



News Release

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Companies struggle to comply with latest reporting requirements

Many companies are failing to comply fully with new reporting requirements for half-yearly financial reports following the UK's introduction of the EU's Transparency Obligations Directive (TOD)¹. A new report from the business advisory firm Deloitte, *'Half a story'*, considers the impact of the TOD, which introduced more detailed and extensive requirements for half-yearly financial reports, including compliance with IAS 34 and shorter reporting deadlines.

The key findings of the report include:

- Of 289 companies surveyed, 72 (25%) failed to provide a responsibility statement in their half-yearly reports. This is now a requirement for all listed companies;
- The average length of the half yearly financial report has increased by 27%;
- The risks and uncertainties disclosures, which focus on the second six months of the year, were handled well by 19 of 30 companies reviewed in detail. Only four companies referred to credit crunch issues, three in relatively general terms and only one in respect of indebtedness following a refinancing not apparently caused by credit market tightening;
- Nine of these 30 companies (30%), did not comply with the requirements of IAS 34. This was mainly due to missing disclosures on segments, accounting policies and earnings per share; and
- Only one of the 30 companies clearly followed all of the requirements in the DTR and IAS 34.

Isobel Sharp, Deloitte audit partner and President of ICAS, said: "It is easy to say that the results of our survey are poor, if not mildly shocking to some. However, a question has to be asked whether all of the new

¹ The EU Transparency Obligation's Directive was implemented in the UK by the UK Listing Authority (part of the Financial Services Authority). The requirements are in its Disclosure and Transparency Rules (DTR).

rules were really required in the first place. A quarter of companies did not include the new responsibility statement which was probably an oversight caused by unfamiliarity with the rules. But is this rule a necessity or a nicety?"

"Furthermore, the UK Listing Authority only issued the new rules in late December 2006, effective for periods beginning on or after 20 January 2007. The results suggest that the notice was not adequate and perhaps over a year should be allowed, with early adoption permitted so that precedents can be set for others."

- Ends -

Notes for editors

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