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Investors let down by online reports

By John Willman, Business Editor
 Published: September 29 2008 03:00 | Last updated: September 29 2008 03:00

One in three FTSE 100 companies is failing to take advantage of the opportunities the internet offers to communicate with shareholders, reduce costs and improve environmental credentials, a survey has found.

The companies that make the greatest impact online help investors to find the information they need fast and in formats they can download for their own use.

But 34 of the 100 largest listed companies provide only a static pdf (portable document format) file of the annual report or images of it which can be slow to download and difficult to search.

Jonathan Hynes of the Smiths Partnership, the business communications consultancy that carries out the survey annually, said while the number making better use of the internet had risen, there was a hard core still ignoring it.

"Some say the return would not justify the cost, others that they don't have the time or worry about having to have the information audited again and a few that there is no demand from the institutional investors.

"The latter excuse is the last refuge of a scoundrel - these are very important organisations for millions of people in the UK and they should be providing this information in the most accessible forms."

Smiths evaluates online reports on 21 criteria, some of which reflect Investor Relations Society best practice. Top of the league table is Royal Dutch Shell.

Mr Hynes said the cost of a highly-rated online report might be an extra £20,000. "FTSE 100 companies typically spend a quarter of a million pounds on producing their reports. I don't think money is the issue."

Cadbury, the confectionery company, was the biggest faller in this year's online annual reports league table, dropping from second place to bottom.

Last year, Cadbury Schweppes, as it then was, was praised by Smiths Partnership for its efforts to engage and inform, which showed "consistency and creativity".

This year, it joined 33 other FTSE 100 companies the consultancy describes as "non-starters" because the 153-page pdf file made no use of the interactive capability of the internet.

Cadbury blamed the pressure of events around the demerger of its soft drinks business last year, and said it would return to its former interactive online reporting for the 2008 annual report.

Producing the annual report for 2007 had been "a bit of a rush job", it said. "We had to send out the demerger circular and prospectus - and bring forward the annual report's publication for listing purposes.

Cadbury also pointed out that many in the investment community preferred to use the paper version of the annual report. Analysts and portfolio managers had voted the group top in the best corporate literature category for a FTSE 100 company in this year's IR Magazine UK awards.

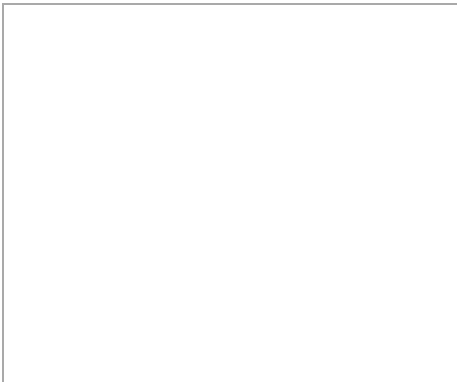
"Cadbury produces the most transparent annual report," the judges quoted one investor as saying. "It explains the key drivers in the introduction and includes interesting data on its market position and the underlying trends. The layout is concise and clear."

Another had said: "For such a large company, I must applaud the way Cadbury manages to keep its annual report concise".

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