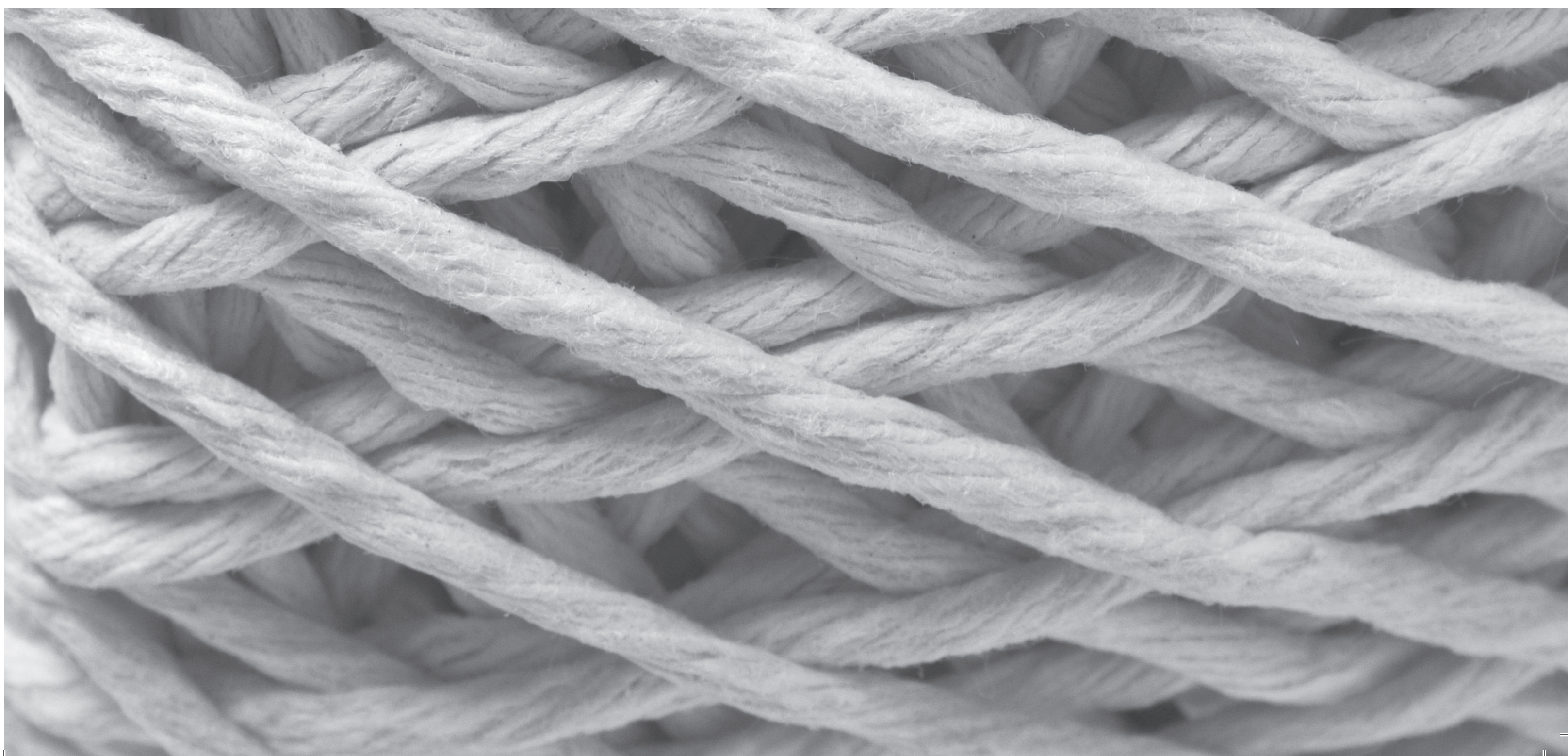
ACCA

ACCOUNTANCY FUTURES

# Re-assessing the value of corporate reporting



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**ABOUT ACCA**

ACCA (the Association of Chartered Certified Accountants) is the global body for professional accountants. We aim to offer business-relevant, first-choice qualifications to people of application, ability and ambition around the world who seek a rewarding career in accountancy, finance and management.

Founded in 1904, ACCA has consistently held unique core values: opportunity, diversity, innovation, integrity and accountability. We believe that accountants bring value to economies at all stages of their development. We seek to develop capacity in the profession and encourage the adoption of global standards. Our values are aligned to the needs of employers in all sectors and we ensure that, through our qualifications, we prepare accountants for business. We seek to open up the profession to people of all backgrounds and remove artificial barriers, innovating our qualifications and their delivery to meet the diverse needs of trainee professionals and their employers.

We support our 147,000 members and 424,000 students in 170 countries, helping them to develop successful careers in accounting and business, based on the skills required by employers. We work through a network of 83 offices and centres and more than 8,000 Approved Employers worldwide, who provide high standards of employee learning and development. Through our public interest remit, we promote appropriate regulation of accounting and conduct relevant research to ensure accountancy continues to grow in reputation and influence.

**ABOUT ACCOUNTANCY FUTURES**

The economic, political and environmental climate has exposed shortcomings in the way public policy and regulation have developed in areas such as financial regulation, financial reporting, corporate transparency, climate change and assurance provision.

In response to the challenges presented to the accountancy profession by this new business environment, ACCA's Accountancy Futures programme has four areas of focus – access to finance, audit and society, environmental accounting, and corporate reporting. Through research, comment and events ACCA will contribute to the forward agenda of the international profession, business and society at large.

**www.accaglobal.com/af**

## Foreword

**The state of corporate reporting has become a source of increasing comment and debate in recent years. As annual reports have got ever longer, and taken up increasing resource on the part of preparers, so satisfaction levels of the users of those reports has diminished. The advent of the global financial crisis has shone an unforgiving light on the purpose and effectiveness of companies' reports. Is there still a place for the traditional annual report?**

To address these questions and issues, we have carried out this survey of 500 report users in the UK, US and Canada to provide a base of data on which to build further research. There were three categories of participants – capital providers (large and small investors); credit providers (banks, credit management) and other stakeholders (such as suppliers, and company employees) to give a wide perspective, given that reports are intended to be general purpose statements.

This report is just the start of what will be an ongoing and in-depth debate on the future of corporate reporting facilitated by ACCA. Our aim, through discussion and research, is to create clear and practical proposals that will reconfirm corporate reporting as a vital source of information to investors, and to promote business confidence. As part of our Accountancy Futures programme, we will be carrying out a series of initiatives with our partners and key stakeholders around the world that will shed light on this key subject.

We would like to thank everyone who took part. The findings will inform ACCA's initiatives on corporate reporting and we hope they are of interest to policy-makers, regulators, CFOs, investors and everyone who has an interest in where the global debate on corporate reporting is heading.

January 2012

If you have any questions about this report, please contact Ian Welch, head of policy at ACCA:

T: +44 (0)20 7059 5729
F: +44 (0)20 7059 5771
M: +44 (0)7739 862928
ian.welch@accaglobal.com

# Summary

**Corporate reports are growing ever more complex. They are becoming longer, and richer in content. However, with the need to address various standards, the resulting reports are not always harmonious and often fail to communicate clearly. Even for technical experts they can be hard to use. And the primary audience is increasingly unclear – is the report aimed at investors, both current and potential, or does it need to have a compliance role? Can the needs of both regulators and investors be satisfied by the same document?**

These issues have resulted in growing pressure to overhaul corporate reporting. In recent years we have seen the growth of narrative reporting, and increasing demand for a broader set of non-financial disclosures. Attempts have been made to communicate risk management, governance, environmental and social issues, and businesses' longer-term strategic plans via the report.

We are now witnessing the emergence of integrated reporting, which attempts to bring together these themes in a coherent framework. It seeks to confirm investors as the primary audience, and to communicate more effectively a wide variety of financial and non-financial disclosures. And in the background, almost unremarked upon, we are seeing investors seeking much more information in real-time, via newsfeeds, press releases, market sentiment and sources such as brokers' reports, quarterly reports, and via direct engagement with the company.

## PROJECT AIMS

To identify what the real drivers for change should be, ACCA set out to speak directly to investors, to get their views on whether they still valued the annual report, and whether they got what they needed from it. ACCA firmly believes that investors are the foremost audience of the report, and we believe that their needs must be placed at the heart of future developments.

But given that annual reports are currently supposed to be 'all-purpose' documents, and will continue to provide information to a range of stakeholders, we also sought the views of other interested groups, such as capital providers, suppliers, customers and staff. We asked 500 respondents, based in the US, UK and Canada, whether they still valued the information the report gave them, or whether they preferred to rely on other sources. And did they see the situation changing in the future?

## KEY FINDINGS

Perhaps reassuringly, 50% of our respondents confirmed that the annual report is still their primary or only source of information. However, more than a quarter of our sample (26%) felt that it is difficult to assess a company's performance from the report. And there was a wide range of criticisms of the report.

- **47% thought that reports are too long.**
- **35% felt reports are too backward-facing.**
- **40% said that reports are too general purpose to meet their needs.**
- **35% responded that they are too complex in their current form. Of these:**
  - **68% believed that the reporting standards that companies are required to follow were to blame, while**
  - **61% put it down to legal requirements.**

There were also mixed opinions as to whether companies were reporting balanced and unbiased views of their position and performance. As many respondents disagreed as agreed that standards encouraged companies to provide a correctly balanced view of their performance, ie to include bad as well as good news. And almost half believed that too much promotional material had crept into the report. These are worrying findings, running against the concept of neutrality that must underpin any meaningful report.

The survey also managed to uncover the information that is wanted by investors but as yet undelivered, and that, if meaningfully addressed by corporate reports, could add value to investors and other stakeholders. This information provides a useful context for future developments, for regulators, finance leaders who wish to engage investors, and for the preparers of reports.

- 71% of respondents think companies should be reporting more on potential risks that could affect their performance. This is unsurprising, given the spotlight that has been focused on the treatment and management of risk by companies, and particularly relevant in the post-crisis world. But such a strong result cannot be ignored, and there is clearly an opportunity for better communication of risk.
- 70% said that a company's key risks and how they intended to manage or mitigate them was the most pressing issue for them following the economic crisis. The other areas that investors are significantly more interested in post-crisis included:
  - 63% were more focused on future plans and prospects (63%)
  - 59% on key performance indicators, and
  - 58% on the financial statements themselves (58%).
- The emergence of integrated reporting was also welcomed. 59% said that the inclusion of social and environmental data through an integrated report would add value.

Respondents expressed a clear interest in moves to 'real-time' reporting. This is consistent with a recent report by the Washington-based Center for Audit Quality, based on discussions of annual report users, which concluded that 'by the time the annual report is issued, the information contained is too dated to drive investment decisions; it is more often used a baseline, supplemented with additional analysis based on more current information such as quarterly reports and press releases'.

ACCA's respondents believed it would add value if such information could be externally assured, and this poses a number of questions that need to be further explored. It is unclear if external assurance could be feasibly applied to the full range of information that management continuously provides investors throughout the year, such as press releases, quarterly reports or other announcements to shareholders. It would certainly provide a challenge to the accounting profession and the current audit model. Is there even the capacity and the technical means to meaningfully apply such an approach?

## NEXT STEPS

The information gleaned by the survey will provide ACCA with a strong platform in its ongoing conversations with standard setters, regulators and the businesses and finance professionals who shape and create corporate reports. We are also developing a strong programme of engagement with investors around the world, including reports, on the range of views that investors have in regards to the whole system of international standards, of corporate governance, and the future of reporting.

Those involved in shaping the future of corporate reporting need to take notice of these findings and other data that support these fundamental insights:

- **Investors should be positioned as the most important audience for the report, and need to be better engaged in its future evolution.**
- **The value of reporting to investors can and should be strengthened. This can be achieved by providing a greater focus on forward-facing plans, risk management, and properly integrating these and other issues in a more coherent way. Integrated reporting shows real potential to move this agenda forwards.**
- **There is still a need to simplify the report – they should be pruned where possible, and presented in plainer language in places, as well as being broadened to integrate the disclosures that investors require.**

If this can be achieved, the report will become a more vital tool for investors, and able to more comprehensively communicate the underlying factors relating to the position and future prospects of a company.

Finally, the issue of real-time reporting needs to be examined more comprehensively. Developments in technology, the fragmentation of traditional media channels, the emergence of social and mobile media platforms and advances in analysis techniques have combined to create a rich pool of readily available but largely un-assured sources of by-the-minute data for investors. How can we add greater assurance to such channels? And where does this leave reporting as a whole and future role of accountants?

ACCA, through its Corporate Reporting Research and Insights programme and ongoing engagement with businesses, standard setters and investors, will explore these and other issues. And by doing so begin to resolve where these exciting developments will take us in future years, and pinpoint both the challenges and opportunities that lie ahead.

Fundamentally, the annual report is still seen as a document which adds value to stakeholders. However, reporting must evolve in order to maintain and enhance its value.

# Introduction

> "IT WILL BE OF LITTLE AVAIL TO THE PEOPLE THAT THE LAWS ARE MADE BY MEN OF THEIR OWN CHOICE IF THE LAWS BE SO VOLUMINOUS THAT THEY CANNOT BE READ, OR SO INCOHERENT THAT THEY CANNOT BE UNDERSTOOD."
>
> **JAMES MADISON, PRESIDENT AND PRIMARY AUTHOR OF THE US CONSTITUTION**

Companies devote extensive resources in preparing their annual reports. A recent study by the Black Sun consultancy in the UK revealed that the 2010 reports from FTSE100 companies had typically expanded by 11 pages on 2009, and now averaged 175 pages, with six companies totalling more than 300 pages. Yet there is growing scepticism that the reports deliver what audiences require.

The UK Financial Reporting Council in 2011 launched a 'cutting clutter' initiative, arguing that the value of reports was being reduced in the eyes of investors by the inclusion of unnecessary material. 'Clutter in annual reports is a problem, obscuring relevant information and making it harder for users to find the salient points about the performance of the business and its prospects for long-term success' it said.

This was echoed in the US, where, following a series of high-level roundtable events in the summer of 2011, the Center for Audit Quality summarised the views of participants (which included investors, analysts, preparers, auditors, lawyers and others):

'Annual reports are in a state of "disclosure overload" resulting from the expanding complexity of GAAP, as well as compliance and liability concerns on the part of preparers and counsel. There was a clear call from investors and preparers for elimination of redundant material in annual reports through better coordination of disclosures related to legal information, management analyses, audited information, and importantly, a prioritisation of risk factors.'

THE CENTER FOR AUDIT QUALITY'S ROUNDTABLES SUMMARY REPORTED THAT 'PARTICIPANTS RECOMMENDED THAT THE FULL RANGE OF STAKEHOLDERS DEVELOP A SHARED VISION ON THE APPROPRIATE CONTENT OF ANNUAL REPORTS FOR TODAY'S INVESTOR NEEDS WITHOUT BEING HINDERED BY CURRENT REPORTING REQUIREMENTS AND THE LEGAL ENVIRONMENT.

Too often, said the CAQ report, risk factors discussions contained 'anything and everything'. This finding mirrors the UK FRC's view that companies frequently disclose too general risks such as a downturn in the economy, rather than specific risks and how they are addressing them within the business. 'We believe it is particularly important that directors explain clearly how they identify and manage risk and what keeps them awake at night' said FRC CEO Stephen Haddrill in 2011.

The first step in identifying what exactly investors get out of annual reports is to recognise that they do not form one homogeneous group. Indeed, it is often asserted that large institutional investors, along with other key figures such as fund managers, regulators, finance providers, analysts and brokers, have little need for the corporate report at all – central players like these would expect to have direct access to the board in order to get the information they require.

In its 2011 consultation with UK market participants on the issues of corporate reporting and auditing, the FRC confirmed this, reporting that: 'some institutional investors said that they placed more importance on the assurance they received from discussions with boards and management than on the words in the annual report. This was particularly the case when it came to assessing the quality of risk management and internal control, for which their main source of assurance was the quality of the board[2].'

In its response to that consultation exercise, ACCA accepted that the annual report[3] was 'one means by which effective communication with shareholders and other stakeholders can be achieved, although it is not the only one ... the annual report should not therefore be seen as the key to achieving high levels of shareholder engagement.'

Ultimately, we need to assess what role the corporate report should play, and who it should be aimed at. If it is widely felt that annual reports rank relatively low among users' sources, then should serious efforts be made to overhaul them? Or, given that preliminary and interim results (without the accompanying full report) can move the markets and lead to a company's shares being a 'buy' or 'sell' recommendation, does this show that the annual report now adds little value?

ACCA wanted to establish the facts behind the assumptions and questions. We also wanted to discover whether users of annual reports read them more carefully now than before the financial crisis.

1 *Effective Company Stewardship: enhancing corporate reporting and auditing* (January 2011) FRC
2 Financial Reporting Council, *Boards and Risk: a summary of discussions with companies, investors and advisors* September 2011
3 *Effective Company Stewardship*, comments from ACCA on the discussion paper from the FRC, March 2011 www.accaglobal.com/general/activities/technical/archive_v2/subject/business/cdr1013

In a study of analysts ACCA undertook from 2004–6 there was general scepticism over the value of the full reports as most of what they valued/needed was covered by the preliminary announcements two months earlier – but we wanted to discover if the crisis had put greater value on the full audited accounts (and explanatory notes to the accounts which don't appear in the prelims).

A related issue was whether it would add value if the full report was audited, rather than just the financials – would this give a boost to the 'value' of the front end of the report? And would such non-financial information be boosted in importance by being 'integrated' with the financial statements or would this try to cater for too many disparate audiences and end up pleasing no one?

Another key area we wanted to examine was whether a more flexible reporting system, in which many versions of the report (enabled by platforms such as XBRL) could be produced to suit different stakeholders' needs, would answer some of the criticisms of corporate reporting.

Such concerns have been growing in recent years and in 2006 the CEOs of the top six accounting firms declared the corporate reporting system to be 'broken'. They called for quarterly static financial reports to be replaced by 'real-time reporting' bringing in a much wider range of performance measures. The firms said that more non-financial information, customised to the user, and more easily accessible, would have to be issued by companies as part of a process of bringing corporate reporting into the digital era.

Would this be the right way to go? How close to genuine 'real-time reporting' would be feasible or desirable, and would external assurance be necessary to give such communication the same credibility of current annual reports?

# Findings

**There were few notable differences between the UK, US and Canadian respondents and only minor statistical divergences between the three categories of participants.**

## THE VALUE OF THE REPORT

**1** Half of respondents said the annual report (AR) was the main source of information they used to assess a company's performance (41% said it was their main source and 9% said it was the only source they use.) Given increasing doubts about the value of the AR to larger shareholders in particular, companies can at least take comfort from this finding when they are putting time and effort into producing their reports. Media reports, investor briefings and company prospectuses are also important sources of information.

Perhaps surprisingly, only 20% of institutional investors said that they made use of prelims in assessing companies' performances, which was less than previous ACCA research had suggested. But there may be an element of confusion around this issue – a PwC report issued in July 2011 indicated that prelims were a major source of interest for investors, but that many of them wrongly assumed that these had been audited. The report rightly concludes that this issue poses questions for the audit profession on the timeliness of audit opinion as assurance at that stage would seem to be of benefit to investors.

**2** The less encouraging news for the current reporting set-up is that views are mixed on the ease or difficulty of assessing a company's performance using the AR. The biggest proportion of respondents say that it is easy (41%), but there is still a sizeable minority who say it is difficult (26%). And there are a series of specific criticisms of the AR. Respondents are more likely to agree that the AR is:

- too long (47%)
- too backward looking (35%)
- too complex (35%) – the key perceived driver of this complexity is the reporting standards companies are required to follow (68%) and the legal requirements (61%)
- too general purpose (40%).

Discouragingly, more respondents disagree than agree that information provided in the current AR format is clear and concise. This is worrying given that the issue of clarity was rated highly in terms of importance factors in the survey. Is this just the poor state of reporting as practised by companies or is the format of the AR itself causing the problems? Either way it is a significant indictment of the state of current reporting. Given the ongoing importance of the AR as identified in point 1 above, this is a finding of some concern.

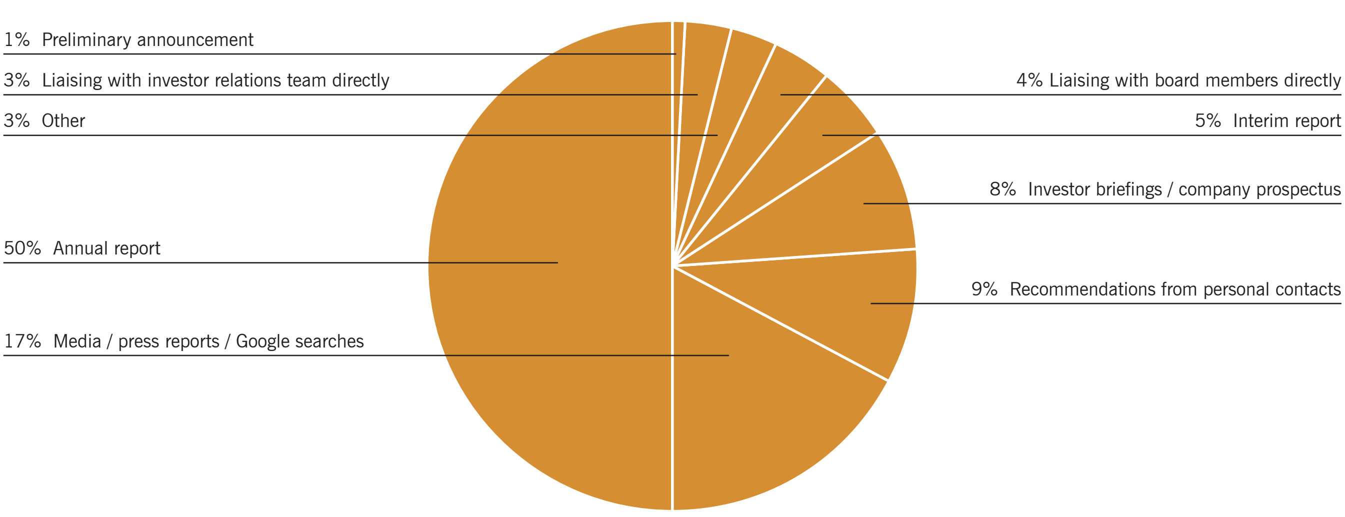
Interestingly, the survey also found that since the global financial crisis, 56% of respondents analysed ARs more carefully than they did previously.

The finding that many believe ARs to be 'too general purpose' reflects a central question – who are reports aimed at and can one reporting model serve the needs of disparate audiences?

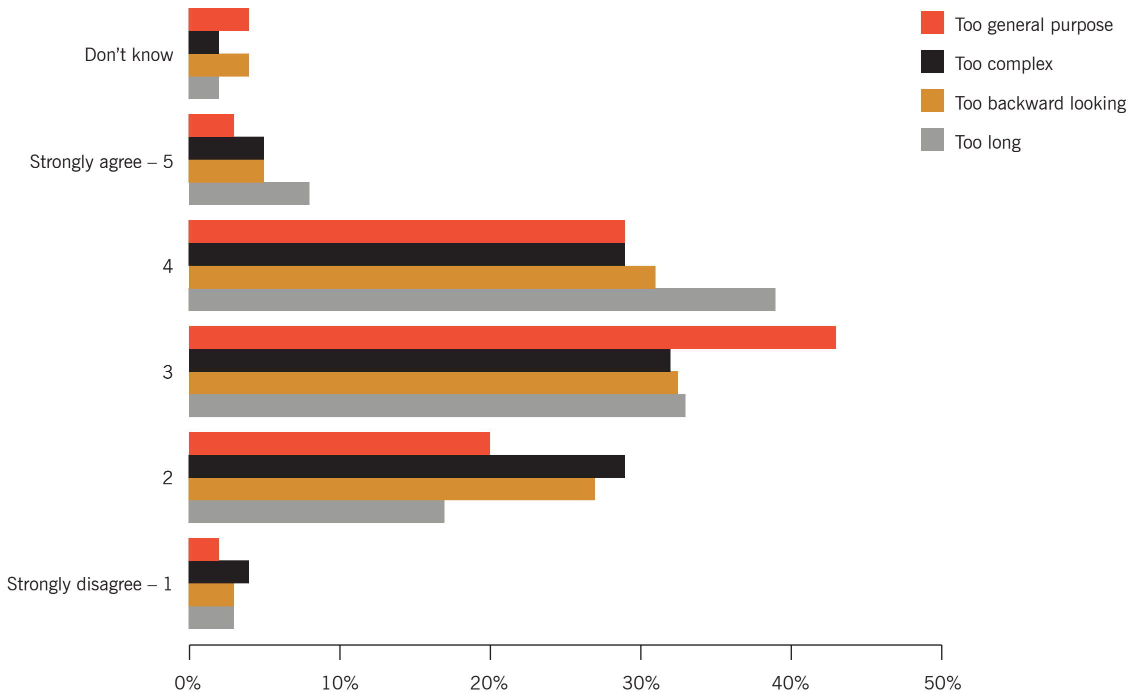
ACCA has argued that accounts must give unbiased information reflecting the economic performance and position of a business – and in general, the needs of both investors and regulators are best served by such an approach. IFRS itself has the concept of neutrality at its heart, which we believe is the right approach to ensuring unbiased reporting.

But it must be accepted that accounting standards are nonetheless a cause of some concern. More than two-thirds of those respondents who believed ARs to be over-complex blamed the reporting standards for this. And roughly the

WHAT IS THE MAIN SOURCE OF INFORMATION YOU USE TO ASSESS COMPANY PERFORMANCE?



WHAT DO YOU THINK ABOUT CERTAIN FEATURES OF CURRENT ANNUAL REPORTS?




same number of respondents disagreed as agreed that standards encouraged companies to provide a correctly balanced view of their performance – ie include bad as well as good news.

These findings are perhaps not a surprise given the frequent criticisms of standards. ACCA's *Complexity in Financial Reporting survey*[4] provided a clear indication from respondents that using IFRS is overly and unnecessarily complex. So the IASB still has work to do in ensuring its standards meet users' needs for clarity, especially given the ongoing convergence programme with the rules-based US GAAP regime.

**3** The fact that almost half (48%) think ARs are marred by 'too much promotional material' is another concern. Given that such material would inevitably be found in the 'front end' of the report, this tallies with previous ACCA research which has found a lack of proper understanding of, narrative reporting and what it was trying to achieve.

One 2008 study[5] revealed a lack of interest from analysts in anything other than hard numbers, while a 2010 report commissioned by ACCA and Deloitte[6] covering nine markets suggested that while companies were trying their best to engage in narrative reporting, there was confusion over its objectives and audiences, and suggestions that reports suffered from information overload.

The latest ACCA survey found that a key influence in terms of whether users found an annual report easy to use was whether it provided the right balance of financial and non-financial information, to allow them to make informed decisions. All this gives justification to attempts by regulators to address whether at least the length of reports (if not their complexity) can be reduced by minimising non-essential 'clutter' in annual reports[7].

## IMPROVING THE REPORT

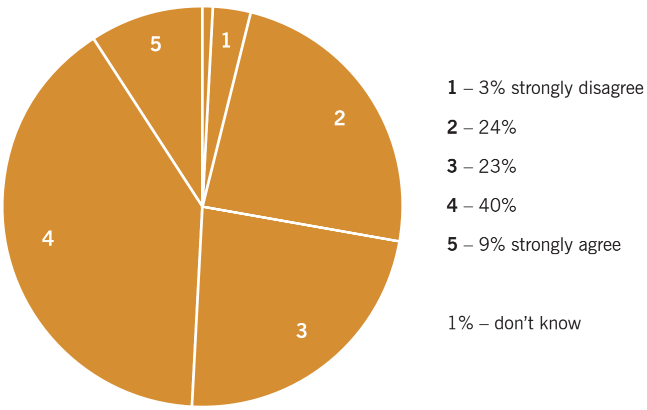
**4** In terms of what can be done to improve things, a significant proportion of respondents think companies should be reporting more on potential risks that could affect their performance (71%). Many regulators will probably be sanguine about this finding, given their own criticisms of risk reporting and the need to improve.

This is a substantial majority of respondents and this issue clearly needs to be addressed by companies.

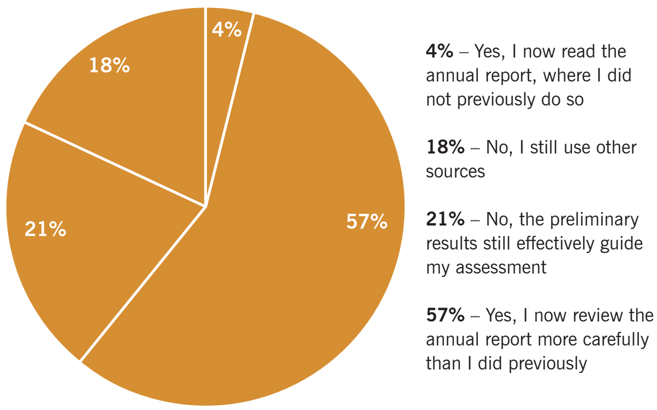
Risk also topped the list of subjects in which respondents were more interested

4 *Complexity in Financial Reporting*, ACCA, 2009. www.accaglobal.com/pubs/general/activities/library/financial_reporting/other/tech-ms-com.pdf
5 David Campbell and Richard Slack, *Narrative Reporting: Analysts' Perceptions of its Value and Relevance*, ACCA, 2008 www.accaglobal.com/pubs/general/activities/research/research_archive/rr-104-001.pdf
6 ACCA and Deloitte, *Hitting the notes but what's the tune?* ACCA, 2010. www.accaglobal.com/pubs/af/reporting/new/hitting_the_notes.pdf
7 www.frc.org.uk/about/cuttingclutter.cfm

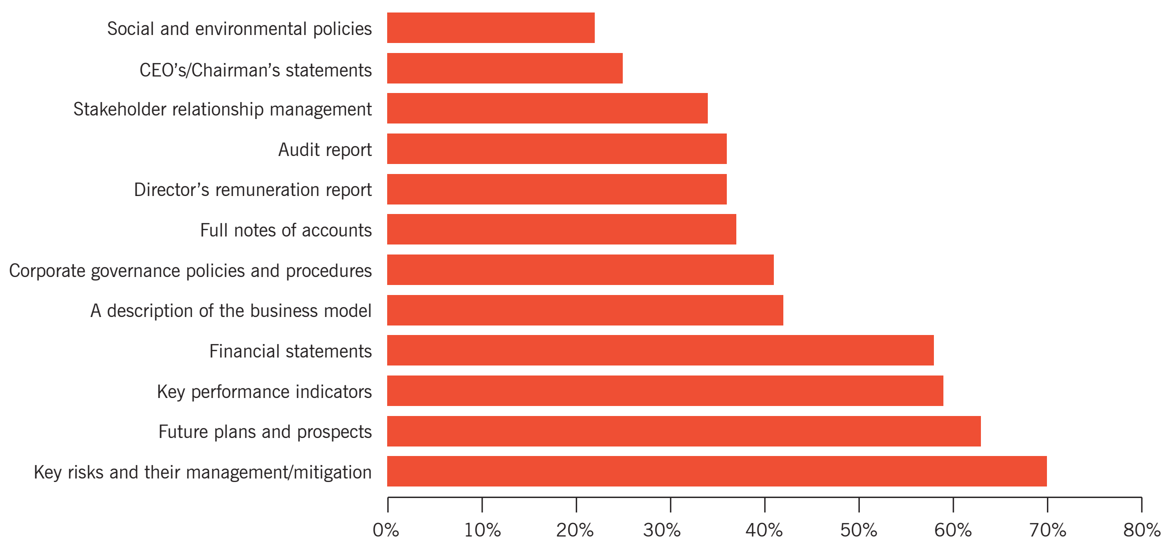
### ARE ANNUAL REPORTS MARRED BY TOO MUCH PROMOTIONAL MATERIAL?




### HOW HAVE THINGS CHANGED SINCE THE GLOBAL FINANCIAL CRISIS?




### WHAT IS OF THE MOST INTEREST IN REPORTING POST FINANCIAL CRISIS?




since the crisis – no less than 70% said that key risks and how companies were intending to manage or mitigate them was now was the key issue for them.

**5** The other key issues that had changed in their perceived importance pre- and post-financial crisis were future plans and prospects (63% of respondents) key performance indicators (59%) and the financial statements themselves (58%). It was noteworthy that an area which had actually fallen in interest was social and environmental information, which tallies with the view that for many companies and their stakeholders, this was always a 'nice to have' in the good times, but not of first rank importance during a downturn.

But it is noteworthy that integrated reporting, even in its infancy, may prove to be instrumental in reversing the decline in interest in social and environmental data.

When asked if including such information in an integrated report would be useful to them, 59% said yes. While there was no clear answer in terms of what developments would most improve the state of corporate reporting, it does seem that integrated reporting is an interesting area to many participants, which confirms anecdotal evidence acquired by ACCA in recent months. Certainly ACCA believes that sustainability needs to be at the heart of reporting.

## EMERGING ISSUES

**6** Respondents expressed interest in moves to 'real-time' reporting, although a caveat to this was that such information should be externally assured. This supports initial findings from ACCA's global series of audit roundtables in 2010, which found that auditors would have a crucial role to play in verifying a more regular flow of information from companies.

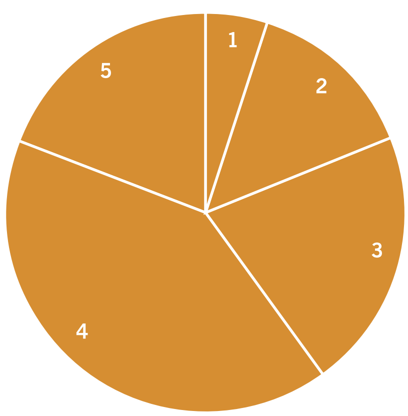
The demand for independent assurance of management reports was confirmed by other recent studies – firstly, the ACCA and Deloitte report (see page 9 above), which found that the usefulness of such reports would benefit from the inclusion of an external audit opinion. The CAQ roundtable series in 2011 also found support for the idea that external assurance would be useful for the information that management continuously provides investors throughout the year such as press releases, quarterly reports or other announcements to shareholders.

The advent of XBRL has led to an increased interest in the issue of whether reports can or should be 'customised' to different audiences, but the findings on this were mixed. Some respondents felt it would be useful to be able to do this, but others felt that everyone should get the same information – albeit perhaps with two versions (one simpler version available to users generally, and a more detailed version for analysts).

Corporate governance issues had risen in importance since the crisis according to the respondents, but it was noteworthy that there was only a relatively small rise in interest in directors' pay. Given the furore in the wider political and public arenas about executive remuneration since the onset of the crisis, this seems to suggest that shareholders and finance providers are keeping focused on the real issues as they see them.

### WHAT IS OF THE MOST INTEREST IN REPORTING POST FINANCIAL CRISIS?


### IF NON-FINANCIAL DATA, INCLUDING SOCIAL AND ENVIRONMENTAL DATA, WAS INTEGRATED WITH COMPANY FINANCIAL RESULTS, HOW USEFUL WOULD IT BE?




**1** – 5% Not at all useful
**2** – 14%
**3** – 21%
**4** – 41%
**5** – 19% Very useful

## Conclusion

**For all the concerns expressed by many stakeholders over corporate reporting, our survey strongly suggested that the annual report had not diminished in significance for investors and other stakeholders. Indeed, its importance seems to have increased since the onset of the global financial crisis as respondents are reviewing reports more carefully. This at least provides an encouraging backdrop against which regulators, standard-setters and companies themselves can go about the task of simplifying, clarifying and adding more value to corporate disclosures.**

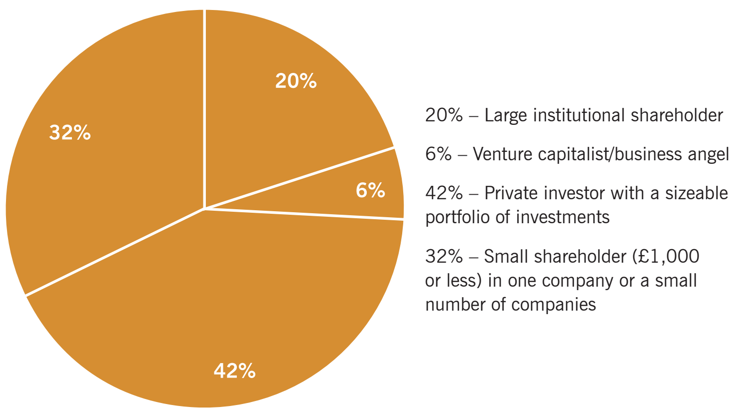
However it is clear that certain issues need to be addressed in order to add value to investors. This will cement the report's position as a key source of assured information to this most important audience.

This study and other recent research leads to a number of fundamental insights:

- Investors should be positioned as the most important audience for the report, and need to be better engaged in its future evolution.
- The value of reporting to investors can and should be strengthened. This can be achieved by providing a greater focus on forward-facing plans, risk management, and properly integrating these and other issues in a more coherent way. Integrated reporting shows real potential to move this agenda forwards.
- There is still a need to simplify the report – they should be pruned where possible, and presented in plainer language in places, as well as being broadened to integrate the disclosures that investors require.

As a post-script to ACCA's survey, one of the most eye-catching findings in the UK FRC consultation was that 'there was widespread opposition to the proposal that companies should post their annual report and accounts on their websites, rather than produce them in print … many small shareholders pointed out that they find it easier to read and annotate a hard copy report and to compare it against others. Opposition to this proposal was not confined to private investors. Stakeholders from other groups expressed concern that online-only information could be altered after publication and considered that hard copy reports provide an important safeguard against such behaviour[8].'

ARE ANNUAL REPORTS MARRED BY TOO MUCH PROMOTIONAL MATERIAL?




This strength of opinion has led to the proposal to scrap hard copies of the annual report in the UK being dropped, although this has been considered more favourably in a number of national markets.

ACCA agrees with the FRC that 'companies should give careful consideration to the ways in which technology can improve accessibility to annual reports.'

For it is developments in technology that have accelerated the debate on the future of corporate reporting. The online revolution has brought about more generally what has been referred to as the 'democratisation of knowledge'. And it will be interesting to see how moves to integrate data in a single report will develop given that it appears contrary to a trend of 'customisation' of information.

The debate over more regular communication will continue. The accountancy profession should address the findings of the CAQ discussions, which concluded that the annual report came out too late to drive investment decisions and that it needed to be supplemented by more current information such as quarterly reports and press releases.

The profession needs to examine how such information could be externally assured. Working in tandem, standard setters, the accountancy profession and business need to ensure that annual reporting is as user-centric as possible. As our survey shows, the annual report is still seen as a document which adds value to stakeholders. However, reporting must evolve in order to maintain and enhance its value.

8 Effective Company Stewardship: next steps. September 2011. Financial reporting Council

ACCA
29 Lincoln's Inn Fields
London WC2A 3EE
United Kingdom
+44 (0)141 582 2000
www.accaglobal.com