



Companies Act 2006

2006 CHAPTER 46

PART 15

ACCOUNTS AND REPORTS

CHAPTER 5

DIRECTORS' REPORT

Directors' report

417 Contents of directors' report: business review

- (1) Unless the company is [^{F1}entitled to the small companies exemption], the directors' report must contain a business review.
- (2) The purpose of the business review is to inform members of the company and help them assess how the directors have performed their duty under section 172 (duty to promote the success of the company).
- (3) The business review must contain—
 - (a) a fair review of the company's business, and
 - (b) a description of the principal risks and uncertainties facing the company.
- (4) The review required is a balanced and comprehensive analysis of—
 - (a) the development and performance of the company's business during the financial year, and
 - (b) the position of the company's business at the end of that year, consistent with the size and complexity of the business.
- (5) In the case of a quoted company the business review must, to the extent necessary for an understanding of the development, performance or position of the company's business, include—

Status: Point in time view as at 01/10/2009. This version of this provision has been superseded.

Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Companies Act 2006. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details)

- (a) the main trends and factors likely to affect the future development, performance and position of the company's business; and
- (b) information about—
 - (i) environmental matters (including the impact of the company's business on the environment),
 - (ii) the company's employees, and
 - (iii) social and community issues,
 including information about any policies of the company in relation to those matters and the effectiveness of those policies; and
- (c) subject to subsection (11), information about persons with whom the company has contractual or other arrangements which are essential to the business of the company.

If the review does not contain information of each kind mentioned in paragraphs (b) (i), (ii) and (iii) and (c), it must state which of those kinds of information it does not contain.

- (6) The review must, to the extent necessary for an understanding of the development, performance or position of the company's business, include—
 - (a) analysis using financial key performance indicators, and
 - (b) where appropriate, analysis using other key performance indicators, including information relating to environmental matters and employee matters.

“Key performance indicators” means factors by reference to which the development, performance or position of the company's business can be measured effectively.
- (7) Where a company qualifies as medium-sized in relation to a financial year (see sections 465 to 467), the directors' report for the year need not comply with the requirements of subsection (6) so far as they relate to non-financial information.
- (8) The review must, where appropriate, include references to, and additional explanations of, amounts included in the company's annual accounts.
- (9) In relation to a group directors' report this section has effect as if the references to the company were references to the undertakings included in the consolidation.
- (10) Nothing in this section 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.
- (11) Nothing in subsection (5)(c) requires the disclosure of information about a person if the disclosure would, in the opinion of the directors, be seriously prejudicial to that person and contrary to the public interest.

Textual Amendments

- F1** Words in s. 417(1) substituted (6.4.2008) by [The Companies Act 2006 \(Amendment\) \(Accounts and Reports\) Regulations 2008 \(S.I. 2008/393\)](#), **reg. 6(4)**

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Commencement Information

- II** [S. 417](#) wholly in force at 1.10.2007; [s. 417](#) not in force at Royal Assent, see [s. 1300](#); [s. 417](#) wholly in force at 1.10.2007 by [S.I. 2007/2194](#), [art. 2\(1\)\(g\)](#) (with saving in [art. 3](#) and subject to transitional adaptations specified in [Sch. 1](#) and with transitional provisions and savings in [Sch. 3](#))

Status:

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