



**The Institute of  
Chartered Accountants  
of Pakistan**

**HEAD OFFICE**

Technical Director  
International Public Sector Accounting Standards Board  
International Federation of Accountants  
277 Wellington Street West, 6th Floor  
Toronto, Ontario M5V 3H2,  
CANADA

June 15, 2011

**Subject: Comments On Exposure Draft 1 'Conceptual Framework For General Purpose Financial Reporting By Public Sector Entities: Role, Authority And Scope; Objectives And Users, Qualitative Characteristics; And Reporting Entities'**

Dear Sir,

The Institute of Chartered Accountants of Pakistan welcomes the opportunity to offer comments on the above mentioned exposure draft.

Please find enclosed the comments of the relevant Committee of the Institute for your perusal.

If you require any further clarification, please do not hesitate to contact us.

Yours faithfully,

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## **COMMENTS ON CONCEPTUAL FRAMEWORK FOR GENERAL PURPOSE FINANCIAL REPORTING BY PUBLIC SECTOR ENTITIES: ROLE, AUTHORITY AND SCOPE; OBJECTIVES AND USERS, QUALITATIVE CHARACTERISTICS; AND REPORTING ENTITIES**

### **Specific Matters for Comment**

The IPSASB would particularly value comments on whether you agree with the:

#### **1. Role, authority and scope of the Conceptual Framework;**

##### **Comments**

The exposure draft defines the broad principal on the basis of which specific standards will be developed their general authority and its wide scope caters for all the future requirements.

#### **2. Objectives of financial reporting by public sector entities and the primary users of GPFRs of public sector entities and their information needs;**

##### **Comments**

Objective of the financial reporting by public sector organization is fairly straight forward and covers both the aspect of accountability and decision making.

Definition of Primary Users of General Purpose Financial Reports (GPFRs) and description their information need is broad enough to encompass all the possible stakeholders and their required information relating to a Public Sector Organization.

#### **3. Qualitative characteristics of, and constraints on, information included in GPFRs of public sector entities. In particular, whether:**

**(a) “Faithful representation” rather than “reliability” should be used in the Conceptual Framework to describe the qualitative characteristic that is satisfied when the depiction of an economic or other phenomenon is complete, neutral, and free from material error; and**

##### **Comments**

“Faithfull Representation” is more comprehensive and complete term. Component of Reliability is covered in Framework by including the term “Verifiability”. Further the preparer of GPFRs are expected to know about the qualitative characteristic of “Faithfull Representation”

**(b) Materiality should be classified as a constraint on information that is included in GPFRs or as an entity-specific component of relevance; and**

##### **Comments**

Basic qualitative characteristics are broad enough to make all the information to be represented fairly for decision making and accountability purpose. By including “Materiality” as constraint on information serves as extra emphasis on its important.

#### **4. The basis on which a public sector reporting entity is identified and the circumstances in which an entity should be included in a group reporting entity.**

##### **Comments**

By linking the objective of GPFRs with its users, the existence of service recipient or resource providers is the most appropriate characteristic to identify a reporting entity. In addition to the legislation, authority and capacity to direct activities of another entity is an appropriate characteristic to indicate existence of group.