*Abstracts*

# Issues in the Proposal to Revise and Update the Management Commentary Practice Statement

Osamu Furusho

In 2010, the International Accounting Standards Board (IASB) issued the Management Commentary as an International Financial Reporting Standards (IFRS) Practice Statement with the intention of improving the quality and comparability of information not included in financial statements that has been regarded as outside the scope of the IFRS, within the disclosure area for such information. This Practice Statement is strictly a non-binding framework, but it clearly shows that the Management Commentary is within the boundaries of financial reporting and that it shares a similar conceptual framework with financial statements. In contrast, the Practice Statement at that time did not touch on the issue of setting disclosure standards for non-financial information, such as ESG information, disclosed in CSR reports and Sustainability reports, and has remained silent on this issue thus far. However, there are now an increasing need for a consistent global reporting framework for linking and integrating financial information and non-financial information with regard to the effectiveness of what can be regarded as an excessively large number of codes and guidelines implemented since the Practice Statement was issued, and in a new development that is beginning to be observed, demands are being made of the IASB to revise the Practice Statement.

This paper explains the latest trends regarding the revision of the Management Commentary, which was initiated from the perspective of wider corporate reporting as part of the IASB's Better Communication Project. In particular, the paper compares the Management Commentary Practice Statement (MCPS)—which is based on the Agenda Paper disclosed through the IASB's deliberation process—and the IIRC's International <IR> Framework, examining similarities and differences between the two documents such as their respective purposes and focuses, application of a principle-based approach, anticipated audiences, capitals concepts related to value creation, emphasis on business models as content elements, and application of the principle of materiality, and the forms that the reporting entity's responsibility and approval should take.

# The Rationale for On-balance of Liability for Social Benefits related to IPSAS

Aishi Imafuku

The objective of this paper is to identify the rationale for the potential shift from off-balance to on-balance of liability for social benefits in the general purpose statements required by International Pubic Accounting Standards(IPSAS), referring to the two most recent pronouncements issued by the International Public Accounting Standards Board: (a) Consultation Paper, *Accounting for Revenue and Non-Exchange Expenses,* August 2017, and (b) Exposure Draft 63, Proposed International Public Sector Accounting Standard, *Social Benefits,* October 2017.

To date, IPSAS has required preparers of financial statements for public sector entities to categorize transactions as exchange or non-exchange. However, this categorization has been particularly difficult. Consequently, if a transaction takes place without any exchange, it has usually been classified as “non-exchange,” and regarded as revenue with no liability, ie.off-balance of liability.

The Consultation Paper (a) mentioned above proposes the on-balance of liability for social benefits based on a performance obligations approach, which complies with IFRS 15, Revenue from Contracts with Customers. The proposal means that the concept of the distinction between exchange and non-exchange for accounting in the public sector is replaced with performance obligations supported in IFRS 15. In the future, the transactions that have been classified as non-exchange will be considered to be exchanges, and there will be a high possibility of recognizing liability concerning these transactions, i.e. as on-balance of liability.

On the basis of performance obligations, obligations for social benefits are recognized as on-balance, i.e. liability, through the on-balance’s liability proposed in pronouncement (b) is limited only to the payment of social benefits for beneficiaries meeting all eligibility criteria in the reporting period immediately following the reporting date.

Thus, on-balance of liability through the newborn rationale for on-balance of liability for social benefits will probably influence the asset- liability management of social benefits system, including the state pension system.

# A Study on Management Philosophy and its Cultural Background: From the Viewpoint of the Relationship between ‘Enterprise and Society’

Izumi Mitsui

Management philosophy is a subject that has long drawn attention, and recently the globalization of business administration raises new issues on that. One of the most important issues is that how management philosophy relates to the society and the culture behind each company. In this paper, we will discuss about the cultural backgrounds of management philosophy from the viewpoint of the relationship between enterprise and society.

Management philosophy generally refers to a company’s guidelines for action and principles of management, and is generally has the form of a codified document. This study, however, treats it not as a static document, but as a dynamic process –“formed” primarily by the company’s founders through their interaction with their surroundings, “diffused” by the interpretation and reinterpretation of its message by those who receive it, and “inherited” by future generations amid changing times. It also includes the process by which the philosophy is realized through the actions of the organization’s members, and as a result, embodied in the company’s businesses (products, services, managerial processes, and so on).

In this paper, we will pick up two cases of management philosophy. One is Japanese famous electric equipment company ‘Panasonic Corporation (formerly known as Matsushita Electric Industrial Co., Ltd.)’ and the other is famous global medical care company ‘Jonson & Jonson’ founded in USA. Both of them are also famous about the management philosophy oriented company. We will compare with two company’s management philosophy from the viewpoint of cultural background. Especially, we will focus on each cultural characteristics of the relationship between enterprise and society.