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STATUTORY INSTRUMENTS

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**1997 No. 936**

**The Companies Act 1985 (Audit Exemption) (Amendment) Regulations 1997**

**Amendment of section 249B**

**3.—**(1) Section 249B of the 1985 Act (cases where exemption from audit not available)<sup>(1)</sup> is amended as follows.

(2) In subsection (1), for “subsection (1A)” substitute “subsections (1A) to (1C)”.

(3) Insert the following subsections after subsection (1A)—

“(1B) A company which, apart from this subsection, would fall within subsection (1)(f) by virtue of its being a parent company or a subsidiary undertaking for any period within a financial year, shall not be treated as so falling if throughout that period it was a member of a group meeting the conditions set out in subsection (1C).

(1C) The conditions referred to in subsection (1B) are—

- (a) that the group qualifies as a small group, in relation to the financial year within which the period falls, for the purposes of section 249 and is not, and was not at any time within that year, an ineligible group within the meaning of section 248(2),
- (b) that the group’s aggregate turnover in that year (calculated in accordance with section 249) is not more than £350,000 net (or £420,000 gross), and
- (c) that the group’s aggregate balance sheet total for that year (calculated in accordance with section 249) is not more than £1.4 million net (or £1.68 million gross).”

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(1) Section 249B was inserted by regulation 2 of S.I. 1994/1935, and amended by regulation 10 of S.I. 1996/189.