LEGISLATORS SHOULD ALLOW EXPERIMENTS

Technological development provides many new opportunities which can improve target and animate reporting, so different stakeholders can obtain relevant and material information. Legislators and standard setters should allow the chance to experiment without making demands on double reporting. This will provide the opportunity to work with expectations for the future reporting and push progress forward. For example, this could be implemented via a joint European platform which we as an association would like to support.

Create clear principles
The proposal from the European accountancy body, FEE on a CORE & MORE model emphasises the development within reporting and the need for a platform to aid development. As we see it the CORE & MORE model is a good proposition on the form for reporting for large companies but the model lacks clear principles for content, assessment of materiality, comparability, reliability and updat-
what is ignored, just as it is possible to experiment with the way in which the content is presented. The IT company SAP is trying out reporting on the Internet whereby information is presented in an exciting and lively way and where there is an overview and opportunity to delve into details and download information in which you are interested. When reporting on a web page, it is also possible to update it continually.

Today we have annual reports where you can read the names of those who are on the board of directors. After the annual general assembly changes have often been made, though this is not often updated before the next annual report. It is possible to make alterations immediately on the Internet. This also applies to financial figures. Nowadays it is possible for the company to make alterations from from day to day, and update certain information at suitable intervals when convenient, whereas other bits of information need to be in place for a longer period, says Stig Enevoldsen.

All data in the report must be reliable and information received must of course be validated.

In principle, all information will have assurance. This includes information that is updated all the time. How this is done, is up to the auditors to decide, says Stig Enevoldsen.

An invitation to experiment
To implement CORE & MORE is a big ask. Amongst other things, companies will need to re-think their ways of reporting and involve IT departments. However, it also places demands on legislators who will have to allow for experiments.

The framework of what reporting should contain ought to be principle-based. In that way we do not need to bother with endless detail which only a few people read, as is the case today.

Stig Enevoldsen
vice -chairman, Fédération des Experts Comptables Européens Corporate Reporting Policy Group

The framework of what reporting should contain ought to be principle-based. In that way we do not need to bother with endless detail which only a few people read, as is the case today. Stig Enevoldsen

Companies should assess materiality
Judging from the companies which we have spoken to, there are representatives in favour of both integrated and segmented reporting and both can be contained by a model such as CORE & MORE. For some the content in CORE equals the content of an integrated report. This is how the IIRC views the model and since the IIRC does not specifically relate to form the two can be perceived as supplementary. However, the essential thing is not the model itself, but that the companies should have freedom to choose and decide how and what is relevant and material to report on. This should be done within a common set of principles which provide a frame of reference to work from - both as reporting entity, as auditor in the validation of information and as user. The assessment should of course be aligned with the company’s stakeholder dialogue and feedback from users of reporting.