



# Companies Act 1985

## 1985 CHAPTER 6

### PART VII

#### ACCOUNTS AND AUDIT

#### CHAPTER I

##### PROVISIONS APPLYING TO COMPANIES GENERALLY

##### *Procedure on completion of accounts*

#### **238 Signing of balance sheet; documents to be annexed**

- (1) A company's balance sheet, and every copy of it which is laid before the company in general meeting or delivered to the registrar of companies, shall be signed on behalf of the board by two of the directors of the company or, if there is only one director, by that one.
- (2) If a copy of the balance sheet—
  - (a) is laid before the company or delivered to the registrar without being signed as required by this section, or
  - (b) not being a copy so laid or delivered, is issued, circulated or published in a case where the balance sheet has not been signed as so required or where (the balance sheet having been so signed) the copy does not include a copy of the signatures or signature, as the case may be,the company and every officer of it who is in default is liable to a fine.
- (3) A company's profit and loss account and, so far as not incorporated in its individual balance sheet or profit and loss account, any group accounts of a holding company shall be annexed to the balance sheet, and the auditors' report shall be attached to it.
- (4) Any accounts so annexed shall be approved by the board of directors before the balance sheet is signed on their behalf.

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### **239 Documents to be included in company's accounts**

For the purposes of this Part, a company's accounts for a financial year are to be taken as comprising the following documents—

- (a) the company's profit and loss account and balance sheet,
- (b) the directors' report,
- (c) the auditors' report, and
- (d) where the company has subsidiaries and section 229 applies, the company's group accounts.

### **240 Persons entitled to receive accounts as of right**

- (1) In the case of every company, a copy of the company's accounts for the financial year shall, not less than 21 days before the date of the meeting at which they are to be laid in accordance with the next section, be sent to each of the following persons—
  - (a) every member of the company (whether or not entitled to receive notice of general meetings),
  - (b) every holder of the company's debentures (whether or not so entitled), and
  - (c) all persons other than members and debenture holders, being persons so entitled.
- (2) In the case of a company not having a share capital, subsection (1) does not require a copy of the accounts to be sent to a member of the company who is not entitled to receive notices of general meetings of the company, or to a holder of the company's debentures who is not so entitled.
- (3) Subsection (1) does not require copies of the accounts to be sent—
  - (a) to a member of the company or a debenture holder, being in either case a person who is not entitled to receive notices of general meetings, and of whose address the company is unaware, or
  - (b) to more than one of the joint holders of any shares or debentures none of whom are entitled to receive such notices, or
  - (c) in the case of joint holders of shares or debentures some of whom are, and some not, entitled to receive such notices, to those who are not so entitled.
- (4) If copies of the accounts are sent less than 21 days before the date of the meeting, they are, notwithstanding that fact, deemed to have been duly sent if it is so agreed by all the members entitled to attend and vote at the meeting.
- (5) If default is made in complying with subsection (1), the company and every officer of it who is in default is liable to a fine.

### **241 Directors' duty to lay and deliver accounts**

- (1) In respect of each financial year of a company the directors shall lay before the company in general meeting copies of the accounts of the company for that year.
- (2) The auditors' report shall be read before the company in general meeting, and be open to the inspection of any member of the company.
- (3) In respect of each financial year the directors—
  - (a) shall deliver to the registrar of companies a copy of the accounts for the year, and

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- (b) if any document comprised in the accounts is in a language other than English, shall annex to the copy of that document delivered a translation of it into English, certified in the prescribed manner to be a correct translation.
- (4) In the case of an unlimited company, the directors are not required by subsection (3) to deliver a copy of the accounts if—
- (a) at no time during the accounting reference period has the company been, to its knowledge, the subsidiary of a company that was then limited and at no such time, to its knowledge, have there been held or been exercisable, by or on behalf of two or more companies that were then limited, shares or powers which, if they had been held or been exercisable by one of them, would have made the company its subsidiary, and
  - (b) at no such time has the company been the holding company of a company which was then limited, and
  - (c) at no such time has the company been carrying on business as the promoter of a trading stamp scheme within the Trading Stamps Act 1964.

References here to a company that was limited at a particular time are to a body corporate (under whatever law incorporated) the liability of whose members was at that time limited.

## **242 Period allowed for laying and delivery**

- (1) The period allowed for laying and delivering a company's accounts for a financial year is as follows in this section, being determined by reference to the end of the relevant accounting reference period (that is, the accounting reference period in respect of which the financial year of the company is ascertained).
- (2) Subject to the following subsections, the period allowed is—
- (a) for a private company, 10 months after the end of the relevant accounting reference period, and
  - (b) for a public company, 7 months after the end of that period.
- (3) If a company carries on business, or has interests, outside the United Kingdom, the Channel Islands and the Isle of Man and in respect of a financial year the directors (before the end of the period allowed by subsection (2)) give to the registrar of companies notice in the prescribed form—
- (a) stating that the company so carries on business or has such interests, and
  - (b) claiming an extension of the period so allowed by a further 3 months,
- the period allowed in relation to that financial year is then so extended.
- (4) Where a company's first accounting reference period—
- (a) begins on the date of its incorporation, and
  - (b) is a period of more than 12 months,

the period otherwise allowed for laying and delivering accounts is reduced by the number of days by which the relevant accounting reference period is longer than 12 months.

However, the period allowed is not by this provision reduced to less than 3 months after the end of that accounting reference period.

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- (5) Where a company's relevant accounting reference period has been shortened under section 226 (in consequence of notice by the company under section 225), the period allowed for laying and delivering accounts is—
- (a) the period allowed in accordance with subsections (2) to (4) above, or
  - (b) the period of 3 months beginning with the date of the notice under section 225, whichever of those periods last expires.
- (6) If for any special reason the Secretary of State thinks fit to do so, he may by notice in writing to a company extend, by such further period as may be specified in the notice, the period otherwise allowed for laying and delivering accounts for any financial year of the company.

### **243 Penalty for non-compliance with s. 241**

- (1) If for a financial year of a company any of the requirements of section 241(1) or (3) is not complied with before the end of the period allowed for laying and delivering accounts, every person who immediately before the end of that period was a director of the company is, in respect of each of those subsections which is not so complied with, guilty of an offence and liable to a fine and, for continued contravention, to a daily default fine.
- (2) If a person is charged with that offence in respect of any of the requirements of section 241(1) or (3), it is a defence for him to prove that he took all reasonable steps for securing that those requirements would be complied with before the end of the period allowed for laying and delivering accounts.
- (3) If in respect of the company's financial year any of the requirements of section 241(3) is not complied with before the end of the period allowed for laying and delivering accounts, the company is liable to a penalty, recoverable in civil proceedings by the Secretary of State.
- (4) The amount of the penalty is determined by reference to the length of the period between the end of the accounting reference period and the earliest day by which all those requirements have been complied with, and is—
  - (a) £20 where the period is not more than one month,
  - (b) £50 where the period is more than 1 month but not more than 3 months,
  - (c) £100 where the period is more than 3 months but not more than 6 months,
  - (d) £200 where the period is more than 6 months but not more than 12 months, and
  - (e) £450 where the period is more than 12 months.
- (5) In proceedings under this section with respect to a requirement to lay a copy of a document before a company in general meeting, or to deliver a copy of a document to the registrar of companies, it is not a defence to prove that the document in question was not in fact prepared as required by this Part.
- (6) Subsections (3) and (4) of this section do not come into force unless and until made to do so by an order of the Secretary of State in a statutory instrument.

### **244 Default order in case of non-compliance**

- (1) If—

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- (a) in respect of a company's financial year any of the requirements of section 241(3) has not been complied with before the end of the period allowed for laying and delivering accounts, 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 application by any member or creditor of the company, or by the registrar of companies, 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 of and incidental to the application shall be borne by the directors.
  - (3) Nothing in this section prejudices section 243.

#### **245 Penalty for laying or delivering defective accounts**

- (1) If any accounts of a company of which a copy is laid before the company in general meeting or delivered to the registrar of companies do not comply with the requirements of this Act as to the matters to be included in, or in a note to, those accounts, every person who at the time when the copy is so laid or delivered is a director of the company is guilty of an offence and, in respect of each offence, liable to a fine.

This subsection does not apply to a company's group accounts.

- (2) If any group accounts of which a copy is laid before a company in general meeting or delivered to the registrar of companies do not comply with section 229(5) to (7) or section 230, and with the other requirements of this Act as to the matters to be included in or in a note to those accounts, every person who at the time when the copy was so laid or delivered was a director of the company is guilty of an offence and liable to a fine.
- (3) In proceedings against a person for an offence under this section, it is a defence for him to prove that he took all reasonable steps for securing compliance with the requirements in question.

#### **246 Shareholders' right to obtain copies of accounts**

- (1) Any member of a company, whether or not he is entitled to have sent to him copies of the company's accounts, and any holder of the company's debentures (whether or not so entitled) is entitled to be furnished (on demand and without charge) with a copy of its last accounts.
- (2) If, when a person makes a demand for a document with which he is entitled by this section to be furnished, default is made in complying with the demand within 7 days after its making, the company and every officer of it who is in default is liable to a fine and, for continued contravention, to a daily default fine (unless it is proved that the person has already made a demand for, and been furnished with, a copy of the document).