

Consultation questions

The IIRC welcomes comments on all aspects of the Draft International <IR> Framework (Draft Framework) from all stakeholders, whether to express agreement or to recommend changes.

The following questions are focused on areas where there has been significant discussion during the development process. Comments on any other aspect of the Draft Framework are also encouraged through the questions.

Please provide all comments in English.

All comments received will be considered a matter of public record and will be posted on the IIRC's website (www.theiirc.org).

Comments should be submitted by Monday 15th, July 2013.

Name:	<input type="text" value="Prof. (Dr.) Amrit Lal Ghosh"/>
Email:	<input type="text" value="ghosh.amritlal@gmail.com"/>
Stakeholder group:	<input type="text" value="Academic"/>

If replying on behalf of an Organization please complete the following:

Organization name:	<input type="text" value="Assam University"/>
Industry sector:	<input type="text" value="Not applicable"/>
Geographical region:	<input type="text" value="Asia"/>

Key Points

If you wish to briefly express any key points, or to emphasize particular aspects of your submission, or add comments in the nature of a cover letter, then the following space can be used for this purpose. Please do not repeat large amounts of material appearing elsewhere in your comments.

<p>International <IR> to be adopted by the business houses and to be implemented properly, it must be:</p> <ul style="list-style-type: none">* Free from complexities* Easy for the stakeholders to follow and interpret.* Easily comparable* Credible* Prepared by internal and external experts.* Must disclose identity of the responsible officials for <IR>.* Responsible persons must give statements regarding disclosure of material information.

Chapter 1: Overview

Principles-based requirements

To be in accordance with the Framework, an integrated report should comply with the principles-based requirements identified throughout the Framework in bold italic type (paragraphs 1.11-1.12).

1. *Should any additional principles-based requirements be added or should any be eliminated or changed? If so, please explain why.*

Interaction with other reports and communications

The <IR> process is intended to be applied continuously to all relevant reports and communications, in addition to the preparation of an integrated report. The integrated report may include links to other reports and communications, e.g., financial statements and sustainability reports. The IIRC aims to complement material developed by established reporting standard setters and others, and does not intend to develop duplicate content (paragraphs 1.18-1.20).

2. *Do you agree with how paragraphs 1.18-1.20 characterize the interaction with other reports and communications?*

No I do not agree, the following modification will be beneficial.
Paragraph: 1.18 -- Compulsory <IR> to be prepared Annually and also Half-yearly. Other points are alright. In this first changing Business World, only one yearly report may not be advisable.

Paragraph: 1.19 -- Provision for comparison must be there. Therefore, a simple standard must be there to facilitate comparison. (Simple standard may be developed by combining, commonly used accounting principles, International Accounting Standard, IFRS. Room may also be given to the respective country to adjust for their own accounting standard.

Paragraph: 1.20 -- Providers of financial capital may be important audience, but it will not be prudent to label it as primary audience, as the same may leads to corruption, manipulation etc. Financial capital providers are important, but the employees, the management etc. are also very important, therefore, giving undue weightage to one may not be proper.

3. *If the IIRC were to create an online database of authoritative sources of indicators or measurement methods developed by established reporting standard setters and others, which references should be included?*

References may be made by combining IAS and IFRS. Of course the organisation may have the liberty to use their respective country accounting standard. In that case the organisation has to disclose the same and has to provide the entire standard online. In that case, is so required for other countries where it is operating, the organisation may have to prepare <IR> in accordance with the standard laid down by the IIRC.

Other

4. Please provide any other comments you have about Chapter 1.

After paragraph 1.3, paragraph 1.4 to be added to define short, medium and long term. These may be defined as:
Short Term: Period within one year. (All the period will start at 1st April and end on 31st March next year)
Medium Term: Period above one year to three years.
Long Term: Period more than three years.
Definition of short, medium and long term is very important to have commonness and uniformity among the reports. Paragraph 1.4 will be now 1.5.
Audience for <IR>
Paragraph 1.6 and 1.7 may be combined and the Definition for audience will be:
" An integrated Report Should be prepared to help the financial capital providers to support their financial capital allocation assessment and to be of benefit to all stakeholders indicated in an organization's ability to create value over time, including employees, customers, suppliers, business partners, local communities, legislators, regulators, policy makers and future generations".

Chapter 2: Fundamental concepts

The capitals (Section 2B)

The Framework describes six categories of capital (paragraph 2.17). An organization is to use these categories as a benchmark when preparing an integrated report (paragraphs 2.19-2.21), and should disclose the reason if it considers any of the capitals as not material (paragraph 4.5).

5. Do you agree with this approach to the capitals? Why/why not?

No, the reason is: With these six categories of capital, from holistic point of view, seventh category of capital needs to be added and the same is "Ethical Capital".

Ethical Capital: Any business may have all six capitals, but may collapse, because of 'Ethical Capital'. Ethical capital of a business is the most powerful capital which a business may generate by using the other six categories of capital in the most appropriate and righteous manner. If a company maintains a balanced capital structure over a period of time and does not go for high gear or horse trading in order to maximise benefit for the promoters. If the products are consistently qualitative and does not charge exorbitant price, if the HR policy is neither exploitative nor depressive but provides sufficient scope to the employees to grow along with the growth of the organisation, if intellectual capital is enhanced consistently, if natural resources are judiciously used and not exploited for higher profit, then the organisation will be in a position to generate 'Ethical Capital'. Due to Ethical Capital respect for an organisation increases.

6. Please provide any other comments you have about Section 2B?

Business model (Section 2C)

A business model is defined as an organization's chosen system of inputs, business activities, outputs and outcomes that aims to create value over the short, medium and long term (paragraph 2.26).

7. Do you agree with this definition? Why/why not?

Business model (Section 2C) continued

Outcomes are defined as the internal and external consequences (positive and negative) for the capitals as a result of an organization’s business activities and outputs (paragraphs 2.35-2.36).

8. Do you agree with this definition? Why/why not?

Yes:
It is alright, consequences may be positive and/or negative.

9. Please provide any other comments you have about Section 2C or the disclosure requirements and related guidance regarding business models contained in the Content Elements Chapter of the Framework (see Section 4E)?

Paragraph 2.34: How to measure the pollution from the waste products (including emissions). Often it is found that an industry by pass the impact from waste product(s) with the argument that the limit of wastes (including emissions) are well within the limit prescribed by the pollution control board.

Other

10. Please provide any other comments you have about Chapter 2 that are not already addressed by your responses above.

Chapter 3: Guiding Principles

Materiality and conciseness (Section 3D)

Materiality is determined by reference to assessments made by the primary intended report users (paragraphs 3.23-3.24). The primary intended report users are providers of financial capital (paragraphs 1.6-1.8).

11. Do you agree with this approach to materiality? If not, how would you change it?

12. Please provide any other comments you have about Section 3D or the Materiality determination process (Section 5B).

Reliability and completeness (Section 3E)

Reliability is enhanced by mechanisms such as robust internal reporting systems, appropriate stakeholder engagement, and independent, external assurance (paragraph 3.31).

13. How should the reliability of an integrated report be demonstrated?

By strictly adhering to materiality disclosure, increasing consistency of <IR> and by enhancing comparability, reliability of <IR> may be increased. Reliability of <IR> may be demonstrated by observing whether all the material facts are disclosed, whether policies and principles are consistently followed while preparing <IR> and whether standards are followed to facilitate comparability.

14. Please provide any other comments you have about Section 3E.

Other

15. Please provide any other comments you have about Chapter 3 that are not already addressed by your responses above.

Chapter 4: Content Elements

16. Please provide any comments you have about Chapter 4 that are not already addressed by your responses above (please include comments on the Content Element Business Model [Section 4E] in your answer to questions 7-9 above rather than here).

Chapter 5: Preparation and presentation

Involvement of those charged with governance (Section 5D)

Section 5D discusses the involvement of those charged with governance, and paragraph 4.5 requires organizations to disclose the governance body with oversight responsibility for <IR>.

17. Should there be a requirement for those charged with governance to include a statement acknowledging their responsibility for the integrated report? Why/why not?

It is better to have a statement from those charged with governance acknowledging their responsibility for the integrated report. This will give a binding undertaking to those charged with governance and also an idea to the users of <IR> as to whom to make a reference for what.

18. Please provide any other comments you have about involvement of those charged with governance (Section 5D).

Credibility (Section 5E)

The Framework provides reporting criteria against which organizations and assurance providers assess a report’s adherence (paragraph 5.21).

19. If assurance is to be obtained, should it cover the integrated report as a whole, or specific aspects of the report? Why?

Different assurance may be obtained for different aspects of the report. These together will cover the <IR> as a whole.

20. Please provide any other comments you have about Credibility (Section 5E). Assurance providers are particularly asked to comment on whether they consider the Framework provides suitable criteria for an assurance engagement.

To increase credibility of <IR> independent research and analysis may be undertaken by researchers engaged by Academic Institutions and Social Activists.

Other

21. Please provide any other comments you have about Chapter 5 that are not already addressed by your responses above (please include comments on the materiality determination process [Section 5B] in your answer to question 11 above rather than here).

Overall view

22. *Recognizing that <IR> will evolve over time, please explain the extent to which you believe the content of the Framework overall is appropriate for use by organizations in preparing an integrated report and for providing report users with information about an organization's ability to create value in the short, medium and long term?*

I personally believe that it is a nice initiative. It will evolve over time. <IR>'s acceptability to organizations will depend on the simplicity of the standard adopted/prescribed for preparation and presentation of <IR>.

Development of <IR>

23. *If the IIRC were to develop explanatory material on <IR> in addition to the Framework, which three topics would you recommend be given priority? Why?*

1. Standard or basis of <IR> preparation
2. Persons charged with preparation of <IR>.
3. Comparability of Report.

It these three things are taken care and are given priority then <IR> will gain credibility.

Other

24. *Please provide any other comments not already addressed by your responses to Questions 1-23.*

Please save the completed PDF form to your computer and submit via the IIRC website at www.theiirc.org/consultationdraft2013