October 28th, 2009

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Dear Ms Kerr,

First I would like to thank the FRC for the discussion paper, “issues around and Principles and actions for making corporate reports less complex and more relevant”. Thank you also for providing a set of questions, and for seeking responses.

Clearly the complexity and relevance of corporate reports continues to cause problems, both for preparers and consumers of the information in those reports. Unfortunately, every attempt to reduce the extent of reporting raises questions about the value of the information that may be left out, while each limitation of allowable reporting or interpretation limits corporations ability to effective “tell their story” to the investor community. And after all, other than regulators, there really is no other stakeholder group as important as the investors or potential investors in the corporation.

Before responding to individual questions, I would make some general comments.

I was surprised and disappointed to see no reference to the provision of corporate reports in the XBRL (eXtensible Business Reporting Language[1]) format. Of course, your focus is on the logic of reporting, with XBRL representing the medium of reporting. The medium of reporting has a direct bearing on the complexity and relevance of the content. Much of the complexity of business reporting today is necessary to meet the differing need of multiple users. The availability of technology to achieve these multiple reporting objectives makes the current “document-centric” presentation an anachronism. While worthwhile as an exercise to understand reporting objectives, the attempt to achieve a single reporting format is answering yesterday’s problem.

XBRL is the business reporting standard that has been adopted by the Securities and Exchange Commission in the United States for the provision of corporate annual and quarterly reports beginning this year. HMRC here in the UK has selected, and made its intentions well known as early as 2006, for XBRL to be the mandatory format for the provision of tax reports and associated financial statements starting in 2011. Jurisdictions around the world, from the Netherlands to Australia and Singapore, are turning to XBRL as the information standard underlying a concept called Standard Business Reporting (SBR) that aims to radically reduce the administrative burden on reporting companies.

[1] I’ll not go into any detail explaining XBRL here, but simply refer readers to www.xbrl.org as a primary source for additional information on the standard, various implementations and projects around the world.

Today the “document-centric” business report is, upon publication or submission to the regulator who then releases said report, almost instantly transmitted to a cube-farm in a distant land, where the report is ripped apart (logically) and re-keyed into computers, and then made available to subscribers who pay a fee to receive the information as data elements. Why would any regulator wish to perpetuate a situation which benefits one set of investors over another, specifically those who can pay for data over those who would otherwise be forced to READ the document?

Any attempt to reduce complexity and increase relevance of the corporate report must begin with the definition of how such information is to be provided to users of that information. We can all (I hope) accept that there are multiple types of consumers and users of corporate reports, and that these consumers and users are each looking for different subsets of the complete report. The answer would seem to drive toward the provision of additional information in a format that allows the consumer to select the information that they need or that they determine to be relevant.

Unfortunately this may lead directly to increased quantities of reported information. Paradoxically, the provision of reports as XBRL tagged information would also result in reduced burden on the consumers and users of the information, as they would be able to select the subset of information that they require.

Any argument that the mandatory provision of corporate reports in XBRL would increase complexity is also flawed, as the provision of information in Excel has enabled both greater complexity of information and greater ease of interpretation, presentation and understanding of information. It is an argument based on the premise that any new information technology will add complexity, while forgetting to consider the benefits in ease of use and comparability that new technologies can deliver. XBRL viewer technology is progressing rapidly, as is the ability to seamlessly import and use XBRL tagged information. I have every expectation that in the near future XBRL will simply be an “import” option in most database or spreadsheet programs from all the major software vendors.

Therefore, before providing answer to some of the questions, let me state:

The FRC should work with other regulators to seek opportunities to reduce the complexity, while increasing the relevance of corporate business reports, and should mandate the use of XBRL as the format for tagging the information contained in the corporate report.

Reponses to selected questions:

1 – 3: No opinion.

4 Proportionate: Would a project on disclosures help stem the constant growth of accounting disclosure requirements? Could it also identify the most important disclosures, with a view to giving them greater prominence?

> The question appears to focus on the quantity of disclosure to the detriment of quality of disclosure. In all cases the quality and accessibility of disclosure should be the driving force, not the quantity. If additional accounting disclosures are required to effectively and accurately

report the corporation's performance or management decisions, then such disclosure should be included, even if this results in the development of additional disclosures.

5 Targeted and proportionate: Who are the main users of wholly-owned subsidiary accounts? Should subsidiaries be required to file audited accounts with full disclosures? Is a more simplified reporting regime more appropriate?

Clearly wholly-owned subsidiary accounts should be provided and should be provided in detail. Wholly-owned subsidiaries provide too much of an opportunity to manipulate the presentation of business information that may or may not have a material impact on an investors understanding of the company and its prospects.

6 Targeted and proportionate: Would it be desirable to eliminate the UK requirement to prepare, have audited, and file wholly owned subsidiary accounts in the case of a parent company guarantee?

Any reduction in the provision of information for shareholders, investors, analysts and regulators would be a retrograde step. The issue is about ensuring the quality and accessibility of information, not the quantity.

7 Coordinated: Would it increase or decrease complexity if national and international regulators worked together in a more joined-up way? Is there a risk that international regulators working together might result in imported complexity for some jurisdictions? How do we mitigate this risk?

International regulator coordination would be a laudable undertaking, and in the end could only serve to improve the information provided by publicly (and therefore internationally) listed and traded corporations. If anything, the range of reporting standards and regimes creates problems, yet will continue to exist to meet individual sovereign requirements and standards. What is important is not the acceptance or rejection of one reporting regime or another, but the ability to report once, in a manner that facilitates provision of information compliant with multiple reporting regimes in various jurisdictions. One good example is the COREP project, seeking to use XBRL to provide a Common Reporting framework for reporting by financial institutions to banking regulators in multiple jurisdictions. While COREP has a long way to go, seeking the Holy Grail of a single report accessible and meeting the needs of multiple consumers (regulators, investors, analysts, etc) can only be lauded and encouraged.

Regulators should be seeking to coordinate, and especially should be seeking to identify common reporting concepts and content, facilitating reductions in reporting burdens while still meeting individual national reporting idiosyncrasies.

8: No opinion

9 Do you agree that principles for effective communication can reduce complexity in corporate reporting?

No. It appears that the objective outlined in the document is to reduce the complexity through a reduction in the volume of reported information. The objective should be to increase the usability and range of information that is reported, in such as way that reported information will meet the wide range of needs of users of corporate reports.

10 What are the barriers to more effective communication? How might these barriers be overcome?

There remains the flawed assumption that a corporate report will actually be read by a set of human eyes, interested in finding meaning from the massive amount of information that is presented. The days of the human reader of the complete report are past.

Reports today are deconstructed, and the individual data elements are served to consumers either in part or aggregated. Few humans actually read these reports in their totality. Their analytic engines perform calculations, comparing past performance against peers and against historical projections, and build models of potential future performance based on any number of variables and scenarios.

Any meaningful information resulting in a picture of a company destined to fail in the near term is usually picked up by investors, analysts or journalists.

Therefore, the barriers that must be overcome are those associated with the assumption that the corporate report is a document. It must transcend being a document, and become reported information, tagged at the lowest reasonable level, and provided for automated consumption and analysis.

11 Which of the specific sources of complexity in corporate reports noted on pages 54 to 55 warrant further action? Which organisation(s) would be best placed to assist with the necessary action?

It is clear to me that the issue is not just the complexity of corporate reporting, it is the complexity of consumption of the reported information that each investor, analyst, regulator or other stakeholder desires.

I am a strong advocate for CSR (Corporate Social Responsibility) reporting, and more generally the inclusion of non-financial information in the corporate report. Failure to provide this information results in the corporate report providing only a subset of the information that is needed to fully understand the longer term outlook, objectives, strategies and operational plans of a corporation. In particular, CSR, or to use another term, ESG (Environmental, Social and Governance) information, provides information that helps investors and stakeholders understand a corporation's longer term sustainability, and through that, assists corporations, investors and stakeholders to disconnect from the focus on quarterly results.

The key problem with the CSR/ESG/sustainability reporting situation today is the plethora of standards, each focusing on different audiences, while at the same time setting themselves forward as the "one true standard" for universal adoption. There is no such standard today, and only through an externally sponsored harmonization process will such a standard be developed

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or accepted. The range of standards that could contribute to such a common standard include the Global Business Standards Codex, the EFFAS/DVFA KPIs for ESG reporting, the Carbon Disclosure Project (CDP), the Global Reporting Initiative (GRI), Global Compact, BBA (British Bankers Association) Forge, to name just a few.

In addition, other regulators also either require or are considering how to incorporate CSR/ESG reporting. In the case of the SEC, it is my view that the requirement for ESG reporting already exists, in line with the requirements of SEC Regulation S-K. Earlier this year the Social Investment Forum (www.socialinvest.org) wrote to the Chairman of the SEC advocating the introduction of a CSR reporting mandate. RAAS Consulting wrote supporting the SIF, explaining why such a mandate already exists. Our letter to the SEC Chairman can be found here[2]. Harmonization of CSR/ESG reporting requirements between regulators would also significantly improve the quality or reporting, and reducing complexity while increasing relevance.

I would encourage the FRC to act as the convening authority for such a harmonization project.

Again, I would like to thank the FRC for providing the opportunity to comment on your document, and to provide answers to your specific questions.

Please do not hesitate to contact me if you have any questions, or would like to explore any of my comments further.

Kind regards,

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[2] The full URL is: http://raasconsulting.com/Documents/ESG%20SEC%20Letter%20Aug%2005%2009-1.pdf