

Discussion Paper produced by the FRC and the ASB

Cutting Clutter. Combating clutter in annual reports

response to discussion paper

13 October 2011

CIPFA, the Chartered Institute of Public Finance and Accountancy, is the professional body for people in public finance. Our 14,000 members work throughout the public services, in national audit agencies, in major accountancy firms, and in other bodies where public money needs to be effectively and efficiently managed.

As the world's only professional accountancy body to specialise in public services, CIPFA's portfolio of qualifications are the foundation for a career in public finance. They include the benchmark professional qualification for public sector accountants as well as a postgraduate diploma for people already working in leadership positions. They are taught by our in-house CIPFA Education and Training Centre as well as other places of learning around the world.

We also champion high performance in public services, translating our experience and insight into clear advice and practical services. They include information and guidance, courses and conferences, property and asset management solutions, consultancy and interim people for a range of public sector clients.

Globally, CIPFA shows the way in public finance by standing up for sound public financial management and good governance. We work with donors, partner governments, accountancy bodies and the public sector around the world to advance public finance and support better public services.

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By email to clutter@frc.org.uk

13 October 2011

Dear FRC secretariat

Discussion Paper

Cutting Clutter. Combating clutter in annual reports

CIPFA is pleased to present its comments on this Discussion Paper, which have been reviewed by CIPFA's Accounting and Auditing Standards Panel.

CIPFA welcomes the work of the ASB and the FRC in this important area.

The discussion paper primarily focuses on Cutting Clutter in the annual reports of companies, and in line with this is articulated in terms of companies, investors and shares. However, most of the discussion of the nature of clutter and the behavioural reasons for clutter proliferation and growth would apply with some modification to wider contexts including the public sector and the non-profit private sector. Annual reports prepared by bodies in these sectors have different emphases and content, reflecting the different regulatory context and differing stakeholder needs. However, we expect that the approach set out in the discussion paper would apply equally, even though specific tools such as the disclosure aid for share-based payments would seldom apply directly, and the approach to eliminating repetitive information might need to reflect different assumptions about stakeholder access to complementary information sources.

We agree that there is a lack of clarity or agreement on what information preparers might consider material to the understanding of the readers of annual reports, whether these are investors, creditors, or other types of stakeholder as is more generally the case for annual reports prepared outside the company sector. As the paper suggests, the lack of a common understanding between preparers and reviewers is likely to hinder the efforts of preparers to eliminate non-material disclosure.

We would note that the FRC is well placed to contribute to the discussion of preparer materiality through its standard setting boards which encompass both the preparer and the auditor/reviewer perspective. Subject to sufficient progress and agreement on materiality, the ASB may be well placed to draft its UK GAAP standards in a manner which facilitates the construction of financial statements and related reporting based on the main business/operational drivers, rather than starting from kitchen sink disclosure.

I hope this is a helpful contribution to this discussion. If you have any questions about this response, please contact Steven Cain (e:steven.cain@cipfa.org.uk, t:+44(0)20 7543 5794).

Yours faithfully

Paul Mason
Assistant Director
Professional Standards and Central Government
CIPFA
3 Robert Street

London WC2N 6RL
t: 020 7543 5691
e: paul.mason@cipfa.org.uk
www.cipfa.org.uk