
STATUTORY INSTRUMENTS

1996 No. 189

The Companies Act 1985 (Miscellaneous Accounting Amendments) Regulations 1996

Citation, interpretation and commencement

1.—(1) These Regulations may be cited as the Companies Act 1985 (Miscellaneous Accounting Amendments) Regulations 1996 and, subject to paragraph (2) below, shall come into force on the day after the day on which they are made.

(2) Regulations 2 and 3 shall come into force on 1st April 1996.

(3) In these Regulations, “the 1985 Act” means the Companies Act 1985.

Amendment of section 224

2.—(1) Section 224 of the 1985 Act (accounting reference periods and accounting reference date)(1) is amended as follows.

(2) In subsection (2), after “company” insert “incorporated before 1st April 1996”.

(3) In subsection (3), for “a company’s accounting reference date” substitute “the accounting reference date of such a company”.

(4) After that subsection insert—

“(3A) The accounting reference date of a company incorporated on or after 1st April 1996 is the last day of the month in which the anniversary of its incorporation falls.”

Amendment of section 225

3.—(1) Section 225 of the 1985 Act (alteration of accounting reference date)(2) is amended as follows.

(2) In subsection (1), for the words from “having effect” to the end substitute—

“having effect in relation to—

(a) the company’s current accounting reference period and subsequent periods; or

(b) the company’s previous accounting reference period and subsequent periods.

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

(3) Subsection (2) is hereby repealed.

(4) In subsection (4)—

(a) after “current” insert “or previous”, and

(b) for paragraph (a) substitute—

(1) Section 224 was substituted by section 3 of the Companies Act 1989.

(2) Section 225 was substituted by section 3 of the Companies Act 1989.

“(a) to a notice given by a company which is a subsidiary undertaking or parent undertaking of another EEA undertaking if the new accounting reference date coincides with that of the other EEA undertaking or, where that undertaking is not a company, with the last day of its financial year, or”.

(5) In subsection (5)—

- (a) for “subsection (2)(a)” substitute “subsection (1)”,
- (b) after “given” insert “in respect of a previous accounting reference period”, and
- (c) for “the previous accounting reference period” substitute “that period”.

(6) After subsection (6) insert—

“(7) In this section “EEA undertaking” means an undertaking established under the law of any part of the United Kingdom or the law of any other EEA State.”

Amendment of section 228

4. Section 228(2)(d)(ii) of the 1985 Act (statement in accounts of company claiming exemption from preparation of group accounts of whether GB parent undertaking registered in England and Wales or in Scotland)(3) is hereby repealed.

Amendment of section 234

5.—(1) Section 234 of the 1985 Act (duty to prepare directors' report)(4) is amended as follows.

- (2) In subsection (1)(b), the words from “and the” to the end are hereby repealed.
- (3) In subsection (4)—
 - (a) omit the words from “Part IV” to “employees, and”, and
 - (b) at the end insert—

“Part VI relates to the company’s policy on the payment of creditors.”

Amendment of section 237

6. In section 237 of the 1985 Act (duties of auditors)(5) after subsection (4) insert—

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

Amendment of section 246

7.—(1) Section 246 of the 1985 Act (exemptions for small and medium-sized companies)(6) is amended as follows.

- (2) In subsections (1A) and (1B)—
 - (a) for “immediately above the signature” substitute “above the signature”, and
 - (b) for “that advantage has been taken” substitute “to the effect that advantage has been taken”.

(3) Section 228 was substituted by section 5(3) of the Companies Act 1989 and amended by regulation 4 of S.I. 1992/3178, regulation 5(1) of, and paragraph 1 of Schedule 2 to, S.I. 1993/3246 and by section 30 of the Welsh Language Act 1993 (c. 38).

(4) Section 234 was substituted by section 8(1) of the Companies Act 1989.

(5) Section 237 was substituted by section 9 of the Companies Act 1989.

(6) Section 246 was substituted by section 13(1) of the Companies Act 1989 and amended by regulation 4 of S.I. 1992/2452.

Amendment of section 247

8. In section 247(6) of the 1985 Act (calculation of number of employees to determine whether company small or medium-sized)(7) for “weekly” substitute “monthly”.

Amendment of section 248

9. Subsections (3) and (4) of section 248 of the 1985 Act (auditors' report on entitlement to claim exemption from preparation of group accounts)(8) are hereby repealed.

Amendment of section 249B

10.—(1) Section 249B of the 1985 Act (cases where exemptions from audit not available)(9) is amended as follows.

(2) In subsection (1), at the beginning insert “Subject to subsection (1A),”.

(3) Insert the following subsection after subsection (1)—

“(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 section 250) throughout that period.”

(4) In subsection (4), at the beginning of each of paragraphs (a) to (c) insert “to the effect”.

(5) In subsection (5), for the words from “immediately above the signature” to the end substitute “above the signature required by section 233”.

Amendment of section 250

11.—(1) Section 250 of the 1985 Act (resolution not to appoint auditors)(10) is amended as follows.

(2) Paragraph (a) of subsection (2) is hereby repealed.

(3) In paragraph (c) of subsection (4)—

(a) for “immediately above the signature” substitute “above the signature”, and

(b) for “that the company” substitute “to the effect that the company”.

Amendment of sections 262 and 262A

12.—(1) The following definition shall be inserted at the appropriate place in section 262(1) of the 1985 Act (minor definitions)(11)—

““EEA State” means a State which is a Contracting Party to the Agreement on the European Economic Area signed at Oporto on 2nd May 1992, as adjusted by the Protocol signed at Brussels on 17th March 1993 and by Council Decision Number 1/95 of 10th March 1995.”

(2) The following entry shall be inserted at the appropriate place in the index of defined expressions set out in section 262A(12)—

(7) Section 247 was substituted by section 13(1) of the Companies Act 1989 and amended by regulation 5 of S.I. 1992/2452.

(8) Section 248 was substituted by section 13(3) of the Companies Act 1989.

(9) Section 249B was inserted by regulation 2 of S.I. 1994/1935. S.I. 1994/1935 was amended by S.I.s 1994/2879 and 1995/589 in a manner not relevant to these Regulations.

(10) Section 250 was substituted by section 14 of the Companies Act 1989 and amended by regulation 2 of S.I. 1992/3003.

(11) Section 262 was substituted by section 22 of the Companies Act 1989 and was amended by regulation 7 of S.I. 1992/3178.

(12) Section 262A was inserted by section 22 of the Companies Act 1989 and was amended by regulation 6 of, and paragraph 3 of Schedule 2 to, S.I. 1991/2705, by regulation 5 of, and paragraph 5 of Schedule 2 to, S.I. 1993/3246, by regulation 4(2) of S.I. 1994/233 and by regulation 4 of, and paragraph 3 of Schedule 1 to, S.I. 1994/1935.

““EEA State”

section 262(1)”.

Amendment of section 268

13.—(1) Section 268 (realised profits of insurance company with long term business)(**13**) is amended as follows.

(2) In subsection (1), for paragraph (a) substitute—

“(a) any amount included in the relevant part of the balance sheet of the company which represents a surplus in the fund or funds maintained by it in respect of that business and which has not been allocated to policy holders in accordance with section 30(1) of that Act or carried forward unappropriated as mentioned in section 30(7) of that Act, and”.

(3) In subsection (2), before paragraph (a) insert—

“(aa) the reference to the relevant part of the balance sheet is to that part of the balance sheet which represents Liabilities item A.V (profit and loss account) in the balance sheet format set out in section B of Chapter I of Part I of Schedule 9A,”.

Amendment of Schedules

14.—(1) Schedule 4 to the 1985 Act (form and content of company accounts)(**14**) is amended in accordance with Schedule 1 to these Regulations.

(2) Schedule 4A to the 1985 Act (form and content of group accounts)(**15**) is amended in accordance with Schedule 2 to these Regulations.

(3) Schedule 5 to the 1985 Act (disclosure of information: related undertakings)(**16**) is amended in accordance with Schedule 3 to these Regulations.

(4) The following provisions of Schedule 7 to the 1985 Act (matters to be dealt with in the directors' report) are hereby repealed—

- (a) paragraph 1(1) (significant changes in fixed assets)(**17**),
- (b) paragraph 5A (insurance effected for officers or auditors)(**18**), and
- (c) Part IV (health, safety and welfare at work of company’s employees).

(5) At the end of that Schedule insert the following Part—

“PART VI

POLICY ON THE PAYMENT OF CREDITORS

12.—(1) This Part of this Schedule applies to a report by the directors of a company for a financial year if—

- (a) the company was at any time within the financial year a public company, or
- (b) the company did not qualify as small or medium-sized in relation to the financial year by virtue of section 247 and was at any time within the year a member of a group of which the parent company was a public company.

(13) Section 268(1)(a) was amended by regulation 5 of, and paragraph 6 in Schedule 2 to, S.I. 1993/3246.

(14) Schedule 4 was amended by section 4(2) of, and Schedule 1 to, the Companies Act 1989.

(15) Schedule 4A was inserted by section 5(2) of, and Schedule 2 to, the Companies Act 1989.

(16) Schedule 5 was substituted by section 6 of, and Schedule 4 to, the Companies Act 1989.

(17) Paragraph 1 of Schedule 7 was amended by section 8(2) of, and paragraph 2 of Schedule 5 to, the Companies Act 1989.

(18) Paragraph 5A of Schedule 7 was inserted by section 137(2) of the Companies Act 1989.

(2) The report shall, with respect to the financial year immediately following that covered by the report, state—

- (a) whether in respect of some or all of its suppliers it is the company's policy to follow any code or standard on payment practice and, if so, the name of the code or standard and the place where information about, and copies of, the code or standard can be obtained,
- (b) whether in respect of some or all of its suppliers it is the company's policy—
 - (i) to settle the terms of payment with those suppliers when agreeing the terms of each transaction,
 - (ii) to ensure that those suppliers are made aware of the terms of payment, and
 - (iii) to abide by the terms of payment,
- (c) where the company's policy is not as mentioned in paragraph (a) or (b) in respect of some or all of its suppliers, what its policy is with respect to the payment of those suppliers.

(3) If the company's policy is different for different suppliers or classes of suppliers, the report shall identify the suppliers or classes of suppliers to which the different policies apply.

(4) For the purposes of this Part of this Schedule a supplier is any person whose claim on the reporting company in respect of goods or services supplied would be included under "trade creditors" within "Creditors; amounts falling due within one year" in a balance sheet drawn up in accordance with balance sheet format 1 in Schedule 4."

(6) Schedule 9 to the 1985 Act (form and content of accounts of banking companies and groups)(19) is amended in accordance with Schedule 4 to these Regulations.

(7) Schedule 9A to the 1985 Act (form and content of accounts of insurance companies and groups)(20) is amended in accordance with Schedule 5 to these Regulations.

(8) Schedule 11 to the 1985 Act (modifications of Part VIII where company's accounts prepared in accordance with special provisions for banking or insurance companies)(21) is amended in accordance with Schedule 6 to these Regulations.

Minor and consequential amendments

15.—(1) In section 231 of the 1985 Act (disclosure required in notes to accounts: related undertakings)(22) the words "5(2)" in subsection (3), and the words from "This subsection" to the end in subsection (5), are hereby repealed.

(2) In section 255A(6) (b) (modifications of references in section 230(2) to Schedule 4 where Schedule 9 or 9A apply)(23) for "paragraphs 74 to 77" substitute "75 to 77".

(3) In paragraph 1(2) of Schedule 7 to the 1985 Act (statement of market value of fixed assets where substantially different from balance sheet amount) for "such of those assets" substitute "such of the fixed assets of the company or of any of its subsidiary undertakings".

(19) Parts I to III of Schedule 9 were inserted before a re-numbered Schedule 9A by regulation 5 of, and Schedule 1 to, S.I. 1991/2705. Part IV of Schedule 9 was substituted by section 18(3) and (4) of, and Part IV of Schedule 7 to, the Companies Act 1989.

(20) Parts I and II of Schedule 9 to the Companies Act 1985 were formed into a new Schedule 9A by regulation 5(1) of S.I. 1991/2705. A new Schedule 9A was substituted by regulation 4 of, and Schedule 1 to, S.I. 1993/3246.

(21) Schedule 11 was amended by regulation 7 of, and paragraph 1 of Schedule 3 to, S.I. 1991/2705, and by regulation 5 of, and paragraph 8 of Schedule 2 to, S.I. 1993/3246.

(22) Section 231 was substituted by section 6(1) of the Companies Act 1989 and amended by regulation 11(1) of S.I. 1993/1820.

(23) Section 255A was inserted into the 1985 Act (in place of the section of the same number inserted by section 18 of the Companies Act 1989) by regulation 3 of S.I. 1991/2705, and amended by regulation 5 of S.I. 1992/3178 and by regulation 3 of S.I. 1993/3246.

- (4) In Schedule 8 to the 1985 Act (exemptions for small and medium-sized companies)⁽²⁴⁾—
- (a) in paragraph 15—
 - (i) for sub-paragraph (b) substitute—
 - “(b) paragraph 1(2) of Schedule 7 (statement of market value of fixed assets where substantially different from balance sheet amount)”, and
 - (ii) omit sub-paragraphs (c) and (e);
 - (b) in paragraph 23(2) for the words from “immediately above the signature” to the end substitute “above the signature required by section 233”; and
 - (c) in paragraph 26(3) for “paragraph 8” substitute “paragraph 24”.

Application and transitional provisions

16.—(1) Subject to the following provisions of this regulation, these Regulations apply to the annual accounts and annual report of any company (including any body corporate to which Part VII of the 1985 Act is applied by any enactment) for any financial year ending on or after the date of coming into force of the Regulations in accordance with regulation 1(1).

(2) Subject to paragraphs (3) to (6) below, a company may, with respect to a financial year of the company ending on or before 24th March 1996, prepare and deliver to the registrar of companies such annual accounts and annual report as it would have been required to prepare and deliver had the amendments to the 1985 Act effected by these Regulations not been made.

(3) The amendments effected by regulations 2 and 3 come into force in accordance with regulation 1(2).

(4) A public company may pass a special resolution in accordance with section 250 of the 1985 Act as amended by regulation 11(2) at any time after the coming into force of these Regulations.

(5) The amendments to the 1985 Act effected by regulations 6, 8 and 10(1) to (3), and by paragraphs 3, 4, 6, 10 and 18 of Schedule 5 to these Regulations apply to any annual accounts of a company which are approved by the board of directors on or after the day on which these Regulations come into force.

(6) The amendments to the 1985 Act effected by regulations 13 and 14(8) apply in respect of any distribution made on or after the day on which these Regulations come into force.

1st February 1996

Phillip Oppenheim
Minister for Company Affairs
Department of Trade and Industry

⁽²⁴⁾ Schedule 8 was substituted by section 13(2) of, and Schedule 6 to, the Companies Act 1989 and amended by regulation 4(3) of, and the Schedule to, S.I. [1992/2452](#) and by regulation 4 of, and paragraph 5 of Schedule 1 to, S.I. [1994/1935](#).