

CHAPTER 8 Approval of statutory financial statements

Approval and signing of statutory financial statements by board of directors

324. (1) Where the directors of a company are satisfied that the statutory financial statements of the company give a true and fair view and otherwise comply with this Act or, where applicable, with Article 4 of the IAS Regulation, those statements shall be approved by the board of directors and signed on their behalf by 2 directors, where there are 2 or more directors.

(2) Without prejudice to the generality of section 11 and its application to the other provisions of this section, where the company has a sole director subsection (1) operates to require that director, if he or she is satisfied as to the matters referred to in that subsection in respect of the statements, to approve and sign the statutory financial statements.

(3) Where group financial statements are prepared, the group financial statements and the entity financial statements of the holding company shall be approved by the board of directors of that company at the same time.

(4) The signature or signatures evidencing approval of the financial statements by the board shall be inserted on the face of the entity balance sheet and any group balance sheet.

(5) Every copy of every balance sheet which is laid before the members in general meeting or which is otherwise circulated, published or issued shall state the names of the persons who signed the balance sheet on behalf of the board of directors.

(6) If statutory financial statements are approved which do not give a true and fair view or otherwise comply with the requirements of this Act or, where applicable, of Article 4 of the IAS Regulation, every director of the company who is party to their approval, and who knows that they do not give such view or otherwise so comply or is reckless as to whether that is so, shall be guilty of a category 2 offence.

(7) For that purpose, every director of the company at the time the statutory financial statements are approved shall be taken to be a party to their approval unless he or she shows that he or she took all reasonable steps to prevent their being approved.

(8) If any copy of a balance sheet is—

(a) laid before the members or otherwise issued, circulated or published without the balance sheet (the original of it as distinct from the copy) having been signed as required by this section or without the required statement of the signatory's name on the copy being included, or

(b) delivered to the Registrar without the balance sheet (the original of it as distinct from the copy) having been signed as required by this section or without the required statement of the signatory's name on the copy being included,

the company and any officer of it who is in default shall be guilty of a category 2 offence.

(9) Subsection (8) shall not prohibit the issue, circulation or publication of—

(a) a fair and accurate summary of any statutory financial statement after such statutory financial statement shall have been signed on behalf of the directors,

(b) a fair and accurate summary of the profit or loss figures for part of the company's financial year.

(10) In subsection (8) "officer" includes any shadow director and de facto director.