



# Companies Act 1985

## 1985 CHAPTER 6

### PART VII

#### ACCOUNTS AND AUDIT

#### CHAPTER I

##### PROVISIONS APPLYING TO COMPANIES GENERALLY

##### *A company's accounting reference periods and financial year*

#### **224 Accounting reference period and date**

- (1) A company's accounting reference periods are determined according to its accounting reference date.
- (2) A company may give notice in the prescribed form to the registrar of companies specifying a date in the calendar year as being the date on which in each successive calendar year an accounting reference period of the company is to be treated as coming to an end; and the date specified in the notice is then the company's accounting reference date.
- (3) However, no such notice has effect unless it is given before the end of 6 months beginning with the date of the company's incorporation ; and, failing such notice, the company's accounting reference date is 31st March.
- (4) A company's first accounting reference period is such period ending with its accounting reference date as begins on the date of its incorporation and is a period of more than 6 months and not more than 18 months; and each successive period of 12 months beginning after the end of the first accounting reference period and ending with the accounting reference date is also an accounting reference period of the company.
- (5) This section is subject to section 225, under which in certain circumstances a company may alter its accounting reference date and accounting reference periods.

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*Status: This is the original version (as it was originally enacted). This item of legislation is currently only available in its original format.*

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## **225 Alteration of accounting reference period**

- (1) At any time during a period which is an accounting reference period of a company by virtue of section 224 or 226 the company may give notice in the prescribed form to the registrar of companies specifying a date in the calendar year (" the new accounting reference date ") on which that accounting reference period (" the current accounting reference period ") and each subsequent accounting reference period of the company is to be treated as coming to an end or (as the case may require) as having come to an end.
- (2) At any time after the end of a period which was an accounting reference period of a company by virtue of section 224 or 226 the company may give notice in the prescribed form to the registrar of companies specifying a date in the calendar year (" the new accounting reference date") on which that accounting reference period (" the previous accounting reference period ") and each subsequent accounting reference period of the company is to be treated as coming or (as the case may require) as having come to an end.
- (3) But a notice under subsection (2)—
  - (a) has no effect unless the company is a subsidiary or holding company of another company and the new accounting reference date coincides with the accounting reference date of that other company, and
  - (b) has no effect if the period allowed (under section 242) for laying and delivering accounts in relation to the previous accounting reference period has already expired at the time when the notice is given.
- (4) A notice under this section shall state whether the current or previous accounting reference period of the company—
  - (a) is to be treated as shortened, so as to come to an end or (as the case may require) be treated as having come to an end on the new accounting reference date on the first occasion on which that date falls or fell after the beginning of that accounting reference period, or
  - (b) is to be treated as extended, so as to come to an end or (as the case may require) be treated as having come to an end on the new accounting reference date on the second occasion on which that date falls or fell after the beginning of that accounting reference period.
- (5) A notice which states that the current or previous accounting reference period is to be extended has no effect if the current or previous accounting reference period, as extended in accordance with the notice, would exceed 18 months.
- (6) Subject to any direction given by the Secretary of State under the next subsection, a notice which states that the current or previous accounting reference period is to be extended has no effect unless—
  - (a) no earlier accounting reference period of the company has been extended by virtue of a previous notice given by the company under this section, or
  - (b) the notice is given not less than 5 years after the date on which any earlier accounting reference period of the company which was so extended came to an end, or
  - (c) the company is a subsidiary or holding company of another company and the new accounting reference date coincides with the accounting reference date of that other company.

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- (7) The Secretary of State may, if he thinks fit, direct that subsection (6) shall not apply to a notice already given by a company under this section or (as the case may be) in relation to a notice which may be so given.

## **226 Consequence of giving notice under s. 225**

- (1) Where a company has given notice with effect in accordance with section 225, and that notice has not been superseded by a subsequent notice by the company which has such effect, the new date specified in the notice is the company's accounting reference date, in substitution for that which, by virtue of section 224 or this section, was its accounting reference date at the time when the notice was given.
- (2) Where by virtue of such a notice one date is substituted for another as the accounting reference date of a company—
- (a) the current or previous accounting reference period, shortened or extended (as the case may be) in accordance with the notice, and
  - (b) each successive period of 12 months beginning after the end of that accounting reference period (as so shortened or extended) and ending with the new accounting reference date,
- is or (as the case may require) is to be treated as having been an accounting reference period of the company, instead of any period which would be an accounting reference period of the company if the notice had not been given.
- (3) Section 225 and this section do not affect any accounting reference period of the company which—
- (a) in the case of a notice under section 225(1), is earlier than the current accounting reference period, or
  - (b) in the case of a notice under section 225(2), is earlier than the previous accounting reference period.

## **227 Directors' duty to prepare annual accounts**

- (1) In the case of every company, the directors shall in respect of each accounting reference period of the company prepare a profit and loss account for the financial year or, if it is a company not trading for profit, an income and expenditure account.
- (2) Where it is the company's first accounting reference period, the financial year begins with the first day of that period and ends with—
- (a) the date on which the accounting reference period ends, or
  - (b) such other date, not more than 7 days before or more than 7 days after the end of that period, as the directors may determine;
- and after that the financial year begins with the day after the date to which the last preceding profit and loss account was made up and ends as mentioned in paragraphs (a) and (b) above.
- (3) The directors shall prepare a balance sheet as at the last day of the financial year.
- (4) In the case of a holding company, the directors shall secure that, except where in their opinion there are good reasons against it, the financial year of each of its subsidiaries coincides with the company's own financial year.