



Companies Act 2006

2006 CHAPTER 46

PART 15

ACCOUNTS AND REPORTS

CHAPTER 5

DIRECTORS' REPORT

Directors' report

415 Duty to prepare directors' report

(1) The directors of a company must prepare a directors' report for each financial year of the company.

[^{F1}(1A) Subsection (1) does not apply if the company qualifies as a micro-entity (see sections 384A and 384B).]

(2) For a financial year in which—

- (a) the company is a parent company, and
- (b) the directors of the company prepare group accounts,

the directors' report must be a consolidated report (a “group directors' report”) relating to the undertakings included in the consolidation.

(3) A group directors' report may, where appropriate, give greater emphasis to the matters that are significant to the undertakings included in the consolidation, taken as a whole.

(4) In the case of failure to comply with the requirement to prepare a directors' report, an offence is committed by every person who—

- (a) was a director of the company immediately before the end of the period for filing accounts and reports for the financial year in question, and

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- (b) failed to take all reasonable steps for securing compliance with that requirement.
- (5) A person guilty of an offence under this section is liable—
- (a) on conviction on indictment, to a fine;
 - (b) on summary conviction, to a fine not exceeding the statutory maximum.

Textual Amendments

- F1** S. 415(1A) inserted (with effect in accordance with reg. 2(2)-(5) of the amending S.I.) by [The Companies, Partnerships and Groups \(Accounts and Reports\) Regulations 2015 \(S.I. 2015/980\)](#), regs. 2(1), 7 (with reg. 3)

Modifications etc. (not altering text)

- C1** Ss. 380-416 applied (with modifications) (1.10.2009) by [The Unregistered Companies Regulations 2009 \(S.I. 2009/2436\)](#), regs. 3-5, **Sch. 1 para. 10** (with transitional provisions and savings in regs. 7, 9, Sch. 2)
- C2** Ss. 415-416 applied (with modifications) by [S.I. 2009/2436](#), **Sch 1 para. 10** (as amended (with application in accordance with reg. 1(3) of the amending S.I.) by [The Unregistered Companies \(Amendment\) Regulations 2013 \(S.I. 2013/1972\)](#), regs. 1(2), **2(2)(a)**)
- C3** Ss. 415-416 applied (with modifications) by [S.I. 2008/1911](#), **reg. 12B** (as inserted (1.4.2019) by [The Companies \(Directors Report\) and Limited Liability Partnerships \(Energy and Carbon Report\) Regulations 2018 \(S.I. 2018/1155\)](#), regs. 2, **10**) (as amended (6.4.2022) by [The Limited Liability Partnerships \(Climate-related Financial Disclosure\) Regulations 2022 \(S.I. 2022/46\)](#), regs. 1(2), **4**)

[^{F2}415A Directors' report: small companies exemption

- (1) A company is entitled to small companies exemption in relation to the directors' report for a financial year if—
- (a) it is entitled to prepare accounts for the year in accordance with the small companies regime, or
 - (b) it would be so entitled but for being or having been a member of an ineligible group.

[The exemption is relevant to section 416(3) (contents of report: statement of amount ^{F3}(2) recommended by way of dividend).]

Textual Amendments

- F2** S. 415A inserted (6.4.2008) by [The Companies Act 2006 \(Amendment\) \(Accounts and Reports\) Regulations 2008 \(S.I. 2008/393\)](#), **reg. 6(2)**
- F3** S. 415A(2) substituted (26.10.2023 but only so far as it confers a power to make regulations or relates to the exercise of the power, otherwise prosp.) by [Economic Crime and Corporate Transparency Act 2023 \(c. 56\)](#), **ss. 55(2)**, 219(1)(2)(b)
- F4** Word in s. 415A(2) inserted (with effect in accordance with reg. 1(4) of the amending S.I.) by [The Companies Act 2006 \(Strategic Report and Directors' Report\) Regulations 2013 \(S.I. 2013/1970\)](#), reg. 1(2)(3)**4(a)**
- F5** Words in s. 415A(2) omitted (with effect in accordance with reg. 1(4) of the amending S.I.) by virtue of [The Companies Act 2006 \(Strategic Report and Directors' Report\) Regulations 2013 \(S.I. 2013/1970\)](#), reg. 1(2)(3)**4(b)**

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Modifications etc. (not altering text)

- C2** Ss. 415-416 applied (with modifications) by S.I. 2009/2436, **Sch 1 para. 10** (as amended (with application in accordance with reg. 1(3) of the amending S.I.) by [The Unregistered Companies \(Amendment\) Regulations 2013](#) (S.I. 2013/1972), regs. 1(2), **2(2)(a)**)
- C4** Ss. 380-416 applied (with modifications) (1.10.2009) by [The Unregistered Companies Regulations 2009](#) (S.I. 2009/2436), regs. 3-5, **Sch. 1 para. 10** (with transitional provisions and savings in regs. 7, 9, Sch. 2)
- C5** Ss. 415-416 applied (with modifications) by S.I. 2008/1911, **reg. 12B** (as inserted (1.4.2019) by [The Companies \(Directors Report\) and Limited Liability Partnerships \(Energy and Carbon Report\) Regulations 2018](#) (S.I. 2018/1155), regs. 2, **10**) (as amended (6.4.2022) by [The Limited Liability Partnerships \(Climate-related Financial Disclosure\) Regulations 2022](#) (S.I. 2022/46), regs. 1(2), **4**)

416 Contents of directors' report: general

- (1) The directors' report for a financial year must state—
 - (a) the names of the persons who, at any time during the financial year, were directors of the company, and
 - ^{F6}(b)
- ^{F7}(2)
- (3) Except in the case of a company [^{F8}entitled to the small companies exemption], the report must state the amount (if any) that the directors recommend should be paid by way of dividend.
- (4) The Secretary of State may make provision by regulations as to other matters that must be disclosed in a directors' report.

Without prejudice to the generality of this power, the regulations may make any such provision as was formerly made by Schedule 7 to the Companies Act 1985.

Textual Amendments

- F6** S. 416(1)(b) omitted (with effect in accordance with reg. 1(4) of the amending S.I.) by virtue of [The Companies Act 2006 \(Strategic Report and Directors' Report\) Regulations 2013](#) (S.I. 2013/1970), reg. 1(2)(3)**6(2)**
- F7** S. 416(2) omitted (with effect in accordance with reg. 1(4) of the amending S.I.) by virtue of [The Companies Act 2006 \(Strategic Report and Directors' Report\) Regulations 2013](#) (S.I. 2013/1970), reg. 1(2)(3)**6(3)**
- F8** Words in s. 416(3) substituted (6.4.2008) by [The Companies Act 2006 \(Amendment\) \(Accounts and Reports\) Regulations 2008](#) (S.I. 2008/393), **reg. 6(3)**

Modifications etc. (not altering text)

- C2** Ss. 415-416 applied (with modifications) by S.I. 2009/2436, **Sch 1 para. 10** (as amended (with application in accordance with reg. 1(3) of the amending S.I.) by [The Unregistered Companies \(Amendment\) Regulations 2013](#) (S.I. 2013/1972), regs. 1(2), **2(2)(a)**)
- C6** Ss. 380-416 applied (with modifications) (1.10.2009) by [The Unregistered Companies Regulations 2009](#) (S.I. 2009/2436), regs. 3-5, **Sch. 1 para. 10** (with transitional provisions and savings in regs. 7, 9, Sch. 2)
- C7** Ss. 415-416 applied (with modifications) by S.I. 2008/1911, **reg. 12B** (as inserted (1.4.2019) by [The Companies \(Directors Report\) and Limited Liability Partnerships \(Energy and Carbon Report\)](#)

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Regulations 2018 (S.I. 2018/1155), regs. 2, 10) (as amended (6.4.2022) by [The Limited Liability Partnerships \(Climate-related Financial Disclosure\) Regulations 2022 \(S.I. 2022/46\)](#), regs. 1(2), 4)

Commencement Information

- II** S. 416 wholly in force at 6.4.2008; s. 416 not in force at Royal Assent, see s. 1300; s. 416 in force for specified purposes at 20.1.2007 by [S.I. 2006/3428](#), [art. 3\(3\)](#) (subject to [art. 5](#), [Sch. 1](#) and with [arts. 6, 8](#), [Sch. 5](#)); s. 416 in force at 6.4.2008 by [S.I. 2007/3495](#), [art. 3\(1\)\(d\)](#) (with [arts. 7, 12](#), [Sch. 4 paras. 6-8](#))

F9 417 Contents of directors' report: business review

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Textual Amendments

- F9** S. 417 omitted (with effect in accordance with reg. 1(4) of the amending S.I.) by virtue of [The Companies Act 2006 \(Strategic Report and Directors' Report\) Regulations 2013 \(S.I. 2013/1970\)](#), reg. 1(2)(3)5

418 Contents of directors' report: statement as to disclosure to auditors

- (1) This section applies to a company unless—
 - (a) it is exempt for the financial year in question from the requirements of Part 16 as to audit of accounts, and
 - (b) the directors take advantage of that exemption.
- (2) The directors' report must contain a statement to the effect that, in the case of each of the persons who are directors at the time the report is approved—
 - (a) so far as the director is aware, there is no relevant audit information of which the company's auditor is 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 auditor is aware of that information.
- (3) “Relevant audit information” means information needed by the company's auditor in connection with preparing his report.
- (4) A director is regarded as having taken all the steps that he ought to have taken as a director in order to do the things mentioned in subsection (2)(b) 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 are required by his duty as a director of the company to exercise reasonable care, skill and diligence.
- (5) Where a directors' report containing the statement required by this section is approved 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,
 commits an offence.

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- (6) A person guilty of an offence under subsection (5) is liable—
- (a) on conviction on indictment, to imprisonment for a term not exceeding two years or a fine (or both);
 - (b) on summary conviction—
 - (i) in England and Wales, to imprisonment for a term not exceeding twelve months or to a fine not exceeding the statutory maximum (or both);
 - (ii) in Scotland or Northern Ireland, to imprisonment for a term not exceeding six months, or to a fine not exceeding the statutory maximum (or both).

Modifications etc. (not altering text)

- C8** Ss. 418-469 applied (with modifications) (1.10.2009) by [The Unregistered Companies Regulations 2009 \(S.I. 2009/2436\)](#), regs. 3-5, [Sch. 1 para. 10](#) (with transitional provisions and savings in [regs. 7, 9, Sch. 2](#))
- C9** Ss. 418-419A applied (with modifications) by S.I. 2009/2436, Sch 1 para. 10 (as amended (with application in accordance with reg. 1(3) of the amending S.I.) by [The Unregistered Companies \(Amendment\) Regulations 2013 \(S.I. 2013/1972\)](#), [regs. 1\(2\), 2\(2\)\(a\)](#))

419 Approval and signing of directors' report

- (1) The directors' report must be approved by the board of directors and signed on behalf of the board by a director or the secretary of the company.
- (2) ^{F10}If in preparing the report advantage is taken of the small companies exemption,], it must contain a statement to that effect in a prominent position above the signature.
- (3) If a directors' report is approved that does not comply with the requirements of this Act, every director of the company who—
- (a) knew that it did not comply, or was reckless as to whether it complied, and
 - (b) failed to take reasonable steps to secure compliance with those requirements or, as the case may be, to prevent the report from being approved,
- commits an offence.
- (4) A person guilty of an offence under this section is liable—
- (a) on conviction on indictment, to a fine;
 - (b) on summary conviction, to a fine not exceeding the statutory maximum.

Textual Amendments

- F10** Words in s. 419(2) substituted (6.4.2008) by [The Companies Act 2006 \(Amendment\) \(Accounts and Reports\) Regulations 2008 \(S.I. 2008/393\)](#), [reg. 6\(5\)](#)

Modifications etc. (not altering text)

- C9** Ss. 418-419A applied (with modifications) by S.I. 2009/2436, Sch 1 para. 10 (as amended (with application in accordance with reg. 1(3) of the amending S.I.) by [The Unregistered Companies \(Amendment\) Regulations 2013 \(S.I. 2013/1972\)](#), [regs. 1\(2\), 2\(2\)\(a\)](#))

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- C10** S. 419 applied (6.4.2008) by S.I. 2005/1788, reg. 29 (as substituted by [The Companies Act 2006 \(Consequential Amendments etc\) Order 2008 \(S.I. 2008/948\)](#), art. 3(1), **Sch. 1 para. 242(4)** (with arts. 6, 11, 12))
- C11** S. 419 applied (with modifications) (6.4.2008) by [The Companies \(Revision of Defective Accounts and Reports\) Regulations 2008 \(S.I. 2008/373\)](#), **reg. 5** (as amended (1.1.2018) by [The Statutory Auditors Regulations 2017 \(S.I. 2017/1164\)](#), reg. 1(2)(3), **8** (with reg. 2(6)(7)))
- C12** Ss. 418-469 applied (with modifications) (1.10.2009) by [The Unregistered Companies Regulations 2009 \(S.I. 2009/2436\)](#), regs. 3-5, **Sch. 1 para. 10** (with transitional provisions and savings in regs. 7, 9, Sch. 2)
- C13** S. 419 applied (with modifications) by S.I. 2008/1911, reg. 12B (as inserted (1.4.2019) by [The Companies \(Directors Report\) and Limited Liability Partnerships \(Energy and Carbon Report\) Regulations 2018 \(S.I. 2018/1155\)](#), regs. 2, **10**)

^{F11} **Approval and signing of separate corporate governance statement**

419A

Any separate corporate governance statement must be approved by the board of directors and signed on behalf of the board by a director or the secretary of the company.]

Textual Amendments

- F11** S. 419A inserted (27.6.2009) by [The Companies Act 2006 \(Accounts, Reports and Audit\) Regulations 2009 \(S.I. 2009/1581\)](#), **reg. 2** (with application as stated in [reg. 1\(3\)](#))

Modifications etc. (not altering text)

- C9** Ss. 418-419A applied (with modifications) by S.I. 2009/2436, Sch 1 para. 10 (as amended (with application in accordance with [reg. 1\(3\)](#) of the amending S.I.) by [The Unregistered Companies \(Amendment\) Regulations 2013 \(S.I. 2013/1972\)](#), regs. 1(2), **2(2)(a)**)
- C14** Ss. 418-469 applied (with modifications) (1.10.2009) by [The Unregistered Companies Regulations 2009 \(S.I. 2009/2436\)](#), regs. 3-5, **Sch. 1 para. 10** (with transitional provisions and savings in regs. 7, 9, Sch. 2)

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Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

- Act amendment to earlier affecting provision S.I. 1989/638, Sch. 4 by [S.I. 2024/410 Sch. 2 para. 1](#)
- Act amendment to earlier affecting provision S.I. 2008/373 reg. 11(1) by [S.I. 2013/1971 reg. 9\(a\)](#) (This amendment not applied to legislation.gov.uk. Amending Regulations revoked (1.10.2013) without ever being in force by S.I. 2013/2224, reg. 2)
- Act amendment to earlier affecting provision S.I. 2008/373 reg. 3(4) by [S.I. 2013/1971 reg. 4](#) (This amendment not applied to legislation.gov.uk. Amending Regulations revoked (1.10.2013) without ever being in force by S.I. 2013/2224, reg. 2)

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 156A-156C inserted by [2015 c. 26 s. 87\(4\)](#)
- s. 156B(5) omitted by [2023 c. 56 Sch. 2 para. 26](#)
- s. 156C(2) words substituted by [2023 c. 56 s. 41\(2\)\(a\)](#)
- s. 156C(2A) inserted by [2023 c. 56 s. 41\(2\)\(b\)](#)
- s. 156C(3) substituted for s. 156C(3)-(5) by [2023 c. 56 Sch. 2 para. 27](#)
- s. 479A(2)(c)(zi) inserted by [S.I. 2019/177 reg. 4\(b\)\(i\)](#) (This amendment not applied to legislation.gov.uk. Reg. 4 substituted by regs. 4, 4A immediately before IP completion day by S.I. 2019/1392, regs. 1(2), 4)
- s. 479B(a)(iii) amendment to earlier affecting provision S.I.2008/1991 reg.34 by [S.R. 2024/78 reg. 31\(4\)](#)
- s. 479B(a)(iii) amendment to earlier affecting provision S.I.2008/1991 reg.34A by [S.R. 2024/78 reg. 31\(5\)](#)
- s. 1047(4)(i)(j) inserted by [2023 c. 56 s. 21\(2\)](#)
- s. 1087(da) substituted by [2023 c. 56 s. 52\(2\)](#)
- s. 1087A-1807C applied by S.I. 2009/2436, Sch. 1 para. 20(1)(ca) (as substituted) by [S.I. 2024/410 Sch. 2 para. 5\(d\)\(ii\)](#)
- s. 1110E-110G applied by S.I. 2009/1804, reg. 60 (as amended) by [S.I. 2024/234 reg. 26](#)
- s. 11989A applied (with modifications) by S.I. 2009/1804, reg. 79A (as inserted) by [S.I. 2024/234 reg. 46](#)
- Sch. 10 para. 6(2D) inserted by [S.I. 2019/177 reg. 28\(e\)](#) (This amendment not applied to legislation.gov.uk. Reg. 28(e) omitted immediately before IP completion day by virtue of S.I. 2020/523, regs. 1(2), 14(e)(iv))
- Sch. 10 para. 7(2A) inserted by [S.I. 2019/177 reg. 29\(b\)](#) (This amendment not applied to legislation.gov.uk. Reg. 29 substituted immediately before IP completion day by S.I. 2020/523, regs. 1(2), 14(f))