

Comments on the Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities: Presentation in General Purpose Financial Reports (CF – ED4)

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?

Response

Yes. The proposed descriptions and the relationships appear to be appropriate and adequate. Notwithstanding it is proposed that paragraph 1.4 could be re-worded for simplification, for example, by omitting “disclosed” at the beginning of the paragraph and by providing an example of a disclosure.

Additionally, it is proposed that consideration be given to the separation of the requirements as per 1.6 (b) into two points as follows:

- b) A list of broad types of information that should be displayed;
- c) A list of broad types of information that should be disclosed.

It is felt that this change will enhance readability.

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 them?

Response

Yes. The presentation decisions should enhance the reporting of general purpose financial reporting facilitating greater comprehension of the information, contributing to improved decision making by the user.

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?

Response

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Yes. The proposed approach to making presentation decisions is considered logical and adequately details criteria for consideration in this process.

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)?

Response

- a) Yes. The description appears adequate and the text clearly conveys the key points for consideration in decisions on selection of information for inclusion in the financial statements.
- b) Yes. The description generally appears adequate, however, could perhaps be enhanced by the use of examples.

Two proposed amendments are set out below:

- In the first line of Paragraph 2.5, it is recommended that the words “*applied to*” be replaced with “*which are applicable to*”
- Similarly, in the second line of Paragraph 2.6, it is recommended that the words “*as applied to*” be replaced with “*which are applicable/relevant to*”

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)?

Response

- a) Yes. The description appears adequate and the text appropriately conveys the role information location plays in financial reporting, and the key points for consideration in decisions on allocation of information to and within the financial statements.

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- b) Yes. The description appears adequate and the text accurately conveys the key points for consideration in decisions on the allocation of information to and within other GPFs.
- c) Yes. The description appears adequate and the text appropriately conveys the key factors for consideration in decisions about the allocation of information between different reports.

there is some concern about the text in the first sentence of the first paragraph as it is believed that location decisions, rather than impacting on information's relevance and verifiability, is more accurately described as being affected by these characteristics. It is therefore proposed that the sentence be amended to read "***Location addresses/considers the qualitative characteristics of information's relevance, verifiability, understandability, faithful representation, and comparability***".

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 GPFs?

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

Response

- a) Yes. The description appears accurate and comprehensive.
- b) Yes. The description appears accurate and comprehensive.

In particular, the examples provided throughout this Section greatly enhance the understanding of the concepts being discussed.

Two recommended changes are set out below:

- Given the important role that referencing plays in the organization of GPFs, it is recommended that this tool be specifically listed in Paragraph 4.2, even though it is mentioned later in the Section (Para. 4.7.). The proposed second sentence would read "***Related information is linked through the use of consistent headings, presentation order, referencing, and other methods appropriate to the relationship and type(s) of information.***"

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- Since Paragraph 4.16 is relevant to both financial statements and other GPFRs, it should be relocated, perhaps as a paragraph under the introductory statements.

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?

Response

CF-ED4 comprehensively addresses the concepts applicable to presentation in GPFRs, including the financial statements, of governments and other public sector entities. To the extent that examples are provided to illustrate the concepts, these have been found to be very effective and it is suggested that examples be employed, wherever possible, to assist in the reader's interpretation/understanding of the guidance. However, it is also felt that the information contained in the ED could be organised in a more streamlined manner such that the guidance in each section addresses certain key points, presented in a consistent order. The key points should include responses to the following questions, inter alia:

- I. **What is information selection/location/organization?** It is considered useful to contextualize each section by starting with a basic definition of each of these concepts, as a standalone introductory subsection. For example *“Selection is the determination of what information needs to be reported in the financial statements”* or *“Organisation is the arrangement, grouping and ordering of information within the financial statements using a variety of techniques and visual aids.”* While such a definition is currently included for information selection at the start of that Section, the additional information on what may be considered in making decisions on information selection appears to somewhat obscure the basic description. Basic definitions along these lines do not currently exist in relation to information location and information organization.
- II. **What are the main aims/objectives of information selection/location/organization?**
- III. **What are the factors relevant to decisions on information selection/location/organization (a) in the financial statements and (b) in**

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other GPFRs? This would include discussions on the levels at which such decisions occur, where applicable.

IV. What, if any, are the tools/methodologies/mechanisms utilised to ensure effectiveness of information selection/location/organization?