

August 15, 2013

Andreas Bergmann
Chair
International Public Sector
Accounting Standards Board
529 Fifth Avenue, 6th Floor
New York, NY 10017
USA

By electronic submission

Dear Mr. Bergmann,

**Conceptual Framework Exposure Draft 4: Conceptual Framework for
General Purpose Financial Reporting by Public Sector Entities:
Presentation in General Purpose Financial Reports**

The IDW would like to thank you for the opportunity to provide the International Public Sector Accounting Standards Board (IPSASB) with comments on the Conceptual Framework Exposure Draft 4: Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities: Presentation in General Purpose Financial Reports (hereinafter referred to as "CF ED 4").

We fully support the work the IPSASB has undertaken in considering the issue of presentation at a conceptual level. Notwithstanding the concern we discuss below, in our view, the CF ED 4 contains helpful and appropriate material on presentation to guide the IPSASB in its future work.

Lack of Differences between the Public and Private Sectors

In line with our comment letter dated May 31, 2012 relating to the Consultation Paper on this Phase of the CF, we see no real technical justification for there to be significant differences between the private and public sectors in respect of presentation. In the afore-mentioned letter we had also cautioned against the use of different terminology without pressing reasons, since this could result in a degree of irritation. In each of our comment letters relating to the CF project, we

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Prof. Dr. Klaus-Peter Naumann,
WP StB, Sprecher des Vorstands;
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have urged the IPSASB to achieve appropriate liaison with the IASB before finalizing the CF; even if it would result in some delay to the original timetable.

As the IPSASB will now be aware, subsequent to the publication of CF ED 4, the IASB issued a discussion paper on its own conceptual framework (DP/2013/1). Section 7 thereof deals with presentation and disclosure. Although we have not compared CF ED 4 and Section 7 of the IASB's DP/2013/1 in detail, the two most significant differences appear to relate to the definition and application of key terminology and the conceptual nature of the two Boards' current proposals.

In respect of key terminology, the IASB is proposing to use the terms "presentation" and "disclosure" quite differently to their proposed application in CF ED 4. Furthermore, we note that although the IASB uses the term "display" elsewhere in DP/2013/1, it does not propose to use or define this term in Section 7. In contrast, according to paragraphs 1.2 and 1.3 of CF ED 4, presentation encompasses both display and disclosure, whereby displayed information communicates the key messages in a report and is distinct from disclosed information. The IPSASB has not identified any public sector specific differences that would necessitate different definitions or different application of the key terms mentioned above in respect of general purpose financial statements. However, we note that in BC7 of CF ED4 the IPSASB explains that in its view, the distinction between presentation and disclosure used in some jurisdictions is inadequate to address presentation concepts for general purpose financial reports.

We would particularly like to express our support for IPSASB's innovative thinking, which has led to the development of the three presentation decisions on selection, location and organization of information. In our view, this work constitutes a valuable contribution to the Conceptual Framework, which will guide standard setters and preparers in their respective responsibilities for financial reporting pertaining to the public sector. We note that the IASB's discussion paper is structured quite differently and does not take such a conceptual viewpoint.

The fact that the two Boards have followed different timetables and have adopted different approaches to their respective CF projects has precluded a high degree of liaison to date. Nevertheless, and whilst we acknowledge the IPSASB's intention that the CF Project is not a convergence project, we again urge the Board to ensure appropriate liaison with the IASB is achieved prior to

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finalization of the CF as a whole, such that significant conceptual differences between the two respective frameworks are due solely to specific differences in the public and private sectors.

We would be pleased to answer any questions that you may have or discuss any aspect of this letter.

Yours truly,

Klaus-Peter Feld
Executive Director

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