

# COMPANIES ACT 2006

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## EXPLANATORY NOTES

### COMMENTARY

#### **Part 15: Accounts and Reports**

#### ***Chapter 3: a Company's Financial Year***

#### ***Section 390: A company's financial year***

642. This section replaces section 223 of the 1985 Act. A company's financial year is the period for which its accounts and reports must be prepared. A company's financial year is the same as its accounting reference period (see section 391), subject to the directors' decision to alter the last day of the period by plus or minus seven days.

#### ***Section 391: Accounting reference periods and accounting reference date***

#### ***Section 392: Alteration of accounting reference date***

643. These sections replace sections 224 and 225 of the 1985 Act.
644. **Section 391(2)** and **(3)** preserve the accounting reference dates of companies incorporated before 1st April 1996 (in the case of GB companies), and before 22nd August 1997 (in the case of Northern Irish companies). Otherwise, a company's accounting reference date is the last day of the month in which the anniversary of its incorporation falls. Its first accounting reference period is a period of more than six months but not more than eighteen months beginning with the date of incorporation and ending with the accounting reference date unless the company changes its accounting reference date (the date on which the accounting reference period ends), in accordance with section 392. Subsequent accounting reference periods (financial years) are successive periods of 12 months, again subject to any alteration of the accounting reference date.
645. **Section 392(4)** provides that a company cannot change its accounting reference date if the period allowed for delivering accounts and reports to the registrar for that period has already expired. Under the corresponding provision in the 1985 Act, the company cannot change the date "if the period allowed for laying and delivering accounts and reports in relation to that period has already expired." Under the Act only public companies are obliged to lay their accounts at a general meeting (section 437).