

## **Banking and Audit**

### **Disclosure of publically known events: banking on bad memory?**

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Corporate voluntary disclosure covers a wide variety of annual report content that might be truly voluntary or is, at least, not formally and clearly mandated. UK discursive reporting requirements have evolved over time and, from October 2013, require a “fair review of the company’s business and ... a balanced and comprehensive analysis of ... the development and performance of the company’s business during the financial year” (para 414C, Companies Act Regulations, 2013).

This paper assesses the potential motives in disclosure / non-disclosure, as well as the style of any inclusion, in annual reports of public events which have affected a sector or a particular company over the reporting period and which might be considered as worthy of inclusion in a “fair” review. The paper investigates the annual reports of large UK listed banks for the ten year period 2003-2012 as a case study of reporting publically known problems. UK banks, and the UK banking sector as a whole, experienced numerous public revelations of poor governance and other issues over this period. Volume one of the report by the UK Parliamentary Commission on Banking Standards starts by stating, “The UK banking sector’s ability both to perform its crucial role in support of the real economy and to maintain international pre-eminence has been eroded by a profound loss of trust born of profound lapses in banking standards” (page 8). Through examining the banking sector, the paper questions the status of annual reports as documents recording significant events and their use to maintain or restore legitimacy.

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