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STATUTORY INSTRUMENTS

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**1990 No. 2570**

**COMPANIES**

**The Companies (Revision of Defective  
Accounts and Report) Regulations 1990**

<i>Made</i>	- - - -	<i>17th December 1990</i>
<i>Laid before Parliament</i>		<i>17th December 1990</i>
<i>Coming into force</i>	- -	<i>7th January 1991</i>

The Secretary of State, in exercise of the powers conferred on him by section 245(3) to (5) of the Companies Act 1985(1) 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 (Revision of Defective Accounts and Report) Regulations 1990 and shall come into force on 7th January 1991.

**Interpretation**

2. In these Regulations:

“the Act” means the Companies Act 1985(2);

“date of the original annual accounts” means the date on which the original annual accounts were approved by the board of directors under section 233 of the Act;

“date of the original directors' report” means the date on which the original directors' report was approved by the board of directors under section 234A of the Act;

“date of revision” means the date on which revised accounts are approved by the board of directors under Regulation 4 below or (as the case may be) a revised report is approved by them under Regulation 5 below;

“original”, in relation to annual accounts or a directors' report, means the annual accounts or (as the case may be) directors' report which are the subject of revision by, respectively, revised accounts or a revised report and, in relation to abbreviated accounts (within the meaning of Regulation 13(1) below) or a summary financial statement, means abbreviated accounts or a summary financial statement based on the original annual accounts or directors' report;

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(1) 1985 c. 6. Section 245 was inserted in Part VII of the Companies Act 1985 by section 12 of the Companies Act 1989 (c. 40).  
(2) As amended by the Companies Act 1989.

“revised accounts” mean revised annual accounts of a company prepared by the directors under section 245 of the Act, either through revision by replacement or revision by supplementary note; in the latter case the revised accounts comprise the original annual accounts together with the supplementary note;

“revised report” means a revised directors' report prepared by the directors under section 245 of the Act, either through revision by replacement or revision by supplementary note; in the latter case the revised report comprises the original directors' report together with the supplementary note;

“revision by replacement” means revision by the preparation of a replacement set of accounts or directors' report in substitution for the original annual accounts or directors' report; and

“revision by supplementary note” means revision by the preparation of a note indicating corrections to be made to the original annual accounts or directors' report.

### **Content of revised accounts or a revised report**

3.—(1) Subject to Regulation 16(1), the provisions of the Act as to the matters to be included in the annual accounts of a company shall apply to revised accounts as if the revised accounts were prepared and approved by the directors as at the date of the original annual accounts.

(2) In particular, sections 226(2) and 227(3) of the Act shall apply so as to require a true and fair view to be shown in the revised accounts of the matters therein referred to viewed as at the date of the original annual accounts.

(3) Paragraph 12(b) of Schedule 4 to the Act shall apply to revised accounts as if the reference therein to the date on which the accounts were signed was to the date of the original annual accounts.

(4) The provisions of the Act as to the matters to be included in a directors' report apply to a revised report as if the revised report was prepared and approved by the directors of the company as at the date of the original directors' report.

### **Approval and signature of revised accounts or a revised report**

4.—(1) Section 233 of the Act (approval and signing of accounts) shall apply to revised accounts, save that in the case of revision by supplementary note, it shall apply as if it required a signature on the supplementary note instead of on the company's balance sheet.

(2) Where copies of the original annual accounts have been sent out to members under section 238(1) of the Act, laid before the company in general meeting under section 241(1) of the Act or delivered to the registrar under section 242(1) of the Act, the directors shall, before approving the revised accounts under section 233 of the Act, cause statements as to the following matters to be made in a prominent position in the revised accounts (in the case of a revision by supplementary note, in that note):

- (a) in the case of revision by replacement:
  - (i) that the revised accounts replace the original annual accounts for the financial year (specifying it);
  - (ii) that they are now the statutory accounts of the company for that financial year;
  - (iii) that they have been prepared as at the date of the original annual accounts and not as at the date of revision and accordingly do not deal with events between those dates;
  - (iv) the respects in which the original annual accounts did not comply with the requirements of the Act; and
  - (v) any significant amendments made consequential upon the remedying of those defects;

- (b) in the case of revision by a supplementary note:
  - (i) that the note revises in certain respects the original annual accounts of the company and is to be treated as forming part of those accounts; and
  - (ii) that the annual accounts have been revised as at the date of the original annual accounts and not as at the date of revision and accordingly do not deal with events between those dates,

and shall, when approving the revised accounts, cause the date on which the approval is given to be stated in them (in the case of revision by supplementary note, in that note); section 233(5) of the Act shall apply with respect to a failure to comply with this paragraph as if the requirements of this paragraph were requirements of the Act.

5.—(1) Section 234A of the Act (approval and signing of directors' report) shall apply to a revised report, save that in the case of revision by supplementary note, it shall apply as if it required the signature to be on the supplementary note.

(2) Where the original directors' report has been sent out to members under section 238(1) of the Act, laid before the company in general meeting under section 241(1) of the Act or delivered to the registrar under section 242(1) of the Act, the directors shall, before approving the revised report under section 234A of the Act, cause statements as to the following matters to be made in a prominent position in the revised report (in the case of a revision by supplementary note, in that note):

- (a) in the case of a revision by replacement:
  - (i) that the revised report replaces the original report for the financial year (specifying it);
  - (ii) that it has been prepared as at the date of the original directors' report and not as at the date of revision and accordingly does not deal with any events between those dates;
  - (iii) the respects in which the original directors' report did not comply with the requirements of the Act; and
  - (iv) any significant amendments made consequential upon the remedying of those defects;
- (b) in the case of revision by a supplementary note:
  - (i) that the note revises in certain respects the original directors' report of the company and is to be treated as forming part of that report; and
  - (ii) that the directors' report has been revised as at the date of the original directors' report and not as at the date of the revision and accordingly does not deal with events between those dates,

and shall, when approving the revised report, cause the date on which the approval is given to be stated in them (in the case of a revision by supplementary note, in that note); section 234(5) of the Act shall apply with respect to a failure to comply with this paragraph as if the requirements of this paragraph were requirements of Part VII of the Act.

#### **Auditors' report on revised accounts and revised report**

6.—(1) Subject to the next paragraph, where a company's auditors have, prior to the preparation of the revised accounts, made a report under section 235 of the Act (auditors' report) on the original annual accounts, they shall make a further report to the company's members under this Regulation on any revised accounts prepared under section 245 of the Act and:

- (a) section 237 (duties of auditors) shall apply *mutatis mutandis*; and
- (b) section 235(1) shall not apply with respect to the revised accounts.

(2) Where the auditors' report on the original annual accounts was not made by the company's current auditors, the directors of the company may resolve that the report required by paragraph (1) is to be made by the person or persons who made that report, provided that that person or those persons agree to do so and he or they would be qualified for appointment as auditor of the company.

(3) Subject to Regulation 16(1), an auditors' report under this Regulation shall state whether in the auditors' opinion the revised accounts have been properly prepared in accordance with the provisions of the Act as they have effect under these Regulations, and in particular whether a true and fair view, seen as at the date the original annual accounts were approved, is given by the revised accounts with respect to the matters set out in section 235(2)(a) to (c) of the Act.

The report shall also state whether in the auditors' opinion the original annual accounts failed to comply with the requirements of the Act in the respects identified by the directors (in the case of revision by replacement) in the statement required by Regulation 4(2)(a)(iv) or (in the case of revision by supplementary note) in the supplementary note.

(4) The auditors shall also consider whether the information contained in the directors' report for the financial year for which the annual accounts are prepared (which is, if the report has been revised under these Regulations, that revised report) is consistent with those accounts; and if they are of the opinion that it is not they shall state that fact in their report under this Regulation.

(5) Section 236 of the Act (signature of auditors' report) shall apply to an auditors' report under this Regulation as it applies to an auditors' report under section 235(1) *mutatis mutandis*.

(6) An auditors' report under this regulation shall, upon being signed under section 236 as so applied, be, as from the date of signature, the auditors' report on the annual accounts of the company in place of the report on the original annual accounts.

#### **Auditors' report on revised report alone**

7.—(1) Subject to the next paragraph, where a company's auditors have, prior to the preparation of a revised report, made a report under section 235 of the Act on the original annual accounts, they shall make a further report to the company's members under this Regulation on any revised report prepared under section 245 of the Act if the relevant annual accounts have not been revised at the same time.

(2) Where the auditors' report on the annual accounts for the financial year covered by the revised report was not made by the company's current auditors, the directors of the company may resolve that the report required by paragraph (1) is to be made by the person or persons who made that report, provided that that person or those persons agree to do so and he or they would be qualified for appointment as auditor of the company.

(3) The report shall state that the auditors have considered whether the information given in the revised report is consistent with the annual accounts for the relevant year (specifying it) and:

- (a) if they are of the opinion that it is; or
- (b) if they are of the opinion that it is not,

they shall state that fact in their report.

(4) Section 236 of the Act (signature of auditors' report) shall apply to an auditors' report under this Regulation as it applies to an auditors' report under section 235(1) *mutatis mutandis*.

#### **Effect of revision**

8.—(1) Upon the directors approving revised accounts under Regulation 4, the provisions of the Act shall have effect as if the revised accounts were, as from the date of their approval, the annual accounts of the company in place of the original annual accounts.

(2) In particular, the revised accounts shall thereupon be the company's annual accounts for the relevant financial year for the purposes of:

- (a) sections 239 (right to demand copies of accounts and reports) and 240(5) (requirements in connection with publication of accounts) of the Act; and
- (b) sections 238 (persons entitled to receive copies of accounts and reports), 241 (accounts and reports to be laid before company in general meeting) and 242 (accounts and reports to be delivered to the registrar) if the requirements of those sections have not been complied with prior to the date of revision.

**9.**—(1) Subject to the following provisions of these Regulations, upon the directors approving a revised report under Regulation 4 the provisions of the Act shall have effect as if the revised report was, as from the date of its approval, the directors' report in place of the original directors' report.

(2) In particular, the revised report shall thereupon be the directors' report for the relevant financial year for the purposes of:

- (a) sections 239 (right to demand copies of accounts and reports); and
- (b) sections 238 (persons entitled to receive copies of accounts and reports), 241 (accounts and reports to be laid before company in general meeting) and 242 (accounts and reports to be delivered to the registrar) if the requirements of those sections have not been complied with prior to the date of revision.

### **Publication of revised accounts and reports**

**10.**—(1) This Regulation has effect where the directors have prepared revised accounts or a revised report under section 245 of the Act and copies of the original annual accounts or report have been sent to any person under section 238 of the Act.

(2) The directors shall send to any such person:

- (a) in the case of a revision by replacement, a copy of the revised accounts, or (as the case may be) the revised report, together with a copy of the auditors' report on those accounts, or (as the case may be) on that report; or
- (b) in the case of revision by supplementary note, a copy of that note together with a copy of the auditors' report on the revised accounts, or (as the case may be) on the revised report,

not more than 28 days after the date of revision.

(3) The directors shall also send a copy of the revised accounts or (as the case may be) the revised report, together with a copy of the auditors' report on those accounts or (as the case may be) on that report, to any person who is not a person entitled to receive a copy under the last paragraph but who is, as at the date of revision:

- (a) a member of the company;
- (b) a holder of the company's debentures; or
- (c) a person who is entitled to receive notice of general meetings,

unless, in the case of a member of the company, the company would be entitled at that date to send to that person a summary financial statement under section 251 of the Act. Section 238(2) and (3) of the Act shall apply to this paragraph as they have effect with respect to section 238(1).

(4) Section 238(5) shall apply to a default in complying with this Regulation as if the provisions of this Regulation were provisions of section 238 and as if the reference therein to "the company and every officer of it who is in default" was a reference to each of the directors who approved the revised accounts under Regulation 4 above or revised report under Regulation 5 above.

(5) Where, prior to the date of revision of the original annual accounts, the company had completed sending out copies of those accounts under section 238, references in the Act to the day

on which accounts are sent out under section 238 shall be construed as referring to the day on which the original accounts were sent out (applying section 238(6) as necessary) notwithstanding that those accounts have been revised; where the company had not completed, prior to the date of revision, the sending out of copies of those accounts under that section, such references shall be to the day, or the last day, on which the revised accounts are sent out.

### **Laying of revised accounts or a revised report**

**11.**—(1) This Regulation has effect where the directors have prepared revised accounts or a revised report under section 245 of the Act and copies of the original annual accounts or report have been laid before a general meeting under section 241 of the Act.

(2) A copy of the revised accounts or (as the case may be) the revised report, together with a copy of the auditors' report on those accounts, or (as the case may be) on that report, shall be laid before the next general meeting of the company held after the date of revision at which any annual accounts for a financial year are laid, unless the revised accounts, or (as the case may be) the revised report, have already been laid before an earlier general meeting.

(3) Section 241(2) to (4) shall apply with respect to a failure to comply with the requirements of this Regulation as they have effect with respect to a failure to comply with the requirements of section 241(1) but as if:

- (a) the reference in section 241(2) to “the period allowed for laying and delivering accounts and reports” was a reference to the period between the date of revision of the revised accounts or (as the case may be) the revised report and the date of the next general meeting of the company held after the date of revision at which any annual accounts for a financial year are laid; references in section 241(2) and (3) to “that period” shall be construed accordingly; and
- (b) the references in section 241(4) to “the documents in question” and “this Part” were, respectively, a reference to the documents referred to in the last paragraph and the provisions of Part VII of the 1985 Act as applied by these Regulations.

### **Delivery of revised accounts or a revised report**

**12.**—(1) This Regulation has effect where the directors have prepared revised accounts or a revised report under section 245 of the Act and a copy of the original annual accounts or report has been delivered to the registrar under section 242 of the Act.

(2) The directors of the company shall, within 28 days of the date of revision, deliver to the registrar:

- (a) in the case of a revision by replacement, a copy of the revised accounts or (as the case may be) the revised report, together with a copy of the auditors' report on those accounts or (as the case may be) on that report; or
- (b) in the case of a revision by supplementary note, a copy of that note, together with a copy of the auditors' report on the revised accounts or (as the case may be) on the revised report.

(3) Section 242(2) to (5) shall apply with respect to a failure to comply with the requirements of this Regulation as they apply with respect to a failure to comply with the requirements of section 242(1) but as if:

- (a) the references in section 242(2) and (4) to “the period allowed for laying and delivering accounts and reports” was a reference to the period of 28 days referred to in the last paragraph; the reference in section 242(2) to “that period” shall be construed accordingly; and

- (b) the references in section 242(5) to “the documents in question” and “this Part” were, respectively, a reference to the documents referred to in the last paragraph and the provisions of Part VII of the 1985 Act as applied by these Regulations.

### **Small and medium sized companies**

**13.—**(1) This Regulation has effect (subject to Regulation 16(2)) where the directors have prepared revised accounts under section 245 of the Act and the company has, prior to the date of revision, delivered to the registrar accounts which take advantage of the exemptions for a small or medium-sized company conferred by section 246 of the Act (referred to in these Regulations as “abbreviated accounts”).

(2) Where the abbreviated accounts so delivered to the registrar would, if they had been prepared by reference to the revised accounts, not comply with the provisions of the Act (whether because the company would not have qualified as a small or (as the case may be) medium-sized company in the light of the revised accounts or because the accounts have been revised in a manner which affects the content of the abbreviated accounts), the directors of the company shall cause the company either:

- (a) to deliver to the registrar a copy of the revised accounts, together with a copy of the directors' report and the auditors' report on the revised accounts; or
- (b) (if on the basis of the revised accounts they would be entitled under the Act to do so) to prepare further accounts under section 246 in accordance with the provisions of that section and Schedule 8 to the Act and deliver them to the registrar together with a statement as to the effect of the revisions made.

(3) Where the abbreviated accounts would, if they had been prepared by reference to the revised accounts, comply with the requirements of the Act, the directors of the company shall cause the company to deliver to the registrar:

- (a) a note stating that the annual accounts of the company for the relevant financial year (specifying it) have been revised in a respect which has no bearing on the abbreviated accounts delivered for that year; together with
- (b) a copy of the auditors' report on the revised accounts.

(4) Revised abbreviated accounts or a note under this Regulation shall be delivered to the registrar within 28 days after the date of revision of the revised accounts.

(5) Section 242(2) to (5) shall apply with respect to a failure to comply with the requirements of this Regulation as they apply with respect to a failure to comply with the requirements of section 242(1) but as if:

- (a) the references in section 242(2) and (4) to “the period allowed for laying and delivering accounts and reports” was a reference to the period of 28 days referred to in the last paragraph; the reference in section 242(2) to “that period” shall be construed accordingly; and
- (b) the references in section 242(5) to “the documents in question” and “this Part” were, respectively, a reference to the documents referred to in paragraphs (2)(a) or (b) or (as the case may be) (3)(a) and (b) and to the provisions of Part VII of the 1985 Act as applied by these Regulations.

### **Summary financial statements**

**14.—**(1) This Regulation has effect (subject to Regulation 16(3)) where the directors have prepared revised accounts or a revised report under section 245 of the Act and a summary financial statement based upon the original annual accounts or report has been sent to any member of the company under section 251 of the Act.

(2) Where the summary financial statement would, if it had been prepared by reference to the revised accounts or revised report, not comply with the requirements of section 251 or the Companies (Summary Financial Statement) Regulations 1990<sup>(3)</sup> made thereunder, the directors of the company shall cause the company to prepare a further summary financial statement under section 251 and to send that statement to:

- (a) any person who received a copy of the original summary financial statement; and
- (b) any person to whom the company would be entitled, as at the date the revised summary financial statement is prepared, to send a summary financial statement for the current financial year;

and section 251(1) to (4) and (7) shall apply *mutatis mutandis* to a summary financial statement hereunder.

(3) A summary financial statement prepared under the last paragraph shall contain a short statement of the revisions made and their effect.

(4) Where the summary financial statement would, if it had been prepared by reference to the revised accounts or revised report, comply with the requirements of section 251 and the Companies (Summary Financial Statement) Regulations 1990, the directors of the company shall cause the company to send to the persons referred to in paragraph (2) above a note stating that the annual accounts of the company for the relevant financial year (specifying it) or (as the case may be) the directors' report for that year have or has been revised in a respect which has no bearing on the summary financial statement for that year.

If the auditors' report under Regulation 6 or 7 above on the revised accounts or revised report is qualified, a copy of that report shall be attached to the note sent out under this paragraph.

(5) A summary financial statement revised, or a note prepared, under this Regulation shall be sent to the persons referred to in paragraph (2) above within 28 days after the date of revision of the revised accounts or revised report.

(6) Section 251(6) of the Act shall apply with respect to a failure to comply with the requirements of this Regulation as if the provisions of this Regulation were provisions of section 251 and as if the reference therein to "the company and every officer of it who is in default" was a reference to each of the directors of the company who approved the revised accounts under Regulation 4 above or the revised report under Regulation 5 above.

### **Dormant companies**

**15.** Where a company has passed a resolution under section 250 of the Act exempting itself from the requirements of Part VII of the Act relating to the audit of accounts, these Regulations shall apply as if they omitted any reference to an auditors' report, or to the making of such a report.

### **Modifications of Act**

**16.—(1)** Where the provisions of the Act as to the matters to be included in the annual accounts of a company or (as the case may be) in a directors' report have been amended after the date of the original annual accounts or (as the case may be) directors' report but prior to the date of revision, references in Regulations 3 and 6(3) above to the provisions of the Act shall be construed as references to the provisions of the Act as in force at the date of the original annual accounts or (as the case may be) directors' report.

(2) Where the provisions of section 246 of, and Schedule 8 to, the Act as to the matters to be included in abbreviated accounts (within the meaning of Regulation 13(1) above) have been amended after the date of delivery of the original abbreviated accounts but prior to the date of revision

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(3) S.I. 1990/515.

of the revised accounts or report, references in Regulation 13 to the provisions of the Act or to any particular provision thereof shall be construed as references to the provisions of the Act, or to the particular provision, as in force at the date of the delivery of the original abbreviated accounts.

(3) Where the provisions of section 251 of the Act, or of the Companies (Summary Financial Statement) Regulations 1990, as to the matters to be included in a summary financial statement have been amended after the date of the sending out of the original summary financial statement but prior to the date of revision of the revised accounts or report, references in Regulation 14 to section 251 or to those Regulations shall be construed as references to that section or those Regulations as in force at the date of the sending out of the original summary financial statements.

17th December 1990

*John Redwood*  
Minister of State,  
Department of Trade and Industry

## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

These Regulations set out how the provisions of the Companies Act 1985 (“the 1985 Act”) are to apply to revised annual accounts of a company or a revised directors' report which have been prepared under section 245 and (2) of the 1985 Act (as inserted by section 12 of the Companies Act 1989). They make provision either for a full revision (whereby the original, defective, annual accounts are replaced by the revised accounts) or for a partial revision (whereby the original, defective accounts are supplemented by a note setting out the corrections to be made).

Revised accounts are, under Regulation 3, to be prepared as if they were being prepared as at the date of the approval of the original, defective, accounts — with the result that they do not take account of assets and liabilities, income or expenditure arising after that date. Similarly a revised directors' report is to be prepared as at the date of the original directors' report. Regulations 4 and 5, in setting out the procedures for the approval and signing of revised accounts or a revised report, require statements to be inserted into the revised documents making clear what they are. Regulations 6 and 7 make provision for a special auditors' report on revised accounts or on a revised report.

Regulation 8 provides that as from the date of revision of the revised accounts they are to be regarded as the company's annual accounts for all the purposes of the 1985 Act (so that, for example, if the original, defective, accounts have not been by that date sent to the members of the company under section 238 of the 1985 Act, laid before the company under section 241 of the 1985 Act or delivered to the registrar under section 242 of the 1985 Act, the revised accounts must be so sent, laid or delivered under those sections). Regulation 9 makes similar provision with respect to the directors' report.

Regulations 10 to 12 require the directors to take certain steps with regard to revised accounts or a revised report where, prior to the date of the revision, copies of the original, defective, accounts or report have been sent to members of the company under section 238 of the 1985 Act, laid before the company under section 241 of the 1985 Act or delivered to the registrar under section 242 of the 1985 Act. Regulations 13 and 14 make special provision with respect to situations where, prior to the date of revision, accounts abbreviated as for a small or medium-sized company or summary financial statements have been delivered or sent based upon the original, defective, accounts.

Provision is made with respect to dormant companies by Regulation 15, whilst Regulation 16 deals with the case where the requirements of the 1985 Act as to the contents of accounts or the directors' report have changed in between the date of the original, defective, accounts and the date of revision.

Sections 245(1) and (2) apply with respect to accounts and reports for a financial year of a company commencing on or after 23rd December 1989, by virtue of Article 6 of the Companies Act 1989 (Commencement No. 8 and Transitional and Saving Provisions) Order 1990 (S.I.1990/2569).