

15 August 2013

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Dear Stephenie

**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 the opportunity to comment on the above. CPA Australia and the Institute of Chartered Accountants in Australia (the Institute) have considered the proposals and our comments follow.

CPA Australia and the Institute represent over 200,000 professional accountants in Australia. Our members work in diverse roles across public practice, commerce, industry, government and academia throughout Australia and internationally.

We appreciate that the proposals in IPSASB Conceptual Framework Exposure Draft 4 *Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities: Presentation in General Purpose Financial Reports* (IPSASB CF ED 4) reflect a scope for financial reporting that is more comprehensive than that encompassed by financial statements and their notes. Nonetheless, we are concerned that the proposed modification of terminology that is well understood in the context of financial statements will cause unnecessary confusion. Furthermore, the International Accounting Standards Board (IASB) Discussion Paper *A Review of the Conceptual Framework for Financial Reporting* (IASB CF Discussion Paper) has proposed yet another approach to this topic with different modifications. While acknowledging the difference in focus of the IPSASB CF ED 4 and the IASB CF Discussion Paper we are hopeful that on the issue of terminology the two boards can reach alignment. If that cannot be achieved and there is a need for different terminology, the reasons should be fully articulated.

The Appendix to this letter contains our general comments and our response to the questions for comment. If you require further information on any of our views, please contact Mark Shying, CPA Australia by email [mark.shying@cpaaustralia.com](mailto:mark.shying@cpaaustralia.com) or Kerry Hicks, the Institute by email [kerry.hicks@charteredaccountants.com.au](mailto:kerry.hicks@charteredaccountants.com.au).

Yours sincerely



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## Appendix

### General comments

#### ***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?***

No, we do not agree with the proposed descriptions of “presentation” and “display” as:

- a. in the context of financial statements, they modify long-established terminology
- b. they produce outcomes different from the outcomes of applying the proposals in the IASB CF Discussion Paper.

It is our view that Section 1 is about establishing terminology and the decisions an entity makes in how it will communicate general purpose financial report information.

Accordingly, we consider it is communication and not “presentation” that is the selection, location and organisation of information. Taking this approach allows “display” to be discarded and replaced with “presentation”, whereby information selected for presentation communicates the key messages. We consider this description of “presentation” aligns well with its long-established use in financial statement reporting to mean ‘on the face of the financial statements’. It is also the approach proposed in the IASB CF Discussion Paper.

Subject to the replacement of the term “display” with “presentation”, we agree with the proposed description of “disclosure”. We consider this description of “disclosure” aligns with its use in financial statement reporting. We note the approach proposed in the IASB CF Discussion Paper is to give “disclosure” a broader meaning than “presentation”. “Disclosure” is described as the process of providing useful information about the reporting entity to users and information on the face of the financial statements and notes to them are, taken together, a form of disclosure. We encourage you and the IASB to reach common ground on the description of disclosure.

#### ***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?***

As explained in our response to Specific Matter for Comment 1, we think of these decisions as communication decisions and not presentation decisions. We agree it is useful to identify the decisions necessary to achieve the objectives of financial reporting.

#### ***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?***

We agree that these decisions may be high level. As a consequence, they could potentially result in developments that affect, for example, the number of lower level reports, which may require more detailed decisions on information selection, location and organisation within those reports.

***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 GPFRs?***

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

Yes, we agree with the description of information selection subject to it being described as a communication decision and not a presentation decision.

***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 GPFRs; and,***
- c. Between different reports within GPFRs?***

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

Yes, we agree with the description of information location subject to it being described as a communication decision and not a presentation decision. Further, we suggest the references to “display” be replaced with references to “presentation” as we consider it is presentation, not display that describes the information selected to communicate the key messages including the information shown on the face of the financial statements.

***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)?***

Yes, we agree with the description of information organisation subject to the references to “display” being replaced with references to “presentation”.

***Specific Matter for Comment 7***

***Do you consider that CF–ED4 contains sufficient detail on concepts applicable to presentation in GPFRs, including the financial statements, of governments and other public sector entities? If not, how would you extend the proposals?***

Outside of the issues identified in our responses to the preceding specific matters, we believe CF ED 4 contains sufficient detail.