

UKLA Technical Note

Half-yearly and annual reports

Ref: UKLA / TN / 501.1

DTR 4.1;
DTR 4.2

Responsibility

Under DTR 4.2.11R and DTR 4.1.13R, the issuer has exclusive regulatory responsibility for compiling its annual and half-yearly reports. DTR 4.1.12R and DTR 4.2.10R, which for annual and half-yearly reports require the identification of the persons making responsibility statements, copy-out Articles 4.2(c) and 5.2(c) respectively of the Transparency Directive, and should be considered as standalone provisions with no effect on the issuer's exclusive regulatory responsibility.

Our rules require a 'responsibility statement to be made by the persons responsible within the issuer.' The rules states also that 'the name and function of any person who makes a responsibility statement must be clearly indicated in the responsibility statement.' While 'person' is not defined in the DTRs, we feel that issuers should identify those individuals responsible for the reports; in most cases we would expect this to be either the whole board of directors or one or more directors on behalf of the whole board. You should explicitly state the name and function of those responsible in the responsibility statement. We would not expect this information to be cross referenced to other documents.

Disclosure of principal risks and uncertainties

Under the rules, issuers must include a 'description of the principal risks and uncertainties for the remaining six months of the financial year' in the Interim Management Report (IMR) section of a half-yearly report (see DTR 4.2.7(2)).

Most companies give considerable thought to the subject of risks and uncertainties in their annual reports. These sections tend to run over several pages. As these are the principal risks and uncertainties the company faced at the time of its annual report, these may remain valid for the purpose of the IMR. Where this is the case, in the half-year report it would be acceptable for the issuer to:

- state that the principal risks and uncertainties have not changed;
- provide a summary of those principal risks and uncertainties; and
- include a cross-reference to where a detailed explanation of the principal risks and uncertainties can be found in the annual report.

If the principal risks and uncertainties have changed since the annual report, the firm should describe the new principal risks and uncertainties in the IMR. In deciding whether to include additional description, we encourage issuers to consider the effect of the current economic turbulence in the credit environment.