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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 auditors' report**

5. After section 247A of the 1985 Act there shall be inserted the following section—

**“Special auditors' report**

**247B.**—(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), and
- (c) the company is not exempt by virtue of section 250 from the obligation to appoint auditors.

(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.”