Future of Narrative Reporting: A Consultation

Response via Surveymonkey

Respondent Details:

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Value of Narrative Reporting

1. Are company directors providing useful and relevant information on the company's: i) forward-looking strategy? and ii) principal risks and uncertainties?

Yes on the whole reports are much more engaging and forward looking

2. What are the constraints on companies providing information on these issues?

Getting across a complete and accurate story whilst taking into account commercial sensitivity and timing.

3. Does the information provided reflect the issues discussed by the directors in board meetings?

Yes

4. Does the information help shareholders to press directors on key issues relating to strategy and risk, or inform their business decisions?

5. If a company does not provide sufficient or material information to you, do you challenge it? Is there anything which could help you to do so?

n/a
Most requests for clarification are around the Remuneration Report and not the Business Review.

6. What other sources of company information do you use and how valuable are they (e.g. information provided on the website, analysts' briefings, dialogue with the company, corporate social responsibility report)?

7. Is there scope to reduce or simplify the requirements on which companies report?

The requirements are not specific and are open to interpretation. If you want comparable company reporting more detailed requirements would be necessary. The disadvantage of this is the risk that companies cannot tell their own story in their own way which is probably more helpful to shareholders. However, some reports are far too long and detailed and become unreadable to most shareholders. Shareholders need to input as to what they really want to see.

8. Is there scope to arrange the information in a more useful way?

Most reports are now prepared with Business Review in the front half and accounts at the back which is sensible. How the front half is set out is best left to companies to decide.

Business Review

9. Looking at an Operating & Financial Review and the existing business review (see Annex D), do you see value in reinstating elements of an OFR and if so what would they be? In particular, would a statutory reporting standard help to improve the quality of reporting?

No.
Reporting standard may help.

10. The business review provisions require quoted companies to report, to the extent necessary, on: • main trends and factors likely to affect the future development, performance and position of the company's business • information on environmental matters • information on employees • information on social and community matters • persons with whom the company has essential contractual and other relationships i) is this information useful to you? How do you use it? ii) Could disclosure be improved? If so, how? iii) Are there key issues which are missing? If so, please explain?

11. Would more guidance be helpful? If so, what form should this take? For example, best practice example, sample Key Performance Indicators, etc?

Best practice example would be useful

12. Should there be a shareholder's advisory vote on the Business Review?

No, cannot see how this would help in any way, just adds another resolution to the AGM agenda. If shareholders are unhappy they do not approve the accounts.

13. Are there non-regulatory solutions to increasing quality through better guidance or publicising excellence in business reports? If so, what?

Best practise examples would be helpful

Directors' Remuneration Report

14. Do the current disclosure requirements provide clear and usable information about: • the total remuneration paid to directors, and how this is made up; • the performance criteria for payments to directors, and how these relate to the company's strategic objectives; • company performance against these criteria, so that there is a demonstrable link between pay and performance; • the process by which directors' remuneration is decided? If not, please explain including any views on how this might be improved

Costs

15. If you can provide any information on costs associated either with the existing narrative reporting requirements eg preparing your business review or your views on potential costs and benefits in relation to any of the ideas in this consultation, please give details