



The Hundred Group
of Finance Directors

Statement of Principles

Position Statement of the Hundred Group on Financial Reporting

1. The objective of financial reporting

The Hundred Group supports the following objectives of financial reporting for a business entity to provide:

- relevant, reliable, comparable and understandable information to current and potential investors to assist them to make rational economic decisions about the reporting entity; and
- a basis for assessment of accountability of the management for the resources entrusted to it.

2. Framework for financial reporting

The Hundred Group supports a framework for financial reporting which is designed to ensure that financial information reported to investors is closely aligned with the financial information used internally to manage the business so that existing and potential investors are able to view the business through the eyes of management.

Consistent with this approach, in most cases, the focus of financial reporting should be on the results of transactions and cash flows rather than on the consequential changes in financial position.

3. Accounting standards

The Hundred Group supports accounting standards which are principles-based and which are understandable by users.

Accounting standards should faithfully reflect the economic outcomes of business decisions.

The Hundred Group supports the enhancement and simplification of existing accounting standards to reduce the cost and complexity for preparers and to increase the usefulness and understandability of financial reports.

4. International Accounting Standards

The Hundred Group supports an independent International Accounting Standards Board, one that is free from political bias and acts in the interests of all of its constituencies.

The Hundred Group supports International Accounting Standards that are developed through adherence to due process, and with full regard to the views of preparers and users of financial information.

The Hundred Group supports the global convergence of accounting standards, reflecting that comparability of information across the global markets assists business decisions. However, the Hundred Group does not support convergence at any cost and would forgo convergence if it meant an accounting framework which was contrary to the Group's key objectives.

5. Basis of measurement

The Hundred Group supports the use of a mixed measurement model, where the measurement basis applied to an asset or liability best reflects the purpose for which it is held by the reporting entity and provides more decision-useful information to users.

6. Financial disclosure, including management commentary

The Hundred Group supports a disclosure framework that encourages the publication of meaningful, material information to users including, where appropriate, the use of non-GAAP measures.

The Hundred Group supports the development of supplementary narrative reporting which is complementary to financial reporting and provides relevant and reliable information about the performance, financial position and prospects of the business enterprise – considering the strategic, operational and financial performance as a whole.

7. Forward looking information

The Hundred Group supports the continued development of reporting relating to forward looking financial information to the extent it provides reliable information relevant to an understanding of the future prospects of a business. To encourage the development of forward looking information, the Hundred Group supports the use of safe harbour provisions (or other legal protections) relating to any forward looking statements.