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Financial Reporting Council
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Via email to narrative@frc.org.uk

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Dear Deepa

Guidance on the Strategic Report

The Chartered Institute of Management Accountants (CIMA) is pleased to have the opportunity to comment on the draft guidance.

We find the style of the document particularly engaging and the content easy to read. The guidance is well set out and illustration 1 provides a very helpful framework to aid understanding of how the various components of the annual report fit together. We welcome the focus on the business model contained within the guidance as we believe that a fuller understanding of how organisations create value will aid those organisations to succeed by identifying the critical business flows as well as providing them with a framework for the identification of risk and going concern issues.

We suggest that a more explicit focus on the sustainability of the organisation should be included as one of the objectives of the Strategic Report as we believe that this is of fundamental importance to many of the reporting organisation's stakeholders.

We welcome the acknowledgement in the introduction to the guidance of the work of the IIRC and encourage the FRC to maintain similar qualitative characteristics and content in its guidance to the Integrated Reporting Framework being developed by the IIRC. We acknowledge that the structure of UK annual reports is largely determined by legislation but believe that this does not preclude them from satisfying the requirements of an integrated report as determined by the IIRC.

With reference to illustration 1, integrated reporting could be achieved if each section highlighted the material relationships and interactions between various components. For instance, the Strategic Report could contain a statement such as "Successful implementation of strategy requires governance and executive remuneration to be effectively aligned to strategic objectives, the Corporate Governance Report and Directors' Remuneration Report describe how this alignment has been achieved". We believe that the guidance should actively encourage identification of the inter-relationships between the Strategic Report and the other component sections in the annual report.

We would be pleased to discuss with you any aspect of this letter that you may wish to raise with us.

Yours sincerely

Nick Topazio

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