Draft Regulations laid before Parliament under paragraph 2 of Schedule 2 to the European Communities Act 1972 and sections 473(3), 1290 and 1292(4) of the Companies Act 2006, for approval by resolution of each House of Parliament.

DRAFT STATUTORY INSTRUMENTS

2009 No. 0000

COMPANIES

The Companies Act 2006 (Accounts, Reports and Audit) Regulations 2009

Made - - - - 2009

Coming into force in accordance with regulation 1(2)

The Secretary of State is a Minister designated for the purposes of section 2(2) of the European Communities Act 1972(**1**) in relation to auditors and the audit of accounts(**2**).

In exercise of the powers conferred by section 2(2) of that Act, and by sections 468(1) and (2) and 1292(1) of the Companies Act 2006(**3**), the Secretary of State makes the following Regulations.

In accordance with paragraph 2 of Schedule 2 to the European Communities Act 1972 and sections 473(3), 1290 and 1292(4) of the Companies Act 2006, a draft of this instrument was laid before Parliament and approved by a resolution of each House of Parliament.

PART 1

INTRODUCTION

Citation, commencement and application

1.—(1) These Regulations may be cited as the Companies Act 2006 (Accounts, Reports and Audit) Regulations 2009.

(2) They come into force on 6th April 2009, save for regulation 11 which comes into force on 1st October 2009.

(3) Part 2 of the Regulations (corporate governance statements) applies in relation to financial years beginning on or after 29th June 2008 which have not ended before 6th April 2009.

(**1**) 1972 c.68.
(**2**) S.I. 2007/1679.
(**3**) 2006 c.46.

(4) Regulations 10, 12 and 13 in Part 3 of the Regulations (accounts amendments) apply in relation to financial years beginning on or after 6th April 2008 which have not ended before 6th April 2009.

PART 2

CORPORATE GOVERNANCE STATEMENTS

Approval and signing of separate corporate governance statement

2. After section 419 of the Companies Act 2006 (approval and signing of directors' report) insert —

"**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.".

Filing obligations of unquoted companies

3.—(1) Section 446 of the Companies Act 2006 (filing obligations of unquoted companies) is amended as follows.

(2) Omit "and" at the end of subsection (1)(a), and after subsection (1)(b) insert—

", and

(c) any separate corporate governance statement.".

(3) In subsection (2), after "directors' report" insert "and any separate corporate governance statement".

(4) After subsection (3A) (inserted by way of transitional adaptation by paragraph 8(2) of Schedule 1 to the Companies Act 2006 (Commencement No.5, Transitional Provisions and Savings) Order 2007(**4**), insert—

"(3B) The copy of any separate corporate governance statement delivered to the registrar under this section must—

(a) state the name of the person who signed it on behalf of the board under section 419A, and

(b) be signed on behalf of the board by a director or the secretary of the company.".

(5) Paragraph (4) shall cease to have effect when that transitional adaptation ceases to have effect.

(6) In subsection (3) (as it has effect after that transitional adaptation ceases to have effect), for "and directors' report" substitute ", directors' report and any separate corporate governance statement".

Filing obligations of quoted companies

4.—(1) Section 447 of the Companies Act 2006 (filing obligations of quoted companies) is amended as follows.

(2) Omit "and" at the end of subsection (1)(b), and after subsection (1)(c) insert—

", and

(**4**) S.I. 2007/3495 (C.150).

(d) any separate corporate governance statement.".

(3) In subsection (2), for "and the directors' report" substitute ", the directors' report and any separate corporate governance statement".

(4) After subsection (3B) (inserted by way of transitional adaptation by paragraph 9(2) of Schedule 1 to the Companies Act 2006 (Commencement No.5, Transitional Provisions and Savings) Order 2007, insert—

"(3C) The copy of any separate corporate governance statement delivered to the registrar under this section must—

(a) state the name of the person who signed it on behalf of the board under section 419A, and

(b) be signed on behalf of the board by a director or the secretary of the company.".

(5) Paragraph (4) shall cease to have effect when that transitional adaptation ceases to have effect.

(6) In subsection (3) (as it has effect after that transitional adaptation ceases to have effect), for "and the directors' report" substitute ", the directors' report and any separate corporate governance statement".

Part 15 definition of "corporate governance statement"

5. After section 472 of the Companies Act 2006 insert—

"**Meaning of "corporate governance statement" etc**

472A.—(1) In this Part "corporate governance statement" means the statement required by rules 7.2.1 to 7.2.11 in the Disclosure Rules and Transparency Rules sourcebook issued by the Financial Services Authority.

(2) Those rules were inserted by Annex C of the Disclosure Rules and Transparency Rules Sourcebook (Corporate Governance Rules) Instrument 2008 made by the Authority on 26th June 2008 (FSA 2008/32).

(3) A "separate" corporate governance statement means one that is not included in the directors' report.".

Auditor's report on separate corporate governance statement

6. After section 497 of the Companies Act 2006 (auditor's report on auditable part of directors' remuneration report) insert—

"**Auditor's report on separate corporate governance statement**

497A.—(1) Where the company prepares a separate corporate governance statement in respect of a financial year the auditor must state in his report on the company's annual accounts for that year whether in his opinion the information given in the statement in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Rules and Transparency Rules sourcebook issued by the Financial Services Authority (information about internal control and risk management systems in relation to financial reporting processes and about share capital structures) is consistent with those accounts.

(2) The rules referred to above were inserted by Annex C of the Disclosure Rules and Transparency Rules Sourcebook (Corporate Governance Rules) Instrument 2008 made by the Authority on 26th June 2008 (FSA 2008/32).".

Auditor's duties in relation to separate corporate governance statement

7. After section 498 of the Companies Act 2006 (duties of auditor) insert—

"**Auditor's duties in relation to separate corporate governance statement**

498A. Where the company is required to prepare a corporate governance statement in respect of a financial year and no such statement is included in the directors' report—

(a) the company's auditor, in preparing his report on the company's annual accounts for that year, must ascertain whether a corporate governance statement has been prepared, and

(b) if it appears to the auditor that no such statement has been prepared, he must state that fact in his report.".

Part 16 definition of "corporate governance statement"

8. Before section 539 of the Companies Act 2006 insert—

"**Meaning of "corporate governance statement" etc**

538A.—(1) In this Part "corporate governance statement" means the statement required by rules 7.2.1 to 7.2.11 in the Disclosure Rules and Transparency Rules sourcebook issued by the Financial Services Authority.

(2) Those rules were inserted by Annex C of the Disclosure Rules and Transparency Rules Sourcebook (Corporate Governance Rules) Instrument 2008 made by the Authority on 26th June 2008 (FSA 2008/32).

(3) A "separate" corporate governance statement means one that is not included in the directors' report.".

Index of defined expressions

9. In Schedule 8 to the Companies Act 2006 (index of defined expressions), at the appropriate place insert—

"corporate governance statement and separate corporate governance statement	
— in Part 15	section 472A
— in Part 16	section 538A".

PART 3

ACCOUNTS AMENDMENTS

Amendment of section 413

10. In section 413(8) of the Companies Act 2006 (banking companies: information about directors' benefits: advances, credit and guarantees), for "subsections (3)(a) and (4)(b)" substitute "subsection (5)(a) and (c)".