



Companies Act 1985

1985 CHAPTER 6

PART X

ENFORCEMENT OF FAIR DEALING BY DIRECTORS

Restrictions on a company's power to make loans, etc., to directors and persons connected with them

332 Short-term quasi-loans.

- (1) Subsection (3) of section 330 does not prohibit a company ("the creditor") from making a quasi-loan to one of its directors or to a director of its holding company if—
 - (a) the quasi-loan contains a term requiring the director or a person on his behalf to reimburse the creditor his expenditure within 2 months of its being incurred; and
 - (b) the aggregate of the amount of that quasi-loan and of the amount outstanding under each relevant quasi-loan does not exceed [^{F1}£5,000].
- (2) A quasi-loan is relevant for this purpose if it was made to the director by virtue of this section by the creditor or its subsidiary or, where the director is a director of the creditor's holding company, any other subsidiary of that company; and "the amount outstanding" is the amount of the outstanding liabilities of the person to whom the quasi-loan was made.

Textual Amendments

- F1** "£5,000" substituted by [Companies Act 1989 \(c. 40, SIF 27\)](#), [ss. 138\(a\), 213\(2\)](#) (subject to the saving provision in [S.I. 1990/1392, art. 5](#))

Status:

Point in time view as at 01/02/1991. This version of this provision has been superseded.

Changes to legislation:

There are currently no known outstanding effects for the Companies Act 1985, Section 332.