



# Companies (Audit, Investigations and Community Enterprise) Act 2004

## 2004 CHAPTER 27

### PART 1

#### AUDITORS, ACCOUNTS, DIRECTORS' LIABILITIES AND INVESTIGATIONS

### CHAPTER 2

#### ACCOUNTS AND REPORTS

##### *Auditing of accounts*

#### **9 Statement in directors' report as to disclosure of information to auditors**

(1) Part 7 of the Companies Act 1985 (c. 6) (accounts and audit) is amended as follows.

(2) In section 234 (duty to prepare directors' report), after subsection (2) insert—

“(2A) If section 234ZA applies to the report, it shall contain the statement required by subsection (2) of that section.”

(3) After section 234 insert—

##### **“234ZA Statement as to disclosure of information to auditors**

(1) This section applies to a directors' report unless the directors have taken advantage of the exemption conferred by section 249A(1) or 249AA(1).

(2) The report must contain a statement to the effect that, in the case of each of the persons who are directors at the time when the report is approved under section 234A, the following applies—

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*Status: This is the original version (as it was originally enacted).*

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- (a) so far as the director is aware, there is no relevant audit information of which the company's auditors are 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 auditors are aware of that information.
- (3) In subsection (2) "relevant audit information" means information needed by the company's auditors in connection with preparing their report.
- (4) For the purposes of subsection (2) a director has taken all the steps that he ought to have taken as a director in order to do the things mentioned in paragraph (b) of that subsection 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 were required by his duty as a director of the company to exercise due care, skill and diligence.
- (5) In determining for the purposes of subsection (2) the extent of that duty in the case of a particular director, the following considerations (in particular) are relevant—
  - (a) the knowledge, skill and experience that may reasonably be expected of a person carrying out the same functions as are carried out by the director in relation to the company, and
  - (b) (so far as they exceed what may reasonably be so expected) the knowledge, skill and experience that the director in fact has.
- (6) Where a directors' report containing the statement required by subsection (2) is approved under section 234A 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,is guilty of an offence and liable to imprisonment or a fine, or both."