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Guidance

Company accounts guidance

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1. Introduction

This guide tells you about the documents that a company must deliver every year to Companies House - even if the company is dormant. If you don't comply, there could be serious consequences. The registrar might assume that the company is no longer carrying on business or in operation and take steps to strike it from the register. If the registrar strikes a company off the register, it ceases to exist and its assets become Crown property.

Where a company is in operation, the company's officers could be prosecuted because they are personally responsible for ensuring that they submit company information on time. Failing to do so is a criminal offence. In addition, there is an automatic civil penalty for submitting accounts late.

The requirement to file annual documents applies to all companies, including small companies such as flat management companies.

You should read this guide together with the Companies Act 2006 and the relevant regulations which are available to view on the UK legislation website (<http://www.legislation.gov.uk/>).

1.1 Relevant legislation

Some of the main regulations you will need to refer to are:

- The Companies Act 2006
- The Small Companies and Groups (Accounts and Directors' Report) Regulations 2008
- The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008
- The Partnerships (Accounts) Regulations 2008

- The Companies and Limited Liability Partnerships (Accounts and Audit Exemptions and Change of Accounting Framework) Regulations 2012
- The Small Companies (Micro-Entities Accounts) Regulations 2013

2. Accounting reference dates

2.1 A company's financial year

A financial year is usually a 12 month period for which you prepare accounts. Every company must prepare accounts that report on the performance and activities of the company during the financial year. Your financial year starts on the day after the previous financial year ended or, in the case of a new company, on the day of incorporation.

Financial years are determined by reference to an accounting reference period that ends on a specified date known as the Accounting Reference Date (ARD).

You may choose to make up your accounts to the accounting reference date or a date up to 7 days either side of it.

2.2 How to determine a company's ARD

For all newly formed companies, their first accounting reference date will be the last day of the month in which the anniversary of their incorporation falls. Subsequent accounting reference dates will automatically fall on the same date each year.

For example, if your company was incorporated on 6 April 2016 its first accounting reference date would be 30 April 2017 and 30 April for every year thereafter.

2.3 How to change a company's ARD

You can change the current or the immediately previous accounting reference date so as to extend or shorten the period. To do this you must notify Companies House of a change of accounting reference date on form AA01 (<https://www.gov.uk/government/publications/change-your-company-accounting-reference-date-aa01>).

You must submit an acceptable change of accounting reference date before the filing deadline of the accounts for the period that you wish to change. In other words, if accounts for a particular accounting reference period become overdue, it is too late to change the accounting reference date.

You can change your company's accounting reference date via our software filing or online filing services or by sending the relevant paper forms to Companies House.

Private companies have 9 months and public companies 6 months to submit their accounts to Companies House after the end of each accounting reference period. The period allowed for submitting a company's first accounts and for changing its accounting reference date is different and we explain this in our guidance on first accounting periods.

2.4 Restrictions on changing the ARD

You may change an accounting reference date by shortening an accounting reference period as

often as you like and by as many months as you like.

However, there are restrictions on extending accounting reference periods:

- you may not extend a period so that it lasts more than 18 months from the start date of the accounting period, unless the company is in administration;
- you may not extend more than once in 5 years unless:
 - the company is in administration
 - the Secretary of State has approved this
 - the company is aligning its accounting reference date with that of a subsidiary or parent undertaking under the law of the UK or another state in the European Economic Area (EEA)

There are no additional restrictions when changing your company's first ARD. You should note that when you extend your first accounting period to the maximum 18 months, you must count the date of incorporation as the first day of the period. Many companies make the mistake of simply adding 6 months to the end of the period, which can in some cases extend the period beyond 18 months and lead to the application being rejected.

3. Accounting Records

Every company, whether or not they are trading, must keep accounting records. These must contain:

- entries showing all money received and expended by the company
- a record of the assets and liabilities of the company

Also, if your company's business involves dealing in goods, the records must contain:

- statements of stock held by the company at the end of each financial year
- all statements of stock takings from which you have taken or prepared any statements of stock
- statements of all goods sold and purchased, other than by ordinary retail trade. This should list the goods, the buyers and sellers

Parent companies must ensure that any subsidiary undertaking keeps sufficient accounting records so that the directors of the parent company can prepare accounts that comply with the Companies Act or International Accounting Standards.

3.1 Where to keep your company's accounting records

A company must keep its accounting records at its registered office address or a place that the directors think suitable. The records must be open to inspection by the company's officers at all times.

If the company holds the records at a place outside of the UK, it must send accounts and returns at least every six months and keep them in the UK. Those accounts and returns must disclose the financial position and enable the directors to prepare accounts that comply with the requirements of the Companies Act, including where the accounts are prepared using International Accounting Standards.

3.2 Length of time that accounting records must be kept

Private companies must keep accounting records for 3 years from the date they were made. Public companies must keep them for 6 years.

4. Accounts for your members

The directors of every company must prepare accounts for each financial year. These are called individual accounts. A parent company must also prepare group accounts (but for parent companies that qualify as small this is optional).

A dormant company that is also a subsidiary may be able to claim exemption from the preparation or filing of its accounts under certain circumstances. This is covered in our guidance on audit requirements and exemptions.

4.1 Contents of your company's accounts

Generally, accounts must include:

- a profit and loss account (or income and expenditure account if the company is not trading for profit)
- a balance sheet signed by a director on behalf of the board and the printed name of that director
- notes to the accounts
- group accounts (if appropriate)

And accounts must generally be accompanied by;

- a directors' report signed by a secretary or director and their printed name, including a business review (or strategic report) if the company does not qualify as small
- an auditors' report stating the name of the auditor and signed and dated by him (unless the company is exempt from audit).

There is no requirement for companies to use a professional accountant to prepare their accounts. However, directors should be aware of their legal responsibilities regarding accounts and if they are uncertain about the requirements they may consider seeking professional advice.

4.2 Sending accounts to your company's members

Every company must send a copy of its annual accounts for each financial year to –

- every member of the company
- every holder of the company's debentures
- every person who is entitled to receive notice of general meetings

This will not apply to certain dormant subsidiary companies that are exempt from preparing accounts. This is covered in our guidance on audit requirements and exemptions .

There is no longer a statutory requirement for private companies to lay their accounts before members at a general meeting. If a private company's articles currently specify that the company must lay accounts before members at a general meeting, they may pass a special resolution to remove that provision.

A public company must lay its accounts before its members at an annual general meeting.

A company may pass a resolution or make provision in its articles that the company may send or supply documents, including accounts, to members by website. Members do not have to agree to receive communications in this way and have the right to request a paper copy.

4.3 Approving and signing accounts

The company's board of directors must approve the accounts before they send them to the company's members:

- a director must sign the balance sheet on behalf of the board and print their name, with any exemptions statements appearing above the director's signature
- a director or the company secretary must sign the directors' report on behalf of the board and print their name. Any statement about its being prepared under the small companies' regime must appear above the signature
- if the company has to attach an auditor's report to the accounts, the report must include the auditor's signature and their name must be printed
- Where the auditor is a firm the auditor's report must state the name of the auditor and the name of the person who signed it as senior statutory auditor on behalf of the firm.

5. Accounts for Companies House

5.1 Private and public limited companies

All private limited and public companies must file their accounts at Companies House.

You must file a copy of the accounts that you have already prepared for the members/shareholders at Companies House. However small companies and micro-entities may prepare an abridged version of those accounts which has less detail by omitting certain balance sheet items – more details are given in our guidance on small company accounts and micro-entity accounts.

Qualifying dormant companies can deliver even simpler annual accounts to Companies House – more details are given in our guidance on dormant company accounts.

5.2 Unlimited companies

Unlimited companies need only deliver accounts to Companies House if, at any time during the period covered by the accounts:

- the company was a subsidiary undertaking or a parent of a limited undertaking
- the company was a banking or insurance company (or the parent company of a banking or insurance company)

or

- each of the company's members was –
- a limited company
- another unlimited company each of whose members was a limited company
- a Scottish partnership each of whose members was a limited company

A dormant subsidiary may be able to claim exemption from the preparation or filing of its accounts under certain circumstances – more details are given in our guidance on dormant company accounts .

Companies House cannot give technical advice on your accounts. We can only give general guidance, not technical advice on specific accounting or legal issues. Your accounts are subject to legal requirements, and we are not qualified to give specialist advice. You may wish to consider consulting an accountant if you need this sort of advice.

5.3 Filing your accounts with other parts of government

You are required to file your company's accounts at Companies House in accordance with the Companies Act 2006. If applicable, you must still file with other regulatory bodies according to their requirements and filing deadlines. For further information about the requirements of other government organisations please contact the relevant organisation.

Charitable companies should note that if they prepare their accounts in the format advised by the Charity Commission then they will be unable to use the Companies House WebFiling service to file their accounts with the registrar. Companies House is working with the Charity Commission on providing an electronic joint filing service for charitable company accounts. Until such a service is launched, charitable companies will need to file their accounts at Companies House on paper.

The Charity Commission have recently published a new template to assist charitable companies in preparing their accounts. Once completed a copy of this template may also be sent to Companies House in order to fulfill our filing requirements. More information and a copy of the template can be found on the Charity Commission's website.

6. Deadlines for filing accounts

Unless you are filing your company's first accounts (see below) the time normally allowed for delivering accounts to Companies House is:

- 9 months from the accounting reference date for a private company
- 6 months from the accounting reference date for a public company

Please be aware of the definition of a period of months in connection with filing accounts. A period of months after a given date ends on the corresponding date in the appropriate month. For example a private company with an accounting reference date of 4 April has until midnight on 4 January of the following year to deliver its accounts, not 31 January. This does not apply if your accounting reference date is the last day of the month. In this case the period allowed for filing accounts would

end with the last day of the appropriate month. For example a private company with an accounting reference date of 30 April has until midnight on 31 January of the following year to deliver its accounts, not 30 January.

If a filing deadline falls on a Sunday or Bank Holiday, the law still requires you to file the accounts by that date. To avoid a penalty, please ensure that you send acceptable accounts in time to arrive before the deadline.

It's the date that you deliver acceptable accounts which meet the relevant legal requirements to Companies House that is important, not the date that you sent the accounts.

Read about our office access and opening times.

(<https://www.gov.uk/government/organisations/companies-house/about/access-and-opening>)

6.1 Deadlines for filing your company's first accounts

If you are filing your company's first accounts and those accounts cover a period of more than 12 months, you must deliver them to Companies House:

- within 21 months of the date of incorporation for private companies
- within 18 months of the date of incorporation for public companies
- 3 months from the accounting reference date, whichever is longer

The deadline for delivery to Companies House is calculated to the exact day.

For example, a private company incorporated on 1 January 2011 with an accounting reference date of 31 January has until midnight on 1 October 2012 (21 months from the date of incorporation) to deliver its accounts, not 31 October.

If the first accounts cover a period of 12 months or less, the normal times allowed for delivering accounts apply.

6.2 Deadline for filing your company's accounts if you have shortened your account period

When a company shortens its accounting period, the new filing deadline will be the longer of the following two options;

- 9 months for a private company (or 6 months for a public company) from the new accounting reference date
- 3 months from the date of receipt of the notice (change of accounting reference date – form AA01 (<https://www.gov.uk/government/publications/change-your-company-accounting-reference-date-aa01>))

7. How to request extra time to file your company's accounts

If there is a special reason for doing so, you may apply to extend the time for delivering accounts to Companies House; for example, if there has been an unforeseen event which was outside the control of the company and its auditors.

You should make the application in writing and deliver it before the normal filing deadline. It must contain a full explanation of the reasons for the extension and the length of the extension requested. You can do this by emailing our enquiries section or writing to;

For companies incorporated in England and Wales, write to:

Companies House
Crown Way
Cardiff
CF14 3UZ

DX 33050 Cardiff 1

For companies incorporated in Scotland, write to:

Companies House
Fourth Floor
Edinburgh Quay 2
139 Fountainbridge
Edinburgh
Scotland
EH3 9FF

DX ED235 Edinburgh1 or LP-4 Edinburgh 2

For companies incorporated in Northern Ireland, write to:

Companies House
Second Floor,
The Linenhall
32-38 Linenhall Street
Belfast
Northern Ireland
BT2 8BG
DX 481 N.R. Belfast 1

You will not receive a late filing penalty if we grant you an extension and you file your accounts before the new deadline.

8. Penalties for failing to file accounts

8.1 Late filing of accounts

Failure to deliver accounts on time is a criminal offence. In addition, the law imposes a civil penalty for late filing of accounts on the company. The amount of the penalty depends on how late the accounts arrive and whether the company is private or public at the date of the balance sheet, as shown in the table below:

Length of period	private company	public company
Not more than 1 month	£150	£750
More than 1 month but not more than 3 months	£375	£1,500
More than 3 months but not more than 6 months	£750	£3,000
More than 6 months	£1,500	£7,500

Further information is available in our guide on late filing penalties (<https://www.gov.uk/government/publications/late-filing-penalties>).

8.2 Consequences for failing to submit accounts to Companies House

If the registrar believes that a company is no longer carrying on business or in operation, he could strike it off the register and dissolve it. If this happens all the assets of the company, including its bank account and property, generally become the property of the Crown.

Failure to deliver documents is a criminal offence. All the directors of the company risk prosecution. On conviction, a director could end up with a criminal record and a potentially unlimited fine for each offence. This is separate from the civil penalty imposed on the company for late filing of accounts.

9. How to file your accounts at Companies House

9.1 Filing your accounts online

You can submit the following accounts online using the Companies House WebFiling service:

- dormant company accounts for companies that have never traded
- micro-entity accounts
- small audit exempt abbreviated accounts (only for accounting periods beginning prior to 01/01/2016)

There are also a variety of software providers which also offer a range of accounting packages which may be used for the preparation and filing of accounts. Most types of accounts can be software filed, depending on the functionality of the software package that you are using.

Read about our list of software filing packages currently available (<https://www.gov.uk/company-filing-software/filing-annual-accounts-returns-and-tax-accounts>)

9.2 Joint-filing the same accounts with Companies House and HMRC

If you have prepared micro-entity or small company audit exempt accounts you may be able to file them using the Company Accounts and Tax Online (CATO) service which enables you to enter your accounts data once and use it to submit to both Companies House and HMRC.

To use this option you will need:

- Government Gateway credentials (which you can request from the HMRC website)
- a Companies House company authentication code (<https://www.gov.uk/guidance/company-authentication-codes-for-online-filing>).

The joint filing option will allow you to submit audit exempt accounts of the following types to both organisations:

- full,
- abridged, or
- micro-entity

Users may also opt to remove certain parts of their accounts (such as the profit & loss account and the director's report) which small companies do not need to file with Companies House. For further information on whether this is suitable for your company please refer to the joint filing FAQs on our website.

Companies House and HMRC have different filing deadlines and penalties for late filing. It's the directors' responsibility to ensure they know what the deadlines are.

9.3 Filing your accounts on paper

You may still send a paper copy of your company's accounts to Companies House. If filing your accounts on paper it is crucial that you get your accounts to us well before the filing deadline as you will not be given any extra time if they are rejected.

The company name and number must appear on one of the composite documents of the accounts such as the directors' report or balance sheet. The name and number may also be shown on any cover sheet delivered with the accounts. Additionally, the copy of your company's accounts that you file must meet the following requirements:

- the copy of the balance sheet must show the printed name of the director who signed it on behalf of the board
- the copy of the balance sheet must also be signed by a director
- the copy of the directors' report must include the printed name of the director or company secretary who signed the report

- if the company has to attach an auditor's report to the accounts, the copy of the auditor's report must state the auditor's name

Please note that a legible signature on a balance sheet will not satisfy the additional requirement for a printed name. Companies House will reject any accounts that do not meet the above requirements.

Where the auditor is a firm the auditor's report must state the name of the auditor and the name of the person who signed it as senior statutory auditor on behalf of the firm. For more details, including on circumstances in which auditor's names may be omitted, please see our guidance on Auditors.

9.4 Filing your accounts in a language other than English

If you prepare accounts in a language other than English, you must also send with them a certified translation into English. If the registered office of the company is situated in Wales however you need only send the Welsh accounts if you so choose. Companies may also send voluntary certified translations. You may only send certified voluntary translations in an official language of the European Union and you must also send with them with a completed form VT01

(<https://www.gov.uk/government/publications/certify-voluntary-translation-of-an-original-document-vt01>).

10. Micro-entity accounts

There are 3 size classifications of company to consider when preparing your accounts; small, medium or large. Within the small company classification there is a sub-set called a micro-entity, which is applicable to very small companies. There are thresholds for turnover, balance sheet total (meaning the total of the fixed and current assets) and the average number of employees, which determine whether your company is a micro-entity, small or medium-sized.

Any companies that do not meet the criteria for micro-entities, small or medium are large companies and will have to prepare and submit full accounts.

Micro-entities can prepare and file a balance sheet with a reduced set of information than that required by a small, medium or large company. Additionally, a micro-entity will be able to benefit from the exemptions available to small companies such as exemption from audit and the requirement to file a directors' report or profit & loss account at Companies House. Micro-entities still need to send accounts to their members as well as filing them at Companies House.

If you think your company qualifies as a micro-entity, you may wish to consult a professional accountant before you prepare micro-entity accounts.

10.1 Conditions to qualify as a micro-entity

A micro-entity must meet at least two of the following conditions:

- turnover must be not more than £632,000
- the balance sheet total must be not more than £316,000
- the average number of employees must be not more than 10

10.2 Entities that cannot prepare and submit micro-entity accounts

An entity cannot prepare and submit micro-entity accounts if it is, or was at any time during the financial year, one of the following;

- a limited partnership
- a qualifying partnership as defined under the Partnership (Accounts) Regulations 2008
- a public limited company
- an overseas company
- an unregistered company
- a company authorised to register under section 1040 Companies Act 2006
- a charitable company
- a company that is excluded from the small company's regime under section 384 Companies Act 2006, or is excluded from being treated as a micro-entity under section 384B Companies Act 2006.

10.3 Qualifying as a micro-entity every year

Generally, a company qualifies as a micro-entity in its first financial year if it fulfils the conditions in that year. In any subsequent years a company must fulfil the conditions in that year and the year before.

However, if a company which qualified as a micro-entity in one year no longer meets the criteria in the next year, it may continue to claim the exemptions available in the next year.

If that company then reverts back to being a micro-entity by meeting the criteria in the following year, the exemption will continue uninterrupted.

10.4 Contents of micro-entity accounts

A micro-entity is required to prepare accounts that contain the following elements:

- A balance sheet that complies with one of the specified formats given in the relevant regulations, along with any footnotes
- A directors' report
- A profit & loss account that complies with the specified format given in the relevant regulations
- An auditors report, unless the company is claiming exemption from audit as a small company
- Any notes to the accounts

The balance sheet must contain a statement in a prominent position above the director's signature and printed name that the accounts have been prepared in accordance with the micro-entity provisions. This statement should appear in the original accounts as well as the copy sent to Companies House.

Micro-entities do not have to deliver a copy of the directors' report or the profit and loss account to Companies House.

10.5 Audit exemptions for micro-entities

A micro-entity may claim audit exemption as a small company. If it meets the qualification criteria for the exemption, it may submit unaudited accounts. See our guidance on audit exemptions for further information.

11. Small companies

There are 3 size classifications of company to consider when preparing your accounts; small, medium or large. Within the small company classification there is a sub-set called a micro-entity, which is applicable to very small companies. There are thresholds for turnover, balance sheet total (meaning the total of the fixed and current assets) and the average number of employees, which determine whether your company is small or medium-sized. Any companies that do not meet the criteria for micro-entities, small or medium are large companies and will have to prepare and submit full accounts.

A small company can prepare and submit accounts according to special provisions in the Companies Act 2006 and the relevant regulations. This means that they can choose to disclose less information than medium-sized and large companies.

If you think your company qualifies as small, you may wish to consult a professional accountant before you prepare accounts in accordance with the provisions applicable to companies subject to the small companies' regime.

11.1 Conditions to qualify as a small company

For accounting periods beginning on or after 01/01/2016 a small company must meet at least two of the following conditions:

- annual turnover must be not more than £10.2 million
- the balance sheet total must be not more than £5.1 million
- the average number of employees must be not more than 50

For accounting periods beginning before 01/01/2016 the thresholds were:

- annual turnover must be not more than £6.5 million
- the balance sheet total must be not more than £3.26 million
- the average number of employees must be not more than 50

11.2 Entities that cannot prepare and submit small company accounts

A company cannot prepare and submit small company accounts if it is, or was at any time during the financial year, one of the following;

- a public company
- a member of an ineligible group (see below)

- an authorised insurance company, a banking company, an e-money issuer, a MiFID (i.e. Markets in Financial Instruments Directive) investment firm or a UCITS (ie Undertakings for Collective Investment in Transferable Securities) management company or carried on insurance market activity

A group is ineligible if any of its members is:

- a public company
- a body corporate (other than a company) whose shares are admitted to trading on a regulated market in an EEA State
- a person (other than a small company) who has permission under Part IV of the Financial Services and Markets Act 2000 to carry on a regulated activity
- a small company that is an authorised insurance company, a banking company, an e-money issuer, a MiFID investment firm or a UCITS management company
- a person who carries on insurance market activity

Companies which would otherwise qualify as small but which are members of ineligible groups can still take advantage of the exemption from including a business review (or strategic report) in the directors' report prepared for members and from filing the directors' report at Companies House.

If you have any queries regarding financial services companies which are excluded from the small companies' regime please contact the Financial Conduct Authority on their website.

11.3 Qualifying as a small company every year

Generally, a company qualifies as small in its first accounting period if it fulfils the conditions in that period. In any subsequent periods a company must fulfil the conditions in that period and the period before.

If a company which qualified as small in one period no longer meets the criteria in the next period, it may continue to claim the exemptions available for the next period. If that company then reverts back to being small by meeting the criteria for the following period, the exemption will continue uninterrupted.

11.4 Conditions to qualify as a small group

For accounting periods beginning on or after 01/01/2016 to qualify as small, a group of companies must meet at least two of the following conditions:

- aggregate turnover must be not more than £10.2 million
- the aggregate balance sheet total must be not more than £5.1 million
- the aggregate average number of employees must be not more than 50

For accounting periods beginning before 01/01/2016 the thresholds were:

- aggregate turnover must be not more than £6.5 million
- the aggregate balance sheet total must be not more than £3.26 million
- the aggregate average number of employees must be not more than 50

11.5 Contents of small company accounts

Generally, small company accounts prepared for members include:

- a profit and loss account
- a balance sheet, signed by a director on behalf of the board and the printed name of that director
- notes to the accounts
- group accounts (if a small parent company chooses to prepare them)

And they should be accompanied by:

- a directors' report that shows the signature of a secretary or director and their printed name
- an auditors report that includes the printed name of the registered auditor (unless the company qualifies for exemption from audit and takes advantage of that exemption)

The balance sheet must contain a statement in a prominent position above the director's signature and printed name that the accounts have been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime.

Small companies do not have to deliver a copy of the directors' report or the profit and loss account to Companies House. However, if they opt not to deliver a copy of the profit and loss account the company must state this on the balance sheet.

The requirements for companies subject to the small companies' regime are set out in Parts 15 and 16 of the Companies Act 2006. Further information on the detailed format and content of accounts for small companies can be found in the relevant regulations.

11.6 Small company abridged accounts

The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015 (http://www.legislation.gov.uk/ukxi/2015/980/pdfs/ukxi_20150980_en.pdf) introduced the concept of abridged accounts. Abridged accounts contain a balance sheet that contains a sub-set of the information that is included in a full balance sheet. Likewise, the profit and loss account may also contain a sub-set of the information that is included in a full profit and loss account.

Companies must now prepare and file the same set of accounts for its members as for the public record. This means that a company will decide at the point they are preparing their accounts whether or not to abridge them (or to prepare micro entity accounts). Previously a company would prepare full accounts for its members and would then decide whether or not to abbreviate them for the public record.

If you opt to file an abridged balance sheet and/or profit & loss account then you must include a statement on the balance sheet that the members have agreed to the preparation of abridged accounts for this accounting period in accordance with section 444(2A).

Small companies preparing International Accounting Standards accounts must deliver a full

balance sheet to Companies House.

11.7 Small company abbreviated accounts

The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015 abolished abbreviated accounts. This means that abbreviated accounts cannot be prepared and filed for accounting periods beginning on or after 1 January 2016.

11.8 Other exemptions available to small companies

The Companies Act 2006 and regulations also set out what the directors' report of a small company must contain. Such a report does not have to contain a business review (or strategic report) or a statement as to the amount that the directors recommend be paid by way of dividend. If the company has taken advantage of the small companies' exemption in preparing the directors' report it must contain a statement above the director's or secretary's signature and printed name to that effect.

Small companies may also usually claim exemption from audit. If it meets the qualification criteria for the exemption, it may submit unaudited accounts. See our guidance on audit exemptions for further information.

A small company which has chosen to not file its profit and loss account may also opt not to file a copy of the auditor's report on their accounts. In this case they must make the following disclosures in the notes to their accounts: the auditor's name (if the auditor was a firm, the name of the senior statutory auditor), whether the auditor's report was qualified or unqualified, and, if the report was qualified, what the qualification was.

11.9 Special rules for small groups

A parent company which qualifies as small need not prepare group accounts or submit them to Companies House if the group is small and not ineligible – see question 4 above. If a small parent company decides to prepare group accounts their content is prescribed by the 2006 Act and by Schedule 6 to the Small Companies and Groups (Accounts and Directors') Report Regulations 2008.

If you prepare group accounts they must contain a statement above the printed name and signature on the balance sheet, confirming that they are prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

12. Audit exemption for small companies and micro-entities

There is exemption from having an audit for certain small companies but only if they are eligible and wish to take advantage of it. If a company qualifies as a micro-entity then it also qualifies as a small company and therefore may also take advantage of these exemptions.

For accounting periods beginning on or after 01/01/2016 to qualify for audit exemption, a company must qualify as small, in relation to that financial year. In other words it must meet any two of the following:

- annual turnover must be not more than £10.2 million
- the balance sheet total must be not more than £5.1 million
- the average number of employees must be not more than 50

Even if a small company meets these criteria, it must still have its accounts audited if a member or members holding at least 10% of the nominal value of issued share capital or holding 10% of any class of shares demands it; or - in the case of a company limited by guarantee - 10% of its members in number. The demand for the audit of the accounts should be in the form of a notice to the company, deposited at the registered office at least one month before the end of the financial year in question. The notice may not be given before the financial year to which it relates.

12.1 Entities that cannot claim exemption from audit as a small company

You must submit audited accounts to Companies House if the company falls into any of the following categories:

- a parent company or subsidiary undertaking (unless dormant for the period during which it was a subsidiary) except where:
- the group qualifies as a small group or would qualify if all the bodies corporate (which includes non-UK incorporated bodies) in the group were companies
- the turnover for the whole group is not more than £10.2 million net (or £12.2 million gross)
- the group's combined balance sheet total is not more than £5.1 million net (or £6.1 million gross)
- a public company (PLC)
- a company that at any time in the financial year in question was —
- a company that is an authorised insurance company, a banking company, an e-money issuer, a MiFID (ie Markets in Financial Instruments Directive) investment firm or a UCITS (ie Undertakings for Collective Investment in Transferable Securities) management company
- a company that carries on insurance market activity
- a special register body as defined in section 117(1) of the Trade Union and Labour Relations (Consolidation) Act 1992 (c. 52) or an employers' association as defined in section 122 of that Act or Article 4 of the Industrial Relations (Northern Ireland) Order 1992 (S.I. 1992/807 (N.I. 5))

Some subsidiary companies may be exempt from audit where they meet certain conditions for financial years ending on or after 1 October 2012, see our guidance on audit exemption for subsidiary companies for more information.

Some flat management companies that would otherwise qualify for exemption may have to prepare audited accounts to comply with the terms of their lease. If in doubt, you should consider seeking professional advice.

12.2 Requirements that a small company must comply with to claim audit exemption

If a small company qualifies for audit exemption, it may submit unaudited accounts to Companies House. In either case, the balance sheet must contain wording to the effect of the following statements above the director's printed name and signature:

- For the year ending(dd/mm/yyyy) the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.
- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts
- These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime"

12.3 Audit exemption for small charitable companies

There is not a specific category for audit exempt charitable companies in England and Wales or Scotland. They will qualify for audit exemption under company law in the same way as any other company. Charitable companies may also be subject to separate requirements for audit or other scrutiny of their accounts under charity law. For more information visit the Charity Commission's website.

There were previously different thresholds for audit exemption for Northern Ireland charitable companies but, for financial years beginning on or after 1 January 2016 they may claim audit exemption as long as they meet the same criteria as other UK companies.

This replaces the previous thresholds for Northern Ireland charitable companies for financial years beginning on or after 1 January 2016. For financial years beginning prior to this date the thresholds to claim audit exemption for a small Northern Ireland charitable company remain:

- gross income must not be more than £90,000, and
- its balance sheet total for that year must not be more than £2.8 million.

Alternatively, for financial years beginning prior to 1 January 2016, a charity may be partially exempt from the requirement for an audit if there is a suitable accountants report to the accounts and the company meets both the following conditions in respect of a financial year:

- gross income must be more than £90,000 and not more than £250,000
- its balance sheet total for that year must not be more than £1.4 million

Northern Ireland Charities that want to claim audit exemption for financial years prior to 1 January 2016 must show the following statements on their balance sheet above the director's signature:

- For the year ended (insert date), the company was entitled to exemption under Article 257A(1) (or Article 257A(2) in the case of partial exemption) of the Companies (Northern Ireland) Order 1986. No members have required the company to obtain an audit of its accounts for the year in question in accordance with Article 257B(2).
- The directors acknowledge their responsibilities for complying with the requirements of the

- Companies Act 2006 with respect to accounting records and the preparation of accounts.
- Small company/abbreviated accounts must also make the following statement on the balance sheet above the director's signature:
 - These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

13. Medium-sized company accounts

As with a small company, a medium-sized company is determined by its turnover, balance sheet total (meaning the total of the assets) and average number of employees. A medium-sized company can prepare accounts according to special provisions applicable to medium-sized companies. It can also choose to submit reduced information to Companies House.

If you think the company might qualify as medium-sized, you should consider consulting a professional accountant before you prepare accounts.

13.1 Conditions to qualify as a medium-sized company

To be a medium-sized company, you must meet at least two of the following conditions:

- annual turnover must be no more than £36 million
- the balance sheet total must be no more than £18 million
- the average number of employees must be no more than 250.

13.2 Entities that cannot prepare and submit medium-sized company accounts

A company cannot be treated as a medium-sized company if it is, or was at any time during the financial year, one of the following:

- a public company
- a company that has permission under Part 4 of the Financial Services and Markets Act 2000 to carry on a regulated activity or that carries on an insurance market activity
- a member of an ineligible group

A group is ineligible if any of its members is:

- a public company
- a body corporate (other than a company) whose shares are admitted to trading on a regulated market
- a person (other than a small company) who has permission under Part 4 of the Financial Services and Markets Act 2000 to carry on a regulated activity
- a small company that is an authorised insurance company, a banking company, an e-money issuer, a MiFID (ie Markets in Financial Instruments Directive) investment firm or a UCITS (i.e. Undertakings for Collective Investment in Transferable Securities) management company
- a person who carries on insurance market activity

13.3 Qualifying as a medium-sized company every year

Generally, a company qualifies as 'medium-sized' in its first accounting period if it fulfils the conditions in that period. In any subsequent period a company must fulfil the conditions in that period and the period before.

However if a company which qualified as medium-sized in one period no longer meets the criteria in the next period, it may continue to claim the exemptions available for the following period. If the company then reverts back to being medium-sized by meeting the criteria the exemption will continue uninterrupted.

13.4 Contents of medium-sized company accounts

Medium-sized accounts must include:

- a profit and loss account
- a balance sheet, showing the printed name and signature of a director
- notes to the accounts
- group accounts (if appropriate)

And should be accompanied by:

- a directors' report including a business review (or strategic report) showing the printed name of the approving secretary or director
- an auditor's report that includes the name of the registered auditor unless the company is exempt from audit

A medium-sized company must deliver all of the constituent parts of their accounts to Companies House.

13.5 Exemptions available to medium-sized companies

Medium-sized companies may omit certain information from the business review (or strategic report) in their directors' report (that is, analysis using key performance indicators so far as they relate to non-financial information). Also a medium-sized company which is part of an ineligible group can still take advantage of the exemption from disclosing non-financial key performance indicators in the business review (or strategic report).

Medium-sized companies preparing Companies Act accounts may omit disclosure with respect to compliance with accounting standards and related party transactions from the accounts they send to their members.

Medium-sized companies preparing Companies Act accounts may choose to file a slightly reduced version of the profit and loss account (see regulation 4 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008).

Some subsidiary companies may be exempt from audit where they meet certain conditions for financial years ending on or after 1 October 2012, see our guidance on audit exemption for subsidiary companies for more information.

13.6 Medium-sized groups

There are no special rules for medium-sized groups. A medium-sized parent company must prepare group accounts and submit them to Companies House.

14. Dormant company accounts

All limited companies, whether they trade or not, must deliver accounts to Companies House. However, a company is dormant if it has had no 'significant accounting transactions' during the accounting period. A significant accounting transaction is one which the company should enter in its accounting records. Dormant companies may claim exemption from audit in accordance with section 480 of the Companies Act 2006.

When determining whether a company is dormant you can disregard the following transactions:

- payment for shares taken by subscribers to the memorandum of association
- fees paid to the Registrar of Companies for a change of company name, the reregistration of a company and filing confirmation statements or annual returns
- payment of a civil penalty for late filing of accounts

14.1 Requirements a dormant company must comply with to claim audit exemption

A dormant company is exempt from having an audit for that financial year if:

- it has been dormant since its formation

or

- it has been dormant since the end of the previous financial year and it meets the following conditions:
 - it is entitled to prepare individual accounts in accordance with the small companies regime
 - it is not required to prepare group accounts
 - it qualifies as a 'small company' in relation to that year, or would have qualified as small but for the fact that it is a public company or is a member of an ineligible group

14.2 Other exemptions available to dormant companies

A dormant company that is also a subsidiary may, in certain circumstances claim exemption from the preparation and/or filing of its accounts as detailed in the section of this guidance on the dormant subsidiary exemption.

14.3 Entities that cannot claim exemption from audit as a dormant company

A company may not take advantage of the dormant company audit exemption if at any time in the financial year in question it:

- is a public company unless the company is dormant

- is an authorised insurance company, a banking company, an e-money issuer, a MiFID (ie Markets in Financial Instruments Directive) investment firm or a UCITS (i.e.Undertakings for Collective Investment in Transferable Securities) management company;
- carries on insurance market activity

Nor can a company take advantage of the dormant company audit exemption if an audit is required by a member or members holding at least 10% of the nominal value of issued share capital or holding 10% of any class of shares; or - in the case of a company limited by guarantee - 10% of its members in number. The demand for the accounts to be audited should be in the form of a notice to the company, deposited at the registered office at least one month before the end of the financial year in question. The notice may not be given before the financial year to which it relates.

14.4 Contents of dormant company accounts

Dormant company accounts submitted to Companies House need not include a profit and loss account or directors' report. Unaudited dormant accounts are much simpler than those of a trading company but must contain:

- a balance sheet containing statements above the director's signature and their printed name to the effect that the company was dormant throughout the accounting period
- any previous year's figures for comparison - even though there are no items of income or expenditure for the current year;
- certain notes to the balance sheet

The right to prepare a dormant balance sheet for filing at Companies House does not affect the company's obligations to prepare full accounts for its members.

14.5 Requirements that a dormant company must comply with to claim audit exemption

If you submit your accounts to Companies House on paper, you must check that you have the following statements above the director's signature and printed name:

- For the year ending (dd/mm/yyyy) the company was entitled to exemption from audit under section 480 of the Companies Act 2006 relating to dormant companies.
- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts

A private company that qualifies as small should also include the following statement on the balance sheet:

- These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime

Accounts submitted online have inbuilt checks which will prevent common errors and omissions of

the necessary statements.

14.6 Standard form for dormant accounts

WebFiling offers a simple web form enabling easy and quick electronic submission of dormant accounts for companies that have never traded. This is now available for both companies limited by shares and companies limited by guarantee. These contain inbuilt checks so that you can be sure you haven't omitted any key information.

You can also download a paper form AA02 which is for dormant companies that have not traded since incorporation.

The AA02 form is not suitable for every dormant company, for example dormant subsidiary companies cannot file a form AA02 as the form cannot accommodate the specific details required to be submitted by dormant subsidiary companies.

This form is also unsuitable for companies that became dormant after trading. In this case, you will need to prepare dormant accounts as described in the section of this guidance on the contents of dormant accounts.

14.7 Deadlines to submit dormant accounts to Companies House

You have the same time allowed for filing as for other accounts, and the same penalties for late filing apply.

14.8 Dormant companies that start trading again

The company will cease to be exempt from audit as a dormant company if it:

- begins commercial or trading activities during the financial period
- would no longer qualify for some other reason, e.g. because there have been significant accounting transactions that need to be entered in its accounting records

If either of these happened, you might have to submit full accounts for the financial year in which the company ceased to be exempt, and the directors might need to appoint auditors for the company. However, it may be that the company would qualify for exemptions as a small company.

14.9 Dormant subsidiary exemption from the preparation and/or filing of accounts

If your subsidiary company is dormant throughout the financial year and its parent undertaking is established under the law of an EEA state then you may be able to claim exemption from the preparation of your accounts under section 394A of the Act or from the obligation to deliver accounts to Companies House under section 448A of the Act. This applies to accounting periods ending on or after 1 October 2012. Any accounts ending before that date must still prepare and file accounts.

The exemption from preparation (section 394A) also covers the requirement to file accounts and so a company that has claimed this exemption does not also need to claim exemption from filing (under section 448A).

14.10 Conditions for a dormant subsidiary to claim exemption from the preparation and/or filing of its accounts

To take up either of these exemptions the company must have been dormant throughout the financial year and its parent is established under the law of an EEA state. You will also need to deliver the following documents to Companies House, before the date on which your accounts are due:

- a written notice of agreement by all members of the subsidiary company that they consent to the exemption in respect of the relevant financial year
- a correctly completed Form AA06 - statement from the parent undertaking that it guarantees the subsidiary under section 394C (for exemption from preparation) or 448C (for exemption from filing) of the Companies Act 2006 in respect of the relevant financial year
- a copy of the parent undertaking's consolidated accounts including a copy of the auditor's report and the annual report on those accounts

Please note:

- the subsidiary must be included in the consolidated accounts for the relevant financial year or to an earlier date in the same financial year. The parent undertaking must disclose in the notes to their consolidated accounts that the subsidiary is exempt from the requirements to prepare individual accounts under section 394A, or to file individual accounts under 448A of the Companies Act 2006
- the agreement and the parent's consolidated accounts must show the subsidiary company's name and registered number in a prominent place on the document
- these exemptions are only available if your company's financial year ends on or after 1 October 2012. If your company's financial year ends before then, you will still have to prepare and file accounts by the deadline.

14.11 Information that must be included in the form AA06

The statement must include the following information:

- the registered name and number of the subsidiary
- the subsidiary's financial year to which the guarantee relates
- the statement date
- details of the section of the Companies Act 2006 under which the guarantee is being given:
 - section 394c – exemption from preparing accounts for a dormant subsidiary
 - section 448c – exemption from filing accounts for a dormant subsidiary
 - section 479C – audit exemption for a subsidiary undertaking
- either:
 - if the parent was incorporated in the UK its registered name and registered number (if any)
 - if the parent was incorporated and registered (in the same country) elsewhere in the EEA, its registered name, registration number and the identity of the register where it is registered

14.12 Effect of the guarantee and when it takes effect

The guarantee has the effect that the parent undertaking guarantees all outstanding liabilities that the subsidiary is subject to at the end of the financial year. The guarantee takes effect when it is delivered to the registrar and remains in force until all of the liabilities have been satisfied.

14.13 Entities that cannot claim exemption from preparation and/or filing of accounts as a dormant company

A dormant subsidiary is not entitled to the exemption if it was at any time within the relevant financial year:

- a quoted company
- a company that:
 - is an authorised insurance company , a banking company, an e-Money issuer, a MiFID investment firm or a UCITS management company
 - carries on insurance market activity
 - a special register body as defined in section 117(1) of the Trade Union and Labour Relations (Consolidation) Act 1992 (c 52) or an employers' association as defined in section 122 of that Act or Article 4 of the Industrial Relations (Northern Ireland Order 1992 (S.I. 1992/807 (NI 5)

15. Partnership accounts

The Partnerships (Accounts) Regulations 2008 require the members of a 'qualifying partnership' to prepare accounts, which those members that are limited companies must attach to their own accounts for filing with Companies House.

A qualifying partnership is a partnership formed under the law of any part of the United Kingdom if each of the members (or in the case of a limited partnership, each of its general partners) is:

- a limited company
- an unlimited company each of whose members is a limited company
- a Scottish limited partnership, each of whose general partners is a limited company
- any other Scottish partnership, each of whose members is a limited company

(a) Any reference above to a limited company, an unlimited company, or a partnership (including a Scottish partnership) should be understood to include any comparable undertaking formed under the laws of any country or territory outside the United Kingdom.

(b) For a qualifying partnership that is a limited partnership:

- the requirement for the members to deliver accounts to Companies House only extends to the general partners in the qualifying partnership
- in this guidance, an reference to the "members" of a qualifying partnership should be understood to refer only to the general partners

(c) If any “members” of a qualifying partnership is a Scottish partnership, or an unlimited company, the requirement to deliver accounts to Companies House also extends to the members of that undertaking, though if it is a Scottish limited partnership, the requirement only extends to the general partners. References to “members” in this guidance should be read accordingly.

(d) Where any “member” of a qualifying partnership is an undertaking comparable to a company or a Scottish partnership formed under the laws of any country or territory outside the UK, the requirement to deliver accounts extends to the members of that undertaking comparable to the members or general partners (as appropriate) in a comparable UK undertaking. Again, references to “members” in the guidance should be read accordingly.

15.1 Requirement for the partnership to prepare accounts

The members of the qualifying partnership must prepare audited accounts as if the qualifying partnership was a limited company. The accounts must conform to the requirements of the Companies Act 2006 and related regulations.

Under regulation 7 of The Partnerships (Accounts) Regulations 2008, the members of a qualifying partnership do not have to prepare partnership accounts if the partnership is dealt with on a consolidated basis in group accounts prepared by either:

- a member of the qualifying partnership which is established under the law of a member state of the European Economic Area (EEA)
- a parent undertaking of such a member

In these cases, the group accounts must be prepared and audited under the law of the EEA State in accordance with the Seventh Company Law Directive or International Accounting Standards. A note to the group accounts must disclose that advantage has been taken of this exemption.

15.2 Period for which the members must prepare the partnership accounts

The accounts may cover any period up to 18 months which may be specified in the partnership agreement. If the partnership agreement does not specify a period, the members, must draw up the accounts for each 12 month period ending on 31 March in each year.

Amendments to the Partnerships (Accounts) Regulations 2008 were made by the Companies and Partnerships (Accounts and Audit) Regulations 2013. These apply to accounting years beginning on or after 1 October 2013. So if the partnership agreement does not specify an accounting period, the first accounting period that would be subject to the amended regulations would be the financial year ending on 31 March 2015.

15.3 Deadline for preparing partnership accounts

You must prepare the partnership accounts within a period of 9 months after the end of the financial year.

15.4 Deadline for delivering and publishing partnership accounts

If you are a limited company which is a member of a qualifying partnership, you must attach the partnership accounts to the next accounts which you deliver to Companies House. You must also supply to any person upon request:

- the name of each member required to deliver copies of the partnership accounts to Companies House
- the name of each member incorporated in another EEA State who is required to publish the partnership accounts in that state

When none of the members of a qualifying partnership is a limited company, or an undertaking comparable to a limited company incorporated in another EEA State, then the partnership must make their accounts available for inspection by any person, without charge, during business hours at the principal place of business of the partnership (together with a certified translation, if the original is not in English). Where the principal place of business has moved outside the UK, for accounting years beginning on or after 1 October 2013, the partnership must make the accounts available for inspection in the same way at:

- the principal place of business or head office of any “member” of the partnership that has a head office or principal place of business in the UK
- where no “member” of the partnership has a head office or principal place of business in the UK, at an address in the UK nominated by the “members” of the qualifying partnership.

Each member of the partnership must also, supply to any person on request a copy of the latest accounts of the partnership (together with a translation if the original is not in English). A fee may be charged to cover the administrative cost of supplying the copy, but no more.

15.5 Exemptions from the publication rules

Under regulation 7 of The Partnerships (Accounts) Regulations 2008, members of a qualifying partnership do not have to publish partnership accounts if the partnership is dealt with on a consolidated basis in group accounts prepared by either:

- a member of the qualifying partnership which is established under the law of a member state of the European Economic Area (EEA)
- a parent undertaking of such a member

In these cases, they must prepare and audit group accounts under the law of the member state in accordance with the Seventh Company Law Directive or international accounting standards. A note to the group accounts must disclose that they have taken advantage of this exemption.

15.6 Penalties for qualifying partnerships that are non-compliant

Every member of a qualifying partnership or every director of a company that is a member may be prosecuted and on conviction the court may impose a potentially unlimited fine.

15.7 Qualifying partnerships audit requirements

Part 3 of the Partnerships (Accounts) Regulations 2008 contain requirements relating to the appointment and dismissal of auditors, signature of auditors' reports and disclosure of auditors' remuneration equivalent to the requirements on companies. 9.

15.8 Differences in how these requirements apply for any specific types of qualifying partnership

Some qualifying partnerships that are limited partnerships are now registered as Tax Transparent Funds, with some differences in their Companies House registration. These partnerships also have a separate registration at the Financial Conduct Authority (FCA) as a specific form of UCITS ("Undertaking for Collective Investment in Transferable Securities"). More information can be found [here](#).

Other qualifying partnerships are Alternative Investment Funds, which also have a separate registration at the Financial Conduct Authority.

Much of the material prepared as part of the accounts and reports of qualifying partnerships in line with the Companies Act 2006 will also be suitable for filing with the FCA to fulfil its filing requirements for UCITS and AIFs. For filing with the FCA, qualifying partnerships that are registered as UCITS or AIFs must comply with the following FCA Guidance.

16. Community Interest Companies (CICs)

CICs are no different from other companies when it comes to preparing and filing accounts. They need to file their accounts, along with a copy of the CIC report.

16.1 Additional requirements for CICs

All CICs must prepare and deliver a CIC report (<https://www.gov.uk/government/publications/form-cic34-community-interest-company-report>) (CIC34) to Companies House. It must be made up to the same date as the accounts.

You must send a fee of £15 with the CIC report (<https://www.gov.uk/government/publications/form-cic34-community-interest-company-report>). Please make cheques payable to 'Companies House'.

You must prepare and deliver the report regardless of the size of the company, or any accounts exemptions.

For further information about this requirement, contact cicregulator@companieshouse.gov.uk or telephone 029 2034 6228.

17. Audit exemption for subsidiary companies

A subsidiary may claim exemption from audit if its parent is established under the law of an EEA state, in certain circumstances. To take up this exemption you will need to deliver, before the date on which your accounts are due, the following documents to the Registrar:

- a written notice that all members of the subsidiary company agree to the exemption in respect of the relevant financial year
- a correctly completed form AA06 - statement from the parent undertaking that it guarantees the subsidiary under section 479C of the Companies Act 2006 in respect of the relevant financial year
- a copy of the parent undertaking's consolidated accounts including a copy of the auditor's report and the annual report on those accounts

Please note:

- the subsidiary must be included in the parent's consolidated accounts for the relevant financial year or to an earlier date in the same financial year. The parent undertaking must disclose in the notes to their consolidated accounts that the subsidiary is exempt from the requirements of this Act relating to the audit of accounts under section 479A of the Companies Act 2006
- the agreement and the parent's consolidated accounts must show the subsidiary company's name and registered number in a prominent place on the document
- this exemption will only be available if your company's financial year ends on or after 1 October 2012

17.1 Entities that cannot claim exemption from audit as a subsidiary

A subsidiary is not entitled to the exemption if it was at any time within the relevant financial year:

- a quoted company
- a company that:
 - is an authorised insurance company , a banking company, an e-Money issuer, a MiFID investment firm or a UCITS management company
 - carries on insurance market activity
 - a special register body as defined in section 117(1) of the Trade Union and Labour Relations (Consolidation) Act 1992 (c 52) or an employers' association as defined in section 122 of that Act or Article 4 of the Industrial Relations (Northern Ireland Order 1992 (S.I. 1992/807 (NI 5)).

17.2 Information that must be included in the form AA06

The statement must include the following information:

- the registered name and number of the subsidiary
- the subsidiary's financial year to which the guarantee relates
- the statement date
- details of the section of the Companies Act 2006 under which the guarantee is being given:
 - section 394c – exemption from preparing accounts for a dormant subsidiary
 - section 448c – exemption from filing accounts for a dormant subsidiary
 - section 479C – audit exemption for a subsidiary undertaking
- Either:
 - if the parent was incorporated in the UK its registered name and registered number (if any)
 - if the parent was incorporated and registered (in the same country) elsewhere in the EEA, its registered name, registration number and the identity of the register where it is registered.

17.3 Effect of the guarantee and when it takes effect

The guarantee has the effect that the parent undertaking guarantees all outstanding liabilities that the subsidiary is subject to at the end of the financial year. The guarantee takes effect when it is delivered to the registrar and remains in force until all of the liabilities have been satisfied.

17.4 Requirements that a small company must comply with to claim audit exemption

The subsidiary company must include statements on the balance sheet of its individual accounts to the effect that:

- For the year ending (dd/mm/yyyy) the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.
- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts

17.5 Auditors

An auditor is a person who makes an independent report to a company's members as to whether the company has prepared its financial statements in accordance with Company Law and the applicable financial reporting framework. The report must also state whether a company's accounts give a true and fair view of its affairs at the end of the year.

17.6 How to appoint an auditor

An auditor must be appointed for each financial year, unless the directors reasonably resolve otherwise on the ground that audited accounts are unlikely to be required. The rules are different for public and private companies.

For public companies, the directors appoint the first auditor of the company. The auditor then holds office until the end of the first meeting of the company at which the directors lay its accounts before the members. At that meeting, the members of the company can re-appoint the auditor, or appoint a different auditor, to hold office from the end of that meeting until the end of the next meeting at which the directors lay accounts.

For private companies, the directors appoint the first auditor of the company. The members may then appoint or re-appoint an auditor each year at a meeting of the company's members, or by written resolution, within 28 days of the directors sending the accounts to the members. If they do not do so for a particular year, however, the appointed auditor remains in office until the members pass a resolution to reappoint him or to remove him as auditor (5% of members, or fewer if the articles say so, can force the consideration of a resolution to remove an auditor). This provision about remaining in office, however, does not apply if the auditor's most recent appointment was by the directors or the company's articles require annual appointment.

17.7 What does an auditor do

The auditor conducts the audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in preparing the financial statements.

17.8 What does an auditor's report include

The auditor's report must include:

- an introduction identifying the accounts that were the subject of the audit
- a description of the scope of the audit identifying the auditing standards used and the financial reporting framework used in the preparation of the accounts
- a statement as to whether in the auditor's opinion the accounts have been prepared in accordance with the Companies Act 2006 and, where appropriate, in accordance with Article 4 of the EU Regulation on International Accounting Standards, (Regulation (EC)1606/2002, the "IAS Regulation")
- a statement as to whether they give a true and fair view of the company's or (in the case of group accounts) group's financial affairs;
- a statement as to whether the directors' report is consistent with the accounts
- if the auditors are of the opinion that the company has not kept adequate accounting records, a statement to that effect
- if the company has not provided the auditors with all the information they need to complete the report, a statement to that effect

The auditor's report must be either unqualified or qualified and include a reference to any matters to which the auditors wish to draw attention by way of emphasis without qualifying the report. The auditors will qualify the report where either there has been a limitation on the scope of the auditors' work or where there is a material disagreement between the company and the auditors about the accounts.

17.9 Responsibility for signing the auditor's report

The auditors must print their name, sign and date the report they provide to the company upon completion of the audit.

Where the auditor is a firm, the senior statutory auditor must sign the original auditor's report in his own name on behalf of the firm. He must also date the signature. The company must state the name of the senior statutory auditor in copies of the auditors' report which it publishes. Copies of the auditor's reports delivered to the registrar must state the names of the audit firm and the senior statutory auditor but need not be signed.

17.10 Exemptions from stating the auditor's name on the auditor's report

If the company considers that there is a risk that the auditor or any other person would be at risk of serious violence or intimidation if the auditor's name (or the name of the "senior statutory auditor" who signed the report on the audit firm's behalf) appeared on filed or published copies of the report, they may pass a resolution to omit the name from those copies.

Do not send a copy of the resolution to Companies House, you should send notice of it to the following address:

The Secretary of State
PO Box 4082
Cardiff
CF14 3WE

The notice must state:

- the name and registered number of the company
- the financial year of the company to which the report relates
- the name of the auditor and (where the auditor is a firm) the name of the person who signed the report as senior statutory auditor

The auditor's report attached to the accounts would need to contain the following statement:

'The company has passed a resolution in accordance with section 506 of the Companies Act 2006 that the auditor's name should not be stated.'

17.11 Requirements when choosing an auditor

An auditor must be independent of the company. Therefore, you cannot appoint a person as an auditor if they are:

- an officer or employee of the company or an associated company
- a partner or employee of such a person, or a partnership of which such a person is a partner

If your accountant does not fall into one of the above categories and if he or she has a current audit-practising certificate issued by a recognised supervisory body, they may act as the company's auditors.

Not all members of a recognised supervisory body are eligible to act as an auditor. The appropriate supervisory body will be able to tell you whether a particular individual or firm has a current audit-practising certificate.

17.12 Recognised supervisory bodies

The Professional Oversight Board recognises these bodies as having rules designed to ensure that auditors are of the appropriate professional competence. Each recognised body has strict regulations and a disciplinary code to govern the conduct of their registered auditors.

The four recognised bodies are:

The Institute of Chartered Accountants of Scotland

21 Haymarket Yards
Edinburgh
EH12 5BH
Website: www.icas.org.uk

The Institute of Chartered Accountants in England and Wales

Level 1
Metropolitan House
321 Avebury Boulevard
Milton Keynes
MK9 2FZ
Website: www.icaew.com

The Institute of Chartered Accountants in Ireland

The Linenhall
32-38 Linenhall Street
Belfast
BT2 8BG
Website: www.icaei.ie

The Association of Chartered Certified Accountants

29 Lincoln's Inn Fields
London
WC2A 3EE
Website: www.acca.org.uk

17.13 Auditors duties

Subject to the Auditing Practices Board ethical standards, the auditors' statutory duties are limited to checking that there are adequate books and records, and to reporting on the annual accounts. Subject again to those ethical standards, there is nothing to stop a company employing an auditor for other purposes, such as keeping the books or compiling the tax return, provided he (or she) does not take part in the management of the company.

You should agree an engagement letter that sets out the scope of the auditor's engagement and the form of any reports that the auditor will make.

17.14 Removal of auditors

The members of a company may remove an auditor from office at any time during their term of office. They or the directors must give 28 days notice of their intention to put to a general meeting a resolution to remove the auditor. The company must send a copy of the notice to the auditor, who then has the right to make a written response and require that the company sends it to the company's members, and to speak at the meeting where the resolution is to be considered.

The company must deliver a form AA03 (<https://www.gov.uk/government/publications/notify-a-removal-of-auditors-from-office-by-resolution-aa03>) at Companies House within 14 days of the resolution being passed to remove the auditor.

Although a company may remove an auditor from office at any time, the auditor may be entitled to compensation or damages for termination of appointment.

Alternatively a company may decide not to reappoint the auditor for a further term.

For a private company, the deemed reappointment of an auditor may be prevented by the members by ordinary resolution. It can also be prevented if the company is notified to this effect by members representing at least 5% of the company's voting rights. The notices must be received before the end of the accounting reference period preceding the deemed reappointment.

17.15 What an auditor must do when ceasing to hold office

If an auditor ceases for any reason to hold office, he must deposit a statement at the company's registered office. If the company is not quoted on a stock exchange, the statement should set out any circumstances connected with his ceasing to hold office that he considers should be brought to the attention of the members and creditors of the company. If the company is quoted, he must set out the circumstances whether or not he considers that they need to be brought to the attention of the members and creditors of the company.

- if the circumstances are set out in the statement, the company must send a copy of the statement to all the members of the company unless it makes a successful application to the court to stop this. If the auditor does not receive notification of an application to the court within 21 days of depositing the statement with the company, the auditor must within a further 7 days send a copy of the statement to Companies House for the company's public record
- if (in the case of an unquoted company) the circumstances are not set out in the statement, the auditor must deposit a statement with the company to that effect. The company does not have to circulate this statement to the members

In either case, if the auditor does not receive notification of an application to the court within 21 days of depositing the statement with the company, the auditor must within a further 7 days send a copy of the statement to Companies House for the company's public record.

Also, where the auditor resigns or is removed from office, there are obligations on the auditor and the company to notify the "appropriate audit authority". There is more detailed guidance on these provisions on the website of the Financial Reporting Council.

18. Quality of documents

18.1 Documents sent to Companies House

We scan the paper documents and forms you deliver to us to produce an electronic image. We then store the original, paper documents and use the electronic image as the working document.

When a customer searches the company record, they see the electronic image reproduced on-line. So it is important not only that the original is legible, but that it can also produce a clear copy.

When you file a document electronically, we automatically create an electronic image from the data you have provided.

This chapter sets out some guidelines to follow when preparing a document for filing at Companies House.

18.2 How documents should be set out

Documents filed electronically

Documents filed through WebFiling are formatted in accordance with specifications set out by the registrar in his rules on electronic filing as published on the Companies House website. Software suppliers offering electronic filing facilities must also ensure that documents submitted from their software are formatted in accordance with the registrar's rules. A list of current software providers is available on the website.

Paper documents

Generally, every paper document sent to Companies House must state in a prominent position the registered name and number of the company. There are a few exceptions to this rule, which are set out in the published registrar's rules.

Paper documents should be on A4 size, plain white paper with a matt finish. The text should be black, clear, legible, and of uniform density. Letters and numbers must be clear and legible so that we can make an acceptable copy of the document. The following guidelines may help. Failure to follow these guidelines is likely to result in the document being rejected.

When you fill in a form please:

- use black ink or black type
- use bold lettering (some elegant thin typefaces and pens give poor quality copies)
- don't send a carbon copy
- don't use a dot matrix printer

Please remember - photocopies can result in a grey shade that will not scan well.

When you complete other documents, please remember: * the points already made relating to completing forms * to use A4 size paper with a good margin * to supply them in portrait format (that is with the shorter edge across the top) * to include the company number and name

18.3 Additional guidance

For further guidance on print requirements please visit our website or email your enquiry or telephone 0303 1234 500.

19. Further Information

19.1 Delivering information to Companies House

For full details of all the ways of delivering documents to Companies House, electronically or on paper, please refer to the registrar's rules which appear on our website. The safest and most secure way to deliver statutory information to Companies House is to use our online filing services. For more information and registration details please visit our website.

If you are delivering documents by post, courier, Document Exchange Service (DX) or Legal Post (in Scotland) and would like a receipt, Companies House will provide an acknowledgement if you enclose a copy of your covering letter with a pre-paid addressed return envelope. We will barcode your copy letter with the date of receipt and return it to you in the envelope provided.

Please note: an acknowledgement of receipt does not mean that a document has been accepted for registration at Companies House.

Please Note: Companies House does not accept any statutory documents by fax, PDF (except for electronically filed certified copies of charge instruments) or by email.

19.2 Documents that contain a fee

You do not have to pay a fee for many of the documents that you have to send to Companies House, but some do require a fee and we will not accept them for registration without it. Read about our filing fees (<https://www.gov.uk/government/organisations/companies-house/about/about-our-services#companies-house-fees>).

19.3 Filing documents in other languages

As a general rule the law requires that you deliver documents to Companies House in English, however there are exceptions which are detailed below. Companies can deliver the following documents in languages other than English if the document is accompanied by a certified translation into English:

- resolutions and agreements affecting a company's constitution delivered under Chapter 3 of Part 3 of the Act
- accounts of larger EEA (European Economic Area) groups, the group accounts and parent undertaking's annual report
- accounts of larger non-EEA groups, the group accounts and, where appropriate, the consolidated annual report
- a charge instrument or copy charge instrument
- valuation report required to be delivered to the registrar under section 94(2)(d) of the Act
- articles of association; memorandum of association

- court orders

In addition companies may also file voluntary certified translations of any document subject to the First Company Law Directive disclosure requirements. These are:

- constitutional documents such as the memorandum and articles of association
- directors appointments, changes in particulars or terminations; Accounts, reports, confirmation statements and annual returns; Notification of any change in a company's registered office; Winding up documents; Share capital documents (public companies only); Documents relating to mergers and divisions (public companies only); and Documents relating to overseas companies

The voluntary translation must relate to a document delivered to Companies House on or after 1 January 2007. Voluntary translations can only be filed in an official language of the European Union and must be accompanied by Form VT01, which will link the translation to the original document.

There are different exceptions for Welsh companies (those complying with section 88 of the Act) who are entitled to draw up and deliver certain documents in Welsh without the need of an accompanying certified translation in English. A full list of the excepted documents can be found in our guidance entitled 'Conducting business in Welsh (GP05)' available on our website.

19.4 Where do I get forms and guides?

All statutory forms and guides are available, free of charge from Companies House. The quickest way to get them is on our website or by telephoning 0303 1234 500.

Most forms can be filed using our online filing service
(<https://www.gov.uk/government/organisations/companies-house/about/about-our-services#webfiling>)

You can also obtain forms from company law stationers, accountants, solicitors and company formation agents.