

CFACG(94)6

**COMMITTEE ON THE FINANCIAL ASPECTS  
OF CORPORATE GOVERNANCE**

**Publication of the results of the ABI survey into compliance with the Code**

**Introduction**

1. This paper explores the options to be considered when deciding whether the results of the compliance survey being carried out in conjunction with the ABI should be published, and the extent of the publication. The issue of publication was considered by the Monitoring Sub-Committee at its meeting on 1 November 1994, where it was agreed that the decision should be taken by the full Committee.

**Publication**

2. The Committee may wish to discuss the merits of publication of the results of the first year of the survey of compliance statements made in the Report and Accounts of listed companies. It is probable that the database will be complete in this respect by the end of this year. As Secretary to the Committee, I have, when asked, advised enquirers that the Committee is undertaking this research in collaboration with the ABI. There have also been references to it in the press, where I believe it is common knowledge that the survey is being undertaken.

3. If progress to date is maintained, it is likely that we will have an almost complete sample from which to draw statistics. Most surveys into compliance published to date concentrate on the Top 100, or at the very most the Top 250. The depth and thoroughness of our research will be of interest to many parties, as well as having the cachet of being the "official" survey into compliance. I suspect that it will be the benchmark against which future surveys are compared.

4. The prime purpose, from the Committee's point of view, in undertaking the survey remains of course to provide information for the Committee's successor body. However, there may be certain advantage to be gained, and some interpretations to be avoided, if the opportunity is taken to make public the results of the survey.

5. The publication of a survey showing positive trends in compliance could be beneficial to the successor body, in that it will prove that the work done to date has been worthwhile, and this could smooth the acceptance of further proposals. It would raise the profile of the Committee's work and perhaps keep companies on their toes, with the reminder that what they do is being carefully monitored.

6. Publication could also bring attention to the introduction of the last two points in the Code, and could help promote compliance with them. The thinking here being that, despite initial misgivings in some quarters, compliance with the Code has been very encouraging, and we would expect this to continue with the inclusion of the last two points relating to internal control and going concern.\*

7. There may be a public expectation that the results would be published and if they are not, it could give rise to the suspicion that something is being hidden, because the Committee do not like the results (when in fact the exact opposite is likely to be the truth).

8. To date company secretaries have been very co-operative in providing information for the survey. It has been made clear to them that the survey is being carried out with the intention of informing the Committee's successor body on areas of the Report and Code which might require amendment or revision. However, there is a possibility that this co-operation could be withdrawn if it were felt that the information being provided was just being filed away and not used in a positive way.

9. As the Committee would be using aggregated data and no company would be identifiable individually, the ABI would not have any objections to publication.

10. A further possibility, a half-way house, would be to make the results of the survey available to the Committee's sponsors. This would include:-

The London Stock Exchange  
The Institute of Directors  
The CBI  
The large 7 accountancy firms  
The FRC.

It is possible that confidentiality within this group would not be maintained and that copies would be made available to the press. This runs the risk of incomplete or inaccurate information being reported, which would necessitate a damage limitation exercise by the Committee. We would also lose the opportunity which would be offered by presenting all the results of the survey in a positive light.

11. The Committee might wish to consider whether the results of the survey should be made available to the general public, to a restricted circulation as set out in paragraph 10 above, or not at all.

12. As mentioned in paragraph 2 above, publication was discussed by the Sub-Committee on 1 November and it is their agreed view that the Committee should be recommended to adopt the proposal for full publication of the survey results, with the "halfway house" option described in paragraph 10 being unacceptable. It was further agreed that if publication were sanctioned, there would be a need to ensure that the statistics were not presented in a misleading fashion, i.e. with the emphasis on levels of non-compliance, rather than on non-disclosure.

Gina Cole  
29 November 1994

\* The guidance on going concern for directors and auditors has now been published. Guidance on internal control is likely to be published in the near future.