

D ecluttering your accounts

Helping local authorities prepare clear and concise financial statements Spring 2014

The case for de-cluttering

Financial statem ents are an in portant part of good governance and accountability. But many local authorities say their financial statem ents are becoming more complex, harder to prepare and less clear for readers. We believe it is possible to break this trend.

In 2012 we published our top ten tips on how to declutter local authority accounts. Since then we have worked with authorities across the UK to help them prepare financial statem ents that are clear and concise. For some the change has been dramatic with one of our clients successfully halving the length of its financial statements. Based on this work we have identified the five critical success factors.

1 Engage stakeholders

Securing the comm itm entofyourm embers, senior managers and other stakeholders (including auditors) to the project is essential. And understanding what your stakeholders think of your latest financial statem ents will help you identify the main areas for in provement:

- are the financial statem ents consistent with their knowledge of the authority?
- do they think that big issues are discbsed clearly?
- are there any areas where the financial statem ents do not make sense to them?

2 Remove immaterial disclosures

D isoboure notes are only needed form aterial item sor where disoboure is required by statute. Rem oving imm aterial disoboures can have a major in pact on the size of your financial statem ents. To do this you will need to have a clear understanding of what is material to your local authority:

- an item is material if it could influence the view of a user of the financial statem ents
- assessing m ateriality requires consideration of both qualitative and quantitative factors.

3 Remove duplication

Financial statem ents often include several disclosures covering the sam e balances, som etim es resulting in duplication. Merging these notes and disclosing information just once can make the accounts more readable and shorter.

4 Re-order

M any local authorities follow a standard order for their disclosures. Changing the order in which information is disclosed can help give greater prominence to the big issues and make the accounts more readable.

5 Use a variety of presentational formats

Lines of text and lists of num bersm ay not always be the best way to engage a reader. Financial inform ation is often most effectively presented in tables or graphs. Using a variety of presentational form ats can also help you highlight the big issues and maintain the reader's interest for longer.

Who should I contact?

Form one information on how to de-clutteryour financial statements, contact your usual Grant Thornton contact in the first instance or, alternatively:

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