

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, 10 July 2014/ESMA/2014/807]

Application

4.1.1 **R** Subject to the exemptions set out in **DTR 4.4 (Exemptions)** this section applies to an *issuer* whose *transferable securities* are admitted to trading.

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, the audited financial statements must comprise:

- (a) consolidated accounts prepared in accordance with *UK-adopted IFRS*, and
- (b) accounts of the parent *company* prepared in accordance with the law of the *United Kingdom*.

[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 law of the *United Kingdom*.

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

Auditing of financial statements

4.1.7

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- (1) The financial statements must be audited in accordance with Part 16 of the Companies Act 2006.
- (2) [deleted]
- (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 third country 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.
 - (c) [deleted]

[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 **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 the *United Kingdom* provisions which implemented 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.

Reporting format

4.1.14 R [deleted]

4.1.15 R The annual financial report must be prepared in Extensible Hypertext Markup Language (XHTML) format.

4.1.16 R ■ DTR 4.1.17R and ■ DTR 4.1.18R apply to an annual financial report that contains consolidated accounts prepared in accordance with:

- (1) *UK-adopted IFRS*;
- (2) *EU-adopted IFRS*; or
- (3) International Financial Reporting Standards as referred to in point (a) of the first subparagraph of Article 1 of the *TD Equivalence Decision*.

4.1.17 R An *issuer*:

- (1) must mark up any disclosures specified in ■ DTR 4 Annex 1R that are present in consolidated financial statements in the annual financial report; and
- (2) may mark up other disclosures in the consolidated financial statements in addition to the ones specified in ■ DTR 4 Annex 1R.

4.1.18 R The mark ups specified in ■ DTR 4.1.17R must use:

- (1) the Extensible Business Reporting Language (XBRL) markup language;

- (2) a taxonomy generally accepted in the *UK* for financial disclosures in *regulated markets*; and
- (3) the inline XBRL specifications and marking up and filing requirements specified by the taxonomy the *issuer* uses in (2).

[**Note:** Information on generally accepted taxonomies and associated marking up and filing requirements is available in the Markets section of the FCA’s website at <https://www.fca.org.uk/markets/company-annual-financial-reporting-electronic-format>]

4.1.19 **R** An issuer must comply with ■ DTR 4.1.17R to ■ DTR 4.1.18R if it wishes to mark up financial statements that:

- (1) are prepared in accordance with the accounting standards referred to in ■ DTR 4.1.16R; and
- (2) do not contain consolidated accounts.

4.1.20 **R** An *issuer* must not mark up an annual financial report if the accounts in the report are not prepared in accordance with the accounting standards referred to in ■ DTR 4.1.16R.

4.1.21 **G** The effect of ■ DTR 4.1.20R is that an *issuer* cannot mark up an annual financial report containing accounts prepared in accordance with:

- (1) section 396 (Companies Act individual accounts) or section 404 (Companies Act group accounts) of the Companies Act 2006; or
- (2) the Generally Accepted Accounting Principles of a *third country*.

4.1.22 **R** An *issuer* must not mark up disclosures in its annual financial report other than its financial statements unless:

- (1) it marks up its financial statements in accordance with ■ DTR 4.1.16R to ■ DTR 4.1.18R or ■ DTR 4.1.19R, whichever is applicable; and
- (2) it marks up those other disclosures using the inline XBRL markup language and a taxonomy specific to those other parts.

Filing of the annual financial report

4.1.23 **G** *Issuers* are reminded of the filing requirements for annual financial reports in ■ DTR 6.2.