



Government of Newfoundland and Labrador  
Department of Finance  
Office of the Comptroller General

July 31, 2012

Ms. Stephenie Fox, Technical Director  
International Public Sector Accounting Standards Board (IPSASB)  
International Federation of Accountants  
277 Wellington Street West  
Toronto, Ontario  
M5V 3H2

Dear Ms. Fox:

**Re: IPSASB Exposure Draft (ED) 47 – Financial Statement Discussion and Analysis**

I offer the following comments to the IPSASB on the *Exposure Draft (ED) 47 – Financial Statement Discussion and Analysis* on behalf of the Provincial Government of Newfoundland and Labrador.

**Specific Matter for Comment 1**

*Do you agree that the material presented in this Exposure Draft should be developed as an IPSAS, with the same level of authority as the accruals based IPSASs, which applies to all entities that prepare financial statements in accordance with IPSASs?*

It is the Province's position that the requirements identified in the Exposure Draft with respect to content of financial statement discussion and analysis is beyond the framework and is over and above the Statement of Recommended Practice (SORP). Therefore, the Province does not agree that it should be developed as an IPSAS, with the same level of authority as the accruals based IPSASs, which applies to all entities that prepare financial statements in accordance with IPSASs.

**Specific Matter for Comment 2**

*Do you agree that IPSAS 1 should be amended to clearly indicate that financial statement discussion and analysis is not a component of the financial statements?*

Yes, the Province agrees that IPSAS 1 should be amended to clearly indicate that financial statement discussion and analysis is not a component of the financial statements.

**Specific Matter for Comment 3**

*Is the scope of financial statement discussion and analysis clearly defined so as to distinguish it from other issues being addressed by IPSASB (e.g. financial statements, service performance reporting, reporting on the long-term sustainability of public finances)?*

Yes, the scope is adequately distinguished from other issues being addressed by IPSASB.

**Specific Matter for Comment 4**

*Is the required content for financial statement discussion and analysis appropriate?*

It is the Province's position that the required content for financial statement discussion and analysis is not appropriate. The required content should not go over and above the information presented in the financial statements as this will take away the focus from the core financial statements. The required content may be relevant for a private entity or publically traded company; however, public sector entities are different from these entities. The government controls several sub-entities in different environments, with different strategies, objectives, risks, and uncertainties. Thus, by providing the required content at a consolidated level, it will not enhance the usefulness of information already presented in the financial statements.

**Specific Matter for Comment 5**

*Do you agree with the transitional provisions?*

It is the Province's position that the matter of this Exposure Draft should not be required as a Standard and that the entity should have discretion to add or present information as desired. Should the Standard become optional, the Province's agrees with the transitional provisions that it should be applied prospectively from the date of first adoption and that the comparative information for the year of adoption can be omitted.

**Specific Matter for Comment 6**

*Is the Implementation Guidance useful to understanding the requirements of the proposed IPSAS?*

The Implementation Guidance is unbalanced and is only useful to understanding the analysis of the entity's financial statements requirement of the proposed IPSAS. There is no discussion on the other minimum required content, such as an overview of the entity, information about the entity's objectives and strategies, and information about the entity's risks and uncertainties. Since the entity is responsible for determining the matter and level of detail to present, there is no basis to determine whether or not these requirements have been met, and thus, undermines consistent and comparable preparation and presentation of financial statement discussion and analysis, the purpose of this Exposure Draft.

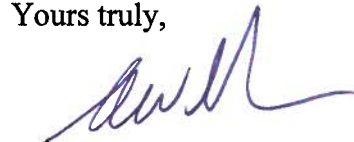
**Specific Matter for Comment 7**

*Is the Illustrative Example a useful way of illustrating the requirements of the proposed IPSAS?*

Yes, the Illustrative Example is a useful way of illustrating the requirements of the proposed IPSAS. Where a specific item was not addressed, the reason for omitting that item was disclosed in the footnotes; however, it would be more practical to include an illustrative example with no omitted items, to accurately portray what would be discussed if the omitted items were applicable to the entity.

Thank you for the opportunity to provide my comments on this issue. If you require further information, please contact myself or David Martin, Manager of Public Accounts and Banking Services, at (709) 729-7346.

Yours truly,



**RONALD A. WILLIAMS, CA**  
**Comptroller General of Finance**

cc: Laurie Skinner, Deputy Minister of Finance