

1986 No. 1865

COMPANIES

**The Companies (Modified Accounts)
Amendment Regulations 1986**

<i>Made</i>	- - - - -	31st October 1986
<i>Laid before Parliament</i>		7th November 1986
<i>Coming into Operation</i>		30th November 1986

The Secretary of State, in exercise of the powers conferred by section 251(1) of the Companies Act 1985(a) and of all other powers enabling him in that behalf, hereby makes the following Regulations:—

Citation and commencement

1. These Regulations may be cited as the Companies (Modified Accounts) Amendment Regulations 1986 and shall come into operation on 30th November 1986.

Small company qualification

2. In section 248(1) of the Companies Act 1985—

- (a) the figure “£2 million” shall be substituted for the figure “£1.4 million”; and
- (b) the figure “£975,000” shall be substituted for the figure “£700,000”.

Medium-sized company qualification

3. In section 248(2) of that Act—

- (a) the figure “£8 million” shall be substituted for the figure “£5.75 million”; and
- (b) the figure “£3.9 million” shall be substituted for the figure “£2.8 million”.

Transitional provisions: Small companies

4. In determining under section 249(3) to (6) of that Act (subject to section 250 where the company has subsidiaries) whether a company’s directors may deliver accounts modified as for a small company in respect of financial years ending on or after 30th November 1986:

- (a) the company shall be treated as having qualified as small in each previous financial year ending on or after 27th November 1984 in which it would have so qualified under section 248(1) as amended by these Regulations; and

(a) 1985 c. 6.

- (b) the directors shall be treated as having been entitled to deliver accounts so modified in any such financial year if they would have been so entitled had the company had the qualification it is treated as having had under (a) above.

Transitional provisions: Medium-sized companies

5. In determining under section 249(3) to (6) of that Act (subject to section 250 where the company has subsidiaries) whether a company's directors may deliver accounts modified as for a medium-sized company in respect of financial years ending on or after 30th November 1986:

- (a) The company shall be treated as having qualified as medium-sized in each previous financial year ending on or after 27th November 1984 in which it would have so qualified under section 248(2) as amended by these Regulations; and
- (b) The directors shall be treated as having been entitled to deliver accounts so modified in any such financial year if they would have been so entitled had the company had the qualification it is treated as having had under (a) above.

Michael Howard,
Parliamentary Under Secretary of State,
Department of Trade and Industry.

31st October 1986.

EXPLANATORY NOTE

(This Note is not part of the Regulations.)

The directors of a company which qualifies as small or medium-sized may be entitled under section 249 of the Companies Act 1985 to deliver modified individual accounts to the Registrar of Companies. The directors of a holding company may be entitled under section 250 of that Act to deliver modified individual accounts where the group taken as a whole qualifies as small or medium-sized. Where the directors of a holding company are entitled to deliver modified individual accounts they may also deliver modified group accounts. The directors of those categories of companies listed in section 247 of that Act are excluded from delivering modified accounts.

Whether a company qualifies as small or medium-sized is defined in each case by three thresholds. These Regulations raise the thresholds for turnover and balance sheet total in respect of each class. The third threshold (average number of employees in the year) is not changed in either case.

The new thresholds only apply to determine whether a company qualifies as small or medium-sized in financial years ending on or after 30th November 1986. The entitlement to deliver modified accounts depends (except for a company's first financial year) on the company having qualified as small or medium-sized and/or the directors having been entitled to deliver modified accounts in previous financial years. The Regulations make transitional provisions so that directors may take advantage of the new thresholds as soon as possible.

The original thresholds in section 249 were prescribed by the Fourth Council Directive on the annual accounts of certain types of companies No. 786602 EEC **(a)**. These Regulations raise the thresholds to the maximum extent permitted by the Council Directive revising the amounts expressed in ECU in the Fourth Council Directive No. 84/569/EEC **(b)**.

(a) OJ No L 222, 14.8.1978, p. 11.

(b) OJ No L 314, 4.12.1984, p. 28.

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