

*These notes refer to the Companies Act 2006 (c.46)
which received Royal Assent on 8 November 2006*

COMPANIES ACT 2006

EXPLANATORY NOTES

COMMENTARY

Part 15: Accounts and Reports

Chapter 7: Publication of Accounts and Reports

Section 423: Duty to circulate copies of annual accounts and reports

673. This section replaces section 238 of the 1985 Act. *Subsection (1)* provides that a company must send a copy of its annual accounts and reports (as defined in section 471 and including any relevant auditor's report) to specified persons. *Subsection (2)* restricts the general obligation of companies to send copies of accounts and reports. The obligation will in future be to send the accounts and reports only to persons for whom the company has a current address. This is to avoid companies having to send copies of the annual accounts and reports to addresses from which correspondence has previously been returned marked not known at this address (or its electronic equivalent). General provisions about how to supply copies to joint holders are in Part 6 of Schedule 5 (Communications by a company).

Section 424: Time allowed for sending out copies of accounts and reports

674. This section makes changes to the time for distributing accounts and reports for both private and public companies. Private companies (unless they opted out of the requirement) were previously required to lay their accounts at a general meeting and to send their accounts and reports to members 21 days before that meeting. They are no longer required to hold any general meeting and the requirement now is to send out their accounts and reports no later than the earlier of the date of actual delivery to the registrar or the deadline for delivery (see section 442 for the time limits for filing). Public companies must still send the annual accounts and reports out at least 21 days before the general meeting at which the accounts and reports are to be laid (defined as the "relevant accounts meeting").

Section 425: Default in sending out copies of accounts and reports: offences

675. There is no change to these offences (in section 238(5) of the 1985 Act).

Sections 426 to 429: Option to provide summary financial statement

676. These sections restate section 251 of the 1985 Act. All companies have the option under section 426 to provide summary financial statements instead of copies of the full accounts and reports. This section reproduces the existing power for the Secretary of State to make provision by regulations:

- as to the circumstances in which a company may send out summary financial statements; and

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- as to the manner in which it is to be ascertained whether a person wishes to receive a copy of the (full) accounts and reports.

It also makes new provision for persons nominated to enjoy information rights under section 146 (indirect investors) to be able to be provided with summary financial statements rather than the full accounts and reports.

677. **Section 427** sets out the form and content requirements for summary financial statements prepared by unquoted companies, whilst section 428 sets out the form and content requirements for summary financial statements prepared by quoted companies. In both cases, the Secretary of State may make regulations as to the form and content of summary financial statements. There is also a new power for regulations to provide that any specified material be sent separately at the same time as the summary financial statement instead of being included in it. This is to cover the requirements of the Takeovers Directive as to necessary explanatory material (see section 992). As in the 1985 Act, these powers are subject to the negative resolution procedure. Section 429 restates the existing offences in section 251(6) of the 1985 Act.

Section 430: Quoted companies: requirements as to website publication

678. This section introduces a new requirement on quoted companies (as defined in section 385) to put the full annual accounts and reports on a website. A quoted company will still have to send the full accounts and reports to its members under section 423.
679. The annual accounts and reports must be made available as soon as is reasonably practicable on a website that is maintained by or on behalf of the company, and that identifies the company in question. Access to the website must be available to all members of the public and not just to members, and there must be continuous access to the website without charge. Access to the information on the website and the ability to obtain a hard copy of the information from the website, may be restricted by the company where necessary to comply with any statutory or regulatory requirement (e.g. of an overseas regulator).
680. The annual accounts and reports for a financial year must remain available until the accounts and reports for the next financial year are published on the website. Right of member or debenture holder to demand copies of accounts and reports

Sections 431 and 432: Right of member or debenture holder to demand copies of accounts and reports

681. These sections re-enact section 239 of the 1985 Act and entitle a member or debenture holder to demand a copy of the company's last annual accounts and reports without charge. Section 431 lists the documents to which members or debenture holders of unquoted companies are entitled, while section 432 lists those to which members or debenture holders of quoted companies are entitled. The company must comply with a demand within seven days of receipt of the request by the company.

Sections 433 to 436: Requirements in connection with publication of accounts and reports

682. **Section 433** brings together provisions scattered throughout Part 7 of the 1985 Act (in sections 233(3) and (6)(a), 234A(2) and (4)(a) and 234C(2) and (4)(a)) concerning statements of the name of the signatory in published accounts and reports. In the case of unquoted companies, every copy of the balance sheet and directors' report that is published by or on behalf of the company must state the name of the director who signed it on behalf of the board. For quoted companies this applies to copies of the balance sheet, directors' remuneration report and directors' report.
683. **Sections 434 and 435** re-enact section 240 of the 1985 Act concerning requirements in connection with the publication of statutory or non-statutory accounts.

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684. “Publication” is defined in section 436.