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## Safe-harbour protection should bolster quality of financial reporting

*From Mr Timothy Copnell.*

Sir, The government's intention to introduce safe-harbour protection for directors preparing directors' reports is to be supported ("Companies win greater litigation protection", May 4).

Hopes for a radical improvement in narrative reporting would not be realised if in practice only information capable of legal verification is disclosed in the now mandatory Business Review. The primary aim of

narrative reporting should be the provision of relevant information to members for decision-making purposes, and in particular the disclosure of forward-looking information in relation to, for example, the risks faced by the business, its intangible assets and value drivers.

The success or failure of the Business Review will be judged by reference to any improvement in the quality and quantity of such

information. The provision of safe-harbour protection should help ensure that directors are both willing and able to publish high-quality forward-looking information of the type proposed by the new clauses laid before parliament.

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