



Sir Winfried Bischoff

Chairman, Financial Reporting Council

Financial Reporting Lab's conference: Reporting Now!

21 June 2018

14:30 – 17:30

Location: etc Venues, 200 Aldersgate, St. Paul's, London EC1A 4HD

It gives me great pleasure to welcome you today to the Financial Reporting Lab's conference: Reporting Now! Before the event begins, I want to take a few moments to consider the history of the Lab and its future direction.

When the Financial Reporting Council established the Lab in 2011, it was with the hope of creating a different way of encouraging good reporting by companies - not through regulation but by finding practical market-led solutions. The Lab does this by bringing together companies and investors to discuss reporting challenges and identifying examples of best practice reporting that meet investors' needs. The Lab reports consequently reflect the practical and tested views of those preparers and investors that have taken part in each project, rather than an FRC view. By facilitating discussion between users of corporate communication and those preparing it, it was our hope that each would understand the perspective of the other and that this understanding would lead to more useful and effective communication. Happily this initial aim has been successfully met and I hope you agree.

But if anything, the pressure on corporate reporting has increased in the intervening seven years. The combination of new regulations, new technology and increased stakeholder interest means that transparent, credible and well-articulated corporate communications are both more in demand and increasingly challenging to deliver.

Over these last seven years, the Lab has undertaken around twenty projects ranging from how companies communicate their business models to their cash and debt disclosures. You will hear today practical examples about how companies have adopted the best practice recommendations from investors, detailed in the Lab's reports. From my vantage point the conclusions reached in the projects are as relevant today as they were when they were released. Clear and transparent reporting improves trust - trust and understanding between a company and its shareholders notably, as well as with other stakeholders, customers, suppliers and the community in which it operates.

But understanding what good disclosure looks like is only part of the story. Disclosure should reflect reality, since ultimately it is the understanding of reality that is valued by users. Good corporate reporting should act as a window, not as a billboard.

In that sense corporate reporting is now undergoing some fundamental shifts.

Technologies such as XBRL, Artificial Intelligence and Blockchain are increasingly impacting the way that corporate reporting is produced, distributed and consumed.

The importance of reporting, not just on companies' financial performance, but companies' activities and their wider impact on the environment and society is increasingly affecting investment decisions.

And regulatory change such as the non-financial reporting directive, updates to the strategic report guidance and the revised corporate governance code also change what and how companies report.



You will hear later today from our panel about the future challenges facing corporate reporting. Against this backdrop of change, having a mechanism focused on the 'how' and 'why' of good reporting is more important than ever.

Things do not change unless we change them. I would encourage all of you to get involved in the work of the Lab through making a meaningful contribution to more effective communication. If you are a preparer, then take part in a project, and make sure that you consider how the findings of Lab projects could be relevant to your organisation. If you are an investor, large or small, or a user of reporting, take some time to give your views on reporting practice. If you are neither, please inspire others to participate and help disseminate the Lab's positive messages.

We called this event Reporting Now after careful consideration: now is the time to stop, take stock and think about how we might evolve reporting to face the challenges that lay ahead.

Thank you for your attendance today, your attention and your participation in the Lab. It works to build practical, market-led solutions to reporting challenges and your advice is invaluable.

I hope you enjoy the conference.