

Foreword

A recent report of the House of Commons Public Administration and Constitutional Affairs Committee (*Accounting for Democracy: Making Sure Parliament, the People and Ministers Know How and Why Public Money Is Spent – Fourteenth Report of Session 2016–17*, April 2017) noted that there was a consensus among professionals that UK public sector accounting is considered an exemplar of best practice internationally. In that report the International Federation of Accountants said the UK is “a model to which other countries might well aspire”. This introductory guide certainly evidences that public sector annual reports and accounts based on International Financial Reporting Standards provide a wealth of accurate, comprehensive and credible information in which key stakeholders can have confidence, so that they can support the taking of economic decisions and the evaluation of the effectiveness and impact of those decisions, both now and for future generations.

The information in annual reports and accounts is essential for accountability and stewardship. The information provides parliaments across the UK, the public, taxpayers and service recipients with information on decisions made and the consequences of those decisions. The annual report and accounts set the financial information in context and provide an analysis of performance, information on risks and uncertainties facing an organisation and its responses to those challenges, and assurances on the governance arrangements used.

This guide also demonstrates that while there are differences in the way in which information is presented across the public sector, there are in fact substantially more similarities across the financial statements and reports which would allow effective comparisons and consolidation, and thus promote accountability. They also compare favourably with best practice in the private sector as they are based on international standards.


The final chapter of this publication covers the UK Whole of Government Accounts (WGA). Again the UK is seen as the world leader in this area of public sector financial reporting. WGA provides the most complete picture of financial performance, financial position and cash flows of over 6,000 reporting entities representing the UK public sector. This information provides the most comprehensive picture of the income, expenditure, assets and liabilities, ie UK PLC finances, which can be used to support policy makers and to measure the success of those policies and the impact on future generations.

That’s not to say that all the financial reports are perfect and there isn’t more to do – the publication refers to work that has been done and is ongoing for both standard setters and accounts preparers to improve the accessibility of the accounts and related reports for their key stakeholders and users.

This publication is intended as an introductory guide to assist both financial and non-financial managers to understand the functions and purposes of the individual financial reports and understand what similar or the same reports offer in other parts of the public sector. It should assist them in understanding what to look for and the significance of the

information reported. It can also be used as a reference manual to consider specific aspects of financial reporting in different parts of the public sector.

Finally I would like to express my thanks to the organisations contributing to this publication. The extracts from the annual reports and accounts and other financial statements are vital to illustrating and understanding the function and anatomy of the reports and statements examined in the publication.

A handwritten signature in black ink that reads "Alison Scott". The signature is written in a cursive, flowing style.

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