

June 24, 2026

Mr. Ross Smith
Program and 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 95
“Improvements to IPSAS Accounting Standards – Volume 10”**

Dear Mr. Smith,

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 Exposure Draft 95 “*Improvements to IPSAS Accounting Standards – Volume 10*” (hereafter “ED”). Our comments to ED are as follows.

Specific Matter for Comment 1

Part 1 of this Exposure Draft proposes additional disclosures for supplier finance arrangements, which are characterized by one or more finance providers offering to pay amounts an entity owes its suppliers and the entity agreeing to pay according to the terms and conditions of the arrangements at the same date as, or a date later than, suppliers are paid.

In your experience, are supplier finance arrangements sufficiently prevalent in your jurisdiction to warrant the proposed disclosure?

Comment:

Supplier finance arrangements are not generally prevalent in Japan’s public sector.

This is because Japan's public sector basic approach is not to incorporate contracts involving financial schemes in public procurement, to avoid the risk of being viewed as an effective borrowing/debt assumption, thereby ensuring the directness/transparency of public spending. In other words, it is not due to a mere technical problem that supplier finance arrangements are not prevalent in Japan’s public sector; rather, it is rooted in an institutional framework that emphasizes fiscal discipline and spending transparency.

On the other hand, there are systems and contracting practices that produce similar economic effects, in light of improving suppliers' liquidity and adjusting payment terms. This includes contracts that involve advance or progress payments; cases where the transfer of receivables (factoring) is allowed under contract terms or with buyers' consent; and financing schemes such as the private finance initiative (PFI) and public-private partnership (PPP) projects.

In addition to the above, Japan's public sector currently uses its own standards, not IPSAS, and therefore, the need to establish guidance on supplier finance arrangements is considered limited.

Yours sincerely,

Soichiro Yamazaki

Executive Board Member - Public Sector Accounting and Audit Practice

The Japanese Institute of Certified Public Accountants