

COMPANIES ACT 2006

UK members in practice will be aware of the fact that the Companies Act 2006, which has been enacted gradually over the past four years, makes a number of new stipulations in relation to accountants and their work. Section 427 is important because it sets out the Government's requirements when an accountant submits annual financial statements to Companies House or HMRC:

s427 Form and contents of summary financial statement: unquoted companies

- (1) A summary financial statement by a company that is not a quoted company must—
 - (a) be derived from the company's annual accounts, and
 - (b) be prepared in accordance with this section and regulations made under it.
- (2) The summary financial statement must be in such form, and contain such information, as the Secretary of State may specify by regulations. The regulations may require the statement to include information derived from the directors' report.
- (3) Nothing in this section or regulations made under it prevents a company from including in a summary financial statement additional information derived from the company's annual accounts or the directors' report.
- (4) The summary financial statement must— *Companies Act 2006 (c. 46) Part 15 — Accounts and reports*
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 - (a) state that it is only a summary of information derived from the company's annual accounts;
 - (b) state whether it contains additional information derived from the directors' report and, if so, that it does not contain the full text of that report;
 - (c) state how a person entitled to them can obtain a full copy of the company's annual accounts and the directors' report;
 - (d) contain a statement by the company's auditor of his opinion as to whether the summary financial statement—
 - (i) is consistent with the company's annual accounts and, where information derived from the directors' report is included in the statement, with that report, and
 - (ii) complies with the requirements of this section and regulations made under it;
 - (e) state whether the auditor's report on the annual accounts was unqualified or qualified and, if it was qualified, set out the report in full together with any further material needed to understand the qualification;
 - (f) state whether, in that report, the auditor's statement under section 496 (whether directors' report consistent with accounts) was qualified or unqualified and, if it was qualified, set out the qualified statement in full together with any further material needed to understand the qualification;
 - (g) state whether that auditor's report contained a statement under—
 - (i) section 498(2)(a) or (b) (accounting records or returns inadequate or accounts not agreeing with records and returns),
 - or
 - (ii) section 498(3) (failure to obtain necessary information and explanations), and if so, set out the statement in full.
- (5) Regulations under this section may provide that any specified material may, instead of being included in the summary financial statement, be sent separately at the same time as the statement.
- (6) Regulations under this section are subject to negative resolution procedure.

Companies Act s428 deals with quoted companies.