

Meeting: International Public Sector Accounting
Standards Board

Meeting Location: Brussels, Belgium

Meeting Date: September 15-18, 2014

Agenda Item 2D

For:

☒ Approval

☒ Discussion

☐ Information

Conceptual Framework: Presentation in General Purpose Financial Reports

Objective(s) of Agenda Item

1. The objective of the session is to **approve formally** Chapter 8, *Presentation in General Purpose Financial Reports*

Material(s) Presented

Agenda Item 4D.1A	Marked-Up Version of Chapter 8
Agenda Item 4D.1B	Clean Version of Chapter 8
Agenda Item 4D.2	Draft Minutes of June 2014 Meeting

Background and Approach at Agenda Session

2. The IPSASB directed Staff to make a number of minor changes from the version approved in principle at the June 2014 meeting. The IPSASB also directed that Chapter 8 should be reviewed for consistency with other chapters of the Framework and in order to identify and reduce repetition. The Senior Adviser (and lead author of Chapters 1-4) has carried out such a review, which considered both repetition within Chapter 8 and between Chapter 8 and other chapters.
3. Changes from the version on the agenda for the June 2014 meeting are marked-up in Agenda Item 4D.1A. Agenda Item 4D.1B is a clean version. The Coordinator has identified a number of other areas where he considers that a change may be appropriate. However, the lead author has pointed out that, in some cases, the wording has been the result of considerable discussion at one or more IPSASB meetings. Therefore the Coordinator has highlighted these areas in commentary boxes to the right of the text, rather than making a change to the core text itself.
4. Staff proposes that the points raised by the Coordinator are discussed and that the remainder of the Chapter is reviewed on an "exception basis", with Staff providing explanations of any points identified by Members prior to a vote on formal approval.

Matter(s) for Consideration

1. The IPSASB is requested to **approve formally** Chapter 8.

~~Final Pronouncement~~
~~[September/November] 2014~~

~~The Conceptual Framework
for General Purpose Financial
Reporting by Public Sector
Entities: Presentation in
General Purpose Financial
Reports~~

IPSASB

International Public
Sector Accounting
Standards Board



This document was developed and approved by the International Public Sector Accounting Standards Board® (IPSASB®).

The objective of the IPSASB is to serve the public interest by setting high-quality public sector accounting standards and by facilitating the adoption and implementation of these, thereby enhancing the quality and consistency of practice throughout the world and strengthening the transparency and accountability of public sector finances.

In meeting this objective the IPSASB sets International Public Sector Accounting Standards™ (IPSAS™) and Recommended Practice Guidelines (RPGs) for use by public sector entities, including national, regional, and local governments, and related governmental agencies.

IPSAS relate to the general purpose financial statements (financial statements) and are authoritative. RPGs are pronouncements that provide guidance on good practice in preparing general purpose financial reports (GPFs) that are not financial statements. Unlike IPSAS RPGs do not establish requirements. Currently all pronouncements relating to GPFs that are not financial statements are RPGs. RPGs do not provide guidance on the level of assurance (if any) to which information should be subjected.

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CHAPTER 8: PRESENTATION IN GENERAL PURPOSE FINANCIAL REPORTS

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TO BE UPDATED IN INTEGRATED FRAMEWORK

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Section 1 Presentation

Introduction

- 1.1 This ~~e~~Chapter sets out the concepts applicable to the presentation of information in ~~general-purpose financial reports~~ (GPFRs), including ~~general-purpose financial statements (subsequently referred to as financial statements)~~ of governments and other public sector entities (entities).
- 1.2 Presentation is linked to Chapters 1 to 4 ~~of the Conceptual Framework~~. The objectives of financial reporting, user needs, ~~qualitative characteristics~~ (QCs) ~~of information~~ and constraints all ~~have a direct influence on~~ presentation decisions. For information reported in the financial statements, presentation is also ~~strongly~~ linked to the ~~chapters on definition of the~~ elements, recognition ~~criteria~~ and measurement ~~bases identified in this Framework~~. For example:
- (a) The ~~definition of the~~ elements ~~identified~~ affect the nature of the items ~~that can be~~ presented ~~on the face of the financial statements~~;
 - (b) Application of ~~the~~ recognition criteria ~~for the elements also~~ affects the location of information; and,
 - (c) Different measurement approaches will impact on the information presented on measurement methodologies, including information on measurement ~~models~~ ~~bases~~ applied, assumptions, and explanations for measurement choices.

Language in which Financial Statement and Other GPFRs are Issued

- 1.3 The language (or languages) in which financial statements and other GPFRs are issued should support achievement of the objectives of financial reporting and the QCs. ~~A translation(s) faithful to the original language version~~ ~~Faithful translation(s)~~ should be made available to meet the needs of users with reference to:
- (a) Legal requirements in the entity's ~~national jurisdiction~~; and
 - (b) Translation costs and benefits.

Commented [JS1]: Coordinator & Senior Adviser have reservations about this phrase, there are numerous examples of sub-national legal requirements relating to language..

Presentation

- 1.4 Presentation is the selection, location and organization of information that is reported in the GPFRs.
- 1.5 Presentation aims to provide information that contributes towards the objectives of financial reporting and achieves the QCs while taking into account the constraints. Decisions on selection, location and organization of information are made in response to the needs of users for information about economic or other phenomena.
- 1.6 Chapter 1 explains that GPFRs are likely to comprise multiple reports, each responding more directly to certain aspects of the objectives of financial reporting and matters included within the scope of financial reporting. In addition to ~~information in~~ the financial statements, GPFRs ~~could~~ provide information relevant to, for example, assessments of an entity's service performance and the sustainability of its finances. The objectives of financial reporting, applied to the area covered by a particular report, will guide presentation decisions for that report.

Commented [JS2]: Coordinator & Senior Adviser have reservations about the need for this paragraph as (a) it repeats points in Chapter 1 and (b) the points have been made clearly and effectively in paragraph 1.2. Coordinator would prefer to delete.

1.7 Presentation decisions may be:

- (a) High level decisions that could potentially result in the development of a new report~~GPFR~~, the movement of information between reports, or the amalgamation of existing reports; or,
- (b) Lower level, more detailed decisions on information selection, location and organization within a report.

Presentation Decisions are Interlinked

~~The following three sections separately focus on each presentation decision. In practice, decisions on information selection, location and organization are interlinked. Different d~~Decisions on information selection, location and organization are interlinked and, in practice, are likely to be considered together, with one type of decision impacting on the other two. For example, decisions on information location and information organization are likely to be considered at the same time as information selection decisions.

The amount or type of information selected could have implications, ~~for example,~~ on whether it is included in a separate report or organized into tables or separate schedules. ~~f~~The following three sections separately focus on each presentation decision.

Commented [JS3]: Coordinator/Senior Adviser think that terms “high level” and “low level” are unclear and question whether they are necessary. Paragraph might be clearer if it read:

Presentation decisions may be decisions:

(a) That could potentially result in the development of a new report, the movement of information between reports, or the amalgamation of existing reports; or,

(b) On information selection, location and organization within a report.

Section 2: Information Selection

2.1 ~~Decisions on i~~Information selection ~~decisions~~ address what information is reported:

- (a) In the financial statements; and
- (b) In ~~the other reports, of which other~~ GPFRs outside the financial statements (other GPFRs) are comprised.

2.2 As Chapter 2 explains, the objectives of financial reporting are to provide information about the entity that is useful to users of GPFRs for accountability and decision-making purposes. Chapter 2 describes the types of information that users need to meet the objectives of financial reporting. That description guides high-level decisions on whether particular types of reports are needed. This ~~e~~Chapter's consideration of information selection focuses on the lower-level decisions on selection of information to be presented ~~with~~in GPFRs, including financial statements and other reports.

Information Selection—Nature of Information

Nature of Information in Financial Statements

2.3 The user information needs identified in Chapter 2 underpin information selection for the financial statements. Those user needs include ~~the need to provide~~ information about the financial position, financial performance and cash flows of an entity in order to:

- (a) Enable users to identify the resources of the entity and claims to those resources at the reporting date;
- (b) Inform assessments of matters such as whether the entity has acquired resources economically, and used them efficiently and effectively to achieve its service delivery objectives; and,
- (c) ~~Enable users to assess~~Inform assessments of financial performance and the entity's liquidity and solvency.

2.4 The financial statements may also provide information that assists users in assessing the extent to which:

- (a) An entity has met its financial objectives;
- (b) Revenues, expenses, cash flows and financial results of the entity comply with approved budgets; and
- (c) An entity has adhered to relevant legislation or other authority governing the raising and use of public monies.

2.5 The financial statements do not directly report on an entity's service performance. However information in the financial statements may provide information relevant to the financial aspects of service performance such as information about:

- (a) Revenue, expenses and cash flows related to services; and
- (b) The assets and liabilities that could affect users' evaluations of, for example, an entity's operational capacity or financial risks that could impact on service provision.

Commented [JS4]: Coordinator and Senior Adviser note that paragraphs 2.3-2.6 summarize relevant sections of Chapter 2. Coordinator/Senior Adviser consider that these paragraphs were necessary in Exposure Draft, but are not convinced that they are needed when this chapter is included in the same document as Chapter 2.

The Coordinator acknowledges that the IPSASB debated these points at length and the view that this coverage goes further than Chapter 2. The IPSASB supported this description and, for example, wanted to be clear about the role of financial statements vis a vis service performance information in contrast to the potential role of other GPFRs.

Nature of Information in Other GPFRs

2.6 Other GPFRs present information additional to the financial statements. Such information could, for example, include:

- (a) Information on the sustainability of an entity's public finances;
- (b) Financial statement discussion and analysis; and/or
- (c) Service performance information.

Information Selected for Display or Disclosure

2.7 Information is selected for display or disclosure in GPFRs. As discussed further below, information selected for display communicates key messages in a GPFR, while information selected for disclosure makes displayed information more useful by providing detail that will help users to understand the displayed information. Disclosure is not a substitute for display.

2.8 Repetition of information in more than one place should generally be avoided. However, the same information may be both displayed and disclosed. For example, a total displayed on the face of the financial statements may be repeated in the notes, where the notes provide a disaggregation of the displayed total. Similarly the same information may be presented in different GPFRs in order to address their different aims.

Information Selected for Display

2.9 Information selected for display communicates the key messages in a GPFR. Every GPFR contains key messages that should be communicated, so every GPFR contains displayed information. Displayed information is kept to a concise, understandable level, so that users can focus on the key messages presented and not be distracted by detail that could otherwise obscure those messages. Displayed information is presented prominently, using appropriate presentation techniques such as clear labeling, borders, tables and or graphs.

2.10 The items information displayed on the faces of the financial statements provides information about such matters as an overview of the reporting entity's financial position, financial performance and cash flows.

2.11 Recognition of economic phenomena meeting the definition of an element is one of the key drivers in determining whether information is displayed on the face of the financial statements and/or disclosed either in the notes or elsewhere in the GPFRs. In other cases, for example for other resources, other obligations and cash flows, displayed information will also support achievement of the objectives of financial reporting.

2.12 The display of line items and aggregate totals involves balancing the standardization of displayed information, which facilitates understandability, with information that is tailored for entity-specific factors. The aim of both standardized display requirements and scope for entity-specific information is to ensure that information necessary to meet the objectives of financial reporting is available for all entities, while allowing information to be displayed in a manner that reflects the nature and operations of specific entities, which also contributes to achievement of the financial reporting objectives meeting the objectives of financial reporting and achievement of the QCs.

Commented [JS5]: Coordinator prefers phrase "contributes to the objectives of financial reporting."

Information Selected for Disclosure

2.13 Disclosed information makes displayed information more useful by providing detail that will help users to understand the displayed information. The disclosed information is likely to include:

- (a) The basis for the displayed information, such as applicable policies or methodologies;
- (b) Disaggregations of displayed information; and,
- (c) Items that share some but not all of the aspects of displayed information (for example disclosures on items that meet some, but not all, of the characteristics of ~~the definition of an element's definition~~ or disclosures on items that meet ~~the definition of an element's definition~~ ~~but~~ ~~the element's~~ recognition criteria).

Commented [JS6]: Coordinator questions whether this paragraph should acknowledge "other resources" and "other obligations" either in text or footnote

2.14 The level of detail provided by disclosed information should contribute to achievement of the objectives of financial reporting, without being excessive. Disclosed information, like displayed information, is necessary for achievement of the objectives of financial reporting.

2.15 Information disclosed in the notes to the financial statements:

- (a) Is necessary to a user's understanding of the ~~these~~ financial statements;
- (b) Provides information that ~~presents~~ the financial statements ~~into~~ the context of the entity and its operating environment; and
- (c) Generally will have a clear and demonstrable relationship to information displayed on the face of the financial statement(s) to which it pertains.

2.16 In addition to information displayed on the face of the financial statements users benefit from information disclosed in the notes, which ~~could be or~~ may include:

- (a) Entity-related factors that could influence judgments about reported information (for example, information about related parties and controlled entities or interests in other entities);
- (b) The basis for what is displayed (for example, information on accounting policies and measurement, including measurement methods and measurement uncertainties where applicable);
- (c) Detail related to disaggregations of the high level summary on the face of the statements (for example, a break-down of property, plant and equipment into different classes);
- (d) Items that do not meet the definition or recognition criteria for elements but are still important to an understanding of the entity's finances and ability to deliver services (for example, information about events and conditions, ~~including items that meet some but not all the essential aspects of an element~~, that might affect future cash flows or service potential, including their natures, possible effects on cash flows or service potential, probabilities of occurrence, and sensitivities to changes in conditions); and,
- (e) Information that may explain under-lying trends affecting displayed totals (for example, segment information).

Commented [JS7]: Coordinator acknowledges that this paragraph deals specifically with the financial statements unlike paragraph 2.13. However, paragraphs 2.16 (b) and 2.16 (c) are re-expressions of paragraphs 2.13 (a) and 2.13 (b) and a cross-reference may be more appropriate.

¹ Chapter 5 indicates that other resources and other obligations that do not meet the definition of elements may be recognized in order to contribute to the objectives of financial reporting.

Principles Applicable to Information Selection

2.17 Decisions about what information needs to be reported involve consideration of:

- ~~(a) The relevant economic or other phenomena about which information may be necessary;~~
- ~~(b)~~ (a) The objectives of financial reporting; and
- (b) The QCs and constraints on information included in GPFRs; and
- (c) ~~The relevant economic or other phenomena about which information may be necessary;~~

2.18 Information selection should result in sufficient information to meet the objectives of financial reporting, as applied to the area covered by a particular report, and provide the appropriate level of detail. Such decisions involve information prioritization and summarization. Information selection avoids information overload that reduces understandability. Too much information may make it difficult for users to understand the key information messages and undermine achievement of the objectives of financial reporting.

2.19 Preparers, applying the pronouncements and their professional judgment, are ultimately responsible for ensuring that information that meets the objectives of financial reporting and achieves the QCs is provided in the GPFRs that they prepare.

2.20 Information selection decisions require continuing and critical review. Information identified for possible selection is reviewed as it is developed and considered for presentation, with particular reference to its relevance, materiality and cost-benefit, although all the QCs and constraints should be applied to the information selection decision. Past decisions may require reconsideration because new information may make existing information requirements redundant with the result that those items no longer achieve the QCs and/or the constraints.

2.21 All material transactions, events, and other items reported are presented in a manner that conveys their substance rather than their legal or other form so that the QCs of relevance and representational faithfulness are achieved.

2.22 When considering information selection, the benefits to users of receiving information should justify the costs to entities of collecting and presenting that information. In performing-making this assessment it is important to consider how individual items impact on the overall view presented and the nature of the information presented. Items that may appear to have little benefit when viewed in isolation could have much greater benefit when viewed as contributing to the whole set of information presented.

~~2.23 Information needs to be presented on a sufficiently timely basis to enable users to hold management accountable and inform users' decisions. Timeliness includes the need to provide information both:~~

- ~~(a) On a sufficiently frequent basis to allow the compilation and review of trend information important for accountability and decision-making; and~~
- ~~(b) Soon enough after the events upon which information is reported to be useful for accountability and decision-making;~~

~~2.24~~ 2.23 GPFRs may include additional information derived from sources other than the financial information system. The QCs apply to such information. The date of delivery of any such additional

Commented [JS8]: Coordinator and Senior Adviser have reservations about the usage of "sufficient". It is difficult to evaluate whether what is required in an IPSAS will be sufficient. In some cases the IPSASB may wish to issue an IPSAS or RPG that proposes disclosure of some information that is necessary for an assessment of a particular area, with an acknowledgement that it is insufficient to meet all user information needs. Such an IPSAS or RPG would then be in breach of the Framework.

Coordinator and Senior Adviser prefer the phrase "contribute to meeting the objectives of financial reporting?" used in paragraph BC9.

Commented [JS9]: Coordinator has deleted because timeliness is addressed in Chapter 3.

information should be as close as possible to the financial statements' reporting date, so that reported information will be timely.

Principles for Selection of Information for Display and Disclosure

~~2.25~~2.24 Decisions about display or disclosure apply to both the financial statements and other GPFRs. The objectives of financial reporting are applied to the area covered by a particular report to guide the identification of information for display or disclosure. The identification of information for display and disclosure in a particular GPFR may involve the development of:

- (a) Classification principles;
- (b) A list of broad types of information that should be displayed and a similar list of broad types of information that should be disclosed; and/or,
- (c) Lists of specific information that preparers must display or disclose.

~~2.26~~2.25 Decisions about selection of information to be displayed and disclosed are made:

- a) With reference to each other rather than in isolation ~~of each other~~; and
- b) To effectively communicate an integrated set of information.

Principles for Selection of Information in Other GPFRs

~~2.27~~ ~~For other GPFRs the objectives of financial reporting are considered in relation to the area covered by a report. The objectives guide detailed information selection decisions in order to satisfy the user needs addressed by the particular report.~~

~~2.28~~2.26 Selection decisions with respect to information in other GPFRs should be made after carefully considering the relationship of the other GPFRs to the financial statements.

Commented [JS10]: Coordinator has deleted, as these points are covered in paragraph 2.24 (formerly paragraph 2.25)

Section 3: Information Location

3.1 ~~Decisions on~~ information location ~~decisions~~ are made on:

- a) Which report information is located within; and
- b) ~~Within Which, which part, or component, - (or part)~~ of a report information is located ~~within~~.

3.2 The location of information has an impact on information's contribution to achievement of the objectives of financial reporting and the QCs. Location may affect the way that users interpret information. Location may be used to:

- (a) Convey the relative importance of information and its connections with other items of information;
- (b) Convey the nature of information; ~~and~~
- ~~(c)~~ Link different items of information that combine to meet a particular user need; ~~and~~
- ~~(e)(d)~~ Distinguish between information selected for display and information selected for disclosure.

3.3 The location of information can either support or undermine users' ability to compare information.

Principles for Allocation of Information between Different Reports

3.4 Factors relevant to decisions about ~~allocating~~ ~~locating~~ information ~~between in~~ the financial statements ~~and/or~~ another GPFR include:

- (a) *Nature*: Whether the nature of the information, for example historical versus prospective, supports including the information either in the same or a different ~~report~~GPFR, because of considerations related to, for example, comparability and/or understandability;
- (b) *Jurisdiction Specific*: Whether jurisdiction-specific factors, such as legal provisions, specify requirements on information location; and
- (c) *Linkage*: Whether or not the additional information envisaged needs to link very closely to information already included in an existing report.

3.5 The linkages between all information should be assessed, not only linkages between new and existing information. The factors above, which are expressed from the perspective of adding information to an existing set of information, also apply to considerations of whether the grouping of existing information could be improved, which is discussed in Section 4.

3.6 A separate ~~report~~GPFR may be necessary when:

- (a) Additional user ~~information~~ needs, not satisfied by an existing report, are identified; and
- (b) A separate ~~report~~GPFR to meet those needs is more likely to achieve the objectives of financial reporting and ~~the~~ QCs than including information in an existing report.

Principles for Location of Information within a Report

3.7 ~~Section 2~~Paragraph 2.9 of this Chapter states that displayed information is presented prominently, using appropriate presentation techniques; location is one way to achieve this. Information location

Commented [JS11]: Coordinator has reservations that the distinction between a component and a part is unclear. Coordinator thinks that this change at least conveys sense that a part is a subset of a component. Coordinator thinks that this usage is consistent with paragraph 4.8 where the phrase "parts of a single component" is used.

within a report ensures that displayed information is given appropriate prominence and is not obscured by more detailed and extensive disclosed information.

- 3.8 The effective location of information in the financial statements contributes to communicating a comprehensive financial picture of an entity.
- 3.9 For the financial statements, displayed information is shown on the face of the appropriate statement, while disclosures are in the notes. Distinguishing displayed information and disclosed information through location ensures that those items that directly relate to communicating [matters such as](#) an entity's financial position, financial performance and cash flows can be highlighted, with further [necessary](#), more detailed information provided through disclosure in the notes.
- 3.10 For other GPFRs, displayed information may either be located separately from disclosed information or located in the same area, but distinguished from disclosed information and given prominence through the use of another presentation technique.

Section 4: Information Organization

- 4.1 Information organization addresses the arrangement, grouping and ordering of information, which includes decisions on:
- (a) How information is arranged within a report; and
 - (b) The overall structure of a report.
- 4.2 Information organization involves a range of decisions including decisions on the use of cross-referencing, tables, ~~different~~ types of graphs, headings, numbering, and the arrangement of items within a particular component of a report, including decisions on item order. How information is organized can affect its interpretation by users.

Nature of Information Relevant to Organization

- 4.3 Decisions about the organization of information take into account:
- (a) Important relationships between information; and
 - (b) Whether information is for display or disclosure.

Types of Relationships

- 4.4 Important relationships include, but are not restricted to, ~~those of~~:
- (a) Enhancement;
 - (b) Similarity; and
 - (c) Shared purpose.
- 4.5 *Enhancement*: Information in one place in a GPFR may be enhanced through information provided elsewhere. For example, budget, prospective and service performance information enhances information in the financial statements. Tables and graphs may be used to enhance the understanding of narrative information. Links to information reported outside the GPFRs may enhance the understandability of information reported in GPFRs.
- 4.6 *Similarity*: A relationship of similarity exists where information reported in one place is based on information reported elsewhere in the GPFRs, and ~~the information~~ either has not been adjusted or has had relatively minor adjustments. For example, if service performance information includes the cost of services, or the value of assets ~~deployed-used~~ in different services, then it may be helpful to show how those totals relate to ~~expenses-and-assets~~ ~~assets and expense~~ reported in the financial statements. Another example is the relationship between the total expenses reported against budget and total expenses reported in the statement of financial performance. A reconciliation between the two different amounts can enhance users' understanding of an entity's finances.
- 4.7 *Shared purpose*: A relationship of shared purpose exists where information reported in different places contributes to the same purpose. An example ~~of such a situation is that of~~ ~~is where~~ different statements and disclosures ~~provide~~ ~~provide ng~~ information needed for assessments of accountability for services ~~delivered~~ ~~provided~~. Information about (a) the actual and budgeted cost of different services, (b) financial and non-financial resources used in the provision of different services, and (c) narrative on future provision of different services may be included in different places. To make the

relationship between the information in different places clear, it may be appropriate to organize the information by using techniques such as common headings and referencing.

4.8 Relationships may exist between information in different:

- (a) GPFRs;
- (b) Components within a [reportGPFR](#); and
- (c) Parts of a single component.

Grouping of Information

4.9 The three factors noted in Section 3 as being applicable to [decisions on](#) information location [decisions](#)—linkage, nature of information and jurisdiction-specific considerations—also apply to considerations of whether the grouping of existing information could be improved. Decisions on effective grouping of information should consider linkages between information sets, the nature of the different information sets, and, to the extent appropriate, jurisdiction specific factors.

Principles Applicable to Information Organization

4.10 Information organization should:

- (a) Support achievement of the [objectives of](#) financial reporting ~~objectives~~; and
- (b) Help reported information meet the QCs.

4.11 Information organization should also:

- (a) [Help to ensure that key messages are understandable](#);
- (b) Clearly identify important relationships;
- (c) Give appropriate prominence to information that conveys key messages; and
- (d) Facilitate comparisons.

Commented [JS12]: Coordinator thinks that point in paragraph 4.11(a) is covered in paragraph 4.10 9b)

4.12 Related information is linked through the use of consistent headings, presentation order, and/or other methods appropriate to the relationship and type of information. Where links are to information reported outside the GPFRs it is important that:

- (a) Links to information from other sources do not undermine a GPFR's achievement of the QCs; and
- (b) The issuance date of any such linked information is as close as possible to the financial statements' reporting date so that reported information will be sufficiently timely.

Comparability

4.13 Information organization takes into account the benefits of consistent presentation over time. Consistent presentation supports users' ability to understand information and facilitates their access to information. It helps to achieve the QC of comparability.

Principles for Information Organization within the Financial Statements

- 4.14 Information displayed on the face of the financial statements is usually organized into numeric totals and sub-totals. Its organization should provide a structured overview of such matters as the reporting entity's financial position, financial performance and cash flows.
- 4.15 For the financial statements, relationships may exist between:
- (a) Subsets of displayed amounts or changes in displayed amounts *and* their impact on an entity's financial position, financial performance and/or cash flows;
 - (b) Different displayed amounts in different financial statements, which ~~(i)~~ all reflect the impact of a common external event, or ~~(ii)~~ contribute together towards an understanding of an aspect of the entity's financial position or financial performance; and,
 - (c) Displayed amounts and related note disclosures that provide information that explains or could otherwise support users' understanding of displayed items.
- 4.16 The organization of information within their financial statements includes decisions on:
- (a) The type and number of statements;
 - (b) Disaggregation of totals into meaningful subcategories;
 - (c) Ordering and grouping of items displayed within each statement;
 - (d) Identification of aggregates (additive, subtractive, and relational); and,
 - (e) Identification of other information for inclusion on the face of the statement.
- 4.17 Information disclosed in the notes to the financial statements is organized so that relationships to items reported on the face of the financial statements are clear. The notes are an integral part of the financial statements.

Principles for Organization of Information within Other GPFRs

- 4.18 As is the case for the financial statements, information organization in other GPFRs helps to ensure that key messages conveyed by displayed information are understandable. Presentation that clearly identifies important relationships is likely to enhance the extent to which a report:
- (a) Achieves-Meets the objectives of financial reporting~~financial-reporting-objectives~~; and
 - (b) Meets-Achieves the QCs.
- 4.19 Linking related information helps users to find important information. Some information is more understandable when organized into graphs, charts, tables, ratios or key performance indicators. Other information may be presented more effectively in narrative form. Information organization supports users' understanding of linkages between information within the same GPFR.
- 4.20 Information organization facilitates comparisons such as making clear when items are similar or dissimilar. Inter-period comparability is facilitated by avoiding changes to the way that information is organized for the same entity from year to year unless such changes enhance relevance and understandability. Inter-entity comparisons are facilitated when different reporting entities organize the information they present in similar ways.

Basis for Conclusions

This Basis for Conclusions accompanies, but is not part of, the Conceptual Framework.

Concepts Applicable to Presentation in GPFRs

BC1. This eChapter describes concepts applicable to presentation in GPFRs, including both financial statements and GPFRs that provide additional information and reports that enhance, complement, and supplement the financial statements. ~~Such concepts have not previously received detailed attention. This is the first time that an international standard setter has developed presentation concepts applicable to both financial statements and other GPFRs.~~

BC2-BC1. During development of this eChapter some respondents to the Consultation Paper, *Presentation in General Purpose Financial Reports (the CP)* and the Exposure Draft, *Presentation in General Purpose Financial Reports (the ED)* argued that the IPSASB should focus exclusively on the financial statements. Of those who supported a ~~more~~the comprehensive approach proposed, some were concerned that the resulting concepts should also be sufficiently detailed to address issues particular to financial statements.

BC2. The IPSASB's view is that effective presentation of information in both financial statements and other GPFRs is very important in meeting the objectives of financial reporting—accountability and decision-making. Presentation of this additional information in other GPFRs raises particular challenges for the IPSASB and preparers, which makes the development of applicable concepts essential to guide the development of presentation requirements in IPSASs and RPGs. ~~RPGs. Nevertheless,~~ tThe IPSASB acknowledged the need to provide concepts that are sufficiently detailed for application to the financial statements. Therefore this eChapter describes presentation concepts for GPFRs, and sets while setting out the concepts applicable to financial statements in more depth.

~~Such cConcepts applicable to additional information and reports that enhance, complement, and supplement the financial statements have not previously received detailed attention. This is the first time that an international standard setter has developed presentation concepts applicable to both financial statements and other GPFRs.~~

Commented [JS13]: Deleted as Coordinator & Senior Adviser do not consider that such statements are appropriate for final Chapter and that they could become outdated.

Presentation in the Financial Statements

BC3. The further detail provided on financial statements responds, as noted above, to the need to ensure that the concepts proposed are applicable to the financial statements. However, this eChapter does not propose the number or type of financial statements that should be specified in IPSASs and/or RPGs. This approach is consistent with the IPSASB's view that the specification of financial statements is a standards-level issue. It reflects an appreciation that internationally some preparers treat the primary financial statements as a minimum requirement, with flexibility for the preparer to add further statements (for example, additional statements that list commitments or public sector debt) to the financial statements components presently required by IPSASs. It is also consistent with the need to avoid over-specification at the Conceptual Framework level.

BC4. In order to avoid over-specification this eChapter also does not attempt to identify a list of information that should be included in the financial statements, including their notes. Over-

specification is avoided so that the Conceptual Framework description of presentation concepts applicable to financial statements will remain relevant as changes occur in: (a) the type of information required to adequately meet the objectives of financial reporting; (b) the information technology available to present information in GPFRs; and, (c) the type of economic or other phenomena on which financial statements present information. The Conceptual Framework focuses on high level principles. It aims to avoid over-specification, which could otherwise inhibit future presentation developments that could more effectively address existing and emerging presentation problems. Future presentation developments include those that may arise from technological developments in information management.

Presentation and Other Parts of the Conceptual Framework

BC5. This chapter explains the relationship between other parts of the Conceptual Framework and presentation concepts. Presentation is strongly linked to Chapters 1 to 4 of the Conceptual Framework. The objectives of financial reporting, user needs, qualitative characteristics (QCs) of information and constraints all have a direct influence on presentation decisions. Presentation is also linked to Chapters 5 and 6, which discuss the definition and recognition of elements because, for example:

- (a) The elements identified affect the nature of the items presented in GPFRs;
- (b) The application of the recognition criteria for the elements affects the location of information in GPFRs; and
- (c) Presentation decisions affect both the level of detail provided in respect of items that have been recognized as elements in the financial statements and where that information is presented.

BC6. In addition presentation is linked to Chapter 7 on measurement because, for example, when describing measurement bases or measurement models:

- (a) Information is usually presented on measurement methodologies, including information on measurement models applied, assumptions, and explanations for measurement choices; and
- (b) More information may be presented where elements cannot be measured in a faithfully representative way.

Language in which Financial Statements and Other GPFRs are issued

BC7-BC5. Some respondents to the Exposure Draft expressed a view that the language (or languages) in which the financial statements and other GPFRs are issued has implications for whether they will support achievement of the objectives of financial reporting and achieve the qualitative characteristics so that the needs of users are met. This point was raised through consultation on the ED. Responding to this concern, the IPSASB decided that this chapter should address the language(s) in which GPFRs are issued. The quality of any translation will impact on the usefulness of a GPFR to users who depend on that translation. The quality of translation should be sufficient to ensure that the translated version(s) are faithful to the original language version. A faithful translation enables users to obtain the same understanding as that of an original language speaker reading the original language version.

Presentation, Display and Disclosure

~~BC8-BC6.~~ During development of this eChapter descriptions of "presentation", "display", "disclosure", "core information", and "supporting information" were proposed. ~~There were~~ Respondents had different views on whether the descriptions were appropriate. There was significant support for the description of presentation, which covered the selection, location and organization of information. Some respondents opposed the introduction of ~~new-such~~ descriptions, because they considered that the terms "presentation" and "disclosure" have been widely used by standard setters with ~~generally~~ accepted meanings. ~~There was scepticism about adopting new descriptions. Some r~~ Respondents to the Exposure Draft expressed concerns about supported alignment between the International Accounting Standards Board's (IASB) presentation terminology ~~indicated by terminology in~~ the IASB's Conceptual Framework Discussion Paper, ~~DP2013/1 (DP)~~ *A Review of the Conceptual Framework for Financial Reporting*, ~~—and the IPSASB's~~ IPSASB's terminology. ~~Furthermore the distinction between core and supporting information was controversial. This distinction was viewed as implying that information in the notes to the financial statements is less important than information on the face of a statement.~~

~~BC9-BC7.~~ The IPSASB considered the Scope to align ~~ment of~~ the IPSASB's presentation terminology in this Conceptual Framework with that in the IASB's Discussion Paper ~~was carefully considered, along with a wider reconsideration of developments relevant to the usage and meaning of "presentation" and "disclosure" within the context of financial reporting and auditing.~~ The IASB DP's approach in the IASB's Discussion Paper differs from what some respondents have described as normal or accepted meanings for presentation and disclosure, because the Discussion Paper^P does not restrict disclosures to the notes. Disclosures may occur in either the notes or on the face of the financial statements. The IPSASB noted that the IASB's position on presentation terminology would not be fully known until the IASB's Conceptual Framework ~~hads~~ been completed. Furthermore, the aim of having terminology that applies to both the financial statements and information additional to the financial statements has the consequence of preventing full alignment with terminology that relates only to the financial statements. If the term "presentation" applies to information that conveys key messages in the financial statements, then extending the same term to other GPFRs changes the meaning of the term. The term "display" signals that a wider meaning applies, where information that conveys key messages can be selected for either the financial statements or other GPFRs.

~~BC10-BC8.~~ The IPSASB's view is that the distinction between presentation and disclosure used in some jurisdictions, where presentation applies to the process of reporting information on the face of a statement and disclosure applies to the process of reporting information in the notes, is inadequate ~~to address for~~ presentation concepts for GPFRs. Distinctions focused on the financial statements have limited usefulness and may be confusing within this broader context. Display and disclosure support a clear distinction, within the context of financial statements, between the process of reporting information on the face of a financial statement (display) and that of reporting information in the notes to the statements (disclosure). For these reasons the IPSASB has broadly ~~continued with retained~~ the descriptions of presentation, display and disclosure proposed ~~during development of this eChapter in the Exposure Draft.~~

~~BC11-BC9.~~ The description of presentation proposed in the Consultation Paper^P included both what presentation is (information selection, location and organization) and what presentation should

do (it should meet GPFR objectives, needs of users, and QCs). After further consideration the IPSASB decided that separation of these two ideas would better facilitate consideration of presentation issues. Therefore presentation is now described neutrally as information selection, location and organization. There is also a description of what presentation aims to achieve, which is to provide information that (a) contributes to the objectives of financial reporting, and (b) achieves the QCs while taking into account the constraints.

BC10. Some respondents found the proposed distinction between core and supporting information in the Consultation Paper implied that information in the notes to the financial statements is less important than information on the face of a statement. The IPSASB acknowledged respondents' concerns about core and supporting information such concerns. There was no intention. The proposed distinction did not intend to imply that supporting information is less important than core information. Nevertheless, because many respondents considered that the two terms created a hierarchy, the IPSASB reconsidered the need for a distinction between core and supporting information and concluded that incorporating the ideas related to these two types of information into the descriptions of display and disclosure within each GPFR would be more appropriate. Consequently the terms core information and supporting information were not retained in the Exposure Draft D and the descriptions of display and disclosure in Section 2 have been revised to explain what types of information would be displayed and what disclosed, without the implication that one type of information is more important than another the other. The Exposure Draft was further revised to remove any remaining did not included references that could be construed to indicate that displayed information was more important than disclosed information.

BC12-BC11. The IPSASB also considered whether all GPFRs will contain both information for display and information for disclosure, –or whether it is possible to have a GPFR that only contains information for disclosure. On the basis that key messages will exist for each type of GPFR, and that therefore information to convey those key messages will need to be displayed the IPSASB concluded that all GPFRs will contain both types of information—information for display and information for disclosure.

Overall Approach to Presentation

BC13-BC12. The Consultation Paper P proposed an approach to presentation of (i) focusing on user needs to identify presentation objectives, (ii) application of the QCs to presentation decisions, and (iii) separate presentation concepts. (The proposed concepts were Concept 1: Select information that meets user needs, satisfies the cost-benefit test, and is sufficiently timely; Concept 2: Locate information to meet user needs; and, Concept 3: Organize information to make important relationships clear and support comparability). The Consultation Paper CP also proposed that presentation objectives be established at the standards level, for application to particular reports or reporting topics.

BC14-BC13. Respondents generally agreed that the needs of users and application of the QCs were important for presentation decisions. They supported the development of presentation objectives, but advocated their inclusion in the Conceptual Framework. While generally agreeing that separate presentation concepts should be developed, a significant number of

respondents disagreed with the three presentation concepts proposed. Some respondents disagreed with the way that the three presentation concepts emphasized particular QCs or constraints. They argued that other QCs or constraints should be added. Others argued that the concepts added little, if anything, to the [discussion of the QCs and constraints](#) in [Chapter 3](#).

[BC15-BC14](#). On balance the IPSASB [concluded](#) ~~view is~~ that a simpler, more focused approach, [which](#) ~~one that~~ directly applies the concepts in Chapters 1–4 to presentation decisions ~~is~~ appropriate. The IPSASB's view is that decisions on information selection, location and organization are made in response to the needs of users for information about economic or other phenomena. Presentation decisions are made to seek to achieve the financial reporting objectives, and they involve application of the QCs and constraints.

[BC16-BC15](#). Presentation decisions are made at two levels. They may be either (a) high level decisions that may result in development of a new report, movement of information between reports, or the amalgamation of existing reports; or, (b) detailed decisions on information selection, location and organization related to information within a report. It is useful to distinguish between these two levels of presentation decisions in the context of the public sector's more comprehensive scope for financial reporting. Both types of decisions are important and the terms "high level" and "low level" are not intended to convey a hierarchy. The difference is one of breadth or sequencing of decisions. For example, a high level decision to create a new report conveys that a broad set of information will be presented. The subsequent, more specific or narrow "low level", but equally important, decisions will address what is presented within that report.

[BC17-BC16](#). The need to distinguish between the display and disclosure of information, described in Section 2, is a further important aspect of the IPSASB's overall approach to presentation. An example of a detailed decision within a report is a decision about whether information should be displayed on the face of a financial statement or disclosed in the notes.

Needs of Users

[BC18](#). ~~Chapter 2 of the Conceptual Framework addresses the needs of users and objectives of GPFs. The objectives of GPFs incorporate the needs of users. The IPSASB considers that the needs of users are very important when making presentation decisions. However, to avoid duplication this ED Chapter focuses primarily on the role that presentation has in supporting the objectives.~~

Presentation Objectives

[BC19-BC17](#). As stated above, in the [Consultation Paper](#) the IPSASB proposed ~~an approach where the development of~~ "of" presentation objectives" ~~would be developed~~ to guide presentation decisions. [Many](#) ~~r~~Respondents supported identifying presentation objectives. After further consideration the IPSASB decided against the inclusion of presentation objectives in this ~~e~~Chapter, because they would create an unnecessary additional layer of objectives beneath the [objectives of](#) financial reporting ~~objectives established in Phase Chapter~~ 1. Development of a second layer of presentation objectives could be confusing and detract from ~~the financial~~

reporting the objectives of financial reporting. This approach was proposed in the Exposure Draft and was generally supported by respondents.

Application of the Qualitative Characteristics and Constraints

BC20-BC18. During development of this eChapter many respondents supported application of the QCs to presentation decisions. However, some respondents expressed reservations, which highlighted that the constraints on information included in GPFRs had not been properly integrated into the overall approach to presentation. The IPSASB agreed that the constraints apply to presentation decisions. They have therefore been included in the overall approach to presentation and in subsequent sections on application of the three presentation decisions.

Presentation Concepts

BC24-BC19. After considering respondents' concerns about the three presentation concepts proposed in the Consultation Paper and possible further changes to address those concerns, the IPSASB concluded that the ideas in the three concepts were adequately addressed through application of the QCs and constraints to presentation decisions. Therefore, in the ED, the three presentation concepts included in the Consultation Paper were replaced with a revised description of the application of the QCs and constraints to presentation decisions. Respondents to the ED generally supported the direct application of existing concepts established in Chapters 1–4 rather than development of an intermediary set of either presentation concepts or presentation objectives.

Sections 2 to 4—Presentation DecisionsInformation Organization: Links to External Information

BC20. Chapter 2 of this e-Conceptual Framework explains that users of GPFRs may also need to consider information from other sources, including reports on current and anticipated economic conditions, government budgets and forecasts, and information about government policy initiatives not reported in GPFRs. The IPSASB considered whether GPFRs should include links to information published by external entities. While the IPSASB acknowledged the risk that such information may not achieve the QCs the IPSASB concluded that such links can support understandability. External information sources should be reliable. It is important to ensure that links to information from other sources do not undermine GPFRs' achievement of the QCs.

BC22. Sections 2 to 4 separately focus on each of the three presentation decisions that make up the IPSASB's overall approach to presentation. These three sections describe the application of concepts in other parts of the Conceptual Framework to information selection (Section 2), information location (Section 3) and information organization (Section 4). Section 2 describes information selected for display and information selected for disclosure. Sections 3 and 4 discuss the information for display and for disclosure within the context of information location and organization decisions.

BC23. Several responses to the ED proposed different orderings of this coverage, which then moved in and out ideas about the nature of information with respect to a particular decision and ideas about principles applicable to a particular decision. Several respondents also stated that there should be clear descriptions of each type of decision at the start of each of these three sections.

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~~The IPSASB considered the chapter restructured along these lines and found that the same ideas could be expressed more clearly and more succinctly with the structure. Therefore each section (a) begins with a brief description of the presentation decision addressed in that section, and (b) then describes "nature of information" issues relevant to that decision followed by principles applicable to that decision.~~

BC24. ~~The discussion in Section 2 on information selection includes the need for selected information to be timely. Public sector entities may prepare GPFRs that include additional information derived from sources other than the financial information system. In such circumstances the IPSASB considered that the date of delivery of additional information should be as close as possible to the financial statements reporting date, so that reported information will be timely. These considerations are reflected in paragraphs 2.23–2.24.~~

BC25. ~~The discussion in Section 4 on information organization states that links between information can support understandability. This may include links to information reported outside the GPFRs. For example, detailed budgetary or statistical information providing important context for information reported in the GPFRs may be published by bodies external to the entity. External information sources should be reliable. Chapter 2 of the Conceptual Framework explains that users of GPFRs may also need to consider information from other sources, including reports on current and anticipated economic conditions, government budgets and forecasts, and information about government policy initiatives not reported in GPFRs. It is important to ensure that links to information from other sources do not undermine GPFRs' achievement of the QCs.~~

Commented [JS14]: Coordinator has deleted this paragraph as it does not add anything to paragraphs 2.23 and 2.24.

Commented [PS15]: I also have the sense that this is covered in chapter 4. This does make the additional point that external sources should be reliable – good point. I agree with it, but wonder if it is a presentation concept?

JS: I think that this paragraph deals with an important issue. Chapter 2 states that users may also need to consider information from other sources, including reports on current and anticipated economic conditions, government budgets and forecasts, and information about government policy initiatives not reported in GPFRs. This paragraph makes the related, but separate, point that the GPFRs may contain links to such information.

However, does this chapter say that there might be links to information published by external sources? In addition this paragraph doesn't provide a conclusion as to why the IPSASB decided that GPFRS might contain links to information.\

I'd retain this paragraph, but it requires an adjustment to the core text

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CHAPTER 8: PRESENTATION IN GENERAL PURPOSE FINANCIAL REPORTS

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TO BE UPDATED IN INTEGRATED FRAMEWORK

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Section 1 Presentation

Introduction

- 1.1 This Chapter sets out the concepts applicable to the presentation of information in GPFRs, including financial statements of governments and other public sector entities (entities).
- 1.2 Presentation is linked to Chapters 1 to 4. The objectives of financial reporting, user needs, the (QCs and constraints all influence presentation decisions. For information reported in the financial statements, presentation is also linked to the definition of the elements, recognition criteria and measurement bases identified in this Framework. For example:
- (a) The definition of the elements affect the nature of the items that can be presented on the face of the financial statements;
 - (b) Application of the recognition criteria also affects the location of information; and,
 - (c) Different measurement approaches will impact on the information presented on measurement methodologies, including information on measurement bases applied, assumptions, and explanations for measurement choices.

Language in which Financial Statement and Other GPFRs are Issued

- 1.3 The language (or languages) in which financial statements and other GPFRs are issued should support achievement of the objectives of financial reporting and the QCs. A translation(s) faithful to the original language version should be made available to meet the needs of users with reference to:
- (a) Legal requirements in the entity's national jurisdiction; and
 - (b) Translation costs and benefits.

Presentation

- 1.4 Presentation is the selection, location and organization of information that is reported in the GPFRs.
- 1.5 Presentation aims to provide information that contributes towards the objectives of financial reporting and achieves the QCs while taking into account the constraints. Decisions on selection, location and organization of information are made in response to the needs of users for information about economic or other phenomena.
- 1.6 Chapter 1 explains that GPFRs are likely to comprise multiple reports, each responding more directly to certain aspects of the objectives of financial reporting and matters included within the scope of financial reporting. In addition to the financial statements, GPFRs provide information relevant to, for example, assessments of an entity's service performance and the sustainability of its finances. The objectives of financial reporting, applied to the area covered by a particular report, will guide presentation decisions for that report.
- 1.7 Presentation decisions may be:
- (a) High level decisions that could potentially result in the development of a new GPFR, the movement of information between reports, or the amalgamation of existing reports; or,

- (b) Lower level, more detailed decisions on information selection, location and organization within a report.

Presentation Decisions are Interlinked

Decisions on information selection, location and organization are interlinked and, in practice, are likely to be considered together. The amount or type of information selected could have implications on whether it is included in a separate report or organized into tables or separate schedules. The following three sections separately focus on each presentation decision.

Section 2: Information Selection

- 2.1 Decisions on information selection address what information is reported:
- (a) In the financial statements; and
 - (b) In GPFRs outside the financial statements (other GPFRs).
- 2.2 As Chapter 2 explains, the objectives of financial reporting are to provide information about the entity that is useful to users of GPFRs for accountability and decision-making purposes. Chapter 2 describes the types of information that users need to meet the objectives of financial reporting. That description guides high-level decisions on whether particular types of reports are needed. This Chapter's consideration of information selection focuses on the lower-level decisions on selection of information to be presented in GPFRs, including financial statements and other reports.

Information Selection—Nature of Information

Nature of Information in Financial Statements

- 2.3 The user information needs identified in Chapter 2 underpin information selection for the financial statements. Those user needs include information about the financial position, financial performance and cash flows of an entity in order to:
- (a) Enable users to identify the resources of the entity and claims to those resources at the reporting date;
 - (b) Inform assessments of matters such as whether the entity has acquired resources economically, and used them efficiently and effectively to achieve its service delivery objectives; and,
 - (c) Inform assessments of financial performance and the entity's liquidity and solvency.
- 2.4 The financial statements may also provide information that assists users in assessing the extent to which:
- (a) An entity has met its financial objectives;
 - (b) Revenues, expenses, cash flows and financial results of the entity comply with approved budgets; and
 - (c) An entity has adhered to relevant legislation or other authority governing the raising and use of public monies.
- 2.5 The financial statements do not directly report on an entity's service performance. However information in the financial statements may provide information relevant to the financial aspects of service performance such as information about:
- (a) Revenue, expenses and cash flows related to services; and
 - (b) The assets and liabilities that could affect users' evaluations of, for example, an entity's operational capacity or financial risks that could impact on service provision.

Nature of Information in Other GPFRs

- 2.6 Other GPFRs present information additional to the financial statements. Such information could, for example, include:
- (a) Information on the sustainability of an entity's public finances;
 - (b) Financial statement discussion and analysis; or
 - (c) Service performance information.

Information Selected for Display or Disclosure

- 2.7 Information is selected for display or disclosure in GPFRs. As discussed further below, information selected for display communicates key messages in a GPFR, while information selected for disclosure makes displayed information more useful by providing detail that will help users to understand the displayed information. Disclosure is not a substitute for display.
- 2.8 Repetition of information in more than one place should generally be avoided. However, the same information may be both displayed and disclosed. For example, a total displayed on the face of the financial statements may be repeated in the notes, where the notes provide a disaggregation of the displayed total. Similarly the same information may be presented in different GPFRs in order to address their different aims.

Information Selected for Display

- 2.9 Information selected for display communicates the key messages in a GPFR. Every GPFR contains key messages that should be communicated, so every GPFR contains displayed information. Displayed information is kept to a concise, understandable level, so that users can focus on the key messages presented and not be distracted by detail that could otherwise obscure those messages. Displayed information is presented prominently, using appropriate presentation techniques such as clear labeling, borders, tables and graphs.
- 2.10 The items displayed on the face of the financial statements provides information about such matters as the reporting entity's financial position, financial performance and cash flows.
- 2.11 Recognition of economic phenomena meeting the definition of an element is one of the key drivers in determining whether information is displayed on the face of the financial statements and/or disclosed either in the notes or elsewhere in the GPFRs. In other cases, for example for other resources, other obligations and cash flows, displayed information will also support achievement of the objectives of financial reporting.
- 2.12 The display of line items and totals involves balancing the standardization of displayed information, which facilitates understandability, with information that is tailored for entity-specific factors. The aim of both standardized display requirements and entity-specific information is to ensure that information necessary to meet the objectives of financial reporting is available for all entities, while allowing information to be displayed in a manner that reflects the nature and operations of specific entities, which also contributes meeting the objectives of financial reporting and achievement of the QCs.

Information Selected for Disclosure

- 2.13 Disclosed information makes displayed information more useful by providing detail that will help users to understand the displayed information. The disclosed information is likely to include:
- (a) The basis for the displayed information, such as applicable policies or methodologies;
 - (b) Disaggregations of displayed information; and,
 - (c) Items that share some but not all of the aspects of displayed information (for example disclosures on items that meet some, but not all, of the characteristics of the definition of an element¹ or disclosures on items that meet the definition of an element, but not the recognition criteria).
- 2.14 The level of detail provided by disclosed information should contribute to achievement of the objectives of financial reporting, without being excessive. Disclosed information, like displayed information, is necessary for achievement of the objectives of financial reporting.
- 2.15 Information disclosed in the notes to the financial statements:
- (a) Is necessary to a user's understanding of the financial statements;
 - (b) Provides information that presents the financial statements in the context of the entity and its operating environment; and
 - (c) Generally will have a clear and demonstrable relationship to information displayed on the face of the financial statement(s) to which it pertains.
- 2.16 In addition to information displayed on the face of the financial statements users benefit from information disclosed in the notes, which may include:
- (a) Entity-related factors that could influence judgments about reported information (for example, information about related parties and controlled entities or interests in other entities);
 - (b) The basis for what is displayed (for example, information on accounting policies and measurement, including measurement methods and measurement uncertainties where applicable);
 - (c) Detail related to disaggregations of the high level summary on the face of the statements (for example, a break-down of property, plant and equipment into different classes);
 - (d) Items that do not meet the definition or recognition criteria for elements but are still important to an understanding of the entity's finances and ability to deliver services (for example, information about events and conditions, that might affect future cash flows or service potential, including their natures, possible effects on cash flows or service potential, probabilities of occurrence, and sensitivities to changes in conditions); and,
 - (e) Information that may explain underlying trends affecting displayed totals (for example, segment information).

¹ Chapter 5 indicates that other resources and other obligations that do not meet the definition of elements may be recognized in order to contribute to the objectives of financial reporting.

Principles Applicable to Information Selection

- 2.17 Decisions about what information needs to be reported involve consideration of:
- (a) The objectives of financial reporting;
 - (b) The QCs and constraints on information included in GPFRs; and
 - (c) The relevant economic or other phenomena about which information may be necessary.
- 2.18 Information selection should result in sufficient information to meet the objectives of financial reporting, as applied to the area covered by a particular report, and provide the appropriate level of detail. Such decisions involve information prioritization and summarization. Information selection avoids information overload that reduces understandability. Too much information may make it difficult for users to understand the key messages and undermine achievement of the objectives of financial reporting.
- 2.19 Preparers, applying pronouncements and their professional judgment, are responsible for ensuring that information that meets the objectives of financial reporting and achieves the QCs is provided in the GPFRs that they prepare.
- 2.20 Information selection decisions require continuing and critical review. Information identified for possible selection is reviewed as it is developed and considered for presentation, with particular reference to its relevance, materiality and cost-benefit, although all the QCs and constraints should be applied to the information selection decision. Past decisions may require reconsideration because new information may make existing information requirements redundant with the result that those items no longer achieve the QCs and/or the constraints.
- 2.21 All material transactions, events, and other items reported are presented in a manner that conveys their substance rather than their legal or other form so that the QCs of relevance and representational faithfulness are achieved.
- 2.22 When considering information selection, the benefits to users of receiving information should justify the costs to entities of collecting and presenting that information. In making this assessment it is important to consider how individual items impact on the overall view presented and the nature of the information presented. Items that may appear to have little benefit when viewed in isolation could have much greater benefit in contributing to the whole set of information presented.
- 2.23 GPFRs may include additional information derived from sources other than the financial information system. The QCs apply to such information. The date of delivery of any such additional information should be as close as possible to the financial statements' reporting date, so that reported information will be timely.

Principles for Selection of Information for Display and Disclosure

- 2.24 Decisions about display or disclosure apply to both the financial statements and other GPFRs. The objectives of financial reporting are applied to the area covered by a particular report to guide the identification of information for display or disclosure. The identification of information for display and disclosure in a particular GPFR may involve the development of:
- (a) Classification principles;

- (b) A list of broad types of information that should be displayed and a similar list of broad types of information that should be disclosed; and/or,
- (c) Lists of specific information that preparers must display or disclose.

2.25 Decisions about selection of information to be displayed and disclosed are made:

- (a) With reference to each other rather than in isolation; and
- (b) To effectively communicate an integrated set of information.

Principles for Selection of Information in Other GPFRs

2.26 Selection decisions with respect to information in other GPFRs should be made after carefully considering the relationship of the other GPFRs to the financial statements.

Section 3: Information Location

- 3.1 Decisions on information location are made on:
 - (a) Which report information is located within; and
 - (b) Which component, (or part) of a report information is located within.
- 3.2 The location of information has an impact on information's contribution to achievement of the objectives of financial reporting and the QCs. Location may affect the way that users interpret information. Location may be used to:
 - (a) Convey the relative importance of information and its connections with other items of information;
 - (b) Convey the nature of information;
 - (c) Link different items of information that combine to meet a particular user need; and
 - (d) Distinguish between information selected for display and information selected for disclosure.
- 3.3 The location of information can either support or undermine users' ability to compare information.

Principles for Allocation of Information between Different Reports

- 3.4 Factors relevant to decisions about allocating information between the financial statements and another GPFR include:
 - (a) *Nature*: Whether the nature of the information, for example historical versus prospective, supports including the information either in the same or a different GPFR, because of considerations related to, for example, comparability and/or understandability;
 - (b) *Jurisdiction Specific*: Whether jurisdiction-specific factors, such as legal provisions, specify requirements on information location; and
 - (c) *Linkage*: Whether or not the additional information envisaged needs to link very closely to information already included in an existing report.
- 3.5 The linkages between all information should be assessed, not only linkages between new and existing information. The factors above, which are expressed from the perspective of adding information to an existing set of information, also apply to considerations of whether the grouping of existing information could be improved, which is discussed in Section 4.
- 3.6 A separate GPFR may be necessary when:
 - (a) Additional user information needs, not satisfied by an existing report, are identified; and
 - (b) A separate GPFR to meet those needs is more likely to achieve the objectives of financial reporting and the QCs than including information in an existing report.

Principles for Location of Information within a Report

- 3.7 Paragraph 2.9 of this Chapter states that displayed information is presented prominently, using appropriate presentation techniques; location is one way to achieve this. Information location within

a report ensures that displayed information is given appropriate prominence and is not obscured by more detailed and extensive disclosed information.

- 3.8 The effective location of information in the financial statements contributes to communicating a comprehensive financial picture of an entity.
- 3.9 For the financial statements, displayed information is shown on the face of the appropriate statement, while disclosures are in the notes. Distinguishing displayed information and disclosed information through location ensures that those items that directly relate to communicating matters such as an entity's financial position, financial performance and cash flows can be highlighted, with further more detailed information provided through disclosure in the notes.
- 3.10 For other GPFRs, displayed information may either be located separately from disclosed information or located in the same area, but distinguished from disclosed information and given prominence through the use of another presentation technique.

Section 4: Information Organization

- 4.1 Information organization addresses the arrangement, grouping and ordering of information, which includes decisions on:
- (a) How information is arranged within a report; and
 - (b) The overall structure of a report.
- 4.2 Information organization involves a range of decisions including decisions on the use of cross-referencing, tables, types of graphs, headings, numbering, and the arrangement of items within a particular component of a report, including decisions on item order. How information is organized can affect its interpretation by users.

Nature of Information Relevant to Organization

- 4.3 Decisions about the organization of information take into account:
- (a) Important relationships between information; and
 - (b) Whether information is for display or disclosure.

Types of Relationships

- 4.4 Important relationships include, but are not restricted to:
- (a) Enhancement;
 - (b) Similarity; and
 - (c) Shared purpose.
- 4.5 *Enhancement:* Information in one place in a GPFR may be enhanced through information provided elsewhere. For example, budget, prospective and service performance information enhances information in the financial statements. Tables and graphs may be used to enhance the understanding of narrative information. Links to information reported outside the GPFRs may enhance the understandability of information reported in GPFRs.
- 4.6 *Similarity:* A relationship of similarity exists where information reported in one place is based on information reported elsewhere in the GPFRs, and the information either has not been adjusted or has had relatively minor adjustments. For example, if service performance information includes the cost of services, or the value of assets used in different services, then it may be helpful to show how those totals relate to assets and expense reported in the financial statements. Another example is the relationship between the total expense reported against budget and total expense reported in the statement of financial performance. A reconciliation between the two different amounts can enhance users' understanding of an entity's finances.
- 4.7 *Shared purpose:* A relationship of shared purpose exists where information reported in different places contributes to the same purpose. An example is where different statements and disclosures provide information needed for assessments of accountability for services delivered. Information about (a) the actual and budgeted cost of different services, (b) financial and non-financial resources used in the provision of different services, and (c) narrative on future provision of different services

may be included in different places. To make the relationship between the information in different places clear, it may be appropriate to organize the information by using techniques such as common headings and referencing.

4.8 Relationships may exist between information in different:

- (a) GPFRs;
- (b) Components within a GPFR; and
- (c) Parts of a single component.

Grouping of Information

4.9 The three factors noted in Section 3 as being applicable to decisions on information location—linkage, nature of information and jurisdiction-specific considerations—also apply to considerations of whether the grouping of existing information could be improved. Decisions on effective grouping of information should consider linkages between information sets, the nature of the different information sets, and, to the extent appropriate, jurisdiction specific factors.

Principles Applicable to Information Organization

4.10 Information organization should:

- (a) Support achievement of the objectives of financial reporting; and
- (b) Help reported information meet the QCs.

4.11 Information organization should also:

- (a) Help to ensure that key messages are understandable;
- (b) Clearly identify important relationships;
- (c) Give appropriate prominence to information that conveys key messages; and
- (d) Facilitate comparisons.

4.12 Related information is linked through the use of consistent headings, presentation order, and/or other methods appropriate to the relationship and type of information. Where links are to information reported outside the GPFRs it is important that:

- (a) Links to information from other sources do not undermine a GPFR's achievement of the QCs; and
- (b) The issuance date of any such linked information is as close as possible to the financial statements' reporting date so that reported information will be sufficiently timely.

Comparability

4.13 Information organization takes into account the benefits of consistent presentation over time. Consistent presentation supports users' ability to understand information and facilitates their access to information. It helps to achieve the QC of comparability.

Principles for Information Organization within the Financial Statements

- 4.14 Information displayed on the face of the financial statements is usually organized into numeric totals and sub-totals. Its organization should provide a structured overview of such matters as the reporting entity's financial position, financial performance and cash flows.
- 4.15 For the financial statements, relationships may exist between:
- (a) Subsets of displayed amounts or changes in displayed amounts *and* their impact on an entity's financial position, financial performance and/or cash flows;
 - (b) Different displayed amounts in different financial statements, which all reflect the impact of a common external event, or contribute together towards an understanding of an aspect of the entity's financial position or financial performance; and,
 - (c) Displayed amounts and related note disclosures that provide information that explains or could otherwise support users' understanding of displayed items.
- 4.16 The organization of information in financial statements includes decisions on:
- (a) The type and number of statements;
 - (b) Disaggregation of totals into meaningful subcategories;
 - (c) Ordering and grouping of items displayed within each statement;
 - (d) Identification of aggregates (additive, subtractive, and relational); and,
 - (e) Identification of other information for inclusion on the face of the statement.
- 4.17 Information disclosed in the notes to the financial statements is organized so that relationships to items reported on the face of the financial statements are clear. The notes are an integral part of the financial statements.

Principles for Organization of Information within Other GPFRs

- 4.18 As is the case for the financial statements, information organization in other GPFRs helps to ensure that key messages conveyed by displayed information are understandable. Presentation that clearly identifies important relationships is likely to enhance the extent to which a report:
- (a) Meets the objectives of financial reporting; and
 - (b) Achieves the QCs.
- 4.19 Linking related information helps users to find important information. Some information is more understandable when organized into graphs, charts, tables, ratios or key performance indicators. Other information may be presented more effectively in narrative form. Information organization supports users' understanding of linkages between information within the same GPFR.
- 4.20 Information organization facilitates comparisons such as making clear when items are similar or dissimilar. Inter-period comparability is facilitated by avoiding changes to the way that information is organized for the same entity from year to year unless such changes enhance relevance and understandability. Inter-entity comparisons are facilitated when different reporting entities organize the information they present in similar ways.

Basis for Conclusions

This Basis for Conclusions accompanies, but is not part of, the Conceptual Framework.

Concepts Applicable to Presentation in GPFRs

- BC1. This Chapter describes concepts applicable to presentation in GPFRs, including both financial statements and GPFRs that provide additional information that enhance, complement, and supplement the financial statements. During development of this Chapter some respondents to the Consultation Paper, *Presentation in General Purpose Financial* and the Exposure Draft, *Presentation in General Purpose Financial Reports* argued that the IPSASB should focus exclusively on the financial statements. Of those who supported the comprehensive approach proposed some were concerned that the resulting concepts should also be sufficiently detailed to address issues particular to financial statements.
- BC2. The IPSASB's view is that effective presentation of information in both financial statements and other GPFRs is very important in meeting the objectives of financial reporting. Presentation of information in other GPFRs raises particular challenges for the IPSASB and preparers, which makes the development of applicable concepts essential to guide the development of presentation requirements in IPSASs and RPGs. Nevertheless, the IPSASB acknowledged the need to provide concepts that are sufficiently detailed for application to the financial statements. Therefore this Chapter describes presentation concepts for GPFRs, and sets out the concepts applicable to financial statements in more depth.

Presentation in the Financial Statements

- BC3. The further detail provided on financial statements responds, as noted above, to the need to ensure that the concepts proposed are applicable to the financial statements. However, this Chapter does not propose the number or type of financial statements that should be specified in IPSASs and/or RPGs. This approach is consistent with the IPSASB's view that the specification of financial statements is a standards-level issue. It reflects an appreciation that internationally some preparers treat the primary financial statements as a minimum requirement, with flexibility for the preparer to add further statements (for example, additional statements that list commitments or public sector debt) to the financial statements required by IPSASs. It is also consistent with the need to avoid over-specification at the Conceptual Framework level.
- BC4. In order to avoid over-specification this Chapter also does not attempt to identify a list of information that should be included in the financial statements, including the notes. Over-specification is avoided so that the Conceptual Framework description of presentation concepts applicable to financial statements will remain relevant as changes occur in: (a) the type of information required to adequately meet the objectives of financial reporting; (b) the information technology available to present information in GPFRs; and, (c) the type of economic or other phenomena on which financial statements present information. The Conceptual Framework focuses on high level principles. It aims to avoid over-specification, which could otherwise inhibit future presentation developments that could more effectively address existing and emerging presentation problems. Future presentation developments include those that may arise from technological developments in information management.

Language in which Financial Statements and Other GPFRs are issued

- BC5. Some respondents to the Exposure Draft expressed a view that the language (or languages) in which the financial statements and other GPFRs are issued has implications for whether they will support achievement of the objectives of financial reporting and achieve the qualitative characteristics so that the needs of users are met. Responding to this concern the IPSASB decided that this Chapter should address the language(s) in which GPFRs are issued. The quality of any translation will impact on the usefulness of a GPFR to users who depend on that translation. The quality of translation should be sufficient to ensure that the translated version(s) are faithful to the original language version. A faithful translation enables users to obtain the same understanding as that of an original language speaker reading the original language version.

Presentation, Display and Disclosure

- BC6. During development of this Chapter descriptions of “presentation”, “display”, “disclosure”, “core information”, and “supporting information” were proposed. Respondents had different views on whether the descriptions were appropriate. There was significant support for the description of presentation, which covered the selection, location and organization of information. Some respondents opposed the introduction of such descriptions, because they considered that the terms “presentation” and “disclosure” have been widely used by standard setters with generally accepted meanings. Some respondents to the Exposure Draft supported alignment between the International Accounting Standards Board’s (IASB) presentation terminology in the IASB’s Conceptual Framework Discussion Paper, *A Review of the Conceptual Framework for Financial Reporting*, and the IPSASB’s terminology.
- BC7. The IPSASB considered the alignment of the presentation terminology in this Conceptual Framework with that in the IASB’s Discussion Paper, along with a wider reconsideration of developments relevant to the usage and meaning of “presentation” and “disclosure” within the context of financial reporting and auditing. The approach in the IASB’s Discussion Paper differs from what some respondents have described as normal or accepted meanings for presentation and disclosure, because the Discussion Paper does not restrict disclosures to the notes. Disclosures may occur in either the notes or on the face of the financial statements. The IPSASB noted that the IASB’s position on presentation terminology would not be fully known until the IASB’s Conceptual Framework had been completed. Furthermore, the aim of having terminology that applies to both the financial statements and information additional to the financial statements has the consequence of preventing full alignment with terminology that relates only to the financial statements. If the term “presentation” applies to information that conveys key messages in the financial statements, then extending the same term to other GPFRs changes the meaning of the term. The term “display” signals that a wider meaning applies, where information that conveys key messages can be selected for either the financial statements or other GPFRs.
- BC8. The IPSASB’s view is that the distinction between presentation and disclosure used in some jurisdictions, where presentation applies to the process of reporting information on the face of a statement and disclosure applies to the process of reporting information in the notes, is inadequate for presentation concepts for GPFRs. Distinctions focused on the financial statements have limited usefulness and may be confusing within this broader context. Display and disclosure support a clear distinction, within the context of financial statements, between the process of reporting

information on the face of a financial statement (display) and that of reporting information in the notes to the statements (disclosure). For these reasons the IPSASB has broadly retained the descriptions of presentation, display and disclosure proposed in the Exposure Draft.

- BC9. The description of presentation proposed in the Consultation Paper included both what presentation is (information selection, location and organization) and what presentation should do (it should meet GPFR objectives, needs of users, and QCs). After further consideration the IPSASB decided that separation of these two ideas would better facilitate consideration of presentation issues. Therefore presentation is now described neutrally as information selection, location and organization. There is also a description of what presentation aims to achieve, which is to provide information that (a) contributes to the objectives of financial reporting, and (b) achieves the QCs while taking into account the constraints.
- BC10. Some respondents found the proposed distinction between core and supporting information in the Consultation Paper implied that information in the notes to the financial statements is less important than information on the face of a statement. The IPSASB acknowledged such concerns. The proposed distinction did not intend to imply that supporting information is less important than core information. Nevertheless, because many respondents considered that the two terms created a hierarchy, the IPSASB reconsidered the need for a distinction between core and supporting information and concluded that incorporating the ideas related to these two types of information into the descriptions of display and disclosure within each GPFR would be more appropriate. Consequently the terms core information and supporting information were not retained in the Exposure Draft and the descriptions of display and disclosure in Section 2 have been revised to explain what types of information would be displayed and what disclosed, without the implication that one type of information is more important than the other. The Exposure Draft did not include references that could be construed to indicate that displayed information was more important than disclosed information.
- BC11. The IPSASB also considered whether all GPFRs will contain both information for display and information for disclosure, and whether it is possible to have a GPFR that only contains information for disclosure. On the basis that key messages will exist for each type of GPFR, and that therefore information to convey those key messages will need to be displayed the IPSASB concluded that all GPFRs will contain both types of information—information for display and information for disclosure.

Overall Approach to Presentation

- BC12. The Consultation Paper proposed an approach to presentation of (i) focusing on user needs to identify presentation objectives, (ii) application of the QCs to presentation decisions, and (iii) separate presentation concepts. (The proposed concepts were Concept 1: Select information that meets user needs, satisfies the cost-benefit test, and is sufficiently timely; Concept 2: Locate information to meet user needs; and, Concept 3: Organize information to make important relationships clear and support comparability). The Consultation Paper also proposed that presentation objectives be established at the standards level, for application to particular reports or reporting topics.
- BC13. Respondents generally agreed that the needs of users and application of the QCs were important for presentation decisions. They supported the development of presentation objectives, but

advocated their inclusion in the Conceptual Framework. While generally agreeing that separate presentation concepts should be developed, a significant number of respondents disagreed with the three presentation concepts proposed. Some respondents disagreed with the way that the three presentation concepts emphasized particular QCs or constraints. They argued that other QCs or constraints should be added. Others argued that the concepts added little, if anything, to the discussion of the QCs and constraint in Chapter 3.

- BC14. On balance the IPSASB concluded that a simpler, more focused approach, which directly applies the concepts in Chapters 1–4 to presentation decisions is appropriate. The IPSASB's view is that decisions on information selection, location and organization are made in response to the needs of users for information about economic or other phenomena. Presentation decisions are made to seek to achieve the financial reporting objectives, and they involve application of the QCs and constraints.
- BC15. Presentation decisions are made at two levels. They may be either (a) high level decisions that may result in development of a new report, movement of information between reports, or the amalgamation of existing reports; or, (b) detailed decisions on information selection, location and organization related to information within a report. It is useful to distinguish between these two levels of presentation decisions in the context of the public sector's more comprehensive scope for financial reporting. Both types of decisions are important and the terms "high level" and "low level" are not intended to convey a hierarchy. The difference is one of breadth or sequencing of decisions. For example, a high level decision to create a new report conveys that a broad set of information will be presented. The subsequent, more specific or narrow "low level", but equally important, decisions will address what is presented within that report.
- BC16. The need to distinguish between the display and disclosure of information, described in Section 2, is a further important aspect of the IPSASB's overall approach to presentation. An example of a detailed decision within a report is a decision about whether information should be displayed on the face of a financial statement or disclosed in the notes.

Presentation Objectives

- BC17. As stated above, in the Consultation Paper the IPSASB proposed the development of "presentation objectives" to guide presentation decisions. Many respondents supported identifying presentation objectives. After further consideration the IPSASB decided against the inclusion of presentation objectives in this Chapter, because they would create an unnecessary additional layer of objectives beneath the objectives of financial reporting in Chapter 1. Development of a second layer of presentation objectives could be confusing and detract from the objectives of financial reporting. This approach was proposed in the Exposure Draft and was generally supported by respondents.

Application of the Qualitative Characteristics and Constraints

- BC18. During development of this Chapter many respondents supported application of the QCs to presentation decisions. However, some respondents expressed reservations that the constraints on information included in GPFRs had not been properly integrated into the overall approach to presentation. The IPSASB agreed that the constraints apply to presentation decisions. They have therefore been included in the overall approach to presentation and in subsequent sections on application of the three presentation decisions.

Presentation Concepts

BC19. After considering respondents' concerns about the three presentation concepts proposed in the Consultation Paper and possible further changes to address those concerns, the IPSASB concluded that the ideas in the three concepts were adequately addressed through application of the QCs and constraints to presentation decisions. Therefore, in the ED, the three presentation concepts included in the Consultation Paper were replaced with a revised description of the application of the QCs and constraints to presentation decisions. Respondents to the ED generally supported the direct application of existing concepts established in Chapters 1–4 rather than development of an intermediary set of either presentation concepts or presentation objectives.

Sections 4—Information Organization: Links to External Information

BC20. Chapter 2 of this Conceptual Framework explains that users of GPFRs may also need to consider information from other sources, including reports on current and anticipated economic conditions, government budgets and forecasts, and information about government policy initiatives not reported in GPFRs. The IPSASB considered whether GPFRs should include links to information published by external entities. While the IPSASB acknowledged the risk that such information may not achieve the QCs the IPSASB concluded that such links can support understandability. External information sources should be reliable. It is important to ensure that links to information from other sources do not undermine GPFRs' achievement of the QCs.

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Conceptual Framework: Presentation

The IPSASB carried out a page-by-page review of the draft chapter *Presentation in General Purpose Financial Reports*. The chapter's structure had been revised consistent with an intermeeting IPSASB decision. Revisions to the text from the IPSASB's March meeting and a small number of further changes, recommended by IPSASB members during their intermeeting review of structure, were agreed. During the page-by-page review the IPSASB added a paragraph to the Basis for Conclusions which explains its decision, made in March, to the effect that all types of GPFRs are likely to include information for both display and disclosure. The IPSASB decided to not classify display and disclosure as exclusively a location decision and move all display and disclosure coverage into Section 3. The IPSASB also decided not to add additional material on the nature of information in other GPFRs.

The IPSASB approved the Presentation chapter in principle. 17 members voted in favor, with zero against, no abstentions and two members absent. Final approval is planned for the September 2014 IPSASB meeting.