



Companies Act 1976

1976 CHAPTER 69

PART I

ACCOUNTS, ACCOUNTING RECORDS AND AUDITORS

Duty to prepare, lay and deliver accounts by reference to accounting reference periods

1 Duty to prepare, lay and deliver accounts by reference to accounting reference periods

- (1) The directors of every company shall in respect of each accounting reference period of the company prepare a profit and loss account for a period determined by reference to that accounting reference period in accordance with subsections (2) and (3) below; and the period in respect of which any such account prepared under this section is made up shall be a financial year of the company (whether it is a year or not).
- (2) The period in respect of which a profit and loss account prepared under this section in respect of the first accounting reference period of a company is to be made up shall be a period beginning with the first day of the accounting reference period and ending with—
 - (a) the date on which the accounting reference period ends ; or
 - (b) such other date, not being more than seven days before or more than seven days after the end of the accounting reference period, as the directors may determine.
- (3) The period in respect of which a profit and loss account prepared under this section in respect of any accounting reference period of a company other than the first is to be made up shall be a period beginning with the day after the date to which the last preceding profit and loss account prepared under this section was made up and ending as mentioned in subsection (2) above.
- (4) The directors of every company shall prepare a balance sheet as at the date to which any profit and loss account prepared under this section is made up.

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- (5) References hereafter in this section to documents required to be comprised in the accounts of a company in respect of any accounting reference period are references to the profit and loss account and balance sheet required under the preceding provisions of this section to be prepared in the case of that company in respect of that accounting reference period, and include references—
- (a) to the report of the auditors required by section 156(1) of the Act of 1948 to be attached to that balance sheet; and
 - (b) to the report of the directors required by section 157(1) of that Act to be so attached.
- (6) In respect of each accounting reference period of a company the directors of the company shall lay before the company in general meeting a copy of every document required to be comprised in the accounts of the company in respect of that period.
- (7) Subject to subsection (8) below, in respect of each accounting reference period of a company the directors of the company—
- (a) shall deliver to the registrar of companies a copy of every document required to be comprised in the accounts of the company in respect of that period ; and
 - (b) if any such document is in a language other than English, shall annex to the copy so delivered to the registrar a translation of it into English certified in the prescribed manner to be a correct translation.
- (8) The directors of an unlimited company shall not be required under subsection (7) above to deliver to the registrar of companies copies of documents required to be comprised in the accounts of the company in respect of any accounting reference period if—
- (a) at no time during that 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 meaning of the Trading Stamps Act 1964.

References in this subsection to a company that was limited at a particular time shall be taken as referring to a body corporate (whether incorporated under the law in force in Great Britain or the law in force elsewhere) the liability of whose members was at that time limited.

- (9) Sections 127 and 148 of the Act of 1948 (which are superseded by this section) shall cease to have effect; and in section 455(1) of that Act, for the definition of "financial year " there shall be substituted—
- “" financial year "—
- (a) in relation to any body corporate to which section 1 of the Companies Act 1976 applies, means any period in respect of which any profit and loss account prepared under that section as it applies to that body corporate is made up; and

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- (b) in relation to any other body corporate, means any period in respect of which any profit and loss account of the body corporate laid before it in general meeting is made up ;
whether, in either case, that period is a year or not.”.
- (10) In section 9(3) of the European Communities Act 1972, for paragraph (d) (official notification of receipt by registrar of annual return of company) there shall be substituted—
“(d) any documents delivered by a company in pursuance of section 1(7) of the Companies Act 1976”.
- (11) For the purposes of this Part of this Act any reference to a profit and loss account shall be taken, in the case of a company not trading for profit, as referring to an income and expenditure account.

2 Accounting reference period of a company

- (1) Any 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; but no such notice shall have effect unless it is given before the date on which section 1 above comes into operation or before the end of the period of six months beginning with the date of the incorporation of the company, whichever last occurs.
- (2) Subject to section 3 and subsection (3) below—
(a) in the case of a company which has given notice in accordance with subsection (1) above, the date specified in that notice ; and
(b) in any other case, 31st March;
shall be the company's accounting reference date.
- (3) In the case of a company which has not given notice in accordance with subsection (1) above, the registrar of companies may during the period of two years beginning with the date on which section 1 above comes into operation determine, with the consent of the company, that some date other than 31st March shall be 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, subject to section 3 below, the date so determined shall be and, in relation to any occurrence of that date before it was so determined, shall be treated as having been the company's accounting reference date instead of 31st March.
- (4) Subject to section 3 below, the first accounting reference period of a company shall be such period ending with the company's accounting reference date as—
(a) begins or began on the day after the date to which the profit and loss account of the company last laid before the company in general meeting before the coming into operation of section 1 above (whether laid in the year immediately before the coming into operation of that section or earlier) is or was made up; or
(b) if no profit and loss account of the company is or was so laid before the coming into operation of that section, begins or began on the date of the incorporation of the company, whether that date is or was a date after or a date before the coming into operation of that section;
and (in either case) is or was a period exceeding six months and not exceeding eighteen months.

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- (5) Subject to section 3 below, in the case of any company each successive period of twelve months beginning after the end of the company's first accounting reference period and ending with the company's accounting reference date shall also be an accounting reference period of the company.
- (6) The requirements of section 1 above apply in relation to every period which is or was an accounting reference period of a company by virtue of this section or section 3 below, whether or not that period falls wholly or partly after the date on which section 1 above comes into operation.

3 Alteration of accounting reference period

- (1) At any time during the course of a period which is an accounting reference period of a company by virtue of section 2 above or this section 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 or (as the case may require) as having come to an end.
- (2) Subject to subsection (3) below, at any time after the end of a period which was an accounting reference period of a company by virtue of section 2 above or this section 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) A notice under subsection (2) above—
 - (a) shall not have 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) shall not have effect if the period allowed 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) to 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) to 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 under this section which states that the current or previous accounting reference period of the company is to be extended shall not have effect if the current or previous accounting reference period as extended in accordance with the notice would exceed eighteen months.

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- (6) Subject to any direction given under subsection (7) below, a notice under this section which states that the current or previous accounting reference period of the company is to be extended shall not have 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 five 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.
- (7) The Secretary of State may, if he thinks fit, direct that subsection (6) above shall not apply in relation to any notice already given by a company under this section or (as the case may be) in relation to any notice which may be so given.
- (8) Where a company has given notice which has effect in accordance with the preceding provisions of this section, and that notice has not been superseded by a subsequent notice given by the company which has effect in accordance with those provisions, the new accounting reference date specified in the notice shall be the company's accounting reference date, in substitution for the date which, by virtue of section 2 above or this section, was the company's accounting reference date at the time when the notice was given.
- (9) Where by virtue of a notice under this section one date is substituted for another as the accounting reference date of a company—
- (a) the current or previous accounting reference period of the company, shortened or extended (as the case may be) in accordance with the notice as mentioned in subsection (4) above ; and
 - (b) each successive period of twelve months beginning after the end of that accounting reference period, as so shortened or extended, and ending with the new accounting reference date;
- shall be or (as the case may require) shall 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.
- (10) Nothing in this section shall affect any accounting reference period of the company which—
- (a) in the case of a notice under subsection (1) above, is earlier than the current accounting reference period, or
 - (b) in the case of a notice under subsection (2) above is earlier than the previous accounting reference period.

4 Penalties for not complying with section 1 within the period allowed for laying and delivering accounts

- (1) If in respect of any accounting reference period of a company any of the requirements of subsection (6) or of subsection (7) of section 1 above is not complied with before the end of the period allowed for laying and delivering accounts, then, subject to subsection (2) below, every person who immediately before the end of the last-mentioned period was a director of the company shall, in respect of each of those subsections which is not so complied with, be guilty of an offence and liable on

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summary conviction to a fine not exceeding the aggregate of £400 and £40 for each day which falls—

- (a) after the end of the period allowed for laying and delivering accounts, and
 - (b) before the earliest day by which all the requirements of subsection (6) or (as the case may be) of subsection (7) have been complied with.
- (2) Where a person is charged with an offence under subsection (1) above in respect of any requirements of subsection (6) or of subsection (7) of section 1 above, it shall be 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 any accounting reference period of a company, any of the requirements of section 1(7) above is not complied with before the end of the period allowed for laying and delivering accounts, the company shall be liable to a penalty (recoverable in civil proceedings by the Secretary of State) of an amount determined in accordance with subsection (4) below by reference to the length of the period between the end of the first-mentioned period and the earliest day by which all those requirements have been complied with.
- (4) The amount of the penalty in subsection (3) above is—
- (a) £20 where the period is a period of not more than one month;
 - (b) £50 where the period is a period of more than one month but not more than three months ;
 - (c) £100 where the period is a period of more than three months but not more than six months ;
 - (d) £200 where the period is a period of more than six months but not more than twelve months ; and
 - (e) £450 where the period is a period of more than twelve months.
- (5) For the purposes of any proceedings under this section with respect to any 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 shall not be a defence to prove that the document in question was not in fact prepared as required by subsection (1) or subsection (4) of section 1 above.

5 Default order in case of continued failure to comply with section 1(7) after the end of the period allowed for laying and delivering accounts

- (1) If—
- (a) in respect of any accounting reference period of a company any of the requirements of section 1(7) above 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 fourteen days after the service of a notice on them requiring them to do so ;
- the court may, on an application made to the court by any member or creditor of the company or by the registrar of companies, make an order directing the directors of the company or any of them to make good the default within such time as may be specified in the order.
- (2) Any order made under subsection (1) above may provide that all costs of and incidental to the application shall be borne by the directors of the company.

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(3) Nothing in this section shall be taken to prejudice the operation of section 4 above.

6 The period allowed for laying and delivering accounts

(1) Subject to section 7 below, the period allowed for laying and delivering accounts in relation to any accounting reference period of a company shall be determined for the purposes of sections 4 and 5 above in accordance with the following provisions of this section.

(2) Subject to the following provisions of this section, the period allowed for laying and delivering accounts in relation to any accounting reference period of a company—

- (a) if it is a private company, shall be the period of ten months after the end of the accounting reference period ; or
- (b) if it is a company other than a private company, shall be the period of seven months after the end of the accounting reference period.

(3) Where a company carries on business, or has interests, outside the United Kingdom, the Channel Islands and the Isle of Man and, in respect of any accounting reference period of the company, the directors, before the end of the period allowed in relation to that accounting reference period by virtue of subsection (2) above, give to the registrar of companies a 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 period of three months;

the period allowed for laying and delivering accounts in relation to that accounting reference period of the company shall be three months longer than would otherwise be allowed by virtue of that subsection.

(4) Subject to the following provisions of this section, where the first accounting reference period of a company—

- (a) begins or began on the date of the incorporation of the company ; and
- (b) is or was a period exceeding twelve months;

the period which would otherwise be the period allowed for laying and delivering accounts in relation to that accounting reference period in accordance with the preceding provisions of this section shall be treated as reduced by the number of days by which that accounting reference period is or was longer than twelve months.

(5) The period allowed for laying and delivering accounts in relation to the first accounting reference period of a company shall not by virtue of subsection (4) above be treated as reduced to a period of less than three months after the end of that accounting reference period.

(6) Subject to subsection (7) below, in relation to the accounting reference period of a company as respects which notice is given by the company under section 3 above, and which by virtue of that section is to be treated as shortened in accordance with that notice, the period allowed for laying and delivering accounts shall be—

- (a) the period allowed in relation to that accounting reference period of the company in accordance with the preceding provisions of this section ; or
- (b) the period of three months beginning with the date of the notice;

whichever of those periods last expires.

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- (7) 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 which in accordance with the preceding provisions of this section is the period allowed for laying and delivering accounts in relation to any accounting reference period of the company.

7 Transitional provisions and savings

- (1) In relation to any accounting reference period of a company ending before the date on which section 1 above comes into operation, if the period allowed for laying and delivering accounts in relation to that accounting reference period determined in accordance with section 6(2) to (4) above would expire before the end of the period of three months beginning with that date, the period allowed for laying and delivering accounts in relation to that accounting reference period shall instead, subject to subsection (2) below, be treated for the purposes of sections 4 and 5 above as expiring at (and not before) the end of those three months.
- (2) 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 which in accordance with subsection (1) above is the period allowed for laying and delivering accounts in relation to any accounting reference period of the company.
- (3) The repeal by this Act of section 127 of the Act of 1948 (which is superseded by section 1 above) shall not affect any duty imposed by section 127 to annex to an annual return of a company made after the coming into operation of section 1 above a copy of any balance sheet laid before the company in general meeting before the coming into operation of that section and of any related document.
- (4) The substitution by section 1 (9) above of a new definition for the definition of " financial year " in section 455(1) of the Act of 1948 shall not affect the operation of the original definition in relation to a period before the beginning of a company's first accounting reference period.
- (5) The substitution by section 1(10) above of a new paragraph in place of paragraph (d) of section 9(3) of the European Communities Act 1972 shall not affect the operation of the original paragraph (d) in relation to an annual return to which a copy of any balance sheet or related document is annexed in pursuance of section 127 of the Act of 1948.
- (6) For the purposes of determining, in any proceedings under section 4 or 5 above, the date on which the first accounting reference period of a company incorporated before the coming into operation of section 1 above began—
- (a) where a copy of any profit and loss account of the company which was laid before the company in general meeting before the coming into operation of section 1 above has been annexed to any annual return made by the company, it shall be presumed that no such account has been laid before the company in general meeting since the last such account so annexed was so laid and before the coming into operation of that section; and
 - (b) in any other case it shall be presumed that no such account has been laid before the company in general meeting since the date of the incorporation of the company and before the coming into operation of that section;
- unless, in either case, the contrary is proved.

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- (7) No proceedings shall be instituted after the coming into operation of section 1 above for an offence under section 148 of the Act of 1948.
- (8) For the purposes of subsections (3) and (5) above the following are documents related to any balance sheet laid before a company in general meeting—
 - (a) any such other document as is mentioned in paragraph (a) of subsection (1) of section 127 of the Act of 1948 ; and
 - (b) any such report as is mentioned in paragraph (b) of that section.