



# Companies Act 1985

## 1985 CHAPTER 6

### PART VII **U.K.**

#### ACCOUNTS AND AUDIT

##### Modifications etc. (not altering text)

- C1** Pt. VII (ss. 221–262) applied with modifications by S.I. 1985/680, regs. 4–6, **Sch.**
- C2** Part VII (ss. 221–262) continued by S.I. 1990/355, arts. 6, 7, **Sch. 2 para. 13(1)(a)**
- C3** Part VII (ss. 221–262) amended by S.I. 1990/355, arts. 6, 7, **Sch. 2 para. 1(2)(5)**
- C4** Part VII (ss. 221–262) extended by S.I. 1990/355, arts. 6, 7, **Sch. 2 para. 1(3)(5)**
- C5** Part VII (ss. 221–262) modified by S.I. 1990/355, arts. 6, 7, **Sch. 2 paras. 1(4)(5), 3(2)(3)**
- C6** Part VII (ss. 221–262) excluded by S.I. 1990/355, arts. 6, 7, **Sch. 2 para. 3(1)(3)**
- C7** Part VII (ss. 221–262) restricted by S.I. 1990/355, arts. 6, 7, **Sch. 2 para. 13(1)(b)**  
Pt. VII (ss. 221–262) applied (with modifications) (21.7.1993) by S.I. 1993/1820, reg. 4, **Sch. paras. 1, 2** (as amended (1.10.2005) by S.I. 2005/1987, **reg. 3**)  
Pt. VII (ss. 221–262) applied (with modifications) (6.4.2001) by S.I. 2001/1090, **reg. 3, Sch. 1** (as amended (4.3.2004) by S.I. 2004/355, **art. 8**, (1.10.2005) by S.I. 2005/1989, **reg. 2, Sch. 1** and (12.1.2006) by S.I. 2005/3442, **reg. 2(2)(b), Sch. 2 para. 3(1)**)
- C8** Pt. 7 (ss. 221–262) modified (1.8.2007) by The European Grouping of Territorial Cooperation Regulations 2007 (S.I. 2007/1949), regs. 6, 7, **Sch. Pt. 1**

### CHAPTER I **U.K.**

#### PROVISIONS APPLYING TO COMPANIES GENERALLY

##### *Accounting records*

#### **221** Duty to keep accounting records. **E+W+S**

- (1) Every company shall keep accounting records which are sufficient to show and explain the company's transactions and are such as to—

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- (a) disclose with reasonable accuracy, at any time, the financial position of the company at that time, and
  - (b) enable the directors to ensure that [<sup>F1</sup>any accounts required to be prepared under this Part comply] with the requirements of this Act [<sup>F2</sup>(and, where applicable, of Article 4 of the IAS Regulation)].
- (2) The accounting records shall in particular contain—
- (a) entries from day to day of all sums of money received and expended by the company, and the matters in respect of which the receipt and expenditure takes place, and
  - (b) a record of the assets and liabilities of the company.
- (3) If the company's business involves dealing in goods, the accounting records shall contain-
- (a) statements of stock held by the company at the end of each financial year of the company,
  - (b) all statements of stocktakings from which any such statement of stock as is mentioned in paragraph (a) has been or is to be prepared, and
  - (c) except in the case of goods sold by way of ordinary retail trade, statements of all goods sold and purchased, showing the goods and the buyers and sellers in sufficient detail to enable all these to be identified.
- (4) A parent company which has a subsidiary undertaking in relation to which the above requirements do not apply shall take reasonable steps to secure that the undertaking keeps such accounting records as to enable the directors of the parent company to ensure that [<sup>F1</sup>any accounts required to be prepared under this Part comply] with the requirements of this Act [<sup>F2</sup>(and, where applicable, of Article 4 of the IAS Regulation)].
- (5) If a company fails to comply with any provision of this section, every officer of the company who is in default is guilty of an offence unless he shows that he acted honestly and that in the circumstances in which the company's business was carried on the default was excusable.
- (6) A person guilty of an offence under this section is liable to imprisonment or a fine, or both.

#### Textual Amendments

- F1** Words in s. 221(1)(b)(4) substituted (12.11.2004 with effect as mentioned in reg. 1(2) of the amending S.I.) by [The Companies Act 1985 \(International Accounting Standards and Other Accounting Amendments\) Regulations 2004 \(S.I. 2004/2947\)](#), reg. 3, **Sch. 1 para. 4(a)**
- F2** Words in s. 221(1)(b)(4) inserted (12.11.2004 with effect as mentioned in reg. 1(2) of the amending S.I.) by [The Companies Act 1985 \(International Accounting Standards and Other Accounting Amendments\) Regulations 2004 \(S.I. 2004/2947\)](#), reg. 3, **Sch. 1 para. 4(b)**

#### Modifications etc. (not altering text)

- C9** S. 221 excluded (coming into force in accordance with s. 3 of the amending Act) by [1999 c. iv, ss. 3, 7\(5\)](#)

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[<sup>F3</sup>222 **Where and for how long records to be kept.** **U.K.**

- (1) A company's accounting records shall be kept at its registered office or such other place as the directors think fit, and shall at all times be open to inspection by the company's officers.
- (2) If accounting records are kept at a place outside Great Britain, accounts and returns with respect to the business dealt with in the accounting records so kept shall be sent to, and kept at, a place in Great Britain, and shall at all times be open to such inspection.
- (3) The accounts and returns to be sent to Great Britain shall be such as to—
  - (a) disclose with reasonable accuracy the financial position of the business in question at intervals of not more than six months, and
  - (b) enable the directors to ensure that [<sup>F4</sup>the accounts required to be prepared under this Part] comply with the requirements of this Act [<sup>F5</sup>(and, where applicable, Article 4 of the IAS Regulation)].
- (4) If a company fails to comply with any provision of subsections (1) to (3), every officer of the company who is in default is guilty of an offence, and liable to imprisonment or a fine or both, unless he shows that he acted honestly and that in the circumstances in which the company's business was carried on the default was excusable.
- (5) Accounting records which a company is required by section 221 to keep shall be preserved by it—
  - (a) in the case of a private company, for three years from the date on which they are made, and
  - (b) in the case of a public company, for six years from the date on which they are made.

This is subject to any provision contained in rules made under section 411 of the Insolvency Act 1986 (company insolvency rules).
- (6) An officer of a company is guilty of an offence, and liable to imprisonment or a fine or both, if he fails to take all reasonable steps for securing compliance by the company with subsection (5) or intentionally causes any default by the company under that subsection.]

**Textual Amendments**

- F3** New ss. 221, 222 inserted (subject to the saving and transitional provisions in S.I. 1990/355, arts. 6–9, Sch. 2), by Companies Act 1989 (c. 40, SIF 27), ss. 1, 2, 213(2) as part of the text inserted in place of ss. 221–262 (as mentioned in s. 1(a) of the 1989 Act)
- F4** Words in s. 222(3)(b) substituted (12.11.2004 with effect as mentioned in reg. 1(2) of the amending S.I.) by The Companies Act 1985 (International Accounting Standards and Other Accounting Amendments) Regulations 2004 (S.I. 2004/2947), reg. 3, Sch. 1 para. 5(a)
- F5** Words in s. 222(3)(b) inserted (12.11.2004 with effect as mentioned in reg. 1(2) of the amending S.I.) by The Companies Act 1985 (International Accounting Standards and Other Accounting Amendments) Regulations 2004 (S.I. 2004/2947), reg. 3, Sch. 1 para. 5(b)

**Modifications etc. (not altering text)**

- C10** S. 222 extended by S.I. 1986/304, rule 6
- C11** S. 222 applied by S.I. 1986/385, rule 6
- C12** S. 222(2) modified by S.I. 1985/724, reg. 6(5)

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### *A company's financial year and accounting reference periods*

#### **223 A company's financial year. E+W+S**

- (1) A company's "financial year" is determined as follows.
- (2) Its first financial year begins with the first day of its first accounting reference period and ends with the last day of that period or such other date, not more than seven days before or after the end of that period, as the directors may determine.
- (3) Subsequent financial years begin with the day immediately following the end of the company's previous financial year and end with the last day of its next accounting reference period or such other date, not more than seven days before or after the end of that period, as the directors may determine.
- (4) In relation to an undertaking which is not a company, references in this Act to its financial year are to any period in respect of which a profit and loss account of the undertaking is required to be made up (by its constitution or by the law under which it is established), whether that period is a year or not.
- (5) The directors of a parent company shall secure that, except where in their opinion there are good reasons against it, the financial year of each of its subsidiary undertakings coincides with the company's own financial year.

#### **Modifications etc. (not altering text)**

**C13** S. 223 applied (E.W.) (*prosp.*) by Charities Act 1992 (c. 41), ss. 1(1), 79(2).

S. 223 applied (E.W.)(temporarily) (1.8.1993) by 1993 c. 10, s. 99(1)(3)(4), Sch. 8 Pt.II

**C14** S. 223(4) applied (with modifications) (6.3.1997) by S.I. 1997/648, reg. 3(2), Sch. 1 para. 4(1)(a)(ii)

#### **[<sup>F6</sup>224 Accounting reference periods and accounting reference date. E+W+S**

- (1) A company's accounting reference periods are determined according to its accounting reference date.
- (2) A company [<sup>F7</sup>incorporated before 1st April 1996] may, at any time before the end of the period of nine months beginning with the date of its incorporation, by notice in the prescribed form given to the registrar specify its accounting reference date, that is, the date on which its accounting reference period ends in each calendar year.
- (3) Failing such notice, [<sup>F8</sup>the accounting reference date of such a company] is—
  - (a) in the case of a company incorporated before [<sup>F9</sup>1st April 1990], 31st March;
  - (b) in the case of a company incorporated after [<sup>F10</sup>1st April 1990], the last day of the month in which the anniversary of its incorporation falls.

[ The accounting reference date of a company incorporated on or after 1st April 1996 <sup>F11</sup>(3A) is the last day of the month in which the anniversary of its incorporation falls.]

- (4) A company's first accounting reference period is the period of more than six months, but not more than 18 months, beginning with the date of its incorporation and ending with its accounting reference date.

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- (5) Its subsequent accounting reference periods are successive periods of twelve months beginning immediately after the end of the previous accounting reference period and ending with its accounting reference date.
- (6) This section has effect subject to the provisions of section 225 relating to the alteration of accounting reference dates and the consequences of such alteration.]

**Textual Amendments**

- F6** New ss. 223–225 inserted (subject to the saving and transitional provisions in S.I. 1990/355, arts. 6–9, Sch. 2, by Companies Act 1989 (c. 40, SIF 27), ss. 1, 3, 213(2) as part of the text inserted in place of ss. 221–262 (as mentioned in s. 1(a) of the 1989 Act)
- F7** Words in s. 224(2) inserted (1.4.1996) by S.I. 1996/189, reg. 2(2)
- F8** Words in s. 224(3) substituted (1.4.1996) by S.I. 1996/189, reg. 2(3)
- F9** Words substituted by S.I. 1990/355, art. 15(a)
- F10** Words substituted by S.I. 1990/355, art. 15(b)
- F11** S. 224(3A) inserted (1.4.1996) by S.I. 1996/189, reg. 2(4)

**Modifications etc. (not altering text)**

- C15** S. 224(4) modified by Trustee Savings Bank Act 1985 (c. 58, SIF 110), s. 3, Sch. 1 para. 6(3)  
S. 224(4) modified (27. 12. 1991) by S.I. 1991/2908, art. 2, Sch. para. 4(2)

[<sup>F12</sup>225 **Alteration of accounting reference date.** **E+W+S**

- (1) A company may by notice in the prescribed form given to the registrar specify a new accounting reference date [<sup>F13</sup>having effect in relation to -
  - (a) the company’s current accounting reference period and subsequent periods; or
  - (b) the company’s previous accounting reference period and subsequent periods.

A company’s “previous accounting reference period” means that immediately preceding its current accounting reference period.]

- (2) .....
- (3) The notice shall state whether the current or previous accounting reference period—
  - (a) is to be shortened, so as to come to an end on the first occasion on which the new accounting reference date falls or fell after the beginning of the period, or
  - (b) is to be extended, so as to come to an end on the second occasion on which that date falls or fell after the beginning of the period.
- (4) A notice under subsection (1) stating that the current [<sup>F14</sup>or previous] accounting reference period is to be extended is ineffective, except as mentioned below, if given less than five years after the end of an earlier accounting reference period of the company which was extended by virtue of this section.

This subsection does not apply—

- (a) [<sup>F15</sup>to a notice given by a company which is a subsidiary undertaking or parent undertaking of another EEA undertaking if the new accounting reference date coincides with that of the other EEA undertaking or, where that undertaking is not a company, with the last day of its financial year, or]
- (b) where [<sup>F16</sup>the company is in administration] under Part II of the Insolvency Act 1986,

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or where the Secretary of State directs that it should not apply, which he may do with respect to a notice which has been given or which may be given.

- (5) A notice under [F17 subsection (1)] may not be given [F18 in respect of a previous accounting reference period] if the period allowed for laying and delivering accounts and reports in relation to [F19 that period] has already expired.
- (6) [F20 A company’s accounting reference period may not in any case, unless the company is in administration] under Part II of the Insolvency Act 1986, be extended so as to exceed 18 months and a notice under this section is ineffective if the current or previous accounting reference period as extended in accordance with the notice would exceed that limit.]
- [F21 (7) In this section “EEA undertaking” means an undertaking established under the law of any part of the United Kingdom or the law of any other EEA State.]

#### Textual Amendments

- F12** New ss. 223–225 inserted (subject to the saving and transitional provisions in [S.I. 1990/355](#), arts. 6–9, [Sch. 2](#), by [Companies Act 1989 \(c. 40, SIF 27\)](#), [ss. 1, 3, 213\(2\)](#) as part of the text inserted in place of ss. 221–262 (as mentioned in s. 1(a) of the 1989 Act)
- F13** [S. 225\(1\)\(a\)\(b\)](#) and words preceding and subsequent to them substituted (1.4.1996) for words in s. 225(1) by [S.I. 1996/189](#), [reg. 3\(2\)](#)
- F14** Words in s. 225(3) inserted (1.4.1996) by [S.I. 1996/189](#), [reg. 3\(4\)\(a\)](#)
- F15** [S. 225\(4\)\(a\)](#) substituted (1.4.1996) by [S.I. 1996/189](#), [reg. 3\(4\)\(b\)](#)
- F16** Words in s. 225(4) substituted (15.9.2003) by [Enterprise Act 2002 \(c. 40\)](#), ss. 248, 279, [Sch. 17 para. 4\(a\)](#) (with s. 249(1)–(3)); [S.I. 2003/2093](#), [art. 2\(1\)](#), [Sch. 1](#) (subject to transitional provisions in arts. 3–8 (as amended by [S.I. 2003/2332](#), [S.I. 2003/3340](#)))
- F17** Words in s. 225(5) substituted (1.4.1996) by [S.I. 1996/189](#), [reg. 3\(5\)\(a\)](#)
- F18** Words in s. 225(5) inserted (1.4.1996) by [S.I. 1996/189](#), [reg. 3\(5\)\(b\)](#)
- F19** Words in s. 225(5) substituted (1.4.1996) by [1996/189](#), [reg. 3\(5\)\(c\)](#)
- F20** Words in s. 225(6) substituted (15.9.2003) by [Enterprise Act 2002 \(c. 40\)](#), ss. 248, 279, [Sch. 17 para. 4\(b\)](#) (with s. 249(1)–(3)); [S.I. 2003/2093](#), [art. 2\(1\)](#), [Sch. 1](#) (subject to transitional provisions in arts. 3–8 (as amended by [S.I. 2003/2332](#), [S.I. 2003/3340](#)))
- F21** [S. 225\(7\)](#) inserted (1.4.1996) by [1996/189](#), [reg. 3\(6\)](#)

#### *Annual accounts*

#### [F22] 226 Duty to prepare individual accounts. E+W+S

- (1) The directors of every company shall prepare accounts for the company for each of its financial years.

Those accounts are referred to in this Part as the company’s “individual accounts”.

- (2) A company’s individual accounts may be prepared–
- (a) in accordance with section 226A (“Companies Act individual accounts”), or
  - (b) in accordance with international accounting standards (“IAS individual accounts”).

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This subsection is subject to the following provisions of this section and section 227C (consistency of accounts).

- (3) The individual accounts of a company that is a charity must be Companies Act individual accounts.
- (4) After the first financial year in which the directors of a company prepare IAS individual accounts (“the first IAS year”), all subsequent individual accounts of the company must be prepared in accordance with international accounting standards unless there is a relevant change of circumstance.
- (5) There is a relevant change of circumstance if, at any time during or after the first IAS year—
  - (a) the company becomes a subsidiary undertaking of another undertaking that does not prepare IAS individual accounts,
  - (b) the company ceases to be a company with securities admitted to trading on a regulated market, or
  - (c) a parent undertaking of the company ceases to be an undertaking with securities admitted to trading on a regulated market.In this subsection “regulated market” has the same meaning as it has in Council Directive [93/22/EEC](#) on investment services in the securities field. <sup>F23</sup>
- (6) If, having changed to preparing Companies Act individual accounts following a relevant change of circumstance, the directors again prepare IAS individual accounts for the company, subsections (4) and (5) apply again as if the first financial year for which such accounts are again prepared were the first IAS year.]

#### Textual Amendments

**F22** Ss. 226-227C substituted (12.11.2004 with effect as mentioned in reg. 1(2) of the amending S.I.) for ss. 226, 227 by [The Companies Act 1985 \(International Accounting Standards and Other Accounting Amendments\) Regulations 2004 \(S.I. 2004/2947\)](#), **reg. 2**

**F23** O.J. L141 of 11.6.1993 page 27, as last amended by Directive 2000/64/EEC of the European Parliament and of the Council (O.J. L290 of 17.11.2000, page 27).

#### Modifications etc. (not altering text)

**C16** S. 226 modified (*temp.*) (in force in accordance with [s. 3](#) of the amending Act) by 1999 c. iv, ss. 3, 7(6)

**C17** Ss. 226-237 extended (with modifications) (19.12.1993) by [S.I. 1993/3245](#), **reg.3**

**C18** S. 226(1)(2)(a) applied (with modifications) (31.12.2004) by [The Insurance Accounts Directive \(Lloyd's Syndicate and Aggregate Accounts\) Regulations 2004 \(S.I. 2004/3219\)](#), **reg. 3(4)(a)**, Sch.

## 226A Companies Act individual accounts **U.K.**

- (1) Companies Act individual accounts must comprise—
  - (a) a balance sheet as at the last day of the financial year, and
  - (b) a profit and loss account.
- (2) The balance sheet must give a true and fair view of the state of affairs of the company as at the end of the financial year; and the profit and loss account must give a true and fair view of the profit or loss of the company for the financial year.

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- (3) Companies Act individual accounts must comply with the provisions of Schedule 4 as to the form and content of the balance sheet and profit and loss account and additional information to be provided by way of notes to the accounts.
- (4) Where compliance with the provisions of that Schedule, and the other provisions of this Act as to the matters to be included in a company's individual accounts or in notes to those accounts, would not be sufficient to give a true and fair view, the necessary additional information must be given in the accounts or in a note to them.
- (5) If in special circumstances compliance with any of those provisions is inconsistent with the requirement to give a true and fair view, the directors must depart from that provision to the extent necessary to give a true and fair view.
- (6) Particulars of any such departure, the reasons for it and its effect must be given in a note to the accounts.

**Modifications etc. (not altering text)**

**C19** S. 226A applied (with modifications) (31.12.2004) by [The Insurance Accounts Directive \(Lloyd's Syndicate and Aggregate Accounts\) Regulations 2004 \(S.I. 2004/3219\)](#), **reg. 3(4)(a)**, Sch.

**226B IAS individual accounts** **U.K.**

Where the directors of a company prepare IAS individual accounts, they must state in the notes to those accounts that the accounts have been prepared in accordance with international accounting standards.

**[<sup>F24</sup>227 Duty to prepare group accounts.** **U.K.**

- (1) If at the end of a financial year a company is a parent company the directors, as well as preparing individual accounts for the year, shall prepare consolidated accounts for the group for the year.  
Those accounts are referred to in this Part as the company's "group accounts".
- (2) The group accounts of certain parent companies are required by Article 4 of the IAS Regulation to be prepared in accordance with international accounting standards ("IAS group accounts").
- (3) The group accounts of other companies may be prepared—
  - (a) in accordance with section 227A ("Companies Act group accounts"), or
  - (b) in accordance with international accounting standards ("IAS group accounts").

This subsection is subject to the following provisions of this section.

- (4) The group accounts of a parent company that is a charity must be Companies Act group accounts.
- (5) After the first financial year in which the directors of a parent company prepare IAS group accounts ("the first IAS year"), all subsequent group accounts of the company



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must be prepared in accordance with international accounting standards unless there is a relevant change of circumstance.

- (6) There is a relevant change of circumstance if, at any time during or after the first IAS year–
- (a) the company becomes a subsidiary undertaking of another undertaking that does not prepare IAS group accounts,
  - (b) the company ceases to be a company with securities admitted to trading on a regulated market, or
  - (c) a parent undertaking of the company ceases to be an undertaking with securities admitted to trading on a regulated market.
- In this subsection “regulated market” has the same meaning as it has in Council Directive [93/22/EEC](#) on investment services in the securities field.
- (7) If, having changed to preparing Companies Act group accounts following a relevant change of circumstance, the directors again prepare IAS group accounts for the company, subsections (5) and (6) apply again as if the first financial year for which such accounts are again prepared were the first IAS year.
- (8) This section is subject to the exemptions provided by sections 228 (parent companies included in accounts of larger EEA group), 228A (parent companies included in non-EEA group accounts), 229(5) (all subsidiary undertakings excluded from consolidation) and 248 (small and medium-sized groups).]

#### Textual Amendments

**F24** Ss. 226-227C substituted (12.11.2004 with effect as mentioned in reg. 1(2) of the amending S.I.) for ss. 226, 227 by [The Companies Act 1985 \(International Accounting Standards and Other Accounting Amendments\) Regulations 2004 \(S.I. 2004/2947\)](#), [reg. 2](#)

#### Modifications etc. (not altering text)

**C20** Ss. 226-237 extended (with modifications) (19.12.1993) by [S.I. 1993/3245](#), [reg.3](#)

### 227A Companies Act group accounts **U.K.**

- (1) Companies Act group accounts must comprise–
- (a) a consolidated balance sheet dealing with the state of affairs of the parent company and its subsidiary undertakings, and
  - (b) a consolidated profit and loss account dealing with the profit or loss of the parent company and its subsidiary undertakings.
- (2) The accounts must give a true and fair view of the state of affairs as at the end of the financial year, and the profit or loss for the financial year, of the undertakings included in the consolidation as a whole, so far as concerns members of the company.
- (3) Companies Act group accounts must comply with the provisions of Schedule 4A as to the form and content of the consolidated balance sheet and consolidated profit and loss account and additional information to be provided by way of notes to the accounts.
- (4) Where compliance with the provisions of that Schedule, and the other provisions of this Act as to the matters to be included in a company’s group accounts or in notes

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to those accounts, would not be sufficient to give a true and fair view, the necessary additional information must be given in the accounts or in a note to them.

- (5) If in special circumstances compliance with any of those provisions is inconsistent with the requirement to give a true and fair view, the directors must depart from that provision to the extent necessary to give a true and fair view.
- (6) Particulars of any such departure, the reasons for it and its effect must be given in a note to the accounts.

### **227B IAS group accounts** U.K.

Where the directors of a parent company prepare IAS group accounts, they must state in the notes to those accounts that the accounts have been prepared in accordance with international accounting standards.

### **227C Consistency of accounts** U.K.

- (1) The directors of a parent company must secure that the individual accounts of—
  - (a) the parent company, and
  - (b) each of its subsidiary undertakings,
 are all prepared using the same financial reporting framework, except to the extent that in their opinion there are good reasons for not doing so.
- (2) Subsection (1) does not apply if the directors do not prepare group accounts for the parent company.
- (3) Subsection (1) only applies to accounts of subsidiary undertakings that are required to be prepared under this Part.
- (4) Subsection (1) does not require accounts of undertakings that are charities to be prepared using the same financial reporting framework as accounts of undertakings which are not charities.
- (5) Subsection (1)(a) does not apply where the directors of a parent company prepare IAS group accounts and IAS individual accounts.

### **[<sup>F25</sup>228 Exemption for parent companies included in accounts of larger group.** U.K.

- (1) A company is exempt from the requirement to prepare group accounts if it is itself a subsidiary undertaking and its immediate parent undertaking is established under the law of [<sup>F26</sup>an EEA State], in the following cases—
  - (a) where the company is a wholly-owned subsidiary of that parent undertaking;
  - (b) where the parent undertaking holds more than 50 per cent. of the shares in the company and notice requesting the preparation of group accounts has not been served on the company by shareholders holding in aggregate—
    - (i) more than half of the remaining shares in the company, or
    - (ii) 5 per cent. of the total shares in the company.

Such notice must be served not later than six months after the end of the financial year before that to which it relates.

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**Status:** Point in time view as at 06/04/2005. This version of this part contains provisions that are not valid for this point in time.  
**Changes to legislation:** Companies Act 1985, Part VII is up to date with all changes known to be in force on or before 02 September 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

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- (2) Exemption is conditional upon compliance with all of the following conditions—
- (a) that the company is included in consolidated accounts for a larger group drawn up to the same date, or to an earlier date in the same financial year, by a parent undertaking established under the law of [<sup>F26</sup>an EEA State];
  - (b) that those accounts are drawn up and audited, and that parent undertaking's annual report is drawn up, according to that law, in accordance with the provisions of the Seventh Directive (83/349/EEC) [<sup>F27</sup>(where applicable as modified by the provisions of the Bank Accounts Directive 86/635/EEC) [<sup>F28</sup>or the Insurance Accounts Directive (91/674/EEC)]] [<sup>F29</sup>or in accordance with international accounting standards];
  - (c) that the company discloses in its individual accounts that it is exempt from the obligation to prepare and deliver group accounts;
  - (d) that the company states in its individual accounts the name of the parent undertaking which draws up the group accounts referred to above and—
    - (i) if it is incorporated outside Great Britain, the country in which it is incorporated,
    - <sup>F30</sup>(ii) . . . . .
    - (iii) if it is unincorporated, the address of its principal place of business;
  - (e) that the company delivers to the registrar, within the period allowed for delivering its individual accounts, copies of those group accounts and of the parent undertaking's annual report, together with the auditors' report on them; and
  - (f) [<sup>F31</sup>(subject to section 710B(6) (delivery of certain Welsh documents without a translation))]that if any document comprised in accounts and reports delivered in accordance with paragraph (e) is in a language other than English, there is annexed to the copy of that document delivered a translation of it into English, certified in the prescribed manner to be a correct translation.
- (3) The exemption does not apply to a company any of whose securities are [<sup>F32</sup>admitted to trading on a regulated market of any EEA State within the meaning of Council Directive 93/22/EEC on investment services in the securities field] .
- (4) Shares held by directors of a company for the purpose of complying with any share qualification requirement shall be disregarded in determining for the purposes of subsection (1)(a) whether the company is a wholly-owned subsidiary.
- (5) For the purposes of subsection (1)(b) shares held by a wholly-owned subsidiary of the parent undertaking, or held on behalf of the parent undertaking or a wholly-owned subsidiary, shall be attributed to the parent undertaking.
- (6) In subsection (3) “securities” includes—
- (a) shares and stock,
  - (b) debentures, including debenture stock, loan stock, bonds, certificates of deposit and other instruments creating or acknowledging indebtedness,
  - (c) warrants or other instruments entitling the holder to subscribe for securities falling within paragraph (a) or (b), and
  - (d) certificates or other instruments which confer—
    - (i) property rights in respect of a security falling within paragraph (a), (b) or (c),

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- (ii) any right to acquire, dispose of, underwrite or convert a security, being a right to which the holder would be entitled if he held any such security to which the certificate or other instrument relates, or
- (iii) a contractual right (other than an option) to acquire any such security otherwise than by subscription.]

#### Textual Amendments

- F25** New ss. 228, 229 inserted (subject to the savings and transitional provisions in S.I. 1990/355, arts. 6–9, Sch. 2), by Companies Act 1989 (c. 40, SIF 27), ss. 1, 5(3), 213(2) as part of the text inserted in place of ss. 221–262 (as mentioned in s. 1(a) of the 1989 Act)
- F26** Words in s. 228(1)(2)(a) substituted (12.11.2004 with effect as mentioned in reg. 1(2) of the amending S.I.) by The Companies Act 1985 (International Accounting Standards and Other Accounting Amendments) Regulations 2004 (S.I. 2004/2947), reg. 15, Sch. 7 para. 4(2)
- F27** Words in s. 228(2)(b) inserted (1.1.1993) by S.I. 1992/3178, reg. 4.
- F28** Words in s. 228(2)(b) inserted (19.12.1993) by S.I. 1993/3246, regs. 5(1), 6, 7, Sch. 2 para. 1
- F29** Words in s. 228(2)(b) inserted (12.11.2004 with effect as mentioned in reg. 1(2) of the amending S.I.) by The Companies Act 1985 (International Accounting Standards and Other Accounting Amendments) Regulations 2004 (S.I. 2004/2947), reg. 3, Sch. 1 para. 6
- F30** S. 228(2)(d)(ii) repealed (2.2.1996) by S.I. 1996/189, reg. 4
- F31** Words in s. 228(2)(f) inserted (1.2.1994) by 1993 c. 38, s. 30(3); S.I. 1994/115, art. 2(2)
- F32** Words in s. 228(3) substituted (12.11.2004 with effect as mentioned in reg. 1(2) of the amending S.I.) by The Companies Act 1985 (International Accounting Standards and Other Accounting Amendments) Regulations 2004 (S.I. 2004/2947), reg. 15, Sch. 7 para. 4(3)

#### Modifications etc. (not altering text)

- C21** Ss. 226–237 extended (with modifications) (19.12.1993) by S.I. 1993/3245, reg. 3
- C22** S. 228(6)(b) extended (24.6.2003) by The Uncertificated Securities (Amendment) (Eligible Debt Securities) Regulations 2003 (S.I. 2003/1633), reg. 15, Sch. 2 para. 8(2)(e)

### 228A Exemption for parent companies included in non-EEA group accounts U.K.

- (1) A company is exempt from the requirement to prepare group accounts if it is itself a subsidiary undertaking and its parent undertaking is not established under the law of an EEA State, in the following cases –
- (a) where the company is a wholly-owned subsidiary of that parent undertaking;
  - (b) where that parent undertaking holds more than 50 per cent of the shares in the company and notice requesting the preparation of group accounts has not been served on the company by shareholders holding in aggregate–
    - (i) more than half of the remaining shares in the company, or
    - (ii) 5 per cent of the total shares in the company.

Such notice must be served not later than six months after the end of the financial year before that to which it relates.

- (2) Exemption is conditional upon compliance with all of the following conditions–
- (a) that the company and all of its subsidiary undertakings are included in consolidated accounts for a larger group drawn up to the same date, or to an earlier date in the same financial year, by a parent undertaking;

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- (b) that those accounts and, where appropriate, the group’s annual report, are drawn up in accordance with the provisions of the Seventh Directive ([83/349/EEC](#)) (where applicable as modified by the provisions of the Bank Accounts Directive ([86/635/EEC](#)) or the Insurance Accounts Directive ([91/674/EEC](#))), or in a manner equivalent to consolidated accounts and consolidated annual reports so drawn up;
  - (c) that the consolidated accounts are audited by one or more persons authorised to audit accounts under the law under which the parent undertaking which draws them up is established;
  - (d) that the company discloses in its individual accounts that it is exempt from the obligation to prepare and deliver group accounts;
  - (e) that the company states in its individual accounts the name of the parent undertaking which draws up the group accounts referred to above and—
    - (i) if it is incorporated outside Great Britain, the country in which it is incorporated, and
    - (ii) if it is unincorporated, the address of its principal place of business;
  - (f) that the company delivers to the registrar, within the period allowed for delivering its individual accounts, copies of the group accounts and, where appropriate, of the consolidated annual report, together with the auditors' report on them; and
  - (g) subject to section 710B(6) (delivery of certain Welsh documents without a translation) that if any document comprised in accounts and reports delivered in accordance with paragraph (f) is in a language other than English, there is annexed to the copy of that document delivered a translation of it into English, certified in the prescribed manner to be a correct translation.
- (3) The exemption does not apply to a company any of whose securities are admitted to trading on a regulated market of any EEA State within the meaning of Council Directive [93/22/EEC](#) on investment services in the securities field.
- (4) Shares held by directors of a company for the purpose of complying with any share qualification requirement are disregarded in determining for the purposes of subsection (1)(a) whether the company is a wholly-owned subsidiary.
- (5) For the purposes of subsection (1)(b), shares held by a wholly-owned subsidiary of the parent undertaking, or held on behalf of the parent undertaking or a wholly-owned subsidiary, are attributed to the parent undertaking.
- (6) In subsection (3) “securities” includes—
- (a) shares and stock,
  - (b) debentures, including debenture stock, loan stock, bonds, certificates of deposit and other instruments creating or acknowledging indebtedness,
  - (c) warrants or other instruments entitling the holder to subscribe for securities falling within paragraph (a) or (b), and
  - (d) certificates or other instruments which confer—
    - (i) property rights in respect of a security falling within paragraph (a), (b) or (c),
    - (ii) any right to acquire, dispose of, underwrite or convert a security, being a right to which the holder would be entitled if he held any such security to which the certificate or other instrument relates, or
    - (iii) a contractual right (other than an option) to acquire any such security otherwise than by subscription.

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**[<sup>F33F34</sup>229 Subsidiary undertakings included in the consolidation. E+W+S**

- (1) [<sup>F35</sup>In the case of Companies Act group accounts,] subject to the exceptions authorised [<sup>F36</sup> . . . by this section, all the subsidiary undertakings of the parent company shall be included in the consolidation.
- (2) A subsidiary undertaking may be excluded from consolidation [<sup>F37</sup>in Companies Act group accounts] if its inclusion is not material for the purpose of giving a true and fair view; but two or more undertakings may be excluded only if they are not material taken together.
- (3) In addition, a subsidiary undertaking may be excluded from consolidation [<sup>F37</sup>in Companies Act group accounts] where—
- (a) severe long-term restrictions substantially hinder the exercise of the rights of the parent company over the assets or management of that undertaking, or
  - (b) the information necessary for the preparation of group accounts cannot be obtained without disproportionate expense or undue delay, or
  - (c) the interest of the parent company is held exclusively with a view to subsequent resale [<sup>F38</sup> . . .
- The reference in paragraph (a) to the rights of the parent company and the reference in paragraph (c) to the interest of the parent company are, respectively, to rights and interests held by or attributed to the company for the purposes of section 258(definition of “parent undertaking”) in the absence of which it would not be the parent company.
- (4) [<sup>F39</sup> . . . . .
- [<sup>F40</sup>(5) A parent company is exempt from the requirement to prepare group accounts if under subsection (2) or (3) all of its subsidiary undertakings could be excluded from consolidation in Companies Act group accounts.]]

**Textual Amendments**

- F33** New ss. 228, 229 inserted (subject to the savings and transitional provisions in S.I. 1990/355, arts. 6–9, Sch. 2), by Companies Act 1989 (c. 40, SIF 27), ss. 1, 5(3), 213(2) as part of the text inserted in place of ss. 221–262 (as mentioned in s. 1(a) of the 1989 Act)
- F34** Ss. 226–237 extended (with modifications) (19.12.1993) by S.I. 1993/3245, reg.3
- F35** Words in s. 229(1) inserted (12.11.2004 with effect as mentioned in reg. 1(2) of the amending S.I.) by The Companies Act 1985 (International Accounting Standards and Other Accounting Amendments) Regulations 2004 (S.I. 2004/2947), reg. 3, Sch. 1 para. 7(a)(i)
- F36** Words in s. 229(1) omitted (12.11.2004 with effect as mentioned in reg. 1(2) of the amending S.I.) by virtue of The Companies Act 1985 (International Accounting Standards and Other Accounting Amendments) Regulations 2004 (S.I. 2004/2947), reg. 3, Sch. 1 para. 7(a)(ii)
- F37** Words in s. 229(2)(3) inserted (12.11.2004 with effect as mentioned in reg. 1(2) of the amending S.I.) by The Companies Act 1985 (International Accounting Standards and Other Accounting Amendments) Regulations 2004 (S.I. 2004/2947), reg. 3, Sch. 1 para. 7(b)
- F38** Words in s. 229(3)(c) omitted (12.11.2004 with effect as mentioned in reg. 1(2) of the amending S.I.) by virtue of The Companies Act 1985 (International Accounting Standards and Other Accounting Amendments) Regulations 2004 (S.I. 2004/2947), reg. 5(a)
- F39** S. 229(5) omitted (12.11.2004 with effect as mentioned in reg. 1(2) of the amending S.I.) by virtue of The Companies Act 1985 (International Accounting Standards and Other Accounting Amendments) Regulations 2004 (S.I. 2004/2947), reg. 5(b)

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**F40** S. 229(5) substituted (12.11.2004 with effect as mentioned in reg. 1(2) of the amending S.I.) by [The Companies Act 1985 \(International Accounting Standards and Other Accounting Amendments\) Regulations 2004 \(S.I. 2004/2947\)](#), reg. 3, [Sch. 1 para. 7\(c\)](#)

[<sup>F41</sup>**230** **Treatment of individual profit and loss account where group accounts prepared.** **E+W+S**

- (1) The following provisions apply with respect to the individual profit and loss account of a parent company where—
  - (a) the company is required to prepare and does prepare group accounts in accordance with this Act, and
  - (b) the notes of the company's individual balance sheet show the company's profit or loss for the financial year determined in accordance with this Act.
- (2) [<sup>F42</sup>Where the company prepares Companies Act individual accounts,] the profit and loss account need not contain the information specified in paragraphs 52 to 57 of Schedule 4 (information supplementing the profit and loss account).
- (3) The profit and loss account must be approved in accordance with section 233(1) (approval by board of directors) but may be omitted from the company's annual accounts for the purposes of the other provisions below in this Chapter.
- (4) The exemption conferred by this section is conditional upon its being disclosed in the company's annual accounts that the exemption applies.]

**Textual Amendments**

- F41** New s. 230 inserted (subject to the savings and transitional provisions in [S.I. 1990/355](#), arts. 6–9, [Sch. 2](#)), by [Companies Act 1989 \(c. 40, SIF 27\)](#), ss. 1, 5(4), 213(2) as part of the text inserted in place of ss. 221–261 (as mentioned in s. 1(a) of the 1989 Act)
- F42** Words in s. 230(2) inserted (12.11.2004 with effect as mentioned in reg. 1(2) of the amending S.I.) by [The Companies Act 1985 \(International Accounting Standards and Other Accounting Amendments\) Regulations 2004 \(S.I. 2004/2947\)](#), reg. 3, [Sch. 1 para. 8](#)

**Modifications etc. (not altering text)**

- C23** Ss. 226–237 extended (with modifications) (19.12.1993) by [S.I. 1993/3245](#), reg.3

[<sup>F43</sup>**231** **Disclosure required in notes to accounts:related undertakings.** **E+W+S**

- (1) The information specified in Schedule 5 shall be given in notes to a company's annual accounts.
- (2) Where the company is not required to prepare group accounts, the information specified in Part I of that Schedule shall be given; and where the company is required to prepare group accounts, the information specified in Part II of that Schedule shall be given.
- (3) The information required by Schedule 5 need not be disclosed with respect to an undertaking which—
  - (a) is established under the law of a country outside the United Kingdom, or
  - (b) carries on business outside the United Kingdom.

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if in the opinion of the directors of the company the disclosure would be seriously prejudicial to the business of that undertaking, or to the business of the company or any of its subsidiary undertakings, and the Secretary of State agrees that the information need not be disclosed.

This subsection does not apply in relation to the information required under [F44 paragraph F45 . . . , 6, 9A, 20 or 28A] of that Schedule.

- (4) Where advantage is taken of subsection (3), that fact shall be stated in a note to the company's annual accounts.
- (5) If the directors of the company are of the opinion that the number of undertakings in respect of which the company is required to disclose information under any provision of Schedule 5 to this Act is such that compliance with that provision would result in information of excessive length being given, the information need only be given in respect of—
- (a) the undertakings whose results or financial position, in the opinion of the directors, principally affected the figures shown in the company's annual accounts, and
  - (b) undertakings excluded from consolidation under section 229(3)<sup>F46</sup> . . . . .
- F47 . . . . .
- (6) If advantage is taken of subsection (5)—
- (a) there shall be included in the notes to the company's annual accounts a statement that the information is given only with respect to such undertakings as are mentioned in that subsection, and
  - (b) the full information (both that which is disclosed in the notes to the accounts and that which is not) shall be annexed to the company's next annual return.
- For this purpose the "next annual return" means that next delivered to the registrar after the accounts in question have been approved under section 233.
- (7) If a company fails to comply with subsection (6)(b), the company and every officer of it who is in default is liable to a fine and, for continued contravention, to a daily default fine.]

#### Textual Amendments

- F43** New s. 231 inserted (subject to the savings and transitional provisions in S.I. 1990/355, arts. 6–9, Sch. 2), by Companies Act 1989 (c. 40, SIF 27), ss. 1, 6(1), 213(2) as part of the text inserted in place of ss. 221–261 (as mentioned in s. 1(a) of the 1989 Act)
- F44** Words in s. 231(3) substituted (21.7.1993) by S.I. 1993/1820, reg. 11(1)
- F45** Words in s. 231(3) repealed (2.2.1996) by 1996/189, reg. 15(1)
- F46** S. 231(5)(b) omitted (12.11.2004 with effect as mentioned in reg. 1(2) of the amending S.I.) by virtue of The Companies Act 1985 (International Accounting Standards and Other Accounting Amendments) Regulations 2004 (S.I. 2004/2947), reg. 15 {Sch. 1 para. 5}
- F47** Words in s. 231(5) repealed (2.2.1996) by 1996/189, reg. 15(1)

#### Modifications etc. (not altering text)

- C24** Ss. 231–234 applied (with modifications) (31.12.2004) by The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Account) Regulations 2004 (S.I. 2004/3219), reg. 3(4)(a), Sch.
- C25** Ss. 226–237 extended (with modifications) (19.12.1993) by S.I. 1993/3245, reg. 3



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### 231A Disclosure required in notes to annual accounts: particulars of staff **U.K.**

- (1) The following information with respect to the employees of the company must be given in notes to the company's annual accounts—
  - (a) the average number of persons employed by the company in the financial year, and
  - (b) the average number of persons so employed within each category of persons employed by the company.
- (2) The average number required by subsection (1)(a) or (b) is determined by dividing the relevant annual number by the number of months in the financial year.
- (3) The relevant annual number is determined by ascertaining for each month in the financial year—
  - (a) for the purposes of subsection (1)(a), the number of persons employed under contracts of service by the company in that month (whether throughout the month or not);
  - (b) for the purposes of subsection (1)(b), the number of persons in the category in question of persons so employed;and, in either case, adding together all the monthly numbers.
- (4) In respect of all persons employed by the company during the financial year who are taken into account in determining the relevant annual number for the purposes of subsection (1)(a) there must also be stated the aggregate amounts respectively of—
  - (a) wages and salaries paid or payable in respect of that year to those persons;
  - (b) social security costs incurred by the company on their behalf; and
  - (c) other pension costs so incurred.

This does not apply in so far as those amounts, or any of them, are stated elsewhere in the company's accounts.
- (5) For the purposes of subsection (1)(b), the categories of person employed by the company are such as the directors may select, having regard to the manner in which the company's activities are organised.
- (6) This section applies in relation to group accounts as if the undertakings included in the consolidation were a single company.
- (7) In this section “social security costs” and “pension costs” have the same meaning as in Schedule 4 (see paragraph 94(1) and (2) of that Schedule).

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**Modifications etc. (not altering text)**

**C26** Ss. 231-234 applied (with modifications) (31.12.2004) by [The Insurance Accounts Directive \(Lloyd's Syndicate and Aggregate Account\) Regulations 2004 \(S.I. 2004/3219\)](#), **reg. 3(4)(a)**, Sch.

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**[<sup>F48</sup>232 Disclosure required in notes to accounts: emoluments and other benefits of directors and others. E+W+S**

<sup>F49</sup>(1) The information specified in Schedule 6 shall be given in notes to a company's annual accounts, save that the information specified in paragraphs 2-14 in Part I of Schedule 6 shall be given only in the case of a company which is not a quoted company.]

(2) In that Schedule—

Part I relates to the emoluments of directors (including emoluments waived), pensions of directors and past directors, compensation for loss of office to directors and past directors and sums paid to third parties in respect of directors' services,

Part II relates to loans, quasi-loans and other dealings in favour of directors and connected persons, and

Part III relates to transactions, arrangements and agreements made by the company or a subsidiary undertaking for officers of the company other than directors.

(3) It is the duty of any director of a company, and any person who is or has at any time in the preceding five years been an officer of the company, to give notice to the company of such matters relating to himself as may be necessary for the purposes of Part I of Schedule 6.

(4) A person who makes default in complying with subsection (3) commits an offence and is liable to a fine.]

**Textual Amendments**

**F48** New s. 232 inserted (subject to the savings and transitional provisions in [S.I. 1990/355, arts. 6–9, Sch. 2](#)), by [Companies Act 1989 \(c. 40, SIF 27\)](#), [ss. 1, 6\(3\), 213\(2\)](#) as part of the text inserted in place of ss. 221–261 (as mentioned in s. 1(a) of the 1989 Act)

**F49** [S. 232\(1\)](#) substituted (1.8.2002) by [The Directors' Remuneration Report Regulations 2002 \(S.I. 2002/1986\)](#), [reg. 2](#)

**Modifications etc. (not altering text)**

**C27** [Ss. 231-234](#) applied (with modifications) (31.12.2004) by [The Insurance Accounts Directive \(Lloyd's Syndicate and Aggregate Account\) Regulations 2004 \(S.I. 2004/3219\)](#), [reg. 3\(4\)\(a\)](#), Sch.

**C28** [Ss. 226-237](#) extended (with modifications) (19.12.1993) by [S.I. 1993/3245](#), [reg.3](#)

*Approval and signing of accounts*

**233 Approval and signing of accounts E+W+S**

(1) A company's annual accounts shall be approved by the board of directors and signed on behalf of the board by a director of the company.

(2) The signature shall be on the company's balance sheet.

(3) Every copy of the balance sheet which is laid before the company in general meeting, or which is otherwise circulated, published or issued, shall state the name of the person who signed the balance sheet on behalf of the board.

(4) The copy of the company's balance sheet which is delivered to the registrar shall be signed on behalf of the board by a director of the company.

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- (5) If annual accounts are approved which do not comply with the requirements of this Act [<sup>F50</sup>(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 comply or is reckless as to whether they comply is guilty of an offence and liable to a fine.

For this purpose every director of the company at the time the accounts are approved shall be taken to be a party to their approval unless he shows that he took all reasonable steps to prevent their being approved.

- (6) If a copy of the balance sheet—
- (a) is laid before the company, or otherwise circulated, published or issued, without the balance sheet having been signed as required by this section or without the required statement of the signatory’s name being included, or
  - (b) is delivered to the registrar without being signed as required by this section, the company and every officer of it who is in default is guilty of an offence and liable to a fine.

#### Textual Amendments

**F50** Words in s. 233(5) inserted (12.11.2004 with effect as mentioned in reg. 1(2) of the amending S.I.) by [The Companies Act 1985 \(International Accounting Standards and Other Accounting Amendments\) Regulations 2004 \(S.I. 2004/2947\)](#), reg. 3, **Sch. 1 para. 10**

#### Modifications etc. (not altering text)

- C29** Ss. 231-234 applied (with modifications) (31.12.2004) by [The Insurance Accounts Directive \(Lloyd's Syndicate and Aggregate Account\) Regulations 2004 \(S.I. 2004/3219\)](#), **reg. 3(4)(a)**, Sch.
- C30** S. 233 applied with modifications by S.I. 1990/2570, **reg. 4(1)**
- C31** S. 233 restricted by S.I. 1990/2570, **reg. 4(2)**
- C32** Ss. 226-237 extended (with modifications) (19.12.1993) by S.I. 1993/3245, **reg.3**
- C33** S. 233(5) excluded by S.I. 1990/2569, **art. 6(2)**
- C34** S. 233(5) applied with modifications by S.I. 1990/2570, **reg. 4(2)**
- C35** S. 233(5) applied (1.10.2005) by [The Companies \(Disclosure of Auditor Remuneration\) Regulations 2005 \(S.I. 2005/2417\)](#), **reg. 7**

*[<sup>F51</sup>Directors' report]*

#### Textual Amendments

**F51** Cross-heading and ss. 234, 234ZZA, 234ZZB substituted for s. 234 and preceding cross-heading (22.3.2005) by [The Companies Act 1985 \(Operating and Financial Review and Directors' Report etc.\) Regulations 2005 \(S.I. 2005/1011\)](#), **reg. 2**

### <sup>F52</sup>234 Duty to prepare directors' report. **E+W+S**

- (1) The directors of a company shall for each financial year prepare a report (a “directors' report”) complying with the general requirements of section 234ZZA and containing—
- (a) the business review specified in section 234ZZB, and

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- (b) if section 234ZA applies to the report, the statement as to disclosure of information to auditors required by that section.
- (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 extent specified in the following provisions of this Part, to the company and its subsidiary undertakings included in the consolidation.
- (3) A group directors' report may, where appropriate, give greater emphasis to the matters that are significant to the company and its subsidiary undertakings included in the consolidation, taken as a whole.
- (4) In the case of a quoted company, a directors' report need not contain any information included in the operating and financial review for that financial year (see section 234AA).
- (5) If a directors' report does not comply with the provisions of this Part relating to the preparation and contents of the report, 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 all reasonable steps to secure compliance with the provision in question,
 is guilty of an offence and liable to a fine.]

#### Textual Amendments

**F52** Cross-heading and ss. 234, 234ZZA, 234ZZB substituted for s. 234 and preceding cross-heading (22.3.2005) by [The Companies Act 1985 \(Operating and Financial Review and Directors' Report etc.\) Regulations 2005 \(S.I. 2005/1011\)](#), [reg. 2](#)

#### Modifications etc. (not altering text)

**C36** Ss. 226-237 extended (with modifications) (19.12.1993) by [S.I. 1993/3245](#), [reg. 3](#)

**C37** Ss. 231-234 applied (with modifications) (31.12.2004) by [The Insurance Accounts Directive \(Lloyd's Syndicate and Aggregate Account\) Regulations 2004 \(S.I. 2004/3219\)](#), [reg. 3\(4\)\(a\)](#), Sch.

### **234ZZA** Directors' report: general requirements **U.K.**

- (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,
  - (b) the principal activities of the company in the course of the year, and
  - (c) the amount (if any) that the directors recommend should be paid by way of dividend.
- (2) In relation to a group directors' report subsection (1)(b) has effect as if the reference to the company was a reference to the company and its subsidiary undertakings included in the consolidation.
- (3) The report must also comply with Schedule 7 as regards the disclosure of the matters mentioned there.

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(4) In Schedule 7—

Part 1 relates to matters of a general nature, including changes in asset values, directors' shareholdings and other interests and contributions for political and charitable purposes;

Part 2 relates to the acquisition by a company of its own shares or a charge on them;

Part 3 relates to the employment, training and advancement of disabled persons;

Part 5 relates to the involvement of employees in the affairs, policy and performance of the company;

Part 6 relates to the company's policy and practice on the payment of creditors.

### **234ZZB Directors' report: business review** U.K.

- (1) The directors' report for a financial year must contain—
  - (a) a fair review of the business of the company, and
  - (b) a description of the principal risks and uncertainties facing the company.
- (2) The review required is a balanced and comprehensive analysis of—
  - (a) the development and performance of the business of the company during the financial year, and
  - (b) the position of the company at the end of that year, consistent with the size and complexity of the business.
- (3) The review must, to the extent necessary for an understanding of the development, performance or position of the business of the company, include—
  - (a) analysis using financial key performance indicators, and
  - (b) where appropriate, analysis using other key performance indicators, including information relating to environmental matters and employee matters.
- (4) The review must, where appropriate, include references to, and additional explanations of, amounts included in the annual accounts of the company.
- (5) In this section, “key performance indicators” means factors by reference to which the development, performance or position of the business of the company can be measured effectively.
- (6) In relation to a group directors' report this section has effect as if the references to the company were references to the company and its subsidiary undertakings included in the consolidation.

### **234ZA Statement as to disclosure of information to auditors** U.K.

- (1) This section applies to a directors' report unless the directors have taken advantage of the exemption conferred by section 249A(1) or 249AA(1).
- (2) The report must contain a statement to the effect that, in the case of each of the persons who are directors at the time when the report is approved under section 234A, the following applies—
  - (a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and

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- (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 auditors are aware of that information.
- (3) In subsection (2) "relevant audit information" means information needed by the company's auditors in connection with preparing their report.
- (4) For the purposes of subsection (2) a director has taken all the steps that he ought to have taken as a director in order to do the things mentioned in paragraph (b) of that subsection 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 were required by his duty as a director of the company to exercise due care, skill and diligence.
- (5) In determining for the purposes of subsection (2) the extent of that duty in the case of a particular director, the following considerations (in particular) are relevant—
  - (a) the knowledge, skill and experience that may reasonably be expected of a person carrying out the same functions as are carried out by the director in relation to the company, and
  - (b) (so far as they exceed what may reasonably be so expected) the knowledge, skill and experience that the director in fact has.
- (6) Where a directors' report containing the statement required by subsection (2) is approved under section 234A 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,
 is guilty of an offence and liable to imprisonment or a fine, or both.

**[<sup>F53</sup>234A Approval and signing of directors' report. E+W+S**

- (1) The directors' report shall be approved by the board of directors and signed on behalf of the board by a director or the secretary of the company.
- (2) Every copy of the directors' report which is laid before the company in general meeting, or which is otherwise circulated, published or issued, shall state the name of the person who signed it on behalf of the board.
- (3) The copy of the directors' report which is delivered to the registrar shall be signed on behalf of the board by a director or the secretary of the company.
- (4) If a copy of the directors' report—
  - (a) is laid before the company, or otherwise circulated, published or issued, without the report having been signed as required by this section or without the required statement of the signatory's name being included, or
  - (b) is delivered to the registrar without being signed as required by this section,
 the company and every officer of it who is in default is guilty of an offence and liable to a fine.]

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### Textual Amendments

**F53** New ss. 234, 234A inserted (subject to the saving and transitional provisions in S.I. 1990/355, arts. 6–9, Sch. 2, by Companies Act 1989 (c. 40, SIF 27), ss. 1, 8(1), 213(2) as part of the text inserted in place of ss. 221–262 (as mentioned in s. 1(a) of the 1989 Act)

### Modifications etc. (not altering text)

- C38** S. 234A applied with modifications by S.I. 1990/2570, reg. 5(1)  
S. 234A applied (with modifications) (31.12.2004) by The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2004 (S.I. 2004/3219), reg. 3(4)(a), Sch.
- C39** S. 234A restricted by S.I. 1990/2570, reg. 5(2)
- C40** Ss. 226–237 extended (with modifications) (19.12.1993) by S.I. 1993/3245, reg. 3
- C41** S. 234A applied (1.7.2005) by The Community Interest Company Regulations 2005 (S.I. 2005/1788), reg. 29(1)

### *Quoted companies: operating and financial review*

## **234AA Duty to prepare operating and financial review** E+W+S

- (1) The directors of a quoted company shall for each financial year prepare an operating and financial review.
- (2) The review must comply with Schedule 7ZA (objective and contents of operating and financial review), save that nothing in that Schedule requires the disclosure of information about impending developments or about matters in the course of negotiation if the disclosure would, in the opinion of the directors, be seriously prejudicial to the interests of the company.
- (3) For a financial year in which—
  - (a) the company is a parent company, and
  - (b) the directors of the company prepare group accounts,the operating and financial review must be a consolidated review (a “group operating and financial review”) relating, to the extent specified in Schedule 7ZA, to the company and its subsidiary undertakings included in the consolidation.
- (4) A group operating and financial review may, where appropriate, give greater emphasis to the matters that are significant to the company and its subsidiary undertakings included in the consolidation, taken as a whole.
- (5) If an operating and financial review does not comply with the provisions of this Part relating to the preparation and contents of the review, 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 all reasonable steps to secure compliance with the provision in question,is guilty of an offence and liable to a fine.

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**Modifications etc. (not altering text)**

**C42** S. 234AA(5) applied (1.10.2005) by S.I. 1990/2570, reg. 5B(2) (as inserted by [The Companies \(Revision of Defective Accounts and Report\) \(Amendment\) Regulations 2005 \(S.I. 2005/2282\)](#), **art. 6**)

**234AB Approval and signing of operating and financial review** **E+W+S**

- (1) The operating and financial review 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) Every copy of the operating and financial review laid before the company in general meeting, or that is otherwise circulated, published or issued, must state the name of the person who signed it on behalf of the board.
- (3) The copy of the operating and financial review delivered to the registrar must be signed on behalf of the board by a director or the secretary of the company.
- (4) If a copy of the operating and financial review—
  - (a) is laid before the company, or otherwise circulated, published or issued without the review having been signed as required by this section or without the required statement of the signatory's name being included, or
  - (b) is delivered to the registrar without being signed as required by this section, the company and every officer of it who is in default is guilty of an offence and liable to a fine.

**Modifications etc. (not altering text)**

**C43** S. 234AB applied (with modifications) (1.10.2005) by S.I. 1990/2570, reg. 5B(1) (as inserted by [The Companies \(Revision of Defective Accounts and Report\) \(Amendment\) Regulations 2005 \(S.I. 2005/2282\)](#), **art. 6**)

*Quoted companies: directors' remuneration report*

**234B Duty to prepare directors' remuneration report** **U.K.**

- (1) The directors of a quoted company shall for each financial year prepare a directors' remuneration report which shall contain the information specified in Schedule 7A and comply with any requirement of that Schedule as to how information is to be set out in the report.
- (2) In Schedule 7A—
  - Part 1 is introductory,
  - Part 2 relates to information about remuneration committees, performance related remuneration and liabilities in respect of directors' contracts,
  - Part 3 relates to detailed information about directors' remuneration (information included under Part 3 is required to be reported on by the auditors, see section 235), and
  - Part 4 contains interpretative and supplementary provisions.



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- (3) In the case of any failure to comply with the provisions of this Part as to the preparation of a directors' remuneration report and the contents of the report, every person who was a director of the quoted company immediately before the end of the period for laying and delivering accounts and reports for the financial year in question is guilty of an offence and liable to a fine.
- (4) In proceedings against a person for an offence under subsection (3) it is a defence for him to prove that he took all reasonable steps for securing compliance with the requirements in question.
- (5) It is the duty of any director of a company, and any person who has at any time in the preceding five years been a director of the company, to give notice to the company of such matters relating to himself as may be necessary for the purposes of Parts 2 and 3 of Schedule 7A.
- (6) A person who makes default in complying with subsection (5) commits an offence and is liable to a fine.

**Modifications etc. (not altering text)**

**C44** S. 234B(3) applied (1.10.2005) by S.I. 1990/2570, reg. 5A(2) (as inserted by [The Companies \(Revision of Defective Accounts and Report\) \(Amendment\) Regulations 2005](#) (S.I. 2005/2282), [art. 6](#))

### **234C Approval and signing of directors' remuneration report** **U.K.**

- (1) The directors' remuneration report shall be approved by the board of directors and signed on behalf of the board by a director or the secretary of the company.
- (2) Every copy of the directors' remuneration report which is laid before the company in general meeting, or which is otherwise circulated, published or issued, shall state the name of the person who signed it on behalf of the board.
- (3) The copy of the directors' remuneration report which is delivered to the registrar shall be signed on behalf of the board by a director or the secretary of the company.
- (4) If a copy of the directors' remuneration report—
  - (a) is laid before the company, or otherwise circulated, published or issued, without the report having been signed as required by this section or without the required statement of the signatory's name being included, or
  - (b) is delivered to the registrar without being signed as required by this section, the company and every officer of it who is in default is guilty of an offence and liable to a fine.

**Modifications etc. (not altering text)**

**C45** S. 234C applied (with modifications) (1.10.2005) by S.I. 1990/2570, reg. 5A(1) (as inserted by [The Companies \(Revision of Defective Accounts and Report\) \(Amendment\) Regulations 2005](#) (S.I. 2005/2282), [art. 6](#))

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### Auditors' report

#### 235 Auditors' report. **E+W+S**

- (1) A company's auditors shall make a report to the company's members on all annual accounts of the company of which copies are to be laid before the company in general meeting during their tenure of office.
- [<sup>F54</sup>(1A) The auditors' report must include–
- (a) an introduction identifying the annual accounts that are the subject of the audit and the financial reporting framework that has been applied in their preparation;
  - (b) a description of the scope of the audit identifying the auditing standards in accordance with which the audit was conducted.
- (1B) The report must state clearly whether in the auditors' opinion the annual accounts have been properly prepared in accordance with the requirements of this Act (and, where applicable, Article 4 of the IAS Regulation).
- (2) The report must state in particular whether the annual accounts give a true and fair view, in accordance with the relevant financial reporting framework–
- (a) in the case of an individual balance sheet, of the state of affairs of the company as at the end of the financial year,
  - (b) in the case of an individual profit and loss account, of the profit or loss of the company for the financial year,
  - (c) in the case of group accounts, of the state of affairs as at the end of the financial year and of the profit or loss for the financial year, of the undertakings included in the consolidation as a whole, so far as concerns members of the company.
- (2A) The auditors' report–
- (a) must be either unqualified or qualified, and
  - (b) must include a reference to any matters to which the auditors wish to draw attention by way of emphasis without qualifying the report.]
- [<sup>F55</sup>(3) The auditors must state in their report whether in their opinion the information given in the directors' report for the financial year for which the annual accounts are prepared is consistent with those accounts.]
- [<sup>F56</sup>(3A) If the company is a quoted company, the auditors must state in their report—
- (a) whether in their opinion the information given in the operating and financial review for the financial year for which the annual accounts are prepared is consistent with those accounts; and
  - (b) whether any matters have come to their attention, in the performance of their functions as auditors of the company, which in their opinion are inconsistent with the information given in the operating and financial review.]
- [<sup>F57</sup>(4) If a directors' remuneration report is prepared for the financial year for which the annual accounts are prepared the auditors shall in their report
- (a) report to the company's members on the auditable part of the directors' remuneration report, and
  - (b) state whether in their opinion that part of the directors' remuneration report has been properly prepared in accordance with this Act.

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- (5) For the purposes of this Part, “the auditable part” of a directors’ remuneration report is the part containing the information required by Part 3 of Schedule 7A.]

#### Textual Amendments

- F54** S. 235(1A)-(2A) substituted for s. 235(2) (12.11.2004 with effect as mentioned in reg. 1(2) of the amending S.I.) by The Companies Act 1985 (International Accounting Standards and Other Accounting Amendments) Regulations 2004 (S.I. 2004/2947), **reg. 6(2)**
- F55** S. 235(3) substituted (22.3.2005) by The Companies Act 1985 (Operating and Financial Review and Directors' Report etc.) Regulations 2005 (S.I. 2005/1011), **reg. 3**
- F56** S. 235(3A) inserted (22.3.2005) by The Companies Act 1985 (Operating and Financial Review and Directors' Report etc.) Regulations 2005 (S.I. 2005/1011), **reg. 10**
- F57** S. 235(4)(5) inserted (1.8.2002) by The Directors' Remuneration Report Regulations 2002 (S.I. 2002/1986), **reg. 4**

#### Modifications etc. (not altering text)

- C46** Ss. 235-237 applied (with modifications) (31.12.2004) by The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2004 (S.I. 2004/3219), **reg. 3(4)(a)**, Sch.
- C47** Ss. 226-237 extended (with modifications) (19.12.1993) by S.I. 1993/3245, **reg.3**
- C48** S. 235(1) excluded by S.I. 1990/2570, **regs. 6(1)(b)**, 15

#### [<sup>F58</sup>236 Signature of auditors’ report. **E+W+S**

- (1) The auditors’ report shall state the names of the auditors and be signed [<sup>F59</sup>and dated] by them.
- (2) Every copy of the auditors’ report which is laid before the company in general meeting, or which is otherwise circulated, published or issued, shall state the name of the auditors.
- (3) The copy of the auditors’ report which is delivered to the registrar shall state the names of the auditors and be signed by them.
- (4) If a copy of the auditors’ report—
- is laid before the company, or otherwise circulated, published or issued, without the required statement of the auditors’ names, or
  - is delivered to the registrar without the required statement of the auditors’ names or without being signed as required by this section,
- the company and every officer of it who is in default is guilty of an offence and liable to a fine.
- (5) References in this section to signature by the auditors are, where the office of auditor is held by a body corporate or partnership, to signature in the name of the body corporate or partnership by a person authorised to sign on its behalf.]

#### Textual Amendments

- F58** New ss. 235–237 inserted (subject to the saving and transitional provisions in S.I. 1990/355, arts. 6–9, Sch. 2, by Companies Act 1989 (c. 40, SIF 27), **ss. 1, 9, 213(2)** as part of the text inserted in place of ss. 221–262 (as mentioned in s. 1(a) of the 1989 Act)

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**F59** Words in s. 236(1) inserted (12.11.2004 with effect as mentioned in reg. 1(2) of the amending S.I.) by The Companies Act 1985 (International Accounting Standards and Other Accounting Amendments) Regulations 2004 (S.I. 2004/2947), **reg. 7**

**Modifications etc. (not altering text)**

**C49** Ss. 235-237 applied (with modifications) (31.12.2004) by The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2004 (S.I. 2004/3219), **reg. 3(4)(a)**, Sch.

**C50** S. 236 applied with modifications by S.I. 1990/2570, **regs. 6(5)**, 7(4), 15

**C51** Ss. 226-237 extended (with modifications) (19.12.1993) by S.I. 1993/3245, **reg.3**

[<sup>F60</sup>**237** **Duties of auditors.** **E+W+S**

- (1) A company's auditors shall, in preparing their report, carry out such investigations as will enable them to form an opinion as to—
  - (a) whether proper accounting records have been kept by the company and proper returns adequate for their audit have been received from branches not visited by them, and
  - (b) whether the company's individual accounts are in agreement with the accounting records and returns<sup>F61</sup> and
  - (c) (in the case of a quoted company) whether the auditable part of the company's directors' remuneration report is in agreement with the accounting records and returns.]
- (2) If the auditors are of opinion that proper accounting records have not been kept, or that proper returns adequate for their audit have not been received from branches not visited by them, or if the company's individual accounts are not in agreement with the accounting records and returns, [<sup>F62</sup>or if in the case of a quoted company the auditable part of its directors' remuneration report is not in agreement with the accounting records and returns,] the auditors shall state that fact in their report.
- (3) If the auditors fail to obtain all the information and explanations which, to the best of their knowledge and belief, are necessary for the purposes of their audit, they shall state that fact in their report.

[<sup>F63</sup>(4) If—

- (a) the requirements of Schedule 6 (disclosure of information: emoluments and other benefits of directors and others) are not complied with in the annual accounts, or
- (b) where a directors' remuneration report is required to be prepared, the requirements of Part 3 of Schedule 7A (directors' remuneration report) are not complied with in that report,

the auditors shall include in their report, so far as they are reasonably able to do so, a statement giving the required particulars.]]

[<sup>F64</sup>(4A) If the directors of the company have taken advantage of the exemption conferred by section 248 (exemption for small and medium-sized groups from the need to prepare group accounts) and in the auditors' opinion they were not entitled so to do, the auditors shall state that fact in their report.]

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### Textual Amendments

- F60** New ss. 235–237 inserted (subject to the saving and transitional provisions in S.I. 1990/355, arts. 6–9, Sch. 2, by Companies Act 1989 (c. 40, SIF 27), ss. 1, 9, 213(2) as part of the text inserted in place of ss. 221–262 (as mentioned in s. 1(a) of the 1989 Act)
- F61** S. 237(1)(c) and preceding word inserted (1.8.2002) by The Directors' Remuneration Report Regulations 2002 (S.I. 2002/1986), reg. 5
- F62** Words in s. 237(2) inserted (1.8.2002) by The Directors' Remuneration Report Regulations 2002 (S.I. 2002/1986), reg. 10(2)
- F63** S. 237(4) substituted (1.8.2002) by The Directors' Remuneration Report Regulations 2002 (S.I. 2002/1986), reg. 6
- F64** S. 237(4A) inserted (2.2.1996) by S.I. 1996/189, reg. 6

### Modifications etc. (not altering text)

- C52** Ss. 235–237 applied (with modifications) (31.12.2004) by The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2004 (S.I. 2004/3219), reg. 3(4)(a), Sch.
- C53** S. 237 applied with modifications by S.I. 1990/2570, regs. 6(1)(a), 15
- C54** Ss. 226–237 extended (with modifications) (19.12.1993) by S.I. 1993/3245, reg. 3
- C55** S. 237(1)–(3) applied (with modifications) (23.12.1996) by S.I. 1996/943, reg. 29(2)(a)

## *[<sup>F65</sup> Publication of accounts and reports]*

### Textual Amendments

- F65** New ss. 238–240 inserted (subject to the saving and transitional provisions in S.I. 1990/355, arts. 6–9, Sch. 2, by Companies Act 1989 (c. 40, SIF 27), ss. 1, 10, 213(2) as part of the text inserted in place of ss. 221–262 (as mentioned in s. 1(a) of the 1989 Act)

## **238 Persons entitled to receive copies of accounts and reports. E+W+S**

- (1) [<sup>F66</sup> A copy of each of the documents mentioned in subsection (1A)] shall be sent to—
- (a) every member of the company,
  - (b) every holder of the company's debentures, and
  - (c) every person who is entitled to receive notice of general meetings,
- not less than 21 days before the date of the meeting at which copies of those documents are to be laid in accordance with section 241.

[<sup>F67</sup>(1A) Those documents are—

- (a) the company's annual accounts for the financial year,
- (b) the directors' report for that financial year,
  - [ (in the case of a quoted company) the operating and financial review for that
- <sup>F68</sup>(ba) financial year,]
- (c) (in the case of a quoted company) the directors' remuneration report for that financial year, and
- [<sup>F69</sup>(d) the auditors' report on those accounts and that directors' report and (in the case of a quoted company) on that operating and financial review and the auditable part of that directors' remuneration report.]]

- (2) Copies need not be sent—

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- (a) to a person who is not entitled to receive notices of general meetings and of whose address the company is unaware, or
  - (b) to more than one of the joint holders of shares or debentures none of whom is entitled to receive such notices, or
  - (c) in the case of joint holders of shares or debentures some of whom are, and some not, entitled to receive such notices, to those who are not so entitled.
- (3) In the case of a company not having a share capital, copies need not be sent to anyone who is not entitled to receive notices of general meetings of the company.
- (4) If copies are sent less than 21 days before the date of the meeting, they shall, notwithstanding that fact, be deemed to have been duly sent if it is so agreed by all the members entitled to attend and vote at the meeting.
- <sup>F70</sup>(4A) References in this section to sending to any person copies of [<sup>F71</sup>copies of the documents mentioned in subsection (1A)] include references to using electronic communications for sending copies of those documents to such address as may for the time being be notified to the company by that person for that purpose.
- <sup>F70</sup>(4B) For the purposes of this section copies of those documents are also to be treated as sent to a person where—
- (a) the company and that person have agreed to his having access to the documents on a web site (instead of their being sent to him);
  - (b) the documents are documents to which that agreement applies; and
  - (c) that person is notified, in a manner for the time being agreed for the purpose between him and the company, of—
    - (i) the publication of the documents on a web site;
    - (ii) the address of that web site; and
    - (iii) the place on that web site where the documents may be accessed, and how they may be accessed.
- <sup>F70</sup>(4C) For the purposes of this section documents treated in accordance with subsection (4B) as sent to any person are to be treated as sent to him not less than 21 days before the date of a meeting if, and only if—
- (a) the documents are published on the web site throughout a period beginning at least 21 days before the date of the meeting and ending with the conclusion of the meeting; and
  - (b) the notification given for the purposes of paragraph (c) of that subsection is given not less than 21 days before the date of the meeting.
- <sup>F70</sup>(4D) Nothing in subsection (4C) shall invalidate the proceedings of a meeting where—
- (a) any documents that are required to be published as mentioned in paragraph (a) of that subsection are published for a part, but not all, of the period mentioned in that paragraph; and
  - (b) the failure to publish those documents throughout that period is wholly attributable to circumstances which it would not be reasonable to have expected the company to prevent or avoid.
- <sup>F70</sup>(4E) A company may, notwithstanding any provision to the contrary in its articles, take advantage of any of subsections (4A) to (4D).]
- (5) If default is made in complying with this section, the company and every officer of it who is in default is guilty of an offence and liable to a fine.

**Status:** Point in time view as at 06/04/2005. This version of this part contains provisions that are not valid for this point in time.  
**Changes to legislation:** Companies Act 1985, Part VII is up to date with all changes known to be in force on or before 02 September 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (6) Where copies are sent out under this section over a period of days, references elsewhere in this Act to the day on which copies are sent out shall be construed as references to the last day of that period.

#### Textual Amendments

- F66** Words in s. 238(1) substituted (1.8.2002) by The Directors' Remuneration Report Regulations 2002 (S.I. 2002/1986), **reg. 10(3)**
- F67** S. 238(1A) inserted (1.8.2002) by The Directors' Remuneration Report Regulations 2002 (S.I. 2002/1986), **reg. 10(4)**
- F68** S. 238(1A)(ba) inserted (22.3.2005) by The Companies Act 1985 (Operating and Financial Review and Directors' Report etc.) Regulations 2005 (S.I. 2005/1011), reg. 19, **Sch. para. 2(a)**
- F69** S. 238(1A)(d) substituted (22.3.2005) by The Companies Act 1985 (Operating and Financial Review and Directors' Report etc.) Regulations 2005 (S.I. 2005/1011), reg. 19, **Sch. para. 2(b)**
- F70** S. 238(4A)-(4E) inserted (22.12.2000) by S.I. 2000/3373, **art. 12(2)**
- F71** Words in s. 238(4A) substituted (1.8.2002) by The Directors' Remuneration Report Regulations 2002 (S.I. 2002/1986), **reg. 10(5)**

#### Modifications etc. (not altering text)

- C56** S. 238 amended by by S.I. 1990/2570, **regs. 8(2)(b)**, 9(2)(b)
- C57** S. 238 applied (1.7.2005) by The Community Interest Company Regulations 2005 (S.I. 2005/1788), **reg. 29**
- C58** S. 238(2)(3) applied by S.I. 1990/2570, **reg. 10(3)**
- C59** S. 238(5) applied with modifications by S.I. 1990/2570, **reg. 10(4)**

VALID FROM 01/10/2007

#### [<sup>F72</sup>238A Time allowed for sending out copies of accounts and reports **E+W+S**

- (1) The time allowed for sending out copies of the company's annual accounts and reports is as follows.
- (2) A private company must comply with section 238(1) not later than—
  - (a) the end of the period for delivering accounts and reports (see section 244), or
  - (b) if earlier, the date on which it actually delivers its accounts and reports under section 242.
- (3) A public company must comply with section 238(1) not less than 21 days before the date of the meeting at which copies of the documents are to be laid in accordance with section 241.
- (4) If in the case of a public company copies are sent out later than is required by subsection (3), they shall, despite that, be deemed to have been duly sent if it is so agreed by all the members entitled to attend and vote at the meeting.]

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### Textual Amendments

**F72** S. 238A inserted (1.10.2007 with effect as mentioned in Sch. 4 para. 3(8) of the amending S.I.) by [The Companies Act 2006 \(Commencement No. 3, Consequential Amendments, Transitional Provisions and Savings\) Order 2007 \(S.I. 2007/2194\)](#), art. 10(1), **Sch. 4 para. 3(3)** (with art. 12)

## [<sup>F73</sup>239 Rights to demand copies of accounts and reports. **E+W+S**

(1) Any member of a company and any holder of a company's debentures is entitled to be furnished, on demand and without charge,<sup>[F74</sup> with a copy of—

(a) the company's last annual accounts,

(b) the last directors' report,

[<sup>F75</sup>(ba) (in the case of a quoted company) the last operating and financial review,]

(c) (in the case of a quoted company) the last directors' remuneration report, and

[<sup>F76</sup>(d) the auditors' report on those accounts and that directors' report and (in the case of a quoted company) on that operating and financial review and the auditable part of that directors' remuneration report.]]

(2) The entitlement under this section is to a single copy of those documents, but that is in addition to any copy to which a person may be entitled under section 238.

[ Any obligation by virtue of subsection (1) to furnish a person with a document may <sup>F77</sup>(2A) be complied with by using electronic communications for sending that document to such address as may for the time being be notified to the company by that person for that purpose.

<sup>F77</sup>(2B) A company may, notwithstanding any provision to the contrary in its articles, take advantage of subsection (2A).]

(3) If a demand under this section is not complied with within seven days, the company and every officer of it who is in default is guilty of an offence and liable to a fine and, for continued contravention, to a daily default fine.

(4) If in proceedings for such an offence the issue arises whether a person had already been furnished with a copy of the relevant document under this section, it is for the defendant to prove that he had.]

### Textual Amendments

**F73** New ss. 238–240 inserted (subject to the saving and transitional provisions in [S.I. 1990/355](#), arts. 6–9, **Sch. 2**, by [Companies Act 1989 \(c. 40, SIF 27\)](#), ss. 1, 10, 213(2) as part of the text inserted in place of ss. 221–262 (as mentioned in s. 1(a) of the 1989 Act)

**F74** Words in s. 239(1) substituted (1.8.2002) by [The Directors' Remuneration Report Regulations 2002 \(S.I. 2002/1986\)](#), reg. 10(6)

**F75** S. 239(1)(ba) inserted (22.3.2005) by [The Companies Act 1985 \(Operating and Financial Review and Directors' Report etc.\) Regulations 2005 \(S.I. 2005/1011\)](#), reg. 19, **Sch. para. 3(a)**

**F76** S. 239(1)(d) substituted (22.3.2005) by [The Companies Act 1985 \(Operating and Financial Review and Directors' Report etc.\) Regulations 2005 \(S.I. 2005/1011\)](#), reg. 19, **Sch. para. 3(b)**

**F77** S. 239(2A)(2B) inserted (22.12.2000) by [S.I. 2000/3373](#), art. 13



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**Modifications etc. (not altering text)**

**C60** S. 239 amended by S.I. 1990/2570, **regs. 8(2)(a), 9(2)(a)**

**C61** S. 239 applied (1.7.2005) by **The Community Interest Company Regulations 2005 (S.I. 2005/1788), reg. 29**

[<sup>F78</sup>**240** **Requirements in connection with publication of accounts.** **E+W+S**

- (1) If a company publishes any of its statutory accounts, they must be accompanied by the relevant auditors' report under section 235 [<sup>F79</sup>or, as the case may be, the relevant report made for the purposes of section 249A(2)].
- (2) A company which is required to prepare group accounts for a financial year shall not publish its statutory individual accounts for that year without also publishing with them its statutory group accounts.
- (3) If a company publishes non-statutory accounts, it shall publish with them a statement indicating—
  - (a) that they are not the company's statutory accounts,
  - (b) whether statutory accounts dealing with any financial year with which the non-statutory accounts purport to deal have been delivered to the registrar,
  - (c) whether the company's auditors have made a report under section 235 on the statutory accounts for any such financial year [<sup>F80</sup>and, if no such report has been made, whether the company's reporting accountant has made a report for the purposes of section 249A(2) on the statutory accounts for any such financial year], <sup>F81</sup> . . .
  - [<sup>F82</sup>(d) whether any such auditors' report—
    - (i) was qualified or unqualified, or included a reference to any matters to which the auditors drew attention by way of emphasis without qualifying the report, or
    - (ii) contained a statement under section 237(2) or (3) (accounting records or returns inadequate, accounts not agreeing with records and returns or failure to obtain necessary information and explanations); and
  - (e) whether any report made for the purposes of section 249A(2) was qualified;]and it shall not publish with the non-statutory accounts any auditors' report under section 235 [<sup>F83</sup>or any report made for the purposes of section 249A(2)].
- (4) For the purposes of this section a company shall be regarded as publishing a document if it publishes, issues or circulates it or otherwise makes it available for public inspection in a manner calculated to invite members of the public generally, or any class of members of the public, to read it.
- (5) References in this section to a company's statutory accounts are to its individual or group accounts for a financial year as required to be delivered to the registrar under section 242; and references to the publication by a company of "non-statutory accounts" are to the publication of—
  - (a) any balance sheet or profit and loss account relating to, or purporting to deal with, a financial year of the company, or
  - (b) an account in any form purporting to be a balance sheet or profit and loss account for the group consisting of the company and its subsidiary undertakings relating to, or purporting to deal with, a financial year of the company,

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otherwise than as part of the company's statutory accounts.

- (6) A company which contravenes any provision of this section, and any officer of it who is in default, is guilty of an offence and liable to a fine.]

#### Textual Amendments

- F78** New ss. 238–240 inserted (subject to the saving and transitional provisions in S.I. 1990/355, arts. 6–9, Sch. 2, by Companies Act 1989 (c. 40, SIF 27), ss. 1, 10, 213(2) as part of the text inserted in place of ss. 221–262 (as mentioned in s. 1(a) of the 1989 Act)
- F79** Words in s. 240(1) added (11.8.1994) by S.I. 1994/1935, reg. 4, Sch. 1 Pt. I para.1(2)
- F80** Words in s. 240(3)(c) inserted (11.8.1994) by S.I. 1994/1935, reg. 4, Sch. 1 Pt. I para. 1(3)(a)
- F81** Word in s. 240(3)(c) omitted (12.11.2004 with effect as mentioned in reg. 1(2) of the amending S.I.) by virtue of The Companies Act 1985 (International Accounting Standards and Other Accounting Amendments) Regulations 2004 (S.I. 2004/2947), reg. 8(a)
- F82** S. 240(3)(d)(e) substituted for s. 240(3)(d) (12.11.2004 with effect as mentioned in reg. 1(2) of the amending S.I.) by The Companies Act 1985 (International Accounting Standards and Other Accounting Amendments) Regulations 2004 (S.I. 2004/2947), reg. 8(b)
- F83** Words in s. 240(3) added (11.8.1994) by S.I. 1994/1935, reg. 4, Sch. 1 Pt. I para. 1(3)(c)

#### Modifications etc. (not altering text)

- C62** S. 240 applied (with modifications) (31.12.2004) by The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2004 (S.I. 2004/3219), reg. 3(4)(a), Sch.
- C63** S. 240(5) amended by S.I. 1990/2570, reg. 8(2)(a)

### *Laying and delivering of accounts and reports*

#### 241 Accounts and reports to be laid before company in general meeting. E+W+S

- (1) The directors of a company shall in respect of each financial year lay before the company in general meeting<sup>[F84]</sup> copies of—
- (a) the company's annual accounts,
  - (b) the directors' report,
  - <sup>F85</sup>(ba) [ (in the case of a quoted company) the operating and financial review,]
  - (c) (in the case of a quoted company) the directors' remuneration report, and
  - <sup>F86</sup>(d) [ the auditors' report on those accounts and that directors' report and (in the case of a quoted company) on that operating and financial review and the auditable part of that directors' remuneration report.]]
- (2) If the requirements of subsection (1) are not complied with before the end of the period allowed for laying and delivering accounts and reports, every person who immediately before the end of that period was a director of the company is guilty of an offence and liable to a fine and, for continued contravention, to a daily default fine.
- (3) It is a defence for a person charged with such an offence to prove that he took all reasonable steps for securing that those requirements would be complied with before the end of that period.
- (4) It is not a defence to prove that the documents in question were not in fact prepared as required by this Part.

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#### Textual Amendments

- F84** Words in s. 241(1) substituted (1.8.2002) by [The Directors' Remuneration Report Regulations 2002 \(S.I. 2002/1986\)](#), **reg. 10(7)**
- F85** S. 241(1)(ba) inserted (22.3.2005) by [The Companies Act 1985 \(Operating and Financial Review and Directors' Report etc.\) Regulations 2005 \(S.I. 2005/1011\)](#), reg. 19, **Sch. para. 4(a)**
- F86** S. 241(1)(d) substituted (22.3.2005) by [The Companies Act 1985 \(Operating and Financial Review and Directors' Report etc.\) Regulations 2005 \(S.I. 2005/1011\)](#), reg. 19, **Sch. para. 4(b)**

#### Modifications etc. (not altering text)

- C64** S. 241 amended by [S.I. 1990/2570](#), **regs. 8(2)(b)**, 9(2)(b)
- C65** S. 241 applied (1.7.2005) by [The Community Interest Company Regulations 2005 \(S.I. 2005/1788\)](#), **reg. 29**
- C66** S. 241(2)–(4) applied with modifications by [S.I. 1990/2570](#), **reg. 11(3)**

### 241A Members' approval of directors' remuneration report **U.K.**

- (1) This section applies to every company that is a quoted company immediately before the end of a financial year.
- (2) In this section “the meeting” means the general meeting of the company before which the company’s annual accounts for the financial year are to be laid.
- (3) The company must, prior to the meeting, give to the members of the company entitled to be sent notice of the meeting notice of the intention to move at the meeting, as an ordinary resolution, a resolution approving the directors’ remuneration report for the financial year.
- (4) Notice under subsection (3) shall be given to each such member in any manner permitted for the service on him of notice of the meeting.
- (5) The business that may be dealt with at the meeting includes the resolution.
- (6) The existing directors must ensure that the resolution is put to the vote of the meeting.
- (7) Subsection (5) has effect notwithstanding—
  - (a) any default in complying with subsections (3) and (4);
  - (b) anything in the company’s articles.
- (8) No entitlement of a person to remuneration is made conditional on the resolution being passed by reason only of the provision made by this section.
- (9) In the event of default in complying with the requirements of subsections (3) and (4), every officer of the company who is in default is liable to a fine.
- (10) If the resolution is not put to the vote of the meeting, each existing director is guilty of an offence and liable to a fine.
- (11) If an existing director is charged with an offence under subsection (10), it is a defence for him to prove that he took all reasonable steps for securing that the resolution was put to the vote of the meeting.

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- (12) In this section “existing director” means a person who, immediately before the meeting, is a director of the company.

**[<sup>F87</sup>242 Accounts and reports to be delivered to the registrar. E+W+S**

- (1) The directors of a company shall in respect of each financial year deliver to the registrar<sup>F88</sup> a copy of—
- (a) the company’s annual accounts,
  - (b) the directors’ report,
  - <sup>F89</sup>(ba) [ (in the case of a quoted company) the operating and financial review,]
  - (c) (in the case of a quoted company) the directors’ remuneration report, and
  - <sup>F90</sup>(d) the auditors’ report on those accounts and that directors’ report and (in the case of a quoted company) on that operating and financial review and the auditable part of that directors’ remuneration report.]]

<sup>F91</sup>[If any document comprised in those accounts or reports is in a language other than English then, subject to section 710B(6) (delivery of certain Welsh documents without a translation), the directors must annex to the copy of that document delivered a translation of it into English, certified in the prescribed manner to be a correct translation.]

- (2) If the requirements of subsection (1) are not complied with before the end of the period allowed for laying and delivering accounts and reports, every person who immediately before the end of that period was a director of the company is guilty of an offence and liable to a fine and, for continued contravention, to a daily default fine.
- (3) Further, if the directors of the company fail to make good the default within 14 days after the service of a notice on them requiring compliance, the court may on the application of any member or creditor of the company or of the registrar, make an order directing the directors (or any of them) to make good the default within such time as may be specified in the order.

The court’s order may provide that all costs of and incidental to the application shall be borne by the directors.

- (4) It is a defence for a person charged with an offence under this section to prove that he took all reasonable steps for securing that the requirements of subsection (1) would be complied with before the end of the period allowed for laying and delivering accounts and reports.
- (5) It is not a defence in any proceedings under this section to prove that the documents in question were not in fact prepared as required by this Part.]

**Textual Amendments**

**F87** New ss. 241–244 inserted (1.7.1992 as to s. 242A) (subject to the saving and transitional provisions in S.I. 1990/355, arts. 6–9, **Sch. 2**; S.I. 1991/2945, **art. 2** (subject to transitional provision in **art. 3**)) by **Companies Act 1989 (c. 40, SIF 27)**, **ss. 1, 11, 213(2)** as part of the text inserted in place of ss. 221–262 (as mentioned in s. 1(a) of the 1989 Act)

**F88** Words in s. 242(1) substituted (1.8.2002) by **The Directors’ Remuneration Report Regulations 2002 (S.I. 2002/1986)**, **reg. 10(8)**

**Status:** Point in time view as at 06/04/2005. This version of this part contains provisions that are not valid for this point in time.  
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- F89** S. 242(1)(ba) inserted (22.3.2005) by The Companies Act 1985 (Operating and Financial Review and Directors' Report etc.) Regulations 2005 (S.I. 2005/1011), reg. 19, **Sch. para. 5(a)**
- F90** S. 242(1)(d) substituted (22.3.2005) by The Companies Act 1985 (Operating and Financial Review and Directors' Report etc.) Regulations 2005 (S.I. 2005/1011), reg. 19, **Sch. para. 5(b)**
- F91** Words in s. 242(1) inserted (22.3.2005) by The Companies Act 1985 (Operating and Financial Review and Directors' Report etc.) Regulations 2005 (S.I. 2005/1011), reg. 19, **Sch. para. 5(c)**

**Modifications etc. (not altering text)**

- C67** S. 242 amended by S.I. 1990/2570, **regs. 8(2)(b), 9(2)**
- C68** S. 242(1) modified (1.7.2005) by Companies (Audit, Investigations and Community Enterprise) Act 2004 (c. 27), **ss. 34(2), 65**; S.I. 2004/3322, **art. 2(3)**, Sch. 3 (subject to arts. 3-13)
- C69** S. 242(2)–(5) applied with modifications by S.I. 1990/2570, **regs. 12(1)(3), 13(1)(5), 16(2)**

[<sup>F92</sup>**242A Civil penalty for failure to deliver accounts.** **E+W+S**]

- (1) Where the requirements of section 242(1) are not complied with before the end of the period allowed for laying and delivering accounts and reports, the company is liable to a civil penalty. This is in addition to any liability of the directors under section 242.
- (2) The amount of the penalty is determined by reference to the length of the period between the end of the period allowed for laying and delivering accounts and reports and the day on which the requirements are complied with, and whether the company is a public or private company, as follows:—]

Length of period	Public company	Private company
Not more than 3 months.	£500	£100
More than 3 months but not more than 6 months.	£1,000	£250
More than 6 months but not more than 12 months.	£2,000	£500
More than 12 months.	£5,000	£1,000

- (3) The penalty may be recovered by the registrar and shall be paid by him into the Consolidated Fund.
- (4) It is not a defence in proceedings under this section to prove that the documents in question were not in fact prepared as required by this Part.

**Textual Amendments**

- F92** New ss. 241–244 inserted (1.7.1992 as to s. 242A) (subject to the saving and transitional provisions in S.I. 1990/355, **arts. 6–9, Sch. 2**, by Companies Act 1989 (c. 40, SIF 27), **ss. 1, 11, 213(2)** as part of the text inserted in place of ss. 221–262 (as mentioned in s. 1(a) of the 1989 Act); S.I. 1991/2945, **arts. 2, 3**

**Modifications etc. (not altering text)**

- C70** S. 242A modified (1.7.1992) by S.I. 1991/2945, **art. 3(2)**

*Status: Point in time view as at 06/04/2005. This version of this part contains provisions that are not valid for this point in time.*

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**[<sup>F93</sup>242B Delivery and publication of accounts in ECUs E+W+S**

(1)

The amounts set out in the annual accounts of a company may also be shown in the same accounts translated into ECUs.

(2) When complying with section 242, the directors of a company may deliver to the registrar an additional copy of the company's annual accounts in which the amounts have been translated into ECUs.

(3) In both cases—

- (a) the amounts must have been translated at the relevant exchange rate prevailing on the balance sheet date, and
- (b) that rate must be disclosed in the notes to the accounts.

(4) For the purposes of section 240 any additional copy of the company's annual accounts delivered to the registrar under subsection (2) shall be treated as statutory accounts of the company and, in the case of such a copy, references in section 240 to the auditors' report under section 235 shall be read as references to the auditors' report on the annual accounts of which it is a copy.

(5) In this section—

“ECU” means a unit with a value equal to the value of the unit of account known as the ecu used in the European Monetary System, and  
“relevant exchange rate” means the rate of exchange used for translating the value of the ecu for the purposes of that System.]

**Textual Amendments**

**F93** S. 242B inserted (16.11.1992) by S.I. 1992/2452, **reg.3**.

**Modifications etc. (not altering text)**

**C71** S. 242B extended (with modifications) (19.12.1993) by S.I. 1993/3245, **reg.3**

**C72** S. 242B applied (with modifications) (31.12.2004) by [The Insurance Accounts Directive \(Lloyd's Syndicate and Aggregate Accounts\) Regulations 2004 \(S.I. 2004/3219\)](#), **reg. 3(4)(a)**, Sch.

**243 Accounts of subsidiary undertakings to be appended in certain cases. U.K.**

<sup>F94</sup> .....

**Textual Amendments**

**F94** S. 243 omitted (12.11.2004 with effect as mentioned in reg. 1(2) of the amending S.I.) by virtue of [The Companies Act 1985 \(International Accounting Standards and Other Accounting Amendments\) Regulations 2004 \(S.I. 2004/2947\)](#), reg. 15, **Sch. 7 para. 6**

**244 Period allowed for laying and delivering accounts and reports. E+W+S**

(1) The period allowed for laying and delivering accounts and reports is—

- (a) for a private company, 10 months after the end of the relevant accounting reference period, and

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- (b) for a public company, 7 months after the end of that period.  
This is subject to the following provisions of this section.
- (2) If the relevant accounting reference period is the company’s first and is a period of more than 12 months, the period allowed is—
- (a) 10 months or 7 months, as the case may be, from the first anniversary of the incorporation of the company, or
- (b) 3 months from the end of the accounting reference period,  
whichever last expires.
- (3) <sup>F95</sup> .....
- (4) If the relevant accounting period is treated as shortened by virtue of a notice given by the company under section 225 (alteration of accounting reference date), the period allowed for laying and delivering accounts is that applicable in accordance with the above provisions or 3 months from the date of the notice under that section, whichever last expires.
- (5) If for any special reason the Secretary of State thinks fit he may, on an application made before the expiry of the period otherwise allowed, by notice in writing to a company extend that period by such further period as may be specified in the notice.
- (6) In this section “the relevant accounting reference period” means the accounting reference period by reference to which the financial year for the accounts in question was determined.

**Textual Amendments**

**F95** S. 244(3) omitted (12.11.2004 with effect as mentioned in reg. 1(2) of the amending S.I.) by virtue of [The Companies Act 1985 \(International Accounting Standards and Other Accounting Amendments\) Regulations 2004 \(S.I. 2004/2947\)](#), **reg. 9**

**Modifications etc. (not altering text)**

**C73** S. 244 applied (1.7.2005) by [The Community Interest Company Regulations 2005 \(S.I. 2005/1788\)](#), **reg. 29**

**C74** S. 244 modified (1.10.2007 with effect as mentioned in Sch. 4 para. 3(8) of the amending S.I.) by [The Companies Act 2006 \(Commencement No. 3, Consequential Amendments, Transitional Provisions and Savings\) Order 2007 \(S.I. 2007/2194\)](#), art. 10(1), **Sch. 4 para. 3(4)** (with art. 12)

*Revision of defective accounts and reports*

**245 Voluntary revision of annual accounts or directors’ report. E+W+S**

- (1) If it appears to the directors of a company that any annual accounts [<sup>F96</sup>or summary financial statement] of the company, or any directors’ report [<sup>F97</sup>, operating and financial review][<sup>F98</sup>or directors’ remuneration report] , did not comply with the requirements of this Act [<sup>F99</sup>(or, where applicable, of Article 4 of the IAS Regulation)] , they may prepare revised accounts or a [<sup>F100</sup>revised statement, report or review] .
- (2) Where copies of the previous accounts [<sup>F101</sup>, report or review] have been laid before the company in general meeting or delivered to the registrar, the revisions shall be confined to—

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- (a) the correction of those respects in which the previous accounts [<sup>F101</sup>, report or review] did not comply with the requirements of this Act, [<sup>F99</sup>(or, where applicable, of Article 4 of the IAS Regulation)] and
  - (b) the making of any necessary consequential alterations.
- (3) The Secretary of State may make provision by regulations as to the application of the provisions of this Act in relation to revised annual accounts [<sup>F102</sup> or a revised summary financial statement] or a revised directors' report [<sup>F103</sup>, a revised operating and financial review][<sup>F104</sup> or a revised directors' remuneration report] .
- (4) The regulations may, in particular—
- (a) make different provision according to whether the previous accounts [<sup>F105</sup>, statement, report or review] are replaced or are supplemented by a document indicating the corrections to be made;
  - (b) make provision with respect to the functions of the company's auditors [<sup>F106</sup> or reporting accountant] in relation to the revised accounts [<sup>F105</sup>, statement, report or review] ;
  - (c) require the directors to take such steps as may be specified in the regulations where the previous accounts [<sup>F107</sup>, report or review] have been —
    - (i) sent out to members and others under section 238(1),
    - (ii) laid before the company in general meeting, or
    - (iii) delivered to the registrar,
 or where a summary financial statement [<sup>F108</sup> containing information derived from the previous accounts, report or review] has been sent to members under section 251;
  - (d) apply the provisions of this Act (including those creating criminal offences) subject to such additions, exceptions and modifications as are specified in the regulations.
- (5) Regulations under this section shall be made by statutory instrument which shall be subject to annulment in pursuance of a resolution of either House of Parliament.

#### Textual Amendments

- F96** Words in s. 245(1) inserted (12.11.2004 with effect as mentioned in reg. 1(2) of the amending S.I.) by [The Companies Act 1985 \(International Accounting Standards and Other Accounting Amendments\) Regulations 2004 \(S.I. 2004/2947\)](#), **reg. 10(2)(a)**
- F97** Words in s. 245(1) inserted (22.3.2005) by [The Companies Act 1985 \(Operating and Financial Review and Directors' Report etc.\) Regulations 2005 \(S.I. 2005/1011\)](#), **reg. 14(2)(a)**
- F98** Words in s. 245(1) inserted (1.8.2002) by [The Directors' Remuneration Report Regulations 2002 \(S.I. 2002/1986\)](#), **reg. 10(9)(a)**
- F99** Words in ss. 245-245C inserted (12.11.2004 with effect as mentioned in reg. 1(2) of the amending S.I.) by [The Companies Act 1985 \(International Accounting Standards and Other Accounting Amendments\) Regulations 2004 \(S.I. 2004/2947\)](#), reg. 3, **Sch. 1 para. 11**
- F100** Words in s. 245(1) substituted (22.3.2005) by [The Companies Act 1985 \(Operating and Financial Review and Directors' Report etc.\) Regulations 2005 \(S.I. 2005/1011\)](#), **reg. 14(2)(b)**
- F101** Words in s. 245(2) substituted (22.3.2005) by [The Companies Act 1985 \(Operating and Financial Review and Directors' Report etc.\) Regulations 2005 \(S.I. 2005/1011\)](#), **reg. 14(3)**
- F102** Words in s. 245(3) inserted (12.11.2004 with effect as mentioned in reg. 1(2) of the amending S.I.) by [The Companies Act 1985 \(International Accounting Standards and Other Accounting Amendments\) Regulations 2004 \(S.I. 2004/2947\)](#), **reg. 10(3)**



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- F103** Words in s. 245(3) inserted (22.3.2005) by The Companies Act 1985 (Operating and Financial Review and Directors' Report etc.) Regulations 2005 (S.I. 2005/1011), **reg. 14(4)**
- F104** Words in s. 245(3) inserted (1.8.2002) by The Directors' Remuneration Report Regulations 2002 (S.I. 2002/1986), **reg. 10(9)(b)**
- F105** Words in s. 245(4)(a)(b) substituted (22.3.2005) by The Companies Act 1985 (Operating and Financial Review and Directors' Report etc.) Regulations 2005 (S.I. 2005/1011), **reg. 14(5)**
- F106** Words in s. 245(4)(b) inserted (11.8.1994) by S.I. 1994/1935, **reg. 4, Sch. 1 Pt. I para. 2**
- F107** Words in s. 245(4)(c) substituted (22.3.2005) by The Companies Act 1985 (Operating and Financial Review and Directors' Report etc.) Regulations 2005 (S.I. 2005/1011), **reg. 14(6)(a)**
- F108** Words in s. 245(4)(c) substituted (22.3.2005) by The Companies Act 1985 (Operating and Financial Review and Directors' Report etc.) Regulations 2005 (S.I. 2005/1011), **reg. 14(6)(b)**

**Modifications etc. (not altering text)**

- C75** Ss. 245-245C applied (1.10.2005) by The Companies (Disclosure of Auditor Remuneration) Regulations 2005 (S.I. 2005/2417), **reg. 7**
- C76** S. 245(1) and (2) excluded by S.I. 1990/2569, **art. 6(2)**
- C77** S. 245(1)(2) applied (1.7.2005) by The Community Interest Company Regulations 2005 (S.I. 2005/1788), **reg. 29**

[<sup>F109</sup>245] **Secretary of State's notice in respect of annual accounts.** **E+W+S**

[<sup>F110</sup>(1) Where—

- (a) copies of a company's annual accounts, directors' report or operating and financial review have been sent out under section 238, or
- (b) a copy of a company's annual accounts, directors' report or operating and financial review has been laid before the company in general meeting or delivered to the registrar,

and it appears to the Secretary of State that there is, or may be, a question whether the accounts, report or review comply with the requirements of this Act, he may give notice to the directors of the company indicating the respects in which it appears to him that such a question arises or may arise.]

- (2) The notice shall specify a period of not less than one month for the directors to give him an explanation of the accounts [<sup>F111</sup>, report or review or prepare revised accounts or a revised report or review] .
- (3) If at the end of the specified period, or such longer period as he may allow, it appears to the Secretary of State that [<sup>F112</sup> the directors have not—
  - (a) given a satisfactory explanation of the accounts, report or review, or
  - (b) revised the accounts, report or review so as to comply with the requirements of this Act,he may if he thinks fit apply to the court.]

[<sup>F113</sup>(4) The provisions of this section apply equally to revised annual accounts, revised directors' reports and revised operating and financial reviews, in which case they have effect as if the references to revised accounts, reports or reviews were references to further revised accounts, reports or reviews.]]

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### Textual Amendments

- F109** New ss. 245–245C inserted (subject to the saving and transitional provisions in S.I. 1990/2569, **art. 6**) by Companies Act 1989 (c. 40, SIF 27), **ss. 1, 12, 213(2)** as part of the text inserted in place of ss. 221–262 (as mentioned in s. 1(a) of the 1989 Act)
- F110** S. 245A(1) substituted (22.3.2005) by The Companies Act 1985 (Operating and Financial Review and Directors' Report etc.) Regulations 2005 (S.I. 2005/1011), **reg. 15(2)**
- F111** Words in s. 245A(2) substituted (22.3.2005) by The Companies Act 1985 (Operating and Financial Review and Directors' Report etc.) Regulations 2005 (S.I. 2005/1011), **reg. 15(3)**
- F112** Words in s. 245A(3) substituted (22.3.2005) by The Companies Act 1985 (Operating and Financial Review and Directors' Report etc.) Regulations 2005 (S.I. 2005/1011), **reg. 15(4)**
- F113** S. 245A(4) substituted (22.3.2005) by The Companies Act 1985 (Operating and Financial Review and Directors' Report etc.) Regulations 2005 (S.I. 2005/1011), **reg. 15(5)**

### Modifications etc. (not altering text)

- C78** Ss. 245A and 245B excluded by S.I. 1990/2569, **art. 6(2)**
- C79** Ss. 245–245C applied (1.10.2005) by The Companies (Disclosure of Auditor Remuneration) Regulations 2005 (S.I. 2005/2417), **reg. 7**

## 245B Application to court in respect of defective accounts. E+W+S

- (1) An application may be made to the court—
- (a) by the Secretary of State, after having complied with section 245A, or
  - (b) by a person authorised by the Secretary of State for the purposes of this section,

for a declaration or declarator that the annual accounts of a company do not comply [<sup>F114</sup>, or a directors' report or operating and financial review does not comply,] with the requirements of this Act [<sup>F115</sup>(or, where applicable, of Article 4 of the IAS Regulation)] and for an order requiring the directors of the company to prepare revised accounts [<sup>F116</sup> or a revised report or review] .

- (2) Notice of the application, together with a general statement of the matters at issue in the proceedings, shall be given by the applicant to the registrar for registration.
- (3) If the court orders the preparation of revised accounts, it may give directions with respect to—
- (a) the auditing of the accounts,
  - (b) the revision of any directors' report [<sup>F117</sup>, directors' remuneration report] or summary financial statement, and
  - (c) the taking of steps by the directors to bring the making of the order to the notice of persons likely to rely on the previous accounts,
- and such other matters as the court thinks fit.

[<sup>F118</sup>(3A) If the court orders the preparation of a revised directors' report or a revised operating and financial review it may give directions with respect to—

- (a) the review of the directors' report or operating and financial review by the auditors,
- (b) the revision of any directors' report, directors' remuneration report, operating and financial review or summary financial statement,
- (c) the taking of steps by the directors to bring the making of the order to the notice of persons likely to rely on the previous report or review, and

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(d) such other matters as the court thinks fit.]

(4) If the court finds that the accounts [<sup>F119</sup>, report or review] did not comply with the requirements of this Act [<sup>F115</sup>(or, where applicable, of Article 4 of the IAS Regulation)] it may order that all or part of—

- (a) the costs (or in Scotland expenses) of and incidental to the application, and
- (b) any reasonable expenses incurred by the company in connection with or in consequence of the preparation of revised accounts [<sup>F120</sup>or a revised report or review] ,

shall be borne by such of the directors as were party to the approval of the defective accounts [<sup>F121</sup>, report or review] .

For this purpose every director of the company at the time [<sup>F122</sup>of the approval of the accounts, report or review] shall be taken to have been a party to [<sup>F123</sup>the approval] unless he shows that he took all reasonable steps to prevent [<sup>F124</sup>that approval] .

(5) Where the court makes an order under subsection (4) it shall have regard to whether the directors party to the approval of the defective accounts [<sup>F125</sup>, report or review] knew or ought to have known that the accounts [<sup>F115</sup>(or, where applicable, of Article 4 of the IAS Regulation)], and it may exclude one or more directors from the order or order the payment of different amounts by different directors.

(6) On the conclusion of proceedings on an application under this section, the applicant shall give to the registrar for registration an office copy of the court order or, as the case may be, notice that the application has failed or been withdrawn.

[<sup>F126</sup>(7) The provisions of this section apply equally to revised annual accounts, revised directors' reports and revised operating and financial reviews, in which case they have effect as if the references to revised accounts, reports or reviews were references to further revised accounts, reports or reviews.]

#### Textual Amendments

- F114** Words in s. 245B(1) inserted (22.3.2005) by The Companies Act 1985 (Operating and Financial Review and Directors' Report etc.) Regulations 2005 (S.I. 2005/1011), **reg. 16(2)(a)**
- F115** Words in ss. 245-245C inserted (12.11.2004 with effect as mentioned in reg. 1(2) of the amending S.I.) by The Companies Act 1985 (International Accounting Standards and Other Accounting Amendments) Regulations 2004 (S.I. 2004/2947), reg. 3, **Sch. 1 para. 11**
- F116** Words in s. 245B(1) inserted (22.3.2005) by The Companies Act 1985 (Operating and Financial Review and Directors' Report etc.) Regulations 2005 (S.I. 2005/1011), **reg. 16(2)(b)**
- F117** Words in s. 245B(3)(b) inserted (1.8.2002) by The Directors' Remuneration Report Regulations 2002 (S.I. 2002/1986), **reg. 10(10)**
- F118** S. 245B(3A) inserted (22.3.2005) by The Companies Act 1985 (Operating and Financial Review and Directors' Report etc.) Regulations 2005 (S.I. 2005/1011), **reg. 16(3)**
- F119** Words in s. 245B(4) inserted (22.3.2005) by The Companies Act 1985 (Operating and Financial Review and Directors' Report etc.) Regulations 2005 (S.I. 2005/1011), **reg. 16(4)(a)**
- F120** Words in s. 245B(4)(b) inserted (22.3.2005) by The Companies Act 1985 (Operating and Financial Review and Directors' Report etc.) Regulations 2005 (S.I. 2005/1011), **reg. 16(4)(b)**
- F121** Words in s. 245B(4) inserted (22.3.2005) by The Companies Act 1985 (Operating and Financial Review and Directors' Report etc.) Regulations 2005 (S.I. 2005/1011), **reg. 16(4)(c)**
- F122** Words in s. 245B(4) substituted (22.3.2005) by The Companies Act 1985 (Operating and Financial Review and Directors' Report etc.) Regulations 2005 (S.I. 2005/1011), **reg. 16(4)(d)**

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- F123** Words in s. 245B(4) substituted (22.3.2005) by The Companies Act 1985 (Operating and Financial Review and Directors' Report etc.) Regulations 2005 (S.I. 2005/1011), **reg. 16(4)(e)**
- F124** Words in s. 245B(4) substituted (22.3.2005) by The Companies Act 1985 (Operating and Financial Review and Directors' Report etc.) Regulations 2005 (S.I. 2005/1011), **reg. 16(4)(f)**
- F125** Words in s. 245B(5) inserted (22.3.2005) by The Companies Act 1985 (Operating and Financial Review and Directors' Report etc.) Regulations 2005 (S.I. 2005/1011), **reg. 16(5)**
- F126** S. 245B(7) substituted (22.3.2005) by The Companies Act 1985 (Operating and Financial Review and Directors' Report etc.) Regulations 2005 (S.I. 2005/1011), **reg. 16(6)**

**Modifications etc. (not altering text)**

- C80** Ss. 245A and 245B excluded by S.I. 1990/2569, **art. 6(2)**
- C81** Ss. 245-245C applied (1.10.2005) by The Companies (Disclosure of Auditor Remuneration) Regulations 2005 (S.I. 2005/2417), **reg. 7**

**[<sup>F127</sup>245C Other persons authorised to apply to court. E+W+S**

- (1) The Secretary of State may authorise for the purposes of section 245B any person appearing to him—
- (a) to have an interest in, and to have satisfactory procedures directed to securing, compliance by companies with [<sup>F128</sup>the requirements of this Act relating to accounts, directors' reports and operating and financial reviews] , [<sup>F129</sup>(or, where applicable, of Article 4 of the IAS Regulation)]
  - (b) to have satisfactory procedures for receiving and investigating complaints about the [<sup>F130</sup>companies' annual accounts, directors' reports and operating and financial reviews] , and
  - (c) otherwise to be a fit and proper person to be authorised.
- [ But where the order giving authorisation (see subsection (4)) is to contain any <sup>F131</sup>(1A) requirements or other provisions specified under subsection (4A), the Secretary of State may not authorise a person unless, in addition, it appears to him that the person would, if authorised, exercise his functions as an authorised person in accordance with any such requirements or provisions.]
- (2) A person may be authorised generally or in respect of particular classes of case, and different persons may be authorised in respect of different classes of case.
- (3) The Secretary of State may refuse to authorise a person if he considers that his authorisation is unnecessary having regard to the fact that there are one or more other persons who have been or are likely to be authorised.
- (4) Authorisation shall be by order made by statutory instrument which shall be subject to annulment in pursuance of a resolution of either House of Parliament.
- [ An order under subsection (4) may contain such requirements or other provisions <sup>F132</sup>(4A) relating to the exercise of functions by the authorised person as appear to the Secretary of State to be appropriate.
- (4B) If the authorised person is an unincorporated association, any relevant proceedings may be brought by or against that association in the name of any body corporate whose constitution provides for the establishment of the association.

For this purpose “relevant proceedings” means proceedings brought in, or in connection with, the exercise of any function by the association as an authorised person.]

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- (5) Where authorisation is revoked, the revoking order may make such provision as the Secretary of State thinks fit with respect to pending proceedings.
- (6) <sup>F133</sup> .....]

#### Textual Amendments

- F127** New ss. 245–245C inserted (subject to the saving and transitional provisions in S.I. 1990/2569, **art. 6**) by Companies Act 1989 (c. 40, SIF 27), **ss. 1, 12, 213(2)** as part of the text inserted in place of ss. 221–262 (as mentioned in s. 1(a) of the 1989 Act)
- F128** Words in s. 245C(1)(a) substituted (22.3.2005) by The Companies Act 1985 (Operating and Financial Review and Directors' Report etc.) Regulations 2005 (S.I. 2005/1011), **reg. 17(a)**
- F129** Words in ss. 245–245C inserted (12.11.2004 with effect as mentioned in reg. 1(2) of the amending S.I.) by The Companies Act 1985 (International Accounting Standards and Other Accounting Amendments) Regulations 2004 (S.I. 2004/2947), **reg. 3, Sch. 1 para. 11**
- F130** Words in s. 245C(1)(b) substituted (22.3.2005) by The Companies Act 1985 (Operating and Financial Review and Directors' Report etc.) Regulations 2005 (S.I. 2005/1011), **reg. 17(b)**
- F131** S. 245C(1A) inserted (1.1.2005) by Companies (Audit, Investigations and Community Enterprise) Act 2004 (c. 27), **ss. 10(1)(2), 65**; S.I. 2004/3322, **art. 2(1), Sch. 1** (subject to arts. 3–13)
- F132** S. 245C(4A)(4B) inserted (1.1.2005) by Companies (Audit, Investigations and Community Enterprise) Act 2004 (c. 27), **ss. 10(1)(3), 65**; S.I. 2004/3322, **art. 2(1), Sch. 1** (subject to arts. 3–13)
- F133** S. 245C(6) repealed (1.1.2005) by Companies (Audit, Investigations and Community Enterprise) Act 2004 (c. 20), **ss. 64, 65, Sch. 8**; S.I. 2004/3322, **art. 2(1), Sch. 1** (subject to arts. 3–13)

#### Modifications etc. (not altering text)

- C82** Ss. 245–245C applied (1.10.2005) by The Companies (Disclosure of Auditor Remuneration) Regulations 2005 (S.I. 2005/2417), **reg. 7**

### 245D Disclosure of information held by Inland Revenue to persons authorised to apply to court **E+W+S**

- (1) Information which is held by or on behalf of the Commissioners of Inland Revenue may be disclosed to a person who is authorised under section 245C of this Act, or under Article 253C of the Companies (Northern Ireland) Order 1986 (S.I. 1986/1032 (N.I. 6)), if the disclosure—
- is made for a permitted purpose, and
  - is made by the Commissioners or is authorised by them.
- (2) Such information—
- may be so disclosed despite any other restriction on the disclosure of information whether imposed by any statutory provision or otherwise, but
  - in the case of personal data (within the meaning of the Data Protection Act 1998), may not be disclosed in contravention of that Act.
- (3) For the purposes of subsection (1), a disclosure is made for a permitted purpose if it is made for the purpose of facilitating—
- the taking of steps by the authorised person to discover whether there are grounds for an application to the court under section 245B of this Act or Article 253B of the Companies (Northern Ireland) Order 1986; or
  - a determination by the authorised person as to whether or not to make such an application.

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- (4) The power of the Commissioners to authorise a disclosure under subsection (1)(b) may be delegated (either generally or for a specified purpose) to an officer of the Board of Inland Revenue.

**Modifications etc. (not altering text)**

**C83** S. 245D applied (6.4.2005) by [Companies \(Audit, Investigations and Community Enterprise\) Act 2004](#) (c. 27), **ss. 15, 65**; S.I. 2004/3322, **art. 2(2)**, Sch. 2 (subject to arts. 3-13)

**245E Restrictions on use and further disclosure of information disclosed under section 245D** **E+W+S**

- (1) Information that is disclosed to an authorised person under section 245D may not be used except in or in connection with—
- (a) taking steps to discover whether there are grounds for an application to the court as mentioned in section 245D(3)(a);
  - (b) determining whether or not to make such an application; or
  - (c) proceedings on any such application.
- (2) Information that is disclosed to an authorised person under section 245D may not be further disclosed except—
- (a) to the person to whom the information relates; or
  - (b) in or in connection with proceedings on any such application to the court.
- (3) A person who contravenes subsection (1) or (2) is guilty of an offence and liable to imprisonment or a fine, or both.
- (4) It is a defence for a person charged with an offence under subsection (3) to prove—
- (a) that he did not know, and had no reason to suspect, that the information had been disclosed under section 245D; or
  - (b) that he took all reasonable steps and exercised all due diligence to avoid the commission of the offence.
- (5) Sections 732 (restriction on prosecutions), 733(2) and (3) (liability of individuals for corporate default) and 734 (criminal proceedings against unincorporated bodies) apply to offences under this section.

**Modifications etc. (not altering text)**

**C84** S. 245E applied (with modifications) (6.4.2005) by [Companies \(Audit, Investigations and Community Enterprise\) Act 2004](#) (c. 27), **ss. 15, 65**; S.I. 2004/3322, **art. 2(2)**, Sch. 2 (subject to arts. 3-13)

**245F Power of authorised persons to require documents, information and explanations** **E+W+S**

- (1) This section applies where it appears to a person who is authorised under section 245C of this Act that there is, or may be, a question whether the [<sup>F134</sup> a company's annual accounts, directors' report or operating and financial review] comply with the requirements of this Act [<sup>F135</sup> (or, where applicable, of Article 4 of the IAS Regulation)]

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- (2) The authorised person may require any of the persons mentioned in subsection (3) to produce any document, or to provide him with any information or explanations, that he may reasonably require for the purpose of—
  - (a) discovering whether there are grounds for an application to the court under section 245B; or
  - (b) determining whether or not to make such an application.
- (3) Those persons are—
  - (a) the company;
  - (b) any officer, employee, or auditor of the company;
  - (c) any persons who fell within paragraph (b) at a time to which the document or information required by the authorised person relates.
- (4) If a person fails to comply with a requirement under subsection (2), the authorised person may apply to the court for an order under subsection (5).
- (5) If on such an application the court decides that the person has failed to comply with the requirement under subsection (2), it may order the person to take such steps as it directs for securing that the documents are produced or the information or explanations are provided.
- (6) A statement made by a person in response to a requirement under subsection (2) or an order under subsection (5) may not be used in evidence against him in any criminal proceedings.
- (7) Nothing in this section compels any person to disclose documents or information in respect of which in an action in the High Court a claim to legal professional privilege, or in an action in the Court of Session a claim to confidentiality of communications, could be maintained.
- (8) In this section “document” includes information recorded in any form.

#### Textual Amendments

**F134** Words in s. 245F(1) substituted (22.3.2005) by [The Companies Act 1985 \(Operating and Financial Review and Directors' Report etc.\) Regulations 2005 \(S.I. 2005/1011\)](#), **reg. 18**

**F135** Words in s. 245F(1) inserted (22.3.2005) by [The Companies Act 1985 \(Operating and Financial Review and Directors' Report etc.\) Regulations 2005 \(S.I. 2005/1011\)](#), **reg. 19, Sch. para. 6**

#### Modifications etc. (not altering text)

**C85** [S. 245F](#) applied (with modifications) (6.4.2005) by [Companies \(Audit, Investigations and Community Enterprise\) Act 2004 \(c. 27\)](#), **ss. 15, 65**; [S.I. 2004/3322](#), **art. 2(2)**, Sch. 2 (subject to arts. 3-13)

### 245G **Restrictions on further disclosure of information obtained under section 245F** **E** **+W+S**

- (1) This section applies to information (in whatever form) which—
  - (a) has been obtained in pursuance of a requirement or order under section 245F, and
  - (b) relates to the private affairs of an individual or to any particular business.

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- (2) No such information may, during the lifetime of that individual or so long as that business continues to be carried on, be disclosed without the consent of that individual or the person for the time being carrying on that business.
- (3) Subsection (2) does not apply to any disclosure of information which—
  - (a) is made for the purpose of facilitating the carrying out by a person authorised under section 245C of his functions under section 245B;
  - (b) is made to a person specified in Part 1 of Schedule 7B;
  - (c) is of a description specified in Part 2 of that Schedule; or
  - (d) is made in accordance with Part 3 of that Schedule.
- (4) The Secretary of State may by order amend Schedule 7B.
- (5) An order under subsection (4) must not—
  - (a) amend Part 1 of Schedule 7B by specifying a person unless the person exercises functions of a public nature (whether or not he exercises any other function);
  - (b) amend Part 2 of Schedule 7B by adding or modifying a description of disclosure unless the purpose for which the disclosure is permitted is likely to facilitate the exercise of a function of a public nature;
  - (c) amend Part 3 of Schedule 7B so as to have the effect of permitting disclosures to be made to a body other than one that exercises functions of a public nature in a country or territory outside the United Kingdom.
- (6) An order under subsection (4) shall be made by statutory instrument which shall be subject to annulment in pursuance of a resolution of either House of Parliament.
- (7) A person who discloses any information in contravention of this section—
  - (a) is guilty of an offence, and
  - (b) is liable on conviction to imprisonment or a fine, or both.
- (8) However, it is a defence for a person charged with an offence under subsection (7) to prove—
  - (a) that he did not know, and had no reason to suspect, that the information had been disclosed under section 245F; or
  - (b) that he took all reasonable steps and exercised all due diligence to avoid the commission of the offence.
- (9) Sections 732 (restriction on prosecutions), 733 (liability of individuals for corporate default) and 734 (criminal proceedings against unincorporated bodies) apply to offences under this section.
- (10) This section does not prohibit the disclosure of information if the information is or has been available to the public from any other source.
- (11) Nothing in this section authorises the making of a disclosure in contravention of the Data Protection Act 1998.

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**Modifications etc. (not altering text)**

**C86** S. 245G applied (with modifications) (6.4.2005) by [Companies \(Audit, Investigations and Community Enterprise\) Act 2004 \(c. 27\)](#), **ss. 15**, 65; S.I. 2004/3322, **art. 2(2)**, Sch. 2 (subject to arts. 3-13)



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## CHAPTER II U.K.

### EXEMPTIONS, EXCEPTIONS AND SPECIAL PROVISIONS

#### *Small and medium-sized companies and groups*

#### [<sup>F136</sup>246 Special provisions for small companies E+W+S

(1) Subject to section 247A, this section applies where a company qualifies as a small company in relation to a financial year.

(2) If the company's individual accounts for the year [<sup>F137</sup>are Companies Act individual accounts and]—

- (a) comply with the provisions of Schedule 8, or
- (b) fail to comply with those provisions only in so far as they comply instead with one or more corresponding provisions of Schedule 4,

they need not comply with the provisions or, as the case may be, the remaining provisions of Schedule 4; and where advantage is taken of this subsection, references in [<sup>F138</sup>section 226A] to compliance with the provisions of Schedule 4 shall be construed accordingly.

[ The company's individual accounts for the year—

- <sup>F139</sup>(3) (a) may give the total of the aggregates required by paragraphs (a), (c) and (d) of paragraph 1(1) of Schedule 6 (emoluments and other benefits etc. of directors) instead of giving those aggregates individually; and
- (b) need not give the information required by—
- (i) paragraph 4 of Schedule 5 (financial years of subsidiary undertakings);
  - (ii) paragraph 1(2)(b) of Schedule 6 (numbers of directors exercising share options and receiving shares under long term incentive schemes);
  - (iii) paragraph 2 of Schedule 6 (details of highest paid director's emoluments etc.); or
  - (iv) paragraph 7 of Schedule 6 (excess retirement benefits of directors and past directors).]

(4) The directors' report for the year need not give the information required by—

[<sup>F140</sup>(a) sections 234ZZA(1)(c) (directors' report: amount to be paid as dividend) and 234ZZB (directors' report: business review);]

(b) paragraph 1(2) of Schedule 7 (statement of market value of fixed assets where substantially different from balance sheet amount);

[<sup>F141</sup>(ba) paragraph 5A of Schedule 7 (disclosures relating to the use of financial instruments);]

(c) paragraph 6 of Schedule 7 (miscellaneous disclosures); or

(d) paragraph 11 of Schedule 7 (employee involvement).

(5) Notwithstanding anything in section 242(1), the directors of the company need not deliver to the registrar any of the following, namely—

(a) a copy of the company's profit and loss account for the year;

(b) a copy of the directors' report for the year; and

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- (c) if <sup>F142</sup>they prepare Companies Act individual accounts and] they deliver a copy of a balance sheet drawn up as at the last day of the year which complies with the requirements of Schedule 8A, a copy of the company's balance sheet drawn up as at that day.
- (6) Neither a copy of the company's accounts for the year delivered to the registrar under section 242(1), nor a copy of a balance sheet delivered to the registrar under subsection (5)(c), need give the information required by–
- (a) paragraph 4 of Schedule 5 (financial years of subsidiary undertakings);
  - (b) paragraph 6 of Schedule 5 (shares of company held by subsidiary undertakings);
  - (c) Part I of Schedule 6 (directors' and chairman's emoluments, pensions and compensation for loss of office); or
  - (d) section 390A(3) (amount of auditors' remuneration).
- (7) The provisions of section 233 as to the signing of the copy of the balance sheet delivered to the registrar apply to a copy of a balance sheet delivered under subsection (5)(c).
- (8) Subject to subsection (9), each of the following, namely–
- (a) accounts prepared in accordance with subsection (2) or (3),
  - (b) a report prepared in accordance with subsection (4), and
  - (c) a copy of accounts delivered to the registrar in accordance with subsection (5) or (6),
- shall contain a statement in a prominent position on the balance sheet, in the report or, as the case may be, on the copy of the balance sheet, above the signature required by section 233, 234A or subsection (7), that they are prepared in accordance with the special provisions of this Part relating to small companies.
- (9) Subsection (8) does not apply where <sup>F143</sup>the directors of the company have taken advantage of the exemption from audit conferred by section 249AA (dormant companies)].]

#### Textual Amendments

- F136** S. 246 substituted (1.3.1997) by S.I. 1997/220, **reg. 2(1)**
- F137** Words in s. 246(2) inserted (12.11.2004 with effect as mentioned in reg. 1(2) of the amending S.I.) by [The Companies Act 1985 \(International Accounting Standards and Other Accounting Amendments\) Regulations 2004 \(S.I. 2004/2947\)](#), reg. 3, **Sch. 1 para. 12(2)(a)**
- F138** Words in s. 246(2) substituted (12.11.2004 with effect as mentioned in reg. 1(2) of the amending S.I.) by [The Companies Act 1985 \(International Accounting Standards and Other Accounting Amendments\) Regulations 2004 \(S.I. 2004/2947\)](#), reg. 3, **Sch. 1 para. 12(2)(b)**
- F139** S. 246(3) substituted (31.3.1997 with effect as mentioned in reg. 1(2) of the amending S.I.) by S.I. 1997/570, **reg. 6(1)**
- F140** S. 246(4)(a) substituted (22.3.2005) by [The Companies Act 1985 \(Operating and Financial Review and Directors' Report etc.\) Regulations 2005 \(S.I. 2005/1011\)](#), **reg. 4**
- F141** S. 246(4)(ba) inserted (12.11.2004 with effect as mentioned in reg. 1(2) of the amending S.I.) by [The Companies Act 1985 \(International Accounting Standards and Other Accounting Amendments\) Regulations 2004 \(S.I. 2004/2947\)](#), **reg. 13(2)**
- F142** Words in s. 246(5)(c) inserted (12.11.2004 with effect as mentioned in reg. 1(2) of the amending S.I.) by [The Companies Act 1985 \(International Accounting Standards and Other Accounting Amendments\) Regulations 2004 \(S.I. 2004/2947\)](#), reg. 3, **Sch. 1 para. 12(3)**

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**F143** Words in s. 246(9) substituted (26.5.2000 with application as mentioned in art. 1(2) of the amending S.I.) by S.I. 2000/1430, arts. 1(2), 8(1)

[<sup>F144</sup>**246A** **Special provisions for medium-sized companies** **E+W+S**]

- (1) Subject to section 247A, this section applies where a company qualifies as a medium-sized company in relation to a financial year [<sup>F145</sup>and its directors prepare Companies Act individual accounts for that year].
- (2) The company's individual accounts for the year need not comply with the requirements of paragraph 36A of Schedule 4 (disclosure with respect to compliance with accounting standards).

[ The directors' report for the year need not comply with the requirements of <sup>F146</sup>(2A) section 234ZZB(3) (business review to include analysis using key performance indicators) so far as they relate to non-financial information.]

- (3) The company may deliver to the registrar a copy of the company's accounts for the year—
  - (a) which includes a profit and loss account in which the following items listed in the profit and loss account formats set out in Part I of Schedule 4 are combined as one item under the heading “gross profit or loss”—
    - Items 1, 2, 3 and 6 in Format 1;
    - Items 1 to 5 in Format 2;
    - Items A.1, B.1 and B.2 in Format 3;
    - Items A.1, A.2 and B.1 to B.4 in Format 4;
  - (b) which does not contain the information required by paragraph 55 of Schedule 4 (particulars of turnover).
- (4) A copy of accounts delivered to the registrar in accordance with subsection (3) shall contain a statement in a prominent position on the copy of the balance sheet, above the signature required by section 233, that the accounts are prepared in accordance with the special provisions of this Part relating to medium-sized companies.]

**Textual Amendments**

**F144** S. 246A inserted (1.3.1997) by S.I. 1997/220, art. 3

**F145** Words in s. 246A(1) inserted (12.11.2004 with effect as mentioned in reg. 1(2) of the amending S.I.) by The Companies Act 1985 (International Accounting Standards and Other Accounting Amendments) Regulations 2004 (S.I. 2004/2947), reg. 3, Sch. 1 para. 13

**F146** S. 246A(2A) inserted (22.3.2005) by The Companies Act 1985 (Operating and Financial Review and Directors' Report etc.) Regulations 2005 (S.I. 2005/1011), reg. 5

[<sup>F147</sup>**247** **Qualification of company as small or medium-sized.** **E+W+S**]

- (1) A company qualifies as small or medium-sized in relation to a financial year if the qualifying conditions are met—
  - (a) in the case of the company's first financial year, in that year, and
  - (b) in the case of any subsequent financial year, in that year and the preceding year.

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- (2) A company shall be treated as qualifying as small or medium-sized in relation to a financial year—
- (a) if it so qualified in relation to the previous financial year under <sup>[F148]</sup>subsection (1) above or was treated as so qualifying under paragraph (b) below; or
  - (b) if it was treated as so qualifying in relation to the previous year by virtue of paragraph (a) and the qualifying conditions are met in the year in question.
- (3) The qualifying conditions are met by a company in a year in which it satisfies two or more of the following requirements—

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*Small company*

- |                        |   |
|------------------------|---|
| 1. Turnover            | <sup>[F149]</sup> Not more than £5.6 million] |
| 2. Balance sheet total | <sup>[F150]</sup> Not more than £2.8 million] |
| 3. Number of employees | Not more than 50                              |

*Medium-sized company*

- |                        |  |
|------------------------|--|
| 1. Turnover            | <sup>[F151]</sup> Not more than £22.8 million] |
| 2. Balance sheet total | <sup>[F152]</sup> Not more than £11.4 million] |
| 3. Number of employees | Not more than 250.                             |
- 

- (4) For a period which is a company's financial year but not in fact a year the maximum figures for turnover shall be proportionately adjusted.

<sup>[F153]</sup>(5) The balance sheet total means—

- (a) in the case of Companies Act individual accounts—
    - (i) the aggregate of the amounts shown in the balance sheet under the headings corresponding to items A to D of Format 1 in Part 1 of Schedule 4 or Part 1 of Schedule 8, or
    - (ii) if Format 2 is adopted, the aggregate of the amounts shown under the general heading “ASSETS”;
  - (b) in the case of IAS individual accounts, the aggregate of the amounts shown as assets in the balance sheet.]
- (6) The number of employees means the average number of persons employed by the company in the year (determined on a <sup>[F154]</sup>monthly] basis).

That number shall be determined by applying the method of calculation prescribed by paragraph 56(2) and (3) of Schedule 4 for determining the corresponding number required to be stated in a note to the company's accounts.]

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**Textual Amendments**

**F147** New ss. 246, 247 inserted as the beginning of Chapter II (subject to the saving and transitional provisions in [S.I. 1990/355](#), [arts. 6–9](#), [Sch. 2](#)) by [Companies Act 1989 \(c. 40, SIF 27\)](#), [ss. 1, 13\(1\), 213\(2\)](#), as part of the text inserted in place of ss. 221–262 (as mentioned in s. 1(a) of the 1989 Act)

**F148** Words in [s. 247\(2\)\(a\)](#) substituted (16.11.1992) by [S.I. 1992/2452](#), [regs. 5\(2\), 7](#).

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- F149** S. 247(3): Words in Table substituted (30.1.2004) by The Companies Act 1985 (Accounts of Small and Medium-Sized Enterprises and Audit Exemption) (Amendment) Regulations 2004 (S.I. 2004/16), **reg. 2(2)(a)** (with transitional provisions in **reg. 7**)
- F150** S. 247(3): Words in Table substituted (30.1.2004) by The Companies Act 1985 (Accounts of Small and Medium-Sized Enterprises and Audit Exemption) (Amendment) Regulations 2004 (S.I. 2004/16), **reg. 2(2)(b)** (with transitional provisions in **reg. 7**)
- F151** S. 247(3): Words in Table substituted (30.1.2004) by The Companies Act 1985 (Accounts of Small and Medium-Sized Enterprises and Audit Exemption) (Amendment) Regulations 2004 (S.I. 2004/16), **reg. 2(3)(a)** (with transitional provisions in **reg. 7**)
- F152** S. 247(3): Words in Table substituted (30.1.2004) by The Companies Act 1985 (Accounts of Small and Medium-Sized Enterprises and Audit Exemption) (Amendment) Regulations 2004 (S.I. 2004/16), **reg. 2(3)(b)** (with transitional provisions in **reg. 7**)
- F153** S. 247(5) substituted (12.11.2004 with effect as mentioned in **reg. 1(2)** of the amending S.I.) by The Companies Act 1985 (International Accounting Standards and Other Accounting Amendments) Regulations 2004 (S.I. 2004/2947), **reg. 3, Sch. 1 para. 14**
- F154** Words in s. 247(6) substituted (2.2.1996) by S.I. 1996/189, **reg. 8**

**Modifications etc. (not altering text)**

- C87** S. 247(3) applied (21.4.1995) by S.I. 1995/116, **reg. 17(2)**
- C88** S. 247 modified (16.11.1992) by S.I. 1992/2452, **reg. 7(2)**.
- C89** S. 247(4)(5)(6) applied by 1986 c. 45, Sch. A1 para. 3(3) (as inserted (1.1.2003 subject to arts. 3-5 of the commencing S.I.) by 2000 c. 39, ss. 1, 16(1), Sch. 1 para. 4; S.I. 2002/2711, **art. 2**)

**[<sup>F155</sup>247A Cases in which special provisions do not apply **E+W+S****

- [<sup>F156</sup>(1)** If a company is, or was at any time within the financial year to which the accounts relate, an ineligible company, sections 246 and 246A do not apply.
- (1A) If a company does not fall within subsection (1) but is, or was at any time within the financial year to which the accounts relate, a member of an ineligible group—
- (a) section 246(4) and (5)(b) and section 246A(2A) (provisions relating to directors' report) apply;
  - (b) the other provisions of sections 246 and 246A do not apply.
- (1B) A company is ineligible if—
- (a) it is a public company,
  - (b) it has permission under Part 4 of the Financial Services and Markets Act 2000 to carry on one or more regulated activities, or
  - (c) it carries on an insurance market activity.]
- (2) A group is ineligible if any of its members is—
- (a) a public company or a body corporate which (not being a company) has power under its constitution to offer its shares or debentures to the public and may lawfully exercise that power,
  - [<sup>F157</sup>(b)** a person who has permission under Part 4 of the Financial Services and Markets Act 2000 to carry on a regulated activity, or
  - (c) a person who carries on an insurance market activity.]
- (3) A parent company shall not be treated as qualifying as a small company in relation to a financial year unless the group headed by it qualifies as a small group, and shall not be treated as qualifying as a medium-sized company in relation to a financial year unless that group qualifies as a medium-sized group (see section 249).]

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#### Textual Amendments

**F155** S. 247A inserted (1.3.1997) by S.I. 1997/220, **reg. 4**

**F156** S. 247A(1)-(1B) substituted for s. 247A(1) (22.3.2005) by The Companies Act 1985 (Operating and Financial Review and Directors' Report etc.) Regulations 2005 (S.I. 2005/1011), **reg. 6**

**F157** S. 247A(2)(b)(c) substituted (1.12.2001) for s. 247A(2)(b)-(d) by S.I. 2001/3649, **arts. 1, 11(1)(3)**

### [<sup>F158</sup>247B] Special auditors' report **E+W+S**

- (1) This section applies where—
- (a) the directors of a company propose to deliver to the registrar copies of accounts ( “abbreviated accounts”) prepared in accordance with section 246(5) or (6) or 246A(3) ( “the relevant provision”),
  - (b) the directors have not taken advantage of the exemption from audit conferred by section 249A(1) or (2) [<sup>F159</sup>or section 249AA], <sup>F160</sup> . . .
  - <sup>F161</sup>(c) . . . . .
- (2) If abbreviated accounts prepared in accordance with the relevant provision are delivered to the registrar, they shall be accompanied by a copy of a special report of the auditors stating that in their opinion—
- (a) the company is entitled to deliver abbreviated accounts prepared in accordance with that provision, and
  - (b) the abbreviated accounts to be delivered are properly prepared in accordance with that provision.
- (3) In such a case a copy of the auditors' report under section 235 need not be delivered, but—
- (a) if that report was qualified, the special report shall set out that report in full together with any further material necessary to understand the qualification; and
  - (b) if that report contained a statement under—
    - (i) section 237(2) (accounts, records or returns inadequate or accounts not agreeing with records and returns), or
    - (ii) section 237(3) (failure to obtain necessary information and explanations),
 the special report shall set out that statement in full.
- (4) Section 236 (signature of auditors' report) applies to a special report under this section as it applies to a report under section 235.
- (5) If abbreviated accounts prepared in accordance with the relevant provision are delivered to the registrar, references in section 240 (requirements in connection with publication of accounts) to the auditors' report under section 235 shall be read as references to the special auditors' report under this section.]

#### Textual Amendments

**F158** S. 247B inserted (1.3.1997) by S.I. 1997/220, **reg. 5**

**F159** Words in s. 247B(1)(b) inserted (26.5.2000 with application as mentioned in art. 1(2) of the amending S.I.) by S.I. 2000/1430, **arts. 1(2), 8(2)(a)**

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**F160** Word in s. 247B(1)(b) omitted (26.5.2000 with application as mentioned in art. 1(2) of the amending S.I.) by virtue of S.I. 2000/1430, arts. 1(2), 8(2)(b)

**F161** S. 247B(1)(c) omitted (26.5.2000 with application as mentioned in art. 1(2) of the amending S.I.) by virtue of S.I. 2000/1430, arts. 1(2), 8(2)(c)

[<sup>F162</sup>**248 Exemption for small and medium-sized groups.** **E+W+S**]

(1) A parent company need not prepare group accounts for a financial year in relation to which the group headed by that company qualifies as a small or medium-sized group and is not an ineligible group.

(2) A group is ineligible if any of its members is—

(a) a public company or a body corporate which (not being a company) has power under its constitution to offer its shares or debentures to the public and may lawfully exercise that power,

[<sup>F163</sup>(b) a person who has permission under Part 4 of the Financial Services and Markets Act 2000 to carry on a regulated activity, or

<sup>F163</sup>(c) a person who carries on an insurance market activity.]

<sup>F164</sup>(3) .....

(4) .....]

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**Textual Amendments**

**F162** New ss. 248, 249 inserted (subject to the saving and transitional provisions in S.I. 1990/355, arts. 6–9, Sch. 2, by Companies Act 1989 (c. 40, SIF 27), ss. 1, 13(3), 213(2) as part of the text inserted in place of ss. 221–262 (as mentioned in s. 1(a) of the 1989 Act)

**F163** S. 248(2)(b)(c) substituted (1.12.2001) for s. 248(2)(b)-(d) by S.I. 2001/3649, arts. 1, 12

**F164** S. 248(3)(4) repealed (2.2.1996) by S.I. 1996/189, reg. 9

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**Modifications etc. (not altering text)**

**C90** S. 248(2) amended (1.7.1994) by S.I. 1994/1696, reg. 68, Sch. 8 Pt. I para. 9(1)(a)

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[<sup>F165</sup>**248AGroup accounts prepared by small company** **E+W+S**]

(1) This section applies where a small company—

(a) has prepared individual accounts for a financial year in accordance with section 246(2) or (3), and

(b) is preparing [<sup>F166</sup>Companies Act group accounts] in respect of the same year.

(2) If the group accounts—

(a) comply with the provisions of Schedule 8, or

(b) fail to comply with those provisions only in so far as they comply instead with one or more corresponding provisions of Schedule 4,

they need not comply with the provisions or, as the case may be, the remaining provisions of Schedule 4; and where advantage is taken of this subsection, references in Schedule 4A to compliance with the provisions of Schedule 4 shall be construed accordingly.

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- (3) For the purposes of this section, Schedule 8 shall have effect as if, in each balance sheet format set out in that Schedule, for item B.III there were substituted the following item—

“B.III INVESTMENTS

1. Shares in group undertakings
  2. Interests in associated undertakings
  3. Other participating interests
  4. Loans to group undertakings and undertakings in which a participating interest is held
  5. Other investments other than loans
  6. Others.”
- (4) The group accounts need not give the information required by the provisions specified in section 246(3).
- (5) Group accounts prepared in accordance with this section shall contain a statement in a prominent position on the balance sheet, above the signature required by section 233, that they are prepared in accordance with the special provisions of this Part relating to small companies.]

**Textual Amendments**

**F165** S. 248A inserted (1.3.1997) by S.I. 1997/220, **reg. 6**

**F166** Words in s. 248A(1)(b) substituted (12.11.2004 with effect as mentioned in reg. 1(2) of the amending S.I.) by The Companies Act 1985 (International Accounting Standards and Other Accounting Amendments) Regulations 2004 (S.I. 2004/2947), reg. 3, **Sch. 1 para. 15**

**[<sup>F167</sup>249 Qualification of group as small or medium-sized. E+W+S**

- (1) A group qualifies as small or medium-sized in relation to a financial year if the qualifying conditions are met—
  - (a) in the case of the parent company’s first financial year, in that year, and
  - (b) in the case of any subsequent financial year, in that year and the preceding year.
- (2) A group shall be treated as qualifying as small or medium-sized in relation to a financial year—
  - (a) if it so qualified in relation to the previous financial year under [<sup>F168</sup>subsection (1) above or was treated as so qualifying under paragraph (b) below]; or
  - (b) if it was treated as so qualifying in relation to the previous year by virtue of paragraph (a) and the qualifying conditions are met in the year in question.
- (3) The qualifying conditions are met by a group in a year in which it satisfies two or more of the following requirements—



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*Small group*

- |                                  |  |
|----------------------------------|--|
| 1. Aggregate turnover            | [ <sup>F169</sup> Not more than £5.6 million net (or £6.72 million gross)] |
| 2. Aggregate balance sheet total | [ <sup>F170</sup> Not more than £2.8 million net (or £3.36 million gross)] |
| 3. Aggregate number of employees | Not more than 50   |

*Medium-sized group*

- |                                  |  |
|----------------------------------|--|
| 1. Aggregate turnover            | [ <sup>F171</sup> Not more than £22.8 million net (or £27.36 million gross)] |
| 2. Aggregate balance sheet total | [ <sup>F172</sup> Not more than £11.4 million net (or £13.68 million gross)] |
| 3. Aggregate number of employees | Not more than 250.   |
- 

- (4) The aggregate figures shall be ascertained by aggregating the relevant figures determined in accordance with section 247 for each member of the group.

In relation to the aggregate figures for turnover and balance sheet total, “net” means with the set-offs and other adjustments required by Schedule 4A in the case of group accounts and “gross” means without those set-offs and other adjustments; and a company may satisfy the relevant requirement on the basis of either the net or the gross figure.

- (5) The figures for each subsidiary undertaking shall be those included in its accounts for the relevant financial year, that is—
- if its financial year ends with that of the parent company, that financial year, and
  - if not, its financial year ending last before the end of the financial year of the parent company.
- (6) if those figures cannot be obtained without disproportionate expense or undue delay, the latest available figures shall be taken.]

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**Textual Amendments**

- F167** New ss. 248, 249 inserted (subject to the saving and transitional provisions in [S.I. 1990/355](#), arts. 6–9, [Sch. 2](#), by [Companies Act 1989 \(c. 40, SIF 27\)](#), [ss. 1, 13\(3\), 213\(2\)](#) as part of the text inserted in place of ss. 221–262 (as mentioned in s. 1(a) of the 1989 Act)
- F168** Words in [s. 249\(2\)\(a\)](#) substituted (16.11.1992) by [S.I. 1992/2452](#), [regs. 6\(2\), 7](#).
- F169** [S. 249\(3\)](#): Words in Table substituted (30.1.2004) by [The Companies Act 1985 \(Accounts of Small and Medium-Sized Enterprises and Audit Exemption\) \(Amendment\) Regulations 2004 \(S.I. 2004/16\)](#), [reg. 3\(2\)\(a\)](#) (with transitional provisions in [reg. 7](#))
- F170** [S. 249\(3\)](#): Words in Table substituted (30.1.2004) by [The Companies Act 1985 \(Accounts of Small and Medium-Sized Enterprises and Audit Exemption\) \(Amendment\) Regulations 2004 \(S.I. 2004/16\)](#), [reg. 3\(2\)\(b\)](#) (with transitional provisions in [reg. 7](#))
- F171** [S. 249\(3\)](#): Words in Table substituted (30.1.2004) by [The Companies Act 1985 \(Accounts of Small and Medium-Sized Enterprises and Audit Exemption\) \(Amendment\) Regulations 2004 \(S.I. 2004/16\)](#), [reg. 3\(3\)\(a\)](#) (with transitional provisions in [reg. 7](#))

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**F172** S. 249(3): Words in Table substituted (30.1.2004) by [The Companies Act 1985 \(Accounts of Small and Medium-Sized Enterprises and Audit Exemption\) \(Amendment\) Regulations 2004 \(S.I. 2004/16\)](#), [reg. 3\(3\)\(b\)](#) (with transitional provisions in [reg. 7](#))

**Modifications etc. (not altering text)**

**C91** S. 249 amended (31.7.1997 with effect as mentioned in [s. 44\(1\)](#) of the amending Act) by [1990 c. 1, s. 22A\(8\)\(a\)](#) (as inserted (31.7.1997 with effect as mentioned in [s. 44\(1\)](#) of the amending Act)) by [1997 c. 58, s. 43](#)

**C92** S. 249 modified (16.11.1992) by [S.I. 1992/2452, reg. 7\(2\)](#).

**C93** S. 249(3)–(6) modified by [S.I. 1986/1865, regs. 4, 5](#)

*[<sup>F173</sup> Exemptions from audit for certain categories of small company]*

**Textual Amendments**

**F173** [Ss. 249A-249E](#) and preceding cross-heading inserted (11.8.1994) by [S.I. 1994/1935, reg. 2](#)

**<sup>F174</sup>249A Exemptions from audit E+W+S**

- (1) Subject to section 249B, a company which meets the total exemption conditions set out below in respect of a financial year is exempt from the provisions of this Part relating to the audit of accounts in respect of that year.
- (2) Subject to section 249B, [<sup>F175</sup>a company which is a charity and] which meets the report conditions set out below in respect of a financial year is exempt from the provisions of this Part relating to the audit of accounts in respect of that year if the directors cause a report in respect of the company’s individual accounts for that year to be prepared in accordance with section 249C and made to the company’s members.
- (3) The total exemption conditions are met by a company in respect of a financial year if—
  - (a) it qualifies as a small company in relation to that year for the purposes of section 246,
  - (b) its turnover in that year is not more than [<sup>F176</sup>£5.6 million], and
  - (c) its balance sheet total for that year is not more than [<sup>F177</sup>£2.8 million].

<sup>F178</sup>(3A) In relation to any company which is a charity, subsection (3)(b) shall have effect with the substitution—

- (a) for the reference to turnover of a reference to gross income, and
- (b) for the reference to [<sup>F176</sup>£5.6 million] of a reference to £90,000.]

(4) The report conditions are met by [<sup>F179</sup>a company which is a charity] in respect of a financial year if—

- (a) it qualifies as a small company in relation to that year for the purposes of section 246,
- (b) its [<sup>F180</sup>gross income] in that year is more than £90,000 but not more than [<sup>F181</sup>£250,000], and
- (c) its balance sheet total for that year is not more than £1.4 million .

<sup>F182</sup>(5) .....

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- (6) For a period which is a company's financial year but not in fact a year the maximum figures for turnover or gross income shall be proportionately adjusted.
- [<sup>F183</sup>(6A) A company is entitled to the exemption conferred by subsection (1) or (2) notwithstanding that it falls within paragraph (a) or (b) of [<sup>F184</sup>section 249AA(1)].]
- (7) In this section—
- “balance sheet total” has the meaning given by section 247(5), and
- “gross income” means the company's income from all sources, as shown in the company's income and expenditure account

#### Textual Amendments

- F174** Ss. 249A-249E and preceding cross-heading inserted (11.8.1994) by S.I. 1994/1935, **reg. 2**
- F175** Words in s. 249A(2) substituted (15.4.1997) by S.I. 1997/936, **reg. 2(2)**
- F176** Words in s. 249A(3)(b)(3A)(b) substituted (30.1.2004) by The Companies Act 1985 (Accounts of Small and Medium-Sized Enterprises and Audit Exemption) (Amendment) Regulations 2004 (S.I. 2004/16), **reg. 4(2)**
- F177** Words in s. 249A(3)(c) substituted (30.1.2004) by The Companies Act 1985 (Accounts of Small and Medium-Sized Enterprises and Audit Exemption) (Amendment) Regulations 2004 (S.I. 2004/16), **reg. 4(3)**
- F178** Words in s. 249A(3A) inserted (15.4.1997) by S.I. 1997/936, **reg. 2(4)**
- F179** Words in s. 249A(4) substituted (15.4.1997) by S.I. 1997/936, **reg. 2(5)(a)**
- F180** Words in s. 249A(4)(b) substituted (15.4.1997) by S.I. 1997/936, **reg. 2(5)(b)(i)**
- F181** Words in s. 249A(4)(b) substituted (15.4.1997) by S.I. 1997/936, **reg. 2(5)(b)(ii)**
- F182** S. 249A(5) substituted (15.4.1997) by S.I. 1997/936, **reg. 2(6)**
- F183** S. 249(6A) inserted (*retrospectively*) by S.I. 1997/936, **reg. 2(7)(8)**
- F184** Words in s. 249A(6A) substituted (26.5.2000 with application as mentioned in art. 1(2) of the amending S.I.) by S.I. 2000/1430, **arts. 1(2), 2(1)(3)**

#### Modifications etc. (not altering text)

- C94** S. 249A(2) applied (18.1.2005) by 1996 c. 52, Sch. 1 para. 16A(2) (as inserted by Housing Act 2004 (c. 34), ss. 218, 270, **Sch. 11 para. 18**)

#### [<sup>F185</sup>249A] Dormant companies **E+W+S**

- (1) Subject to section 249B(2) to (5), a company is exempt from the provisions of this Part relating to the audit of accounts in respect of a financial year if—
- it has been dormant since its formation, or
  - it has been dormant since the end of the previous financial year and subsection (2) applies.
- (2) This subsection applies if the company—
- is entitled in respect of its individual accounts for the financial year in question to prepare accounts in accordance with section 246, or would be so entitled but for the application of section 247A(1)(a)(i) or (b), and
  - is not required to prepare group accounts for that year.
- (3) Subsection (1) does not apply if at any time in the financial year in question the company was—

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- [ a person who has permission under Part 4 of the Financial Services and Markets Act 2000 to carry on one or more regulated activities; or  
<sup>F186</sup>(a) (b) a person who carries on insurance market activity]
- (4) A company is “dormant” during any period in which it has no significant accounting transaction.
- (5) “Significant accounting transaction” means a transaction which—
- (a) is required by section 221 to be entered in the company’s accounting records; but
  - (b) is not a transaction to which subsection (6) or (7) applies.
- (6) This subsection applies to a transaction arising from the taking of shares in the company by a subscriber to the memorandum as a result of an undertaking of his in the memorandum.
- (7) This subsection applies to a transaction consisting of the payment of—
- (a) a fee to the registrar on a change of name under section 28 (change of name),
  - (b) a fee to the registrar on the re-registration of a company under Part II (re-registration as a means of altering a company’s status),
  - (c) a penalty under section 242A (penalty for failure to deliver accounts), or
  - (d) a fee to the registrar for the registration of an annual return under Chapter III of Part XI.]

#### Textual Amendments

**F185** S. 249AA inserted (26.5.2000 with application as mentioned in art. 1(2) of the amending S.I.) by S.I. 2000/1430, **arts. 1(2), 3**

**F186** S. 249AA(3)(a)(b) substituted (1.12.2001) by S.I. 2001/3649, **arts. 1, 13**

#### Modifications etc. (not altering text)

**C95** S. 249AA(3) applied (8.10.2004) by The European Public Limited-Liability Company Regulations 2004 (S.I. 2004/2326), **reg. 80(5)(a)(b)**

#### <sup>F187</sup>249BCases where exemptions not available **E+W+S**

- (1) [<sup>F188</sup>Subject to [<sup>F189</sup>subsections (1A) to (1C)],]A company is not entitled to the exemption conferred by subsection (1) or (2) of section 249A in respect of a financial year if at any time within that year—
- (a) it was a public company,
  - [<sup>F190</sup>(b) it was a person who had permission under Part 4 of the Financial Services and Markets Act 2000 to carry on a regulated activity,]
  - [<sup>F191</sup>(bb) it carried on an insurance market activity,]
  - (c) .....
  - [<sup>F192</sup>(d) it was an appointed representative, within the meaning of section 39 of the Financial Services and Markets Act 2000,]
  - (e) it was a special register body as defined in section 117(1) of the Trade Union and Labour Relations (Consolidation) Act 1992 or an employers’ association as defined in section 122 of that Act, or
  - (f) it was a parent company or a subsidiary undertaking.

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- [<sup>F193</sup>(1A) A company which, apart from this subsection, would fall within subsection (1)(f) by virtue of its being a subsidiary undertaking for any period within a financial year shall not be treated as so falling if it is dormant (within the meaning of [<sup>F194</sup>section 249AA]) throughout that period.]
- [<sup>F195</sup>(1B) A company which, apart from this subsection, would fall within subsection (1)(f) by virtue of its being a parent company or a subsidiary undertaking for any period within a financial year, shall not be treated as so falling if throughout that period it was a member of a group meeting the conditions set out in subsection (1C).
- (1C) The conditions referred to in subsection (1B) are—
- (a) that the group qualifies as a small group, in relation to the financial year within which the period falls, for the purposes of section 249 [<sup>F196</sup>(or if all bodies corporate in such group were companies, would so qualify)] and is not, and was not at any time within that year, an ineligible group within the meaning of section 248(2),
  - (b) that the group's aggregate turnover in that year (calculated in accordance with section 249) is [<sup>F197</sup>, where the company referred to in subsection (1B) is a charity,] not more than £350,000 net (or £420,000 gross) [<sup>F198</sup>or, where the company so referred to is not a charity, [<sup>F199</sup>not more than £5.6 million net (or £6.72 million gross)]], and
  - (c) that the group's aggregate balance sheet total for that year (calculated in accordance with section 249) is [<sup>F200</sup>not more than £2.8 million net (or £3.36 million gross)] .]
- (2) Any member or members holding not less in the aggregate than 10 per cent in nominal value of the company's issued share capital or any class of it or, if the company does not have a share capital, not less than 10 per cent in number of the members of the company, may, by notice in writing deposited at the registered office of the company during a financial year but not later than one month before the end of that year, require the company to obtain an audit of its accounts for that year
- (3) Where a notice has been deposited under subsection (2), the company is not entitled to the exemption conferred by subsection (1) or (2) of section 249A [<sup>F201</sup>or by subsection (1) of section 249AA] in respect of the financial year to which the notice relates
- (4) A company is not entitled to the exemption conferred by subsection (1) or (2) of section 249A [<sup>F202</sup>or by subsection (1) of section 249AA] unless its balance sheet contains a statement by the directors—
- (a) [<sup>F203</sup>to the effect]that for the year in question the company was entitled to exemption under subsection (1) or (2) [<sup>F204</sup> . . . of section 249A [<sup>F205</sup>or subsection (1) of section 249AA],
  - [<sup>F206</sup>(b) to the effect that members have not required the company to obtain an audit of its accounts for the year in question in accordance with subsection (2) of this section]
  - (c) [<sup>F203</sup>to the effect]that the directors acknowledge their responsibilities for—
    - (i) ensuring that the company keeps accounting records which comply with section 221, and
    - (ii) preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the

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requirements of section 226, and which otherwise comply with the requirements of this Act relating to accounts, so far as applicable to the company.

- (5) The statement required by subsection (4) shall appear in the balance sheet [<sup>F207</sup>above the signature required by section 233] required by section 233 or, as the case may be, above any statement required by section 246(1A) or by paragraph 23 of Schedule 8.

#### Textual Amendments

- F187** Ss. 249A-249E and preceding cross-heading inserted (11.8.1994) by S.I. 1994/1935, **reg. 2**
- F188** Words in s. 249B(1) inserted (2.2.1996) by S.I. 1996/189, **reg. 10(2)**
- F189** Words in s. 249B(1) substituted (15.4.1997) by S.I. 1997/936, **reg. 3(2)**
- F190** S. 249B(1)(b) substituted (1.12.2001) by S.I. 2001/3649, **arts. 1, 14(1)(2)**
- F191** S. 249B(1)(bb) inserted (1.12.2001) by S.I. 2001/3649, **arts. 1, 14(1)(3)**
- F192** S. 249B(1)(d) substituted (1.12.2001) by S.I. 2001/3649, **arts. 1, 14(1)(4)**
- F193** S. 249B(1A) inserted (2.2.1996) by S.I. 1996/189, **reg. 10(3)**
- F194** Words in s. 249B(1A) substituted (26.5.2000 with application as mentioned in art. 1(2) of the amending S.I.) by S.I. 2000/1430, **arts. 1(2), 4(1)(2)**
- F195** S. 249B(1C)(1D) inserted (15.4.1997) by S.I. 1997/936, **reg. 3(3)**
- F196** Words in s. 249B(1C)(a) inserted (26.5.2000 with application as mentioned in art. 1(2) of the amending S.I.) by S.I. 2000/1430, **arts. 1(2), 4(1)(3)(a)**
- F197** Words in s. 249B(1C)(b) inserted (26.5.2000 with application as mentioned in art. 1(2) of the amending S.I.) by S.I. 2000/1430, **arts. 1(2), 4(1)(3)(b)(i)**
- F198** Words in s. 249B(1C)(b) inserted (26.5.2000 with application as mentioned in art. 1(2) of the amending S.I.) by S.I. 2000/1430, **arts. 1(2), 4(1)(3)(b)(ii)**
- F199** Words in s. 249B(1C)(b) substituted (30.1.2004) by The Companies Act 1985 (Accounts of Small and Medium-Sized Enterprises and Audit Exemption) (Amendment) Regulations 2004 (S.I. 2004/16), **reg. 5(2)**
- F200** Words in s. 249B(1C)(c) substituted (30.1.2004) by The Companies Act 1985 (Accounts of Small and Medium-Sized Enterprises and Audit Exemption) (Amendment) Regulations 2004 (S.I. 2004/16), **reg. 5(3)**
- F201** Words in s. 249B(3) inserted (26.5.2000 with application as mentioned in art. 1(2) of the amending S.I.) by S.I. 2000/1430, **arts. 1(2), 4(1)(4)**
- F202** Words in s. 249B(4) inserted (26.5.2000 with application as mentioned in art. 1(2) of the amending S.I.) by S.I. 2000/1430, **arts. 1(2), 4(1)(5)(a)**
- F203** Words in s. 249B(4)(a)-(c) inserted (2.2.1996) by S.I. 1996/189, **reg. 10(4)**
- F204** Words in s. 249B(4)(a) omitted (26.5.2000 with application as mentioned in art. 1(2) of the amending S.I.) by virtue of S.I. 2000/1430, **arts. 1(2), 4(1)(5)(b)**
- F205** Words in s. 249B(4)(a) inserted (26.5.2000 with application as mentioned in art. 1(2) of the amending S.I.) by S.I. 2000/1430, **arts. 1(2), 4(1)(5)(b)**
- F206** S. 249B(4)(b) substituted (26.5.2000 with application as mentioned in art. 1(2) of the amending S.I.) by S.I. 2000/1430, **arts. 1(2), 4(1)(5)(c)**
- F207** Words in s. 249B(5) substituted (2.2.1996) by S.I. 1996/189, **reg. 10(5)**

#### <sup>F208</sup>249C The report required for the purposes of section 249A(2). **E+W+S**

- (1) The report required for the purposes of section 249A(2) shall be prepared by a person (referred to in this Part as “the reporting accountant”) who is eligible under section 249D
- (2) The report shall state whether in the opinion of the reporting accountant making it—

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- (a) the accounts of the company for the financial year in question are in agreement with the accounting records kept by the company under section 221, and
  - (b) having regard only to, and on the basis of, the information contained in those accounting records, those accounts have been drawn up in a manner consistent with the provisions of this Act specified in subsection (6), so far as applicable to the company.
- (3) The report shall also state that in the opinion of the reporting accountant, having regard only to, and on the basis of, the information contained in the accounting records kept by the company under section 221, the company satisfied the requirements of subsection (4) of section 249A<sup>F209</sup> . . . for the financial year in question, and did not fall within section 249B(1)(a) to (f) at any time within that financial year
- (4) The report shall state the name of the reporting accountant and be signed by him
- (5) Where the reporting accountant is a body corporate or partnership, any reference to signature of the report, or any copy of the report, by the reporting accountant is a reference to signature in the name of the body corporate or partnership by a person authorised to sign on its behalf
- (6) The provisions referred to in subsection (2)(b) are—
  - (a) [<sup>F210</sup>section 226A(3)] and Schedule 4,
  - (b) section 231 and paragraphs 7 to 9A and 13(1), (3) and (4) of Schedule 5, and
  - (c) section 232 and Schedule 6,where appropriate as modified by [<sup>F211</sup>section 246(2) and (3)].

#### Textual Amendments

- F208** Ss. 249A-249E and preceding cross-heading inserted (11.8.1994) by S.I. 1994/1935, **reg. 2**
- F209** Words in s. 249C(3) omitted (26.5.2000 with application as mentioned in art. 1(2) of the amending S.I.) by virtue of S.I. 2000/1430, **arts. 1(2), 8(3)**
- F210** Words in s. 249C(6)(a) substituted (12.11.2004 with effect as mentioned in reg. 1(2) of the amending S.I.) by **The Companies Act 1985 (International Accounting Standards and Other Accounting Amendments) Regulations 2004** (S.I. 2004/2947), **reg. 3, Sch. 1 para. 16**
- F211** Words in s. 249C(6) substituted (1.3.1997) by S.I. 1997/220, **reg. 7(3)**

#### Modifications etc. (not altering text)

- C96** S. 249C(3) applied (18.1.2005) by 1996 c. 52, **Sch. 1 para. 16A(3)** (as inserted by **Housing Act 2004** (c. 34), ss. 218, 270, **Sch. 11 para. 18**)

### <sup>F212</sup>249D The reporting accountant **U.K.**

- [<sup>F213</sup>(1) The reporting accountant shall be either—
- (a) any member of a body listed in subsection (3) who, under the rules of the body—
    - (i) is entitled to engage in public practice, and
    - (ii) is not ineligible for appointment as a reporting accountant, or
  - (b) any person (whether or not a member of any such body) who—
    - (i) is subject to the rules of any such body in seeking appointment or acting as auditor under Chapter V of Part XI, and

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(ii) under those rules, is eligible for appointment as auditor under that Chapter.

(1A) In subsection (1), references to the rules of a body listed in subsection (3) are to the rules (whether or not laid down by the body itself) which the body has power to enforce and which are relevant for the purposes of Part II of the Companies Act 1989 or this section.

This includes rules relating to the admission and expulsion of members of the body, so far as relevant for the purposes of that Part or this section.]

(2) An individual, a body corporate or a partnership may be appointed as a reporting accountant, and section 26 of the Companies Act 1989 (effect of appointment of partnership) shall apply to the appointment as reporting accountant of a partnership constituted under the law of England and Wales or Northern Ireland, or under the law of any other country or territory in which a partnership is not a legal person

(3) The bodies referred to in <sup>F214</sup>subsections (1) and (1A)] are—

- (a) the Institute of Chartered Accountants in England and Wales,
- (b) the Institute of Chartered Accountants of Scotland,
- (c) the Institute of Chartered Accountants in Ireland,
- (d) <sup>F215</sup>[the Association of Chartered Certified Accountants], <sup>F216</sup> . . .
- (e) the Association of Authorised Public Accountants.

<sup>F217</sup>(f) the Association of Accounting Technicians,

<sup>F217</sup>(g) the Association of International Accountants, <sup>F218</sup> . . .

<sup>F217</sup>(h) the Chartered Institute of Management Accountants <sup>F219</sup>], and

(i) the Institute of Chartered Secretaries and Administrators.]

(4) A person is ineligible for appointment by a company as reporting accountant if he would be ineligible for appointment as an auditor of that company under section 27 of the Companies Act 1989 (ineligibility on ground of lack of independence).

#### Textual Amendments

**F212** Ss. 249A-249E and preceding cross-heading inserted (11.8.1994) by S.I. 1994/1935, **reg. 2**

**F213** S. 249D(1)(1A) substituted (30.3.1995) for s. 249D(1) by S.I. 1995/589, **reg. 2(1)(2)**

**F214** Words in s. 249D(3) substituted (30.3.1995) for s. 249D(3) by S.I. 1995/589, **reg. 2(1)(3)**

**F215** Words in s. 249D(3)(d) substituted (15.4.1997) by S.I. 1997/936, **reg. 4(2)**

**F216** Word in s. 249D(3)(d) omitted (1.1.1997) by virtue of S.I. 1996/3080, **art. 2(2)(a)**

**F217** S. 249D(3)(f)-(h) inserted (1.1.1997) by S.I. 1996/3080, **reg. 2(2)(b)**

**F218** Word in s. 249D(3)(b) omitted (30.1.2004) by virtue of The Companies Act 1985 (Accounts of Small and Medium-Sized Enterprises and Audit Exemption) (Amendment) Regulations 2004 (S.I. 2004/16), **reg. 6(2)**

**F219** S. 249D(3)(i) and preceding word inserted (30.1.2004) by The Companies Act 1985 (Accounts of Small and Medium-Sized Enterprises and Audit Exemption) (Amendment) Regulations 2004 (S.I. 2004/16), **reg. 6(3)**

#### <sup>F220</sup>249E Effect of exemptions **E+W+S**

(1) Where the directors of a company have taken advantage of the exemption conferred by section 249A(1) <sup>F221</sup>[or 249AA(1)]—



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- (a) sections 238 and 239 (right to receive or demand copies of accounts and reports) shall have effect with the omission of references to the auditors' report;
- (b) no copy of an auditors' report need be delivered to the registrar or laid before the company in general meeting;
- (c) subsections (3) to (5) of section 271 (accounts by reference to which distribution to be justified) shall not apply.

[<sup>F222</sup>(1A) Where the directors of a company have taken advantage of the exemption conferred by section 249AA, then for the purposes of that section the company shall be treated as a company entitled to prepare accounts in accordance with section 246 even though it is a member of an ineligible group.]

(2) Where the directors of a company have taken advantage of the exemption conferred by section 249A(2)—

- (a) subsections (2) to (4) of section 236 (which require copies of the auditors' report to state the names of the auditors) shall have effect with the substitution for references to the auditors and the auditors' report of references to the reporting accountant and the report made for the purposes of section 249A(2) respectively;
- (b) sections 238 and 239 (right to receive or demand copies of accounts and reports), section 241 (accounts and reports to be laid before company in general meeting) and section 242 (accounts and reports to be delivered to the registrar) shall have effect with the substitution for references to the auditors' report of references to the report made for the purposes of section 249A(2);
- (c) subsections (3) to (5) of section 271 (accounts by reference to which distribution to be justified) shall not apply;
- (d) [<sup>F223</sup>sections 389A(1) and 389B(1) and (5)] (rights to information) shall have effect with the substitution for references to [<sup>F224</sup>an auditor] of references to the reporting accountant.

#### Textual Amendments

**F220** Ss. 249A-249E and preceding cross-heading inserted (11.8.1994) by S.I. 1994/1935, reg. 2

**F221** Words in s. 249E(1) inserted (26.5.2000 with application as mentioned in art. 1(2) of the amending S.I.) by S.I. 2000/1430, arts. 1(2), 8(4)

**F222** S. 249E(1A) inserted (26.5.2000 with application as mentioned in art. 1(2) of the amending S.I.) by S.I. 2000/1430, arts. 1(2), 8(5)

**F223** Words in s. 249E(2)(d) substituted (6.4.2005) by Companies (Audit, Investigations and Community Enterprise) Act 2004 (c. 27), ss. 25, 65, Sch. 2 para. 6(a); S.I. 2004/3322, art. 2(2), Sch. 2 (subject to arts. 3-13)

**F224** Words in s. 249E(2)(d) substituted (6.4.2005) by Companies (Audit, Investigations and Community Enterprise) Act 2004 (c. 27), ss. 25, 65, Sch. 2 para. 6(b); S.I. 2004/3322, art. 2(2), Sch. 2 (subject to arts. 3-13)

#### *Dormant companies*

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**Textual Amendments**

**F225** S. 250 repealed (26.5.2000 with application as mentioned in art. 1(2) of the amending Act) by S.I. 2000/1430, arts. 1(2), 8(6)

*Listed public companies*

**251** [<sup>F226</sup>*Summary financial statement*] **E+W+S**

(1) [<sup>F227</sup>A company] need not, in such cases as may be specified by regulations made by the Secretary of State, and provided any conditions so specified are complied with, send copies of the documents referred to in [<sup>F228</sup>section 238(1A)] to [<sup>F229</sup>entitled persons], but may instead send them a summary financial statement.

[<sup>F230</sup>In this section—

“entitled persons”, in relation to a company, means such of the persons specified in paragraphs (a) to (c) of subsection (1) of section 238 as are or would apart from this section be entitled to be sent copies of those documents relating to the company which are referred to in that subsection;]

[<sup>F231</sup>“summary financial statement” means a statement that is derived from the company's annual accounts and (in the case of a quoted company) the directors' remuneration report and prepared in accordance with this section and regulations made under it.]

<sup>F232</sup> .....  
<sup>F232</sup> .....

(2) Copies of the documents referred to in [<sup>F233</sup>section 238(1A)] shall, however, be sent to [<sup>F234</sup>any entitled person] who wishes to receive them; and the Secretary of State may by regulations make provision as to the manner in which it is to be ascertained [<sup>F235</sup>(whether before or after he becomes an entitled person)] whether [<sup>F234</sup>an entitled person] wishes to receive them.

[<sup>F236</sup>(2ZA) A quoted company that—

- (a) sends a summary financial statement to an entitled person, and
- (b) does not send a full copy of its operating and financial review for the financial year to which that statement relates to each entitled person in accordance with section 238(1),

must publish its operating and financial review on a web site throughout the period beginning at least 21 days before the date of the meeting at which the accounts and directors' remuneration report from which the statement is derived are to be laid and ending with the conclusion of that meeting.]

[<sup>F237</sup>(2A) References in this section to sending a summary financial statement to an entitled person include references to using electronic communications for sending the statement to such address as may for the time being be notified to the company by that person for that purpose.

<sup>F237</sup>(2B) For the purposes of this section a summary financial statement is also to be treated as sent to an entitled person where—

- (a) the company and that person have agreed to his having access to summary financial statements on a web site (instead of their being sent to him);
- (b) the statement is a statement to which that agreement applies; and

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- (c) that person is notified, in a manner for the time being agreed for the purpose between him and the company, of—
  - (i) the publication of the statement on a web site;
  - (ii) the address of that web site; and
  - (iii) the place on that web site where the statement may be accessed, and how it may be accessed.

<sup>F237</sup>(2C) For the purposes of this section a statement treated in accordance with subsection (2B) as sent to an entitled person is to be treated as sent to him if, and only if—

- (a) the statement is published on the web site throughout a period beginning at least 21 days before the date of the meeting at which the accounts and [<sup>F238</sup>directors' remuneration report] from which the statement is derived are to be laid and ending with the conclusion of that meeting; and
- (b) the notification given for the purposes of paragraph (c) of that subsection is given not less than 21 days before the date of the meeting.

<sup>F237</sup>(2D) Nothing in [<sup>F239</sup>subsection (2ZA) or (2C)] shall invalidate the proceedings of a meeting where—

- [<sup>F240</sup>(a) any review or statement that is required to be published on a web site as mentioned in those subsections is published for a part, but not all, of the period mentioned in those subsections; and]
- (b) the failure to publish that [<sup>F241</sup>review or] statement throughout that period is wholly attributable to circumstances which it would not be reasonable to have expected the company to prevent or avoid.

<sup>F237</sup>(2E) A company may, notwithstanding any provision to the contrary in its articles, take advantage of any of subsections (2A) to (2D).]

[<sup>F242</sup>(3) The summary financial statement must—

- (a) be in such form, and
- (b) contain such information,

as the Secretary of State may by regulations specify, including information derived from the company's directors' report or (in the case of a quoted company) operating and financial review.

(3A) Nothing in this section or regulations made under it prevents a company from including in its summary financial statement additional information derived from the company's annual accounts, directors' remuneration report, directors' report or operating and financial review.]

[<sup>F243</sup>(4) Every summary financial statement shall—

- (a) state that it is only a summary of information in the company's annual accounts <sup>F244</sup>. . . and (in the case of a quoted company) the directors' remuneration report;

- [<sup>F245</sup>(aa) state whether it contains additional information derived from the directors' report or (in the case of a quoted company) the operating and financial review and, if so, state that it does not contain the full text of that report or review;
- (ab) state how an entitled person can obtain a full copy of the documents referred to in section 238(1A);
- (ac) (in the case of a quoted company to which subsection (2ZA) applies) state the address of the web site on which the operating and financial review is

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- published, the place on that web site where it may be accessed and how it may be accessed;]
- (b) contain a statement by the company's auditors of their opinion as to whether the summary financial statement
- [<sup>F246</sup>(i) is consistent with the company's annual accounts and directors' remuneration report and (where information derived from the directors' report or operating and financial review is included in the statement) with that report or review, and
- (ii)] complies with the requirements of this section and regulations made under it;
- (c) state whether the auditors' report on the annual accounts, or on the annual accounts and the auditable part of the directors' remuneration report, 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;
- [<sup>F247</sup>(ca) state whether, in that report, the auditors' statements under—
- (i) section 235(3) (whether directors' report is consistent with accounts), and
- (ii) (in the case of a quoted company) under section 235(3A) (whether operating and financial review is consistent with accounts),
- were qualified or unqualified and, if either was qualified, set out the qualified statement in full together with any further material needed to understand the qualification;]
- (d) state whether that auditors' report contained a statement under—
- (i) section 237(2) (accounting records or returns inadequate or accounts or directors' remuneration report not agreeing with records and returns); or
- (ii) section 237(3) (failure to obtain necessary information and explanations),
- and if so, set out the statement in full.]
- (5) Regulations under this section shall be made by statutory instrument which shall be subject to annulment in pursuance of a resolution of either House of Parliament.
- (6) If default is made in complying with this section or regulations made under it, the company and every officer of it who is in default is guilty of an offence and liable to a fine.
- (7) Section 240 (requirements in connection with publication of accounts) does not apply in relation to the provision to [<sup>F248</sup>entitled persons] of a summary financial statement in accordance with this section.

#### Textual Amendments

- F226** S. 251: heading substituted (12.11.2004 with effect as mentioned in reg. 1(2) of the amending S.I.) by [The Companies Act 1985 \(International Accounting Standards and Other Accounting Amendments\) Regulations 2004 \(S.I. 2004/2947\)](#), **reg. 11(1)**
- F227** Words in s. 251(1) substituted (12.11.2004 with effect as mentioned in reg. 1(2) of the amending S.I.) by [The Companies Act 1985 \(International Accounting Standards and Other Accounting Amendments\) Regulations 2004 \(S.I. 2004/2947\)](#), **reg. 11(2)(a)**
- F228** Words in s. 251(1) substituted (22.3.2005) by [The Companies Act 1985 \(Operating and Financial Review and Directors' Report etc.\) Regulations 2005 \(S.I. 2005/1011\)](#), **reg. 12(2)(a)** (with reg. 13)

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- F229** Words in s. 251(1) substituted (4.12.1992) by S.I. 1992/3003, **reg. 3(2)(b)**.
- F230** Second paragraph of s. 251(1) substituted (4.12.1992) by S.I. 1992/3003, **reg. 3(3)**.
- F231** S. 251(1); definition of "summary financial statement" inserted (22.3.2005) by virtue of The Companies Act 1985 (Operating and Financial Review and Directors' Report etc.) Regulations 2005 (S.I. 2005/1011), **reg. 12(2)(b)** (with reg. 13)
- F232** S. 251: definitions of "listed" and "the official list" omitted (12.11.2004 with effect as mentioned in reg. 1(2) of the amending S.I.) by virtue of The Companies Act 1985 (International Accounting Standards and Other Accounting Amendments) Regulations 2004 (S.I. 2004/2947), **reg. 11(2)(b)**
- F233** Words in s. 251(2) substituted (22.3.2005) by The Companies Act 1985 (Operating and Financial Review and Directors' Report etc.) Regulations 2005 (S.I. 2005/1011), **reg. 12(3)** (with reg. 13)
- F234** Words in s. 251(2) substituted (4.12.1992) by S.I. 1992/3003, **reg. 3(4)(a)**.
- F235** Words in s. 251(2) inserted (4.12.1992) by S.I. 1992/3003, **reg. 3(4)(b)**.
- F236** S. 251(2ZA) inserted (22.3.2005) by The Companies Act 1985 (Operating and Financial Review and Directors' Report etc.) Regulations 2005 (S.I. 2005/1011), **reg. 12(4)** (with reg. 13)
- F237** S. 251(2A)-(2E) inserted (22.12.2000) by S.I. 2000/3373, **art. 14**
- F238** Words in s. 251(2C)(a) substituted (22.3.2005) by The Companies Act 1985 (Operating and Financial Review and Directors' Report etc.) Regulations 2005 (S.I. 2005/1011), **reg. 12(5)** (with reg. 13)
- F239** Words in s. 251(2D) substituted (22.3.2005) by The Companies Act 1985 (Operating and Financial Review and Directors' Report etc.) Regulations 2005 (S.I. 2005/1011), **reg. 12(6)(a)** (with reg. 13)
- F240** S. 251(2D)(a) substituted (22.3.2005) by The Companies Act 1985 (Operating and Financial Review and Directors' Report etc.) Regulations 2005 (S.I. 2005/1011), **reg. 12(6)(b)** (with reg. 13)
- F241** Words in s. 251(2D)(b) inserted (22.3.2005) by The Companies Act 1985 (Operating and Financial Review and Directors' Report etc.) Regulations 2005 (S.I. 2005/1011), **reg. 12(6)(c)** (with reg. 13)
- F242** S. 251(3)(3A) substituted for s. 251(3) (22.3.2005) by The Companies Act 1985 (Operating and Financial Review and Directors' Report etc.) Regulations 2005 (S.I. 2005/1011), **reg. 12(7)** (with reg. 13)
- F243** S. 251(4) substituted (1.8.2002) by The Directors' Remuneration Report Regulations 2002 (S.I. 2002/1986), **reg. 8(3)**
- F244** Words in s. 251(4)(a) omitted (22.3.2005) by virtue of The Companies Act 1985 (Operating and Financial Review and Directors' Report etc.) Regulations 2005 (S.I. 2005/1011), **reg. 12(8)(a)** (with reg. 13)
- F245** S. 251(4)(aa)-(ac) inserted (22.3.2005) by The Companies Act 1985 (Operating and Financial Review and Directors' Report etc.) Regulations 2005 (S.I. 2005/1011), **reg. 12(8)(b)** (with reg. 13)
- F246** S. 251(4)(b)(i)(ii) substituted for words in s. 251(4)(b) (22.3.2005) by The Companies Act 1985 (Operating and Financial Review and Directors' Report etc.) Regulations 2005 (S.I. 2005/1011), **reg. 12(8)(c)** (with reg. 13)
- F247** S. 251(4)(ca) inserted (22.3.2005) by The Companies Act 1985 (Operating and Financial Review and Directors' Report etc.) Regulations 2005 (S.I. 2005/1011), **reg. 12(8)(d)** (with reg. 13)
- F248** Words in s. 251(7) substituted (4.12.1992) by S.I. 1992/3003, **reg. 3(5)**.

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**Modifications etc. (not altering text)**

- C97** S. 251 modified by S.I. 1990/355, art. 7(2)(d), Sch. 2 paras. 14(2)(d), **18**
- C98** S. 251 restricted by S.I. 1990/515, **reg. 5**
- C99** S. 251(1)–(4) applied with modifications by S.I. 1990/2570, **regs. 14(1)(2)**, 16(3)
- C100** S. 251(2) amended by S.I. 1990/515, **reg. 6(1)**
- C101** S. 251(6)(7) applied with modifications by S.I. 1990/2570, **regs. 14(1)(2)(6)**, 16(3)

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### Private companies

#### 252 Election to dispense with laying of accounts and reports before general meeting. **E+W+S**

- (1) A private company may elect (by elective resolution in accordance with section 379A) to dispense with the laying of accounts and reports before the company in general meeting.
- (2) An election has effect in relation to the accounts and reports in respect of the financial year in which the election is made and subsequent financial years.
- (3) Whilst an election is in force, the references in the following provisions of this Act to the laying of accounts before the company in general meeting shall be read as references to the sending of copies of the accounts to members and others under section 238(1)—
  - (a) section 235(1) (accounts on which auditors are to report),
  - (b) section 270(3) and (4) (accounts by reference to which distributions are justified), and
  - (c) section 320(2) (accounts relevant for determining company's net assets for purposes of ascertaining whether approval required for certain transactions);
 and the requirement in section 271(4) that the auditors' statement under that provision be laid before the company in general meeting shall be read as a requirement that it be sent to members and others along with the copies of the accounts sent to them under section 238(1).
- (4) If an election under this section ceases to have effect, section 241 applies in relation to the accounts and reports in respect of the financial year in which the election ceases to have effect and subsequent financial years.

#### **Modifications etc. (not altering text)**

**C102** S. 252(1)(2)(4) applied (1.7.2005) by [The Community Interest Company Regulations 2005 \(S.I. 2005/1788\)](#), [reg. 29](#)

#### <sup>F249</sup>253 Right of shareholder to require laying of accounts. **E+W+S**

- (1) Where an election under section 252 is in force, the copies of the accounts and reports sent out in accordance with section 238(1)—
  - (a) shall be sent not less than 28 days before the end of the period allowed for laying and delivering accounts and reports, and
  - (b) shall be accompanied, in the case of a member of the company, by a notice informing him of his right to require the laying of the accounts and reports before a general meeting;
 and section 238(5) (penalty for default) applies in relation to the above requirements as to the requirements contained in that section.
- (2) Before the end of the period of 28 days beginning with the day on which the accounts and reports are sent out in accordance with section 238(1), any member or auditor of the company may by notice in writing deposited at the registered office of the company require that a general meeting be held for the purpose of laying the accounts and reports before the company.

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[ The power of a member or auditor under subsection (2) to require the holding of a  
F250(2A) general meeting is exercisable not only by the deposit of a notice in writing but also by the transmission to the company at such address as may for the time being be specified for the purpose by or on behalf of the company of an electronic communication containing the requirement.]

- (3) If the directors do not within 21 days from the date of [F251 -  
F251(a) the deposit of a notice containing a requirement under subsection (2), or  
(b) the receipt of such a requirement contained in an electronic communication,  
proceed]

duly to convene a meeting, the person who [F252 required the holding of the meeting] may do so himself.

- (4) A meeting so convened shall not be held more than three months from that date and shall be convened in the same manner, as nearly as possible, as that in which meetings are to be convened by directors.
- (5) Where the directors do not duly convene a meeting, any reasonable expenses incurred by reason of that failure by the person who [F253 required the holding of the meeting] shall be made good to him by the company, and shall be recouped by the company out of any fees, or other remuneration in respect of their services, due or to become due to such of the directors as were in default.
- (6) The directors shall be deemed not to have duly convened a meeting if they convene a meeting for a date more than 28 days after the date of the notice convening it.]

#### Textual Amendments

- F249** New ss. 252, 253 inserted (subject to the saving and transitional provisions in S.I. 1990/355, arts. 6–9, Sch. 2), by Companies Act 1989 (c. 40, SIF 27), ss. 1, 16–22 as part of the text inserted in place of ss. 221–262 (as mentioned in s. 1(a) of the 1989 Act)
- F250** S. 253(2A) inserted (22.12.2000) by S.I. 2000/3373, art. 15(1)(2)
- F251** S. 253(3)(a)(b) and preceding “-” substituted (22.12.2000) for words in s. 253(3) by S.I. 2000/3373, art. 15(1)(3)(a)
- F252** Words in s. 253(3) substituted (22.12.2000) by S.I. 2000/3373, art. 15(1)(3)(b)
- F253** Words in s. 253(5) substituted (22.12.2000) by S.I. 2000/3373, art. 15(1)(4)

### Unlimited companies

#### 254 Exemption from requirement to deliver accounts and reports. **E+W+S**

- (1) The directors of an unlimited company are not required to deliver accounts and reports to the registrar in respect of a financial year if the following conditions are met.
- (2) The conditions are that at no time during the relevant accounting reference period—
- has the company been, to its knowledge, a subsidiary undertaking of an undertaking which was then limited, or
  - have there been, to its knowledge, exercisable by or on behalf of two or more undertakings which were then limited, rights which if exercisable by one of them would have made the company a subsidiary undertaking of it, or

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- (c) has the company been a parent company of an undertaking which was then limited.

The references above to an undertaking being limited at a particular time are to an undertaking (under whatever law established) the liability of whose members is at that time limited.

- (3) The exemption conferred by this section does not apply [<sup>F254</sup>if—
- (a) the company is a banking [<sup>F255</sup>or insurance] company or the parent company of a banking [<sup>F255</sup>or insurance] group, or
  - (b) the company is a qualifying company within the meaning of the Partnerships and Unlimited Companies (Accounts) Regulations 1993, <sup>F256</sup> . . .
  - (c) <sup>F256</sup> .....

at any time during the relevant accounting period the company carried on business as the promoter of a trading stamp scheme within the Trading Stamps Act 1964.

- (4) Where a company is exempt by virtue of this section from the obligation to deliver accounts, section 240 (requirements in connection with publication of accounts) has effect with the following modifications—
- (a) in subsection (3)(b) for the words from “whether statutory accounts” to “have been delivered to the registrar” substitute “that the company is exempt from the requirement to deliver statutory accounts”, and
  - (b) in subsection (5) for “as required to be delivered to the registrar under section 242” substitute “as prepared in accordance with this Part and approved by the board of directors”.]

#### Textual Amendments

**F254** Words in s. 254(3) substituted (21.7.1993) by S.I. 1993/1820, reg. 10

**F255** Words in s. 254(3) substituted (19.12.1993) by S.I. 1993/3246, regs. 5(1), 6, 7, Sch. 2 para.2

**F256** S. 254(3)(c) and the preceding "or" repealed (6.4.2005) by The Regulatory Reform (Trading Stamps) Order 2005 (S.I. 2005/871), art. 6, Sch.

### *Banking and insurance companies and groups*

#### <sup>F257</sup>255 Special provisions for banking and insurance companies. **E+W+S**

- (1) A banking company shall prepare its individual accounts in accordance with Part I of Schedule 9 rather than Schedule 4.
- (2) An insurance company [<sup>F258</sup>shall] prepare its individual accounts in accordance with Part I of Schedule 9A rather than Schedule 4.
- (3) Accounts so prepared shall contain a statement that they are prepared in accordance with the special provisions of this Part relating to banking companies or to insurance companies, as the case may be.
- (4) In relation to the preparation of individual accounts in accordance with the special provisions of this Part, the references to Schedule 4 in section 226(4) and (5) (relationship between specific requirements and duty to give true and fair view) shall be read as references to the provisions of Part I of Schedule 9, in the case of the



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accounts of banking companies, or to the provisions of Part I of Schedule 9A, in the case of the accounts of insurance companies.

[<sup>F259</sup>(4A) References to Companies Act individual accounts include accounts prepared in accordance with this section.

(4B) This section does not apply to banking companies and insurance companies that prepare IAS individual accounts.]

<sup>F260</sup>(5) .....

#### Textual Amendments

**F257** Ss. 255-255B substituted (2.12.1991) by S.I. 1991/2705, **regs. 3, 9**.

**F258** Word in s. 255(2) substituted (19.12.1993) by S.I. 1993/3246, **regs. 2(1), 6, 7**

**F259** S. 255(4A)(4B) inserted (12.11.2004 with effect as mentioned in reg. 1(2) of the amending S.I.) by The Companies Act 1985 (International Accounting Standards and Other Accounting Amendments) Regulations 2004 (S.I. 2004/2947), reg. 3, **Sch. 1 para. 17**

**F260** S. 255(5) omitted (19.12.1993) by S.I. 1993/3246, **regs. 2(2), 6, 7**

#### Modifications etc. (not altering text)

**C103** S. 255 modified (*temp.*) (in force in accordance with s. 3 of the amending Act) by 1999 c. iv, ss. 3, 7(6)

**C104** S. 255 extended (with modifications) (19.12.1993) by S.I. 1993/3245, **reg.3**

**C105** S. 255 applied (with modifications) (31.12.2004) by The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Account) Regulations 2004 (S.I. 2004/3219), **reg. 3(4)(a)**, Sch.

#### <sup>F261</sup>255A Special provisions for banking and insurance groups. **E+W+S**

(1) The parent company of a banking group shall prepare group accounts in accordance with the provisions of this Part as modified by Part II of Schedule 9.

(2) The parent company of an insurance group [<sup>F262</sup>shall] prepare group accounts in accordance with the provisions of this Part as modified by Part II of Schedule 9A.

(3) Accounts so prepared shall contain a statement that they are prepared in accordance with the special provisions of this Part relating to banking groups or to insurance groups, as the case may be.

[<sup>F263</sup>(4) References in this Part to a banking group are to a group where the parent company is a banking company or where—

(a) the parent company's principal subsidiary undertakings are wholly or mainly credit institutions, and

(b) the parent company does not itself carry on any material business apart from the acquisition, management and disposal of interests in subsidiary undertakings.

(5) References in this Part to an insurance group are to a group where the parent company is an insurance company or where —

(a) the parent company's principal subsidiary undertakings are wholly or mainly insurance companies, and

(b) the parent company does not itself carry on any material business apart from the acquisition, management and disposal of interests in subsidiary undertakings.

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- (5A) For the purposes of subsections (4) and (5) above—
- (a) a parent company’s principal subsidiary undertakings are the subsidiary undertakings of the company whose results or financial position would principally affect the figures shown in the group accounts, and
  - (b) the management of interests in subsidiary undertakings includes the provision of services to such undertakings.]
- (6) In relation to the preparation of group accounts in accordance with the special provisions of this Part:
- (a) the references to the provisions of Schedule 4A in [F264section 227A(4) and (5)] (relationship between specific requirements and duty to give true and fair view) shall be read as references to those provisions as modified by Part II of Schedule 9, in the case of the group accounts of a banking group, or Part II of Schedule 9A, in the case of the group accounts of an insurance group; and
  - (b) the reference to paragraphs 52 to 57 of Schedule 4 in section 230(2) (relief from obligation to comply with those paragraphs where group accounts prepared) shall be read as a reference to paragraphs [F26575 to 77], 80 and 81 of Part I of Schedule 9, in the case of the group accounts of a banking group [F266, and as a reference to paragraphs 73, 74, 79 and 80 of Part I of Schedule 9A, in the case of the group accounts of an insurance group]..
- [F267(6A) References to Companies Act group accounts include accounts prepared in accordance with subsections (1) to (3).
- (6B) Subsections (1) to (3) and (6) do not apply to parent companies of banking groups or insurance groups that prepare IAS group accounts.]
- F268(7) .....

#### Textual Amendments

- F261** Ss. 255-255B substituted (2.12.1991) by S.I. 1991/2705, **regs. 3, 9**.
- F262** Word in s. 255A substituted (19.12.1993) by S.I. 1993/3246, **regs. 3(1), 6, 7**
- F263** S. 255A(4)-(5A) substituted (19.12.1993) for s. 255A(4)(5) by S.I. 1993/3246, **regs. 3(2), 6, 7**
- F264** Words in s. 255A(6)(a) substituted (12.11.2004 with effect as mentioned in reg. 1(2) of the amending S.I.) by The Companies Act 1985 (International Accounting Standards and Other Accounting Amendments) Regulations 2004 (S.I. 2004/2947), reg. 3, **Sch. 1 para. 18(2)**
- F265** Words in s. 255A(6)(b) substituted (2.2.1996) by S.I. 1996/189, **reg. 15(2)**
- F266** Words in s. 255A(6) inserted (19.12.1993) by S.I. 1993/3246, **regs. 3(3), 6, 7**
- F267** S. 255A(6A)(6B) inserted (12.11.2004 with effect as mentioned in reg. 1(2) of the amending S.I.) by The Companies Act 1985 (International Accounting Standards and Other Accounting Amendments) Regulations 2004 (S.I. 2004/2947), reg. 3, **Sch. 1 para. 18(3)**
- F268** S. 255A(7) omitted (19.12.1993) by S.I. 1993/3246, **regs. 3(4), 6, 7**

#### Modifications etc. (not altering text)

- C106** S. 255A extended (with modifications) (19.12.1993) by S.I. 1993/3245, **reg. 3**

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**F269 255B Modification of disclosure requirements in relation to banking company or group. E+W+S**

- (1) In relation to a banking company, or the <sup>F270</sup>parent company of a banking group], the provisions of Schedule 5 (Disclosure of information: related undertakings) have effect subject to Part III of Schedule 9.
- (2) In relation to a banking company, or the <sup>F271</sup>holding company of a credit institution], the provisions of Schedule 6 (Disclosure of information: emoluments and other benefits of directors and others) have effect subject to Part IV of Schedule 9.

**Textual Amendments**

- F269** Ss. 255-255B substituted (2.12.1991) by S.I. 1991/2705, **regs. 3, 9**.  
**F270** Words in s. 255B(1) substituted (1.1.1993) by S.I. 1992/3178, **reg. 6**.  
**F271** Words in s. 255B(2) substituted (28.2.1994) by S.I. 1994/233, **reg. 3**

**F272 255C ..... E+W+S**

**Textual Amendments**

- F272** S. 255C omitted (19.12.1993) by S.I. 1993/3246, **regs. 5(1), 6, 7, Sch. 2 para.3**

**[<sup>F273</sup>255D Power to apply provisions to banking partnerships. E+W+S**

- (1) The Secretary of State may by regulations apply to banking partnerships, subject to such exceptions, adaptations and modifications as he considers appropriate, the provisions of this Part applying to banking companies.

[ A “banking partnership” means a partnership which has permission under Part 4 of <sup>F274</sup>(2) the Financial Services and Markets Act 2000.

- (2A) But a partnership is not a banking partnership if it has permission to accept deposits only for the purpose of carrying on another regulated activity in accordance with that permission.]

- (3) Regulations under this section shall be made by statutory instrument.

- (4) No regulations under this section shall be made unless a draft of the instrument containing the regulations has been laid before Parliament and approved by a resolution of each House.

[ Subsections (2) and (2A) must be read with—

- <sup>F275</sup>(5) (a) section 22 of the Financial Services and Markets Act 2000;  
(b) any relevant order under that section; and  
(c) Schedule 2 to that Act.]]

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#### Textual Amendments

- F273** New s. 255D inserted (subject to the saving and transitional provisions in S.I. 1990/355, arts. 6–9, **Sch. 2**) by **Companies Act 1989 (c. 40, SIF 27)**, **ss. 1, 18(2), 213(2)** as part of the text inserted in place of ss. 221–262 (as mentioned in s. 1(a) of the 1989 Act)
- F274** **S. 255D(2)(2A)** substituted (1.12.2001) for s. 255D(2) by S.I. 2001/3649, **arts. 1, 16(1)**
- F275** **S. 255D(5)** inserted (1.12.2001) for s. 255D(5) by S.I. 2001/3649, **arts. 1, 16(2)**

### *Welsh private companies*

#### [<sup>F276</sup>F277] **256 Delivery of accounting documents in Welsh only.** **E+W+S**

- (1) The directors of a private company whose memorandum states that its registered office is to be situated in Wales may deliver to the registrar a copy of any document to which this section applies in Welsh without annexing to the copy a translation of the document into English.
- (2) This section applies to any document required to be delivered to the registrar by the following provisions of this Part—
  - (a) section 242(1) (accounts and reports to be delivered to the registrar);
  - (b) section 243 (accounts of subsidiary undertakings to be appended in certain cases); and
  - (c) paragraph 7 of Part II of Schedule 9 (banking groups: information as to undertaking in which shares held as a result of financial assistance operation).
- (3) The registrar shall, having received any document in Welsh under this section, obtain a translation of it into English; and the translation shall be regarded as a document delivered to the registrar for the purposes of sections 707A and 709<sup>F278</sup> and shall be registered by him accordingly.]

#### Textual Amendments

- F276** **S. 255E** inserted (1.6.1992) by S.I. 1992/1083, **reg. 2(4)**.
- F277** **S. 255E** repealed (1.2.1994) by 1993 c. 38, s. 30(5), 35(1), **Sch. 2**; S.I. 1994/115, **art. 2(2)**
- F278** **Sections 707A** and 709 were inserted into the 1985 Act by section 126 of the Companies Act 1989.

## CHAPTER III **U.K.**

### SUPPLEMENTARY PROVISIONS

#### *Accounting standards*

#### **256 Accounting standards.** **E+W+S**

- (1) In this Part “accounting standards” means statements of standard accounting practice issued by such body or bodies as may be prescribed by regulations.

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- (2) References in this Part to accounting standards applicable to a company's annual accounts are to such standards as are, in accordance with their terms, relevant to the company's circumstances and to the accounts.
- (3) <sup>F279</sup> .....
- (4) Regulations under this section may contain such transitional and other supplementary and incidental provisions as appear to the Secretary of State to be appropriate.

#### Textual Amendments

**F279** S. 256(3) repealed (1.1.2005) by Companies (Audit, Investigations and Community Enterprise) Act 2004 (c. 27), ss. 16(7), 64, 65, Sch. 8; S.I. 2004/3322, art. 2(1), Sch. 1 (subject to arts. 3-13)

### 256A Reporting standards **U.K.**

- (1) In this Part, “reporting standards” means statements of standard reporting practice which—
  - (a) relate to operating and financial reviews, and
  - (b) are issued by a body or bodies specified in an order made by the Secretary of State in accordance with section 257(4B).
- (2) References in this Part to relevant reporting standards, in relation to a company's operating and financial review, are to such standards as are, in accordance with their terms, applicable to the company's circumstances and to the review.
- (3) Where or to the extent that the directors of a company have complied with a reporting standard, they are presumed (unless the contrary is proved) to have complied with the corresponding requirements of this Part relating to the contents of an operating and financial review.

#### *Power to alter accounting requirements*

### 257 Power of Secretary of State to alter accounting requirements. **E+W+S**

- (1) The Secretary of State may by regulations made by statutory instrument modify the provisions of this Part.
- (2) Regulations which—
  - (a) add to the classes of documents required to be prepared, laid before the company in general meeting or delivered to the registrar,
  - (b) restrict the classes of company which have the benefit of any exemption, exception or special provision,
  - (c) require additional matter to be included in a document of any class, or
  - (d) otherwise render the requirements of this Part more onerous,shall not be made unless a draft of the instrument containing the regulations has been laid before Parliament and approved by a resolution of each House.
- (3) Otherwise, a statutory instrument containing regulations under this section shall be subject to annulment in pursuance of a resolution of either House of Parliament.
- (4) Regulations under this section may—

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- (a) make different provision for different cases or classes of case,
- (b) repeal and re-enact provisions with modifications of form or arrangement, whether or not they are modified in substance,
- (c) make consequential amendments or repeals in other provisions of this Act, or in other enactments, and
- (d) contain such transitional and other incidental and supplementary provisions as the Secretary of State thinks fit.

[<sup>F280</sup>(4A) Regulations under this section may also make provision—

- (a) for the issuing, by such body or bodies as may be specified, of standards in relation to matters to be contained in reports which are required by this Part to be prepared by the directors of a company;
- (b) for directors of a company who have complied with any such standard, or any of its provisions, in relation to any such report, to be presumed (unless the contrary is proved) to have complied with any requirements of this Part relating to the contents of the report to which the standard or provision relates.

(4B) In subsection (4A) “specified” means specified in an order made by the Secretary of State; and such an order—

- (a) shall be made by statutory instrument which shall be subject to annulment in pursuance of a resolution of either House of Parliament;
- (b) may contain such transitional provisions as the Secretary of State thinks fit.]

(5) Any modification by regulations under this section of section 258 or Schedule 10A (parent and subsidiary undertakings) does not apply for the purposes of enactments outside the Companies Act unless the regulations so provide.

#### **Textual Amendments**

**F280** S. 257(4A)(4B) inserted (1.1.2005) by *Companies (Audit, Investigations and Community Enterprise) Act 2004 (c. 27), ss. 13, 65; S.I. 2004/3322, art. 2(1), Sch. 1* (subject to arts. 3-13)

### *Parent and subsidiary undertakings*

#### **258 Parent and subsidiary undertakings. E+W+S**

- (1) The expressions “parent undertaking” and “subsidiary undertaking” in this Part shall be construed as follows; and a “parent company” means a parent undertaking which is a company.
- (2) An undertaking is a parent undertaking in relation to another undertaking, a subsidiary undertaking, if—
  - (a) it holds a majority of the voting rights in the undertaking, or
  - (b) it is a member of the undertaking and has the right to appoint or remove a majority of its board of directors, or
  - (c) it has the right to exercise a dominant influence over the undertaking—
    - (i) by virtue of provisions contained in the undertaking’s memorandum or articles, or
    - (ii) by virtue of a control contract, or

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- (d) it is a member of the undertaking and controls alone, pursuant to an agreement with other shareholders or members, a majority of the voting rights in the undertaking.
- (3) For the purposes of subsection (2) an undertaking shall be treated as a member of another undertaking—
- (a) if any of its subsidiary undertakings is a member of that undertaking, or
- (b) if any shares in that other undertaking are held by a person acting on behalf of the undertaking or any of its subsidiary undertakings.
- (4) An undertaking is also a parent undertaking in relation to another undertaking, a subsidiary undertaking, if <sup>F281</sup> . . . —
- [<sup>F282</sup>(a) it has the power to exercise, or actually exercises, dominant influence or control over it, or]
- (b) it and the subsidiary undertaking are managed on a unified basis.
- (5) A parent undertaking shall be treated as the parent undertaking of undertakings in relation to which any of its subsidiary undertakings are, or are to be treated as, parent undertakings; and references to its subsidiary undertakings shall be construed accordingly.
- (6) Schedule 10A contains provisions explaining expressions used in this section and otherwise supplementing this section.

#### Textual Amendments

**F281** Words in s. 258(4) omitted (12.11.2004 with effect as mentioned in reg. 1(2) of the amending S.I.) by virtue of [The Companies Act 1985 \(International Accounting Standards and Other Accounting Amendments\) Regulations 2004 \(S.I. 2004/2947\)](#), **reg. 12(1)(a)**

**F282** S. 258(4)(a) substituted (12.11.2004 with effect as mentioned in reg. 1(2) of the amending S.I.) by virtue of [The Companies Act 1985 \(International Accounting Standards and Other Accounting Amendments\) Regulations 2004 \(S.I. 2004/2947\)](#), **reg. 12(1)(b)**

#### Modifications etc. (not altering text)

**C107** S. 258 applied (with modifications) (18.7.1996) by S.I. 1996/1669, **reg. 2(3)**, **Sch. 1 paras. 1-3(1)(2)**

S. 258 applied (19.3.1997) by 1997 c. 16, s. 82, **Sch. 12 Pt. IV para. 28(6)(a)**

S. 258 applied (1.12.1997) by 1986 c. 53, **s. 83A(9)** (as inserted (1.12.1997) by 1997 c. 32, **s. 35**; S.I. 1997/2668, **art. 2**, **Sch. Pt. I**)

S. 258 applied (1.10.2001) by S.I. 2001/3270, **art. 2(1)**

#### Other interpretation provisions

### 259 Meaning of “undertaking” and related expressions. **E+W+S**

- (1) In this Part “undertaking” means—
- (a) a body corporate or partnership, or
- (b) an unincorporated association carrying on a trade or business, with or without a view to profit.
- (2) In this Part references to shares—
- (a) in relation to an undertaking with a share capital, are to allotted shares;

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- (b) in relation to an undertaking with capital but no share capital, are to rights to share in the capital of the undertaking; and
  - (c) in relation to an undertaking without capital, are to interests—
    - (i) conferring any right to share in the profits or liability to contribute to the losses of the undertaking, or
    - (ii) giving rise to an obligation to contribute to the debts or expenses of the undertaking in the event of a winding up.
- (3) Other expressions appropriate to companies shall be construed, in relation to an undertaking which is not a company, as references to the corresponding persons, officers, documents or organs, as the case may be, appropriate to undertakings of that description.
- This is subject to provision in any specific context providing for the translation of such expressions.
- (4) References in this Part to “fellow subsidiary undertakings” are to undertakings which are subsidiary undertakings of the same parent undertaking but are not parent undertakings or subsidiary undertakings of each other.
- (5) In this Part “group undertaking”, in relation to an undertaking, means an undertaking which is—
- (a) a parent undertaking or subsidiary undertaking of that undertaking, or
  - (b) a subsidiary undertaking of any parent undertaking of that undertaking.

**Modifications etc. (not altering text)**

C108 S. 259 applied (with modifications) (18.7.1996) by S.I. 1996/1669, reg. 2(3), Sch. 1 paras. 1, 3(3)

**[<sup>F283</sup>260 Participating interests. E+W+S**

- (1) In this Part “participating interest” means an interest held by an undertaking in the shares of another undertaking which it holds on a long-term basis for the purpose of securing a contribution to its activities by the exercise of control or influence arising from or related to that interest.
- (2) A holding of 20 per cent. or more of the shares of an undertaking shall be presumed to be a participating interest unless the contrary is shown.
- (3) The reference in subsection (1) to an interest in shares includes—
  - (a) an interest which is convertible into an interest in shares, and
  - (b) an option to acquire shares or any such interest;
 and an interest or option falls within paragraph (a) or (b) notwithstanding that the shares to which it relates are, until the conversion or the exercise of the option, unissued.
- (4) For the purposes of this section an interest held on behalf of an undertaking shall be treated as held by it.
- (5) <sup>F284</sup> .....
- (6) In the balance sheet and profit and loss formats set out in Part I of Schedule 4 [<sup>F285</sup>Part I of Schedule 8, Schedule 8A,]<sup>F286</sup>, Chapter I of Part I of Schedule 9 and Chapter I of



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Part I of Schedule 9A], “participating interest” does not include an interest in a group undertaking.

(7) For the purposes of this section as it applies in relation to the expression “participating interest”—

- (a) in those formats as they apply in relation to group accounts, and
- (b) in paragraph 20 of Schedule 4A (group accounts: undertakings to be accounted for as associated undertakings),

the references in subsections (1) to (4) to the interest held by, and the purposes and activities of, the undertaking concerned shall be construed as references to the interest held by, and the purposes and activities of, the group (within the meaning of paragraph 1 of that Schedule).]

#### Textual Amendments

**F283** New ss. 259–262A inserted (subject to the saving and transitional provisions in S.I. 1990/355, arts. 6–9, Sch. 2) by Companies Act 1989 (c. 40, SIF 27), ss. 1, 22, 213(2) as part of the text inserted in place of ss. 221–262 (as mentioned in s. 1(a) of the 1989 Act)

**F284** S. 260(5) omitted (12.11.2004 with effect as mentioned in reg. 1(2) of the amending S.I.) by virtue of The Companies Act 1985 (International Accounting Standards and Other Accounting Amendments) Regulations 2004 (S.I. 2004/2947), reg. 15, Sch. 7 para. 7

**F285** Words in s. 260(6) inserted (1.3.1997) by S.I. 1997/220, reg. 7(5)

**F286** Words in s. 260(6) substituted (19.12.1993) by S.I. 1993/3246, regs. 5(1), 6, 7, Sch. 2 para.4

#### Modifications etc. (not altering text)

**C109** S. 260 applied (with modifications) (18.7.1996) by S.I. 1996/1669, reg. 2(3), Sch. 1 paras. 1, 3(4)

#### [<sup>F287</sup>261 Notes to the accounts. E+W+S

- (1) Information required by this Part to be given in notes to a company’s annual accounts may be contained in the accounts or in a separate document annexed to the accounts.
- (2) References in this Part to a company’s annual accounts, or to a balance sheet or profit and loss account, include notes to the accounts giving information which is required by any provision of this Act [<sup>F288</sup>or international accounting standards] , and required or allowed by any such provision to be given in a note to company accounts.]

#### Textual Amendments

**F287** New ss. 259–262A inserted (subject to the saving and transitional provisions in S.I. 1990/355, arts. 6–9, Sch. 2) by Companies Act 1989 (c. 40, SIF 27), ss. 1, 22, 213(2) as part of the text inserted in place of ss. 221–262 (as mentioned in s. 1(a) of the 1989 Act)

**F288** Words in s. 261(2) inserted (12.11.2004 with effect as mentioned in reg. 1(2) of the amending S.I.) by The Companies Act 1985 (International Accounting Standards and Other Accounting Amendments) Regulations 2004 (S.I. 2004/2947), reg. 3, Sch. 1 para. 19

#### [<sup>F289</sup>262 Minor definitions. E+W+S

- (1) In this Part—
  - [<sup>F290</sup>“address”, except in section 228, in relation to electronic communications, includes any number or address used for the purposes of such communications

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“annual accounts” means—

- (a) the individual accounts required by section 226, and
- (b) any group accounts required by section 227,

(but see also section 230 (treatment of individual profit and loss account where group accounts prepared));

“annual report”, in relation to a company, means the directors’ report required by section 234;

“balance sheet date” means the date as at which the balance sheet was made up;

“capitalisation”, in relation to work or costs, means treating that work or those costs as a fixed asset;

[<sup>F291</sup>“Companies Act accounts” means Companies Act individual accounts or Companies Act group accounts;]

[<sup>F292</sup> “credit institution” means a credit institution as defined in [<sup>F293</sup>article 1(1) (a)] of Directive 2000/12/EC of the European Parliament and of the Council of 20 March 2000 relating to the taking up and pursuit of the business of credit institutions, that is to say an undertaking whose business is to receive deposits or other repayable funds from the public and to grant credits for its own account;]

[<sup>F294</sup> . . .

“fixed assets” means assets of a company which are intended for use on a continuing basis in the company’s activities, and “current assets” means assets not intended for such use;

“group” means a parent undertaking and its subsidiary undertakings;

[<sup>F295</sup>“IAS accounts” means IAS individual accounts or IAS group accounts;]

[<sup>F296</sup>“IAS Regulation” means EC Regulation No. 1606/2002 of the European Parliament and of the Council of 19th July 2002 on the application of international accounting standards;]

“included in the consolidation”, in relation to group accounts, or “included in consolidated group accounts”, means that the undertaking is included in the accounts by the method of full (and not proportional) consolidation, and references to an undertaking excluded from consolidation shall be construed accordingly;

[<sup>F297</sup>“international accounting standards” means the international accounting standards, within the meaning of the IAS Regulation, adopted from time to time by the European Commission in accordance with that Regulation;]

[<sup>F298</sup>“profit and loss account”, in relation to a company that prepares IAS accounts, includes an income statement or other equivalent financial statement required to be prepared by international accounting standards;]

“purchase price”, in relation to an asset of a company or any raw materials or consumables used in the production of such an asset, includes any consideration (whether in cash or otherwise) given by the company in respect of that asset or those materials or consumables, as the case may be;

“qualified”, in relation to an auditors’ report, means that the report does not state the auditors’ unqualified opinion that the accounts have been properly prepared in accordance with this Act or, in the case of an undertaking not required to prepare accounts in accordance with this Act, under any corresponding legislation under which it is required to prepare accounts;

[<sup>F299</sup>“quoted company” means a company whose equity share capital—

- (a) has been included in the official list in accordance with the provisions of Part VI of the Financial Services and Markets Act 2000; or

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- (b) is officially listed in an EEA State; or
- (c) is admitted to dealing on either the New York Stock Exchange or the exchange known as Nasdaq;

and in paragraph (a) “the official list” shall have the meaning given it by section 103(1) of the Financial Services and Markets Act 2000;

<sup>F300</sup>

“turnover”, in relation to a company, means the amounts derived from the provision of goods and services falling within the company’s ordinary activities, after deduction of—

- (i) trade discounts,
- (ii) value added tax, and
- (iii) any other taxes based on the amounts so derived.

- (2) In the case of an undertaking not trading for profit, any reference in this Part to a profit and loss account is to an income and expenditure account; and references to profit and loss and, in relation to group accounts, to a consolidated profit and loss account shall be construed accordingly.

[ References in this Part to accounts giving a “true and fair view” are references—

- <sup>F301</sup>(2A) (a) in the case of Companies Act individual accounts, to the requirement under section 226A that such accounts give a true and fair view;
- (b) in the case of Companies Act group accounts, to the requirement under section 227A that such accounts give a true and fair view; and
- (c) in the case of IAS accounts, to the requirement under international accounting standards that such accounts achieve a fair presentation.]

- (3) References in this Part to “realised profits” and “realised losses”, in relation to a company’s accounts, are to such profits or losses of the company as fall to be treated as realised in accordance with principles generally accepted, at the time when the accounts are prepared, with respect to the determination for accounting purposes of realised profits or losses.

This is without prejudice to—

- (a) the construction of any other expression (where appropriate) by reference to accepted accounting principles or practice, or
- (b) any specific provision for the treatment of profits or losses of any description as realised.]]]

#### Textual Amendments

- F289** New ss. 259–262A inserted (subject to the saving and transitional provisions in [S.I. 1990/355, arts. 6–9, Sch. 2](#)) by [Companies Act 1989 \(c. 40, SIF 27\)](#), [ss. 1, 22, 213\(2\)](#) as part of the text inserted in place of ss. 221–262 (as mentioned in s. 1(a) of the 1989 Act)
- F290** Definition of “address” in s. 262(1) inserted (22.12.2000) by [S.I. 2000/3373, art. 16\(1\)](#)
- F291** [S. 262\(1\)](#): definition of “Companies Act accounts” inserted (12.11.2004 with effect as mentioned in reg. 1(2) of the amending S.I.) by [The Companies Act 1985 \(International Accounting Standards and Other Accounting Amendments\) Regulations 2004 \(S.I. 2004/2947\)](#), [reg. 3, Sch. 1 para. 20\(2\)\(a\)](#)
- F292** [S. 262\(1\)](#): definition substituted (22.11.2000) by [S.I. 2000/1430, art. 2\(3\)](#)
- F293** [S. 262\(1\)](#): words in definition of “credit institution” substituted (27.4.2002) by [The Electronic Money \(Miscellaneous Amendments\) Regulations 2002 \(S.I. 2002/765\)](#), [reg. 2\(2\)](#)
- F294** [S. 262\(1\)](#): definition omitted (20.10.1997) by virtue of [S.I. 1997/2306, reg. 4\(2\)](#)

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- F295** S. 262(1): definition of "IAS accounts" inserted (12.11.2004 with effect as mentioned in reg. 1(2) of the amending S.I.) by [The Companies Act 1985 \(International Accounting Standards and Other Accounting Amendments\) Regulations 2004 \(S.I. 2004/2947\), reg. 3, Sch. 1 para. 20\(2\)\(b\)](#)
- F296** S. 262(1): definition of "IAS Regulation" inserted (12.11.2004 with effect as mentioned in reg. 1(2) of the amending S.I.) by [The Companies Act 1985 \(International Accounting Standards and Other Accounting Amendments\) Regulations 2004 \(S.I. 2004/2947\), reg. 3, Sch. 1 para. 20\(2\)\(c\)](#)
- F297** S. 262(1): definition of "international accounting standards" inserted (12.11.2004 with effect as mentioned in reg. 1(2) of the amending S.I.) by [The Companies Act 1985 \(International Accounting Standards and Other Accounting Amendments\) Regulations 2004 \(S.I. 2004/2947\), reg. 3, Sch. 1 para. 20\(2\)\(d\)](#)
- F298** S. 262(1): definition of "profit and loss account" inserted (12.11.2004 with effect as mentioned in reg. 1(2) of the amending S.I.) by [The Companies Act 1985 \(International Accounting Standards and Other Accounting Amendments\) Regulations 2004 \(S.I. 2004/2947\), reg. 3, Sch. 1 para. 20\(2\)\(e\)](#)
- F299** S. 262(1): definition of "quoted company" inserted (1.8.2002) by [The Directors' Remuneration Report Regulations 2002 \(S.I. 2002/1986\), reg. 10\(11\)](#)
- F300** S. 262(1): definition of "true and fair view" omitted (12.11.2004 with effect as mentioned in reg. 1(2) of the amending S.I.) by virtue of [The Companies Act 1985 \(International Accounting Standards and Other Accounting Amendments\) Regulations 2004 \(S.I. 2004/2947\), reg. 3, Sch. 1 para. 20\(2\)\(f\)](#)
- F301** S. 262(2A) inserted (12.11.2004 with effect as mentioned in reg. 1(2) of the amending S.I.) by [The Companies Act 1985 \(International Accounting Standards and Other Accounting Amendments\) Regulations 2004 \(S.I. 2004/2947\), reg. 3, Sch. 1 para. 20\(3\)](#)

### **[<sup>F302</sup>262A] Index of defined expressions. E+W+S**

The following Table shows the provisions of this Part defining or otherwise explaining expressions used in this Part (other than expressions used only in the same section or paragraph)—

accounting reference date and accounting reference period	section 224
accounting standards and applicable accounting standards	section 256
[ <sup>F303</sup> "address"	<sup>F303</sup> section 2 62(1)]
annual accounts (generally)	section 262(1)
(includes notes to the accounts)	section 261(2)
annual report	section 262(1)
associated undertaking (in Schedule 4A)	paragraph 20 of that Schedule
[ <sup>F304</sup> auditable part (of a directors' remuneration report)	section 235(5)]
balance sheet (includes notes)	section 261(2)
balance sheet date	section 262(1)
<sup>F305</sup> . . . .	<sup>F305</sup> . . . .
banking group	[ <sup>F306</sup> section 255A(4)]
<sup>F305</sup> . . . .	<sup>F305</sup> . . . .

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capitalisation (in relation to work or costs)	section 262(1)
[ <sup>F307</sup> Companies Act accounts	Section 262(1)]
[ <sup>F308</sup> Companies Act group accounts	Sections 227(2) and 255A(6A)]
[ <sup>F309</sup> Companies Act individual accounts	Sections 226(2) and 255(4A)]
credit institution	section 262(1)
current assets	section 262(1)
[ <sup>F310</sup> directors' report	section 23]
<sup>F311</sup> . . . . .	<sup>F311</sup> . . . . .
fellow subsidiary undertaking	section 259(4)
[ <sup>F312</sup> financial fixed assets (in Schedule 9)]	[ <sup>F312</sup> paragraph 82 of Part I of that Schedule]
financial year	section 223
fixed assets	section 262(1)
[ <sup>F313</sup> “general business” (in Schedule 9A)	paragraph 81 of Part I of that Schedule]
group	section 262(1)
[ <sup>F314</sup> group accounts	Section 227(1)]
[ <sup>F315</sup> group directors' report	section 234]
[ <sup>F316</sup> group operating and financial review	section 234AA]
group undertaking	section 259(5)
[ <sup>F317</sup> historical cost accounting rules]	
[ <sup>F317</sup> - in Schedule 4]	[ <sup>F317</sup> paragraph 29 of that Schedule]
[ <sup>F318</sup> —in Schedule 8	paragraph 29 of that Schedule]
[ <sup>F317</sup> -in Schedule 9]	[ <sup>F317</sup> paragraph 39 of Part I of that Schedule]
[ <sup>F319</sup> —in Schedule 9A	paragraph 20(1) of Part I of that Schedule]
[ <sup>F320</sup> IAS accounts	Section 262(1)]
[ <sup>F321</sup> IAS group accounts	Section 227(2) and (3)]
[ <sup>F322</sup> IAS individual accounts	Section 226(2)]
[ <sup>F323</sup> IAS Regulation	Section 262(1)]
included in the consolidation and related expressions	section 262(1)
individual accounts	section 262(1)
insurance group	[ <sup>F306</sup> section 255A(5)]
[ <sup>F324</sup> international accounting standards	Section 262(1)]

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land of freehold tenure and land of leasehold tenure (in relation to Scotland) — in Schedule 4	paragraph 93 of that Schedule
[ <sup>F325</sup> -in Schedule 9]	[ <sup>F325</sup> paragraph 86 of Part I of that Schedule]
[ <sup>F326</sup> —in Schedule 9A	paragraph 85 of Part I of that Schedule]
lease, long lease and short lease— in Schedule 4	paragraph 83 of that Schedule
[ <sup>F325</sup> - in Schedule 9]	[ <sup>F325</sup> paragraph 82 of Part I of that Schedule]
[ <sup>F327</sup> —in Schedule 9A	paragraph 81 of Part I of that Schedule]
listed investment—in Schedule 4	paragraph 84 of that Schedule
[ <sup>F328</sup> —in Schedule 8	paragraph 54 of that Schedule]
[ <sup>F329</sup> —in Schedule 9A	paragraph 81 of Part I of that Schedule]
[ <sup>F312</sup> listed security (in Schedule 9)]	[ <sup>F312</sup> paragraph 82 of Part I of that Schedule]
[ <sup>F313</sup> “long term business” (in Schedule 9A)	paragraph 81 of Part I of that Schedule]
[ <sup>F313</sup> “long term fund” (in Schedule 9A)	paragraph 81 of Part I of that Schedule]
notes to the accounts	section 261(1)
[ <sup>F330</sup> operating and financial review	section 234AA]
parent undertaking (and parent company)	section 258 and Schedule 10A
participating interest	section 260
[ <sup>F331</sup> pension costs—in Schedule 4	<sup>F331</sup> paragraph 94(2) of that Schedule]
[ <sup>F331</sup> —in Schedule 8	<sup>F331</sup> paragraph 59(2) of that Schedule]
[ <sup>F331</sup> —in Schedule 9	<sup>F331</sup> paragraph 87(b) of Part I of that Schedule]
[ <sup>F331</sup> —in Schedule 9A	<sup>F331</sup> paragraph 86(b) of Part I of that Schedule]
period allowed for laying and delivering accounts and reports	section 244
[ <sup>F313</sup> “policy holder” (in Schedule 9A)	paragraph 81 of Part I of that Schedule]
profit and loss account(includes notes)	section 261(2)
[ <sup>F332</sup> (in relation to IAS accounts)	Section 262(1)]
(in relation to a company not trading for profit)	section 262(2)
[ <sup>F313</sup> “provision for unexpired risks” (in Schedule 9A)	paragraph 81 of Part I of that Schedule]
provision—in Schedule 4	paragraphs 88 and 89 of that Schedule

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[ <sup>F333c</sup> —in Schedule 8	paragraphs 57 and 58 of that Schedule]
[ <sup>F325</sup> - in Schedule 9]	[ <sup>F325</sup> paragraph 85 of Part I of that Schedule]
[ <sup>F334</sup> —in Schedule 9A	paragraph 84 of Part I of that Schedule]
purchase price	section 262(1)
qualified	section 262(1)
[ <sup>F335</sup> quoted company	section 262(1)]
realised losses and realised profits	section 262(3)
[ <sup>F312</sup> repayable on demand (in Schedule 9)]	[ <sup>F312</sup> paragraph 82 of Part I of that Schedule]
[ <sup>F336</sup> reporting accountant	section 249C(1)]
[ <sup>F337</sup> reporting standards and relevant reporting standards	section 256A]
reserve (in [ <sup>F338</sup> Schedule 9A])	paragraph 32 of that Schedule
[ <sup>F312</sup> sale and option to resell transaction (in Schedule 9)]	[ <sup>F312</sup> paragraph 82 of Part I of that Schedule]
[ <sup>F312</sup> sale and repurchase transaction (in Schedule 9)]	[ <sup>F312</sup> paragraph 82 of Part I of that Schedule]
shares	section 259(2)
[ <sup>F317</sup> social security costs]	
[ <sup>F317</sup> -in Schedule 4]	[ <sup>F317</sup> paragraph 94(1) and (3) of that Schedule]
[ <sup>F339</sup> —in Schedule 8	paragraph 59(1) and (3) of that Schedule]
[ <sup>F317</sup> - in Schedule 9]	[ <sup>F317</sup> paragraph 87(a) and (c) of Part I of that Schedule]
[ <sup>F340</sup> —in Schedule 9A	paragraph 86(a) and (c) of Part I of that Schedule]
special provisions for banking and insurance companies and groups	sections 255 and 255A
subsidiary undertaking	section 258 and Schedule 10A
[ <sup>F313</sup> “the 1982 Act” (in Schedule 9A)	paragraph 81 of Part I of that Schedule]
[ <sup>F341</sup> true and fair view	Section 262(2A)]
turnover	section 262(1)
undertaking and related expressions	section 259(1) to (3)]

### Textual Amendments

**F302** New ss. 259–262A inserted (subject to the saving and transitional provisions in S.I. 1990/355, arts. 6–9, Sch. 2) by Companies Act 1989 (c. 40, SIF 27), ss. 1, 22, 213(2) as part of the text inserted in place of ss. 221–262 (as mentioned in s. 1(a) of the 1989 Act)

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- F303** S. 262A: entry inserted (22.12.2000) by S.I. 2000/3373, **art. 16(2)**
- F304** S. 262A: entry inserted (1.8.2002) by The Directors' Remuneration Report Regulations 2002 (S.I. 2002/1986), **reg. 10(12)**
- F305** Entries in s. 262A repealed (11.2.1994) by S.I. 1994/233, **reg. 4(2)** (with reg. 7)
- F306** References in s. 262A substituted (2.12.1991) by S.I. 1991/2705, regs. 6, 9, **Sch. 2 para. 3(a)**.
- F307** Entry in s. 262A inserted (12.11.2004 with effect as mentioned in reg. 1(2) of the amending S.I.) by The Companies Act 1985 (International Accounting Standards and Other Accounting Amendments) Regulations 2004 (S.I. 2004/2947), reg. 3, **Sch. 1 para. 21(2)**
- F308** Entry in s. 262A inserted (12.11.2004 with effect as mentioned in reg. 1(2) of the amending S.I.) by The Companies Act 1985 (International Accounting Standards and Other Accounting Amendments) Regulations 2004 (S.I. 2004/2947), reg. 3, **Sch. 1 para. 21(2)**
- F309** Entry in s. 262A inserted (12.11.2004 with effect as mentioned in reg. 1(2) of the amending S.I.) by The Companies Act 1985 (International Accounting Standards and Other Accounting Amendments) Regulations 2004 (S.I. 2004/2947), reg. 3, **Sch. 1 para. 21(2)**
- F310** S. 262A: entry in table inserted (22.3.2005) by The Companies Act 1985 (Operating and Financial Review and Directors' Report etc.) Regulations 2005 (S.I. 2005/1011), reg. 19, **Sch. para. 7**
- F311** Entry in s. 262A repealed (20.10.1997) by S.I. 1997/2306, **reg. 4(4)**
- F312** S. 262A: entries inserted (2.12.1991) by S.I. 1991/2705, regs. 6, 9, **Sch. 2 para. 3(c)**.
- F313** Entries in s. 262A inserted (19.12.1993) by S.I. 1993/3246, regs. 5(1), 6, 7, **Sch. 2 para. 5(a)**
- F314** Entry in s. 262A inserted (12.11.2004 with effect as mentioned in reg. 1(2) of the amending S.I.) by The Companies Act 1985 (International Accounting Standards and Other Accounting Amendments) Regulations 2004 (S.I. 2004/2947), reg. 3, **Sch. 1 para. 21(2)**
- F315** S. 262A: entry in table inserted (22.3.2005) by The Companies Act 1985 (Operating and Financial Review and Directors' Report etc.) Regulations 2005 (S.I. 2005/1011), reg. 19, **Sch. para. 7**
- F316** S. 262A: entry in table inserted (22.3.2005) by The Companies Act 1985 (Operating and Financial Review and Directors' Report etc.) Regulations 2005 (S.I. 2005/1011), reg. 19, **Sch. para. 7**
- F317** S. 262A: entries substituted (2.12.1991) by S.I. 1991/2705, regs. 6, 9, **Sch. 2 para. 3(d)**.
- F318** S. 262A: words in entry relating to "historical cost accounting rules" inserted (1.3.1997) by S.I. 1997/220, **reg. 7(6)(a)**
- F319** Entry in s. 262A inserted (19.12.1993) by S.I. 1993/3246, regs. 5(1), 6, 7, **Sch. 2 para. 5(b)**
- F320** Entry in s. 262A inserted (12.11.2004 with effect as mentioned in reg. 1(2) of the amending S.I.) by The Companies Act 1985 (International Accounting Standards and Other Accounting Amendments) Regulations 2004 (S.I. 2004/2947), reg. 3, **Sch. 1 para. 21(2)**
- F321** Entry in s. 262A inserted (12.11.2004 with effect as mentioned in reg. 1(2) of the amending S.I.) by The Companies Act 1985 (International Accounting Standards and Other Accounting Amendments) Regulations 2004 (S.I. 2004/2947), reg. 3, **Sch. 1 para. 21(2)**
- F322** Entry in s. 262A inserted (12.11.2004 with effect as mentioned in reg. 1(2) of the amending S.I.) by The Companies Act 1985 (International Accounting Standards and Other Accounting Amendments) Regulations 2004 (S.I. 2004/2947), reg. 3, **Sch. 1 para. 21(2)**
- F323** Entry in s. 262A inserted (12.11.2004 with effect as mentioned in reg. 1(2) of the amending S.I.) by The Companies Act 1985 (International Accounting Standards and Other Accounting Amendments) Regulations 2004 (S.I. 2004/2947), reg. 3, **Sch. 1 para. 21(2)**
- F324** Entry in s. 262A inserted (12.11.2004 with effect as mentioned in reg. 1(2) of the amending S.I.) by The Companies Act 1985 (International Accounting Standards and Other Accounting Amendments) Regulations 2004 (S.I. 2004/2947), reg. 3, **Sch. 1 para. 21(2)**
- F325** Words in s. 262A inserted (2.12.1991) by S.I. 1991/2705, regs. 6, 9, **Sch. 2 para. 3(e)**.
- F326** Entry in s. 262A substituted (19.12.1993) by virtue of S.I. 1993/3246, regs. 5(1), 6, 7, **Sch. 2 para. 5(c)**
- F327** Entry in s. 262A substituted (19.12.1993) by virtue of S.I. 1993/3246, regs. 5(1), 6, 7, **Sch. 2 para. 5(d)**
- F328** S. 262A: words in entry relating to "listed investment" inserted (1.3.1997) by S.I. 1997/220, **reg. 7(6)(b)**



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- F329** Entry in s. 262A substituted (19.12.1993) by virtue of S.I. 1993/3246, regs. 5(1), 6, 7, **Sch. 2 para. 5(e)**
- F330** S. 262A: entry in table inserted (22.3.2005) by The Companies Act 1985 (Operating and Financial Review and Directors' Report etc.) Regulations 2005 (S.I. 2005/1011), reg. 19, **Sch. para. 7**
- F331** S. 262A: entry substituted (1.3.1997) by S.I. 1997/220, **reg. 7(6)(c)**
- F332** Entry in s. 262A inserted (12.11.2004 with effect as mentioned in reg. 1(2) of the amending S.I.) by The Companies Act 1985 (International Accounting Standards and Other Accounting Amendments) Regulations 2004 (S.I. 2004/2947), reg. 3, **Sch. 1 para. 21(3)**
- F333** S. 262A: words in entry relating to "provision" inserted (1.3.1997) by S.I. 1997/220, **reg. 7(6)(d)**
- F334** Entry in s. 262A substituted (19.12.1993) by virtue of S.I. 1993/3246, regs. 5(1), 6, 7, **Sch. 2 para. 5(g)**
- F335** S. 262A: entry inserted (1.8.2002) by The Directors' Remuneration Report Regulations 2002 (S.I. 2002/1986), **reg. 10(12)**
- F336** Entry in s. 262A inserted (11.8.1994) by S.I. 1994/1935, reg. 4, **Sch. 1 Pt. 1 para. 3**
- F337** S. 262A: entry in table inserted (22.3.2005) by The Companies Act 1985 (Operating and Financial Review and Directors' Report etc.) Regulations 2005 (S.I. 2005/1011), reg. 19, **Sch. para. 7**
- F338** Words in s. 262A substituted (2.12.1991) by S.I. 1991/2705, regs. 6, 9, **Sch. 2 para. 3(b)**.
- F339** S. 262A: words in entry relating to "social security costs" inserted (1.3.1997) by S.I. 1997/220, **reg. 7(6)(e)**
- F340** Entry in s. 262A inserted (19.12.1993) by S.I. 1993/3246, regs. 5(1), 6, 7, **Sch. 2 para. 5(h)**
- F341** Entry in s. 262A substituted (12.11.2004 with effect as mentioned in reg. 1(2) of the amending S.I.) by The Companies Act 1985 (International Accounting Standards and Other Accounting Amendments) Regulations 2004 (S.I. 2004/2947), reg. 3, **Sch. 1 para. 21(4)**

**Status:**

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