

UKLA Technical Note

Operating and Financial Reviews

Ref: UKLA / TN / 624.1

PR Appendix 3
Annexes

The Operating and Financial Reviews (OFR) disclosure requirements are set out in PR Appendix 3 Annexes 1, 10, 25 and 28 items 9.1 to 9.2.3. Guidance from ESMA on the Operating and Financial Review is set out in paragraphs 27 to 32 of the ESMA update of the CESR Recommendations (ESMA Recommendations). To ensure completeness, issuers may wish to consider including annotations to the ESMA Recommendations in the margins of the prospectus (or within the margins of any annual accounts from which OFR information is being incorporated by reference).

In Annexes 1, 10, 25 and 28, item 9.1 requires disclosure covering the full three-year track record period, plus any interim period for which financial information is included in the prospectus.

When discussing a company's development and performance for a given year of the track record, we suggest that issuers consider drawing a comparison with the preceding year. That is, comparing between the first and second years, and the second and third years of the track record. So for any interim periods, comparison would be drawn with the corresponding interim period of the previous year.

When drawing a comparison between periods within the track record it is suggested that, as far as possible, the comparison is undertaken using numbers prepared on the same accounting policies. Paragraph 60 of the ESMA Recommendations suggests that best practice should be that, where a change of GAAP occurs in the issuer's track record shown in the prospectus, the year of change should be shown in both GAAPs to assist such comparison.