



EUROPEAN COMMISSION  
Budget

The Accounting Officer of the Commission

Brussels,  
BUDG.DGA.C02/MK/mt

**NOTE FOR THE ATTENTION OF PROF DR ANDREAS BERGMANN,  
CHAIRMAN OF THE IPSAS BOARD**

**Subject: 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**

Thank you for giving me the opportunity to comment on the Exposure Draft 4 of the Conceptual Framework project. The following comments are made in my capacity as Accounting Officer of the European Commission responsible for, amongst other tasks, the preparation of the annual consolidated accounts of the European Union which comprise more than 50 European Agencies, Institutions and other Bodies with an annual budget of more than EUR 140 billion.

As a general comment, I would like to congratulate the IPSAS Board for issuing this high quality exposure draft and for the significant progress made on the development of the Conceptual Framework. Please find my comments on specific matters of this exposure draft in the Annex to this note.

I look forward to our continued co-operation in the area of public sector accounting and remain at your disposal for any questions that you may have on these comments.



Manfred Kraff

Annex: Comments on specific matters

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## Annex: Comments on specific matters

### **Specific Matter for Comment 1:**

*Do you agree with the proposed descriptions of "presentation", "display", and "disclosure" and the relationships between them in Section 1? If not, how would you modify them?*

### **Comment:**

We agree in general with the proposed descriptions of "presentation", "display" and "disclosure" in Section 1. However, we would like to draw attention to the wording in paragraph 1.3 where the CF says: "...and not be distracted by an excess of detail that could otherwise obscure those messages." We would propose deleting this phrase from the description since note disclosures should also not distract the reader and obscure the messages displayed. Although note disclosures provide more details than displayed information they should not provide an information overload either ("excess of detail") that could distract readers of financial statements. We therefore believe it is not appropriate to use this wording as a distinction between "display" and "disclosure". The description of display could be limited to: "Displayed information should be kept to a concise, understandable level, so that users can focus on the key messages presented (without going into unnecessary level of details)."

The first sentence in paragraph 1.5 is in contradiction to both the sentence directly after and the first sentence in paragraphs 1.2, 1.4 and in a number of paragraphs in following sections (e.g. 4.11). We believe that display does not exclude information from being disclosed and vice versa. We think that two scenarios<sup>1</sup> are possible:

- a) Information is displayed and disclosed; and
- b) Information is not displayed but disclosed.

Consequently, we believe the wording of the first sentence in paragraph 1.5 needs to be revised.

### **Specific Matter for Comment 2:**

*Do you agree with the identification of three presentation decisions (selection, location and organization) in section 1? If not, how would you modify the identification of presentation decisions?*

### **Comment:**

We agree with the proposed three presentation decisions in Section 1.

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<sup>1</sup> We are not aware of examples in GPFs where information is displayed but not disclosed.

**Specific Matter for Comment 3:**

*Do you agree with the proposed approach to making presentation decisions in Section 1? If not, how would you modify it?*

**Comment:**

We agree with the proposed approach of making presentation decisions in Section 1.

**Specific Matter for Comment 4:**

*Do you agree with the description of information selection in Section 2:*

*a) In the financial statements; and*

*b) Within other GPFs?*

*If not, how would you modify the description(s)?*

**Comment:**

We agree with the proposed description of information selection in Section 2. We welcome in particular that this concept is not limited to the financial statements but applies also to other reports (other GPFs).

Paragraph 2.10 which is completely devoted to the QC timeliness appears to us overly long and it over stresses this point as compared to the other QCs. Without questioning the importance of timeliness in this context, it seems to create an imbalance to include in Section 2 a relatively long paragraph on this QC whereas other QCs (e.g. relevance) are only mentioned briefly in this section.

This issue could be solved if the two last sentences of the paragraph, which deal with information derived from other sources than the financial information system, would be presented as a separate paragraph including references to other QCs.

**Specific Matter for Comment 5:**

*Do you agree with the description of information location in Section 3:*

*a) In the financial statements;*

*b) In other GPFs; and,*

*c) between different reports within GPFs?*

*If not, how would you modify the description(s)?*

**Comment:**

We agree with the proposed description of information location in Section 3.

**Specific Matter for Comment 6:**

*Do you agree with the description of information organization in Section 4:*

- a) In the financial statements; and*
- b) In other GPFRs?*

*If not, how would you modify the description(s)?*

**Comment:**

We agree with the proposed description of information organization in Section 4.