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Financial Reporting Council
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By e-mail: corpresearch@frc.org.uk

Dear Mr Lennard

Consultation: The Financial Reporting Council's Corporate Reporting Research Activities

We welcome the opportunity to comment on the above consultation. We support the research activities of the FRC and appreciate the resources provided by the FRC in conducting such research with a view to influencing the IASB and for the benefit of UK companies and investors. We have outlined our responses to the specific questions raised in the paper in the following pages.

Who we are

The 100 Group of Finance Directors represents the views of the finance directors of FTSE 100 and several large UK private companies. Our member companies represent almost 90% of the market capitalisation of the UK FTSE 100 Index. Our aim is to contribute positively to the development of UK and international policy and practice on matters that affect our businesses, including taxation, financial reporting, corporate governance and capital market regulation. Whilst this letter expresses the views of The 100 Group of Finance Directors as a whole, those views are not necessarily those of our individual members or their respective employers.

Please feel free to contact us through the 100 Group's website, www.the100group.co.uk, should you wish to discuss our comments.

Yours sincerely,



Russ Houlden
Chairman
Financial Reporting Committee

Question 1

Section 1 provides background to the FRC's research activities in relation to corporate reporting. In your view, should the FRC continue with its research activities at the current level, or increase or decrease the extent of its work in this area?

We fully support the research activities undertaken by the FRC and recognise the benefit that they provide to UK corporates and the influence they have on the IASB. In our opinion, the current level of research activity is sufficient to provide quality outputs, to achieve the outlined aims, and to assist in communicating a clear set of priorities to the IASB. Whilst we would not actively discourage the FRC from increasing its research activities, we strongly suggest this is considered against the IASB's work plan and pipeline. A programme resulting in excessive FRC outputs has the potential to diminish the effectiveness of the FRC's projects. There is a risk that they will not align with the IASB's plan or are outdated when considered by the IASB and, as such, will not meet the underlying aim of influencing the IASB.

Question 2

Section 2 considers projects that might be undertaken in the future with the aim of influencing the IASB. It identifies four potential projects: variable and contingent consideration; defined benefit pension schemes; non-exchange transactions; and intangible assets. Which, if any, of these potential projects do you think the FRC should undertake? In your view, what are the relative priorities? Are there other topics that you believe the FRC should undertake with a view to influencing the International Accounting Standards Board (IASB)?

In our opinion, the projects outlined in the consultation paper are sensible projects for the FRC to focus on in the short-term. Furthermore, we consider the order in which they are outlined in the paper to appropriately reflect the relative priority of each.

In relation to the proposed defined benefit pension scheme project, we strongly recommend that the FRC ensures that this is not undertaken with a focus solely UK pension schemes as, if undertaken on this basis, it will significantly undermine the project's ability to influence the IASB in this area.

Question 3

Section 3 discusses the potential for the FRC to undertake research:

- (i) with a view to assessing how corporate communications as a whole might better serve the needs of investors; and
- (ii) to develop proposals on how corporate reporting might serve the needs of stakeholders other than investors.

Do you believe that the FRC should undertake further research in these areas? On which specific topics do you consider such research might be fruitful?

We believe that the FRC's 'Cutting the Clutter' and 'Clear and Concise' initiatives remain the best way to improve corporate reporting and it is our understanding that investors generally find corporate communications helpful.

Given the number of recent changes to corporate reporting, such as the inclusion of business model reporting, viability statements, and non-financial reporting and potential changes in light of the government's recent Green Paper on Corporate Governance Reform, we strongly recommend that they FRC does not undertake any research in relation to the above until these changes are fully embedded into corporate reporting.

We would suggest that projects undertaken by the FRC's Lab or Thematic Reviews are the most effective way to assess corporate reporting during this period of change.

Question 4

Are there any other aspects of the FRC's research on corporate reporting on which you would like to comment?

As outlined in our response to Question 2, the FRC needs to balance the benefits of effective UK research activities against those considered on a wider scale. The IASB must, and should, consider the requirements of all its members, not just the UK. For our members, UK stakeholders and investors are one of many global stakeholder and investor groups. Undertaking projects that are purely focused on the UK market has, in some cases, the potential to undermine the initial aims of influencing the IASB and improving corporate reporting for investors and stakeholders.