
STATUTORY INSTRUMENTS

1994 No. 1935

The Companies Act 1985 (Audit Exemption) Regulations 1994

Exemption from requirement to appoint auditors

3.—(1) For section 388A of the 1985 Act⁽¹⁾ there shall be substituted the following section—

“Certain companies exempt from obligation to appoint auditors

388A.—(1) A company which by virtue of section 249A (certain categories of small company) or section 250 (dormant companies) is exempt from the provisions of Part VII relating to the audit of accounts is also exempt from the obligation to appoint auditors.

(2) The following provisions apply if a company which has been exempt from those provisions ceases to be so exempt.

(3) Where section 385 applies (appointment at general meeting at which accounts are laid), the directors may appoint auditors at any time before the next meeting of the company at which accounts are to be laid; and auditors so appointed shall hold office until the conclusion of that meeting.

(4) Where section 385A applies (appointment by private company not obliged to lay accounts), the directors may appoint auditors at any time before—

- (a) the end of the period of 28 days beginning with the day on which copies of the company's annual accounts are next sent to members under section 238, or
- (b) if notice is given under section 253(2) requiring the laying of the accounts before the company in general meeting, the beginning of that meeting;

and auditors so appointed shall hold office until the end of that period or, as the case may be, the conclusion of that meeting.

(5) If the directors fail to exercise their powers under subsection (3) or (4), the powers may be exercised by the company in general meeting.”

(1) Section 388A was inserted by section 119 of the Companies Act 1989.