

Chapter 4

Periodic Financial Reporting

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*]

Auditing of the condensed set of financial statements

4.2.9

R

- (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.