

Chapter 4

Periodic Financial Reporting

4.1 Annual financial report

[Note: ESMA has also issued guidelines under article 16(3) of the ESMA Regulation on enforcement of financial information https://www.esma.europa.eu/sites/default/files/library/2015/11/2014-807_-_final_report_on_esma_guidelines_on_enforcement_of_financial_information.pdf]

Application

4.1.1 **R** Subject to the exemptions set out in **DTR 4.4 (Exemptions)** this section applies to an *issuer*:

- (1) whose *transferable securities* are admitted to trading; and
- (2) whose *Home State* is the *United Kingdom*.

Compliance with the Listing Rules

4.1.2 **G** An *issuer* that is also admitted to the *official list* should consider its obligations under the *Listing Rules* in addition to the requirements in these *rules*.

Publication of annual financial reports

4.1.3 **R** An *issuer* must make public its annual financial report at the latest four months after the end of each financial year.

[Note: article 4(1) of the *TD*]

4.1.4 **R** An *issuer* must ensure that its annual financial report remains publicly available for at least ten years.

[Note: article 4(1) of the *TD*]

Content of annual financial reports

4.1.5 **R** The annual financial report must include:

- (1) the audited financial statements;
- (2) a management report; and
- (3) responsibility statements.

[Note: article 4(2) of the *TD*]

Audited financial statements

4.1.6

R

- (1) If an *issuer* is required to prepare consolidated accounts according to the Seventh Council Directive 83/349/EEC, the audited financial statements must comprise:
 - (a) consolidated accounts prepared in accordance with *IFRS*, and
 - (b) accounts of the parent *company* prepared in accordance with the national law of the *EEA State* in which the parent *company* is incorporated.

[Note: article 4(3) of the *TD*]
- (2) If an *issuer* is not required to prepare consolidated accounts, the audited financial statements must comprise accounts prepared in accordance with the national law of the *EEA State* in which the *issuer* is incorporated.

[Note: article 4(3) of the *TD*]

Auditing of financial statements

4.1.7

R

- (1) If an *issuer* is required to prepare consolidated accounts, the financial statements must be audited in accordance with Article 37 of the Seventh Council Directive 83/349/EEC.
- (2) If an *issuer* is not required to prepare consolidated accounts the financial statements must be audited in accordance with Articles 51 and 51a of the Fourth Council Directive 78/660/EEC.
- (3) The audit report, signed by the person or persons responsible for auditing the financial statements must be disclosed in full to the public together with the annual financial report.

[Note: article 4(4) of the *TD*]
- (4) An *issuer* which is a UK-traded non-EEA company within the meaning of section 1241 of the Companies Act 2006 must ensure that the *person* who provides the audit report is:
 - (a) on the register of third country auditors kept for the purposes of regulation 6 of the Statutory Auditors and Third Country Auditors Regulations 2013 (SI 2013/1672); or
 - (b) eligible for appointment as a *statutory auditor* under section 1212 of the Companies Act 2006; or
 - (c) an EEA auditor within the meaning of section 1261 of the Companies Act 2006.

[Note: Article 45(4) of the *Audit Directive*]

Content of management report

4.1.8

R

- The management report must contain:
- (1) a fair review of the *issuer's* business; and
 - (2) a description of the principal risks and uncertainties facing the *issuer*.
- [Note: article 4(5) of the *TD*]

- 4.1.9** **R** The review required by **■ DTR 4.1.8 R** must:
- (1) be a balanced and comprehensive analysis of:
 - (a) the development and performance of the *issuer's* business during the financial year; and
 - (b) the position of the *issuer's* business at the end of that year, consistent with the size and complexity of the business;
 - (2) include, to the extent necessary for an understanding of the development, performance or position of the *issuer's* business:
 - (a) analysis using financial key performance indicators; and
 - (b) where appropriate, analysis using other key performance indicators including information relating to environmental matters and employee matters; and
 - (3) include references to, and additional explanations of, amounts included in the *issuer's* annual financial statements, where appropriate.
- [Note: article 4(5) of the *TD*]
- 4.1.10** **G** In **■ DTR 4.1.9 R (2)**, key performance indicators are factors by reference to which the development, performance or position of the *issuer's* business can be measured effectively.
- 4.1.11** **R** The management report required by **■ DTR 4.1.8 R** must also give an indication of:
- (1) any important events that have occurred since the end of the financial year unless those events are:
 - (a) reflected in the *issuer's* profit and loss account or balance sheet; or
 - (b) disclosed in the notes to the *issuer's* audited financial statements;
 - (2) the *issuer's* likely future development;
 - (3) activities in the field of research and development;
 - (4) the information concerning acquisitions of own *shares* prescribed by article 24(2) of Directive 2012/30/EU;
 - (5) the existence of branches of the *issuer*; and
 - (6) in relation to the *issuer's* use of *financial instruments* and where material for the assessment of its assets, liabilities, financial position and profit or loss:
 - (a) the *issuer's* financial risk management objectives and policies, including its policy for hedging each major type of forecasted transaction for which hedge accounting is used, and

- (b) the *issuer's* exposure to price risk, credit risk, liquidity risk and cash flow risk.

[Note: article 4(5) of the *TD*]

Responsibility statements

4.1.12

R

- (1) Responsibility statements must be made by the *persons* responsible within the *issuer*.
- (2) The name and function of any *person* who makes a responsibility statement must be clearly indicated in the responsibility statement.
- (3) For each *person* making a responsibility statement, the statement must set out that to the best of his or her knowledge:
 - (a) the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the *issuer* and the undertakings included in the consolidation taken as a whole; and
 - (b) the management report includes a fair review of the development and performance of the business and the position of the *issuer* and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

[Note: article 4(2)(c) of the *TD*]

4.1.13

R

The *issuer* is responsible for all information drawn up and made public in accordance with this section.

4.2 Half-yearly financial reports

Application

4.2.1 **R** Subject to the exemptions set out in ■ DTR 4.4 (Exemptions) this section applies to an *issuer*:

- (1) whose *shares or debt securities are admitted to trading*; and
- (2) whose *Home State is the United Kingdom*.

Publication of half-yearly financial reports

4.2.2 **R**

- (1) An *issuer* must make public a half-yearly financial report covering the first six months of the financial year.
- (2) The half-yearly financial report must be made public as soon as possible, but no later than three months, after the end of the period to which the report relates.
- (3) An *issuer* must ensure that the half-yearly financial report remains available to the public for at least ten years.

[Note: article 5(1) of the *TD*]

Content of half-yearly financial reports

4.2.3 **R** The half-yearly financial report must include:

- (1) a condensed set of financial statements;
- (2) an interim management report; and
- (3) responsibility statements.

[Note: article 5(2) of the *TD*]

Preparation and content of condensed set of financial statements

4.2.4 **R** (1) If an *issuer* is required to prepare consolidated accounts, the condensed set of financial statements must be prepared in accordance with *IAS 34*.

[Note: article 5(3) of the *TD*]

4.2.5

R

(2) If an *issuer* is not required to prepare consolidated accounts, the condensed set of financial statements must contain, as a minimum the following:

- (a) a condensed balance sheet;
- (b) a condensed profit and loss account; and
- (c) explanatory notes on these accounts.

[**Note:** article 5(3) of the *TD*]

(1) This *rule* applies to an *issuer* that is not required to prepare consolidated accounts.

(2) In preparing the condensed balance sheet and the condensed profit and loss account an *issuer* must follow the same principles for recognising and measuring as when preparing annual financial reports.

[**Note:** article 5(3) of the *TD*]

(3) The balance sheet and the profit and loss account must show each of the headings and subtotals included in the most recent annual financial statements of the *issuer*. Additional line items must be included if, as a result of their omission, the half-yearly financial statements would give a misleading view of the assets, liabilities, financial position and profit or loss of the *issuer*.

[**Note:** article 3(2) of the *TD implementing Directive*]

(4) The half-yearly financial information must include comparative information presented as follows:

- (a) balance sheet as at the end of the first six months of the current financial year and comparative balance sheet as at the end of the immediate preceding financial year; and
- (b) profit and loss account for the first six months of the current financial year with, from two years after 20 January 2007, comparative information for the comparable period for the preceding financial year.

[**Note:** article 3(2) of the *TD implementing Directive*]

(5) The explanatory notes must include the following:

- (a) sufficient information to ensure the comparability of the condensed half-yearly financial statements with the annual financial statements; and
- (b) sufficient information and explanations to ensure a users proper understanding of any material changes in amounts and of any developments in the half-year period concerned, which are reflected in the balance sheet and the profit and loss account.

[**Note:** article 3(3) of the *TD implementing Directive*]

4.2.6

R

The accounting policies and presentation applied to half-yearly figures must be consistent with those applied in the latest published annual accounts except where:

4.2.7

R

- (1) the accounting policies and presentation are to be changed in the subsequent annual financial statements, in which case the new accounting policies and presentation should be followed and the changes and the reasons for the changes should be disclosed in the half-yearly report; or
- (2) the FCA otherwise agrees.

Content of interim management report

The interim management report must include at least:

- (1) an indication of important events that have occurred during the first six months of the financial year, and their impact on the condensed set of financial statements, and
- (2) a description of the principal risks and uncertainties for the remaining six months of the financial year.

[Note: article 5(4) of the TD]

4.2.8

R

- (1) In addition to the requirement set out in ■ DTR 4.2.7 R, an *issuer of shares* must disclose in the interim management report the following information, as a minimum:
 - (a) related parties transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or the performance of the enterprise during that period; and
 - (b) any changes in the related parties transactions described in the last annual report that could have a material effect on the financial position or performance of the enterprise in the first six months of the current financial year.
- (2) If an *issuer of shares* is not required to prepare consolidated accounts, it must disclose, as a minimum, any transactions which have been entered into with related parties by the *issuer*, including the amount of such transactions, the nature of the related party relationship and other information about the transactions necessary for an understanding of the financial position of the *issuer*, if such transactions are material and have not been concluded under normal market conditions.

[Note: articles 2(3), 6(1)(j) and 17(1)(r) of the Accounting Directive]

- (3) In relation to transactions described in paragraph (2) information about such transactions may be aggregated according to their nature except where separate information is necessary for an understanding of the effects of related party transactions on the financial position of the *issuer*.

[Note: articles 2(3) and 17(1)(r) of the Accounting Directive]

4.2.9

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Auditing of the condensed set of financial statements

- (1) If the half-yearly financial report has been audited or reviewed by auditors pursuant to the Financial Reporting Council guidance on Review

of Interim Financial Information, the audit report or review report must be reproduced in full.

- (2) If the half-yearly financial report has not been audited or reviewed by auditors pursuant to the Financial Reporting Council guidance on Review of Interim Financial Information, an *issuer* must make a statement to this effect in its report.

[Note: article 5(5) of the *TD*]

Responsibility statements

4.2.10

R

- (1) Responsibility statements must be made by the *persons* responsible within the *issuer*.

[Note: article 5(2)(c) of the *TD*]

- (2) The name and function of any *person* who makes a responsibility statement must be clearly indicated in the responsibility statement.

[Note: article 5(2)(c) of the *TD*]

- (3) For each *person* making a responsibility statement, the statement must confirm that to the best of his or her knowledge:

- (a) the condensed set of financial statements, which has been prepared in accordance with the applicable set of accounting standards, gives a true and fair view of the assets, liabilities, financial position and profit or loss of the *issuer*, or the undertakings included in the consolidation as a whole as required by ■ DTR 4.2.4 R;
- (b) the interim management report includes a fair review of the information required by ■ DTR 4.2.7 R; and
- (c) the interim management report includes a fair review of the information required by ■ DTR 4.2.8 R, in the case of an *issuer* of *shares*.

[Note: article 5(2)(c) of the *TD*]

- (4) A *person* making a responsibility statement will satisfy the requirement in (3) (a) above to confirm that the condensed set of financial statements gives a true and fair view of the assets, liabilities, financial position and profit or loss of the *issuer* (or the undertakings included in the consolidation as a whole) by including a statement that the condensed set of financial statements have been prepared in accordance with:

- (a) *IAS 34*; or
- (b) for *UK issuers* not using *IFRS*, Financial Reporting Standard 104 : Interim Financial Reporting issued by the Financial Reporting Council; or
- (c) for all other *issuers* not using *IFRS*, a national accounting standard relating to interim reporting,

provided always that a *person* making such a statement has reasonable grounds to be satisfied that the condensed set of financial statements prepared in accordance with such a standard is not misleading.

4.2.11

R

The *issuer* is responsible for all information drawn up and made public in accordance with this section.



4.3A Reports on payments to governments

Application

4.3A.1 **R** Subject to the exemptions set out in **■ DTR 4.4 (Exemptions)** this section applies to an *issuer*:

- (1) active in the extractive or logging of primary forest industries;
- (2) whose *transferable securities* are admitted to trading; and
- (3) whose *Home State* is the *United Kingdom*.

4.3A.2 **R** In this section references to an “*issuer* active in the extractive or logging of primary forest industries” are to an *issuer*:

- (1) active in the extractive industry as defined in article 41(1) of the *Accounting Directive*; or
- (2) active in the logging of primary forests as defined in article 41(2) of the *Accounting Directive*.

4.3A.3 **G** An *issuer* is considered to be active in the extractive or logging of primary forest industries if any of its subsidiary undertakings are:

- (1) active in the extractive industry as defined in article 41(1) of the *Accounting Directive*; or
- (2) active in the logging of primary forests as defined in article 41(2) of the *Accounting Directive*.

In this guidance “*subsidiary undertaking*” has the meaning given in regulation 2 of the Reports on Payments to Governments Regulations 2014 (SI 2014/3209).

[**Note:** article 44(1) of the *Accounting Directive*]

Preparation and publication of reports on payments to governments

4.3A.4 **R** An *issuer* must prepare a report annually on payments made to governments for each financial year.

[**Note:** article 6 of the *TD*]

4.3A.5 **R** The report on payments to governments must be made public at the latest six months after the end of each financial year.

[Note: article 6 of the *TD*]

4.3A.6 **R** An *issuer* must ensure that the report on payments to governments remains publicly available for at least ten years.

[Note: article 6 of the *TD*]

Content of reports on payments to governments

4.3A.7 **R** (1) The report on payments to governments must be prepared in accordance with Chapter 10 of the *Accounting Directive*.

(2) Payments to governments must be reported at consolidated level.

[Note: article 6 of the *TD*]

4.3A.8 **G** The *FCA* considers a report on payments to governments which is prepared in accordance with the Reports on Payments to Governments Regulations 2014 (SI 2014/3209) to be in compliance with **■ DTR 4.3A.7 R (1)**.

Responsibility

4.3A.9 **R** The *issuer* is responsible for all information drawn up and made public in accordance with this section.

[Note: article 7 of the *TD*]

Filing of reports on payments to governments

4.3A.10 **R** (1) The *issuer* must file the report on payments to governments with the *FCA*.

(2) The report in (1) must be filed by uploading it to the system identified by the *FCA* on its website as the national storage mechanism for regulatory announcements and certain documents published by *issuers*.

(3) A report filed under (2) must be in XML (extensible markup language) format and must use the XML data schema developed for the purposes of facilitating software filing to be used for the purpose of delivering a report on payments to governments dated 1 August 2016 and comprising:

- (a) the Extractive Report Schema Definition;
- (b) the ISO Country Code Schema; and
- (c) the ISO Currency Codes.

The technical requirements in respect of the XML data schema are specified on the UKLA section of the *FCA*'s website at <https://www.the-fca.org.uk/markets/ukla>.

4.4 Exemptions

Public sector issuers

4.4.1 **R** The *rules* on annual financial reports (■ DTR 4.1) and half-yearly financial reports (■ DTR 4.2) do not apply to:

- (1) a state;
- (2) a regional or local authority of a state;
- (3) a public international body of which at least one *EEA State* is a member;
- (4) the European Central Bank;
- (5) the European Financial Stability Facility (EFSF) established by the EFSF Framework Agreement and any other mechanism established with the objective of preserving the financial stability of European monetary union by providing temporary financial assistance to the *EEA States* whose currency is the euro; and
- (6) *EEA States'* national central banks.

[Note: article 8(1)(a) of the *TD*]

Debt issuers

4.4.2 **R** The *rules* on annual financial reports in ■ DTR 4.1 (including ■ DTR 4.1.7R (4)) and half-yearly financial reports (■ DTR 4.2) do not apply to an *issuer* that issues exclusively *debt securities admitted to trading* the denomination per unit of which is at least 100,000 euros (or an equivalent amount).

[Note: article 8(1)(b) of the *TD* and article 45(1) of the *Audit Directive*]

4.4.3 **R** The *rules* on half-yearly financial reports (■ DTR 4.2) do not apply to a *credit institution* whose *shares* are not *admitted to trading* and which has, in a continuous or repeated manner, only issued *debt securities* provided that:

- (1) the total nominal amount of all such *debt securities* remains below 100,000,000 Euros; and
- (2) the *credit institution* has not published a prospectus in accordance with the *Prospectus Regulation*.

[Note: article 8(2) of the *TD*]

4.4.4 **R** The *rules* on half-yearly financial reports do not apply to an *issuer* already existing on 31 December 2003 which exclusively issue *debt securities* unconditionally and irrevocably guaranteed by the *issuer's Home Member State* or by a regional or local authority of that state, on a *regulated market*.
[Note: article 8(3) of the *TD*]

Issuers of convertible securities

4.4.5 **R** The *rules* on half-yearly financial reports (■ DTR 4.2) do not apply to an *issuer* of *transferable securities* convertible into *shares*.

Issuers of preference shares

4.4.6 **R** [deleted]

Issuers of depository receipts

4.4.7 **R** The *rules* on half-yearly financial reports (■ DTR 4.2) do not apply to an *issuer* of depository receipts.

Non-EEA States - Equivalence

4.4.8 **R** An *issuer* whose registered office is in a *non-EEA State* is exempted from the *rules* on:

- (1) annual financial reports in ■ DTR 4.1 (other than ■ DTR 4.1.7R (4) which continues to apply);
- (2) half-yearly financial reports (■ DTR 4.2); and
- (3) reports on payments to governments (■ DTR 4.3A);
if the law of the *non-EEA State* in question lays down equivalent requirements or the *issuer* complies with requirements of the law of a *non-EEA State* that the *FCA* considers as equivalent.

[Note: article 23(1) of the *TD*]

4.4.9 **G** The *FCA* maintains a published list of *non-EEA States*, for the purpose of article 23.1 of the *TD*, whose laws lay down requirements equivalent to those imposed upon *issuers* by this chapter, or where the requirements of the law of that *non-EEA State* are considered to be equivalent by the *FCA*. Such *issuers* remain subject to the following requirements of ■ DTR 6:

- (1) the filing of information with the *FCA*;
- (2) the language provisions; and
- (3) the dissemination of information provisions.