

Directors' report: business review

327. (1) The directors' report for a financial year shall contain—

- (a) a fair review of the business of the company, and
- (b) a description of the principal risks and uncertainties facing the company.

(2) The review required by subsection (1) shall be a balanced and comprehensive analysis of—

- (a) the development and performance of the business of the company during the financial year, and
- (b) the assets and liabilities and financial position of the company at the end of the financial year, consistent with the size and complexity of the business.

(3) The review required by subsection (1) shall, to the extent necessary for an understanding of such development, performance or financial position or assets and liabilities, include—

- (a) an analysis of financial key performance indicators, and
- (b) where appropriate, an analysis using non-financial key performance indicators, including information relating to environmental and employee matters.

(4) The directors' report shall, where appropriate, include additional explanations of amounts included in the statutory financial statements of the company.

(5) The review required by subsection (1) shall include an indication of likely future developments in the business of the company.

(6) In relation to a group directors' report, this section has effect as if the references to the company were references to the company and its subsidiary undertakings included in the consolidation.

(7) In this section, “key performance indicators” means factors by reference to which the development, performance and financial position of the business of the company can be measured effectively.