be used in setting accounting standards. Please provide:

- (a) Your views on whether it would be useful and workable for the IPSASB to apply such techniques; and
- (b) Any suggestions you have for developing these techniques.

16. We believe it would be useful and workable for the IPSASB to apply such techniques.

17. We suggest the followings for developing these techniques:

(a) We believe that supporting information should be presented in the same order as that of the core information, in order to enhance the understandability of the relationships between core information and supporting information.

(b) In some cases, entities may re-classify the items to be presented to meet the user's meet information needs. In such instances, entities should also restate the information presented in the prior period, so as to ensure the comparability of information with the current period.

Yours sincerely,

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Executive Board Member - Public Sector Accounting and Audit Practice

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