



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 300 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 £1,000.
- (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.