

STATES OF JERSEY

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DRAFT COMPANIES (AMENDMENT No. 9) (JERSEY) LAW 200- (P.174/2007): AMENDMENTS

**Lodged au Greffe on 28th December 2007
by the Minister for Economic Development**

STATES GREFFE

PAGE 14, ARTICLE 17 –

For Article 17 substitute the following Article –

“17 Article 104 amended

In Article 104 of the principal Law–

(a) for paragraph (2) there shall be substituted the following paragraphs–

‘(2) The accounts must be prepared in accordance with any generally accepted accounting principles.

(2A) The accounts of a company must specify the generally accepted accounting principles that have been adopted in their preparation.

(2B) The accounts of a company that is required by Article 109(1) to appoint an auditor must show a true and fair view of, or be presented fairly in all material respects so as to show –

(a) the company’s profit or loss for the period covered by the accounts; and

(b) the state of its affairs at the end of the period,

and must otherwise comply with any other requirements of this Law.’;

(b) in paragraph (4)(b) for the words ‘subject in the case of a private company to paragraph (5)’ there are substituted the words ‘subject to paragraph (5)’.”.

PAGE 14 –

After Article 20 insert the following Article –

“21 Article 110 amended

In Article 110 of the principal Law for paragraph (3) there shall be substituted the following paragraph –

‘(3) The report must state whether, in the opinion of the auditor, the accounts –

(a) have been properly prepared in accordance with this Law; and

(b) give a true and fair view or, alternatively, are presented fairly in all material respects.’.”,

and renumber the subsequent Articles.

PAGE 20, ARTICLE 32 –

For paragraph (2) substitute the following paragraphs –

“(2) Except as provided by paragraph (3), this Law shall come into force 7 days after it is registered.

(3) Articles 17 to 22 of this Law shall come into force on such day or days as the States may by Act appoint.”.

MINISTER FOR ECONOMIC DEVELOPMENT

REPORT

The purpose behind this amendment (“the New Amendment”) to the Companies (Amendment No. 9) (Jersey) Law 200- is to amend the provisions relating to the auditing of accounts to modernise the requirements of the Law in accordance with international developments to introduce more flexibility and simplicity into the Law.

The proposals have been comprehensively discussed with industry following a consultation paper published on 30th April 2006. The draft legislation has been considered by a steering group, industry and the Commission none of whom object to their adoption.

The New Amendment proposes changes to 2 provisions in the Law relating to accounts and audit.

The first change is to Article 104 to give a Jersey company the flexibility to prepare accounts in accordance with any generally accepted accounting provisions.

The second change is to ensure that, where auditors are appointed, the directors preparing the accounts state either that the accounts show a true and fair view or alternatively are presented fairly in all material respects to ensure that auditors are able to sign off accounts.

Unfortunately the New Amendment has been delayed until this late stage in order that all parties, in particular the Commission, could be satisfied that the amendment is in accordance with IOSCO principles. This has now been agreed.

The New Amendment will further encourage the use of Jersey companies, and be beneficial to the Island.

Financial/manpower implications

There are no measurable costs or manpower implications for the Commission, the States or industry arising from the adoption of these amendments.