



Building solid foundations *Key considerations*



The 2014 Code

Are you up to speed on the 2014 Code changes impacting risk reporting and introducing the new longer term viability statement?



Company-only accounts

If you currently prepare these using UK GAAP, do you know which framework you will be adopting next year?



Consistency of information

Is the story being told in the narrative section of your report consistent with the numbers in the back?



Exceptional items & non-GAAP measures

Have the reasons why certain items are highlighted as exceptional been clearly disclosed? Is your use of non-GAAP measures balanced and understandable?



Significant unusual transactions

Have you accounted for and disclosed any significant unusual transactions appropriately?



Accounting policies

Are your accounting policies clear and company-specific, particularly around revenue recognition?



Making your structure watertight *Key considerations*



Technical guidance

Have you used the recommendations in the FRC's 'Guidance on the Strategic Report' to help address the legal requirements?



Designing the structure

Have new requirements been built in sympathetically or just bolted on? Use the communication principles in the FRC's Guidance to help.



Linkage and connectivity

Have you thought beyond cross-referencing and considered whether the information in your report really fits together building a single coherent picture?



Materiality

Applying materiality to narrative information and financial statement disclosures can be challenging – have you used the FRC Guidance and <IR> Framework to help decide what is material in your narrative reporting?



Adding the finishing touches *Key considerations*



Diversity disclosures

European and UK law will soon call for more information on diversity and gender pay gaps. Are you ready to go early?



Dividend capacity

Do institutional investors understand the level of reserves available for distribution and your company's dividend policy?



Net debt reconciliation

Investors are ever more interested in net debt – have you reconciled movements in yours?



Cyber security

With sustained levels of high-profile attacks, can you show good "cyber governance"? It remains high on the agenda for regulators, investors and senior executives.



Tax strategy

The UK government is proposing to require large UK companies to publish their tax strategy annually. As tax is the third biggest expense for an average company, do you need to explain yours in your annual report?



Identify opportunities

Discussing future developments is a long-standing requirement of the law. Have you considered also setting out the opportunities that exist for your business to exploit?



Corporate culture and succession planning

How does your board ensure that corporate culture is appropriate and what is its approach to succession planning? These remain hot areas of focus for the FRC.

For further information about our latest survey on annual reports visit
www.deloitte.co.uk/annualreportinsights

To keep up to date with the latest in regulatory requirements around your accounting standards including regular podcasts and news visit
www.ukaccountingplus.co.uk

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited ("DTTL"), a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.co.uk/about for a detailed description of the legal structure of DTTL and its member firms.

Deloitte LLP is the United Kingdom member firm of DTTL.

This publication has been written in general terms and therefore cannot be relied on to cover specific situations; application of the principles set out will depend upon the particular circumstances involved and we recommend that you obtain professional advice before acting or refraining from acting on any of the contents of this publication. Deloitte LLP would be pleased to advise readers on how to apply the principles set out in this publication to their specific circumstances. Deloitte LLP accepts no duty of care or liability for any loss occasioned to any person acting or refraining from action as a result of any material in this publication.

© 2015 Deloitte LLP. All rights reserved.

Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 2 New Street Square, London EC4A 3BZ, United Kingdom. Tel: +44 (0) 20 7936 3000 Fax: +44 (0) 20 7583 1198

Designed and produced by The Creative Studio at Deloitte, London. J1529

Improving the value of your annual report

Knowing how your annual report stacks up and understanding what improvements you can make to better meet the needs of your company, industry regulators, investors and the wider public is a common challenge.

Each year we analyse the annual reports of 100 UK listed companies across multiple sectors. The results, together with our insight, help to identify key regulatory challenges and opportunities to enhance your report.

The quality of a company's annual report shapes and reinforces external perceptions of a company's culture, strategy and performance.

Below we set out our key findings and overleaf there is a useful checklist to help you plan for the coming reporting season.



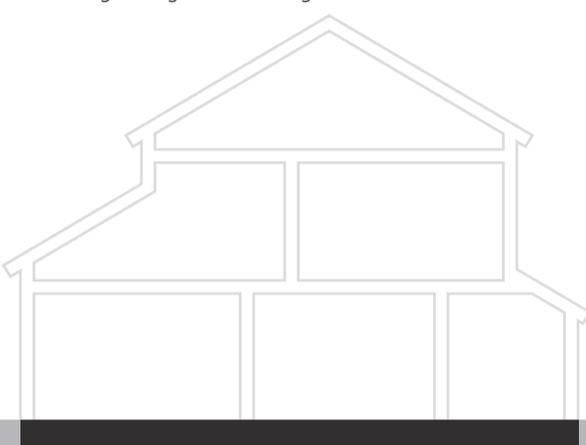
Building solid foundations

52% referred to the 2014 Code

54% gave non-gaap measures more prominence than the associated GAAP measures

76% provided a meaningful explanation for any non-compliance with the Code

The foundations of a good report are compliance with the rules. Reporters need to consider addressing new requirements and the key areas of regulatory challenge. Getting it right helps to deliver real benefit across your organisation, helping to attract new investment and encourage dialogue with existing shareholders.



Making your structure watertight

10% demonstrated comprehensive linkage

51 companies give information on relationships and resources in their description of the business model

With the basic foundations to comply with the rules in place, you have a structure to communicate effectively your company's messaging and strategy.

You know your report is watertight when you are able to deliver a clearer and more concise report.



Adding the finishing touches

40% Provide information about distributable profits

57% of companies illustrated their business model with a diagram; only 2/3 of these diagrams made the model more understandable

Going that bit further provides the opportunity to respond to calls from investors, deliver deeper insight for stakeholders and even look to become an early adopter of new and emerging requirements.

Taking a number of well designed steps can help to shift your report into the top tier.



What's next? Making your house a home

You may have perfected your report, but are you doing <IR>?

The question to ask yourself is "Are you living your story or are you merely telling it?"

Integrated Reporting, or <IR>, is still in its relative infancy in the UK, yet this year seven companies in our survey sample made an explicit reference around their reporting intentions.

Why, without any regulatory requirement to do so, are companies and investors talking about or looking to adopt <IR>?

We believe the answer is in "integration". A truly integrated report is the output of integrated thinking within an organisation. In particular, the linkage in it comes naturally – it flows from the integration of business processes and behaviours.

