ax Reporting Standards may not be enough: we needs STA.

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I explained why I thought there was a need to create new Tax Reporting Standards a week or so ago. Reaction suggests I may have lacked ambition. It's not something I am usually accused of, but on this occasion I think the suggestion may be valid.

What has been put to me is that important as tax is it is not the only issue where current financial reporting standards fall way below the required mark when it comes to providing the information that users of accounts might need.

Let me put this in the context of one key set of users who might be seen as representative of many who want data relating to the social responsibility of companies. This group are those tasked with buying services on behalf of public agencies.

I know of no one who would wish that the government spends its money unwisely, and I also know that many would think that spending public money with those who do not pay their taxes appropriately, or who exploit their staff, or who create environmental concern, is unwise expenditure. As a result it is now quite explicitly legal for a public authority to discriminate between suppliers on the basis of social criteria but to do this it is obviously important that relevant, reliable, consistent and comparable data the available and yet it is very clear that the UK's existing accounting standard setters, whether that be the Financial Reporting Council with regard to the UK alone, or the International Accounting Standards Board when it comes to internationally applicable standards, do not think that the supply of data of this type is within their remit.

Let's ignore the fact that they are quite simply wrong on this issue when it is obvious that the users of such accounting data do demand this type of information, and instead let me suggest that if this is what users need then we must create reporting standards that meet user demand for this information. Examples of issues that might require data reporting include:

* Environmental issues
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Carbon usage

* Waste management and recycling
* Green energy generation and usage
* Organic food
* And many other related issues

* Labour standards
* Pay differentials
* Pay by salary band
* Gender balance
* Training
* Staff turnover
* Legislative compliance
* Apprenticeship data

I am sure that others will have suggestions in this area. But, in summary, there is a clear need for Social Reporting Standards.

What I've also learned from discussions with concerned investors is that there is significant concern about the status of current financial reporting standards when it appears that they do not comply with the requirements of UK company law and may have contributed to the persistent overstatement of profits. This, then, suggests there may be a need to review accounting reporting standards as well, with a particular emphasis upon the split between realised and unrealised profits, and the clarity with which that split can be shown so that the profits available for distribution can be properly highlighted to prevent investor risk.

In that case I think I may have been too limited when calling for Tax Reporting Standards. I do now instead think that I should have called for Social, Tax and Accounting Reporting Standards. Call them STARS for short.

This is a theme I am likely to return to.