



Accounting Standards Board

Aldwych House, 71-91 Aldwych, London WC2B 4HN

Telephone: 020 7492 2300 Fax: 020 7492 2399

www.frc.org.uk/asb



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

11 June 2012

Dear Stephenie

Re: Consultation Paper Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities: Presentation in General Purpose Financial Reports

1. The Committee on Accounting for Public Benefit Entities (CAPE) welcomes the opportunity to comment on the above consultation paper.
2. We commend the IPSASB for tackling this difficult topic, however we found the paper to be somewhat confused and would benefit from a reorganisation to aid the flow of information.
3. That said, we consider that the simple principle for presentation, which should be articulated, can be summed up as:

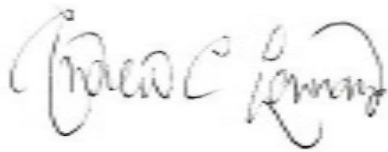
The requirement for financial statements to give a true and fair view means that they need to include the right amount of information to be able to understand the key data. This key data needs to be presented in a way that is clear and undue prominence should not be given to things not meriting such prominence. The whole, taken together, should convey enough information for the reader to be able to understand the financial position of the entity.

4. To assist in alleviating some of the confusion in the paper we suggest that because the term 'presentation' already has a common usage in financial reporting it should not be used but rather a different overarching term should be used.
5. Further, 'display' and 'disclosure' in the context of the paper appear to be synonymous with 'core' and 'supporting'. We suggest that information should be classified as either 'primary' or 'supporting'. The principle behind these two terms is that primary information will give a user AN understanding of an

entity's general purpose financial report (GPFR) but when coupled with supporting entity, a FULLER understanding will be attained.

6. We would also like to see either in the existing presentation concepts or as new concepts detail on 'completeness', 'aggregation and disaggregation' and 'relationships between different information'. Further detail is provided to our response to Specific Matter for Comment (SMC) 5 in the Appendix.
7. Our responses to the SMCs are set out in the attached Appendix. If you require any further information please contact me or Joanna Spencer (j.spencer@frc.org.uk) or telephone +44 (0) 7492 2428.

Yours sincerely



Andrew Lennard

Chairman CAPE

DDI: 020 7492 2430

Email: a.lennard@frc.org.uk

Specific Matter for Comment 1 – paragraphs 2.1-2.18

With respect to the descriptions of “presentation”, “display”, “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?**
- (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?**

- (a) We do not agree that the proposed descriptions are either appropriate or adequate.

Specifically, we do not consider it appropriate to redefine and give different meanings to expressions which already have a common usage, therefore if it is necessary to have an overarching term to cover ‘display’ and ‘disclosure’ it should be something other than ‘presentation’.

Further we consider that the sets of terms display & disclosure and core & supporting seem to be used synonymously in the paper.

We suggest that information be classified as either primary or supporting. The premise being that primary information will provide a user with a basic understanding of the entity’s GPFR but to gain a fuller understanding this primary information must be read in conjunction with the supporting information.

- (b) We agree that is appropriate to identify core & supporting (or whatever the final terminology is) information at a standards level, because what information is necessary for users to understand the GPFR will differ depending on the transactions addressed in any particular standard.

Specific Matter for Comment 2 – paragraphs 3.1-3.12

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?**
- (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?**

- (a) We agree that the development of presentation concepts that can be applied to GPFRs and not restricted to GPFSs would be helpful.

- (b) (i) We also agree that it is necessary to focus on users’ needs to be able to identify presentation objectives;

- (ii) The QCs identified in Phase 1 of the Conceptual Framework (CF) project should be applied to presentation decisions if they are relevant. To this point we do not agree that timeliness is a QC that applies to 'where information should be located' as suggested in Table 2 on page 23; and
- (iii) We agree that separate presentation concepts, such as the ones proposed in Section 6 of the CP should be developed because aside from Concept 1, these ideas are not really developed as part of the QCs proposed in Phase 1 of the CF project.

Further we consider that these concepts will aid in preparers to determine what and how information is to be presented to help meet the objectives of GPFs being accountability and decision making.

Our only objection is to the use of the word 'concepts' in presentation concepts and suggest another term be used, perhaps 'principles'.

Specific Matter for Comment 3 – paragraphs 4.1-4.5

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

- (a) Do you agree that presentation objectives should be developed?**
- (b) If so, in your view, should they be developed at a standards level, or as part of the Conceptual Framework?**

- (a) We agree that presentation objectives should be developed; and
- (b) This should be at a standards level rather than as part of the CF.

Specific Matter for Comment 4 – paragraphs 6.1-6.27

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

- (a) We agree with the three presentation concepts and do not consider any should be excluded from the CF.
- (b) With regards to Concept 2, we do not consider that the QC 'timeliness' to be relevant to where information is presented.

Specific Matter for Comment 5 – paragraphs 6.1-6.27

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

- (a)&(b) We consider that either new concepts or existing concepts should address completeness of information, aggregation and disaggregation of information

and the relationship between different information should be included in the CF. Detail we would like to see in these three areas are as follows:

Completeness – the emphasis on ‘display’ or ‘core information’ should not be allowed to obscure the need for statements to be complete. A Statement of Financial Position, for example, needs to include all assets and liabilities, and not only those that are ‘core’. A report on Long-term Fiscal Sustainability needs to deal with expenditure of all kinds that are significant in the context of the aggregate spending.

Aggregation and disaggregation are discussed in paragraph 6.5 and we consider that the Framework should explain why aggregation is useful (which goes beyond simply understandability) and disaggregation is necessary or desirable (rather than simply relying on the QCs of relevance and reliability).

Relationships between different information – good presentation should bring out important relationships between different aspects that are reported. For example, it is useful to report the cost of services in a manner that permits comparison with the amount of revenue that has been derived from or to support them. The discussion in paragraphs 6.18-6.23 needs to bring this out: as presently drafted it focuses almost entirely on relationships reported in different parts of the GPFs.

Specific Matter for Comment 6 – paragraphs 6.12, 6.17, 6.24 and 6.27

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

We agree that it would be useful for presentation techniques to be developed but do not consider that any list should be exhaustive.