

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

COMPANIES ACT 2006

EXPLANATORY NOTES

COMMENTARY

Chapter 5: Directors' Service Contracts

Section 228: Copy of contract or memorandum of terms to be available for inspection

415. This section requires a company to keep available for inspection copies of every director's service contract entered into by the company or by a subsidiary of the company. If the contract is not in writing, the company must keep available for inspection a written memorandum of its terms. This section, together with sections 229 and 230, replace section 318 of the 1985 Act.
416. *Subsection (3)* is new. It requires the service contracts to be retained and kept available for inspection by the company for at least one year after they have expired, but the subsection does not require the copies to be retained thereafter. As a result of the expanded definition of service contract in section 227, this section now applies to contracts for services and letters of appointment, as recommended by the Law Commissions.
417. As recommended by the Law Commissions, the exemption for contracts requiring a director to work outside the UK (section 318(5) of the 1985 Act) and the exemption for contracts with less than 12 months to run (section 318(11) of the 1985 Act) have not been retained.
418. Failure to comply with the requirements of this section is a criminal offence for which every officer of the company who is in default may be held liable on summary conviction to a fine not exceeding level 3 on the standard scale (currently £1,000) or in cases of continued contravention a daily default fine not exceeding one-tenth of that. In a change from the current position under section 318 of the 1985 Act, the company will no longer be liable under the criminal offence.