

**dti**

**NARRATIVE BUSINESS  
REPORTING**

A consultation on narrative  
reporting requirements for  
companies

1 FEBRUARY 2006

The Government has decided to widen its current consultation on Company Narrative Reporting requirements. This will ensure that all points of view and relevant up-to-date evidence are taken into account whilst the current Company Law Reform Bill is going through Parliament.

The Government is now inviting comments on any considerations which Ministers should take into account in deciding whether, and if so how, to frame amendments to these or other provisions of the Company Law Reform Bill to ensure effective forward looking narrative reporting by quoted companies, including, where appropriate, on social, community, employee and environmental matters.

Issued 1 February 2006

Respond by 24 March 2006

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1. The Government has decided to widen its current consultation on company narrative reporting requirements. This will ensure that all points of view and relevant up-to-date evidence are taken into account whilst the current Company Law Reform Bill is going through Parliament.
2. The Government took the decision in November 2005 to repeal the mandatory requirement on quoted companies to prepare an Operating and Financial Review (OFR) as contained in the OFR regulations so that they are required to prepare a Business Review instead. This decision was made in the light of the Government's strong commitment to sustainable development, strategic forward-looking narrative reporting and its policy of not imposing unnecessary burdens on UK companies, and taking into account the large body of evidence from previous consultations on narrative reporting.
3. Chapter 6 of Part 15 of the Company Law Reform Bill contains provisions relating to narrative reporting by companies. The Government is now inviting comments on any considerations which Ministers should take into account in deciding whether, and if so how, to frame amendments to these or other provisions of the Company Law Reform Bill to ensure effective forward looking narrative reporting by quoted companies, including, where appropriate, on social, community, employee and environmental matters. The consultation is therefore extended to invite views from all stakeholders on the full range of options for reporting, including matters previously contained within Schedule 7ZA of the Companies Act 1985 and within the Accounts Modernisation Directive (2003/51/EC), and any other matters relevant to narrative reporting.
4. The Government will also consider in light of responses to this consultation whether existing business reporting requirements should be amended by regulations under secondary legislation as an interim measure before the new Bill comes into force. For the avoidance of doubt, however, no such changes would apply to financial reporting periods which had commenced before any new regulations had been passed. This is to ensure that companies have certainty as to their current legal reporting obligations and have adequate time to prepare for any changes.
5. The closing date for responses to this consultation is 24 March 2006. The Government is keen to ensure conclusions can be reached in a timescale which allows any resulting policy changes to be introduced and debated during the appropriate Parliamentary stages of the current Bill.
6. The Government has already issued an invitation for views on narrative reporting on a more limited basis (statement of 15 December 2005, Hansard Volume No. 440, Part No. 85, Column 177WS). Comments already received as a result of that invitation will be taken into account in this wider consultation exercise. Those who have already expressed a view are welcome to submit further comments should they so wish.

## **How to respond**

7. This consultation runs from 1 February 2006 to 24 March 2006. This is less than the standard 12 week period because the Government is keen to ensure conclusions can be reached in a timescale which allows any resulting policy changes to be introduced and debated during the appropriate Parliamentary stages of the current Bill.
8. When responding please state whether you are responding as an individual or representing the views of an organisation. If responding on behalf of an organisation, please make it clear who the organisation represents and, where applicable, how the views of members were assembled.
9. An electronic version is also available at <http://www.dti.gov.uk/cld/businessreview.htm>.
10. A response can be submitted by letter, fax or email to:

Tunde Idowu  
Department of Trade and Industry  
1 Victoria Street, Bay 558  
SW1H 0ET  
Fax: 020 7215 0235  
Email: [companylawreform@dti.gsi.gov.uk](mailto:companylawreform@dti.gsi.gov.uk)

Please begin the heading of your response with the words "Business Reporting".

### **Additional copies**

11. You may make copies of this document without seeking permission. Further printed copies of the consultation document can be obtained from:  
  
DTI Publications Orderline  
ADMAIL 528  
London SW1W 8YT  
Tel: 0845-015 0010  
Fax: 0845-015 0020  
Minicom: 0845-015 0030  
[www.dti.gov.uk/publications](http://www.dti.gov.uk/publications)
12. Other versions of the document in Braille, other languages or audio-cassette are available on request.
13. Information provided in response to this consultation, including personal information, may be subject to publication or disclosure in accordance with the access to information regimes (these are primarily the Freedom of Information Act 2000 (FOIA), the Data Protection Act 1998 (DPA) and the Environmental Information Regulations 2004). If you want other information that you provide to be treated as confidential, please be aware that, under the FOIA, there is a statutory Code of Practice with which public authorities must comply and which deals, amongst other things, with obligations of confidence.

14. In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Department.
15. The Department will process your personal data in accordance with the DPA and in the majority of circumstances this will mean that your personal data will not be disclosed to third parties.
16. Questions about the policy issues raised in the document can be addressed to:

Valerie Carpenter  
Department of Trade and Industry  
1 Victoria Street, Bay 558  
London  
SW1H 0ET  
Tel : 020 7215 0225  
Fax: 020 7215 0235  
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17. If you have comments or complaints about the way this consultation has been conducted, these should be sent to:

Nick van Benschoten  
Consultation Co-ordinator  
Department of Trade and Industry  
Better Regulation Team  
1 Victoria Street  
London  
SW1H 0ET  
E-mail: [Nick.vanbenschoten@dti.gsi.gov.uk](mailto:Nick.vanbenschoten@dti.gsi.gov.uk)

Tel: 020 7215 6206  
Fax: 020 7215 8303

A copy of the Code of Practice on Consultation is in Annex A.

## **Annex A**

### **The Consultation Code of Practice Criteria**

1. Consult widely throughout the process, allowing a minimum of 12 weeks for written consultation at least once during the development of the policy.
2. Be clear about what your proposals are, who may be affected, what questions are being asked and the timescale for responses.
3. Ensure that your consultation is clear, concise and widely accessible.
4. Give feedback regarding the responses received and how the consultation process influenced the policy.
5. Monitor your department's effectiveness at consultation, including through the use of a designated consultation co-ordinator.
6. Ensure your consultation follows better regulation best practice, including carrying out a Regulatory Impact Assessment if appropriate.

The complete code is available on the Cabinet Office's web site, address <http://www.cabinetoffice.gov.uk/regulation/consultation/index.asp>

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