
STATUTORY INSTRUMENTS

2000 No. 1430

The Companies Act 1985 (Audit Exemption) (Amendment) Regulations 2000

Audit Exemption

Modification of section 249A

2.—(1) Section 249A (exemptions from audit for certain categories of small company)(1) is modified as follows.

- (2) In subsections (3)(b) and (3A)(b), for “£350,000” substitute “£1 million”.
- (3) In subsection (6A), for “section 250(1)”, substitute “section 249AA(1)”.

Insertion of new section 249AA

3. The following section shall be inserted after section 249A—

“Dormant companies

249AA.—(1) Subject to section 249B(2) to (5), a company is exempt from the provisions of this Part relating to the audit of accounts in respect of a financial year if—

- (a) it has been dormant since its formation, or
 - (b) it has been dormant since the end of the previous financial year and subsection (2) applies.
- (2) This subsection applies if the company—
- (a) is entitled in respect of its individual accounts for the financial year in question to prepare accounts in accordance with section 246, or would be so entitled but for the application of section 247A(1)(a)(i) or (b), and
 - (b) is not required to prepare group accounts for that year.
- (3) Subsection (1) does not apply if at any time in the financial year in question the company was—
- (a) a banking or insurance company, or
 - (b) an authorised person for the purposes of the Financial Services Act 1986.
- (4) A company is “dormant” during any period in which it has no significant accounting transaction.
- (5) “Significant accounting transaction” means a transaction which—
- (a) is required by section 221 to be entered in the company’s accounting records; but
 - (b) is not a transaction to which subsection (6) or (7) applies.

(1) Section 249A was inserted by regulation 2 of [S.I. 1994/1935](#), and amended by regulation 2 of [S.I. 1997/936](#).

(6) This subsection applies to a transaction arising from the taking of shares in the company by a subscriber to the memorandum as a result of an undertaking of his in the memorandum.

(7) This subsection applies to a transaction consisting of the payment of—

- (a) a fee to the registrar on a change of name under section 28 (change of name),
- (b) a fee to the registrar on the re-registration of a company under Part II (re-registration as a means of altering a company's status),
- (c) a penalty under section 242A (penalty for failure to deliver accounts), or
- (d) a fee to the registrar for the registration of an annual return under Chapter III of Part XI.”

Modification of section 249B

4.—(1) Section 249B (cases where exemption from audit not available)(2) is modified as follows.

(2) In subsection (1A), for “section 250” substitute “section 249AA”.

(3) In subsection (1C)—

(a) in paragraph (a), after “section 249” insert “(or if all bodies corporate in such group were companies, would so qualify)”, and

(b) in paragraph (b)—

(i) after “section 249) is” insert “, where the company referred to in subsection (1B) is a charity,”, and

(ii) after “(or £420,000 gross)” insert “or, where the company so referred to is not a charity, not more than £1 million net (or £1.2 million gross)”.

(4) In subsection (3), after “section 249A” insert “or by subsection (1) of section 249AA”.

(5) In subsection (4)—

(a) after “subsection (1) or (2) of section 249A”, insert “or by subsection (1) of section 249AA”,

(b) in paragraph (a), omit “(as the case may be)”, and after “section 249A” insert “or subsection (1) of section 249AA”, and

(c) for paragraph (b) substitute—

“(b) to the effect that members have not required the company to obtain an audit of its accounts for the year in question in accordance with subsection (2) of this section”.

(2) Section 249B was inserted by regulation 2 of [S.I. 1994/1935](#), and amended by regulation 10 of [S.I. 1996/189](#) and regulation 3 of [S.I. 1997/936](#).