



**The Japanese Institute of
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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 Exposure Draft 50
"Investments in Associates and Joint Ventures"

Dear Ms. Fox,

The Japanese Institute of Certified Public Accountants (JICPA) is pleased to comment on Exposure Draft 50 (ED 50) "Investments in Associates and Joint Ventures" as follows.

I. Comments on specific matters

Specific Matter for Comment 1:

Do you generally agree with the proposals in the Exposure Draft? If not, please provide reasons.

We generally agree with the proposals in the Exposure Draft.

ED 50 is based on International Accounting Standard 28, *Investments in Associates and Joint Ventures*. We think the accounting treatment of investments in joint ventures and

associates for the public sector should be the same as that for the private sector. We suggest that the IPSASs should be revised in line with the revision of the International Financial Reporting Standards (IFRSs).

Specific Matter for Comment 2:

Do you agree with the proposal that the scope of the Exposure Draft be restricted to situations where there is a quantifiable ownership interest?

We agree with the proposal in the Exposure Draft. The application of the equity method would be impracticable if there is no quantitative ownership interest.

Specific Matter for Comment 3:

Do you agree with the proposal to require the use of the equity method to account for investments in joint ventures? If not, please provide reasons and indicate your preferred treatment.

We agree with the proposal in the Exposure Draft.

We believe, however, in addition to the reason that IPSASs should be consistent with the IFRSs, a more detailed rationale should be provided in the Basis for Conclusions (e.g., BC3). For example, we find an explanation as to why the proportionate consolidation was eliminated in paragraphs BC41-BC45 of IFRS 11, *Joint Arrangements*. An appropriate explanation should be also included in the IPSASs to ensure that the rationale can be understood without any reference to the IFRSs, even in cases where the IFRSs are revised.

Yours sincerely,

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