

How does the Companies Act 2006 affect accounts and audits for periods ending from April 2009 onwards? Massimo Laudato summarises the changes.

Companies Act 2006: considerations from April 2009 onwards

■ **The provisions contained in Part 15, Accounts and Reports (sections 380-474) and in Part 16, Audit (sections 475-539) of Companies Act 2006 have become generally effective from 6 April 2008.**

However, many of the sections are applicable only to accounting periods beginning on or after that date. Meaning that, the implementation of the new requirements will affect accounts ending from April 2009 onwards and short periods of accounts beginning after 6 April 2008.

Some of the new requirements affecting April 2009 year end accounts have been summarised below.

period allowed for filing accounts (Section 442)

The new periods for filing accounts are: for a private company, nine months after the end of the accounting period for a public company, six months after the end of that period.

A breakdown of the filing dates and late filing penalties is available on ACCA UK's website: www.uk.accaglobal.com/uk/members/technical/financial_reporting/guidance/filing

companies subject to the small companies regime (Sections 382 and 383)

The new thresholds for a company to qualify as being small, providing that at least two out of the three are met, are as follows:

- turnover not more than £6.5m
- balance sheet total not more than £3.26m
- number of employees not more than 50.

conditions for exemption from audit (Sections 477 and 479)

For exemption from audit a company needs to meet all of the following conditions:

- that the company qualifies as small in relation to that year
- that its turnover, in that year, is not more than £6.5m
- that its balance sheet total for that year is not more than £3.26m.

ACCA UK has produced guidance and worked examples on the application of the provisions for companies qualifying as small and the availability of audit exemption. This guidance is available at <http://uk.accaglobal.com/uk/members/technical/audit/guidance/limits>.

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medium sized groups' requirement to prepare consolidated accounts (Section 399)

Medium sized groups will need to prepare group consolidated accounts. The exemption that previously applied under Companies Act 1985 now only relates to small groups. There are a limited number of exemptions under sections 400 to 402 if the parent company is included in the consolidated accounts of a larger group or if all the group's subsidiaries can be excluded from consolidation.

Medium sized businesses that previously did not prepare group consolidated accounts

should now start preparing, or obtaining the information needed to prepare, group accounts.

Guidance on consolidation, examples and client information are available at: http://uk.accaglobal.com/uk/members/technical/financial_reporting/guidance.

signature of the audit report (Section 503 to 506)

Under the new requirements auditors will need to sign in their own name, for and on behalf of the firm. Where the auditor of a company is a firm, as opposed to an individual, the report must be signed by the senior statutory auditor in their own name.

The senior statutory auditor is the individual identified by the firm as senior statutory auditor in relation to the audit, i.e. the engagement partner in charge of the assignment. More information can be found at: <http://uk.accaglobal.com/uk/members/technical/audit/guidance/signing>.

offences in connection with auditor's report (Section 507)

A new criminal offence for auditors who knowingly or recklessly cause an audit report to include any matter that is false, misleading or deceptive has been introduced. An offence will be committed if the audit report omits: a statement that the accounts do not agree with accounting records and returns; or a statement that all the information and explanations necessary for the purposes of the audit have not been obtained; or a statement that the directors wrongly took advantage of an exemption from preparing group accounts. ■

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