Companies Act 1985

1985 CHAPTER 6

PART VII

ACCOUNTS AND AUDIT

CHAPTER II

EXEMPTIONS, EXCEPTIONS AND SPECIAL PROVISIONS

Small and medium-sized companies and groups

[F1 246 Special provisions for small companies

(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 [F2 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 [F3 section 226A] to compliance with the provisions of Schedule 4 shall be construed accordingly.

F4 [The company's individual accounts for the year—

(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—

[[F5](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);

[[F6](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

(c) if **[**[F7]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 **[**[F8]the directors of the company have taken advantage of the exemption from audit conferred by section 249AA (dormant companies)**].]**

Textual Amendments

F1 S. 246 substituted (1.3.1997) by S.I. 1997/220, **reg. 2(1)**

F2 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)**

F3 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)**

F4 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)**

F5 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**

F6 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)**

F7 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)**

F8 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)

[[F9]**246A Special provisions for medium-sized companies**

(1) Subject to section 247A, this section applies where a company qualifies as a medium-sized company in relation to a financial year **[**[F10]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).

[F11]**[** (2A) The directors' report for the year need not comply with the requirements of 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

F9 S. 246A inserted (1.3.1997) by S.I. 1997/220, **art. 3**

F10 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**

F11 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**

[F12 247 Qualification of company as small or medium-sized.

(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.

(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 **[**F13subsection (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—

Small company	
1. Turnover	**[**F14Not more than £5.6 million**]**
2. Balance sheet total	**[**F15Not more than £2.8 million**]**
3. Number of employees	Not more than 50
Medium-sized company	
1. Turnover	**[**F16Not more than £22.8 million**]**
2. Balance sheet total	**[**F17Not 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.

[F18(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 **[**[F19]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.**]**

Textual Amendments

F12 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)

F13 Words in s. 247(2)(a) substituted (16.11.1992) by S.I. 1992/2452, **regs. 5(2)**, 7.

F14 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)

F15 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)

F16 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)

F17 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)

F18 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**

F19 Words in s. 247(6) substituted (2.2.1996) by S.I. 1996/189, **reg. 8**

Modifications etc. (not altering text)

C1 S. 247(3) applied (21.4.1995) by S.I. 1995/116, **reg. 17(2)**

C2 S. 247 modified (16.11.1992) by S.I. 1992/2452, **reg. 7(2)**.

C3 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**)

[[F20]**247A Cases in which special provisions do not apply**

[[F21](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 **[**[F22]a regulated activity**]** , 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,

[F23]**[**(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).**]**

Textual Amendments

F20 S. 247A inserted (1.3.1997) by S.I. 1997/220, **reg. 4**

F21 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**

F22 Words in s. 247A(1B)(b) substituted (5.9.2005 with application as mentioned in art. 1(2) of the amending S.I.) by The Companies Act 1985 (Investment Companies and Accounting and Audit Amendments) Regulations 2005 (S.I. 2005/2280), **reg. 13**

F23 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)

[[F24]**247B Special auditors' report**

(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) **[**[F25]or section 249AA**]**, [F26]. . .

[F27](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

F24 S. 247B inserted (1.3.1997) by S.I. 1997/220, **reg. 5**

F25 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)

F26 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)

F27 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)

[[F28]248 Exemption for small and medium-sized groups.

(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,

[[F29](b) a person who has permission under Part 4 of the Financial Services and Markets Act 2000 to carry on a regulated activity, or

[F29](c) a person who carries on an insurance market activity.**]**

[F30](3) . . . . . .

(4) . . . . . .**]**

Textual Amendments

F28 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)

F29 S. 248(2)(b)(c) substituted (1.12.2001) for s. 248(2)(b)-(d) by S.I. 2001/3649, **arts. 1**, 12

F30 S. 248(3)(4) repealed (2.2.1996) by S.I. 1996/189, **reg. 9**

Modifications etc. (not altering text)

C4 S. 248(2) amended (1.7.1994) by S.I. 1994/1696, reg. 68, **Sch. 8 Pt. I para. 9(1)(a)**

[F31 248A Group accounts prepared by small company

(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 **[**F32 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.

(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

F31 S. 248A inserted (1.3.1997) by S.I. 1997/220, **reg. 6**

F32 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**

[F33 249 Qualification of group as small or medium-sized.

(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 **[**F34subsection (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—

Small group	
1. Aggregate turnover	**[**F35Not more than £5.6 million net (or £6.72 million gross)**]**
2. Aggregate balance sheet total	**[**F36Not 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	**[**F37Not more than £22.8 million net (or £27.36 million gross)**]**
2. Aggregate balance sheet total	**[**F38Not 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—

(a) if its financial year ends with that of the parent company, that financial year, and

(b) 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.**]**

Textual Amendments

F33 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)

F34 Words in s. 249(2)(a) substituted (16.11.1992) by S.I. 1992/2452, **regs. 6(2)**, 7.

F35 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)

F36 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)

F37 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)

F38 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)

C5 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**

C6 S. 249 modified (16.11.1992) by S.I. 1992/2452, **reg. 7(2)**.

C7 S. 249(3)–(6) modified by S.I. 1986/1865, **regs. 4**, 5

[F39 Exemptions from audit for certain categories of small company]

Textual Amendments

F39 Ss. 249A-249E and preceding cross-heading inserted (11.8.1994) by S.I. 1994/1935, **reg. 2**

F40 249A Exemptions from audit

(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, **[F41** 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 **[**[F42]£5.6 million**]**, and

(c) its balance sheet total for that year is not more than **[**[F43]£2.8 million**]**.

[[F44](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 **[**[F42]£5.6 million**]** of a reference to £90,000.**]**

(4) The report conditions are met by **[**[F45]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 **[**[F46]gross income**]** in that year is more than £90,000 but not more than **[**[F47]£250,000**]**, and

(c) its balance sheet total for that year is not more than £1.4 million .

[F48](5) . . . . . .

(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.

[[F49](6A) A company is entitled to the exemption conferred by subsection (1) or (2) notwithstanding that it falls within paragraph (a) or (b) of **[**[F50]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

F40 Ss. 249A-249E and preceding cross-heading inserted (11.8.1994) by S.I. 1994/1935, **reg. 2**

F41 Words in s. 249A(2) substituted (15.4.1997) by S.I. 1997/936, **reg. 2(2)**

F42 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)**

F43 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)**

F44 Words in s. 249A(3A) inserted (15.4.1997) by S.I. 1997/936, **reg. 2(4)**

F45 Words in s. 249A(4) substituted (15.4.1997) by S.I. 1997/936, **reg. 2(5)(a)**

F46 Words in s. 249A(4)(b) substituted (15.4.1997) by S.I. 1997/936, **reg. 2(5)(b)(i)**

F47 Words in s. 249A(4)(b) substituted (15.4.1997) by S.I. 1997/936, **reg. 2(5)(b)(ii)**

F48 S. 249A(5) substituted (15.4.1997) by S.I. 1997/936, **reg. 2(6)**

F49 S. 249(6A) inserted (*retrospectively*) by S.I. 1997/936, **reg. 2(7)(8)**

F50 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)

C8 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**)

[F51 249AA Dormant companies

(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—

(a) it has been dormant since its formation, or

(b) it has been dormant since the end of the previous financial year and subsection (2) applies.

(2) This subsection applies if the company—

(a) 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

(b) 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—

[F52(a) a person who has permission under Part 4 of the Financial Services and Markets Act 2000 to carry on **[**F53a regulated activity**]** ; or

(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

F51 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

F52 S. 249AA(3)(a)(b) substituted (1.12.2001) by S.I. 2001/3649, **arts. 1**, 13

F53 Words in s. 249AA(3)(a) substituted (5.9.2005 with application as mentioned in art. 1(2) of the amending S.I.) by The Companies Act 1985 (Investment Companies and Accounting and Audit Amendments) Regulations 2005 (S.I. 2005/2280), **reg. 15**

Modifications etc. (not altering text)

C9 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)**

[F54]249B Cases where exemptions not available

(1) **[**[F55]Subject to **[**[F56]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,

[[F57](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,**]**

[[F58](bb) it carried on an insurance market activity,**]**

(c) . . . . . .

[[F59](d) it was an appointed representative, within the meaning of section 39 of the Financial Services and Markets Act 2000 **[**[F60](other than an appointed representative whose scope of appointment is limited to activities that are not regulated activities for the purposes of this Part: see section 262)**]** ,**]**

(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.

[[F61](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 **[**[F62]section 249AA**]**) throughout that period.**]**

[[F63](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 **[**[F64](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 **[**[F65], where the company referred to in subsection (1B) is a charity,**]** not more than £350,000 net (or £420,000 gross) **[**[F66]or, where the company so referred to is not a charity, **[**[F67]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 **[**[F68]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 **[**[F69]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 **[**[F70]or by subsection (1) of section 249AA**]** unless its balance sheet contains a statement by the directors—

(a) **[**[F71]to the effect**]**that for the year in question the company was entitled to exemption under subsection (1) or (2) [F72]. . . of section 249A **[**[F73]or subsection (1) of section 249AA**]**,

[[F74](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) **[**[F71]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 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 **[**[F75]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

F54 Ss. 249A-249E and preceding cross-heading inserted (11.8.1994) by S.I. 1994/1935, **reg. 2**

F55 Words in s. 249B(1) inserted (2.2.1996) by S.I. 1996/189, **reg. 10(2)**

F56 Words in s. 249B(1) substituted (15.4.1997) by S.I. 1997/936, **reg. 3(2)**

F57 S. 249B(1)(b) substituted (1.12.2001) by S.I. 2001/3649, **arts. 1**, 14(1)(2)

F58 S. 249B(1)(bb) inserted (1.12.2001) by S.I. 2001/3649, **arts. 1**, 14(1)(3)

F59 S. 249B(1)(d) substituted (1.12.2001) by S.I. 2001/3649, **arts. 1**, 14(1)(4)

F60 Words in s. 249B(1)(d) inserted (5.9.2005 with application as mentioned in art. 1(2) of the amending S.I.) by The Companies Act 1985 (Investment Companies and Accounting and Audit Amendments) Regulations 2005 (S.I. 2005/2280), **reg. 16**

F61 S. 249B(1A) inserted (2.2.1996) by S.I. 1996/189, **reg. 10(3)**

F62 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)

F63 S. 249B(1C)(1D) inserted (15.4.1997) by S.I. 1997/936, **reg. 3(3)**

F64 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)

F65 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)

F66 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)

F67 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)**

F68 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)**

F69 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)

F70 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)

F71 Words in s. 249B(4)(a)-(c) inserted (2.2.1996) by S.I. 1996/189, **reg. 10(4)**

F72 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)

F73 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)

F74 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)

F75 Words in s. 249B(5) substituted (2.2.1996) by S.I. 1996/189, **reg. 10(5)**

[F76]249C The report required for the purposes of section 249A(2).

(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—

(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 [F77]. . .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) **[**[F78]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 **[**[F79]section 246(2) and (3)**]**.

Textual Amendments

F76 Ss. 249A-249E and preceding cross-heading inserted (11.8.1994) by S.I. 1994/1935, **reg. 2**

F77 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)

F78 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**

F79 Words in s. 249C(6) substituted (1.3.1997) by S.I. 1997/220, **reg. 7(3)**

Modifications etc. (not altering text)

C10 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**)

[F80]249D The reporting accountant

[[F81](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

(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 **[**[F82]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) **[**[F83]the Association of Chartered Certified Accountants**]**, [F84]. . .

(e) the Association of Authorised Public Accountants.

[[F85](f) the Association of Accounting Technicians,

[F85](g) the Association of International Accountants, [F86]. . .
[F85](h) the Chartered Institute of Management Accountants **][**[F87], 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

F80 Ss. 249A-249E and preceding cross-heading inserted (11.8.1994) by S.I. 1994/1935, **reg. 2**
F81 S. 249D(1)(1A) substituted (30.3.1995) for s. 249D(1) by S.I. 1995/589, **reg. 2(1)(2)**
F82 Words in s. 249D(3) substituted (30.3.1995) for s. 249D(3) by S.I. 1995/589, **reg. 2(1)(3)**
F83 Words in s. 249D(3)(d) substituted (15.4.1997) by S.I. 1997/936, **reg. 4(2)**
F84 Word in s. 249D(3)(d) omitted (1.1.1997) by virtue of S.I. 1996/3080, **art. 2(2)(a)**
F85 S. 249D(3)(f)-(h) inserted (1.1.1997) by S.I. 1996/3080, **reg. 2(2)(b)**
F86 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)**
F87 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)**

[F88]249E Effect of exemptions

(1) Where the directors of a company have taken advantage of the exemption conferred by section 249A(1) **[**[F89]or 249AA(1)**]**—
(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.

[[F90](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 auditos 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) **[**[F91]sections 389A(1) and 389B(1) and (5)**]** (rights to information) shall have effect with the substitution for references to **[**[F92]an auditor**]** of references to the reporting accountant.

Textual Amendments

F88 Ss. 249A-249E and preceding cross-heading inserted (11.8.1994) by S.I. 1994/1935, **reg. 2**

F89 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)

F90 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)

F91 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)

F92 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

[[F93]**250** . . . . . .

Textual Amendments

F93 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 ***[***[F94]***Summary financial statement]***

(1) **[**[F95]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 **[**[F96]section 238(1A)**]** to **[**[F97]entitled persons**]**, but may instead send them a summary financial statement.

[[F98]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;**]**

[[F99]"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.**]**

F100 . . . . . .
F100 . . . . . .

(2) Copies of the documents referred to in **[**F101section 238(1A)**]** shall, however, be sent to **[**F102any 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 **[**F103(whether before or after he becomes an entitled person)**]** whether **[**F102an entitled person**]** wishes to receive them.

[F104(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.**]**

[F105(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.

F105(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

(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.

F105(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 **[**F106directors' 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.

F105(2D) Nothing in **[**F107subsection (2ZA) or (2C)**]** shall invalidate the proceedings of a meeting where—

[F108(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 **[**[F109]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.

[F105](2E) A company may, notwithstanding any provision to the contrary in its articles, take advantage of any of subsections (2A) to (2D).**]**

[[F110](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.**]**

[[F111](4) Every summary financial statement shall—

(a) state that it is only a summary of information in the company's annual accounts [F112]. . . and (in the case of a quoted company) the directors' remuneration report;

[[F113](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 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

[[F114](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;

[[F115](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 **[**[F116]entitled persons**]** of a summary financial statement in accordance with this section.

Textual Amendments

F94 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)**

F95 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)**

F96 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)

F97 Words in s. 251(1) substituted (4.12.1992) by S.I. 1992/3003, **reg. 3(2)(b)**.

F98 Second paragraph of s. 251(1) substituted (4.12.1992) by S.I. 1992/3003, **reg. 3(3)**.

F99 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)

F100 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)**

F101 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)

F102 Words in s. 251(2) substituted (4.12.1992) by S.I. 1992/3003, **reg. 3(4)(a)**.

F103 Words in s. 251(2) inserted (4.12.1992) by S.I. 1992/3003, **reg. 3(4)(b)**.

F104 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)

F105 S. 251(2A)-(2E) inserted (22.12.2000) by S.I. 2000/3373, **art. 14**

F106 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)

F107 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)

F108 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)

F109 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)

F110 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)

F111 S. 251(4) substituted (1.8.2002) by The Directors' Remuneration Report Regulations 2002 (S.I. 2002/1986), **reg. 8(3)**

F112 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)

F113 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)

F114 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)

F115 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)

F116 Words in s. 251(7) substituted (4.12.1992) by S.I. 1992/3003, **reg. 3(5)**.

Modifications etc. (not altering text)

C11 S. 251 modified by S.I. 1990/355, art. 7(2)(d), Sch. 2 paras. 14(2)(d), **18**

C12 S. 251 restricted by S.I. 1990/515, **reg. 5**

C13 S. 251(1)–(4) applied with modifications by S.I. 1990/2570, **regs. 14(1)(2)**, 16(3)

C14 S. 251(2) amended by S.I. 1990/515, **reg. 6(1)**

C15 S. 251(6)(7) applied with modifications by S.I. 1990/2570, **regs. 14(1)(2)(6)**, 16(3)

Private companies

252 Election to dispense with laying of accounts and reports before general meeting.

(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)

C16 S. 252(1)(2)(4) applied (1.7.2005) by The Community Interest Company Regulations 2005 (S.I. 2005/1788), **reg. 29**

[F117253 Right of shareholder to require laying of accounts.

(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.

F118(2A) **[** The power of a member or auditor under subsection (2) to require the holding of a 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 **[**F119 -

F119(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 **[**F120required 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 **[**F121required 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

F117 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)

F118 S. 253(2A) inserted (22.12.2000) by S.I. 2000/3373, **art. 15(1)(2)**

F119 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)**

F120 Words in s. 253(3) substituted (22.12.2000) by S.I. 2000/3373, **art. 15(1)(3)(b)**

F121 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.

(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—

(a) has the company been, to its knowledge, a subsidiary undertaking of an undertaking which was then limited, or

(b) 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

(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 **[**[F122]if—

(a) the company is a banking **[**[F123]or insurance**]** company or the parent company of a banking **[**[F123]or insurance**]** group, or

(b) the company is a qualifying company within the meaning of the Partnerships and Unlimited Companies (Accounts) Regulations 1993, [F124]. . .

(c) [F124]. . . . . .

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

F122 Words in s. 254(3) substituted (21.7.1993) by S.I. 1993/1820, **reg. 10**

F123 Words in s. 254(3) substituted (19.12.1993) by S.I. 1993/3246, regs. 5(1), 6, 7, **Sch. 2 para.2**

F124 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

[F125]255 Special provisions for banking and insurance companies.

(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 **[**[F126]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 accounts of banking companies, or to the provisions of Part I of Schedule 9A, in the case of the accounts of insurance companies.

[[F127](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.**]**

[F128](5) . . . . . .

Textual Amendments

F125 Ss. 255-255B substituted (2.12.1991) by S.I. 1991/2705, **regs. 3**, 9.

F126 Word in s. 255(2) substituted (19.12.1993) by S.I. 1993/3246, **regs. 2(1)**, 6, 7

F127 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**

F128 S. 255(5) omitted (19.12.1993) by S.I. 1993/3246, **regs. 2(2)**, 6, 7

Modifications etc. (not altering text)

C17 S. 255 modified (*temp.*) (in force in accordance with **s. 3** of the amending Act) by 1999 c. iv, ss. 3, 7(6)

C18 S. 255 extended (with modifications) (19.12.1993) by S.I. 1993/3245, **reg.3**

C19 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.

[F129]255A Special provisions for banking and insurance groups.

(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 **[**[F130]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.

[[F131](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.

(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 **[**[F132]section 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 **[**[F133]75 to 77**]**, 80 and 81 of Part I of Schedule 9, in the case of the group accounts of a banking group **[**[F134], 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**]**..

[[F135](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.**]**

[F136](7) . . . . . .

Textual Amendments

F129 Ss. 255-255B substituted (2.12.1991) by S.I. 1991/2705, **regs. 3**, 9.
F130 Word in s. 255A substituted (19.12.1993) by S.I. 1993/3246, **regs. 3(1)**, 6, 7
F131 S. 255A(4)-(5A) substituted (19.12.1993) for s. 255A(4)(5) by S.I. 1993/3246, **regs. 3(2)**, 6, 7
F132 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)**
F133 Words in s. 255A(6)(b) substituted (2.2.1996) by S.I. 1996/189, **reg. 15(2)**
F134 Words in s. 255A(6) inserted (19.12.1993) by S.I. 1993/3246, **regs. 3(3)**, 6, 7
F135 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)**
F136 S. 255A(7) omitted (19.12.1993) by S.I. 1993/3246, **regs. 3(4)**, 6, 7

Modifications etc. (not altering text)

C20 S. 255A extended (with modifications) (19.12.1993) by S.I. 1993/3245, **reg. 3**

[F137]255B Modification of disclosure requirements in relation to banking company or group.

(1) In relation to a banking company, or the **[**[F138]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 **[**[F139]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

F137 Ss. 255-255B substituted (2.12.1991) by S.I. 1991/2705, **regs. 3**, 9.
F138 Words in s. 255B(1) substituted (1.1.1993) by S.I. 1992/3178, **reg. 6**.
F139 Words in s. 255B(2) substituted (28.2.1994) by S.I. 1994/233, **reg. 3**

[F140]255C . . . . . .

Textual Amendments

F140 S. 255C omitted (19.12.1993) by S.I. 1993/3246, regs. 5(1), 6, 7, **Sch. 2 para.3**

[[F141]255D Power to apply provisions to banking partnerships.

(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.

[F142(2) A "banking partnership" means a partnership which has permission under Part 4 of 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.

F143(5) **[** Subsections (2) and (2A) must be read with—

(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.**]]**

Textual Amendments

F141 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)

F142 S. 255D(2)(2A) substituted (1.12.2001) for s. 255D(2) by S.I. 2001/3649, **arts. 1**, 16(1)

F143 S. 255D(5) inserted (1.12.2001) for s. 255D(5) by S.I. 2001/3649, **arts. 1**, 16(2)

Welsh private companies

[F144F145 **255E Delivery of accounting documents in Welsh only.**

(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 F146 and shall be registered by him accordingly.]

Textual Amendments

F144 S. 255E inserted (1.6.1992) by S.I. 1992/1083, **reg. 2(4)**.

F145 S. 255E repealed (1.2.1994) by 1993 c. 38, s. 30(5), 35(1), **Sch. 2**; S.I. 1994/115, **art. 2(2)**

F146 Sections 707A and 709 were inserted into the 1985 Act by section 126 of the Companies Act 1989.

Status:
Point in time view as at 05/09/2005.

Changes to legislation:
There are currently no known outstanding effects for the Companies Act 1985, Chapter II.