



COVID-19 Reporting timetable for listed companies

KPMG Board Leadership Centre

In a [joint statement](#), the Financial Conduct Authority (FCA), the Financial Reporting Council (FRC) and the Prudential Regulation Authority (PRA), identify a series of actions, designed to protect the capital markets by ensuring the continued flow of information to investors.

Here we summarise the guidance covering delays to the reporting timetable and other relaxations to ease the pressure on companies.

Reporting timetable for listed companies

Recognising the challenges facing both auditors and listed companies, the FCA has published a statement permitting a delay in the publication of audited annual financial reports from four to six months from the end of the financial year. This policy is intended to be temporary while the UK faces the extreme disruption of the coronavirus pandemic and its aftermath. When the disruption abates the FCA will consider how best to end the policy in a fair, orderly and transparent way.

Investors will still receive timely information on which to base their decisions as companies will still need to observe their other disclosure obligations, in particular those concerning inside information under the Market Abuse Regulation, recognising that the global pandemic and policy responses to it may alter the nature of information that is material to business prospects.

The Covid-19 pandemic is causing companies of all types to re-think and re-plan almost all aspects of their business and operations. The FCA recognise that some companies, given the nature of their operations, may feel it appropriate to maintain the four month calendar, but urge all those companies that feel it appropriate to utilise the additional two months to do so. Also, the FCA urge market participants not to draw undue adverse inferences when companies make use of the extra time our temporary relief gives them, for a great many companies it will be a sensible decision to make in unprecedented times.

The FCA strongly recommend that listed companies review all elements of their timetables for publication of financial information in order to make appropriate use of the time available within regulatory deadlines to ensure accurate and carefully prepared disclosures. Such timetables will likely have been set before the full implications of Covid-19 and the public policy response to it were clear. Companies should take note of the time available to them and they should feel supported in using it.

Further measures announced by the regulators to allow companies and auditors to focus on the delivery of information to investors and the capital markets include:

Delaying the filing of accounts by companies -

Companies House has issued [guidance](#) to permit a delay to the filing of accounts at Companies House by companies. While companies will still have to apply for the three-month extension to be granted, those citing issues around COVID-19 will be automatically and immediately granted an extension via a fast-tracked process. For example, this will permit applications for delayed filing of financial statements for subsidiary companies of listed entities.

Postponement of auditor tenders - Companies are encouraged to consider delaying planned tenders for new auditors, even when mandatory rotation is due. The FRC has the power to extend certain mandates by up to two years in exceptional circumstances.

Postponement of audit partner rotation - Key audit partners are required to rotate every five years. However, where there are good reasons, for example to maintain audit quality in current circumstances, the rotation can be extended to no more than seven years. This needs to be agreed with the audit committee of any affected entity and does not need to be cleared with or approved by the FRC.

Reduction of FRC demands on companies and audit firms - The FRC will, where possible, delay or extend the deadlines for consultations; it has paused for at least one month writing new letters to companies following its review of their annual reports and accounts; it is considering how it can adjust its audit quality review work to reduce demands on audit firms; and it will pause for at least one month requests to firms on supervisory initiatives, such as operational separation of audit practices.

Extension of reporting deadlines for public sector bodies - HM Government is revising deadlines for reporting by a range of public bodies, which will also provide some relief to their auditors. For example, the deadline for publication of final report and accounts of local government authorities has been extended by two months to the end of September.

Delay to the forthcoming announcement of preliminary financial accounts

The FCA strongly requests all listed companies observe a moratorium on the publication of preliminary financial statements for at least two weeks.

In their statement the FCA note that as investors in capital markets rely on trustworthy information on the companies whose instruments they trade it is important that due consideration is given by companies to recent events in preparing their disclosures. Observing timetables set before the COVID-19 crisis arose may not give companies the necessary time to do this.

In addition, listed companies and the audit profession are facing unprecedented practical challenges during the Coronavirus crisis. The FCA believes the practice of issuing preliminary financial statements in advance of the full audited financial statements is adding unnecessarily to the pressure on companies and the audit profession at this moment.

This FCA's statement does not apply to AIM companies. Further information on the scope of the announcement is published [here](#).

Please read our paper [COVID-19: Corporate governance and reporting](#) [[LINK to that paper](#)] for further guidance from the FRC, FCA and PRA on the actions companies can take to help protect the capital markets and the flow of information to investors.

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