



The Hundred Group
of Finance Directors

Investor Relations and Markets Committee

Policy and Planning Officer
Financial Reporting Council
5th Floor, Aldwych House
71-91 Aldwych
London
WC2B 4HN

11 March 2011

Dear Madam / Sir

Draft Plan & Budget and Levy Proposals 2011/12

We are pleased to submit our comments on the above proposals.

Who we are

The Hundred Group is a non-political, not-for-profit organisation which represents the finance directors of the UK's largest companies, with membership drawn mainly, but not entirely, from the constituents of the FTSE100 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 view of The Hundred Group of Finance Directors as a whole, they are not necessarily those of our individual members or their respective employers.

Our views

General

Overall we are supportive of what the FRC seeks to achieve and the four major outcomes stated are to be welcomed. In particular,

- We support the objective that corporate governance and reporting should provide greater value to investors, including better reporting of business models, strategy and risk management. The proposal that the FRRP should consider this aspect in the reports it reviews demonstrates 'joined up thinking'.
- We support the FRC's focus on enhancing the voice of UK business in the EU and the international debate on the future regulation of corporate governance, reporting and auditing. In particular we look forward to continuing to work with the FRC and DBIS to support a co-ordinated and effective approach in Europe.

We would ask the Committee to consider the inclusion of a proportionate response to current corporate reporting and regulatory frameworks in their areas of focus.

Section Two – Proposed Major Activities and Projects

Do you have any comments on the proposed major activities and projects?

FRC Board

We note in the second bullet point in section 2, that any forthcoming reform of the FRC may create additional costs. We assume that the FRC will undertake appropriate consultations.

We share the belief that good governance is important in terms of both the ability of boards to manage effectively, and their accountability to shareholders. A third element of good governance should be the ability of shareholders generally (and not just institutional investors) to influence the board. We will comment further on this in our response to the FRC's current consultation on Effective Stewardship.

We believe that the FRC should act with a strong voice in terms of both the EU and BIS and therefore support the proposal that the FRC should work with both organisations, and look forward to continuing to work alongside the FRC in these endeavours.

In addition we currently anticipate the publication of the FRC's 'cutting clutter' publication and would encourage the FRC to continue work on the objectives which we understand will be laid out in this document – specifically to work alongside key stakeholders to reduce clutter in financial and narrative reporting.

Accounting Standards Board

We notice that no attempt has been made in this part of the report to prioritise the proposed activities listed. However, UK standard setting should be key, i.e. completing the UK GAAP revision with IFRS for SMEs etc (covered by the fifth bullet point). Following the completion of this project we believe it would be appropriate for the ASB to consult over its future priorities.

The emphasis on narrative reporting appears correct in the light of anticipated developments of integrated reporting and the revival of interest in the OFR, however we would prioritise the need for focus on narrative reporting as a whole rather than prioritising sustainability as a separate item.

On regulation generally we believe that international co-operation is critical so we support initiatives to achieve this. We regard the work of the ASB to forge links with other national standard-setters as an example of international thinking which we believe is key to the effective development of corporate reporting, governance and audit. Hopefully this work will extend to involvement with the growing global integrated reporting initiative that is seeking to influence the thinking of G20 and others.

Financial Reporting Review Panel

The FRRP announced its sectoral priorities for 2011/12 in November 2011 and these are listed in Section 1. Some explanation as to the reasons behind the decision to prioritise these would be helpful (possibly when the annual announcement is made).

Section Three – Proposed budget 2011/12

Do you have any comments on our draft budget and funding projects for 2011/12?

Overall we recognise that core costs appear to be under reasonable constraint and that the FRC understands the pressing financial positions of the professional accountancy bodies in the current climate of ever increasing demands on our members' subscriptions to fund more activities

Please feel free to contact me if you wish to discuss our comments on the proposals.

Yours faithfully



PP **Robin Freestone**
Chairman
The Hundred Group – Investor Relations and Markets Committee