

FCA and FRC joint statement reminding companies that extended financial information timelines continue to apply

Public policy interventions made in 2020 provided more time for the work necessary to ensure that published financial information continues to be of the quality that preparers and users of financial information expect.

Along with these measures, the FCA, FRC and PRA made a [joint statement](#) that encouraged investors, lenders and other users of financial statements to take into account the unique set of circumstances arising from the coronavirus pandemic. The need to take the circumstances arising from the coronavirus pandemic into account remains relevant today.

The measures in place

The FCA and FRC would like to remind companies of the measures that remain valid today and which provide some flexibility. This includes allowing listed companies an additional two months to publish their audited annual financial reports. This is because we recognise that we are now in the busiest period of the year for preparing, auditing and publishing financial information. This has coincided with further restrictions imposed through the recent national lockdowns in the UK.

Recognising the heightened challenges and in line with our previous statements, the FCA and FRC would like to encourage all stakeholders including in particular boards of listed companies to (1) re-familiarise themselves with the measures and (2) use them in light of any resourcing constraints in finance and/or audit teams to ensure the quality of reporting is not compromised during this period.

Alerting investors to reporting timetables

We also alert investors and other users of financial information, including lenders assessing covenant breaches arising solely because of changes in reporting timetables, that reporting timetables for companies might be extended for these reasons and to view these changes in the context of current events.

Keeping the market up to date

During this period, it is as important as ever that the market is kept up to date with information. The Market Abuse Regulation (MAR) remains in force and companies are still required to fulfil their obligations concerning inside information as soon as possible unless they have a valid reason to delay disclosure under the regulation. Companies must continue to assess carefully what information constitutes inside information at this time, recognising that the global pandemic and policy responses to it may alter the nature of information that is material to a business's prospects.

Coronavirus-related reporting and audit guidance

The FRC has issued a [series of guidance](#) to support high-quality reporting and disclosure of the circumstances companies have faced as a result of the pandemic, and the mitigating actions they have taken to address risks. Further guidance was

also included in the FRC's [year-end letter](#) to CEOs, CFOs and Audit Committee Chairs.

Given the heightened risk, challenge and uncertainty, audit committees may consider it appropriate to set out in their annual report the work they have undertaken, and the measures they have agreed to ensure high-quality reporting and audit for the period affected. This might include how they have ensured they have allowed enough flexibility in the year-end timetable to complete all the necessary work to an appropriate standard that will meet investor and stakeholder expectations.

Auditors' duty to report

The FCA and FRC remind audit firms of their regulatory obligations to report, to the appropriate regulator, matters arising from their work on a timely basis.

Please refer to the FCA's '[Dear CEO](#)' letter published in August 2020, and the FRC's [ISA \(UK\) 250 Section B](#) - *The auditor's statutory right and duty to report to regulators of public interest entities and regulators of other entities in the financial sector*.

Summary of temporary reliefs for companies reporting published financial information

Public policy interventions made in 2020 provided more time for the work necessary to ensure that published financial information continues to be of the quality that preparers and users of financial information expect.

The measures that remain valid today are summarised below:

1. *Corporate Reporting for listed companies* – the FCA has provided temporary relief for listed companies:
 - a. An additional 2 months to [publish annual financial reports](#) (i.e. within 6 rather than 4 months of the financial year end date); and
 - b. An additional month to publish [half yearly financial reports](#) (i.e. within 4 rather than 3 months of the financial half year end date).

Temporary reliefs for delayed publication of financial statements will remain in place until the disruption abates. When we decide to bring any of these measures to an end we will give companies plenty of notice so they have time to plan for the change.

2. *Extended period for filing accounts at Companies House* – Currently the deadline for filing any accounts with Companies House is extended by 3 months. While this automatic extension expires on 5 April 2021 it will be replaced with an [application process](#) to Companies House, with companies granted a discretionary three-month extension where they cite coronavirus as a factor impacting the timely completion and/or audit of accounts. Only one filing extension is permissible for an accounting period and the extension cannot take the filing date later than 12 months after the end of the accounting period.
3. *Delaying or adapting Annual General Meetings (AGMs)* - The temporary ability to postpone AGMs provided by the Corporate Insolvency and Governance Act 2020 (CIGA) expired on 30 September 2020. However, this will not prevent listed companies from taking advantage of the bulk of the FCA's temporary reliefs for listed companies noted above. Further CIGA measures to provide flexibilities around the conduct of AGMs have been extended to 30 March. The Act provides no scope to extend them beyond that date. The Department for Business, Energy and Industrial Strategy is working with stakeholders on further guidance.

- 4. *Extension of reporting deadlines for public sector bodies* – The Ministry of Housing Communities and Local Government introduced easements to local authority processes last year. These included postponing local government elections to May 2021, enabling councils to hold remote meetings for the same period and extending the audit publication deadlines for 2019/20 to 30 November. Ministers have also committed to extending the audit publication deadlines to 30 September for the next 2 financial years to give public bodies and their auditors more flexibility in closing local public bodies' accounts.**

The FCA have also put temporary measures in place to alleviate challenges for certain corporate transactions. We have summarised these in [issue 27](#), [issue 28](#) and [issue 31](#) of the FCA's Primary Market Bulletin.