

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

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- (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

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- (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

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- 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

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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

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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

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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

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- (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

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