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To Whom it may concern,

The Institute of Certified Public Accountants in Ireland welcomes the opportunity to comment on:

**‘Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities:**

- **The objectives of Financial Reporting**
- **The Scope of Financial reporting**
- **The Qualitative Characteristics of Information Included in General Purpose Financial Reports**
- **The Reporting Entity’**

In response to the request for comments:

**1. Preliminary View 1 - The Authority of the IPSASB Framework (following paragraph 1.7)**

The IPSASB Framework will apply to entities that adopt the accruals basis of accounting. As mentioned in the consultation paper, many PSE’s continue to adopt a cash, near cash or modified basis of accounting. Where a PSE does not adopt the accruals basis of accounting what is proposed?

We question the use of the term framework since the IPSASB Framework currently has no authority over the existing standards. Would the term guidance be more appropriate?

Is it appropriate to have a separate set of standards? Suggest that this is only appropriate where justified by the occurrence of unique transactions.

**2. Preliminary View 2 - General Purpose Financial Reports (GPFRs) (following paragraph 1.15)** 14

Agreed, however may be difficult to define common information needs for a potentially wide and diverse range of users. How will the framework deal with that?

**3. Preliminary View 3 - The Users of GPFRs (following paragraph 2.7)**

The term “representatives” is a very loose reference and needs more definition. E.g. the representative could be a firm of advisors such as a firm of accountants or lawyers.

In relation to paragraph 1.15: When GPFR’s include prospective information, the report should include a “Forward Looking Statements” declaration.

**4. Preliminary View 4- The Objectives of Financial Reporting (following paragraph 2.22)**

In relation to the use of the term ‘accountability purposes’ we suggest that this term should be changed to ‘accountability purposes in relation to stated objectives’ so that there is a clear link that they are being held accountable as to whether or not they have met their stated objectives.

**5. Preliminary View 5 - The Scope of Financial Reporting (following paragraph 3.18)**

GPFR’s should also be required to give a true and fair view of the financial state of the PSE.

We note that given the propensity of Governments responding to popular representation to change or merge different roles or functions it may be difficult in some circumstances to produce comparative financial statements.

**6. Preliminary View 6 - Evolution of the Scope of Financial Reporting (following paragraph 3.22)**

Agree.

**7. Preliminary View 7 - The Qualitative Characteristics of Information Included in GPFRs (following paragraph 4.40)**

We suggest replacing ‘Faithful Representation’ with ‘True and Fair View’. True and Fair view is widely understood by users, while the term faithful representation is open to interpretation. Public sector entities should have the same reporting responsibilities as non-public sector entities.

**8. Preliminary View 8 - Characteristics of a Reporting Entity (following paragraph 5.10)**

Agree, but see also comment in relation to preliminary view 4 regarding the term accountability purposes.

**9. Preliminary View 9 – The Composition of a Group Reporting Entity (following paragraph 5.35)**

We would question the wording in preliminary view 9. If a PSE had substantial borrowing from a Bank does the Bank then become part of the financial reporting group? In addition in determining liability this needs to be based on assessed risk and such an assessment of risk needs to be undertaken.

The Institute of Certified Public Accountants in Ireland hopes that these comments are beneficial to you and we would be happy to discuss any of the above with you.

Yours sincerely,

Declan Nestor  
Chairperson, Financial Reporting Sub - Committee

