



**The Japanese Institute of
Certified Public Accountants**

4-4-1, Kudan-Minami, Chiyoda-ku, Tokyo 102-8264, Japan

Phone: 81-3-3515-1130 Fax: 81-3-5226-3356

E-mail: international@jicpa.or.jp

http://www.jicpa.or.jp/n_eng

February 8, 2006

Technical Director

International Public Sector Accounting Standards Board

International Federation of Accountants

545 Fifth Avenue, 14th Floor

New York, NY 10017 USA

**Comments on the Proposed International Public Sector Accounting Standard,
“Disclosure of Financial Information about the General Government Sector”**

Dear Sir:

The Japanese Institute of Certified Public Accountants (JICPA) is pleased to comment on the Proposed International Public Sector Accounting Standard, “Disclosure of Financial Information about the General Government Sector” (the “Proposed Standard”), as follows:

On “Specific Matters for Comment”

1. Whether requirements for the disclosure of financial information about the GGS should be included in GPFSs prepared in accordance with IPSASs, and if yes, whether such disclosures should be allowed, encouraged or required. The proposed Standard prescribes the basis on which the disclosure of information about the GGS is to be made by those entities which elect to make such disclosures. It does not require, encourage or prohibit such disclosures (see paragraph 2).

As the Proposed Standard prescribes, requirements for the disclosure of financial information on the GGS should be included in GPFS prepared in accordance with IPSASs, and an entity which elects to disclose financial information on the GGS

shall do so in accordance with the requirements of this standard.

2. Whether the proposed definition of the GGS in paragraph 14 is appropriate.

The definition should clarify what “the general government” stands for. No explicit definition of “the general government” is offered. The closest to a definition comes in paragraph 16 of SNA 93, which implies that “the general government” means all resident central, state and local government units, social security funds at each level of government, and non-market non-profit institutions controlled and mainly financed by government units.

3. Whether the proposed treatment of investments in public corporations in the GGS disclosure is appropriate. The proposed Standard requires that the investment be presented as an asset at the carrying amount of the net assets of its investees (see paragraph 24).

The proposed treatment for the GGS disclosures of investments in public corporations is appropriate.

4. Whether a government which elects to disclose information about the GGS should be required or encouraged to separately disclose information about the GGS of each level of government consolidated in its whole-of-government GPFs (see paragraph 32).

When a government elects to disclose information about the GGS, it should be encouraged to separately disclose information about the GGS at each level of government in its consolidated GPFs for the government as a whole.

5. Whether a reconciliation to the statistical reporting basis should be required. The proposed Standard notes that such a reconciliation may be presented, but does not require it (see paragraph 45).

A reconciliation with the statistical reporting basis should not be required. In light of concerns about the practicability and costs and benefits, however, we recommend that a reconciliation be encouraged.

6. Whether there should be a separate IPSAS on disclosure of information about the GGS, or whether the requirements proposed in this Standard should be included as an addition to IPSAS 1, “Presentation of Financial Statements” for governments which elect to disclose information about the GGS.

IPSASB should establish a separate IPSAS on the disclosure of information on the GGS. IPSAS 1 should make reference to this separate standard and stipulate that the separate standard only applies to entities which elect to disclose information on the GGS.

7. Whether requirements for disclosure of the GGS under a cash basis IPSAS should also be developed.

IPSASB should conduct a survey to assess the need for disclosure requirements on the GGS under a cash basis IPSAS. If IPSASB determines there is such a need, it should formulate the requirements.

Sincerely,

Yoshihiro Wada
Executive Board Member
Chair of the Public Sector Committee
The Japanese Institute of Certified Public Accountants