

# Our Approach to Narrative Reporting

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Centrica plc

# Centrica plc

- Energy and related services (UK, NA and Europe)
- FTSE 100 listed company (no.30)
- Market Cap of £13.5bn
- 900,000 shareholders
- Annual Report
- Summary Financial Statement
- Web-based communications

# Narrative Reporting

- Centrica has traditionally produced a voluntary OFR
- Evolved to take account of developing market practice and shareholder requirements
- Shorter, more customer focused report in the SFS
- Wealth of up to date information on the website

# Narrative Reporting

- Confusion in 2006
- Abolition of mandatory OFR
- Accounts modernisation Directive requirements in '85 Companies Act
- Development of new Business Review requirements in 06 Companies Act
- Timing of the safe harbour for Directors on narrative reporting

# Narrative Reporting

- Actions in 2006
- Read the ASB's Reporting Statement
- Listened to shareholders and Governance Bodies
- Liaised with Black Sun and reviewed reporting trends
- PwC Narrative Reporting seminars
- Generally made ourselves aware

# Narrative Reporting

- 2006:
- Considerable business challenges
- New CEO
- New strategic priorities
- New reporting requirements
- Fresh narrative reporting opportunity

# Narrative Reporting

- Planning for the annual report started in early autumn
- Agree our objective—significant progress in narrative reporting
- Taking account of legal requirements and ASB Statement etc
- Executive committee in November
- Board in December

# Narrative Reporting

- Business Review in Directors' Report?
- But isn't the Directors' Report the boring part that nobody reads?
- Only because we have traditionally made it so!
- So we now call all of the business review and corporate governance section - The Directors' Report.
- Well, they are responsible for running the company and their report should reflect that.
- Cuts out duplication and no need for cross referencing!

# Narrative Reporting

- We do have half a page sub-headed 'other statutory information' to deal with legal requirements, not covered elsewhere.

# Narrative Reporting-2006

- Chairman's Statement
- Directors' Report-Business Review
  - Chief Executive's review
  - Business overview
  - Key performance indicators
  - Operating review
  - Group financial review
  - Principal risks and uncertainties
  - Corporate responsibility

# Narrative Reporting-2006

- Directors' Report-Governance
  - Board of Directors and Management Team
  - Corporate Governance Report
  - Other statutory information
- Remuneration Report
- Auditors' Report
- The Financial statements

# Narrative Reporting

- Conclusions
- 2006 ARA-significant progress in narrative reporting
- Journey, we will reflect and compare
- Further developments to our reporting in 2007—  
I'm sure!