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Mr. John Stanford  
Technical Director  
International Public Sector Accounting Standards Board  
International Federation of Accountants  
277 Wellington Street West  
Toronto, Ontario, Canada M5V 3H2

### **Comments on Exposure Draft 67 “Collective and Individual Services and Emergency Relief (Amendments to IPSAS 19)”**

Dear Mr. Stanford,

The Japanese Institute of Certified Public Accountants (hereafter “JICPA”) highly respects the International Public Sector Accounting Standards Board (hereafter “IPSASB”) for its continuous effort to serve the public interest. We are also pleased to comment on the Exposure Draft 67 “Collective and Individual Services and Emergency Relief (Amendments to IPSAS 19)” (hereafter “ED”). Our comments to ED 67 are as follows.

#### **General comments**

The IPSASB has addressed collective and individual services and emergency relief as part of a non-exchange expense project by amending the requirements of IPSAS 19.

We would like to ask the IPSASB to highlight that the purpose of ED is to clarify the accounting for collective and individual services and emergency relief in light of IPSAS 19, and ED does not provide any different interpretations from IPSAS 19.

We would also like to ask the IPSASB to clarify the relationship with the scope of ED 67 in the ongoing project on Non-Exchange Expenses.

#### **Specific Matter for Comment 1 :**

Do you agree with the definitions of collective services and individual services that are included in this Exposure Draft?

If not, what changes would you make to the definitions?

Comment:

We generally agree with the definitions proposed by the IPSASB.

However, we believe that the IPSASB should clarify that collective and individual services only consist of public sector entities' ongoing activities. That is, we propose that the relationship with IPSAS19.26 should be clarified by changing the definitions of terms as follows:

- Collective services are services continuously provided simultaneously to all members of the community by a public sector entity that are intended to address the needs of society as a whole.
- Individual services are goods and services continuously provided to individuals and/or households by a public sector entity that are intended to address the needs of society as a whole.

**Specific Matter for Comment 2 :**

Do you agree that no provision should be recognized for collective services?  
If not, under what circumstances do you think a provision would arise?

Comment:

We agree with the proposal of the IPSASB, provided that the comments in response to the Specific Matter for Comment (SMC) 1 are accepted.

**Specific Matter for Comment 3 :**

Do you agree that no provision should be recognized for individual services?  
If not, under what circumstances do you think a provision would arise?

Comment:

We agree with the proposal of the IPSASB, provided that the comments in response to the Specific Matter for Comment (SMC) 1 are accepted.

AG 11 and AG12 state that in delivering both collective services and individual services, a public sector entity incurs expenses and acquires resources through exchange transactions.

While AG11 (referring to collective services) provides examples for expenses incurred and resources acquired, AG 12 (referring to individual services) does not provide any examples. For individual services, similar examples as collective services are desirable to enhance the understandability of the preparers of financial statements.

**Specific Matter for Comment 4 :**

Do you agree with the proposed accounting for emergency relief?  
If not, how do you think emergency relief should be accounted for?

Comment:

We agree with the proposal of the IPSASB.

However, we would like to request detailed explanations on the two issues below.

(1) Changes in nature of activities

AG22 provides that no provision is recognized when the delivery of emergency relief is an ongoing activity of government and is analogous to the delivery of collective and/or individual services.

We propose that AG should also address the specific circumstances where a provision was initially recognized for emergency relief, but it would be delivered for such a long period that the criteria for recognizing the provision cease to be met.

(2) For illustrative examples

We believe that relevant illustrative examples should be prepared on AG 20 and AG 21 for the recognition of provisions and disclosures of contingent liabilities. AG20 states that “For example, in these circumstances a present obligation could arise as a result of government announcements, the passing of legislation and other government actions”. If this could be explained using an illustrative example indicating when a present obligation arises, it would help determine the recognition of provisions and disclosure of contingent liabilities.

**Other comments :**

(1) Wording used in 6A

For “non-exchange transactions,” consistent wording needs to be used when the ED for a project on Non Exchange Expenses divides expenses depending on whether a performance obligation exists or not.

(2) Matrix in AG6

AG6 provides a matrix for social benefits, individual services, and collective services (three items). The table is not exhaustive because emergency relief is excluded. One column for emergency relief should be added on the right side of the current table.

	Social Benefits	Individual Services	Collective Services	Emergency relief
Involves a cash transfer to eligible beneficiaries?	✓	✗	✗	✓ or ✗
Provided to individuals and/or households rather than to a community?	✓	✓	✗	✓
Intended to address the needs of society as a whole?	✓	✓	✓	✗

Yours sincerely,

Shuichiro Akiyama

Executive Board Member - Public Sector Accounting and Audit Practice

The Japanese Institute of Certified Public Accountants