



Companies Act 1985

1985 CHAPTER 6

PART VII

ACCOUNTS AND AUDIT

CHAPTER II

EXEMPTIONS, EXCEPTIONS AND SPECIAL PROVISIONS

Dormant companies

250 Resolution not to appoint auditors.

- (1) A company may by special resolution make itself exempt from the provisions of this Part relating to the audit of accounts in the following cases—
- (a) if the company has been dormant from the time of its formation^{F1} . . . ;
 - (b) if the company has been dormant since the end of the previous financial year and—
 - (i) is entitled in respect of its individual accounts for that year to the exemptions conferred by section 246 on a small company, or would be so entitled but for being a member of an ineligible group, and
 - (ii) is not required to prepare group accounts for that year,by a special resolution passed at a general meeting of the company [^{F2}at any time after copies of the annual accounts and reports for that year have been sent out in accordance with section 238(1)].
- (2) A company may not pass such a resolution if it is—
- ^{F3}(a)
 - (b) a banking or insurance company, or
 - (c) an authorised person under the Financial Services Act 1986.

Status: Point in time view as at 02/02/1996. This version of this provision has been superseded.

Changes to legislation: Companies Act 1985, Section 250 is up to date with all changes known to be in force on or before 26 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (3) A company is “dormant” during a period in which no significant accounting transaction occurs, that is, no transaction which is required by section 221 to be entered in the company’s accounting records; and a company ceases to be dormant on the occurrence of such a transaction.

For this purpose there shall be disregarded any transaction arising from the taking of shares in the company by a subscriber to the memorandum in pursuance of an undertaking of his in the memorandum.

- (4) Where a company is, at the end of a financial year, exempt by virtue of this section from the provisions of this Part relating to the audit of accounts—
- (a) sections 238 and 239 (right to receive or demand copies of accounts and reports) have effect with the omission of references to the auditors’ report;
 - (b) no copies of an auditors’ report need be laid before the company in general meeting;
 - (c) no copy of an auditors’ report need be delivered to the registrar, and if none is delivered, the copy of the balance sheet so delivered shall contain a statement by the directors, in a position [^{F4}above the signature] required by section 233(4), [^{F5}to the effect that the company] was dormant throughout the financial year; and
 - (d) the company shall be treated as entitled in respect of its individual accounts for that year to the exemptions conferred by section 246 on a small company notwithstanding that it is a member of an ineligible group.
- (5) Where a company which is exempt by virtue of this section from the provisions of this Part relating to the audit of accounts—
- (a) ceases to be dormant, or
 - (b) would no longer qualify (for any other reason) to make itself exempt by passing a resolution under this section,
- it shall thereupon cease to be so exempt.

Textual Amendments

- F1** Words in s. 250(1)(a) repealed (31.12.1992) by S.I. 1992/3003, **reg. 2(2)**.
F2 Words in s. 250(1)(b) substituted (31.12.1992) by S.I. 1992/3003, **reg. 2(3)**.
F3 S. 250(2)(a) repealed (2.2.1996) by S.I. 1996/189, **reg. 11(2)**
F4 Words in s. 250(4)(c) substituted (2.2.1996) by S.I. 1996/189, **reg. 11(3)(a)**
F5 Words in s. 250(4)(c) substituted (2.2.1996) by S.I. 1996/189, **reg. 11(3)(b)**

Status:

Point in time view as at 02/02/1996. This version of this provision has been superseded.

Changes to legislation:

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