



Companies Act 1985

1985 CHAPTER 6

PART VII

ACCOUNTS AND AUDIT

CHAPTER I

PROVISIONS APPLYING TO COMPANIES GENERALLY

Dormant companies

252 Company resolution not to appoint auditors

- (1) In certain circumstances a company may, with a view to the subsequent laying and delivery of unaudited accounts, pass a special resolution making itself exempt from the obligation to appoint auditors as otherwise required by section 384.
- (2) Such a resolution may be passed at a general meeting of the company at which its accounts for a financial year are laid as required by section 241 (if it is not a year for which the directors are required to lay group accounts); but the following conditions must be satisfied—
 - (a) the directors must be entitled under section 249 to deliver, in respect of that financial year, accounts modified as for a small company (or would be so entitled but for the company being, or having at any time in the financial year been, a member of an ineligible group within section 247 (3)), and
 - (b) the company must have been dormant since the end of the financial year.
- (3) A company may by such a resolution make itself exempt from the obligation to appoint auditors if the resolution is passed at some time before the first general meeting of the company at which accounts are laid as required by section 241, provided that the company has been dormant from the time of its formation until the resolution is passed.

Status: This is the original version (as it was originally enacted). This item of legislation is currently only available in its original format.

- (4) A company may not under subsection (3) pass such a resolution if it is a public company or a special category company.
- (5) For purposes of this and the next section, a company is "dormant" during any period in which no transaction occurs which is for the company a significant accounting transaction; and—
 - (a) this means a transaction which is required by section 221 to be entered in the company's accounting records (disregarding any which arises from the taking of shares in the company by a subscriber to the memorandum in pursuance of an undertaking of his hi the memorandum), and
 - (b) a company which has been dormant for any period ceases to be so on the occurrence of any such transaction.
- (6) A company which has under this section made itself exempt from the obligation to appoint auditors loses that exemption if—
 - (a) it ceases to be dormant, or
 - (b) it would no longer qualify (for any other reason) to exclude that obligation by passing a resolution under this section.
- (7) Where the exemption is lost, the directors may, at any time before the next meeting of the company at which accounts are to be laid, appoint an auditor or auditors, to hold office until the conclusion of that meeting; and if they fail to exercise that power, the company in general meeting may exercise it

253 Laying and delivery of unaudited accounts

- (1) The following applies in respect of a company's accounts for a financial year if the company is exempt under section 252 from the obligation to appoint auditors and either—
 - (a) was so exempt throughout that year, or
 - (b) became so exempt by virtue of a special resolution passed during that year, and retained the exemption until the end of that year.
- (2) A report by the company's auditors need not be included (as otherwise required by preceding provisions of this Chapter) with the accounts laid before the company in general meeting and delivered to the registrar of companies.
- (3) If the auditors' report is omitted from the accounts so delivered, then—
 - (a) the balance sheet shall contain a statement by the directors (in a position immediately above their signatures to the balance sheet) that the company was dormant throughout the financial year, and
 - (b) if the accounts delivered to the registrar are modified as permitted by sections 247 to 249—
 - (i) the modified balance sheet need not contain the statement otherwise required by paragraph 9 of Schedule 8, and
 - (ii) the modified accounts need not include the special report of the auditors otherwise required by paragraph 10 of that Schedule.