

## Companies Act 2006 c. 46

### Part 15 - Accounts and Reports

#### Chapter 1 Introduction

##### *General*

#### **380 Scheme of this Part**

- (1) The requirements of this Part as to accounts and reports apply in relation to each financial year of a company.
- (2) In certain respects different provisions apply to different kinds of company.
- (3) ~~...The main distinctions for this purpose are--~~
  - ~~(a) between companies subject to the small companies regime (see section 381) and companies that are not subject to that regime; and~~
  - ~~(b) between quoted companies (see section 385) and companies that are not quoted.~~
- (4) ~~...In this Part, where provisions do not apply to all kinds of company--~~
  - ~~(a) provisions applying to companies subject to the small companies regime appear before the provisions applying to other companies,~~
  - ~~(b) provisions applying to private companies appear before the provisions applying to public companies, and~~
  - ~~(c) provisions applying to quoted companies appear after the provisions applying to other companies.~~

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/381 Companies subject to the small companies regime

#### ***Companies subject to the small companies regime***

#### **381 Companies subject to the small companies regime**

The small companies regime . . . applies to a company for a financial year in relation to which the company--

- (a) qualifies as small (see sections 382 and 383), and
- (b) is not excluded from the regime (see section 384).

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/382 Companies qualifying as small: general

#### **382 Companies qualifying as small: general**

- (1) A company qualifies as small in relation to its first financial year if the qualifying conditions are met in that year.
- [(1A) Subject to subsection (2), a company qualifies as small in relation to a subsequent financial year if the qualifying conditions are met in that year.]

[(2) In relation to a subsequent financial year, where on its balance sheet date a company meets or ceases to meet the qualifying conditions, that affects its qualification as a small company only if it occurs in two consecutive financial years.]

(3) The qualifying conditions are met by a company in a year in which it satisfies two or more of the following requirements--

1 Turnover	<del>[Not more than £10.2 million Not more than £6.5 million]</del>
2 Balance sheet total	<del>[Not more than 5.1 million Not more than £3.26 million]</del>
3 Number of employees	Not more than 50

(4) For a period that is a company's financial year but not in fact a year the maximum figures for turnover must be proportionately adjusted.

(5) The balance sheet total means the aggregate of the amounts shown as assets in the company's balance sheet.

(6) The number of employees means the average number of persons employed by the company in the year, determined as follows--

- find for each month in the financial year the number of persons employed under contracts of service by the company in that month (whether throughout the month or not),
- add together the monthly totals, and
- divide by the number of months in the financial year.

(7) This section is subject to section 383 (companies qualifying as small: parent companies).

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/383 Companies qualifying as small: parent companies

### **383 Companies qualifying as small: parent companies**

(1) A parent company qualifies as a small company in relation to a financial year only if the group headed by it qualifies as a small group.

(2) A group qualifies as small in relation to the parent company's first financial year if the qualifying conditions are met in that year.

[(2A) Subject to subsection (3), a group qualifies as small in relation to a subsequent financial year of the parent company if the qualifying conditions are met in that year.]

[(3) In relation to a subsequent financial year of the parent company, where on the parent company's balance sheet date the group meets or ceases to meet the qualifying conditions, that affects the group's qualification as a small group only if it occurs in two consecutive financial years.]

(4) The qualifying conditions are met by a group in a year in which it satisfies two or more of the following requirements--

1 Aggregate turnover	<del>[Not more than £10.2 million net (or £12.2 million gross)]</del> <del>Not more than £6.5 million net (or £7.8 million gross)]</del>
2 Aggregate balance sheet total	<del>[Not more than £5.1 million net (or £6.1 million gross)]</del> <del>Not more than £3.26 mil-</del>

3 Aggregate number of employees ~~Not more than 50~~ [tion net \(or £3.9 million gross\)\]](#)

(5) The aggregate figures are ascertained by aggregating the relevant figures determined in accordance with section 382 for each member of the group.

(6) In relation to the aggregate figures for turnover and balance sheet total--

"net" means after any set-offs and other adjustments made to eliminate group transactions--

- (a) in the case of Companies Act accounts, in accordance with regulations under section 404,
- (b) in the case of IAS accounts, in accordance with international accounting standards; and

"gross" means without those set-offs and other adjustments.

A company may satisfy any relevant requirement on the basis of either the net or the gross figure.

(7) The figures for each subsidiary undertaking shall be those included in its individual accounts for the relevant financial year, that is--

- (a) if its financial year ends with that of the parent company, that financial year, and
- (b) if not, its financial year ending last before the end of the financial year of the parent company.

If those figures cannot be obtained without disproportionate expense or undue delay, the latest available figures shall be taken.

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/384 Companies excluded from the small companies regime

### **384 Companies excluded from the small companies regime**

(1) The small companies regime does not apply to a company that ~~is, or~~ was at any time within the financial year to which the accounts relate--

- (a) a public company,
- (b) a company that--
  - (i) is an authorised insurance company, a banking company, an e-money issuer, [a MiFID investment firm] or a UCITS management company, or
  - (ii) carries on insurance market activity, or
- (c) a member of an ineligible group.

(2) A group is ineligible if any of its members is--

- (a) ~~a public company,~~ [a traded company](#),
- (b) a body corporate (other than a company) whose shares are admitted to trading on a regulated market in an EEA State,
- (c) a person (other than a small company) who has permission under [Part 4A] of the Financial Services and Markets Act 2000 (c 8) to carry on a regulated activity,
- [(ca) an e-money issuer,]

(d) a small company that is an authorised insurance company, a banking company, . . . [a MiFID investment firm] or a UCITS management company, or

(e) a person who carries on insurance market activity.

(3) A company is a small company for the purposes of subsection (2) if it qualified as small in relation to its last financial year ending on or before the end of the financial year to which the accounts relate.

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/[384A Companies qualifying as micro-entities]

### **[384A Companies qualifying as micro-entities]**

[(1) A company qualifies as a micro-entity in relation to its first financial year if the qualifying conditions are met in that year.

(2) Subject to subsection (3), a company qualifies as a micro-entity in relation to a subsequent financial year if the qualifying conditions are met in that year.

(3) In relation to a subsequent financial year, where on its balance sheet date a company meets or ceases to meet the qualifying conditions, that affects its qualification as a micro-entity only if it occurs in two consecutive financial years.

(4) The qualifying conditions are met by a company in a year in which it satisfies two or more of the following requirements--

1. Turnover	Not more than £632,000
2. Balance sheet total	Not more than £316,000
3. Number of employees	Not more than 10

(5) For a period that is a company's financial year but not in fact a year the maximum figures for turnover must be proportionately adjusted.

(6) The balance sheet total means the aggregate of the amounts shown as assets in the company's balance sheet.

(7) The number of employees means the average number of persons employed by the company in the year, determined as follows--

(a) find for each month in the financial year the number of persons employed under contracts of service by the company in that month (whether throughout the month or not),

(b) add together the monthly totals, and

(c) divide by the number of months in the financial year.

(8) In the case of a company which is a parent company, the company qualifies as a micro-entity in relation to a financial year only if--

(a) the company qualifies as a micro-entity in relation to that year, as determined by subsections (1) to (7), and

(b) the group headed by the company qualifies as a small group, as determined by section 383(2) to (7).]

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/[384B Companies excluded from being treated as micro-entities]

**[384B Companies excluded from being treated as micro-entities]**

[(1) The micro-entity provisions do not apply in relation to a company's accounts for a particular financial year if the company was at any time within that year--

- (a) a company excluded from the small companies regime by virtue of section 384,
- (b) an investment undertaking as defined in Article 2(14) of Directive 2013/34/EU of 26 June 2013 on the annual financial statements etc of certain types of undertakings,
- (c) a financial holding undertaking as defined in Article 2(15) of that Directive,
- (d) a credit institution as defined in Article 4 of Directive 2006/48/EC of the European Parliament and of the Council of 14 June 2006 relating to the taking up and pursuit of the business of credit institutions, other than one referred to in Article 2 of that Directive,
- (e) an insurance undertaking as defined in Article 2(1) of Council Directive 91/674/EEC of 19 December 1991 on the annual accounts of insurance undertakings, or
- (f) a charity.

(2) The micro-entity provisions also do not apply in relation to a company's accounts for a financial year if--

- (a) the company is a parent company which prepares group accounts for that year as permitted by section 398, or
- (b) the company is not a parent company but its accounts are included in consolidated group accounts for that year.]

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/385 Quoted and unquoted companies

***Quoted and unquoted companies***

**385 Quoted and unquoted companies**

(1) For the purposes of this Part a company is a quoted company in relation to a financial year if it is a quoted company immediately before the end of the accounting reference period by reference to which that financial year was determined.

(2) A "quoted company" means a company whose equity share capital--

- (a) has been included in the official list in accordance with the provisions of Part 6 of the Financial Services and Markets Act 2000 (c 8), or
- (b) is officially listed in an EEA State, or
- (c) is admitted to dealing on either the New York Stock Exchange or the exchange known as Nasdaq.

In paragraph (a) "the official list" has the meaning given by section 103(1) of the Financial Services and Markets Act 2000.

(3) An "unquoted company" means a company that is not a quoted company.

- (4) The Secretary of State may by regulations amend or replace the provisions of subsections (1) to (2) so as to limit or extend the application of some or all of the provisions of this Part that are expressed to apply to quoted companies.
- (5) Regulations under this section extending the application of any such provision of this Part are subject to affirmative resolution procedure.
- (6) Any other regulations under this section are subject to negative resolution procedure.

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/386 Duty to keep accounting records

## **Chapter 2 Accounting Records**

### **386 Duty to keep accounting records**

- (1) Every company must keep adequate accounting records.
- (2) Adequate accounting records means records that are sufficient--
  - (a) to show and explain the company's transactions,
  - (b) to disclose with reasonable accuracy, at any time, the financial position of the company at that time, and
  - (c) to enable the directors to ensure that any accounts required to be prepared comply with the requirements of this Act (and, where applicable, of Article 4 of the IAS Regulation).
- (3) Accounting records must, in particular, contain--
  - (a) entries from day to day of all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place, and
  - (b) a record of the assets and liabilities of the company.
- (4) If the company's business involves dealing in goods, the accounting records must contain--
  - (a) statements of stock held by the company at the end of each financial year of the company,
  - (b) all statements of stocktakings from which any statement of stock as is mentioned in paragraph (a) has been or is to be prepared, and
  - (c) except in the case of goods sold by way of ordinary retail trade, statements of all goods sold and purchased, showing the goods and the buyers and sellers in sufficient detail to enable all these to be identified.
- (5) A parent company that has a subsidiary undertaking in relation to which the above requirements do not apply must take reasonable steps to secure that the undertaking keeps such accounting records as to enable the directors of the parent company to ensure that any accounts required to be prepared under this Part comply with the requirements of this Act (and, where applicable, of Article 4 of the IAS Regulation).

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/387 Duty to keep accounting records: offence

### **387 Duty to keep accounting records: offence**

- (1) If a company fails to comply with any provision of section 386 (duty to keep accounting records), an offence is committed by every officer of the company who is in default.
- (2) It is a defence for a person charged with such an offence to show that he acted honestly and that in the circumstances in which the company's business was carried on the default was excusable.
- (3) A person guilty of an offence under this section is liable--
  - (a) on conviction on indictment, to imprisonment for a term not exceeding two years or a fine (or both);
  - (b) on summary conviction--
    - (i) in England and Wales, to imprisonment for a term not exceeding twelve months or to a fine not exceeding the statutory maximum (or both);
    - (ii) in Scotland or Northern Ireland, to imprisonment for a term not exceeding six months, or to a fine not exceeding the statutory maximum (or both).

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/388 Where and for how long records to be kept

### **388 Where and for how long records to be kept**

- (1) A company's accounting records--
  - (a) must be kept at its registered office or such other place as the directors think fit, and
  - (b) must at all times be open to inspection by the company's officers.
- (2) If accounting records are kept at a place outside the United Kingdom, accounts and returns with respect to the business dealt with in the accounting records so kept must be sent to, and kept at, a place in the United Kingdom, and must at all times be open to such inspection.
- (3) The accounts and returns to be sent to the United Kingdom must be such as to--
  - (a) disclose with reasonable accuracy the financial position of the business in question at intervals of not more than six months, and
  - (b) enable the directors to ensure that the accounts required to be prepared under this Part comply with the requirements of this Act (and, where applicable, of Article 4 of the IAS Regulation).
- (4) Accounting records that a company is required by section 386 to keep must be preserved by it--
  - (a) in the case of a private company, for three years from the date on which they are made;
  - (b) in the case of a public company, for six years from the date on which they are made.
- (5) Subsection (4) is subject to any provision contained in rules made under section 411 of the Insolvency Act 1986 (c 45) (company insolvency rules) or Article 359 of the Insolvency (Northern Ireland) Order 1989 (SI 1989/2405 (NI 19)).

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/389 Where and for how long records to be kept: offences

### **389 Where and for how long records to be kept: offences**

- (1) If a company fails to comply with any provision of subsections (1) to (3) of section 388 (requirements as to keeping of accounting records), an offence is committed by every officer of the company who is in default.
- (2) It is a defence for a person charged with such an offence to show that he acted honestly and that in the circumstances in which the company's business was carried on the default was excusable.
- (3) An officer of a company commits an offence if he--
- (a) fails to take all reasonable steps for securing compliance by the company with subsection (4) of that section (period for which records to be preserved), or
  - (b) intentionally causes any default by the company under that subsection.
- (4) A person guilty of an offence under this section is liable--
- (a) on conviction on indictment, to imprisonment for a term not exceeding two years or a fine (or both);
  - (b) on summary conviction--
    - (i) in England and Wales, to imprisonment for a term not exceeding twelve months or to a fine not exceeding the statutory maximum (or both);
    - (ii) in Scotland or Northern Ireland, to imprisonment for a term not exceeding six months, or to a fine not exceeding the statutory maximum (or both).

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/390 A company's financial year

### **Chapter 3 A Company's Financial Year**

#### **390 A company's financial year**

- (1) A company's financial year is determined as follows.
- (2) Its first financial year--
- (a) begins with the first day of its first accounting reference period, and
  - (b) ends with the last day of that period or such other date, not more than seven days before or after the end of that period, as the directors may determine.
- (3) Subsequent financial years--
- (a) begin with the day immediately following the end of the company's previous financial year, and
  - (b) end with the last day of its next accounting reference period or such other date, not more than seven days before or after the end of that period, as the directors may determine.
- (4) In relation to an undertaking that is not a company, references in this Act to its financial year are to any period in respect of which a profit and loss account of the undertaking is required to be made up (by its constitution or by the law under which it is established), whether that period is a year or not.



(5) The directors of a parent company must secure that, except where in their opinion there are good reasons against it, the financial year of each of its subsidiary undertakings coincides with the company's own financial year.

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/391 Accounting reference periods and accounting reference date

### **391 Accounting reference periods and accounting reference date**

- (1) A company's accounting reference periods are determined according to its accounting reference date in each calendar year.
- (2) The accounting reference date of a company incorporated in Great Britain before 1st April 1996 is--
- (a) the date specified by notice to the registrar in accordance with section 224(2) of the Companies Act 1985 (c 6) (notice specifying accounting reference date given within nine months of incorporation), or
  - (b) failing such notice--
    - (i) in the case of a company incorporated before 1st April 1990, 31st March, and
    - (ii) in the case of a company incorporated on or after 1st April 1990, the last day of the month in which the anniversary of its incorporation falls.
- (3) The accounting reference date of a company incorporated in Northern Ireland before 22nd August 1997 is--
- (a) the date specified by notice to the registrar in accordance with article 232(2) of the Companies (Northern Ireland) Order 1986 (SI 1986/1032 (NI 6)) (notice specifying accounting reference date given within nine months of incorporation), or
  - (b) failing such notice--
    - (i) in the case of a company incorporated before the coming into operation of Article 5 of the Companies (Northern Ireland) Order 1990 (SI 1990/593 (NI 5)), 31st March, and
    - (ii) in the case of a company incorporated after the coming into operation of that Article, the last day of the month in which the anniversary of its incorporation falls.
- (4) The accounting reference date of a company incorporated--
- (a) in Great Britain on or after 1st April 1996 and before the commencement of this Act,
  - (b) in Northern Ireland on or after 22nd August 1997 and before the commencement of this Act, or
  - (c) after the commencement of this Act,

is the last day of the month in which the anniversary of its incorporation falls.

(5) A company's first accounting reference period is the period of more than six months, but not more than 18 months, beginning with the date of its incorporation and ending with its accounting reference date.

(6) Its subsequent accounting reference periods are successive periods of twelve months beginning immediately after the end of the previous accounting reference period and ending with its accounting reference date.

(7) This section has effect subject to the provisions of section 392 (alteration of accounting reference date).

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/392 Alteration of accounting reference date

### **392 Alteration of accounting reference date**

(1) A company may by notice given to the registrar specify a new accounting reference date having effect in relation to--

- (a) the company's current accounting reference period and subsequent periods, or
- (b) the company's previous accounting reference period and subsequent periods.

A company's "previous accounting reference period" means the one immediately preceding its current accounting reference period.

(2) The notice must state whether the current or previous accounting reference period--

- (a) is to be shortened, so as to come to an end on the first occasion on which the new accounting reference date falls or fell after the beginning of the period, or
- (b) is to be extended, so as to come to an end on the second occasion on which that date falls or fell after the beginning of the period.

(3) A notice extending a company's current or previous accounting reference period is not effective if given less than five years after the end of an earlier accounting reference period of the company that was extended under this section.

This does not apply--

- (a) to a notice given by a company that is a subsidiary undertaking or parent undertaking of another EEA undertaking if the new accounting reference date coincides with that of the other EEA undertaking or, where that undertaking is not a company, with the last day of its financial year, or
- (b) where the company is in administration under Part 2 of the Insolvency Act 1986 (c 45) or Part 3 of the Insolvency (Northern Ireland) Order 1989 (SI 1989/2405 (NI 19)), or
- (c) where the Secretary of State directs that it should not apply, which he may do with respect to a notice that has been given or that may be given.

(4) A notice under this section may not be given in respect of a previous accounting reference period if the period for filing accounts and reports for the financial year determined by reference to that accounting reference period has already expired.

(5) An accounting reference period may not be extended so as to exceed 18 months and a notice under this section is ineffective if the current or previous accounting reference period as extended in accordance with the notice would exceed that limit.

This does not apply where the company is in administration under Part 2 of the Insolvency Act 1986 (c 45) or Part 3 of the Insolvency (Northern Ireland) Order 1989 (SI 1989/2405 (NI 19)).

(6) In this section "EEA undertaking" means an undertaking established under the law of any part of the United Kingdom or the law of any other EEA State.

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/393 Accounts to give true and fair view

## Annual Accounts

### *General*

#### **393 Accounts to give true and fair view**

(1) The directors of a company must not approve accounts for the purposes of this Chapter unless they are satisfied that they give a true and fair view of the assets, liabilities, financial position and profit or loss--

- (a) in the case of the company's individual accounts, of the company;
- (b) in the case of the company's group accounts, of the undertakings included in the consolidation as a whole, so far as concerns members of the company.

[(1A) The following provisions apply to the directors of a company which qualifies as a micro-entity in relation to a financial year (see sections 384A and 384B) in their consideration of whether the Companies Act individual accounts of the company for that year give a true and fair view as required by subsection (1)(a)--

- (a) where the accounts comprise only micro-entity minimum accounting items, the directors must disregard any provision of an accounting standard which would require the accounts to contain information additional to those items,
- (b) in relation to a micro-entity minimum accounting item contained in the accounts, the directors must disregard any provision of an accounting standard which would require the accounts to contain further information in relation to that item, and
- (c) where the accounts contain an item of information additional to the micro-entity minimum accounting items, the directors must have regard to any provision of an accounting standard which relates to that item.]

(2) The auditor of a company in carrying out his functions under this Act in relation to the company's annual accounts must have regard to the directors' duty under subsection (1).

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/394 Duty to prepare individual accounts

### *Individual accounts*

#### **394 Duty to prepare individual accounts**

The directors of every company must prepare accounts for the company for each of its financial years [unless the company is exempt from that requirement under section 394A].

Those accounts are referred to as the company's "individual accounts".

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/[394A Individual accounts: exemption for dormant subsidiaries]

#### **[394A Individual accounts: exemption for dormant subsidiaries]**

[(1) A company is exempt from the requirement to prepare individual accounts for a financial year if--

- (a) it is itself a subsidiary undertaking,

- (b) it has been dormant throughout the whole of that year, and
  - (c) its parent undertaking is established under the law of an EEA State.
- (2) Exemption is conditional upon compliance with all of the following conditions--
- (a) all members of the company must agree to the exemption in respect of the financial year in question,
  - (b) the parent undertaking must give a guarantee under section 394C in respect of that year,
  - (c) the company must be included in the consolidated accounts drawn up for that year or to an earlier date in that year by the parent undertaking in accordance with--
    - (i) [the provisions of Directive 2013/34/EU\( \) of the European Parliament and of the Council on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, or the provisions of the Seventh Directive \(83/349/EEC\), or](#)
    - (ii) international accounting standards,
  - (d) the parent undertaking must disclose in the notes to the consolidated accounts that the company is exempt from the requirement to prepare individual accounts by virtue of this section, and
  - (e) the directors of the company must deliver to the registrar within the period for filing the company's accounts and reports for that year--
    - (i) a written notice of the agreement referred to in subsection (2)(a),
    - (ii) the statement referred to in section 394C(1),
    - (iii) a copy of the consolidated accounts referred to in subsection (2)(c),
    - (iv) a copy of the auditor's report on those accounts, and
    - (v) a copy of the consolidated annual report drawn up by the parent undertaking.]

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/[394B Companies excluded from the dormant subsidiaries exemption]

**[394B Companies excluded from the dormant subsidiaries exemption]**

[A company is not entitled to the exemption conferred by section 394A (dormant subsidiaries) if it was at any time within the financial year in question--

- (a) [a traded company a quoted company as defined in section 385\(2\) of this Act,](#)
- (b) a company that--
  - (i) is an authorised insurance company, a banking company, an e-money issuer, a MiFID investment firm or a UCITS management company, or
  - (ii) carries on insurance market activity, or
- (c) a special register body as defined in section 117(1) of the Trade Union and Labour Relations (Consolidation) Act 1992 (c 52) or an employers' association as defined in section 122 of that Act or Article 4 of the Industrial Relations (Northern Ireland) Order 1992 (SI 1992/807) (NI 5).]

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/[394C Dormant subsidiaries exemption: parent undertaking declaration of guarantee]

**[394C Dormant subsidiaries exemption: parent undertaking declaration of guarantee]**

[(1) A guarantee is given by a parent undertaking under this section when the directors of the subsidiary company deliver to the registrar a statement by the parent undertaking that it guarantees the subsidiary company under this section.

(2) The statement under subsection (1) must be authenticated by the parent undertaking and must specify--

- (a) the name of the parent undertaking,
- (b) if the parent undertaking is incorporated in the United Kingdom, its registered number (if any),
- (c) if the parent undertaking is incorporated outside the United Kingdom and registered in the country in which it is incorporated, the identity of the register on which it is registered and the number with which it is so registered,
- (d) the name and registered number of the subsidiary company in respect of which the guarantee is being given,
- (e) the date of the statement, and
- (f) the financial year to which the guarantee relates.

(3) A guarantee given under this section has the effect that--

- (a) the parent undertaking guarantees all outstanding liabilities to which the subsidiary company is subject at the end of the financial year to which the guarantee relates, until they are satisfied in full, and
- (b) the guarantee is enforceable against the parent undertaking by any person to whom the subsidiary company is liable in respect of those liabilities.]

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/395 Individual accounts: applicable accounting framework

**395 Individual accounts: applicable accounting framework**

(1) A company's individual accounts may be prepared--

- (a) in accordance with section 396 ("Companies Act individual accounts"), or
- (b) in accordance with international accounting standards ("IAS individual accounts").

This is subject to the following provisions of this section and to section 407 (consistency of financial reporting within group).

(2) The individual accounts of a company that is a charity must be Companies Act individual accounts.

(3) After the first financial year in which the directors of a company prepare IAS individual accounts ("the first IAS year"), all subsequent individual accounts of the company must be prepared in accordance with international accounting standards unless there is a relevant change of circumstance.

[This is subject to subsection (4A).]

(4) There is a relevant change of circumstance if, at any time during or after the first IAS year--

- (a) the company becomes a subsidiary undertaking of another undertaking that does not prepare IAS individual accounts,

- [(aa) the company ceases to be a subsidiary undertaking,]
- (b) the company ceases to be a company with securities admitted to trading on a regulated market in an EEA State, or
- (c) a parent undertaking of the company ceases to be an undertaking with securities admitted to trading on a regulated market in an EEA State.

[(4A) After a financial year in which the directors of a company prepare IAS individual accounts for the company, the directors may change to preparing Companies Act individual accounts for a reason other than a relevant change of circumstance provided they have not changed to Companies Act individual accounts in the period of five years preceding the first day of that financial year.

(4B) In calculating the five year period for the purpose of subsection (4A), no account should be taken of a change due to a relevant change of circumstance.]

(5) If, having changed to preparing Companies Act individual accounts . . . , the directors again prepare IAS individual accounts for the company, subsections (3) and (4) apply again as if the first financial year for which such accounts are again prepared were the first IAS year.

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/396 Companies Act individual accounts

### 396 Companies Act individual accounts

#### (A1) Companies Act individual accounts must state--

- (a) the part of the United Kingdom in which the company is registered,
- (b) the company's registered number,
- (c) whether the company is a public or a private company and whether it is limited by shares or by guarantee,
- (d) the address of the company's registered office, and
- (e) where appropriate, the fact that the company is being wound-up.

(1) Companies Act individual accounts must comprise--

- (a) a balance sheet as at the last day of the financial year, and
- (b) a profit and loss account.

(2) The accounts must--

- (a) in the case of the balance sheet, give a true and fair view of the state of affairs of the company as at the end of the financial year, and
- (b) in the case of the profit and loss account, give a true and fair view of the profit or loss of the company for the financial year.

[(2A) In the case of the individual accounts of a company which qualifies as a micro-entity in relation to the financial year (see sections 384A and 384B), the micro-entity minimum accounting items included in the company's accounts for the year are presumed to give the true and fair view required by subsection (2).]

(3) The accounts must comply with provision made by the Secretary of State by regulations as to--

- (a) the form and content of the balance sheet and profit and loss account, and

(b) additional information to be provided by way of notes to the accounts.

(4) If compliance with the regulations, and any other provision made by or under this Act as to the matters to be included in a company's individual accounts or in notes to those accounts, would not be sufficient to give a true and fair view, the necessary additional information must be given in the accounts or in a note to them.

(5) If in special circumstances compliance with any of those provisions is inconsistent with the requirement to give a true and fair view, the directors must depart from that provision to the extent necessary to give a true and fair view.

Particulars of any such departure, the reasons for it and its effect must be given in a note to the accounts.

[(6) Subsections (4) and (5) do not apply in relation to the micro-entity minimum accounting items included in the individual accounts of a company for a financial year in relation to which the company qualifies as a micro-entity.]

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/397 IAS individual accounts

### **397 IAS individual accounts**

(1) IAS individual accounts must state--

(a) the part of the United Kingdom in which the company is registered,

(b) the company's registered number,

(c) whether the company is a public or a private company and whether it is limited by shares or by guarantee,

(d) the address of the company's registered office, and

(e) where appropriate, the fact that the company is being wound-up.

(2) The notes to the accounts must state that the accounts have been prepared in accordance with international accounting standards.

~~Where the directors of a company prepare IAS individual accounts, they must state in the notes to the accounts that the accounts have been prepared in accordance with international accounting standards.~~

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/398 Option to prepare group accounts

### ***Group accounts: small companies***

#### **398 Option to prepare group accounts**

If at the end of a financial year a company subject to the small companies regime is a parent company the directors, as well as preparing individual accounts for the year, may prepare group accounts for the year.

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/399 Duty to prepare group accounts

### **Group accounts: other companies**

#### **399 Duty to prepare group accounts**

- (1) This section applies to companies that are not subject to the small companies regime.
- (2) If at the end of a financial year the company is a parent company the directors, as well as preparing individual accounts for the year, must prepare group accounts for the year unless the company is exempt from that requirement.

(2A) A company is exempt from the requirement to prepare group accounts if---

- (a) it would be subject to the small companies regime but for being a public company, and  
(b) it is not a traded company.

- (3) There are further exemptions under-  
 section 400 (company included in EEA accounts of larger group),  
 section 401 (company included in non-EEA accounts of larger group), and  
 section 402 (company none of whose subsidiary undertakings need be included in the consolidation).

- (4) A company to which this section applies but which is exempt from the requirement to prepare group accounts, may do so.

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/400 Exemption for company included in EEA group accounts of larger group

#### **400 Exemption for company included in EEA group accounts of larger group**

- (1) A company is exempt from the requirement to prepare group accounts if it is itself a subsidiary undertaking and its immediate parent undertaking is established under the law of an EEA State, in the following cases--

- (a) where the company is a wholly-owned subsidiary of that parent undertaking;
- (b) where that parent undertaking holds 90% or more of the allotted shares in the company and the remaining shareholders have approved the exemption;
- (c) where that parent undertaking holds more than 50% (but less than 90%) of the allotted shares in the company and notice requesting the preparation of group accounts has not been served on the company by the shareholders holding in aggregate at least 5% of the allotted shares in the company.

Such notice must be served at least six months before the end of the financial year to which it relates where that parent undertaking holds more than 50% of the allotted shares in the company and notice requesting the preparation of group accounts has not been served on the company by shareholders holding in aggregate---

- (i) more than half of the remaining allotted shares in the company, or  
(ii) 5% of the total allotted shares in the company.

Such notice must be served not later than six months after the end of the financial year before that to which it relates.

- (2) Exemption is conditional upon compliance with all of the following conditions--



(a) the company must be included in consolidated accounts for a larger group drawn up to the same date, or to an earlier date in the same financial year, by a parent undertaking established under the law of an EEA State;

(b) those accounts must be drawn up and audited, and that parent undertaking's annual report must be drawn up, according to that law--

(i) ~~in accordance with the provisions of Directive 2013/34/EU of the European Parliament and of the Council on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, or in accordance with the provisions of the Seventh Directive (83/349/EEC) (as modified, where relevant, by the provisions of the Bank Accounts Directive (86/635/EEC) or the Insurance Accounts Directive (91/674/EEC)), or~~

(ii) in accordance with international accounting standards;

(c) the company must disclose in the notes to its individual accounts that it is exempt from the obligation to prepare and deliver group accounts;

(d) the company must state in its individual accounts the name of the parent undertaking that draws up the group accounts referred to above and--

(i) ~~the address of the undertaking's registered office (whether in or outside the United Kingdom), or if it is incorporated outside the United Kingdom, the country in which it is incorporated, or~~

(ii) if it is unincorporated, the address of its principal place of business;

(e) the company must deliver to the registrar, within the period for filing its accounts and reports for the financial year in question, copies of--

(i) those group accounts, and

(ii) the parent undertaking's annual report,

together with the auditor's report on them;

(f) any requirement of Part 35 of this Act as to the delivery to the registrar of a certified translation into English must be met in relation to any document comprised in the accounts and reports delivered in accordance with paragraph (e).

(3) For the purposes of subsection (1)(b) and (c) shares held by a wholly-owned subsidiary of the parent undertaking, or held on behalf of the parent undertaking or a wholly-owned subsidiary, shall be attributed to the parent undertaking.

(4) The exemption does not apply to a company which is a traded company any of whose securities are admitted to trading on a regulated market in an EEA State.

(5) Shares held by directors of a company for the purpose of complying with any share qualification requirement shall be disregarded in determining for the purposes of this section whether the company is a wholly-owned subsidiary.

(6) ~~...In subsection (4) "securities" includes--~~

~~(a) shares and stock,~~

~~(b) debentures, including debenture stock, loan stock, bonds, certificates of deposit and other instruments creating or acknowledging indebtedness,~~

~~(c) warrants or other instruments entitling the holder to subscribe for securities falling within paragraph (a) or (b), and~~

~~(d) certificates or other instruments that confer--~~

- ~~(i) — property rights in respect of a security falling within paragraph (a), (b) or (c),~~
- ~~(ii) — any right to acquire, dispose of, underwrite or convert a security, being a right to which the holder would be entitled if he held any such security to which the certificate or other instrument relates, or~~
- ~~(iii) — a contractual right (other than an option) to acquire any such security otherwise than by subscription.~~

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/401 Exemption for company included in non-EEA group accounts of larger group

#### **401 Exemption for company included in non-EEA group accounts of larger group**

(1) A company is exempt from the requirement to prepare group accounts if it is itself a subsidiary undertaking and its parent undertaking is not established under the law of an EEA State, in the following cases--

- (a) where the company is a wholly-owned subsidiary of that parent undertaking;
- (b) where that parent undertaking holds 90% or more of the allotted shares in the company and the remaining shareholders have approved the exemption; or

(c) where that parent undertaking holds more than 50% (but less than 90%) of the allotted shares in the company and notice requesting the preparation of group accounts has not been served on the company by the shareholders holding in aggregate at least 5% of the allotted shares in the company.

Such notice must be served at least six months before the end of the financial year to which it relates where that parent undertaking holds more than 50% of the allotted shares in the company and notice requesting the preparation of group accounts has not been served on the company by shareholders holding in aggregate--

- ~~(i) — more than half of the remaining allotted shares in the company, or~~
- ~~(ii) — 5% of the total allotted shares in the company.~~

~~Such notice must be served not later than six months after the end of the financial year before that to which it relates.~~

(2) Exemption is conditional upon compliance with all of the following conditions--

- (a) the company and all of its subsidiary undertakings must be included in consolidated accounts for a larger group drawn up to the same date, or to an earlier date in the same financial year, by a parent undertaking;

- (b) those accounts and, where appropriate, the group's annual report, must be drawn up—

(i) in accordance with the provisions of Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings,

(ii) in a manner equivalent to consolidated accounts and consolidated reports so drawn up,

(iii) in accordance with international accounting standards adopted pursuant to the IAS Regulation, or

(iv) in accordance with accounting standards which are equivalent to such international accounting standards, as determined pursuant to Commission Regulation (EC) No. 1569/2007( ) of 21 December 2007 establishing a mechanism for the determination of equivalence of accounting standards applied by third country issuers of securities pursuant to Directives 2003/71/EC and 2004/109/EC

~~of the European Parliament and of the Council; these accounts and, where appropriate, the group's annual report, must be drawn up--~~

~~(i) in accordance with the provisions of the Seventh Directive (83/ 349/EEC) (as modified, where relevant, by the provisions of the Bank Accounts Directive (86/635/EEC) or the Insurance Accounts Directive (91/674/EEC)), or~~

~~(ii) in a manner equivalent to consolidated accounts and consolidated annual reports so drawn up;~~

(c) the group accounts must be audited by one or more persons authorised to audit accounts under the law under which the parent undertaking which draws them up is established;

(d) the company must disclose in its individual accounts that it is exempt from the obligation to prepare and deliver group accounts;

(e) the company must state in its individual accounts the name of the parent undertaking which draws up the group accounts referred to above and--

(i) the address of the undertaking's registered office (whether in or outside the United Kingdom), or if it is incorporated outside the United Kingdom, the country in which it is incorporated, or

(ii) if it is unincorporated, the address of its principal place of business;

(f) the company must deliver to the registrar, within the period for filing its accounts and reports for the financial year in question, copies of--

(i) the group accounts, and

(ii) where appropriate, the consolidated annual report,

together with the auditor's report on them;

(g) any requirement of Part 35 of this Act as to the delivery to the registrar of a certified translation into English must be met in relation to any document comprised in the accounts and reports delivered in accordance with paragraph (f).

(3) For the purposes of subsection (1)(b) and (c), shares held by a wholly-owned subsidiary of the parent undertaking, or held on behalf of the parent undertaking or a wholly-owned subsidiary, are attributed to the parent undertaking.

(4) The exemption does not apply to a company which is a traded company any of whose securities are admitted to trading on a regulated market in an EEA State.

(5) Shares held by directors of a company for the purpose of complying with any share qualification requirement shall be disregarded in determining for the purposes of this section whether the company is a wholly-owned subsidiary.

~~(6) ...In subsection (4) "securities" includes--~~

~~(a) shares and stock,~~

~~(b) debentures, including debenture stock, loan stock, bonds, certificates of deposit and other instruments creating or acknowledging indebtedness,~~

~~(c) warrants or other instruments entitling the holder to subscribe for securities falling within paragraph (a) or (b), and~~

~~(d) certificates or other instruments that confer--~~

~~(i) property rights in respect of a security falling within paragraph (a), (b) or (c),~~

- ~~(ii) any right to acquire, dispose of, underwrite or convert a security, being a right to which the holder would be entitled if he held any such security to which the certificate or other instrument relates, or~~
- ~~(iii) a contractual right (other than an option) to acquire any such security otherwise than by subscription.~~

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/402 Exemption if no subsidiary undertakings need be included in the consolidation

#### **402 Exemption if no subsidiary undertakings need be included in the consolidation**

A parent company is exempt from the requirement to prepare group accounts if under section 405 all of its subsidiary undertakings could be excluded from consolidation in Companies Act group accounts.

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/403 Group accounts: applicable accounting framework

#### ***Group accounts: general***

#### **403 Group accounts: applicable accounting framework**

- (1) The group accounts of certain parent companies are required by Article 4 of the IAS Regulation to be prepared in accordance with international accounting standards ("IAS group accounts").
- (2) The group accounts of other companies may be prepared--
  - (a) in accordance with section 404 ("Companies Act group accounts"), or
  - (b) in accordance with international accounting standards ("IAS group accounts").

This is subject to the following provisions of this section.

- (3) The group accounts of a parent company that is a charity must be Companies Act group accounts.
- (4) After the first financial year in which the directors of a parent company prepare IAS group accounts ("the first IAS year"), all subsequent group accounts of the company must be prepared in accordance with international accounting standards unless there is a relevant change of circumstance.

[This is subject to subsection (5A).]

- (5) There is a relevant change of circumstance if, at any time during or after the first IAS year--
  - (a) the company becomes a subsidiary undertaking of another undertaking that does not prepare IAS group accounts,
  - (b) the company ceases to be a company with securities admitted to trading on a regulated market in an EEA State, or
  - (c) a parent undertaking of the company ceases to be an undertaking with securities admitted to trading on a regulated market in an EEA State.

[(5A) After a financial year in which the directors of a parent company prepare IAS group accounts for the company, the directors may change to preparing Companies Act group accounts for a reason other than a relevant change of circumstance provided they have not changed to Companies Act group accounts in the period of five years preceding the first day of that financial year.

(5B) In calculating the five year period for the purpose of subsection (5A), no account should be taken of a change due to a relevant change of circumstance.]

(6) If, having changed to preparing Companies Act group accounts . . . , the directors again prepare IAS group accounts for the company, subsections (4) and (5) apply again as if the first financial year for which such accounts are again prepared were the first IAS year.

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/404 Companies Act group accounts

#### 404 Companies Act group accounts

(A1) Companies Act group accounts must state, in respect of the parent company—

- (a) the part of the United Kingdom in which the company is registered,
- (b) the company's registered number,
- (c) whether the company is a public or a private company and whether it is limited by shares or by guarantee,
- (d) the address of the company's registered office, and
- (e) where appropriate, the fact that the company is being wound-up.

(1) Companies Act group accounts must comprise--

- (a) a consolidated balance sheet dealing with the state of affairs of the parent company and its subsidiary undertakings, and
- (b) a consolidated profit and loss account dealing with the profit or loss of the parent company and its subsidiary undertakings.

(2) The accounts must give a true and fair view of the state of affairs as at the end of the financial year, and the profit or loss for the financial year, of the undertakings included in the consolidation as a whole, so far as concerns members of the company.

(3) The accounts must comply with provision made by the Secretary of State by regulations as to--

- (a) the form and content of the consolidated balance sheet and consolidated profit and loss account, and
- (b) additional information to be provided by way of notes to the accounts.

(4) If compliance with the regulations, and any other provision made by or under this Act as to the matters to be included in a company's group accounts or in notes to those accounts, would not be sufficient to give a true and fair view, the necessary additional information must be given in the accounts or in a note to them.

(5) If in special circumstances compliance with any of those provisions is inconsistent with the requirement to give a true and fair view, the directors must depart from that provision to the extent necessary to give a true and fair view.

Particulars of any such departure, the reasons for it and its effect must be given in a note to the accounts.

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/405 Companies Act group accounts: subsidiary undertakings included in the consolidation

#### 405 Companies Act group accounts: subsidiary undertakings included in the consolidation

- (1) Where a parent company prepares Companies Act group accounts, all the subsidiary undertakings of the company must be included in the consolidation, subject to the following exceptions.
- (2) A subsidiary undertaking may be excluded from consolidation if its inclusion is not material for the purpose of giving a true and fair view (but two or more undertakings may be excluded only if they are not material taken together).
- (3) A subsidiary undertaking may be excluded from consolidation where--
- severe long-term restrictions substantially hinder the exercise of the rights of the parent company over the assets or management of that undertaking, or
  - extremely rare circumstances mean that the information necessary for the preparation of group accounts cannot be obtained without disproportionate expense or undue delay, or
  - the interest of the parent company is held exclusively with a view to subsequent resale.
- (4) The reference in subsection (3)(a) to the rights of the parent company and the reference in subsection (3)(c) to the interest of the parent company are, respectively, to rights and interests held by or attributed to the company for the purposes of the definition of "parent undertaking" (see section 1162) in the absence of which it would not be the parent company.

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/406 IAS group accounts

#### 406 IAS group accounts

##### (1) IAS group accounts must state—

- the part of the United Kingdom in which the company is registered,
- the company's registered number,
- whether the company is a public or a private company and whether it is limited by shares or by guarantee,
- the address of the company's registered office, and
- where appropriate, the fact that the company is being wound-up.

(2) The notes to the accounts must state that the accounts have been prepared in accordance with international accounting standards. Where the directors of a company prepare IAS group accounts, they must state in the notes to those accounts that the accounts have been prepared in accordance with international accounting standards.

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/407 Consistency of financial reporting within group

#### 407 Consistency of financial reporting within group

- (1) The directors of a parent company must secure that the individual accounts of--
- the parent company, and

- (b) each of its subsidiary undertakings,

are all prepared using the same financial reporting framework, except to the extent that in their opinion there are good reasons for not doing so.

- (2) Subsection (1) does not apply if the directors do not prepare group accounts for the parent company.
- (3) Subsection (1) only applies to accounts of subsidiary undertakings that are required to be prepared under this Part.
- (4) Subsection (1) does not require accounts of undertakings that are charities to be prepared using the same financial reporting framework as accounts of undertakings which are not charities.
- (5) Subsection (1)(a) does not apply where the directors of a parent company prepare IAS group accounts and IAS individual accounts.

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/408 Individual profit and loss account where group accounts prepared

#### **408 Individual profit and loss account where group accounts prepared**

- (1) This section applies where--
- (a) a company prepares group accounts in accordance with this Act, and
- (b) the company's individual balance sheet shows the company's profit and loss for the financial year determined in accordance with this Act~~the notes to the company's individual balance sheet show the company's profit or loss for the financial year determined in accordance with this Act.~~
- (2) ~~...[The company's individual profit and loss account] need not contain the information specified in section 411 (information about employee numbers and costs).~~
- (3) The company's individual profit and loss account must be approved in accordance with section 414(1) (approval by directors) but may be omitted from the company's annual accounts for the purposes of the other provisions of the Companies Acts.
- (4) The exemption conferred by this section is conditional upon its being disclosed in the company's annual accounts that the exemption applies.

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/409 Information about related undertakings

#### ***Information to be given in notes to the accounts***

#### **409 Information about related undertakings**

- (1) The Secretary of State may make provision by regulations requiring information about related undertakings to be given in notes to a company's annual accounts.
- (2) The regulations--
- (a) may make different provision according to whether or not the company prepares group accounts, and

(b) may specify the descriptions of undertaking in relation to which they apply, and make different provision in relation to different descriptions of related undertaking.

(3) The regulations may provide that information need not be disclosed with respect to an undertaking that--

- (a) is established under the law of a country outside the United Kingdom, or
- (b) carries on business outside the United Kingdom,

if the following conditions are met.

(4) The conditions are--

- (a) that in the opinion of the directors of the company the disclosure would be seriously prejudicial to the business of--
  - (i) that undertaking,
  - (ii) the company,
  - (iii) any of the company's subsidiary undertakings, or
  - (iv) any other undertaking which is included in the consolidation;

(b) that the Secretary of State agrees that the information need not be disclosed.

(5) Where advantage is taken of any such exemption, that fact must be stated in a note to the company's annual accounts.

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/410 Information about related undertakings: alternative compliance

#### 410 ~~...Information about related undertakings: alternative compliance~~

~~... (1) This section applies where the directors of a company are of the opinion that the number of undertakings in respect of which the company is required to disclose information under any provision of regulations under section 409 (related undertakings) is such that compliance with that provision would result in information of excessive length being given in notes to the company's annual accounts.~~

~~(2) The information need only be given in respect of--~~

- ~~(a) the undertakings whose results or financial position, in the opinion of the directors, principally affected the figures shown in the company's annual accounts, and~~
- ~~(b) where the company prepares group accounts, undertakings excluded from consolidation under section 405(3) (undertakings excluded on grounds other than materiality).~~

~~(3) If advantage is taken of subsection (2)--~~

- ~~(a) there must be included in the notes to the company's annual accounts a statement that the information is given only with respect to such undertakings as are mentioned in that subsection, and~~
- ~~(b) the full information (both that which is disclosed in the notes to the accounts and that which is not) must be annexed to the company's next annual return.~~



~~For this purpose the "next annual return" means that next delivered to the registrar after the accounts in question have been approved under section 414.~~

~~(4) — If a company fails to comply with subsection (3)(b), an offence is committed by—~~

~~(a) — the company, and~~

~~(b) — every officer of the company who is in default.~~

~~(5) — A person guilty of an offence under subsection (4) is liable on summary conviction to a fine not exceeding level 3 on the standard scale and, for continued contravention, a daily default fine not exceeding one-tenth of level 3 on the standard scale.~~

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/[410A Information about off-balance sheet arrangements]

#### **[410A Information about off-balance sheet arrangements]**

[(1) If in any financial year—

(a) a company is or has been party to arrangements that are not reflected in its balance sheet, and

(b) at the balance sheet date the risks or benefits arising from those arrangements are material,

the information required by this section must be given in the notes to the company's annual accounts.~~In the case of a company that is not subject to the small companies regime, if in any financial year—~~

~~(a) — the company is or has been party to arrangements that are not reflected in its balance sheet, and~~

~~(b) — at the balance sheet date the risks or benefits arising from those arrangements are material,~~

~~the information required by this section must be given in notes to the company's annual accounts.~~

(2) The information required is--

(a) the nature and business purpose of the arrangements, and

(b) the financial impact of the arrangements on the company.

(3) The information need only be given to the extent necessary for enabling the financial position of the company to be assessed.

(4) If the company is subject to the small companies regime in relation to the financial year (see section 381), it need not comply with subsection (2)(b)~~If the company qualifies as medium-sized in relation to the financial year (see sections 465 to 467) it need not comply with subsection (2)(b).~~

(5) This section applies in relation to group accounts as if the undertakings included in the consolidation were a single company.]

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/411 Information about employee numbers and costs

#### **411 Information about employee numbers and costs**

(1) The notes to a company's annual accounts must disclose the average number of persons employed by the company in the financial year.

~~(1A) In the case of a company not subject to the small companies regime, the notes to the company's accounts must also disclose the average number of persons within each category of persons so employed. In the case of a company not subject to the small companies regime, the following information with respect to the employees of the company must be given in notes to the company's annual accounts--~~

- ~~(a) the average number of persons employed by the company in the financial year, and~~  
~~(b) the average number of persons so employed within each category of persons employed by the company.~~

(2) The categories by reference to which the number required to be disclosed by subsection ~~(1A)(1)(b)~~ is to be determined must be such as the directors may select having regard to the manner in which the company's activities are organised.

(3) The average number required by ~~subsection (1) or (1A)~~ ~~subsection (1)(a) or (b)~~ is determined by dividing the relevant annual number by the number of months in the financial year.

(4) The relevant annual number is determined by ascertaining for each month in the financial year--

- (a) for the purposes of ~~subsection (1)~~ ~~subsection (1)(a)~~, the number of persons employed under contracts of service by the company in that month (whether throughout the month or not);
- (b) for the purposes of ~~subsection (1A)~~ ~~subsection (1)(b)~~, the number of persons in the category in question of persons so employed;

and adding together all the monthly numbers.

~~(5) Except in the case of a company subject to the small companies regime, the notes to the company's annual accounts or the profit and loss account must disclose, with reference to all persons employed by the company during the financial year, the total staff costs of the company relating to the financial year broken down between--~~

- ~~(a) wages and salaries paid or payable in respect of that year to those persons,~~  
~~(b) social security costs incurred by the company on their behalf, and~~  
~~(c) other pension costs so incurred. In respect of all persons employed by the company during the financial year who are taken into account in determining the relevant annual number for the purposes of subsection (1)(a) there must also be stated the aggregate amounts respectively of--~~
- ~~(a) wages and salaries paid or payable in respect of that year to those persons;~~  
~~(b) social security costs incurred by the company on their behalf; and~~  
~~(c) other pension costs so incurred.~~

~~This does not apply in so far as those amounts, or any of them, are stated elsewhere in the company's accounts.~~

(6) In subsection (5)--

"pension costs" includes any costs incurred by the company in respect of--

- (a) any pension scheme established for the purpose of providing pensions for persons currently or formerly employed by the company,
- (b) any sums set aside for the future payment of pensions directly by the company to current or former employees, and
- (c) any pensions paid directly to such persons without having first been set aside;

"social security costs" means any contributions by the company to any state social security or pension scheme, fund or arrangement.

[(7) This section applies in relation to group accounts as if the undertakings included in the consolidation were a single company.]

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/412 Information about directors' benefits: remuneration

#### **412 Information about directors' benefits: remuneration**

(1) The Secretary of State may make provision by regulations requiring information to be given in notes to a company's annual accounts about directors' remuneration.

(2) The matters about which information may be required include--

- (a) gains made by directors on the exercise of share options;
- (b) benefits received or receivable by directors under long-term incentive schemes;
- (c) payments for loss of office (as defined in section 215);
- (d) benefits receivable, and contributions for the purpose of providing benefits, in respect of past services of a person as director or in any other capacity while director;
- (e) consideration paid to or receivable by third parties for making available the services of a person as director or in any other capacity while director.

(3) Without prejudice to the generality of subsection (1), regulations under this section may make any such provision as was made immediately before the commencement of this Part by Part 1 of Schedule 6 to the Companies Act 1985 (c 6).

(4) For the purposes of this section, and regulations made under it, amounts paid to or receivable by--

- (a) a person connected with a director, or
- (b) a body corporate controlled by a director,

are treated as paid to or receivable by the director.

The expressions "connected with" and "controlled by" in this subsection have the same meaning as in Part 10 (company directors).

(5) It is the duty of--

- (a) any director of a company, and
- (b) any person who is or has at any time in the preceding five years been a director of the company,

to give notice to the company of such matters relating to himself as may be necessary for the purposes of regulations under this section.

(6) A person who makes default in complying with subsection (5) commits an offence and is liable on summary conviction to a fine not exceeding level 3 on the standard scale.

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/413 Information about directors' benefits: advances, credit and guarantees

**413 Information about directors' benefits: advances, credit and guarantees**

- (1) In the case of a company that does not prepare group accounts, details of--
- (a) advances and credits granted by the company to its directors, and
  - (b) guarantees of any kind entered into by the company on behalf of its directors,

must be shown in the notes to its individual accounts.

- (2) In the case of a parent company that prepares group accounts, details of--
- (a) advances and credits granted to the directors of the parent company, by that company or by any of its subsidiary undertakings, and
  - (b) guarantees of any kind entered into on behalf of the directors of the parent company, by that company or by any of its subsidiary undertakings,

must be shown in the notes to the group accounts.

- (3) The details required of an advance or credit are--

- (a) its amount,
- (b) an indication of the interest rate,
- (c) its main conditions, ~~and~~
- (d) any amounts repaid
- (e) any amounts written off, and
- (f) any amounts waived.

- (4) The details required of a guarantee are--

- (a) its main terms,
- (b) the amount of the maximum liability that may be incurred by the company (or its subsidiary), and
- (c) any amount paid and any liability incurred by the company (or its subsidiary) for the purpose of fulfilling the guarantee (including any loss incurred by reason of enforcement of the guarantee).

- (5) There must also be stated in the notes to the accounts the totals--

- (a) of amounts stated under subsection (3)(a),
- (b) of amounts stated under subsection (3)(d),
- (ba) of amounts stated under subsection 3(e),
- (bb) of amounts stated under subsection 3(f),
- (c) of amounts stated under subsection (4)(b), and
- (d) of amounts stated under subsection (4)(c).

- (6) References in this section to the directors of a company are to the persons who were directors or director at any time in the financial year to which the accounts relate.

- (7) The requirements of this section apply in relation to every advance, credit or guarantee subsisting at any time in the financial year to which the accounts relate--

- (a) whenever it was entered into,
  - (b) whether or not the person concerned was a director of the company in question at the time it was entered into, and
  - (c) in the case of an advance, credit or guarantee involving a subsidiary undertaking of that company, whether or not that undertaking was such a subsidiary undertaking at the time it was entered into.
- (8) Banking companies and the holding companies of credit institutions need only state the details required by [subsection (5)(a) and (c)].

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/414 Approval and signing of accounts

### ***Approval and signing of accounts***

#### **414 Approval and signing of accounts**

- (1) A company's annual accounts must be approved by the board of directors and signed on behalf of the board by a director of the company.
- (2) The signature must be on the company's balance sheet.
- [(3) If the accounts are prepared in accordance with the small companies regime, the balance sheet must contain, in a prominent position above the signature--
  - (a) in the case of individual accounts prepared in accordance with the micro-entity provisions, a statement to that effect, or
  - (b) in the case of accounts not prepared as mentioned in paragraph (a), a statement to the effect that the accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.]
- (4) If annual accounts are approved that do not comply with the requirements of this Act (and, where applicable, of Article 4 of the IAS Regulation), every director of the company who--
  - (a) knew that they did not comply, or was reckless as to whether they complied, and
  - (b) failed to take reasonable steps to secure compliance with those requirements or, as the case may be, to prevent the accounts from being approved,commits an offence.
- (5) A person guilty of an offence under this section is liable--
  - (a) on conviction on indictment, to a fine;
  - (b) on summary conviction, to a fine not exceeding the statutory maximum.

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/[414A Duty to prepare strategic report]

### **[Chapter 4A Strategic Report]**

#### **[414A Duty to prepare strategic report]**

- [(1) The directors of a company must prepare a strategic report for each financial year of the company.
- (2) Subsection (1) does not apply if the company is entitled to the small companies exemption.
- (3) For a financial year in which--
  - (a) the company is a parent company, and
  - (b) the directors of the company prepare group accounts,

the strategic report must be a consolidated report (a "group strategic report") relating to the undertakings included in the consolidation.

- (4) A group strategic report may, where appropriate, give greater emphasis to the matters that are significant to the undertakings included in the consolidation, taken as a whole.
- (5) In the case of failure to comply with the requirement to prepare a strategic report, an offence is committed by every person who--
  - (a) was a director of the company immediately before the end of the period for filing accounts and reports for the financial year in question, and
  - (b) failed to take all reasonable steps for securing compliance with that requirement.
- (6) A person guilty of an offence under this section is liable--
  - (a) on conviction on indictment, to a fine;
  - (b) on summary conviction, to a fine not exceeding the statutory maximum.]

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/[414B Strategic report: small companies exemption]

#### **[414B Strategic report: small companies exemption]**

[A company is entitled to [the](#) small companies exemption in relation to the strategic report for a financial year if--

- (a) it is entitled to prepare accounts for the year in accordance with the small companies regime, or
- (b) it would be so entitled but for being or having been a member of an ineligible group.]

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/[414C Contents of strategic report]

#### **[414C Contents of strategic report]**

- [(1) The purpose of the strategic report 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).
- (2) The strategic report must contain--
  - (a) a fair review of the company's business, and
  - (b) a description of the principal risks and uncertainties facing the company.

- (3) 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.

- (4) 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.

- (5) In subsection (4), "key performance indicators" means factors by reference to which the development, performance or position of the company's business can be measured effectively.

- (6) Where a company qualifies as medium-sized in relation to a financial year (see sections 465 to 467), the review for the year need not comply with the requirements of subsection (4) so far as they relate to non-financial information.

- (7) In the case of a quoted company the strategic report must, to the extent necessary for an understanding of the development, performance or position of the company's business, include--

- (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, community and human rights issues,

including information about any policies of the company in relation to those matters and the effectiveness of those policies.

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

- (8) In the case of a quoted company the strategic report must include--

- (a) a description of the company's strategy,
- (b) a description of the company's business model,
- (c) a breakdown showing at the end of the financial year--
  - (i) the number of persons of each sex who were directors of the company;
  - (ii) the number of persons of each sex who were senior managers of the company (other than persons falling within sub-paragraph (i)); and
  - (iii) the number of persons of each sex who were employees of the company.

- (9) In subsection (8), "senior manager" means a person who--

- (a) has responsibility for planning, directing or controlling the activities of the company, or a strategically significant part of the company, and

- (b) is an employee of the company.
- (10) In relation to a group strategic report--
- (a) the reference to the company in subsection (8)(c)(i) is to the parent company; and
  - (b) the breakdown required by subsection (8)(c)(ii) must include the number of persons of each sex who were the directors of the undertakings included in the consolidation.
- (11) The strategic report may also contain such of the matters otherwise required by regulations made under section 416(4) to be disclosed in the directors' report as the directors consider are of strategic importance to the company.
- (12) The report must, where appropriate, include references to, and additional explanations of, amounts included in the company's annual accounts.
- (13) Subject to paragraph (10), in relation to a group strategic report this section has effect as if the references to the company were references to the undertakings included in the consolidation.
- (14) 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.]

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/[414D Approval and signing of strategic report]

**[414D Approval and signing of strategic report]**

- [(1) The strategic report must be approved by the board of directors and signed on behalf of the board by a director or the secretary of the company.
- (2) If a strategic report is approved that does not comply with the requirements of this Act, every director of the company who--
- (a) knew that it did not comply, or was reckless as to whether it complied, and
  - (b) failed to take reasonable steps to secure compliance with those requirements or, as the case may be, to prevent the report from being approved,

commits an offence.

- (3) A person guilty of an offence under this section is liable--
- (a) on conviction on indictment, to a fine;
  - (b) on summary conviction, to a fine not exceeding the statutory maximum.]

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/415 Duty to prepare directors' report

**Chapter 5  
Directors' Report**

***Directors' report***

**415 Duty to prepare directors' report**



(1) The directors of a company must prepare a directors' report for each financial year of the company.  
(1A) Subsection (1) does not apply if the company qualifies as a micro-entity (see sections 384A and 384B).

- (2) For a financial year in which--
- (a) the company is a parent company, and
  - (b) the directors of the company prepare group accounts,

the directors' report must be a consolidated report (a "group directors' report") relating to the undertakings included in the consolidation.

(3) A group directors' report may, where appropriate, give greater emphasis to the matters that are significant to the undertakings included in the consolidation, taken as a whole.

(4) In the case of failure to comply with the requirement to prepare a directors' report, an offence is committed by every person who--

- (a) was a director of the company immediately before the end of the period for filing accounts and reports for the financial year in question, and
- (b) failed to take all reasonable steps for securing compliance with that requirement.

(5) A person guilty of an offence under this section is liable--

- (a) on conviction on indictment, to a fine;
- (b) on summary conviction, to a fine not exceeding the statutory maximum.

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/[415A Directors' report: small companies exemption]

#### **[415A Directors' report: small companies exemption]**

[(1) A company is entitled to small companies exemption in relation to the directors' report for a financial year if--

- (a) it is entitled to prepare accounts for the year in accordance with the small companies regime, or
- (b) it would be so entitled but for being or having been a member of an ineligible group.

(2) The exemption is relevant to--

section 416(3) (contents of report: statement of amount recommended by way of dividend), [and]

...

sections 444 to 446 (filing obligations of different descriptions of company).]

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/416 Contents of directors' report: general

#### **416 Contents of directors' report: general**

- (1) The directors' report for a financial year must state--
  - (a) the names of the persons who, at any time during the financial year, were directors of the company, . . .
  - (b) . . .
- (2) . . .
- (3) Except in the case of a company [entitled to the small companies exemption], the report must state the amount (if any) that the directors recommend should be paid by way of dividend.
- (4) The Secretary of State may make provision by regulations as to other matters that must be disclosed in a directors' report.

Without prejudice to the generality of this power, the regulations may make any such provision as was formerly made by Schedule 7 to the Companies Act 1985.

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/417 Contents of directors' report: business review

**417 Contents of directors' report: business review**

. . .

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/418 Contents of directors' report: statement as to disclosure to auditors

**418 Contents of directors' report: statement as to disclosure to auditors**

- (1) This section applies to a company unless--
  - (a) it is exempt for the financial year in question from the requirements of Part 16 as to audit of accounts, and
  - (b) the directors take advantage of that exemption.
- (2) The directors' report must contain a statement to the effect that, in the case of each of the persons who are directors at the time the report is approved--
  - (a) so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
  - (b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.
- (3) "Relevant audit information" means information needed by the company's auditor in connection with preparing his report.
- (4) A director is regarded as having taken all the steps that he ought to have taken as a director in order to do the things mentioned in subsection (2)(b) if he has--
  - (a) made such enquiries of his fellow directors and of the company's auditors for that purpose, and
  - (b) taken such other steps (if any) for that purpose,

as are required by his duty as a director of the company to exercise reasonable care, skill and diligence.

(5) Where a directors' report containing the statement required by this section is approved but the statement is false, every director of the company who--

- (a) knew that the statement was false, or was reckless as to whether it was false, and
- (b) failed to take reasonable steps to prevent the report from being approved,

commits an offence.

(6) A person guilty of an offence under subsection (5) is liable--

- (a) on conviction on indictment, to imprisonment for a term not exceeding two years or a fine (or both);
- (b) on summary conviction--
  - (i) in England and Wales, to imprisonment for a term not exceeding twelve months or to a fine not exceeding the statutory maximum (or both);
  - (ii) in Scotland or Northern Ireland, to imprisonment for a term not exceeding six months, or to a fine not exceeding the statutory maximum (or both).

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/419 Approval and signing of directors' report

#### **419 Approval and signing of directors' report**

(1) The directors' report must be approved by the board of directors and signed on behalf of the board by a director or the secretary of the company.

(2) [If in preparing the report advantage is taken of the small companies exemption,] it must contain a statement to that effect in a prominent position above the signature.

(3) If a directors' report is approved that does not comply with the requirements of this Act, every director of the company who--

- (a) knew that it did not comply, or was reckless as to whether it complied, and
- (b) failed to take reasonable steps to secure compliance with those requirements or, as the case may be, to prevent the report from being approved,

commits an offence.

(4) A person guilty of an offence under this section is liable--

- (a) on conviction on indictment, to a fine;
- (b) on summary conviction, to a fine not exceeding the statutory maximum.

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/[419A Approval and signing of separate corporate governance statement]

#### **[419A Approval and signing of separate corporate governance statement]**

[Any separate corporate governance statement must be approved by the board of directors and signed on behalf of the board by a director or the secretary of the company.]

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/420 Duty to prepare directors' remuneration report

## **Chapter 6 Quoted Companies: Directors' Remuneration Report**

### **420 Duty to prepare directors' remuneration report**

(1) The directors of a quoted company must prepare a directors' remuneration report for each financial year of the company.

(2) In the case of failure to comply with the requirement to prepare a directors' remuneration report, every person who--

(a) was a director of the company immediately before the end of the period for filing accounts and reports for the financial year in question, and

(b) failed to take all reasonable steps for securing compliance with that requirement,

commits an offence.

(3) A person guilty of an offence under this section is liable--

(a) on conviction on indictment, to a fine;

(b) on summary conviction, to a fine not exceeding the statutory maximum.

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/421 Contents of directors' remuneration report

### **421 Contents of directors' remuneration report**

(1) The Secretary of State may make provision by regulations as to--

(a) the information that must be contained in a directors' remuneration report,

(b) how information is to be set out in the report, and

(c) what is to be the auditable part of the report.

(2) Without prejudice to the generality of this power, the regulations may make any such provision as was made, immediately before the commencement of this Part, by Schedule 7A to the Companies Act 1985 (c 6).

[(2A) The regulations must provide that any information required to be included in the report as to the policy of the company with respect to the making of remuneration payments and payments for loss of office (within the meaning of Chapter 4A of Part 10) is to be set out in a separate part of the report.]

(3) It is the duty of--

(a) any director of a company, and

(b) any person who is or has at any time in the preceding five years been a director of the company,

to give notice to the company of such matters relating to himself as may be necessary for the purposes of regulations under this section.

- (4) A person who makes default in complying with subsection (3) commits an offence and is liable on summary conviction to a fine not exceeding level 3 on the standard scale.

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/422 Approval and signing of directors' remuneration report

**422 Approval and signing of directors' remuneration report**

(1) The directors' remuneration report must be approved by the board of directors and signed on behalf of the board by a director or the secretary of the company.

(2) If a directors' remuneration report is approved that does not comply with the requirements of this Act, every director of the company who--

- (a) knew that it did not comply, or was reckless as to whether it complied, and
- (b) failed to take reasonable steps to secure compliance with those requirements or, as the case may be, to prevent the report from being approved,

commits an offence.

(3) A person guilty of an offence under this section is liable--

- (a) on conviction on indictment, to a fine;
- (b) on summary conviction, to a fine not exceeding the statutory maximum.

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/[422A Revisions to directors' remuneration policy]

**[422A Revisions to directors' remuneration policy]**

[(1) The directors' remuneration policy contained in a company's directors' remuneration report may be revised.

(2) Any such revision must be approved by the board of directors.

(3) The policy as so revised must be set out in a document signed on behalf of the board by a director or the secretary of the company.

(4) Regulations under section 421(1) may make provision as to--

- (a) the information that must be contained in a document setting out a revised directors' remuneration policy, and
- (b) how information is to be set out in the document.

(5) Sections 422(2) and (3), 454, 456 and 463 apply in relation to such a document as they apply in relation to a directors' remuneration report.

(6) In this section, "directors' remuneration policy" means the policy of a company with respect to the matters mentioned in section 421(2A).]

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/423 Duty to circulate copies of annual accounts and reports

**Chapter 7**  
**Publication of Accounts and Reports**

***Duty to circulate copies of accounts and reports***

**423 Duty to circulate copies of annual accounts and reports**

- (1) Every company must send a copy of its annual accounts and reports for each financial year to--
  - (a) every member of the company,
  - (b) every holder of the company's debentures, and
  - (c) every person who is entitled to receive notice of general meetings.
- (2) Copies need not be sent to a person for whom the company does not have a current address.
- (3) A company has a "current address" for a person if--
  - (a) an address has been notified to the company by the person as one at which documents may be sent to him, and
  - (b) the company has no reason to believe that documents sent to him at that address will not reach him.
- (4) In the case of a company not having a share capital, copies need not be sent to anyone who is not entitled to receive notices of general meetings of the company.
- (5) Where copies are sent out over a period of days, references in the Companies Acts to the day on which copies are sent out shall be read as references to the last day of that period.
- (6) This section has effect subject to section 426 (option to provide [strategic report with supplementary material]).

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/424 Time allowed for sending out copies of accounts and reports

**424 Time allowed for sending out copies of accounts and reports**

- (1) The time allowed for sending out copies of the company's annual accounts and reports is as follows.
- (2) A private company must comply with section 423 not later than--
  - (a) the end of the period for filing accounts and reports, or
  - (b) if earlier, the date on which it actually delivers its accounts and reports to the registrar.
- (3) A public company must comply with section 423 at least 21 days before the date of the relevant accounts meeting.
- (4) If in the case of a public company copies are sent out later than is required by subsection (3), they shall, despite that, be deemed to have been duly sent if it is so agreed by all the members entitled to attend and vote at the relevant accounts meeting.
- (5) Whether the time allowed is that for a private company or a public company is determined by reference to the company's status immediately before the end of the accounting reference period by reference to which the financial year for the accounts in question was determined.

- (6) In this section the "relevant accounts meeting" means the accounts meeting of the company at which the accounts and reports in question are to be laid.

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/425 Default in sending out copies of accounts and reports: offences

**425 Default in sending out copies of accounts and reports: offences**

- (1) If default is made in complying with section 423 or 424, an offence is committed by--
- (a) the company, and
  - (b) every officer of the company who is in default.
- (2) A person guilty of an offence under this section is liable--
- (a) on conviction on indictment, to a fine;
  - (b) on summary conviction, to a fine not exceeding the statutory maximum.

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/426 Option to provide summary financial statement

***Option to provide summary financial statement [strategic report with supplementary material]***

**426 Option to provide summary financial statement**

- (1) A company may--
- (a) in such cases as may be specified by regulations made by the Secretary of State, and
  - (b) provided any conditions so specified are complied with,

provide a [copy of the strategic report together with the supplementary material described in section 426A] instead of copies of the accounts and reports required to be sent out in accordance with section 423.

- (2) Copies of those accounts and reports must, however, be sent to any person entitled to be sent them in accordance with that section and who wishes to receive them.
- (3) The Secretary of State may make provision by regulations as to the manner in which it is to be ascertained, whether before or after a person becomes entitled to be sent a copy of those accounts and reports, whether he wishes to receive them.
- (4) . . .
- (5) This section applies to copies of accounts and reports required to be sent out by virtue of section 146 to a person nominated to enjoy information rights as it applies to copies of accounts and reports required to be sent out in accordance with section 423 to a member of the company.
- (6) Regulations under this section are subject to negative resolution procedure.

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/[426A Supplementary material]

**[426A Supplementary material]**

[(1) The supplementary material referred to in section 426 must be prepared in accordance with this section.

(2) The supplementary material must--

(a) contain a statement that the strategic report is only part of the company's annual accounts and reports;

(b) state how a person entitled to them can obtain a full copy of the company's annual accounts and reports;

(c) state whether the auditor's report on the annual accounts was unqualified or qualified and, if it was qualified, set out the report in full together with any further material needed to understand the qualification;

(d) state whether, in that report, the auditor's statement under section 496 (whether strategic report and directors' report consistent with the accounts) was unqualified or qualified and, if it was qualified, set out the qualified statement in full together with any further material needed to understand the qualification;

(e) in the case of a quoted company, contain a copy of that part of the directors' remuneration report which sets out the single total figure table in respect of the company's directors' remuneration in accordance with the requirements of Schedule 8 to the Large and Medium-sized Companies (Accounts and Reports) Regulations 2008 (SI 2008/410).]

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/427 . . .

**427** . . .

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UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/428 . . .

**428** . . .

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UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/429 . . .

**429** . . .

. . .

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/430 Quoted companies: annual accounts and reports to be made available on website

***Quoted companies: requirements as to website publication***



**430 Quoted companies: annual accounts and reports to be made available on website**

- (1) A quoted company must ensure that its annual accounts and reports--
- (a) are made available on a website, and
  - (b) remain so available until the annual accounts and reports for the company's next financial year are made available in accordance with this section.
- (2) The annual accounts and reports must be made available on a website that--
- (a) is maintained by or on behalf of the company, and
  - (b) identifies the company in question.
- [(2A) If the directors' remuneration policy of a quoted company is revised in accordance with section 422A, the company must ensure that the revised policy is made available on the website on which its annual accounts and reports are made available.
- (2B) If a person ceases to be a director of a quoted company, the company must ensure that the following information is made available on the website on which its annual accounts and reports are made available--
- (a) the name of the person concerned,
  - (b) particulars of any remuneration payment (within the meaning of Chapter 4A of Part 10) made or to be made to the person after ceasing to be a director, including its amount and how it was calculated, and
  - (c) particulars of any payment for loss of office (within the meaning of that Chapter) made or to be made to the person, including its amount and how it was calculated.]
- (3) Access to [the material made available on the website under subsections (1) to (2B)], and the ability to obtain a hard copy of [such material from] the website, must not be--
- (a) conditional on the payment of a fee, or
  - (b) otherwise restricted, except so far as necessary to comply with any enactment or regulatory requirement (in the United Kingdom or elsewhere).
- (4) The annual accounts and reports--
- (a) must be made available as soon as reasonably practicable, and
  - (b) must be kept available throughout the period specified in subsection (1)(b).
- [(4A) Where subsection (2A) or (2B) applies, the material in question--
- (a) must be made available as soon as reasonably practicable, and
  - (b) must be kept available until the next directors' remuneration report of the company is made available on the website.]
- (5) A failure to make [material available on a website throughout the period mentioned in subsection (4) or (as the case may be) (4A)] is disregarded if--
- (a) [the material is] made available on the website for part of that period, and
  - (b) the failure is wholly attributable to circumstances that it would not be reasonable to have expected the company to prevent or avoid.

(6) In the event of default in complying with this section, an offence is committed by every officer of the company who is in default.

(7) A person guilty of an offence under subsection (6) is liable on summary conviction to a fine not exceeding level 3 on the standard scale.

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/431 Right of member or debenture holder to copies of accounts and reports: unquoted companies

***Right of member or debenture holder to demand copies of accounts and reports***

**431 Right of member or debenture holder to copies of accounts and reports: unquoted companies**

(1) A member of, or holder of debentures of, an unquoted company is entitled to be provided, on demand and without charge, with a copy of--

(a) the company's last annual accounts,

[(aa) the strategic report (if any) for the last financial year,]

(b) the last directors' report, and

(c) the auditor's report on those accounts (including the statement on that report [and (where applicable) on the strategic report]).

(2) The entitlement under this section is to a single copy of those documents, but that is in addition to any copy to which a person may be entitled under section 423.

(3) If a demand made under this section is not complied with within seven days of receipt by the company, an offence is committed by--

(a) the company, and

(b) every officer of the company who is in default.

(4) A person guilty of an offence under this section is liable on summary conviction to a fine not exceeding level 3 on the standard scale and, for continued contravention, a daily default fine not exceeding one-tenth of level 3 on the standard scale.

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/432 Right of member or debenture holder to copies of accounts and reports: quoted companies

**432 Right of member or debenture holder to copies of accounts and reports: quoted companies**

(1) A member of, or holder of debentures of, a quoted company is entitled to be provided, on demand and without charge, with a copy of--

(a) the company's last annual accounts,

(b) the last directors' remuneration report,

[(ba) the strategic report (if any) for the last financial year,]

(c) the last directors' report, and

- (d) the auditor's report on those accounts (including the report on the directors' remuneration report[, on the strategic report (where this is covered by the auditor's report)] and on the directors' report).
- (2) The entitlement under this section is to a single copy of those documents, but that is in addition to any copy to which a person may be entitled under section 423.
- (3) If a demand made under this section is not complied with within seven days of receipt by the company, an offence is committed by--
- (a) the company, and
  - (b) every officer of the company who is in default.
- (4) A person guilty of an offence under this section is liable on summary conviction to a fine not exceeding level 3 on the standard scale and, for continued contravention, a daily default fine not exceeding one-tenth of level 3 on the standard scale.

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/433 Name of signatory to be stated in published copies of accounts and reports

***Requirements in connection with publication of accounts and reports***

**433 Name of signatory to be stated in published copies of accounts and reports**

- (1) Every copy of a document to which this section applies that is published by or on behalf of the company must state the name of the person who signed it on behalf of the board.
- (2) In the case of an unquoted company, this section applies to copies of--
- (a) the company's balance sheet, . . .
  - [(aa) the strategic report, and]
  - (b) the directors' report.
- (3) In the case of a quoted company, this section applies to copies of--
- (a) the company's balance sheet,
  - (b) the directors' remuneration report, . . .
  - [(ba) the strategic report, and]
  - (c) the directors' report.
- (4) If a copy is published without the required statement of the signatory's name, an offence is committed by--
- (a) the company, and
  - (b) every officer of the company who is in default.
- (5) A person guilty of an offence under this section is liable on summary conviction to a fine not exceeding level 3 on the standard scale.

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/434 Requirements in connection with publication of statutory accounts

#### **434 Requirements in connection with publication of statutory accounts**

- (1) If a company publishes any of its statutory accounts, they must be accompanied by the auditor's report on those accounts (unless the company is exempt from audit and the directors have taken advantage of that exemption).
- (2) A company that prepares statutory group accounts for a financial year must not publish its statutory individual accounts for that year without also publishing with them its statutory group accounts.
- (3) A company's "statutory accounts" are its accounts for a financial year as required to be delivered to the registrar under section 441.
- (4) If a company contravenes any provision of this section, an offence is committed by--
  - (a) the company, and
  - (b) every officer of the company who is in default.
- (5) A person guilty of an offence under this section is liable on summary conviction to a fine not exceeding level 3 on the standard scale.
- (6) . . .

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/435 Requirements in connection with publication of non-statutory accounts

#### **435 Requirements in connection with publication of non-statutory accounts**

- (1) If a company publishes non-statutory accounts, it must publish with them a statement indicating--
  - (a) that they are not the company's statutory accounts,
  - (b) whether statutory accounts dealing with any financial year with which the non-statutory accounts purport to deal have been delivered to the registrar, and
  - (c) whether an auditor's report has been made on the company's statutory accounts for any such financial year, and if so whether the report--
    - (i) was qualified or unqualified, or included a reference to any matters to which the auditor drew attention by way of emphasis without qualifying the report, or
    - (ii) contained a statement under section 498(2) (accounting records or returns inadequate or accounts or directors' remuneration report not agreeing with records and returns), or section 498(3) (failure to obtain necessary information and explanations).
- (2) The company must not publish with non-statutory accounts the auditor's report on the company's statutory accounts.
- (3) References in this section to the publication by a company of "non-statutory accounts" are to the publication of--
  - (a) any balance sheet or profit and loss account relating to, or purporting to deal with, a financial year of the company, or
  - (b) an account in any form purporting to be a balance sheet or profit and loss account for a group headed by the company relating to, or purporting to deal with, a financial year of the company,

otherwise than as part of the company's statutory accounts.

(4) In subsection (3)(b) "a group headed by the company" means a group consisting of the company and any other undertaking (regardless of whether it is a subsidiary undertaking of the company) other than a parent undertaking of the company.

(5) If a company contravenes any provision of this section, an offence is committed by--

- (a) the company, and
- (b) every officer of the company who is in default.

(6) A person guilty of an offence under this section is liable on summary conviction to a fine not exceeding level 3 on the standard scale.

(7) . . .

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/436 Meaning of "publication" in relation to accounts and reports

#### **436 Meaning of "publication" in relation to accounts and reports**

(1) This section has effect for the purposes of--

- section 433 (name of signatory to be stated in published copies of accounts and reports),
- section 434 (requirements in connection with publication of statutory accounts), and
- section 435 (requirements in connection with publication of non-statutory accounts).

(2) For the purposes of those sections a company is regarded as publishing a document if it publishes, issues or circulates it or otherwise makes it available for public inspection in a manner calculated to invite members of the public generally, or any class of members of the public, to read it.

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/437 Public companies: laying of accounts and reports before general meeting

### **Chapter 8**

#### **Public Companies: Laying of Accounts and Reports Before General Meeting**

##### **437 Public companies: laying of accounts and reports before general meeting**

(1) The directors of a public company must lay before the company in general meeting copies of its annual accounts and reports.

(2) This section must be complied with not later than the end of the period for filing the accounts and reports in question.

(3) In the Companies Acts "accounts meeting", in relation to a public company, means a general meeting of the company at which the company's annual accounts and reports are (or are to be) laid in accordance with this section.

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/438 Public companies: offence of failure to lay accounts and reports

**438 Public companies: offence of failure to lay accounts and reports**

- (1) If the requirements of section 437 (public companies: laying of accounts and reports before general meeting) are not complied with before the end of the period allowed, every person who immediately before the end of that period was a director of the company commits an offence.
- (2) It is a defence for a person charged with such an offence to prove that he took all reasonable steps for securing that those requirements would be complied with before the end of that period.
- (3) It is not a defence to prove that the documents in question were not in fact prepared as required by this Part.
- (4) A person guilty of an offence under this section is liable on summary conviction to a fine not exceeding level 5 on the standard scale and, for continued contravention, a daily default fine not exceeding one-tenth of level 5 on the standard scale.

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/439 Quoted companies: members' approval of directors' remuneration report

**Chapter 9**  
**Quoted Companies: Members' Approval of Directors' Remuneration Report**

**439 Quoted companies: members' approval of directors' remuneration report**

- (1) A quoted company must, prior to the accounts meeting, give to the members of the company entitled to be sent notice of the meeting notice of the intention to move at the meeting, as an ordinary resolution, a resolution approving the directors' remuneration report for the financial year [other than the part containing the directors' remuneration policy (as to which see section 439A)].
- (2) The notice may be given in any manner permitted for the service on the member of notice of the meeting.
- (3) The business that may be dealt with at the accounts meeting includes the resolution.  
This is so notwithstanding any default in complying with subsection (1) or (2).
- (4) The existing directors must ensure that the resolution is put to the vote of the meeting.
- (5) No entitlement of a person to remuneration is made conditional on the resolution being passed by reason only of the provision made by this section.
- (6) In this section--

"the accounts meeting" means the general meeting of the company before which the company's annual accounts for the financial year are to be laid; and

"existing director" means a person who is a director of the company immediately before that meeting.

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/[439A Quoted companies: members' approval of directors' remuneration policy]

**[439A Quoted companies: members' approval of directors' remuneration policy]**

- [(1) A quoted company must give notice of the intention to move, as an ordinary resolution, a resolution approving the relevant directors' remuneration policy--
- (a) at the accounts meeting held in the first financial year which begins on or after the day on which the company becomes a quoted company, and
  - (b) at an accounts or other general meeting held no later than the end of the period of three financial years beginning with the first financial year after the last accounts or other general meeting in relation to which notice is given under this subsection.
- (2) A quoted company must give notice of the intention to move at an accounts meeting, as an ordinary resolution, a resolution approving the relevant directors' remuneration policy if--
- (a) a resolution required to be put to the vote under section 439 was not passed at the last accounts meeting of the company, and
  - (b) no notice under this section was given in relation to that meeting or any other general meeting held before the next accounts meeting.
- (3) Subsection (2) does not apply in relation to a quoted company before the first meeting in relation to which it gives notice under subsection (1).
- (4) A notice given under subsection (2) is to be treated as given under subsection (1) for the purpose of determining the period within which the next notice under subsection (1) must be given.
- (5) Notice of the intention to move a resolution to which this section applies must be given, prior to the meeting in question, to the members of the company entitled to be sent notice of the meeting.
- (6) Subsections (2) to (4) of section 439 apply for the purposes of a resolution to which this section applies as they apply for the purposes of a resolution to which section 439 applies, with the modification that, for the purposes of a resolution relating to a general meeting other than an accounts meeting, subsection (3) applies as if for "accounts meeting" there were substituted "general meeting".
- (7) For the purposes of this section, the relevant directors' remuneration policy is--
- (a) in a case where notice is given in relation to an accounts meeting, the remuneration policy contained in the directors' remuneration report in respect of which a resolution under section 439 is required to be put to the vote at that accounts meeting;
  - (b) in a case where notice is given in relation to a general meeting other than an accounts meeting--
    - (i) the remuneration policy contained in the directors' remuneration report in respect of which such a resolution was required to be put to the vote at the last accounts meeting to be held before that other general meeting, or
    - (ii) where that policy has been revised in accordance with section 422A, the policy as so revised.
- (8) In this section--
- (a) "accounts meeting" means a general meeting of the company before which the company's annual accounts for a financial year are to be laid;
  - (b) "directors' remuneration policy" means the policy of the company with respect to the matters mentioned in section 421(2A).]

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/440 Quoted companies: offences in connection with procedure for approval

#### **440 Quoted companies: offences in connection with procedure for approval**

(1) In the event of default in complying with section 439(1) [or 439A(1) or (2)] (notice to be given of resolution for approval of directors' remuneration report [or policy]), an offence is committed by every officer of the company who is in default.

(2) If the resolution is not put to the vote of [the meeting to which it relates], an offence is committed by each existing director.

(3) It is a defence for a person charged with an offence under subsection (2) to prove that he took all reasonable steps for securing that the resolution was put to the vote of the meeting.

(4) A person guilty of an offence under this section is liable on summary conviction to a fine not exceeding level 3 on the standard scale.

(5) In this section--

...

"existing director" means a person who is a director of the company immediately before that meeting.

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/441 Duty to file accounts and reports with the registrar

## **Chapter 10** **Filing of Accounts and Reports**

### ***Duty to file accounts and reports***

#### **441 Duty to file accounts and reports with the registrar**

(1) The directors of a company must deliver to the registrar for each financial year the accounts and reports required by--

section 444 (filing obligations of companies subject to small companies regime),

[section 444A (filing obligations of companies entitled to small companies exemption in relation to directors' report),]

section 445 (filing obligations of medium-sized companies),

section 446 (filing obligations of unquoted companies), or

section 447 (filing obligations of quoted companies).

[(2) This is subject to--

section 448 (unlimited companies exempt from filing obligations), and

section 448A (dormant subsidiaries exempt from filing obligations).]

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/442 Period allowed for filing accounts

#### **442 Period allowed for filing accounts**

(1) This section specifies the period allowed for the directors of a company to comply with their obligation under section 441 to deliver accounts and reports for a financial year to the registrar.



This is referred to in the Companies Acts as the "period for filing" those accounts and reports.

- (2) The period is--
- (a) for a private company, nine months after the end of the relevant accounting reference period, and
  - (b) for a public company, six months after the end of that period.

This is subject to the following provisions of this section.

- (3) If the relevant accounting reference period is the company's first and is a period of more than twelve months, the period is--
- (a) nine months or six months, as the case may be, from the first anniversary of the incorporation of the company, or
  - (b) three months after the end of the accounting reference period,

whichever last expires.

- (4) If the relevant accounting reference period is treated as shortened by virtue of a notice given by the company under section 392 (alteration of accounting reference date), the period is--
- (a) that applicable in accordance with the above provisions, or
  - (b) three months from the date of the notice under that section,

whichever last expires.

- (5) [Subject to subsection \(5A\),](#) if for any special reason the Secretary of State thinks fit he may, on an application made before the expiry of the period otherwise allowed, by notice in writing to a company extend that period by such further period as may be specified in the notice.

[\(5A\) Any such extension must not have the effect of extending the period for filing to more than twelve months after the end of the relevant accounting reference period.](#)

- (6) Whether the period allowed is that for a private company or a public company is determined by reference to the company's status immediately before the end of the relevant accounting reference period.
- (7) In this section "the relevant accounting reference period" means the accounting reference period by reference to which the financial year for the accounts in question was determined.

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/443 Calculation of period allowed

#### **443 Calculation of period allowed**

- (1) This section applies for the purposes of calculating the period for filing a company's accounts and reports which is expressed as a specified number of months from a specified date or after the end of a specified previous period.
- (2) Subject to the following provisions, the period ends with the date in the appropriate month corresponding to the specified date or the last day of the specified previous period.
- (3) If the specified date, or the last day of the specified previous period, is the last day of a month, the period ends with the last day of the appropriate month (whether or not that is the corresponding date).
- (4) If--

- (a) the specified date, or the last day of the specified previous period, is not the last day of a month but is the 29th or 30th, and
- (b) the appropriate month is February,

the period ends with the last day of February.

- (5) "The appropriate month" means the month that is the specified number of months after the month in which the specified date, or the end of the specified previous period, falls.

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/444 Filing obligations of companies subject to small companies regime

### ***Filing obligations of different descriptions of company***

#### **444 Filing obligations of companies subject to small companies regime**

- (1) The directors of a company subject to the small companies regime--
  - (a) must deliver to the registrar for each financial year a copy of ~~the balance sheet~~ balance sheet drawn up as at the last day of that year, and
  - (b) may also deliver to the registrar--
    - (i) a copy of the company's profit and loss account for that year, and
    - (ii) a copy of the directors' report for that year.

- (2) Where the directors deliver to the registrar a copy of the company's profit and loss account under subsection (1)(b)(i), ~~the~~ the directors must also deliver to the registrar a copy of the auditor's report on [the accounts (and any directors' report) that it delivers].

This does not apply if the company is exempt from audit and the directors have taken advantage of that exemption.

(2A) Where the balance sheet or profit and loss account is abridged pursuant to paragraph 1A of Schedule 1 to the Small Companies and Groups (Accounts and Directors' Report) Regulations (S.I. 2008/409) ( ), the directors must also deliver to the registrar a statement by the company that all the members of the company have consented to the abridgement.

- ~~[(3) Subject to subsection (3A),~~ the the copies of accounts and reports delivered to the registrar must be copies of the company's annual accounts and reports.]

~~[(3A) ...Except where subsection (3B) applies, where a company prepares Companies Act accounts--~~

- ~~(a) the directors may deliver to the registrar a copy of a balance sheet drawn up in accordance with regulations made by the Secretary of State, and~~
- ~~(b) there may be omitted from the copy profit and loss account delivered to the registrar such items as may be specified by the regulations.~~

~~These are referred to in this Part as "abbreviated accounts".~~

~~(3B) ...This subsection applies in relation to the Companies Act individual accounts of a company if--~~

- ~~(a) the company qualifies as a micro-entity (see sections 384A and 384B) in relation to a financial year, and~~
- ~~(b) those accounts are prepared for that year in accordance with any of the micro-entity provisions.]~~

- (4) ~~... If abbreviated accounts are delivered to the registrar the obligation to deliver a copy of the auditor's report on the accounts is to deliver a copy of the special auditor's report required by section 449.~~
- (5) Where the directors of a company subject to the small companies regime ~~deliver to the registrar IAS accounts, or Companies Act accounts that are not abbreviated accounts, and in accordance with this section--~~
- (a) do not deliver to the registrar a copy of the company's profit and loss account, or
  - (b) do not deliver to the registrar a copy of the directors' report,

the copy of the balance sheet delivered to the registrar must contain in a prominent position a statement that the company's annual accounts and reports have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

(5A) Subject to subsection (5C), where the directors of a company subject to the small companies regime do not deliver to the registrar a copy of the company's profit and loss account—

- (a) the copy of the balance sheet delivered to the registrar must disclose that fact, and
- (b) unless the company is exempt from audit and the directors have taken advantage of that exemption, the notes to the balance sheet delivered must satisfy the requirements in subsection (5B).

(5B) Those requirements are that the notes to the balance sheet must—

- (a) state whether the auditor's report was qualified or unqualified,
- (b) where that report was qualified, disclose the basis of the qualification (reproducing any statement under section 498(2)(a) or (b) or section 498(3), if applicable),
- (c) where that report was unqualified, include a reference to any matters to which the auditor drew attention by way of emphasis, and
- (d) state—
  - (i) the name of the auditor and (where the auditor is a firm) the name of the person who signed the auditor's report as senior statutory auditor, or
  - (ii) if the conditions in section 506 (circumstances in which names may be omitted) are met, that a resolution has been passed and notified to the Secretary of State in accordance with that section.

(5C) Subsection (5A) does not apply in relation to a company if—

- (a) the company qualifies as a micro-entity (see sections 384A and 384B) in relation to a financial year, and
- (b) the company's accounts are prepared for that year in accordance with any of the micro-entity provisions.

(6) The copies of the balance sheet and any directors' report delivered to the registrar under this section must state the name of the person who signed it on behalf of the board.

(7) The copy of the auditor's report delivered to the registrar under this section must--

- (a) state the name of the auditor and (where the auditor is a firm) the name of the person who signed it as senior statutory auditor, or
- (b) if the conditions in section 506 (circumstances in which names may be omitted) are met, state that a resolution has been passed and notified to the Secretary of State in accordance with that section.

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/[444A Filing obligations of companies entitled to small companies exemption in relation to directors' report]

**[444A Filing obligations of companies entitled to small companies exemption in relation to directors' report]**

[(1) The directors of a company that is entitled to small companies exemption in relation to the directors' report for a financial year--

- (a) must deliver to the registrar a copy of the company's annual accounts for that year, and
- (b) may also deliver to the registrar a copy of the directors' report.

(2) The directors must also deliver to the registrar a copy of the auditor's report on the accounts (and any directors' report) that it delivers.

This does not apply if the company is exempt from audit and the directors have taken advantage of that exception.

(3) The copies of the balance sheet and directors' report delivered to the registrar under this section must state the name of the person who signed it on behalf of the board.

[(4) The copy of the auditor's report delivered to the registrar under this section must--

- (a) state the name of the auditor and (where the auditor is a firm) the name of the person who signed it as senior statutory auditor, or
- (b) if the conditions in section 506 (circumstances in which names may be omitted) are met, state that a resolution has been passed and notified to the Secretary of State in accordance with that section.]

(5) This section does not apply to companies within section 444 (filing obligations of companies subject to the small companies regime).]

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/445 Filing obligations of medium-sized companies

**445 Filing obligations of medium-sized companies**

(1) The directors of a company that qualifies as a medium-sized company in relation to a financial year (see sections 465 to 467) must deliver to the registrar a copy of--

- (a) the company's annual accounts, . . .
- [(aa) the strategic report, and]
- (b) the directors' report.

(2) They must also deliver to the registrar a copy of the auditor's report on those accounts (and on [the strategic report and] the directors' report).

This does not apply if the company is exempt from audit and the directors have taken advantage of that exemption.

(3) ~~...Where the company prepares Companies Act accounts, the directors may deliver to the registrar a copy of the company's annual accounts for the financial year--~~

~~(a) that includes a profit and loss account in which items are combined in accordance with regulations made by the Secretary of State, and~~

~~(b) that does not contain items whose omission is authorised by the regulations.~~

~~These are referred to in this Part as "abbreviated accounts".~~

~~(4) ...If abbreviated accounts are delivered to the registrar the obligation to deliver a copy of the auditor's report on the accounts is to deliver a copy of the special auditor's report required by section 449.~~

(5) The copies of the balance sheet[, strategic report] and directors' report delivered to the registrar under this section must state the name of the person who signed it on behalf of the board.

(6) The copy of the auditor's report delivered to the registrar under this section must--

(a) state the name of the auditor and (where the auditor is a firm) the name of the person who signed it as senior statutory auditor, or

(b) if the conditions in section 506 (circumstances in which names may be omitted) are met, state that a resolution has been passed and notified to the Secretary of State in accordance with that section.

[(7) This section does not apply to companies within--

(a) section 444 (filing obligations of companies subject to the small companies regime), or

(b) section 444A (filing obligations of companies entitled to small companies exemption in relation to directors' report).]

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/446 Filing obligations of unquoted companies

#### **446 Filing obligations of unquoted companies**

(1) The directors of an unquoted company must deliver to the registrar for each financial year of the company a copy of--

(a) the company's annual accounts, . . .

[(aa) the strategic report,]

(b) the directors' report[, and

(c) any separate corporate governance statement].

(2) The directors must also deliver to the registrar a copy of the auditor's report on those accounts (and [the strategic report (where this is covered by the auditor's report),] the directors' report [and any separate corporate governance statement]).

This does not apply if the company is exempt from audit and the directors have taken advantage of that exemption.

(3) The copies of the balance sheet[, strategic report] and directors' report delivered to the registrar under this section must state the name of the person who signed it on behalf of the board.

(4) The copy of the auditor's report delivered to the registrar under this section must--

(a) state the name of the auditor and (where the auditor is a firm) the name of the person who signed it as senior statutory auditor, or

(b) if the conditions in section 506 (circumstances in which names may be omitted) are met, state that a resolution has been passed and notified to the Secretary of State in accordance with that section.

(5) This section does not apply to companies within--

(a) section 444 (filing obligations of companies subject to the small companies regime), . . .

[(aa) section 444A (filing obligations of companies entitled to small companies exemption in relation to directors' report), or]

(b) section 445 (filing obligations of medium-sized companies).

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/447 Filing obligations of quoted companies

#### **447 Filing obligations of quoted companies**

(1) The directors of a quoted company must deliver to the registrar for each financial year of the company a copy of--

(a) the company's annual accounts,

(b) the directors' remuneration report, . . .

[(ba) the strategic report,]

(c) the directors' report[, and

(d) any separate corporate governance statement].

(2) They must also deliver a copy of the auditor's report on those accounts (and on the directors' remuneration report[, [the strategic report (where this is covered by the auditor's report),] the directors' report and any separate corporate governance statement]).

(3) The copies of the balance sheet, the directors' remuneration report[, the strategic report] and the directors' report delivered to the registrar under this section must state the name of the person who signed it on behalf of the board.

(4) The copy of the auditor's report delivered to the registrar under this section must--

(a) state the name of the auditor and (where the auditor is a firm) the name of the person who signed it as senior statutory auditor, or

(b) if the conditions in section 506 (circumstances in which names may be omitted) are met, state that a resolution has been passed and notified to the Secretary of State in accordance with that section.

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/448 Unlimited companies exempt from obligation to file accounts

#### **448 Unlimited companies exempt from obligation to file accounts**

(1) The directors of an unlimited company are not required to deliver accounts and reports to the registrar in respect of a financial year if the following conditions are met.

(2) The conditions are that at no time during the relevant accounting reference period--

(a) has the company been, to its knowledge, a subsidiary undertaking of an undertaking which was then limited, or

- (b) have there been, to its knowledge, exercisable by or on behalf of two or more undertakings which were then limited, rights which if exercisable by one of them would have made the company a subsidiary undertaking of it, or
- (c) has the company been a parent company of an undertaking which was then limited.

The references above to an undertaking being limited at a particular time are to an undertaking (under whatever law established) the liability of whose members is at that time limited.

- (3) The exemption conferred by this section does not apply if--
  - (a) the company is a banking or insurance company or the parent company of a banking or insurance group, or
  - [(b) each of the members of the company is--
    - (i) a limited company,
    - (ii) another unlimited company each of whose members is a limited company, or
    - (iii) a Scottish partnership each of whose members is a limited company].

[The references in paragraph (b) to a limited company, another unlimited company or a Scottish partnership include a comparable undertaking incorporated in or formed under the law of a country or territory outside the United Kingdom.]

- (4) Where a company is exempt by virtue of this section from the obligation to deliver accounts--
  - (a) section 434(3) (requirements in connection with publication of statutory accounts: meaning of "statutory accounts") has effect with the substitution for the words "as required to be delivered to the registrar under section 441" of the words "as prepared in accordance with this Part and approved by the board of directors"; and
  - (b) section 435(1)(b) (requirements in connection with publication of non-statutory accounts: statement whether statutory accounts delivered) has effect with the substitution for the words from "whether statutory accounts" to "have been delivered to the registrar" of the words "that the company is exempt from the requirement to deliver statutory accounts".

- [(5) In this section--
  - "general partner" means--
    - (a) in relation to a Scottish partnership which is a limited partnership, a person who is a general partner within the meaning of the Limited Partnerships Act 1907; and
    - (b) in relation to an undertaking incorporated in or formed under the law of any country or territory outside the United Kingdom and which is comparable to a Scottish partnership which is a limited partnership, a person comparable to such a general partner;

"limited partnership" means a partnership registered under the Limited Partnerships Act 1907; and

the "relevant accounting reference period", in relation to a financial year, means the accounting reference period by reference to which that financial year was determined.]

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/[448A Dormant subsidiaries exempt from obligation to file accounts]

**[448A Dormant subsidiaries exempt from obligation to file accounts]**

[(1) The directors of a company are not required to deliver a copy of the company's individual accounts to the registrar in respect of a financial year if--

- (a) the company is a subsidiary undertaking,
- (b) it has been dormant throughout the whole of that year, and
- (c) its parent undertaking is established under the law of an EEA State.

(2) Exemption is conditional upon compliance with all of the following conditions--

- (a) all members of the company must agree to the exemption in respect of the financial year in question,
- (b) the parent undertaking must give a guarantee under section 448C in respect of that year,
- (c) the company must be included in the consolidated accounts drawn up for that year or to an earlier date in that year by the parent undertaking in accordance with--
  - (i) [the provisions of Directive 2013/34/EU of the European Parliament and of the Council on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, or the provisions of the Seventh Directive \(83/349/EEC\), or](#)
  - (ii) international accounting standards,
- (d) the parent undertaking must disclose in the notes to the consolidated accounts that the directors of the company are exempt from the requirement to deliver a copy of the company's individual accounts to the registrar by virtue of this section, and
- (e) the directors of the company must deliver to the registrar within the period for filing the company's accounts and reports for that year--
  - (i) a written notice of the agreement referred to in subsection (2)(a),
  - (ii) the statement referred to in section 448C(1),
  - (iii) a copy of the consolidated accounts referred to in subsection (2)(c),
  - (iv) a copy of the auditor's report on those accounts, and
  - (v) a copy of the consolidated annual report drawn up by the parent undertaking.]

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/[448B Companies excluded from the dormant subsidiaries exemption]

**[448B Companies excluded from the dormant subsidiaries exemption]**

[The directors of a company are not entitled to the exemption conferred by section 448A (dormant subsidiaries) if the company was at any time within the financial year in question--

- (a) [a traded company a quoted company as defined in section 385\(2\) of this Act,](#)
- (b) a company that--
  - (i) is an authorised insurance company, a banking company, an e-Money issuer, a MiFID investment firm or a UCITS management company, or
  - (ii) carries on insurance market activity, or



(c) a special register body as defined in section 117(1) of the Trade Union and Labour Relations (Consolidation) Act 1992 (c 52) or an employers' association as defined in section 122 of that Act or Article 4 of the Industrial Relations (Northern Ireland) Order 1992 (SI 1992/807) (NI 5).]

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/[448C Dormant subsidiaries filing exemption: parent undertaking declaration of guarantee]

**[448C Dormant subsidiaries filing exemption: parent undertaking declaration of guarantee]**

[(1) A guarantee is given by a parent undertaking under this section when the directors of the subsidiary company deliver to the registrar a statement by the parent undertaking that it guarantees the subsidiary company under this section.

(2) The statement under subsection (1) must be authenticated by the parent undertaking and must specify--

- (a) the name of the parent undertaking,
- (b) if the parent undertaking is incorporated in the United Kingdom, its registered number (if any),
- (c) if the parent undertaking is incorporated outside the United Kingdom and registered in the country in which it is incorporated, the identity of the register on which it is registered and the number with which it is so registered,
- (d) the name and registered number of the subsidiary company in respect of which the guarantee is being given,
- (e) the date of the statement, and
- (f) the financial year to which the guarantee relates.

(3) A guarantee given under this section has the effect that--

- (a) the parent undertaking guarantees all outstanding liabilities to which the subsidiary company is subject at the end of the financial year to which the guarantee relates, until they are satisfied in full, and
- (b) the guarantee is enforceable against the parent undertaking by any person to whom the subsidiary company is liable in respect of those liabilities.]

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/449 Special auditor's report where abbreviated accounts delivered

**~~Requirements where abbreviated accounts delivered~~**

**449 ~~...Special auditor's report where abbreviated accounts delivered~~**

~~... (1) This section applies where--~~

- ~~(a) the directors of a company deliver abbreviated accounts to the registrar, and~~
- ~~(b) the company is not exempt from audit (or the directors have not taken advantage of any such exemption).~~

~~(2) The directors must also deliver to the registrar a copy of a special report of the company's auditor stating that in his opinion--~~

~~(a) — the company is entitled to deliver abbreviated accounts in accordance with the section in question, and~~

~~(b) — the abbreviated accounts to be delivered are properly prepared in accordance with regulations under that section.~~

~~(3) — The auditor's report on the company's annual accounts need not be delivered, but—~~

~~(a) — if that report was qualified, the special report must set out that report in full together with any further material necessary to understand the qualification, and~~

~~(b) — if that report contained a statement under—~~

~~(i) — section 498(2)(a) or (b) (accounts, records or returns inadequate or accounts not agreeing with records and returns), or~~

~~(ii) — section 498(3) (failure to obtain necessary information and explanations),~~

~~the special report must set out that statement in full.~~

~~(4) — The provisions of—~~

~~sections 503 to 506 (signature of auditor's report), and~~

~~sections 507 to 509 (offences in connection with auditor's report),~~

~~apply to a special report under this section as they apply to an auditor's report on the company's annual accounts prepared under Part 16.~~

~~(5) — If abbreviated accounts are delivered to the registrar, the references in section 434 or 435 (requirements in connection with publication of accounts) to the auditor's report on the company's annual accounts shall be read as references to the special auditor's report required by this section.~~

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/450 Approval and signing of abbreviated accounts

#### **450 ~~...~~Approval and signing of abbreviated accounts**

~~...(1) — Abbreviated accounts must be approved by the board of directors and signed on behalf of the board by a director of the company.~~

~~(2) — The signature must be on the balance sheet.~~

~~(3) — The balance sheet must contain in a prominent position above the signature a statement to the effect that it is prepared in accordance with the special provisions of this Act relating (as the case may be) to companies subject to the small companies regime or to medium-sized companies.~~

~~(4) — If abbreviated accounts are approved that do not comply with the requirements of regulations under the relevant section, every director of the company who—~~

~~(a) — knew that they did not comply, or was reckless as to whether they complied, and~~

~~(b) — failed to take reasonable steps to prevent them from being approved,~~

~~commits an offence.~~

~~(5) — A person guilty of an offence under subsection (4) is liable—~~

~~(a) on conviction on indictment, to a fine;~~

~~(b) on summary conviction, to a fine not exceeding the statutory maximum.~~

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/451 Default in filing accounts and reports: offences

### ***Failure to file accounts and reports***

#### **451 Default in filing accounts and reports: offences**

(1) If the requirements of section 441 (duty to file accounts and reports) are not complied with in relation to a company's accounts and reports for a financial year before the end of the period for filing those accounts and reports, every person who immediately before the end of that period was a director of the company commits an offence.

(2) It is a defence for a person charged with such an offence to prove that he took all reasonable steps for securing that those requirements would be complied with before the end of that period.

(3) It is not a defence to prove that the documents in question were not in fact prepared as required by this Part.

(4) A person guilty of an offence under this section is liable on summary conviction to a fine not exceeding level 5 on the standard scale and, for continued contravention, a daily default fine not exceeding one-tenth of level 5 on the standard scale.

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/452 Default in filing accounts and reports: court order

#### **452 Default in filing accounts and reports: court order**

(1) If--

(a) the requirements of section 441 (duty to file accounts and reports) are not complied with in relation to a company's accounts and reports for a financial year before the end of the period for filing those accounts and reports, and

(b) the directors of the company fail to make good the default within 14 days after the service of a notice on them requiring compliance,

the court may, on the application of any member or creditor of the company or of the registrar, make an order directing the directors (or any of them) to make good the default within such time as may be specified in the order.

(2) The court's order may provide that all costs (in Scotland, expenses) of and incidental to the application are to be borne by the directors.

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/453 Civil penalty for failure to file accounts and reports

#### **453 Civil penalty for failure to file accounts and reports**

(1) Where the requirements of section 441 are not complied with in relation to a company's accounts and reports for a financial year before the end of the period for filing those accounts and reports, the company is liable to a civil penalty.

This is in addition to any liability of the directors under section 451.

(2) The amount of the penalty shall be determined in accordance with regulations made by the Secretary of State by reference to--

(a) the length of the period between the end of the period for filing the accounts and reports in question and the day on which the requirements are complied with, and

(b) whether the company is a private or public company.

(3) The penalty may be recovered by the registrar and is to be paid into the Consolidated Fund.

(4) It is not a defence in proceedings under this section to prove that the documents in question were not in fact prepared as required by this Part.

(5) Regulations under this section having the effect of increasing the penalty payable in any case are subject to affirmative resolution procedure. Otherwise, the regulations are subject to negative resolution procedure.

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/454 Voluntary revision of accounts etc

## **Chapter 11 Revision of Defective Accounts and Reports**

### ***Voluntary revision***

#### **454 Voluntary revision of accounts etc**

(1) If it appears to the directors of a company that--

(a) the company's annual accounts,

(b) the directors' remuneration report or the directors' report, or

[(c) a strategic report of the company,]

did not comply with the requirements of this Act (or, where applicable, of Article 4 of the IAS Regulation), they may prepare revised accounts or a revised report or statement.

(2) Where copies of the previous accounts or report have been sent out to members, delivered to the registrar or (in the case of a public company) laid before the company in general meeting, the revisions must be confined to--

(a) the correction of those respects in which the previous accounts or report did not comply with the requirements of this Act (or, where applicable, of Article 4 of the IAS Regulation), and

(b) the making of any necessary consequential alterations.

(3) The Secretary of State may make provision by regulations as to the application of the provisions of this Act in relation to--

(a) revised annual accounts,

(b) a revised directors' remuneration report or directors' report, or

[(c) a revised strategic report of the company].

(4) The regulations may, in particular--

(a) make different provision according to whether the previous accounts [or report] are replaced or are supplemented by a document indicating the corrections to be made;

(b) make provision with respect to the functions of the company's auditor in relation to the revised accounts [or report];

(c) require the directors to take such steps as may be specified in the regulations where the previous accounts or report have been--

(i) sent out to members and others under section 423,

(ii) laid before the company in general meeting, or

(iii) delivered to the registrar,

or where a [strategic report and supplementary material] containing information derived from the previous accounts or report [have] been sent to members under section 426;

(d) apply the provisions of this Act (including those creating criminal offences) subject to such additions, exceptions and modifications as are specified in the regulations.

(5) Regulations under this section are subject to negative resolution procedure.

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/455 Secretary of State's notice in respect of accounts or reports

### ***Secretary of State's notice***

#### **455 Secretary of State's notice in respect of accounts or reports**

(1) This section applies where--

(a) copies of a company's annual accounts[, strategic report or directors' report] have been sent out under section 423, or

(b) a copy of a company's annual accounts[, strategic report or directors' report] has been delivered to the registrar or (in the case of a public company) laid before the company in general meeting,

and it appears to the Secretary of State that there is, or may be, a question whether the accounts or report comply with the requirements of this Act (or, where applicable, of Article 4 of the IAS Regulation).

(2) The Secretary of State may give notice to the directors of the company indicating the respects in which it appears that such a question arises or may arise.

(3) The notice must specify a period of not less than one month for the directors to give an explanation of the accounts or report or prepare revised accounts or a revised report.

(4) If at the end of the specified period, or such longer period as the Secretary of State may allow, it appears to the Secretary of State that the directors have not--

(a) given a satisfactory explanation of the accounts or report, or

(b) revised the accounts or report so as to comply with the requirements of this Act (or, where applicable, of Article 4 of the IAS Regulation),

the Secretary of State may apply to the court.

(5) The provisions of this section apply equally to revised annual accounts[, revised strategic reports and revised directors' reports], in which case they have effect as if the references to revised accounts or reports were references to further revised accounts or reports.

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/456 Application to court in respect of defective accounts or reports

### ***Application to court***

#### **456 Application to court in respect of defective accounts or reports**

(1) An application may be made to the court--

- (a) by the Secretary of State, after having complied with section 455, or
- (b) by a person authorised by the Secretary of State for the purposes of this section,

for a declaration (in Scotland, a declarator) that the annual accounts of a company do not comply, [or a strategic report] or a directors' report does not comply, with the requirements of this Act (or, where applicable, of Article 4 of the IAS Regulation) and for an order requiring the directors of the company to prepare revised accounts or a revised report.

(2) Notice of the application, together with a general statement of the matters at issue in the proceedings, shall be given by the applicant to the registrar for registration.

(3) If the court orders the preparation of revised accounts, it may give directions as to--

- (a) the auditing of the accounts,
- (b) the revision of any directors' remuneration report, [strategic report and supplementary material or,] directors' report . . . , and
- (c) the taking of steps by the directors to bring the making of the order to the notice of persons likely to rely on the previous accounts,

and such other matters as the court thinks fit.

(4) If the court orders the preparation of a revised [strategic report or] directors' report it may give directions as to--

- (a) the review of the report by the auditors,
- (b) . . .
- (c) the taking of steps by the directors to bring the making of the order to the notice of persons likely to rely on the previous report, and
- (d) such other matters as the court thinks fit.

(5) If the court finds that the accounts or report did not comply with the requirements of this Act (or, where applicable, of Article 4 of the IAS Regulation) it may order that all or part of--

- (a) the costs (in Scotland, expenses) of and incidental to the application, and
- (b) any reasonable expenses incurred by the company in connection with or in consequence of the preparation of revised accounts or a revised report,

are to be borne by such of the directors as were party to the approval of the defective accounts or report.

For this purpose every director of the company at the time of the approval of the accounts or report shall be taken to have been a party to the approval unless he shows that he took all reasonable steps to prevent that approval.

(6) Where the court makes an order under subsection (5) it shall have regard to whether the directors party to the approval of the defective accounts or report knew or ought to have known that the accounts or report did not comply with the requirements of this Act (or, where applicable, of Article 4 of the IAS Regulation), and it may exclude one or more directors from the order or order the payment of different amounts by different directors.

(7) On the conclusion of proceedings on an application under this section, the applicant must send to the registrar for registration a copy of the court order or, as the case may be, give notice to the registrar that the application has failed or been withdrawn.

(8) The provisions of this section apply equally to revised annual accounts[, revised strategic reports and revised directors' reports], in which case they have effect as if the references to revised accounts or reports were references to further revised accounts or reports.

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/457 Other persons authorised to apply to the court

#### **457 Other persons authorised to apply to the court**

(1) The Secretary of State may by order (an "authorisation order") authorise for the purposes of section 456 any person appearing to him--

- (a) to have an interest in, and to have satisfactory procedures directed to securing, compliance by companies with the requirements of this Act (or, where applicable, of Article 4 of the IAS Regulation) relating to accounts[, strategic reports and directors' reports],
- (b) to have satisfactory procedures for receiving and investigating complaints about companies' annual accounts[, strategic reports and directors' reports], and
- (c) otherwise to be a fit and proper person to be authorised.

(2) A person may be authorised generally or in respect of particular classes of case, and different persons may be authorised in respect of different classes of case.

(3) The Secretary of State may refuse to authorise a person if he considers that his authorisation is unnecessary having regard to the fact that there are one or more other persons who have been or are likely to be authorised.

(4) If the authorised person is an unincorporated association, proceedings brought in, or in connection with, the exercise of any function by the association as an authorised person may be brought by or against the association in the name of a body corporate whose constitution provides for the establishment of the association.

(5) An authorisation order may contain such requirements or other provisions relating to the exercise of functions by the authorised person as appear to the Secretary of State to be appropriate.

No such order is to be made unless it appears to the Secretary of State that the person would, if authorised, exercise his functions as an authorised person in accordance with the provisions proposed.

(6) Where authorisation is revoked, the revoking order may make such provision as the Secretary of State thinks fit with respect to pending proceedings.

- (7) An order under this section is subject to negative resolution procedure.

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/458 Disclosure of information by tax authorities

#### **458 Disclosure of information by tax authorities**

- (1) The Commissioners for Her Majesty's Revenue and Customs may disclose information to a person authorised under section 457 for the purpose of facilitating--

- (a) the taking of steps by that person to discover whether there are grounds for an application to the court under section 456 (application in respect of defective accounts etc), or
- (b) a decision by the authorised person whether to make such an application.

- (2) This section applies despite any statutory or other restriction on the disclosure of information.

Provided that, in the case of personal data within the meaning of the Data Protection Act 1998 (c 29), information is not to be disclosed in contravention of that Act.

- (3) Information disclosed to an authorised person under this section--

- (a) may not be used except in or in connection with--
  - (i) taking steps to discover whether there are grounds for an application to the court under section 456, or
  - (ii) deciding whether or not to make such an application,

or in, or in connection with, proceedings on such an application; and

- (b) must not be further disclosed except--
  - (i) to the person to whom the information relates, or
  - (ii) in, or in connection with, proceedings on any such application to the court.

- (4) A person who contravenes subsection (3) commits an offence unless--

- (a) he did not know, and had no reason to suspect, that the information had been disclosed under this section, or
- (b) he took all reasonable steps and exercised all due diligence to avoid the commission of the offence.

- (5) A person guilty of an offence under subsection (4) is liable--

- (a) on conviction on indictment, to imprisonment for a term not exceeding two years or a fine (or both);
- (b) on summary conviction--
  - (i) in England and Wales, to imprisonment for a term not exceeding twelve months or to a fine not exceeding the statutory maximum (or both);
  - (ii) in Scotland or Northern Ireland, to imprisonment for a term not exceeding six months, or to a fine not exceeding the statutory maximum (or both).



[(6) Where an offence under this section is committed by a body corporate, every officer of the body who is in default also commits the offence.

For this purpose--

- (a) any person who purports to act as director, manager or secretary of the body is treated as an officer of the body, and
- (b) if the body is a company, any shadow director is treated as an officer of the company.]

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/459 Power of authorised person to require documents, information and explanations

***Power of authorised person to require documents etc***

**459 Power of authorised person to require documents, information and explanations**

- (1) This section applies where it appears to a person who is authorised under section 457 that there is, or may be, a question whether a company's annual accounts[, strategic report or directors' report complies] with the requirements of this Act (or, where applicable, of Article 4 of the IAS Regulation).
- (2) The authorised person may require any of the persons mentioned in subsection (3) to produce any document, or to provide him with any information or explanations, that he may reasonably require for the purpose of--
  - (a) discovering whether there are grounds for an application to the court under section 456, or
  - (b) deciding whether to make such an application.
- (3) Those persons are--
  - (a) the company;
  - (b) any officer, employee, or auditor of the company;
  - (c) any persons who fell within paragraph (b) at a time to which the document or information required by the authorised person relates.
- (4) If a person fails to comply with such a requirement, the authorised person may apply to the court.
- (5) If it appears to the court that the person has failed to comply with a requirement under subsection (2), it may order the person to take such steps as it directs for securing that the documents are produced or the information or explanations are provided.
- (6) A statement made by a person in response to a requirement under subsection (2) or an order under subsection (5) may not be used in evidence against him in any criminal proceedings.
- (7) Nothing in this section compels any person to disclose documents or information in respect of which a claim to legal professional privilege (in Scotland, to confidentiality of communications) could be maintained in legal proceedings.
- (8) In this section "document" includes information recorded in any form.

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/460 Restrictions on disclosure of information obtained under compulsory powers

**460 Restrictions on disclosure of information obtained under compulsory powers**

- (1) This section applies to information (in whatever form) obtained in pursuance of a requirement or order under section 459 (power of authorised person to require documents etc) that relates to the private affairs of an individual or to any particular business.
- (2) No such information may, during the lifetime of that individual or so long as that business continues to be carried on, be disclosed without the consent of that individual or the person for the time being carrying on that business.
- (3) This does not apply--
- (a) to disclosure permitted by section 461 (permitted disclosure of information obtained under compulsory powers), or
  - (b) to the disclosure of information that is or has been available to the public from another source.
- (4) A person who discloses information in contravention of this section commits an offence, unless--
- (a) he did not know, and had no reason to suspect, that the information had been disclosed under section 459, or
  - (b) he took all reasonable steps and exercised all due diligence to avoid the commission of the offence.
- (5) A person guilty of an offence under this section is liable--
- (a) on conviction on indictment, to imprisonment for a term not exceeding two years or a fine (or both);
  - (b) on summary conviction--
    - (i) in England and Wales, to imprisonment for a term not exceeding twelve months or to a fine not exceeding the statutory maximum (or both);
    - (ii) in Scotland or Northern Ireland, to imprisonment for a term not exceeding six months, or to a fine not exceeding the statutory maximum (or both).
- [(6) Where an offence under this section is committed by a body corporate, every officer of the body who is in default also commits the offence.
- For this purpose--
- (a) any person who purports to act as director, manager or secretary of the body is treated as an officer of the body, and
  - (b) if the body is a company, any shadow director is treated as an officer of the company.]

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/461 Permitted disclosure of information obtained under compulsory powers

#### **461 Permitted disclosure of information obtained under compulsory powers**

- (1) The prohibition in section 460 of the disclosure of information obtained in pursuance of a requirement or order under section 459 (power of authorised person to require documents etc) that relates to the private affairs of an individual or to any particular business has effect subject to the following exceptions.
- (2) It does not apply to the disclosure of information for the purpose of facilitating the carrying out by the authorised person of his functions under section 456.
- (3) It does not apply to disclosure to--

- (a) the Secretary of State,
  - (b) the Department of Enterprise, Trade and Investment for Northern Ireland,
  - (c) the Treasury,
  - (d) the Bank of England,
  - [(e) the Financial Conduct Authority,
  - (ea) the Prudential Regulation Authority, or]
  - (f) the Commissioners for Her Majesty's Revenue and Customs.
- (4) It does not apply to disclosure--
- (a) for the purpose of assisting a body designated by an order under [section 1252] (delegation of functions of the Secretary of State) to exercise its functions under [Part 42];
  - [(aa) for the purpose of facilitating the carrying out of inspections under paragraph 23 of Schedule 10 (arrangements for independent monitoring of audits of listed companies and other major bodies);]
  - (b) with a view to the institution of, or otherwise for the purposes of, disciplinary proceedings relating to the performance by an accountant or auditor of his professional duties;
  - (c) for the purpose of enabling or assisting the Secretary of State or the Treasury to exercise any of their functions under any of the following--
    - (i) the Companies Acts,
    - (ii) Part 5 of the Criminal Justice Act 1993 (c 36) (insider dealing),
    - (iii) the Insolvency Act 1986 (c 45) or the Insolvency (Northern Ireland) Order 1989 (SI 1989/2405 (NI 19)),
    - (iv) the Company Directors Disqualification Act 1986 (c 46) or the Company Directors Disqualification (Northern Ireland) Order 2002 (SI 2002/3150 (NI 4)),
    - (v) the Financial Services and Markets Act 2000 (c 8);
  - (d) for the purpose of enabling or assisting the Department of Enterprise, Trade and Investment for Northern Ireland to exercise any powers conferred on it by the enactments relating to companies, directors' disqualification or insolvency;
  - (e) for the purpose of enabling or assisting the Bank of England to exercise its functions;
  - (f) for the purpose of enabling or assisting the Commissioners for Her Majesty's Revenue and Customs to exercise their functions;
  - (g) for the purpose of enabling or assisting the [Financial Conduct Authority or the Prudential Regulation Authority] to exercise its functions under any of the following--
    - (i) the legislation relating to friendly societies or to industrial and provident societies,
    - (ii) the Building Societies Act 1986 (c 53),
    - (iii) Part 7 of the Companies Act 1989 (c 40),
    - (iv) the Financial Services and Markets Act 2000; or
  - (h) in pursuance of any [EU] obligation.

(5) It does not apply to disclosure to a body exercising functions of a public nature under legislation in any country or territory outside the United Kingdom that appear to the authorised person to be similar to his functions under section 456 for the purpose of enabling or assisting that body to exercise those functions.

(6) In determining whether to disclose information to a body in accordance with subsection (5), the authorised person must have regard to the following considerations--

- (a) whether the use which the body is likely to make of the information is sufficiently important to justify making the disclosure;
- (b) whether the body has adequate arrangements to prevent the information from being used or further disclosed other than--
  - (i) for the purposes of carrying out the functions mentioned in that subsection, or
  - (ii) for other purposes substantially similar to those for which information disclosed to the authorised person could be used or further disclosed.

(7) Nothing in this section authorises the making of a disclosure in contravention of the Data Protection Act 1998 (c 29).

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/462 Power to amend categories of permitted disclosure

#### **462 Power to amend categories of permitted disclosure**

- (1) The Secretary of State may by order amend section 461(3), (4) and (5).
- (2) An order under this section must not--
  - (a) amend subsection (3) of that section (UK public authorities) by specifying a person unless the person exercises functions of a public nature (whether or not he exercises any other function);
  - (b) amend subsection (4) of that section (purposes for which disclosure permitted) by adding or modifying a description of disclosure unless the purpose for which the disclosure is permitted is likely to facilitate the exercise of a function of a public nature;
  - (c) amend subsection (5) of that section (overseas regulatory authorities) so as to have the effect of permitting disclosures to be made to a body other than one that exercises functions of a public nature in a country or territory outside the United Kingdom.
- (3) An order under this section is subject to negative resolution procedure.

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/463 Liability for false or misleading statements in reports

### **Chapter 12 Supplementary Provisions**

#### ***Liability for false or misleading statements in reports***

#### **463 Liability for false or misleading statements in reports**

- (1) The reports to which this section applies are--
  - [(za) the strategic report,]

- (a) the directors' report,
  - (b) the directors' remuneration report, . . .
  - (c) . . . .
- (2) A director of a company is liable to compensate the company for any loss suffered by it as a result of--
- (a) any untrue or misleading statement in a report to which this section applies, or
  - (b) the omission from a report to which this section applies of anything required to be included in it.
- (3) He is so liable only if--
- (a) he knew the statement to be untrue or misleading or was reckless as to whether it was untrue or misleading, or
  - (b) he knew the omission to be dishonest concealment of a material fact.
- (4) No person shall be subject to any liability to a person other than the company resulting from reliance, by that person or another, on information in a report to which this section applies.
- (5) The reference in subsection (4) to a person being subject to a liability includes a reference to another person being entitled as against him to be granted any civil remedy or to rescind or repudiate an agreement.
- (6) This section does not affect--
- (a) liability for a civil penalty, or
  - (b) liability for a criminal offence.

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/464 Accounting standards

### ***Accounting and reporting standards***

#### **464 Accounting standards**

- (1) In this Part "accounting standards" means statements of standard accounting practice issued by such body or bodies as may be prescribed by regulations.
- (2) References in this Part to accounting standards applicable to a company's annual accounts are to such standards as are, in accordance with their terms, relevant to the company's circumstances and to the accounts.
- (3) Regulations under this section may contain such transitional and other supplementary and incidental provisions as appear to the Secretary of State to be appropriate.

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/465 Companies qualifying as medium-sized: general

### ***Companies qualifying as medium-sized***

#### **465 Companies qualifying as medium-sized: general**

(1) A company qualifies as medium-sized in relation to its first financial year if the qualifying conditions are met in that year.

(2) A company qualifies as medium-sized in relation to a subsequent financial year--

(a) if the qualifying conditions are met in that year and the preceding financial year;

(b) if the qualifying conditions are met in that year and the company qualified as medium-sized in relation to the preceding financial year;

(c) if the qualifying conditions were met in the preceding financial year and the company qualified as medium-sized in relation to that year.

(3) The qualifying conditions are met by a company in a year in which it satisfies two or more of the following requirements--

1 Turnover	<del>[Not more than £36 million]</del> [Not more than £25.9 million]
2 Balance sheet total	<del>[Not more than £18 million]</del> [Not more than £12.9 million]
3 Number of employees	Not more than 250

(4) For a period that is a company's financial year but not in fact a year the maximum figures for turnover must be proportionately adjusted.

(5) The balance sheet total means the aggregate of the amounts shown as assets in the company's balance sheet.

(6) The number of employees means the average number of persons employed by the company in the year, determined as follows--

(a) find for each month in the financial year the number of persons employed under contracts of service by the company in that month (whether throughout the month or not),

(b) add together the monthly totals, and

(c) divide by the number of months in the financial year.

(7) This section is subject to section 466 (companies qualifying as medium-sized: parent companies).

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/466 Companies qualifying as medium-sized: parent companies

#### **466 Companies qualifying as medium-sized: parent companies**

(1) A parent company qualifies as a medium-sized company in relation to a financial year only if the group headed by it qualifies as a medium-sized group.

(2) A group qualifies as medium-sized in relation to the parent company's first financial year if the qualifying conditions are met in that year.

(3) A group qualifies as medium-sized in relation to a subsequent financial year of the parent company--

(a) if the qualifying conditions are met in that year and the preceding financial year;

(b) if the qualifying conditions are met in that year and the group qualified as medium-sized in relation to the preceding financial year;

(c) if the qualifying conditions were met in the preceding financial year and the group qualified as medium-sized in relation to that year.

(4) The qualifying conditions are met by a group in a year in which it satisfies two or more of the following requirements--

1 Aggregate turnover	<u>Not more than £36 million net (or £43.2 million gross)</u> <del>Not more than £25.9 million net (or £31.1 million gross)]</del>
2 Aggregate balance sheet total	<u>Not more than £18 million net (or £21.6 million gross)</u> <del>Not more than £12.9 million net (or £15.5 million gross)]</del>
3 Aggregate number of employees	Not more than 250

(5) The aggregate figures are ascertained by aggregating the relevant figures determined in accordance with section 465 for each member of the group.

(6) In relation to the aggregate figures for turnover and balance sheet total--

"net" means after any set-offs and other adjustments made to eliminate group transactions--

- (a) in the case of Companies Act accounts, in accordance with regulations under section 404,
- (b) in the case of IAS accounts, in accordance with international accounting standards; and

"gross" means without those set-offs and other adjustments.

A company may satisfy any relevant requirement on the basis of either the net or the gross figure.

(7) The figures for each subsidiary undertaking shall be those included in its individual accounts for the relevant financial year, that is--

- (a) if its financial year ends with that of the parent company, that financial year, and
- (b) if not, its financial year ending last before the end of the financial year of the parent company.

If those figures cannot be obtained without disproportionate expense or undue delay, the latest available figures shall be taken.

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/467 Companies excluded from being treated as medium-sized

#### **467 Companies excluded from being treated as medium-sized**

(1) A company is not entitled to take advantage of any of the provisions of this Part relating to companies qualifying as medium-sized if it was at any time within the financial year in question--

- (a) a public company,
- (b) a company that--
  - (i) has permission under [Part 4A] of the Financial Services and Markets Act 2000 (c 8) to carry on a regulated activity, or

- (ii) carries on insurance market activity,
  - [(ba) an e-money issuer,] or
  - (c) a member of an ineligible group.
- (2) A group is ineligible if any of its members is--
- (a) ~~a traded company~~ ~~public company~~,
  - (b) a body corporate (other than a company) whose shares are admitted to trading on a regulated market,
  - (c) a person (other than a small company) who has permission under [Part 4A] of the Financial Services and Markets Act 2000 to carry on a regulated activity,
  - [(ca) an e-money issuer,]
  - (d) a small company that is an authorised insurance company, a banking company, . . . [a MiFID investment firm] or a UCITS management company, or
  - (e) a person who carries on insurance market activity.
- (3) A company is a small company for the purposes of subsection (2) if it qualified as small in relation to its last financial year ending on or before the end of the financial year in question.
- [(4) This section does not prevent a company from taking advantage of section 417(7) (business review: non-financial information) by reason only of its having been a member of an ineligible group at any time within the financial year in question.]

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/468 General power to make further provision about accounts and reports

***General power to make further provision about accounts and reports***

**468 General power to make further provision about accounts and reports**

- (1) The Secretary of State may make provision by regulations about--
  - (a) the accounts and reports that companies are required to prepare;
  - (b) the categories of companies required to prepare accounts and reports of any description;
  - (c) the form and content of the accounts and reports that companies are required to prepare;
  - (d) the obligations of companies and others as regards--
    - (i) the approval of accounts and reports,
    - (ii) the sending of accounts and reports to members and others,
    - (iii) the laying of accounts and reports before the company in general meeting,
    - (iv) the delivery of copies of accounts and reports to the registrar, and
    - (v) the publication of accounts and reports.
- (2) The regulations may amend this Part by adding, altering or repealing provisions.
- (3) But they must not amend (other than consequentially)--



- (a) section 393 (accounts to give true and fair view), or
- (b) the provisions of Chapter 11 (revision of defective accounts and reports).

(4) The regulations may create criminal offences in cases corresponding to those in which an offence is created by an existing provision of this Part.

The maximum penalty for any such offence may not be greater than is provided in relation to an offence under the existing provision.

(5) The regulations may provide for civil penalties in circumstances corresponding to those within section 453(1) (civil penalty for failure to file accounts and reports).

The provisions of section 453(2) to (5) apply in relation to any such penalty.

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/469 Preparation and filing of accounts in euros

### ***Other supplementary provisions***

#### **469 Preparation and filing of accounts in euros**

(1) The amounts set out in the annual accounts of a company may also be shown in the same accounts translated into euros.

(2) When complying with section 441 (duty to file accounts and reports), the directors of a company may deliver to the registrar an additional copy of the company's annual accounts in which the amounts have been translated into euros.

(3) In both cases--

- (a) the amounts must have been translated at the exchange rate prevailing on the date to which the balance sheet is made up, and
- (b) that rate must be disclosed in the notes to the accounts.

[(3A) Subsection (3)(b) does not apply to the Companies Act individual accounts of a company for a financial year in which the company qualifies as a micro-entity (see sections 384A and 384B).]

(4) For the purposes of sections 434 and 435 (requirements in connection with published accounts) any additional copy of the company's annual accounts delivered to the registrar under subsection (2) above shall be treated as statutory accounts of the company.

In the case of such a copy, references in those sections to the auditor's report on the company's annual accounts shall be read as references to the auditor's report on the annual accounts of which it is a copy.

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/470 Power to apply provisions to banking partnerships

#### **470 Power to apply provisions to banking partnerships**

(1) The Secretary of State may by regulations apply to banking partnerships, subject to such exceptions, adaptations and modifications as he considers appropriate, the provisions of this Part (and of regulations made under this Part) applying to banking companies.

(2) A "banking partnership" means a partnership which has permission under [Part 4A] of the Financial Services and Markets Act 2000 (c 8).

But a partnership is not a banking partnership if it has permission to accept deposits only for the purpose of carrying on another regulated activity in accordance with that permission.

(3) Expressions used in this section that are also used in the provisions regulating activities under the Financial Services and Markets Act 2000 have the same meaning here as they do in those provisions.

See section 22 of that Act, orders made under that section and Schedule 2 to that Act.

(4) Regulations under this section are subject to affirmative resolution procedure.

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/471 Meaning of "annual accounts" and related expressions

#### **471 Meaning of "annual accounts" and related expressions**

(1) In this Part a company's "annual accounts", in relation to a financial year, means--

- [(a) any individual accounts prepared by the company for that year (see section 394), and]
- (b) any group accounts prepared by the company for that year (see sections 398 and 399).

This is subject to section 408 (option to omit individual profit and loss account from annual accounts where information given in [notes to the individual balance sheet]).

(2) In the case of an unquoted company, its "annual accounts and reports" for a financial year are--

- (a) its annual accounts,
- [(aa) the strategic report (if any),]
- (b) the directors' report, and
- (c) the auditor's report on those accounts[, the strategic report (where this is covered by the auditor's report)] and the directors' report (unless the company is exempt from audit).

(3) In the case of a quoted company, its "annual accounts and reports" for a financial year are--

- (a) its annual accounts,
- (b) the directors' remuneration report,
- [(ba) the strategic report (if any),]
- (c) the directors' report, and
- (d) the auditor's report on those accounts, on the auditable part of the directors' remuneration report[, on the strategic report (where this is covered by the auditor's report)] and on the directors' report.

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/472 Notes to the accounts

#### **472 Notes to the accounts**

(1) ~~...Information required by this Part to be given in notes to a company's annual accounts may be contained in the accounts or in a separate document annexed to the accounts.~~

[(1A) ~~But in~~ In the case of a company which qualifies as a micro-entity in relation to a financial year (see sections 384A and 384B), the notes to the accounts for that year required by section 413 of this Act and regulation 5A of, and paragraph 57 of Part 3 of Schedule 1 to, the Small Companies and Groups (Accounts and Directors' Report) Regulations 2008 (SI 2008/409) must be included at the foot of the balance sheet.]

(2) References in this Part to a company's annual accounts, or to a balance sheet or profit and loss account, include notes to the accounts giving information which is required by any provision of this Act or international accounting standards, and required or allowed by any such provision to be given in a note to company accounts.

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/[472A Meaning of "corporate governance statement" etc]

#### **[472A Meaning of "corporate governance statement" etc]**

[(1) In this Part "corporate governance statement" means the statement required by rules 7.2.1 to 7.2.11 in the Disclosure Rules and Transparency Rules sourcebook [made by the Financial Conduct Authority].

(2) Those rules were inserted by Annex C of the Disclosure Rules and Transparency Rules Sourcebook (Corporate Governance Rules) Instrument 2008 made by the Authority on 26th June 2008 (FSA 2008/32).

(3) A "separate" corporate governance statement means one that is not included in the directors' report.]

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/473 Parliamentary procedure for certain regulations under this Part

#### **473 Parliamentary procedure for certain regulations under this Part**

(1) This section applies to regulations under the following provisions of this Part--

- section 396 (Companies Act individual accounts),
- section 404 (Companies Act group accounts),
- section 409 (information about related undertakings),
- section 412 (information about directors' benefits: remuneration, pensions and compensation for loss of office),
- section 416 (contents of directors' report: general),
- section 421 (contents of directors' remuneration report),
- section 444 (filing obligations of companies subject to small companies regime),
- section 445 (filing obligations of medium-sized companies),
- section 468 (general power to make further provision about accounts and reports).

(2) Any such regulations may make consequential amendments or repeals in other provisions of this Act, or in other enactments.

(3) Regulations that--

(a) restrict the classes of company which have the benefit of any exemption, exception or special provision,

- (b) require additional matter to be included in a document of any class, or
- (c) otherwise render the requirements of this Part more onerous,

are subject to affirmative resolution procedure.

- (4) Otherwise, the regulations are subject to negative resolution procedure.

UK Parliament Acts/C/CO-CT/Companies Act 2006 (2006 c 46)/Part 15 Accounts and Reports (ss 380-474)/474 Minor definitions

#### 474 Minor definitions

- (1) In this Part--

"e-money issuer" [means--

- (a) an electronic money institution, within the meaning of the Electronic Money Regulations 2011 (SI 2011/99), or
- (b) a person who has permission under [Part 4A] of the Financial Services and Markets Act 2000 (c 8) to carry on the activity of issuing electronic money within the meaning of article 9B of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544);

"group" means a parent undertaking and its subsidiary undertakings;

"IAS Regulation" means EC Regulation No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards;

"included in the consolidation", in relation to group accounts, or "included in consolidated group accounts", means that the undertaking is included in the accounts by the method of full (and not proportional) consolidation, and references to an undertaking excluded from consolidation shall be construed accordingly;

"international accounting standards" means the international accounting standards, within the meaning of the IAS Regulation, adopted from time to time by the European Commission in accordance with that Regulation;

["micro-entity minimum accounting item" means an item of information required by this Part or by regulations under this Part to be contained in the Companies Act individual accounts of a company for a financial year in relation to which it qualifies as a micro-entity (see sections 384A and 384B);

"micro-entity provisions" means any provisions of this Part, Part 16 or regulations under this Part relating specifically to the individual accounts of a company which qualifies as a micro-entity;]

...

["MiFID investment firm" means an investment firm within the meaning of Article 4.1.1 of Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments, other than--

- (a) a company to which that Directive does not apply by virtue of Article 2 of that Directive,
- (b) a company which is an exempt investment firm within the meaning of regulation 4A(3) of the Financial Services and Markets Act 2000 (Markets in Financial Instruments) Regulations 2007, and
- (c) any other company which fulfils all the requirements set out in regulation 4C(3) of those Regulations;]

"profit and loss account", in relation to a company that prepares IAS accounts, includes an income statement or other equivalent financial statement required to be prepared by international accounting standards;

"qualified", in relation to an auditor's report, means that the report does not state the auditor's unqualified opinion that the accounts have been properly prepared in accordance with this Act;

"regulated activity" has the meaning given in section 22 of the Financial Services and Markets Act 2000, except that it does not include activities of the kind specified in any of the following provisions of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544)--

- (a) article 25A (arranging regulated mortgage contracts),
- (b) article 25B (arranging regulated home reversion plans),
- (c) article 25C (arranging regulated home purchase plans),
- [(ca) article 25E (arranging regulated sale and rent back agreements),]
- (d) article 39A (assisting administration and performance of a contract of insurance),
- (e) article 53A (advising on regulated mortgage contracts),
- (f) article 53B (advising on regulated home reversion plans),
- (g) article 53C (advising on regulated home purchase plans),
- [(ga) article 53D (advising on regulated sale and rent back agreements),]
- (h) article 21 (dealing as agent), article 25 (arranging deals in investments) or article 53 (advising on investments) where the activity concerns relevant investments that are not contractually based investments (within the meaning of article 3 of that Order), or
- (i) article 64 (agreeing to carry on a regulated activity of the kind mentioned in paragraphs (a) to (h));

"traded company" means a company any of whose transferable securities are admitted to trading on a regulated market;

"turnover", in relation to a company, means the amounts derived from the provision of goods and services ~~falling within the company's ordinary activities~~, after deduction of--

- (a) trade discounts,
- (b) value added tax, and
- (c) any other taxes based on the amounts so derived;

"UCITS management company" has the meaning given by the Glossary forming part of the Handbook made by the [Financial Conduct Authority] under the Financial Services and Markets Act 2000 (c 8).

- (2) In the case of an undertaking not trading for profit, any reference in this Part to a profit and loss account is to an income and expenditure account. References to profit and loss and, in relation to group accounts, to a consolidated profit and loss account shall be construed accordingly.

## **Part 16 - Audit**

### **Chapter 1**

### **Requirement for audited accounts**

#### **475 Requirement for audited accounts**

(1) A company's annual accounts for a financial year must be audited in accordance with this Part unless the company—

- (a) is exempt from audit under—  
section 477 (small companies),  
section 479A (subsidiary companies), or  
section 480 (dormant companies);

or

- (b) is exempt from the requirements of this Part under section 482 (non-profit-making companies subject to public sector audit).

(2) A company is not entitled to any such exemption unless its balance sheet contains a statement by the directors to that effect.

(3) A company is not entitled to exemption under any of the provisions mentioned in subsection (1)(a) unless its balance sheet contains a statement by the directors to the effect that—

- (a) the members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476, and
- (b) the directors acknowledge their responsibilities for complying with the requirements of this Act with respect to accounting records and the preparation of accounts.

(4) The statement required by subsection (2) or (3) must appear on the balance sheet above the signature required by section 414.

#### **476 Right of members to require audit**

(1) The members of a company that would otherwise be entitled to exemption from audit under any of the provisions mentioned in section 475(1)(a) may by notice under this section require it to obtain an audit of its accounts for a financial year.

(2) The notice must be given by—

- (a) members representing not less in total than 10% in nominal value of the company's issued share capital, or any class of it, or
- (b) if the company does not have a share capital, not less than 10% in number of the members of the company.

(3) The notice may not be given before the financial year to which it relates and must be given not later than one month before the end of that year.

#### **477 Small companies: conditions for exemption from audit**

(1) A company that [qualifies as a small company in relation to]<sup>1</sup> a financial year is exempt from the

requirements of this Act relating to the audit of accounts for that year.

(2) ...

(3) ...

(4) For the purposes of this section—

(a) whether a company qualifies as a small company shall be determined in accordance with section 382(1) to (6),

(b) ...

(5) This section has effect subject to—

section 475(2) and (3) (requirements as to statements to be contained in balance sheet),

section 476 (right of members to require audit),

section 478 (companies excluded from small companies exemption), and

section 479 (availability of small companies exemption in case of group company).

### **478 Companies excluded from small companies exemption**

A company is not entitled to the exemption conferred by section 477 (small companies) if it was at any time within the financial year in question—

(a) a public company,

(b) a company that—

(i) is an authorised insurance company, a banking company, an e-money issuer, [a MiFID investment firm] <sup>1</sup> or a UCITS management company, or

(ii) carries on insurance market activity, or

(c) a special register body as defined in section 117(1) of the Trade Union and Labour Relations (Consolidation) Act 1992 (c. 52) or an employers' association as defined in section 122 of that Act or Article 4 of the Industrial Relations (Northern Ireland) Order 1992 (S.I. 1992/807 (N.I. 5)).

## 479 Availability of small companies exemption in case of group company

(1) A company is not entitled to the exemption conferred by section 477 (small companies) in respect of a financial year during any part of which it was a group company unless—

- (a) the group—
  - (i) qualifies as a small group in relation to that financial year, and
  - (ii) was not at any time in that year an ineligible group, or
- (b) subsection (3) applies.

(2) ...

(3) A company is not excluded by subsection (1) if, throughout the whole of the period or periods during the financial year when it was a group company, it was both a subsidiary undertaking and dormant.

(4) In this section—

- (a) “*group company*” means a company that is a parent company or a subsidiary undertaking, and
- (b) “*the group*”, in relation to a group company, means that company together with all its associated undertakings.

For this purpose undertakings are associated if one is a subsidiary undertaking of the other or both are subsidiary undertakings of a third undertaking.

(5) For the purposes of this section—

- (a) whether a group qualifies as small shall be determined in accordance with section 383 (companies qualifying as small: parent companies);
- (b) “*ineligible group*” has the meaning given by section 384(2) and (3) [.]<sup>3</sup>
- (c) ...
- (d) ...
- (e) ...

(6) The provisions mentioned in subsection (5) apply for the purposes of this section as if all the bodies corporate in the group were companies.



### 479A Subsidiary companies: conditions for exemption from audit

(1) A company is exempt from the requirements of this Act relating to the audit of individual accounts for a financial year if—

- (a) it is itself a subsidiary undertaking, and
- (b) its parent undertaking is established under the law of an EEA State.

(2) Exemption is conditional upon compliance with all of the following conditions—

- (a) all members of the company must agree to the exemption in respect of the financial year in question,
- (b) the parent undertaking must give a guarantee under section 479C in respect of that year,
- (c) the company must be included in the consolidated accounts drawn up for that year or to an earlier date in that year by the parent undertaking in accordance with—

- (i) [the provisions of Directive 2013/34/EU of the European Parliament and of the Council on the annual financial statements, consolidated statements and related reports of certain types of undertakings, or the provisions of the Seventh Directive \(83/349/EEC\), or](#)

- (ii) international accounting standards,

- (d) the parent undertaking must disclose in the notes to the consolidated accounts that the company is exempt from the requirements of this Act relating to the audit of individual accounts by virtue of this section, and

- (e) the directors of the company must deliver to the registrar on or before the date that they file the accounts for that year—

- (i) a written notice of the agreement referred to in subsection (2)(a),
- (ii) the statement referred to in section 479C(1),
- (iii) a copy of the consolidated accounts referred to in subsection (2)(c),
- (iv) a copy of the auditor's report on those accounts, and
- (v) a copy of the consolidated annual report drawn up by the parent undertaking.

(3) This section has effect subject to—

section 475(2) and (3) (requirements as to statements contained in balance sheet), and section 476 (right of members to require audit).

### 479B Companies excluded from the subsidiary companies audit exemption

A company is not entitled to the exemption conferred by section 479A (subsidiary companies) if it was at any time within the financial year in question—

- (a) ~~a traded company as defined in section 474(1), a quoted company as defined in section 385(2) of this Act,~~

- (b) a company that—

- (i) is an authorised insurance company, a banking company, an e-money issuer, a MiFID investment firm or a UCITS management company, or

- (ii) carries on insurance market activity, or

- (c) a special register body as defined in section 117(1) of the Trade Union and Labour Relations (Consolidation) Act 1992 (c 52) <sup>2</sup> or an employers' association as defined in section 122 of that Act or Article 4 of the Industrial Relations (Northern Ireland) Order

1992 (S.I. 1992/807) (NI 5).

### **479C Subsidiary companies audit exemption: parent undertaking declaration of guarantee**

(1) A guarantee is given by a parent undertaking under this section when the directors of the subsidiary company deliver to the registrar a statement by the parent undertaking that it guarantees the subsidiary company under this section.

(2) The statement under subsection (1) must be authenticated by the parent undertaking and must specify—

- (a) the name of the parent undertaking,
- (b) if the parent undertaking is incorporated in the United Kingdom, its registered number (if any),
- (c) if the parent undertaking is incorporated outside the United Kingdom and registered in the country in which it is incorporated, the identity of the register on which it is registered and the number with which it is so registered,
- (d) the name and registered number of the subsidiary company in respect of which the guarantee is being given,
- (e) the date of the statement, and
- (f) the financial year to which the guarantee relates.

(3) A guarantee given under this section has the effect that—

- (a) the parent undertaking guarantees all outstanding liabilities to which the subsidiary company is subject at the end of the financial year to which the guarantee relates, until they are satisfied in full, and
- (b) the guarantee is enforceable against the parent undertaking by any person to whom the subsidiary company is liable in respect of those liabilities.

### **480 Dormant companies: conditions for exemption from audit**

(1) A company is exempt from the requirements of this Act relating to the audit of accounts in respect of a financial year if—

- (a) it has been dormant since its formation, or
- (b) it has been dormant since the end of the previous financial year and the following conditions are met.

(2) The conditions are that the company—

- (a) as regards its individual accounts for the financial year in question—
  - (i) is entitled to prepare accounts in accordance with the small companies regime (see sections 381 to 384), or
  - (ii) would be so entitled but for having been a public company or a member of an ineligible group, and
- (b) is not required to prepare group accounts for that year.

(3) This section has effect subject to—

- section 475(2) and (3) (requirements as to statements to be contained in balance sheet),
- section 476 (right of members to require audit), and

section 481 (companies excluded from dormant companies exemption).

### **481 Companies excluded from dormant companies exemption**

A company is not entitled to the exemption conferred by section 480 (dormant companies) if it was at any time within the financial year in question a company that—

[\(za\) is a traded company as defined in section 474\(1\).](#)

(a) is an authorised insurance company, a banking company, an e-money issuer, [a MiFID investment firm]<sup>1</sup> or a UCITS management company, or

(b) carries on insurance market activity.

### **482 Non-profit-making companies subject to public sector audit**

(1) The requirements of this Part as to audit of accounts do not apply to a company for a financial year if it is non-profit-making and its accounts—

(a) are subject to audit by the Comptroller and Auditor General by virtue of an order under section 25(6) of the Government Resources and Accounts Act 2000;

(ab) are subject to audit by the Auditor General for Wales by virtue of—

(i) an order under section 144 of the Government of Wales Act 1998, or

(ii) paragraph 18 of Schedule 8 to the Government of Wales Act 2006;

(b) are accounts—

(i) in relation to which section 21 of the Public Finance and Accountability (Scotland) Act 2000 (asp 1) (audit of accounts: Auditor General for Scotland) applies, or

(ii) that are subject to audit by the Auditor General for Scotland by virtue of an order under section 483 (Scottish public sector companies: audit by Auditor General for Scotland); or

(c) are subject to audit by the Comptroller and Auditor General for Northern Ireland by virtue of an order under Article 5(3) of the Audit and Accountability (Northern Ireland) Order 2003 (S.I. 2003/418 (N.I. 5)).

(2) In the case of a company that is a parent company or a subsidiary undertaking, subsection (1) applies only if every group undertaking is non-profit-making.

(3) In this section “*non-profit-making*” has the same meaning as in [Article 54 of the Treaty on the Functioning of the European Union]<sup>2</sup>.

(4) This section has effect subject to section 475(2) (balance sheet to contain statement that company entitled to exemption under this section).

### **483 Scottish public sector companies: audit by Auditor General for Scotland**

(1) The Scottish Ministers may by order provide for the accounts of a company having its registered office in Scotland to be audited by the Auditor General for Scotland.

(2) An order under subsection (1) may be made in relation to a company only if it appears to the Scottish Ministers that the company—

(a) exercises in or as regards Scotland functions of a public nature none of which relate to reserved matters (within the meaning of the Scotland Act 1998 (c. 46)), or

(b) is entirely or substantially funded from a body having accounts falling within paragraph (a)

or (b) of subsection (3).

(3) Those accounts are—

(a) accounts in relation to which section 21 of the Public Finance and Accountability (Scotland) Act 2000 (asp 1) (audit of accounts: Auditor General for Scotland) applies,

(b) accounts which are subject to audit by the Auditor General for Scotland by virtue of an order under this section.

(4) An order under subsection (1) may make such supplementary or consequential provision (including provision amending an enactment) as the Scottish Ministers think expedient.

(5) An order under subsection (1) shall not be made unless a draft of the statutory instrument containing it has been laid before, and approved by resolution of, the Scottish Parliament.

#### **484 General power of amendment by regulations**

(1) The Secretary of State may by regulations amend this Chapter or section 539 (minor definitions) so far as applying to this Chapter by adding, altering or repealing provisions.

(2) The regulations may make consequential amendments or repeals in other provisions of this Act, or in other enactments.

(3) Regulations under this section imposing new requirements, or rendering existing requirements more onerous, are subject to affirmative resolution procedure.

(4) Other regulations under this section are subject to negative resolution procedure.

**Companies Act 2006 c. 46**  
**Part 16 AUDIT**  
**Chapter 2**  
**APPOINTMENT OF AUDITORS**

[NOT INCLUDED IN THIS CONSOLIDATED VERSION – NO CHANGE TO THIS CHAPTER CONTEMPLATED BY THE COMPANIES, PARTNERSHIPS AND GROUPS (ACCOUNTS AND REPORTS) REGULATIONS 2015]

## **Companies Act 2006 c. 46**

### **Part 16 AUDIT**

#### **Chapter 3**

#### **FUNCTIONS OF AUDITOR**

#### **Auditor's report**

#### **495 Auditor's report on company's annual accounts**

(1) A company's auditor must make a report to the company's members on all annual accounts of the company of which copies are, during his tenure of office—

- (a) in the case of a private company, to be sent out to members under section 423;
- (b) in the case of a public company, to be laid before the company in general meeting under section 437.

(2) The auditor's report must include—

- (a) an introduction identifying the annual accounts that are the subject of the audit and the financial reporting framework that has been applied in their preparation, and
- (b) a description of the scope of the audit identifying the auditing standards in accordance with which the audit was conducted.

(3) The report must state clearly whether, in the auditor's opinion, the annual accounts—

- (a) give a true and fair view—
  - (i) in the case of an individual balance sheet, of the state of affairs of the company as at the end of the financial year,
  - (ii) in the case of an individual profit and loss account, of the profit or loss of the company for the financial year,
  - (iii) in the case of group accounts, of the state of affairs as at the end of the financial year and of the profit or loss for the financial year of the undertakings included in the consolidation as a whole, so far as concerns members of the company;
- (b) have been properly prepared in accordance with the relevant financial reporting framework; and
- (c) have been prepared in accordance with the requirements of this Act (and, where applicable, Article 4 of the IAS Regulation).

Expressions used in this subsection [ or subsection (3A)]<sup>1</sup> that are defined for the purposes of Part 15 (see [sections 464, 471 and 474]<sup>2</sup>) have the same meaning as in that Part.

[(3A) The following provisions apply to the auditors of a company which qualifies as a micro-entity in relation to a financial year (see sections 384A and 384B) in their consideration of whether the Companies Act individual accounts of the company for that year give a true and fair view as mentioned in subsection (3)(a)—

- (a) where the accounts comprise only micro-entity minimum accounting items, the auditors must

disregard any provision of an accounting standard which would require the accounts to contain information additional to those items,

(b) in relation to a micro-entity minimum accounting item contained in the accounts, the auditors must disregard any provision of an accounting standard which would require the accounts to contain further information in relation to that item, and

(c) where the accounts contain an item of information additional to the micro-entity minimum accounting items, the auditors must have regard to any provision of an accounting standard which relates to that item.

(4) The auditor's report—

(a) must be either unqualified or qualified, and

(b) must include a reference to any matters to which the auditor wishes to draw attention by way of emphasis without qualifying the report.

#### **496 Auditor's report on strategic report and directors' report**

In his report on the company's annual accounts, the auditor must—

(a) state whether, in his opinion, based on the work undertaken in the course of the audit—

(i) the information given in the strategic report (if any) and the directors' report for the financial year for which the accounts are prepared is consistent with those accounts, and

(ii) any such strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

(b) state whether, in the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, he has identified material misstatements in the strategic report (if any) and the directors' report, and

(c) if applicable, give an indication of the nature of each of the misstatements referred to in paragraph (b).

~~The auditor must state in his report on the company's annual accounts whether in his opinion the information given in [the strategic report (if any) and the directors' report for the financial year for which the accounts are prepared is consistent with those accounts.~~

#### **497 Auditor's report on auditable part of directors' remuneration report**

(1) If the company is a quoted company, the auditor, in his report on the company's annual accounts for the financial year, must—

(a) report to the company's members on the auditable part of the directors' remuneration report, and

(b) state whether in his opinion that part of the directors' remuneration report has been properly prepared in accordance with this Act.

(2) For the purposes of this Part, "the auditable part" of a directors' remuneration report is the part identified as such by regulations under section 421.

#### 497A.— Auditor's report on separate corporate governance statement

Where the company prepares a separate corporate governance statement in respect of a financial year, the auditor must, in his report of the company's annual accounts for that year—

(a) state whether, in his opinion, based on the work undertaken in the course of the audit, the information given in the statement in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Rules and Transparency Rules sourcebook made by the Financial Conduct Authority (information about internal control and risk management systems in relation to financial reporting processes and about share capital structures)—

(i) is consistent with those accounts, and

(ii) has been prepared in accordance with applicable legal requirements,

(b) state whether, in the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, he has identified material misstatements in the information in the statement referred to in paragraph (a),

(c) if applicable, give an indication of the nature of each of the misstatements referred to in paragraph (b), and

(d) state whether, in his opinion, based on the work undertaken in the course of the audit, rules 7.2.2, 7.2.3 and 7.2.7 in the Disclosure Rules and Transparency Rules sourcebook made by the Financial Conduct Authority (information about the company's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees) have been complied with, if applicable.~~(1) Where the company prepares a separate corporate governance statement in respect of a financial year the auditor must state in his report on the company's annual accounts for that year whether in his opinion the information given in the statement in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Rules and Transparency Rules sourcebook made by the Financial Conduct Authority (information about internal control and risk management systems in relation to financial reporting processes and about share capital structures) is consistent with those accounts.~~

~~(2) ...~~

#### 498 Duties of auditor

(1) A company's auditor, in preparing his report, must carry out such investigations as will enable him to form an opinion as to—

(a) whether adequate accounting records have been kept by the company and returns adequate for their audit have been received from branches not visited by him, and

(b) whether the company's individual accounts are in agreement with the accounting records and returns, and

(c) in the case of a quoted company, whether the auditable part of the company's directors' remuneration report is in agreement with the accounting records and returns.

(2) If the auditor is of the opinion—

(a) that adequate accounting records have not been kept, or that returns adequate for their audit have not been received from branches not visited by him, or



(b) that the company's individual accounts are not in agreement with the accounting records and returns, or

(c) in the case of a quoted company, that the auditable part of its directors' remuneration report is not in agreement with the accounting records and returns,

the auditor shall state that fact in his report.

(3) If the auditor fails to obtain all the information and explanations which, to the best of his knowledge and belief, are necessary for the purposes of his audit, he shall state that fact in his report.

(4) If—

(a) the requirements of regulations under section 412 (disclosure of directors' benefits: remuneration, pensions and compensation for loss of office) are not complied with in the annual accounts, or

(b) in the case of a quoted company, the requirements of regulations under section 421 as to information forming the auditable part of the directors' remuneration report are not complied with in that report,

the auditor must include in his report, so far as he is reasonably able to do so, a statement giving the required particulars.

(5) If the directors of the company—

(a) have prepared accounts in accordance with the small companies regime, or

(b) have taken advantage of small companies exemption [ from the requirement to prepare a strategic report or] <sup>2</sup> in preparing the directors' report,

and in the auditor's opinion they were not entitled to do so, the auditor shall state that fact in his report.

#### **498A. Auditor's duties in relation to separate corporate governance statement**

Where the company is required to prepare a corporate governance statement in respect of a financial year and no such statement is included in the directors' report—

(a) the company's auditor, in preparing his report on the company's annual accounts for that year, must ascertain whether a corporate governance statement has been prepared, and

(b) if it appears to the auditor that no such statement has been prepared, he must state that fact in his report.

#### **499 Auditor's general right to information**

(1) An auditor of a company—

(a) has a right of access at all times to the company's books, accounts and vouchers (in whatever form they are held), and

(b) may require any of the following persons to provide him with such information or explanations as he thinks necessary for the performance of his duties as auditor.

(2) Those persons are—

(a) any officer or employee of the company;

(b) any person holding or accountable for any of the company's books, accounts or vouchers;

(c) any subsidiary undertaking of the company which is a body corporate incorporated in the United Kingdom;

(d) any officer, employee or auditor of any such subsidiary undertaking or any person holding or accountable for any books, accounts or vouchers of any such subsidiary undertaking;

(e) any person who fell within any of paragraphs (a) to (d) at a time to which the information or explanations required by the auditor relates or relate.

(3) A statement made by a person in response to a requirement under this section may not be used in evidence against him in criminal proceedings except proceedings for an offence under section 501.

(4) Nothing in this section compels a person to disclose information in respect of which a claim to legal professional privilege (in Scotland, to confidentiality of communications) could be maintained in legal proceedings.

### **500 Auditor's right to information from overseas subsidiaries**

(1) Where a parent company has a subsidiary undertaking that is not a body corporate incorporated in the United Kingdom, the auditor of the parent company may require it to obtain from any of the following persons such information or explanations as he may reasonably require for the purposes of his duties as auditor.

(2) Those persons are—

(a) the undertaking;

(b) any officer, employee or auditor of the undertaking;

(c) any person holding or accountable for any of the undertaking's books, accounts or vouchers;

(d) any person who fell within paragraph (b) or (c) at a time to which the information or explanations relates or relate.

(3) If so required, the parent company must take all such steps as are reasonably open to it to obtain the information or explanations from the person concerned.

(4) A statement made by a person in response to a requirement under this section may not be used in evidence against him in criminal proceedings except proceedings for an offence under section 501.

(5) Nothing in this section compels a person to disclose information in respect of which a claim to legal professional privilege (in Scotland, to confidentiality of communications) could be maintained in legal proceedings.

### **501 Auditor's rights to information: offences**

(1) A person commits an offence who knowingly or recklessly makes to an auditor of a company a statement (oral or written) that—

(a) conveys or purports to convey any information or explanations which the auditor requires, or is entitled to require, under section 499, and

(b) is misleading, false or deceptive in a material particular.

(2) A person guilty of an offence under subsection (1) is liable—

- (a) on conviction on indictment, to imprisonment for a term not exceeding two years or a fine (or both);
- (b) on summary conviction–
  - (i) in England and Wales, to imprisonment for a term not exceeding twelve months or to a fine not exceeding the statutory maximum (or both);
  - (ii) in Scotland or Northern Ireland, to imprisonment for a term not exceeding six months or to a fine not exceeding the statutory maximum (or both).
- (3) A person who fails to comply with a requirement under section 499 without delay commits an offence unless it was not reasonably practicable for him to provide the required information or explanations.
- (4) If a parent company fails to comply with section 500, an offence is committed by–
  - (a) the company, and
  - (b) every officer of the company who is in default.
- (5) A person guilty of an offence under subsection (3) or (4) is liable on summary conviction to a fine not exceeding level 3 on the standard scale.
- (6) Nothing in this section affects any right of an auditor to apply for an injunction (in Scotland, an interdict or an order for specific performance) to enforce any of his rights under section 499 or 500.

## **502 Auditor's rights in relation to resolutions and meetings**

- (1) In relation to a written resolution proposed to be agreed to by a private company, the company's auditor is entitled to receive all such communications relating to the resolution as, by virtue of any provision of Chapter 2 of Part 13 of this Act, are required to be supplied to a member of the company.
- (2) A company's auditor is entitled–
  - (a) to receive all notices of, and other communications relating to, any general meeting which a member of the company is entitled to receive,
  - (b) to attend any general meeting of the company, and
  - (c) to be heard at any general meeting which he attends on any part of the business of the meeting which concerns him as auditor.
- (3) Where the auditor is a firm, the right to attend or be heard at a meeting is exercisable by an individual authorised by the firm in writing to act as its representative at the meeting.

## **503 Signature of auditor's report**

- (1) The auditor's report must state the name of the auditor and be signed and dated.
- (2) Where the auditor is an individual, the report must be signed by him.
- (3) Where the auditor is a firm, the report must be signed by the senior statutory auditor in his own name, for and on behalf of the auditor.

## **504 Senior statutory auditor**

- (1) The senior statutory auditor means the individual identified by the firm as senior statutory auditor in relation to the audit in accordance with—
- (a) standards issued by the European Commission, or
  - (b) if there is no applicable standard so issued, any relevant guidance issued by—
    - (i) the Secretary of State, or
    - (ii) a body appointed by order of the Secretary of State.
- (2) The person identified as senior statutory auditor must be eligible for appointment as auditor of the company in question (see Chapter 2 of Part 42 of this Act).
- (3) The senior statutory auditor is not, by reason of being named or identified as senior statutory auditor or by reason of his having signed the auditor's report, subject to any civil liability to which he would not otherwise be subject.
- (4) An order appointing a body for the purpose of subsection (1)(b)(ii) is subject to negative resolution procedure.

### **505 Names to be stated in published copies of auditor's report**

- (1) Every copy of the auditor's report that is published by or on behalf of the company must—
- (a) state the name of the auditor and (where the auditor is a firm) the name of the person who signed it as senior statutory auditor, or
  - (b) if the conditions in section 506 (circumstances in which names may be omitted) are met, state that a resolution has been passed and notified to the Secretary of State in accordance with that section.
- (2) For the purposes of this section a company is regarded as publishing the report if it publishes, issues or circulates it or otherwise makes it available for public inspection in a manner calculated to invite members of the public generally, or any class of members of the public, to read it.
- (3) If a copy of the auditor's report is published without the statement required by this section, an offence is committed by—
- (a) the company, and
  - (b) every officer of the company who is in default.
- (4) A person guilty of an offence under this section is liable on summary conviction to a fine not exceeding level 3 on the standard scale.

### **506 Circumstances in which names may be omitted**

- (1) The auditor's name and, where the auditor is a firm, the name of the person who signed the report as senior statutory auditor, may be omitted from—
- (a) published copies of the report, and
  - (b) the copy of the report delivered to the registrar under Chapter 10 of Part 15 (filing of accounts and reports),
- if the following conditions are met.

- (2) The conditions are that the company–
- (a) considering on reasonable grounds that statement of the name would create or be likely to create a serious risk that the auditor or senior statutory auditor, or any other person, would be subject to violence or intimidation, has resolved that the name should not be stated, and
  - (b) has given notice of the resolution to the Secretary of State, stating–
    - (i) the name and registered number of the company,
    - (ii) the financial year of the company to which the report relates, and
    - (iii) the name of the auditor and (where the auditor is a firm) the name of the person who signed the report as senior statutory auditor.

### **507 Offences in connection with auditor's report**

(1) A person to whom this section applies commits an offence if he knowingly or recklessly causes a report under section 495 (auditor's report on company's annual accounts) to include any matter that is misleading, false or deceptive in a material particular.

(2) A person to whom this section applies commits an offence if he knowingly or recklessly causes such a report to omit a statement required by–

- (a) section 498(2)(b) (statement that company's accounts do not agree with accounting records and returns),
- (b) section 498(3) (statement that necessary information and explanations not obtained), or
- (c) section 498(5) (statement that directors wrongly took advantage of exemption from obligation to prepare group accounts).

(3) This section applies to–

- (a) where the auditor is an individual, that individual and any employee or agent of his who is eligible for appointment as auditor of the company;
- (b) where the auditor is a firm, any director, member, employee or agent of the firm who is eligible for appointment as auditor of the company.

(4) A person guilty of an offence under this section is liable–

- (a) on conviction on indictment, to a fine;
- (b) on summary conviction, to a fine not exceeding the statutory maximum.

### **508 Guidance for regulatory and prosecuting authorities: England, Wales and Northern Ireland**

(1) The Secretary of State may issue guidance for the purpose of helping relevant regulatory and prosecuting authorities to determine how they should carry out their functions in cases where behaviour occurs that–

- (a) appears to involve the commission of an offence under section 507 (offences in connection with auditor's report), and
- (b) has been, is being or may be investigated pursuant to arrangements–

- (i) under paragraph 15 of Schedule 10 (investigation of complaints against auditors and supervisory bodies), or
  - (ii) of a kind mentioned in paragraph 24 of that Schedule (independent investigation for disciplinary purposes of public interest cases).
- (2) The Secretary of State must obtain the consent of the Attorney General before issuing any such guidance.
- (3) In this section “*relevant regulatory and prosecuting authorities*” means–
- (a) supervisory bodies within the meaning of Part 42 of this Act,
  - (b) bodies to which the Secretary of State may make grants under section 16(1) of the Companies (Audit, Investigations and Community Enterprise) Act 2004 (c. 27) (bodies concerned with accounting standards etc),
  - (c) the Director of the Serious Fraud Office,
  - (d) the Director of Public Prosecutions or the Director of Public Prosecutions for Northern Ireland, and
  - (e) the Secretary of State.
- (4) This section does not apply to Scotland.

### **509 Guidance for regulatory authorities: Scotland**

- (1) The Lord Advocate may issue guidance for the purpose of helping relevant regulatory authorities to determine how they should carry out their functions in cases where behaviour occurs that–
- (a) appears to involve the commission of an offence under section 507 (offences in connection with auditor's report), and
  - (b) has been, is being or may be investigated pursuant to arrangements–
    - (i) under paragraph 15 of Schedule 10 (investigation of complaints against auditors and supervisory bodies), or
    - (ii) of a kind mentioned in paragraph 24 of that Schedule (independent investigation for disciplinary purposes of public interest cases).
- (2) The Lord Advocate must consult the Secretary of State before issuing any such guidance.
- (3) In this section “*relevant regulatory authorities*” means–
- (a) supervisory bodies within the meaning of Part 42 of this Act,
  - (b) bodies to which the Secretary of State may make grants under section 16(1) of the Companies (Audit, Investigations and Community Enterprise) Act 2004 (c. 27) (bodies concerned with accounting standards etc), and
  - (c) the Secretary of State.
- (4) This section applies only to Scotland.