

Communication effectiveness

- observations of Norwegian analysts and investors

15.06.2017

What are the most important sources of information?

- Survey (2013) among members of NSFA on the use of different sources of information
- 309 respondents, of which more than 50 % represents users
- Rank based on the perceived usefulness of information provided by the source of information

Rank	Sources of information
1	Face-to-face – meetings
2	Annual report
3	Analyst presentations/Capital Market Days etc
4	Prospectus/information memorandum
5	Interim financial statements
6	Stock Exchange Announcements
7	Investor Roadshows
8	Media Coverage and interviews

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What's the problem? (1)

- Survey (2013) (cont.)
- All components of the financial statements are considered to provide useful information
- The notes are highlighted as a component providing useful information
- Financial statement structure overall considered appropriate, but boilerplate disclosures and non-relevant information is a concern

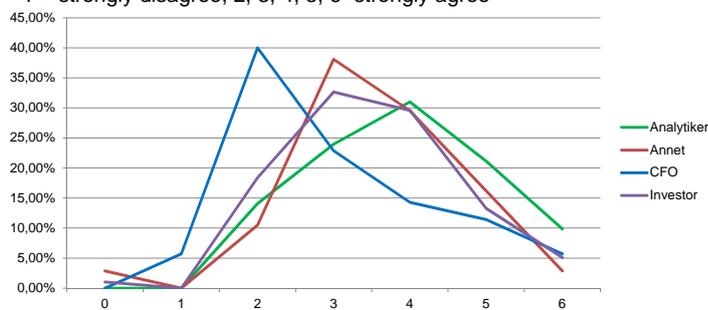
1 = strongly disagree, 2, 3, 4, 5, 6 =strongly agree	Average	Median	Std.dev
Financial statements are structured in a way that provides easy access to useful information	3,87	4	1,06
Information given in notes is too generic, and not detailed enough	3,54	3	1,20
Important information is hard to find due to extensive amount of immaterial details.	3,43	3	1,28

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What's the problem? (2)

- Survey (2013) (cont.)
- "Information given in notes is too generic, and not detailed enough" – users of the financial statement agree, preparers do not.
- 1 = strongly disagree, 2, 3, 4, 5, 6=strongly agree



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What's the problem? (3)

- Survey (2014)
- 150 respondents, of which more than 50 % represents users
- Suggests that disclosure of irrelevant information is a problem, but less concern around non-disclosure of relevant information

	Agree	Neither	Disagree
Financial statements are too extensive, includes too much non-relevant information	35%	25%	40%
Financial statements provide users with sufficient relevant information	39%	44%	17%
Financial statements are too complex, information provided is not easily understandable	21%	37%	42%

What's the more important information?

- Survey (2014)
- Segment information is key
- Users pay attention to the accounting policies

	Top 5 – important notes	
1.	Segment information	50%
2.	Impairment of fixed and intangible assets	32%
3.	Financial assets and liabilities	30%
4.	Changes in accounting principles	29%
5.	Financial risk	28%

NFF Committee on Financial Information - APMs

- 2016 Statement
 - APMs provide useful information for users, but transparency is key
 - APMs should not be more prominent than IFRS measures
 - Comparatives should be presented
 - APMs should be clearly defined, and reconciliations to IFRS measures should be presented
 - Purpose and relevance of adjusted figures should be disclosed
 - Definitions, explanations and reconciliations should be presented separately, for instance in an appendix

 - Put another way, entities should apply *ESMA Guidelines on Alternative Performance Measures*