
STATUTORY INSTRUMENTS

2018 No. 860

The Companies (Miscellaneous Reporting) Regulations 2018

PART 3

Amendments to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008

Amendment of Schedule 7

14. After Part 7 (disclosures concerning greenhouse gas emissions) insert—

“PART 8

Statement of corporate governance arrangements

21. This Part of this Schedule applies to the directors’ report for a financial year unless the company is exempted under paragraph 22.

22. A company is exempted under this paragraph if—

- (a) it is required to provide a corporate governance statement⁽¹⁾,
- (b) it is a community interest company within the meaning of section 26 of the Companies (Audit, Investigations and Community Enterprise) Act 2004⁽²⁾, or
- (c) it is a charitable company within the meaning of section 193 of the Charities Act 2011⁽³⁾.

23.—(1) The directors’ report for a company’s first financial year must include a statement of its corporate governance arrangements in accordance with paragraph 26 if the qualifying conditions are met in that year.

(2) In relation to any subsequent financial year, the directors’ report must include a statement of the company’s corporate governance arrangements—

- (a) if the qualifying conditions are met in that year and were also met in relation to the preceding financial year;
- (b) if—
 - (i) the qualifying conditions are met in that year, and
 - (ii) the directors’ report was required to provide a statement of the company’s corporate governance arrangements in relation to the preceding financial year, or

(1) See section 472A of the Companies Act 2006 for the meaning of “corporate governance statement”.

(2) Section 26 was amended by [S.I. 2007/1093](#), article 6(2) and (3)(a) and paragraph 1 of Schedule 4, and [S.I. 2006/242](#), article 5 and paragraph 8(1) and (2) of the Schedule.

(3) [2011 c.25](#).

(c) if—

- (i) the qualifying conditions were met in the preceding financial year, and
- (ii) the directors' report was required to provide a statement of the company's corporate governance arrangements in relation to the preceding financial year.

(3) The qualifying conditions are met by a company in a year in which it satisfies either or both of the following requirements—

- (a) it has more than 2000 employees;
- (b) it has—
 - (i) a turnover of more than £200 million, and
 - (ii) a balance sheet total of more than £2 billion.

24. In paragraph 23(3)—

- (a) for a period that is a company's financial year but is not in fact a year, the figure for turnover must be proportionately adjusted,
- (b) the balance sheet total means the aggregate of the amounts shown as assets in the company's balance sheet, and
- (c) the number of employees means the average number of persons employed by the company in the year, determined as follows—
 - (i) 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),
 - (ii) add together the monthly totals, and
 - (iii) divide by the number of months in the financial year.

25. In this Part—

“corporate governance”, in relation to a company, means—

- (a) the nature, constitution or functions of the organs of the company,
- (b) the manner in which organs of the company conduct themselves,
- (c) the requirements imposed on organs of the company,
- (d) the relationship between different organs of the company, and
- (e) the relationship between the organs of the company and the members of the company, and

“corporate governance code” means a code of practice on corporate governance.

26.—(1) The directors' report must include a statement (a “statement of corporate governance arrangements”) which states—

- (a) which corporate governance code, if any, the company applied in the financial year,
- (b) how the company applied any corporate governance code reported under sub-paragraph (a), and
- (c) if the company departed from any corporate governance code reported under sub-paragraph (a), the respects in which it did so, and its reasons for so departing.

(2) If the company has not applied any corporate governance code for the financial year, the statement of corporate governance arrangements must explain the reasons for that

decision, and explain what arrangements for corporate governance were applied for that year.

27.—(1) This paragraph applies if—

- (a) a company is required by this Part to include a statement of corporate governance arrangements in its directors' report for a financial year, and
- (b) the company is an unquoted company in relation to that financial year.

(2) The company must ensure that the statement of corporate governance arrangements—

- (a) is made available on a website, and
- (b) remains so available until—
 - (i) the statement of corporate governance arrangements for the company's next financial year is made available in accordance with this paragraph, or
 - (ii) if the obligation under this paragraph to make a statement of corporate governance arrangements available does not arise in relation to the company's next financial year, the end of the company's next financial year.

(3) Sub-paragraph (2) applies whether a company's statement of corporate governance arrangements is located in the directors' report, or in the strategic report as permitted by section 414C(11) of the 2006 Act.

(4) The statement of corporate governance arrangements 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.

(5) Access to the statement of corporate governance arrangements made available on the website under sub-paragraph (2), and the ability to obtain a hard copy of the statement 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).

(6) The statement of corporate governance arrangements—

- (a) must be made available on a website as soon as reasonably practicable, and
- (b) must be kept available throughout the period specified in sub-paragraph (2)(b)(i) or (as the case may be) (ii).

(7) A failure to make the statement of corporate governance arrangements available on a website throughout the period specified in sub-paragraph (2)(b)(i) or (as the case may be) (ii) is disregarded if—

- (a) the statement 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.

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

(9) A person guilty of an offence under sub-paragraph (8) is liable on summary conviction to a fine not exceeding level 3 on the standard scale."

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