



Companies Act 1985

1985 CHAPTER 6

PART VII

ACCOUNTS AND AUDIT

CHAPTER I

PROVISIONS APPLYING TO COMPANIES GENERALLY

Revision of defective accounts and reports

245B Application to court in respect of defective accounts.

- (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 [^{F1}, or a directors' report ^{F2}. . . does not comply,] with the requirements of this Act [^{F3}(or, where applicable, of Article 4 of the IAS Regulation)] and for an order requiring the directors of the company to prepare revised accounts [^{F4}or a revised report ^{F5}. . .].
- (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 [^{F6}, 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,

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and such other matters as the court thinks fit.

[^{F7}(3A) If the court orders the preparation of a revised directors' report ^{F8}. . . it may give directions with respect to—

- (a) the review of the directors' report ^{F9}. . . by the auditors,
- (b) the revision of any directors' report, directors' remuneration report ^{F10}. . . 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 ^{F11}. . . , and
- (d) such other matters as the court thinks fit.]

(4) If the court finds that the accounts [^{F12}or report] did not comply with the requirements of this Act [^{F3}(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 [^{F13}or a revised report ^{F14}. . .],

shall be borne by such of the directors as were party to the approval of the [^{F15}defective accounts or report] .

For this purpose every director of the company at the time [^{F16}approval of the accounts or report] shall be taken to have been a party to [^{F17}the approval] unless he shows that he took all reasonable steps to prevent [^{F18}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 [^{F19}or report] knew or ought to have known that the accounts [^{F19}or report] did not comply with the requirements of this Act [^{F3}(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.

[^{F20}(7) The provisions of this section apply equally to revised annual accounts [^{F21}and revised directors' reports] , in which case they have effect as if the references to revised accounts [^{F22}or reports] were references to further revised accounts [^{F22}or reports] .]

Textual Amendments

- F1** 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)**
- F2** Words in s. 245B(1) omitted (12.1.2006) by virtue of The Companies Act 1985 (Operating and Financial Review) (Repeal) Regulations 2005 (S.I. 2005/3442), reg. 2(2)(a), **Sch. 1 para. 11(2)(a)**
- F3** 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**
- F4** 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)**
- F5** Words in s. 245B(1) omitted (12.1.2006) by virtue of The Companies Act 1985 (Operating and Financial Review) (Repeal) Regulations 2005 (S.I. 2005/3442), reg. 2(2)(a), **Sch. 1 para. 11(2)(b)**

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- F6** Words in s. 245B(3)(b) inserted (1.8.2002) by The Directors' Remuneration Report Regulations 2002 (S.I. 2002/1986), **reg. 10(10)**
- F7** 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)**
- F8** Words in s. 245B(3A) omitted (12.1.2006) by virtue of The Companies Act 1985 (Operating and Financial Review) (Repeal) Regulations 2005 (S.I. 2005/3442), reg. 2(2)(a), **Sch. 1 para. 11(3)(a)**
- F9** Words in s. 245B(3A)(a) omitted (12.1.2006) by virtue of The Companies Act 1985 (Operating and Financial Review) (Repeal) Regulations 2005 (S.I. 2005/3442), reg. 2(2)(a), {Sch. 1 para. 11(3)(b)}
- F10** Words in s. 245B(3A)(b) omitted (12.1.2006) by virtue of The Companies Act 1985 (Operating and Financial Review) (Repeal) Regulations 2005 (S.I. 2005/3442), reg. 2(2)(a), **Sch. 1 para. 11(3)(c)**
- F11** Words in s. 245B(3A)(c) omitted (12.1.2006) by virtue of The Companies Act 1985 (Operating and Financial Review) (Repeal) Regulations 2005 (S.I. 2005/3442), reg. 2(2)(a), **Sch. 1 para. 11(3)(d)**
- F12** Words in s. 245B(4) substituted (12.1.2006) by The Companies Act 1985 (Operating and Financial Review) (Repeal) Regulations 2005 (S.I. 2005/3442), reg. 2(2)(a), **Sch. 1 para. 11(4)(a)**
- F13** 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)**
- F14** Words in s. 245(4)(b) omitted (12.1.2006) by virtue of The Companies Act 1985 (Operating and Financial Review) (Repeal) Regulations 2005 (S.I. 2005/3442), reg. 2(2)(a), **Sch. 1 para. 11(4)(b)**
- F15** Words in s. 245B(4) substituted (12.1.2006) by The Companies Act 1985 (Operating and Financial Review) (Repeal) Regulations 2005 (S.I. 2005/3442), reg. 2(2)(a), **Sch. 1 para. 11(4)(c)**
- F16** Words in s. 245B(4) substituted (12.1.2006) by The Companies Act 1985 (Operating and Financial Review) (Repeal) Regulations 2005 (S.I. 2005/3442), reg. 2(2)(a), **Sch. 1 para. 11(4)(d)**
- F17** 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)**
- F18** 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)**
- F19** Words in s. 245B(5) substituted (12.1.2006) by The Companies Act 1985 (Operating and Financial Review) (Repeal) Regulations 2005 (S.I. 2005/3442), reg. 2(2)(a), **Sch. 1 para. 11(5)**
- F20** 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)**
- F21** Words in s. 245B(7) substituted (12.1.2006) by The Companies Act 1985 (Operating and Financial Review) (Repeal) Regulations 2005 (S.I. 2005/3442), reg. 2(2)(a), **Sch. 1 para. 11(6)(a)**
- F22** Words in s. 245B(7) substituted (12.1.2006) by The Companies Act 1985 (Operating and Financial Review) (Repeal) Regulations 2005 (S.I. 2005/3442), reg. 2(2)(a), **Sch. 1 para. 11(6)(b)**

Modifications etc. (not altering text)

- C1** Ss. 245A and 245B excluded by S.I. 1990/2569, **art. 6(2)**
- C2** Ss. 245-245C applied (1.10.2005) by The Companies (Disclosure of Auditor Remuneration) Regulations 2005 (S.I. 2005/2417), **reg. 7**

Status:

Point in time view as at 09/03/2007. This version of this provision has been superseded.

Changes to legislation:

There are currently no known outstanding effects for the Companies Act 1985, Section 245B.