



**AVEY OF LONDON**

Accounting | Financial Reporting

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# STRATEGIC REPORT AT A GLANCE: WHAT TO DISCLOSE

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AVEY OF LONDON  
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This guidance is designed to alert to an important issue of general application. It is not intended to be a definitive statement covering all aspects of the related legislation. It is only a brief summary and no action should be taken without consulting the detailed legislation or seeking professional advice.

Should you require further information or would like to discuss any specific elements of the relevant legislation you can contact AVEY of London using details below and we will be happy to assist.

Tel: 01707 691 783

Email: [info@aveyoflondon.co.uk](mailto:info@aveyoflondon.co.uk)

No responsibility for any person acting or referring to act as a result of any material contained in this guidance can be accepted by AVEY of London.

The overriding objective of the strategic report is to provide information for shareholders that will enable them to assess how the directors have performed their duty to promote the success of the company.

**Small companies**, or those that would be small except for being part of an ineligible group, do not have to prepare strategic report.

All other companies should prepare a strategic report, however the reporting requirements vary depending on the company's size and status.

A '**quoted company**' is a company whose equity share capital has been included in the UK official list, or officially listed in EEA state, or admitted to dealing on New York Stock Exchange or NASDAQ. Companies listed on **AIM** are not quoted companies.

Where an entity is a parent company and prepares **consolidated financial statements**, the strategic report should be a consolidated report covering the company and its subsidiary undertakings included in the consolidation [s414C(13) and s415(2)]. There is not requirement for the parent company to prepare a separate report for the company alone.

The following table summarises the disclosure requirements of the Companies Act 2006 in respect of the strategic report.

Companies Act 2006 Reference	Strategic Report Requirements	Medium-sized <sup>1</sup>	Large unquoted	AIM	Quoted
s414C(2)(a)	Fair review of company's business	✓	✓	✓	✓
s414C(2)(b)	Principal risks and uncertainties	✓	✓	✓	✓
s414C(3)	Development, performance of the company's business and its position at the period end	✓	✓	✓	✓
s414C(4)(a)	Financial key performance indicators (KPIs)	✓	✓	✓	✓
s414C(4)(b)	Other non-financial KPIs including information relating to environmental and employee matters	✗	✓	✓	✓
s414C(7)(a)	Main trends and factors likely to affect future development, performance and position <sup>2</sup>	✗	✗	✗	✓
s414C(7)(b)	Information about <sup>2,3</sup> : (i) environmental matters (including the impact of the company's business on the environment); (ii) the company's employees; and (iii) social, community and human rights issues (including information about any policies of the company in relation to those matters and the effectiveness of those policies)	✗	✗	✗	✓
s414C(8)(a)	Description of company's strategy	✗	✗	✗	✓
s414C(8)(b)	Description of company's business model	✗	✗	✗	✓

s414C(8)(c)	Breakdown showing at the period end: (i) the number of persons of each sex who were the company's directors <sup>4</sup> ; (ii) the number of persons of each sex who were the company's senior managers (excluding directors) <sup>5</sup> ; and (iii) the number of persons of each sex who were employees of the company	×	×	×	✓
s414C(11)	The strategic report may also contain such matters otherwise required to be disclosed in the directors' report that the directors consider are of strategic importance to the company	✓	✓	✓	✓
s414C(12)	The report must, where appropriate, include references to, and additional explanations of, amounts included in the company's annual accounts	✓	✓	✓	✓
s414A(4)& s414C(13)	A group strategic report may, where appropriate, give greater emphasis to the matters that are significant to the undertakings included in the consolidation, when taken as a whole	✓	✓	✓	✓
s414C(14)	Nothing in s414C requires the disclosure of information about impending developments or matters in the course of negotiation if the disclosure would, in the opinion of the directors, be seriously prejudicial to the interests of the company.	✓	✓	✓	✓
s414D(1)	The strategic report must be approved by the board and signed on behalf of the board by a director or the secretary of the company	✓	✓	✓	✓

<sup>1</sup> Except those that would be small if not in an ineligible group [s414B].

<sup>2</sup> To the extent necessary for understanding of the development, performance and position of the company's business.

<sup>3</sup> If the review does not contain information on any of these items on the grounds that it is not material, it must state that fact, identifying which of this information is omitted [s417(5)].

<sup>4</sup> In the case of group accounts, this category comprises directors of the parent company only [s414C(10)(a)].

<sup>5</sup> A senior manager is an employee of the company who has responsibility for planning, directing or controlling the activities of the company, or a strategically significant part of the company. In the case of group accounts, this category includes directors of subsidiary undertakings who otherwise would not meet the definition of a senior manager [s414C(10)(b)].