

From: Errol Danziger [errol@danzigerplc.com]

Sent: 04 June 2009 11:36

To: Complexity

Subject: Comment on Louder than Words

We are pleased to forward this comment, published today on our website www.danzigerplc.com:

"FRC on complexity of corporate reporting

In a publication called "Louder than words: Principles and actions for making corporate reporting less complex and more relevant", UK Financial Reporting Council, 4 June 2009 (64 pages), the FRC sets out proposals on how to improve financial statements.

Our interest is debt, and so we have read this publication to see what it says about debt. Not much.

Under the heading: "Call for action: Improve net debt reporting", it says:

"One of the problems with the cash flow statement is that users cannot reconcile the movement in net debt. Users like to reconcile opening and closing net debt rather than opening and closing cash because a company can borrow money at year end to increase cash balances – a reconciliation of net debt makes these transactions transparent."

We are not really sure what this means, as we would think that it would be simple for any professional investor to calculate net debt, based on figures in the balance sheet.

More relevant, in our view, would be the terms on which debt has been issued, in light of the financial risks that are posed for both equity investors and debt investors whenever a company issues debt instruments."

Sincerely

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