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Certified Public Accountants**

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Ms. Stephenie Fox

Technical Director

International Public Sector Accounting Standards Board

International Federation of Accountants

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***Comments on the Consultation Paper  
“Consultation on IPSASB Work Program 2013-2014”***

Dear Ms. Fox,

The Japanese Institute of Certified Public Accountants (JICPA) is pleased to comment on the Consultation Paper (CP) “Consultation on IPSASB Work Program 2013-2014,” as follows.

**Comments on Specific Matters for Comments**

Question 1:

Considering the additional potential projects identified above and described in Appendix C, are there any other projects that you think need to be added to the list of potential projects?

We suggest that IPSASB should add the following projects:

## 1. Infrastructure assets

In the public sector, the infrastructure assets account for a large part of the total assets. Also, impaired infrastructure assets are becoming a problem in developed countries. We believe that it is important to manage and renew those assets.

Although infrastructure assets are within the scope of IPSAS 17, paragraph 21 of IPSAS 17 only describes their characteristics, and it does not prescribe any specific treatments for the infrastructure assets. However, many countries adopt various accounting treatments for the infrastructure assets. For example, some countries depreciate these assets in the same manner as other fixed assets; others recognize expense when the cash expenditure occurs, instead of depreciation. Also, some jurisdictions require revaluation at the replacement cost; others do not require such revaluation (or allow entities to measure assets at historical cost basis). We suggest that IPSASB should investigate the current accounting treatments of the infrastructure assets in these countries, and the needs of financial information users, and consider whether different approach for these assets is needed or not.

## 2. Defense assets

There are mixed accounting practices for the defense assets in each country, whether they should be recognized as an expense or capitalized (as infrastructure assets). Since defense assets can be important for some countries, we suggest that IPSASB should present guidance for defense assets.

## 3. Biological assets held for the provision or supply of services

IPSAS 27 deals with biological assets and agricultural produce for sale, including exchange and non-exchange transactions, as a part of the IFRSs convergence program.

In the public sector, there are important biological assets which are used in the supply of services, including plants and trees used for environmental protection purposes. However, such biological assets are not dealt in IPSAS 27. We hope that the IPSASB will develop standards for such biological assets in the near future (please also see our comments on the ED of IPSAS 36, dated June 30, 2009).

## 4. Cost accounting standards

We believe that external reporting and (internal) management accounting are more

closely connected in the public sector than in the private sector. We suggest that IPSASB should explore management accounting standards (mainly cost accounting), since it will help entities enhance their accountability.

We believe that cost is important because it consists of the components of “input” described in the IPSASB Consultation Paper, “Reporting on Service Performance Information.”

**Question 2:**

Which projects do you think the IPSASB should prioritize for 2013-2014? In your response you could consider providing your assessment of the 3 most important projects or a ranking of all projects on the list. Please explain the reasons for your answers.

We believe that social benefits project should be the most important for IPSASB. Although social benefits are typical obligations in the public sector and of critical importance, IPSASB has not established any relevant standards. We hope that IPSASB immediately establish those standards.

We recognize that IPSASB tried, but could not reach conclusion on this challenging issue. However, we suggest that IPSASB should restart this project, as soon as the conceptual framework clarifies the definitions of the liability in the public sector.

**Question 3:**

Please provide any further comments you have on the IPSASB’s Work Program for 2013-2014.

**1. Revision of IPSAS 23 Revenue from Non-exchange Transactions**

The Work Program states that IPSASB will focus only on (a) the interaction between IPSAS 23 and other IPSASs, and (b) the conceptual framework project (a definition of revenues) in this potential project. However, we suggest that IPSASB should broaden the scope of the revision to IPSAS 23.

There are complaints that IPSAS 23 is complicated and difficult to understand. In our view, one of the reasons is that IPSAS 23 deals with tax revenue and transfer in one

standard. Because tax and transfer are different in nature, we suggest that IPSASB should reconsider its description on the basis of the difference in nature, or deal with these issues in a separate standard.

In addition, when the IASB finalizes its exposure draft, “Revenue from Contracts with Customers,” IPSASB has to revise the IPSAS 9 and 11, to converge with the new IFRS. We believe that IPSASB should revise both of the standards at the same time, in order to keep consistency of technical terms and concepts between “Revenue from Exchange Transactions” and “Revenue from Non-Exchange Transactions.”

Yours sincerely,

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