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STATUTORY INSTRUMENTS

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**1997 No. 220**

**The Companies Act 1985 (Accounts of Small and Medium-sized Companies and Minor Accounting Amendments) Regulations 1997**

**Special provisions for small companies**

2.—(1) For section 246 of the 1985 Act<sup>(1)</sup> there shall be substituted the following section—

**“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—

(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 section 226 to compliance with the provisions of Schedule 4 shall be construed accordingly.

(3) The company’s individual accounts for the year need not give the information required by—

(a) paragraph 4 of Schedule 5 (financial years of subsidiary undertakings);

(b) paragraph 1(3) of Schedule 6 (breakdown of aggregate amount of directors’ emoluments);

(c) paragraphs 2 to 5 of Schedule 6 (details of chairman’s and directors’ emoluments); or

(d) paragraph 7 of Schedule 6 (pensions of directors and past directors).

(4) The directors’ report for the year need not give the information required by—

(a) section 234(1)(a) and (b) (fair review of business and amount to be paid as dividend);

(b) paragraph 1(2) of Schedule 7 (statement of market value of fixed assets where substantially different from balance sheet amount);

(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

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(1) Section 246 was substituted by section 13(1) of the Companies Act 1989 and amended by regulation 4 of S.I.1992/2452 and regulation 7 of S.I. 1996/189.

(c) if 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 the company is exempt by virtue of section 250 (dormant companies) from the obligation to appoint auditors.”

(2) For Schedule 8 to the 1985 Act there shall be substituted the provisions set out in Schedule 1 to these Regulations.

(3) After Schedule 8 to the 1985 Act there shall be inserted, as Schedule 8A, the provisions set out in Schedule 2 to these Regulations.