



Government of Newfoundland and Labrador  
Department of Finance  
Office of the Comptroller General

June 1, 2012

Ms. Stephenie Fox, Technical Director  
International Public Sector Accounting Standards Board (IPSASB)  
International Federation of Accountants  
277 Wellington Street West  
Toronto, Ontario  
M5V 3H2

Dear Ms. Fox:

**Re: IPSASB Consultation Paper (CP)-Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities: Presentation in General Purpose Financial Reports**

I offer the following comments to the IPSASB on the Consultation Paper (CP) - *Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities: Presentation in General Purpose Financial Reports* on behalf of the Provincial Government of Newfoundland and Labrador.

**General Comments**

As stated in response to the previous phases of this project, the Province has concern with extending the scope of the Conceptual Framework; it is our position that the scope should be limited to historical information and not extended to include prospective and non-financial information.

In extending the scope of the Conceptual Framework, the proposed concepts presented in the Consultation Paper are too broad and very abstract and has the potential of opening a Pandora's Box of issues relating to financial reporting. The CP notes that the IPSASB is committed to developing a Conceptual Framework that minimizes the divergence from statistical financial reporting models. This creates concern as the concepts and principles that are included in the CP will not fully support the needs and objectives of preparing general purpose financial statements and may potentially erode the premise of generally accepted accounting principles. In particular, it is to be noted that the objectives of financial statements which relate to accountability and decision making are very different from the objectives of statistical reporting models that support macroeconomic analysis for the sectors of government and their impact on the economy. As such, the focus of the Conceptual Framework should be on principles and objectives that support

financial statements and its specific presentation requirements rather than vague concepts that would allow it to support other reporting models.

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

*With respect to the descriptions of “presentation”, “display”, “disclosure”, “core information”, and “supporting information”, and the proposed relationships between these terms:*

- (a) *Do you agree that the proposed descriptions and relationships are appropriate and adequate?*

It is the Province’s position that the Conceptual Framework should not be extended to include prospective and non-financial information. As such, there are concerns that the descriptions and proposed relationships between these terms do not, in the present context, adequately support the necessary guidance required in terms of presentation matters for the preparation of general purpose financial statements.

- (b) *Do you agree that identification of core and supporting information for GPFRs should be made at a standards level rather than as part of the Conceptual Framework?*

The Province does not agree with the proposals identified in (a) in relation to the preparation of general purpose financial statements. In allowing it to be applicable to other reporting models, the proposals are too broad; this is at the detriment of not providing the necessary guidance required to support the preparation of general purpose financial statements. Rather than focusing on whether identification of core and supporting information should be made at the standards level, the IPSASB should be more focused on developing more specific principles in relation to presentation concepts and requirements that would focus on the preparation of general purpose financial statements.

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

*With respect to the IPSASB’s approach to presentation of information:*

- (a) *Do you agree with the development of presentation concepts that can be adopted for the more comprehensive scope of GPFRs including, but not restricted to, financial statements?*

No, the Province does not agree with the development of presentation concepts that can be adopted for the more comprehensive scope of GPFRs including, but not restricted to, financial statements. It is the Province’s position that the scope of the Conceptual Framework should be limited to historical information and not extended to include prospective and non-financial information. As such, presentation concepts should focus on the requirements that relate to general purpose financial statements.

- (b) *Do you agree with the approach of (i) focusing on user needs to identify presentation objectives, (ii) application of the qualitative characteristics (QCs) to presentation decisions, and (iii) separate presentation concepts?*

It is the Province’s position that the approach that is outlined is too broad and should be more specifically tailored to general purpose financial statements. The proposals as outlined in 4.3 detail user needs that are met through reporting that is outside of general purpose financial statements. As such, focusing on an approach that specifically requires tailoring objectives for

different user needs (i.e. various financial reporting) diminishes the value of specific presentation guidance that should focus on developing presentation principles and guidelines to support the preparation of general purpose financial statements.

While there is some validity to an approach that applies the qualitative characteristics (QCs) to presentation decisions, it is not evident from the proposals that this is necessary as a component of a Conceptual Framework. In fact, such an aspect should be conceptually understood as a consideration in applying professional judgment. A more appropriate approach would be to address the components and requirements for presentation in relation to the elements included in the Conceptual Framework that relates to financial statements.

In relation to the presentation concepts that are proposed, these only appear to be general statements based on the application of the qualitative characteristics and constraints in the consideration of how best to present information. There is no specific concern with the proposal; however it would be more useful with more specific references to general purpose financial statements.

### **Specific Matter for Comment 3**

*This CP discusses the importance of developing presentation objectives as part of standard setting.*

*(a) Do you agree that presentation objectives should be developed?*

No, the development of presentation objectives as proposed in this CP are not considered necessary in relation to a Conceptual Framework that should be applicable to the purpose of preparing general purpose financial statements.

*(b) If so, in your view, should they be developed at a standards level, or as part of the Conceptual Framework?*

NA

### **Specific Matter for Comment 4**

*This CP proposes three presentation concepts. Please provide your views on these concepts, in particular whether:*

*(a) Any of these concepts should be excluded from the Conceptual Framework; and*

No, these presentation concepts should not be excluded from the Conceptual Framework as these are valid concepts that generally detail application to the qualitative characteristics.

*(b) The description of each concept could be improved and, if so, indicate how.*

While they are valid concepts, it is our position that any statements regarding concepts and principles should be tailored in application to general purpose financial statements.

### **Specific Matter for Comment 5**

*In addition to the three concepts proposed in section 6, please provide your views on:*

*(a) Whether there are further concepts that should be included in the Conceptual Framework; and*

As previously stated, it is the Province's position that the Conceptual Framework should develop principles and concepts that detail presentation principles and requirements that specifically relate to the preparation of general purpose financial statements.

*(b) What those further concepts should be.*

In relation to presentation concepts that should detail the preparation of general purpose financial statements, the concepts should include general reporting principles which would be similar to the detail relating to qualitative characteristics and what they mean in relation to applying them to the reporting implications for financial statements. In particular, it should include references to issues such as descriptions regarding the appropriate statements to include for reporting purposes, how to present elements in relation to the particular statements, details of how statements and notes should be used, and comparison requirements for current period amounts.

### **Specific Matter for Comment 6**

*Each presentation concept refers to the possibility of developing criteria to determine the presentation techniques to be used in setting accounting standards. Please provide:*

*(a) Your views on whether it would be useful and workable for the IPSASB to apply such techniques; and*


It is the position of the Province that the scope of the Conceptual Framework should not be extended beyond financial statements into fulfilling the requirements of other reporting areas. The use of more generalized guidance or additional unnecessary concepts to allow it to be applied to multiple reporting models or purposes is not considered necessary or conducive to a framework that should support general purpose financial statements.

*(b) Any suggestions you have for developing these techniques.*

No.

Thank you for the opportunity to provide my comments on this issue. If you require further information, please contact myself or David Martin, Manager of Public Accounts and Banking Services, at (709) 729-7346.

Yours truly,



**RONALD A. WILLIAMS, CA**  
**Comptroller General of Finance**

cc: Laurie Skinner, Deputy Minister of Finance  
Alton Hollett, Assistant Deputy Minister (Economics and Statistics Branch)