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Whitepaper

The True Cost of Corporate Reporting

Hidden Time and Resource Drains in Small and Mid-Cap Companies

6 minute read

Executive Summary

The annual report stands as the centrepiece of corporate reporting—a comprehensive document that represents a company's financial position, strategic direction, and governance approach. For the UK's small- and mid-cap companies, producing this critical document has evolved from a straightforward financial exercise into a complex legal, financial and compliance-focussed multi-disciplinary project that consumes disproportionate organizational resources. While the visible costs—external advisors, design agencies, and printing—are readily quantifiable, they represent merely the tip of a resource-intensive iceberg. This whitepaper examines the hidden costs, the expanding scope of financial and non-financial reporting and the inefficiencies embedded in current annual report production processes and proposes a pathway toward significant resource optimization and more effective risk management and compliance.

The Expanding Scope of Annual Reports

Today's public companies face an unprecedented reporting burden. Analysis from the Financial Reporting Council (FRC) shows that the average FTSE 250 annual report has grown from approximately 120 pages in 2013 to over 185 pages in 2023—a 54% increase in just a decade. This expansion, as documented in the FRC's Annual Review of Corporate Reporting, stems from a proliferation of new reporting requirements and frameworks:

Climate-Related Disclosures: The Task Force on Climate-Related Financial Disclosures (TCFD) framework, now mandatory for premium listed companies, requires extensive reporting on climate governance, strategy, risk management, and metrics. This alone has added an average of 12-15 pages to annual reports.

Energy and Carbon Reporting: The Streamlined Energy and Carbon Reporting (SECR) requirements have necessitated detailed energy usage and greenhouse gas emissions disclosures, typically adding 3-5 pages of technical data and narrative.

Governance Expansion: The UK Corporate Governance Code's 2018 revisions introduced expanded reporting on company purpose, stakeholder engagement, and culture, contributing approximately 8-10 additional pages.

Remuneration Transparency: Enhanced remuneration reporting requirements have doubled the length of director remuneration reports over the past decade, now averaging 20-25 pages for FTSE 250 companies.

Section 172 Statements: The Companies Act requirement to report on director consideration of stakeholder interests has introduced entire new report sections that didn't exist previously.

For small and mid-cap companies, these expanding requirements create a disproportionate burden and risk of non-compliance, as they must meet similar standards to FTSE 100 organizations but with significantly fewer resources and budgets. Research from the Investor Relations Society reveals that smaller listed companies face particular challenges in meeting these requirements with limited internal teams. ScribeStar research across 50+ FTSE 250 and small cap companies reveals that while reporting requirements have expanded dramatically, internal resources dedicated to reporting have increased by only 12% on average and non-dedicated staff complain of being increasingly diverted from day-to-day duties.

Quantifying the Resource Investment

The true resource cost of annual report production is staggering when comprehensively measured:

Total Person-Days: Research from the Chartered Governance Institute indicates that the average FTSE 250 company invests between 750-950 person-days in producing their annual report, equating to approximately 6-8 full-time equivalent (FTE) employees dedicated to this single document for nearly six months.

Executive Time Investment: According to Financial Directors' Survey data published by the ICAEW, C-suite executives typically dedicate 8-12 days each to annual report development, review, and approval. For the typical FTSE 250 company, this represents a combined 60-80 days of executive time—effectively removing a senior leader from the organization for three months.

Cross-Functional Impact: Beyond finance, reporting consumes significant resources from multiple departments:

- Finance teams: 250-300 person-days
- Legal and compliance: 100-150 person-days
- Investor relations: 80-120 person-days
- Sustainability teams: 70-90 person-days
- Company secretarial: 120-150 person-days
- Executive review: 60-80 person-days
- Other contributors: 70-100 person-days

Hidden Overtime Costs: ScribeStar research found that 78% of companies reported significant "hidden overtime" during report production, with key team members working evenings and weekends—time that rarely appears in formal cost accounting but contributes to burnout and retention challenges. This aligns with findings from the Chartered Institute of Personnel and Development (CIPD) regarding seasonal stress in financial reporting teams.

The Real-World Impact: Case Study

Based on ScribeStar research with a mid-tier FTSE 250 manufacturing company that tracked their annual report process in detail during their previous reporting cycle, the findings were revealing:

865 total person-days invested across the organization

73 days of C-suite executive time devoted to the report

36 separate versions of the document created

127 instances of data inconsistencies requiring reconciliation

£175,000 in visible external costs (advisors, design, printing)

£420,000 in internal resource costs (based on allocated time)

After implementing an integrated reporting platform for their latest cycle, they recorded results consistent with efficiency improvements documented by the Financial Reporting Lab's Technology Initiative:

32% reduction in total person-days (down to 588)

40% reduction in executive time commitment

65% fewer data inconsistencies. Acceleration of production timeline by 5 weeks

The Process Inefficiency Multiplier

Traditional annual report production methods dramatically inflate the resource requirements through process inefficiencies:

Planning Defining content requirements, assigning responsibilities, and establishing timelines consumes significant executive time across multiple departments. For small cap companies with limited resources, this planning phase alone can consume 30-40 person-days.

Collecting and Verifying Data Finance teams report spending up to 35% of their available hours manually gathering, reconciling, and verifying data points that will appear across multiple sections of the report. For a typical finance team, this translates to approximately 200 person-days of effort.

Drafting and Proof Cycles Analysis from the Association of Corporate Treasurers shows the average FTSE 250 company endures 14 complete review cycles for their annual report, with each cycle involving 5-8 key stakeholders. Each review cycle consumes 15-20 person-days across the organization, totalling 210-280 person-days for the entire review process.

Compliance and Verification Legal and compliance teams conduct separate verification processes, and manage disclosures often duplicating efforts already undertaken by finance and governance teams. This verification typically requires 80-100 person-days of legal and compliance resources.

Last-Minute Changes (1-2 weeks): According to research from the Financial Reporting Lab at the FRC, nearly 90% of companies reported significant eleventh-hour revisions requiring cascading updates throughout the document. These changes often happen under extreme time pressure, increasing error risk and frequently requiring another 50-75 person-days of emergency effort.

The Technology Gap in Annual Reporting

While financial markets and trading have digitized dramatically, annual report production remains mired in outdated methodologies:

Document-Centric vs. Data-Centric: Research from the Financial Reporting Council's Digital Future initiative shows most companies continue to manage reporting as a document production exercise rather than a data management challenge. This fundamental misframing leads to inefficient data handling, with the same information being entered, checked, and updated multiple times across different sections of the report.

Collaboration Bottlenecks: A study by the Institute of Chartered Secretaries and Administrators (ICSA) found that sequential workflows and email-based collaboration create significant version control challenges, with 78% of respondents citing confusion over "current versions" as a major pain point. This often results in duplicate work and conflicting changes that must be manually reconciled.

Manual Verification: ScribeStar research indicates that despite advanced verification technology availability, 82% of companies still rely on manual "circle-up" processes for verifying report content. This labour-intensive approach typically consumes 60-80 person-days that could be largely automated.

Disjointed Tools: The typical annual report production involves a patchwork of disconnected tools—word processing, spreadsheets, email, design software, and project management systems—none of which are designed specifically for regulatory reporting.

The Real-World Impact: Case Study

Further ScribeStar research with a FTSE Small Cap financial services company that tracked their annual report process in detail during their previous reporting cycle, the findings were revealing:

420 total person-days invested across the organization

45 days of C-suite executive time devoted to the report

28 separate versions of the document created

84 instances of data inconsistencies requiring reconciliation

£95,000 in visible external costs (advisors, design, printing)

£230,000 in internal resource costs (based on allocated time)

Despite their smaller size, the company faced comparable regulatory requirements to larger peers but with significantly fewer resources to manage the process. Their lean finance team of 5 people spent approximately 60% of their time on annual report production during peak periods, creating significant business continuity challenges.

After implementing an integrated reporting platform for their latest cycle, they recorded results consistent with efficiency improvements documented by the Financial Reporting Lab's Technology Initiative:

35% reduction in total person-days (down to 273)

44% reduction in executive time commitment

70% fewer data inconsistencies Acceleration of production timeline by 4 weeks

Ability to meet enhanced TCFD disclosure requirements without adding headcount

Conclusion: The Path Forward

The hidden costs of annual report production for small- and mid-cap companies extend far beyond visible production expenses. The true cost encompasses thousands of professional hours, organizational stress, compliance risk, and strategic opportunity costs.

Forward-thinking companies are addressing these challenges through integrated reporting platforms that, according to the FRC's Financial Reporting Lab Technology initiative, deliver significant improvements through:

Centralize Data Management: Creating a single source of truth for all report information, eliminating redundant entry and reconciliation.

Enable Parallel Workflows: Allowing multiple teams to work simultaneously rather than sequentially, dramatically compressing timelines.

Automate Verification: Replacing manual circle-ups with automated verification tracking, reducing both time investment and risk of error.

Streamline Compliance: Integrating regulatory requirements, governance codes, disclosure management and internal controls directly into the drafting process, ensures compliance from the start rather than doing it retrospectively.

Facilitate Real-Time Collaboration: Eliminating version control issues through cloud-based collaborative editing with appropriate permissions and control over the visibility of sensitive information.

Maximise Visibility and Control: Every detail of the entire production process is tracked, enabling it to be audited and providing robust controls.

Research from the Investor Relations Society indicates that early adopters of integrated reporting platforms report time savings of 30-40%, significant reductions in error risk, and improved reporting quality. For small- and mid-cap companies especially, this evolution represents not just an operational improvement but a strategic necessity in an environment of escalating reporting requirements and limited resource growth.

As reporting obligations continue to expand—with new sustainability standards and digital reporting formats on the horizon—companies clinging to traditional methods will face an increasingly unsustainable burden. Those embracing technological solutions will not only reduce costs but free valuable resources for the strategic activities that drive competitive advantage and shareholder value.

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ScribeStar simplifies reporting with centralized data, automated checks, and built-in compliance tools—saving time and reducing risk.

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