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Financial Reporting Council.  
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I have read your interesting Effective Company Stewardship proposals and may revert back to you later.

In the meanwhile, I take grave exception to the proposal to do <sup>away</sup> with printed full annual reports and accounts. Some reasons for my strong views are reflected in the attached draft letter/article.

You will appreciate, now that directors' addresses need no longer be included in annual returns, the only way to communicate with them is to send the letter to the company registered address.

I have recently had occasion to write to the Senior Independent directors of a major UK quoted company about disquiet of an important component of the accounts. The reply came from the Secretariat and there is no way that I can be certain my letter reached the directors, nor that the reply reflected his views. That negates the benefit of a Senior non executive director. Citibank specifically mentions that shareholders can get in touch with the Senior non executive director.

Your reactions will be appreciated

Mark E. Simon  
(Chief Accountant)

letter, or perhaps a short article?

Sir,

The Financial Reporting Council is to be congratulated on its recent proposals to improve effective corporate stewardship but some recommendations are counter-productive and stick in the craw of investors: in particular the suggestion that Annual Reports and Accounts should be exclusively posted on company websites and not in print.

Quoted companies are already permitted subject to the consent of individual shareholders to issue abbreviated reports which are usually posted together with notices of Annual General Meetings.

Abbreviated Annual Reports are inadequate for shareholders committed to try and hold boards to account at AGMs and improve corporate Governance. It is unacceptable that private shareholders, many elderly, should be required to print out at their own cost voluminous Annual Reports. Screen viewing does not allow for effective scrutiny assuming that everyone is computer literate.

leaves  
Much more important that elaborating the content of annual reports is to ensure that AGMS are conducted more effectively. The frequent absence of major shareholders increases the risk of inappropriate supervision and leads to private shareholders the responsibility of raising matters of importance. The financial press could play a key role if more annual meetings' proceedings are reported – it is publicity which influences boards.

There should be a requirement that shareholders can communicate with independent directors without interception by management. Annual Report costs could be cut by avoiding verbosity (that of one international bank covers 600 pages and weighs 2.57kgs). Companies should take more energetic steps to trim shareholder numbers by offering cost free sale of small holdings with no compulsion. Several UK companies have near one million of more shareholders many with miniscule holdings. The use of lightweight paper copying, the practice of the five major Canadian banks, would save substantial costs.

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