



Poll question 3: Have you previously made an ESEF filing?

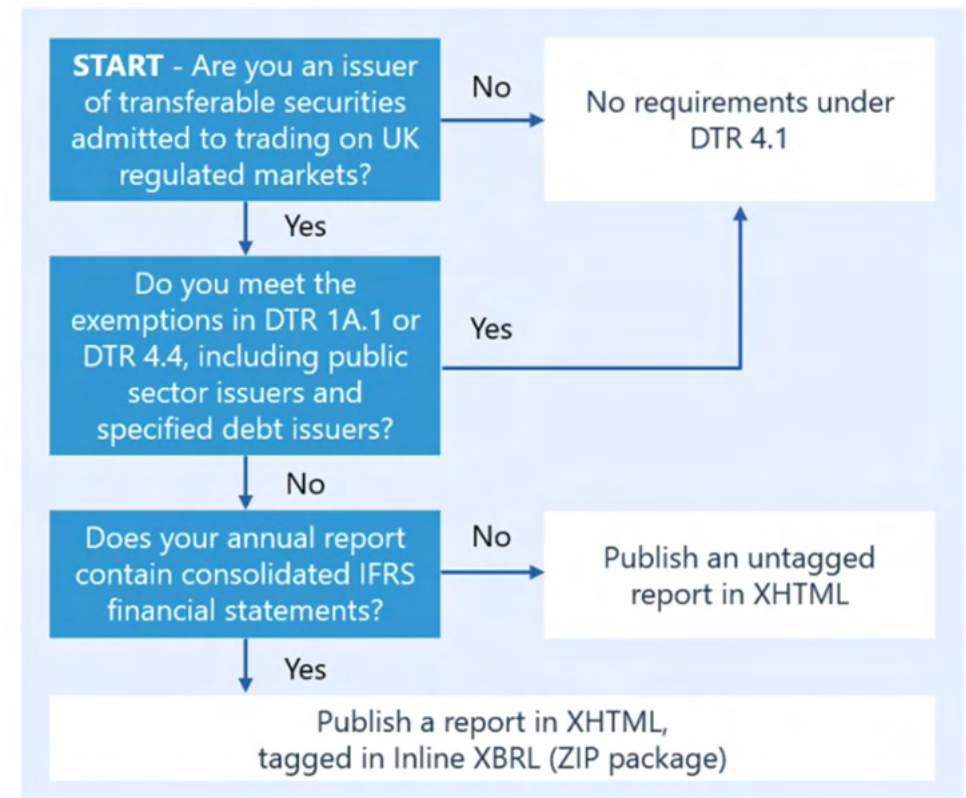
- Yes and we are prepared for the new requirements this year
- Yes, although preparations for the new requirements this year not yet underway
- No, not in scope

ESEF Update




- First year of mandatory ESEF filings – 679 reports
- Scope expansion to include notes (financial years starting on or after 1 January 2022)
- Requirements for note tagging are different from those for the primary financial statements – notes should be tagged using bigger ‘text blocks’ from a specified list



Who and what?



ESEF Update

	We were pleased to see...	Many companies need to improve...	Better practice would be to...
Process 	<ul style="list-style-type: none"> companies rising to the challenge to produce a report in line with the new requirements. high use of the FCA's test facility to iron out issues ahead of the final submission. some examples of companies providing disclosures about their governance and internal and external assurance process. 	<ul style="list-style-type: none"> the naming and structure of the file(s) submitted to the National Storage Mechanism.³ This was the cause of many rejected filings. their review and governance processes – more engagement and education is needed, including at management and Board level. 	<ul style="list-style-type: none"> focus on data quality and consider internal or external assurance. consider structured reporting as an integral part of the annual reporting process, rather than a bolt-on. adopt a continuous improvement mindset and ensure the annual reporting process is future-proof. keep the filings submitted in different jurisdictions as consistent as possible and clearly label the different versions.
Usability & design 	<ul style="list-style-type: none"> improvement in the design of the structured reports – most issues with fonts and images displaying incorrectly have been addressed. some companies filed their structured report relatively early in the reporting season. many companies put the structured report on their website. 	<ul style="list-style-type: none"> the usability of the report, by making a validated report available on the company's website with an inline viewer³. the timing of their report – the deadline is reverting to 4 months after year-end, which means many companies may need to speed up the process from this year. 	<ul style="list-style-type: none"> minimise the time lag between the results announcement and the filing of the structured report. minimise the report loading time. go beyond the limits of the paper report and design with digital users in mind. ensure the structured report meets accessibility standards.
Tagging 	<ul style="list-style-type: none"> the use of 'concealed' tags⁴ has largely disappeared. 	<ul style="list-style-type: none"> their selection of tags, including by focusing on the accounting meaning of their disclosures and by avoiding unnecessary extensions. the selection of appropriate anchors for extensions. the completeness of calculations. 	<ul style="list-style-type: none"> start testing text block tagging of the notes now. review peers' tagging. voluntarily tag some notes in detail that may be of interest to users. respond to relevant taxonomy consultations.

FRC Strategic report guidance update

Updated for the following:

- Climate-related financial risks and opportunities, in line with the *Taskforce on Climate-related Financial Disclosures* (TCFD) recommendations;
- The need for traded limited liability partnerships (LLPs) and banking LLPs to publish a strategic report;
- Clarifying the scope and definitions of the requirements with regard to public interest entities (PIEs); and
- The government's *Streamlined Energy and Carbon Reporting* (SECR) requirements.

Expected that a further update will occur if / when BEIS proposals are clarified



FRC APM review



Calls continue for clearer reporting on APMs

- Companies should clearly define their APMs and explain why they are needed, but not give them greater focus than their GAAP equivalents. Relevant GAAP information can also be obscured by high usage of alternative measures; companies are encouraged to consider the number of APMs that they present.

Other aspects of APM reporting the FRC expects companies to improve include:

- providing an even-handed treatment of gains and losses when classifying amounts as adjusting items;
- ensuring APM reconciliations and calculations are complete and transparent;
- explaining terms used in describing APMs, such as providing 'underlying results' or adjusting for 'non-recurring' items; and
- providing more detailed information about the cash and tax impact of adjusting items, and on the potential impact of adjustments for multi-year restructuring programmes on future results.

FCA Diversity and Inclusion



FCA Policy Statement PS 22/3 April 2022

Targets Disclosure against new targets (on a **comply-or-explain** basis):

- At least **40%** of the board should be women.
- At least **one of the senior board positions** (Chair, Chief Executive Officer (CEO), Senior Independent Director (SID) or Chief Financial Officer (CFO)) should be a woman.
- At least **one member of the board** should be from a **non-White ethnic minority** background.

Data tables Companies to publish numerical data on the sex or gender identity and ethnic diversity of their board, senior board positions (Chair, CEO, SID and CFO) and executive management in a specified format of table.

Applicable to: UK and overseas issuers with premium or standard listings of equity shares or GDRs

Periods starting on or after: 1 April 2022

Policy disclosures now also for key board committees

Consistent with FTSE Women Leaders Review (was Hampton-Alexander) targets for 2025

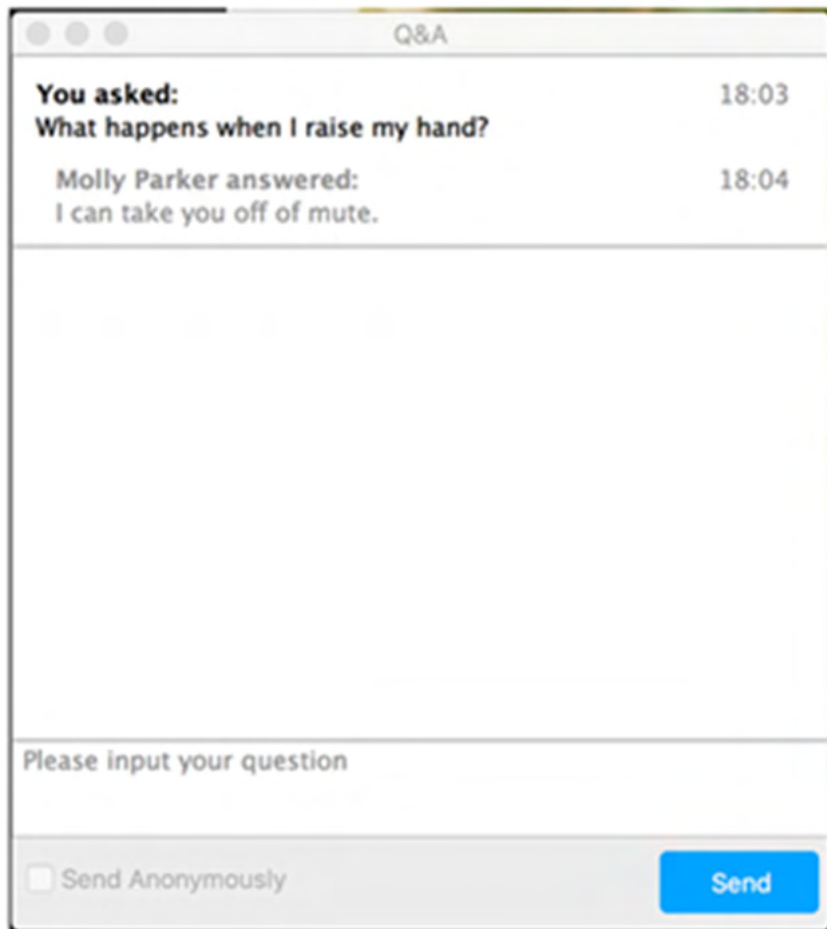
UK Corporate Reform – Government Response

Proposals relating to corporate reporting	Summary	Scope	Mechanism for implementation
Malus and clawback	Now focussing on transparency of malus and clawback arrangements only	Premium listed only	Through the Code
Attestation on internal controls	Scope is all controls and implemented through the Code	Premium listed only	Through the Code
The Resilience Statement	More flexibility on reporting on the material matters which could challenge resilience, mandatory period dropped, only one reverse stress test rather than two	Large PIEs	Secondary Legislation
Directors' obligations in relation to fraud	Directors will have to explain activities to prevent and detect fraud	Large PIEs	Secondary Legislation
Capital maintenance	More narrative required to explain approach but no two year future solvency statement	Large PIEs	Secondary Legislation
The Audit & Assurance Policy with a shareholder advisory vote	The policy will cover a three year period rather than being annual, but an annual implementation report will be required and narrative will be required to explain nature of assurance obtained – no advisory vote	Large PIEs	Secondary Legislation
Definition of public interest entity	New tiered-approach introduced and the threshold for new PIEs raised to 750 or more employees and at least £750m annual turnover – more detail in next section	–	–

UK Corporate Reform – the Government Response – a new tiered-approach

Tier	Definition	Within scope of.....
ALL Public Interest Entities	<p>Current definition (entities whose transferable securities are admitted to trading on a regulated market, credit institutions plus insurance undertakings) PLUS UK incorporated companies, AIM, LLPs and third sector entities with 750 or more employees and at least £750m annual turnover</p>	<p>The new directors' enforcement regime and the extended Corporate Reporting Review activity</p>
Large Public Interest Entities	<p>Public Interest Entities (see above) with 750 or more employees and an annual turnover of at least £750m</p>	<p>The new corporate reporting requirements – the Resilience Statement, AAP, Fraud statements and disclosure of distributable reserves</p>
Small Public Interest Entities	<p>Public Interest Entities (see above) with less than 750 employees and with annual turnover below £750m</p>	<p>Will NOT be within scope of the new corporate reporting requirements</p>
Public Interest Entities through size criteria alone	<p>Entities with 750 or more employees and with annual turnover of at least £750m which are NOT entities whose transferable securities are admitted to trading on a regulated market and NOT credit institutions or insurance undertakings</p>	<p>Will be in scope for the new corporate reporting requirements</p>

Ask a question and access resources



The screenshot shows a Q&A interface with the following elements:

- Header: Q&A
- Question: **You asked:** What happens when I raise my hand? (18:03)
- Answer: **Molly Parker answered:** I can take you off of mute. (18:04)
- Input field: Please input your question
- Buttons: Send Anonymously and a blue **Send** button.

An arrow points from the text 'send anonymously box' in the adjacent text to the 'Send Anonymously' checkbox.

To ask a question

Click on the **Q&A** button in the bottom toolbar to open the question box.

Type in your question and press **send**.

Note: If you wish to ask your question anonymously check the **send anonymously** box shown on the illustration on the left.

Download resources

Slides, links to resources and a recording of the presentation will be available at icaew.com/frfwebinars

Faculty resources

Hub pages

- Non-financial reporting ([icaew.com/nfr](https://www.icaew.com/nfr))
- UK regulation ([icaew.com/ukregulation](https://www.icaew.com/ukregulation))

Factsheets ([icaew.com/frffactsheets](https://www.icaew.com/frffactsheets))

- Strategic Report and Directors' Report - New
- UK Regulation for Company Accounts

Webinars ([icaew.com/frfwebinars](https://www.icaew.com/frfwebinars))

- Introducing the Climate-related Financial Disclosure Regulations

By All Accounts ([icaew.com/byallaccounts](https://www.icaew.com/byallaccounts))

- Getting to grips with cyber risks
- A greener future?



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Questions



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Thank you for attending



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