



Companies House

# Life of a company – part 1 annual requirements

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## **Is this guidance for you?**

This guide will be relevant to you if:

- you are a director or secretary of a company
- you act as an adviser to a company

and if:

- your annual return has a made up date on or after 1 October 2009 to 30 September 2011; or a made up date on or after 1 October 2011
- your accounting period starts on or after 6 April 2008

## Overview

This is a guide to the rules governing the filing of annual returns and accounts of UK registered companies.

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**This guide answers many frequently asked questions and provides information on completing the most commonly used filings relating to this area. The guide is not drafted with unusual or complex transactions in mind. Specialist professional advice may be needed in those circumstances.**

## Introduction

This guide tells you about the documents that a company must deliver every year to Companies House - even if the company is dormant – see chapter 9. 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.

However 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 [legislation.gov.uk](http://legislation.gov.uk) website. Some of the main regulations you will need to refer to are:

- The Companies Act 2006 (Annual Return and Service Addresses) Regulations 2008
- The Companies Act 2006 (Annual Returns) Regulations 2011
- 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

The guide covers the following topics:

**Chapter 1: Annual Returns.** This gives a snapshot of general information about a company's directors, secretaries, registered office address, shareholders and share capital.

**Chapter 2: Accounting reference dates.** Every company has an accounting reference date which determines its financial year-end. It is also the date that determines when accounts are due for delivery to Companies House.

**Chapter 3: Accounting records.** These are records which are sufficient to show and explain a company's transactions and disclose its financial position at any time. The

accounting records must enable the directors to prepare accounts that comply with the Companies Act or International Accounting Standards (IAS).

**Chapter 4 – 12: Preparing and filing accounts.** All companies must prepare accounts for their members and for filing at Companies House. For large companies, both sets of accounts are identical. Small and medium-sized companies may choose to comply with separate requirements for the accounts that the company must prepare for its members and those that it files at Companies House. There is a deadline for delivering acceptable accounts which comply with all relevant legal requirements to Companies House. If you miss the deadline we will issue an automatic penalty. In addition, we may prosecute directors of a company for delivering their accounts late or not at all.

**It is important that you, your accountants and your auditors are aware of the filing deadline.**

The requirements and filing deadlines of the Companies Act 2006 are not the same as those of Her Majesty's Revenue and Customs or any other regulatory bodies such as the Financial Conduct Authority. There are also separate requirements for companies that are charities. It is the directors' responsibility to be aware of the different requirements.

This guide focuses on the accounts and reports which small and medium-sized companies must deliver to Companies House. Large companies are subject to more complex requirements which are outside the scope of this guide.

This guide does not deal with the content of accounts of companies which are drawn up under International Accounting Standards. The publication and filing requirements are the same as for the accounts of companies not drawn up under International Accounting Standards, with a slight variation for the accounts of small companies delivered to Companies House – see chapter 5, question 2.

This guide cannot tell you how to prepare company accounts. It will tell you which documents make up a set of accounts, what exemptions you may be able to take advantage of, and whether you must appoint an auditor and present an audited set of accounts. If you are uncertain, you should consider seeking independent professional advice.

**Chapter 13: Auditors.** This briefly explains the role of a company auditor. It outlines the circumstances when companies need not appoint an auditor. It also explains the procedure for appointing and removing auditors from office, and the individuals and firms who are eligible to act as auditors.

**Chapter 14 – 15: Quality of documents and further information.** These chapters will give you some useful information about how to access the documents that you will need to send to Companies House. It also points out some of the general quality requirements that all documents must meet.

## Chapter 1

### Annual Return

An annual return is a snapshot of general information about a company's directors, secretary (where one has been appointed), registered office address, shareholders and share capital.

**Please note there are different requirements regarding shareholder details and principal business activities (SIC codes) for an annual return with a made-up date of 30/09/2011 or earlier and an annual return with a made-up date of 1/10/2011 or later. This guidance sets out the new requirements under the specific headings where they are relevant.**

### Glossary of terms

In this chapter, the terms listed have the following meanings:

**“return period”**, in relation to an annual return, means the period beginning immediately after the date to which the last return was made up (or, in the case of the first return, with the incorporation of the company) and ending with the date to which the return is made up.

#### **For returns made up to 30 September 2011 or earlier:**

**“non – traded company”** means a company **none** of whose shares are shares admitted to trading on a regulated market;

**“traded company”** means a company **any** of whose shares are shares admitted to trading on a regulated market;

**“regulated market”** means a market which appears on the list drawn up by an EEA State pursuant to Article 47 of Directive 2004/39EC of the European Parliament and the Council of 21 April 2004 on markets in the financial instruments

#### **For returns made up to 1 October 2011 or later:**

**“relevant Market”** is one of the current UK recognized investment exchanges and regulated markets found at: <http://www.fsa.gov.uk/register/exchanges.do>

**“PLUS-listed market”** is a regulated market.

**“PLUS-quoted”** and **“AIM”** are both ‘markets established under the rules of a UK recognised investment exchange’. **AIM** is established under the rules of the London Stock Exchange; **PLUS- quoted** is established under the rules of Plus Stock Exchange Plc.

**“DTR5”** Is the Vote Holder and Issuer Notification Rules contained in Chapter 5 of the Disclosure and Transparency Rules source book issued by the Financial Conduct Authority.

**“SIC 2007”** is the UK Standard Industrial Classification of Economic Activities, together with three additional codes, this is the scheme prescribed for use when describing a company’s **Principal Business Activities**

## Completing an annual return

**Please note.** The easiest and cheapest way to complete and file your annual return is to use our Software Filing or WebFiling services. You can now also file certain documents in Welsh using our WebFiling service.

### 1. Which companies must send an annual return to Companies House?

Every company must deliver an annual return to Companies House at least once every 12 months. The company's director(s) and the secretary (where applicable), are responsible for ensuring that they deliver the annual return to Companies House within 28 days after the anniversary of incorporation of a company or of the anniversary of the made-up date of the last annual return.

If you do not deliver the company's annual return, 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.

**Remember:** It is a criminal offence not to deliver the company's annual return within 28 days of the made-up date, for which Companies House may prosecute the company and its officers.

### 2. What is an annual return?

An annual return is a snapshot of certain company information at the made-up date (see question 3). It is a separate document from a company's annual accounts. An annual return must contain the following information:

- the name of the company
- its registered number
- the date to which the annual return is made-up (the made-up date)
- the principal business activities of the company (see Principal Business Activities)
- the type of company it is, for example, private or public
- the registered office address of the company
- the address (single alternate inspection location - SAIL) where the company keeps certain company records if not at the registered office, and those records held there
- the details of the company secretary (corporate or individual), where applicable
- the details of all the company's directors (corporate or individual)

If the company has share capital, the annual return must also contain an indication

whether the company was a 'Traded company' or if the return is made up to 1/10/2011 or later "if the company's shares have been admitted to trading on a relevant market" at any time during the return period; a statement of capital; and details of the shareholders.

### **3. What is the made-up date?**

This is the date at which all the information in an annual return must be correct. The made-up date is usually the anniversary of:

- the incorporation of the company
- or
- the made-up date of the previous annual return registered at Companies House

### **4. Where can I get an annual return?**

Companies House will send a letter to your company's registered office to remind you when your annual return is due. It advises on how to file the form electronically by using our Software Filing or WebFiling services, as this is the easiest and cheapest option.

However, if you do not have the facility to file online you can download a blank Form AR01 of the annual return from our website or order a blank paper copy form via our Contact Centre on 0303 1234 500.

### **5. Completing the annual return Form AR01**

Generally, the details on the annual return should confirm the company information already held on the Companies House public record at the made-up date. You can update your company's principal business activities.

#### **For returns made up to 30 September 2011 or earlier**

The return must also include details of any transfers of shares which have taken place during the year.

#### **For returns made up to 1 October 2011 or later**

The return need only include details of transfers of shares that have taken place during the year for companies whose shares have not been traded on a relevant market.

To change any other information you must deliver the relevant document along with your annual return:

- change of registered office address - AD01
- appointment of company director or secretary - AP01, AP02, AP03 or AP04
- change of details, for example, the address of a company director or secretary- CH01, CH02, CH03 or CH04
- termination of appointment of a company director or secretary - TM01 or TM02

- notification or change of address where the company records are kept available for inspection - AD02
- notification of company records held at alternate address or their returning to the registered office address - AD03 or AD04
- allotment of new shares - SH01
- change to the company's total share capital. (See question 6)

You can do this via our Software Filing or WebFiling services or by sending the relevant paper forms.

Companies House will reject your annual return if it does not include the required information. However, where the information is completed but does not match our records, we may choose to accept the annual return but mark it as inconsistent with the public register. For further information, please see our guide on 'The Registrar's Rules and Powers'.

The PROOF (PROtected On-line Filing) Scheme provides additional protection for a company (or LLP) from the threat of fraudsters and corporate identity theft. The scheme ensures that changes to a company record can only be made online and that any of the following paper documents filed on behalf of the company (or LLP) are rejected:

- Director and/or other officer appointments, terminations and changes
- Registered office address
- Annual Return

Company directors hold an important position in a company. They have the power to make purchases and enter into credit arrangements on behalf of the company. Similarly, the registered office address is important because it is the address to which all official communications are sent.

Company records held with us are routinely used to check the legitimacy of a company and to confirm the details of directors and other company appointments. Therefore, any fraudulent changes to a company's record (such as a bogus change to the registered office address) can be damaging to the company and to the suppliers of goods and services.

The Companies House PROOF scheme offers companies a free and fully electronic system for notifying changes to company details.

By opting in to PROOF, the company (or its authorised agents) can make certain changes to the company record electronically, but not on paper. The company (or its authorised agents) will need a company authentication code in respect of the company before that company can file documents electronically at Companies House. The company authentication code must be input whenever the company wants to deliver filings in electronic form. The company must make sure that its code is kept secure, such that it is known only to its officers and those employees or agents authorised to use it on the company's behalf.

If there is a possibility that the code has been disclosed to an unauthorised person or if the company wants to change its code for any other reason, the company should make a written request for a new company authentication code to Companies House. A new code will be sent to the company's registered office address.

You can opt into the scheme via the Web Filing service by using the company authentication code which will provide access to the PROOF registration page. You must then agree to the terms and conditions of the scheme. These are also available for future reference on our website.

This service is voluntary; you may opt-out at any time. Companies House will then revert to accepting notices from your company delivered in either electronic or paper formats.

## **6. What information does Companies House require about share capital?**

Every company with a share capital must complete a statement of capital as part of the annual return. This includes:

- the total number of shares of the company
- the aggregate nominal value of the shares
- for each class of shares –
  - the voting rights attached to the shares
  - the total number of shares of that class
  - the aggregate nominal value of shares of that class
- the amount paid up and the amount (if any) unpaid on each share (whether on account of the nominal value of the share or by way of premium).

If a company has converted shares into stock, it must give the corresponding information in relation to that stock, stating the amount of stock instead of the number and nominal value of the shares.

## **7. When should I list all the company shareholders?**

- a private company or a non-traded public company with share capital must provide a 'full list' of all shareholders on its first annual return following incorporation; and every third annual return after it has provided a full list.
- the intervening two annual returns need only report any changes to shareholder information that have taken place during that year - that is, shares transferred and details of people who have become or ceased to be shareholders.

### **For returns made up to 1 October 2011 or later**

A company whose shares have not been admitted to trading on a relevant market must provide a 'full list' of all shareholders on its first annual return following incorporation; and every third annual return after it has provided a full list.

The intervening two annual returns need only report any changes to shareholder information that have taken place during that year - that is, shares transferred and details of people who have become or ceased to be shareholders.

**8. What does a 'full list' of shareholders for a private or non traded public company or a company whose shares have not been admitted to trading on a relevant market contain?**

**For returns made up to 30 September 2011 or earlier**

A 'full list' of shareholders for private and non-traded public companies must contain the following information about each shareholding:

- the name of the shareholder (or joint-shareholders) at the made-up date
- the name of every shareholder (or joint-shareholders) who has ceased to be a shareholder since the made-up date of the previous annual return (or in the case of a first return, since the incorporation of the company)
- the number of shares of each class held by each shareholder of the company at the made-up date of the annual return
- the date of registration and the number of shares of each class transferred by each shareholder or past shareholder since the made-up date of the previous annual return (or in the case of a first return, since the incorporation of the company)

If you are a private or non-traded public company that submits a paper annual return you must only complete Section G3 of the annual return with your shareholder details. You must not give shareholder addresses or the form will be returned to you.

Any joint shareholder details should be listed consecutively.  
You must always deliver both Sections G3 & G4.

**For returns made up to 1 October 2011 or later**

A company whose shares have not been admitted to trading on a relevant market must provide:

- the name of the shareholder (or joint-shareholders) at the made-up date
- the name of every shareholder (or joint-shareholders) who has ceased to be a shareholder since the made-up date of the previous annual return (or in the case of a first return, since the incorporation of the company)
- the number of shares of each class held by each shareholder of the company at the made-up date of the annual return

- the date of registration and the number of shares of each class transferred by each shareholder or past shareholder since the made-up date of the previous annual return (or in the case of a first return, since the incorporation of the company)

If you are a company whose shares have not been admitted to trading on a relevant market that submits a paper annual return you must only complete Section G3 of the annual return with your shareholder details. You must not give shareholder addresses or the form will be returned to you.

Any joint shareholder details should be listed consecutively.

You must always deliver both Sections G3 & G4

### **9. What does a list of shareholders for a traded public company or a company whose shares have been traded on a relevant market contain?**

#### **For returns made up to 30 September 2011 or earlier**

A traded public company must only provide a list of all the shareholders (or joint-shareholders) who held at least 5% of the issued shares of any class during the period covered by the return. The list must contain the following information about each of these shareholdings:

- the name and address of the shareholder (or joint-shareholders)
- the number of shares of each class held at the made-up date of the annual return
- the date of registration and the number of shares of each class transferred by the shareholder during the period covered by the return
- the date of registration and the number of shares of each class transferred to the shareholder during the period covered by the return

#### **For returns made up to 1 October 2011 or later**

A company whose shares have been admitted to trading on a relevant market at any time during the period covered by the return must provide:

- the names and addresses of shareholders who hold 5% or more of the company's issued share capital as at the made up date of the return.

A company whose shares have been admitted to trading on a relevant market throughout the period covered by the return and who were subject to the Vote Holder and Issuer Notification Rules contained in Chapter 5 of the Disclosure and Transparency Rules source book issued by the Financial Conduct Authority (DTR5) throughout the period of the return:

- shareholder details do not have to be provided, this is because since 1 September 2010, major shareholder notifications required under DTR have been available online on the National Storage Mechanism at [www.hemscott.com/nsm.do](http://www.hemscott.com/nsm.do) ; this means that there is no longer a significant public interest in Companies House

holding historic information on the holdings of major shareholders of companies subject to DTR

**10. What if a public company or a company whose shares have been admitted to trading on a relevant market has a class of shares that is traded and a class of shares that are not?**

**For returns made up to 30 September 2011 or earlier**

If any shares are traded on a regulated market during the period of the annual return then you must tick the “traded” box. On paper annual returns you must complete Schedule B for all share classes, whether or not that share class is traded.

**For returns made up to 1 October 2011 or later**

If a company has any shares that have been traded on a relevant market at anytime during the period covered by the return then the annual return must state for each person who held at least 5% of the issued shares of any class of the company at the made up of the return:

- the person’s name and address (as they appear in the company’s register of members); and the number of shares of each class held by the person at that time
- the entries must be listed in alphabetical order by name; or the return must have annexed to it an index that is sufficient to enable the name of the person in question to be easily found

**11. What does a traded public company or a company whose shares have been admitted to trading on a relevant market show for shareholders who hold less than 5%?**

**For returns made up to 30 September 2011 or earlier**

- for a traded public company you must not give any details of shareholders that hold or continue to hold less than 5% of any issued share class at all times during the return period

**For returns made up to 1 October 2011 or later**

- for a company whose shares have been admitted to trading on a relevant market you must not give the names and addresses of those shareholders who held less than 5% of the company’s issued share capital as at the made up date of the return

A company whose shares have been admitted to trading on a relevant market throughout the period covered by the return and who were subject to the Vote Holder and Issuer Notification Rules contained in Chapter 5 of the Disclosure and Transparency Rules source book issued by the Financial Conduct Authority (DTR5) throughout the period of the return, no shareholder details are required.

## **12. Are there other ways of providing shareholder details?**

Companies that file paper annual returns may provide shareholder information on a CD-ROM if the list is 50 pages or more. Private companies and non-traded public companies or companies whose shares have **not** been admitted to trading on a relevant market but with a large number of shareholders may find it more convenient to provide a full list of shareholders with each annual return – but the list must **not** include the shareholders' addresses.

If you wish to supply the list of a company's shareholders on a CD ROM, please see the registrar's rules on our website for further information.

## **13. Is there any other information that may be filed together with the annual return?**

Some companies must deliver information about their related undertakings with their annual return. This is only where the information required in the accounts would result in excessive notes to the accounts. The company accounts must state that the full information will be delivered with the next annual return. Further information can be found in Chapter 5 question 18.

## **14. Is there a fee for filing the annual return?**

Yes. There is an annual document-processing fee of £40 for paper documents or £13 for users of our Software Filing or WebFiling services which is payable when you file the annual return. Companies that file a paper annual return should make the cheque payable to 'Companies House' and write the company number on the reverse.

## **Chapter 2 Accounting reference dates**

### **1. What is a 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. This 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.

The financial period ends on the accounting reference date, Companies have the choice to make up their accounts to the accounting reference date or a date up to seven days either side of it without filing an AA01 form, if this is more convenient.

### **2. How is the accounting reference date determined?**

For all new companies, the legislation sets the first accounting reference date as the last day in the month in which its first anniversary falls. The subsequent accounting reference dates will automatically be on the same date each year. For example, if the company was incorporated on 6 April 2008 its first accounting reference date would be 30 April 2009 and 30 April for every year thereafter.

### **3. Can I change the accounting reference date?**

Yes, you can change the current or the immediately previous accounting reference period 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. 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 the accounting reference date via our Software Filing or WebFiling 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 Chapter 5

### **4. Are there any restrictions on changing the accounting reference date?**

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)

A list of countries within the European Economic Area is available on our website.

### **5. Are there any extra restrictions when changing a company's first Accounting Reference Date?**

No. The restrictions for changing any period are the same as those described in question 4 above.

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.

## **Chapter 3**

### **Accounting Records**

#### **1. Do all companies have to keep accounting records?**

Yes. Every company, whether or not they are trading, must keep accounting records.

#### **2. What must accounting records include?**

Accounting records must in particular contain:

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

Also, where the 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
- statement 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. Where must a company keep its 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.

#### **4. How long must a company keep its records?**

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

## **Chapter 4**

### **Accounts for your members**

#### **1. Who is responsible for preparing accounts?**

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 defined as small this is optional – see chapter 7).

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 – see chapter 9.

#### **2. What does a set of accounts include?**

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).

#### **3. What period must the accounts cover?**

A company's first accounts cover the period starting on the date of incorporation, not the first day of trading. They end on the accounting reference date or up to 7 days either side of that date.

Subsequent accounts start on the day after the previous accounts ended and finish on the accounting reference date or up to 7 days either side of it. For further information on changing your accounting reference date see chapter 2.

**For example, if a company is incorporated on the 6 April 2009 the accounts must cover the entire period of 6 April 2009 – 30 April 2010. Subsequent periods will start on 1 May each year and end on 30 April the following year.**

#### **4. What if a company cannot afford a professional accountant?**

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.

#### **5. Does every company have to send accounts to members etc?**

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 – refer to chapter 9 for more information.

#### **6. Does a company have to lay its accounts before a general meeting?**

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.

#### **7. Can a company pass a resolution to use a website as way of showing members the accounts?**

Yes. 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.

#### **8. Who can approve and sign accounts?**

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

- 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. For more details, please see chapter 13 – Auditors

**Please note:** Companies House cannot accept a typewritten name as a signature on accounts.

### **9. Are there any exemptions from stating the auditor's name on the auditor's report or special auditor's report?**

Yes. More details are in question 6 of Chapter 13 on Auditors

## **Chapter 5 Accounts for Companies House**

### **1. Are the accounts filed with Companies House different to the accounts prepared for the members?**

You can simply file a copy of the accounts that you have already prepared for the members/shareholders at Companies House. However small and medium-sized companies may file an abbreviated version of those accounts which has less detail by combining certain items. Qualifying dormant companies can deliver even simpler annual accounts to Companies House. Further information is in Chapter 9 on Dormant companies.

### **2. Do all companies have to file their accounts at Companies House?**

All private limited and public companies must file their accounts at Companies House. 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 – for more information refer to chapter 9

### **3. Can I file the same accounts with Companies House and HMRC?**

If you are filing small audit exempt accounts you may be able to file accounts using the joint filing option 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)
- Companies House Company Authentication Code, if you do not already have one please refer to the WebFiling FAQs on our website for more details

The joint filing option will allow you to submit either the full statutory small audit exempt accounts to both organisations or extract abbreviated accounts for filing only at 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 is the directors' responsibility to ensure that they know what the deadlines are.

### **4. Do I still need to file my accounts with HMRC or Charity Commission, or Office of the Scottish Charity Regulator?**

Yes. The accounts filed at Companies House are in accordance with the Companies Act 2006. You must still file with other regulatory bodies according to their requirements and filing deadlines.

### **5. Will Companies House give technical advice on accounts?**

No. 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.

### **6. How long do I have to file my 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 (see question 7 below).

## 7. How long do I normally have to file my accounts?

Unless you are filing your company's first accounts (see question 6 above) 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 4th 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 30th April has until midnight on 31 January of the following year to deliver its accounts, *not 30 January*.

## 8. If I shorten my accounting reference date will I still have to file by the original deadline?

No. 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 – AA01)

## 9. Can I apply for extra time to file?

Yes. 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 Northern Ireland, write to:**

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

## 10. What if I deliver the accounts late?

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. Further information about late filing penalties is available in our guide “Late Filing Penalties” available on the Companies House website.

## 11. What if the filing deadline falls on a Sunday or a Bank Holiday?

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 is 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.

**Please note:** some CH offices do not receive post on Saturdays and may not have a post box. For up to date details of opening hours and access for delivery check our website

## 12. What if I do not submit accounts to Companies House at all?

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 fine of up to £5,000 for each offence. This is separate from the civil penalty imposed on the company for late filing of accounts.

### **13. Can I submit accounts online?**

Yes. You can submit the following accounts online:

- dormant company accounts
- small full audit exempt accounts
- small audit exempt abbreviated accounts

WebFiling offers simple web forms enabling easy and quick submission of:

- dormant accounts for companies that have never traded
- small audit exempt abbreviated accounts

WebFiling also offers free downloadable document templates for small full audit exempt accounts and small audit exempt abbreviated accounts.

These contain inbuilt checks and automatically acknowledge when the accounts are accepted.

If you are filing small audit exempt accounts you may be able to use the joint filing option which enables you to enter your accounts data once and use it to submit to both Companies House and HMRC.

Software providers also offer a range of accounting packages which may be used for filing with Companies House

More information on availability and registration details is available from our website [www.companieshouse.gov.uk](http://www.companieshouse.gov.uk)

### **14. What names and signatures should be given on the accounts for filing with Companies House?**

For filing, the copies of the accounts 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 auditors names may be omitted, please see chapter 13 – Auditors.

### **15. Where must the company name and number be shown?**

The company name and number should 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.

### **16. What if my accounts are rejected?**

If your accounts do not meet our requirements we will return them to you for correction. 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.

### **17. Can I submit accounts in any language?**

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.

### **18. Can I submit any of the accounts information separately?**

Yes. Information about related undertakings can be annexed to the company's next annual return under certain circumstances.

Where the company is required to include large amounts of information about related undertakings which the directors decide would make the notes excessive in length, the accounts will only need to include:

- information about those undertakings that have principally affected the figures shown in the company accounts
- in the case of group accounts, information about the undertakings excluded from the consolidation
- a statement in the notes that the information is given only with respect to such undertakings as mentioned

If a company takes advantage of this the full information, including the information already given in the accounts, must be annexed to the company's next annual return.

## **Chapter 6**

### **Micro-entity accounts**

#### **1. What is a micro-entity?**

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.

A micro-entity can prepare and submit accounts according to special provisions in the Companies Act 2006 and Small Companies and Groups (Accounts and Directors' Report) Regulations 2008 as amended by the Small Companies (Micro-Entities' Accounts) Regulations 2013. This means that it can take advantage of some exemptions to disclose less information than small, medium and large companies.

#### **2. What are the 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

#### **3. Are there any entities that cannot prepare and submit micro-entity accounts?**

Yes. 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 liability partnership
- 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.

#### 4. Can a company qualify 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.

#### 5. What do micro-entity accounts include?

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 (see chapter 7)
- Any notes to the accounts

#### 6. What are the exemptions available for micro-entities?

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 (see chapter 7 for further details).

#### 7. What does a micro-entity have to deliver to Companies House?

A micro-entity **must** deliver to the registrar for each financial year a copy of a balance sheet drawn up as at the last day of that year, and **may** also deliver to the registrar—

- a copy of the profit and loss account for that year
- copy of the directors' report for that year
- an auditor's report, unless the company is claiming exemption from audit as a small company (see chapter 7)
- 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.

If the company has opted not to file a directors' report and/or a profit & loss account then a statement should also appear on the balance sheet sent to Companies House that ***the accounts have been delivered in accordance with the provisions applicable to companies subject to the small company's regime.***

## **8. What audit exemptions are available to micro-entities?**

A micro-entity may claim audit exemption as a small company – see chapter 7 for further details. If it meets the qualification criteria for the exemption, it may submit unaudited accounts. A micro-entity that is claiming audit exemption as a small company must show the following statements (in addition to any other statements that may be required) on its balance sheet:

### ***Audit Exemption Statements***

- ***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 directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts***
- ***the members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476***

## **9. Does a micro-entity still have to send accounts to its members?**

Yes. In accordance with the Companies Act 2006, members have a right to receive or demand copies of accounts.

## **Chapter 7 Small companies**

### **1. What is a small company?**

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.

Public companies and certain financial services companies cannot qualify as small companies. Similarly, companies which are part of a group which has members who are

public companies or financial services companies cannot qualify as small, except in certain circumstances – see question 3 below.

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

## **2. What are the conditions to qualify as a small company?**

A small company must meet at least two of the following conditions:

- 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

## **3. Are there any companies that cannot prepare and submit small accounts?**

Yes. 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 (i.e. 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

**Please note:** 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

#### **4. Can a company qualify 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.

However, 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.

#### **5. What are the conditions to qualify as a small group?**

To qualify as small, a group of companies must meet at least two of the following conditions:

- aggregate turnover must be not more than £6.5 million net (or £7.8 million gross)
- the aggregate balance sheet total must be not more than £3.26 million net (or £3.9 million gross)
- the aggregate average number of employees must be not more than 50

#### **6. What do small company accounts include?**

Generally, small company accounts prepared for members include:

- a profit and loss account
- a full 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.

## **7. What are the exemptions available for small companies?**

Small companies can prepare and file simpler, less detailed accounts than those required by large and medium companies.

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.

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.

## **8. What does a small company have to deliver to Companies House?**

A small company can file a copy of the accounts which it prepared for its members, or an abbreviated version of those accounts.

If you abbreviate the accounts, you must also need a special auditor's report unless the company is exempt from audit - question 11 of this chapter. The report must state that in the auditor's opinion the company is entitled to deliver abbreviated accounts in accordance with section 444(3) of the Companies Act 2006 and that they have been properly prepared in accordance with The Small Companies and Groups (Accounts and Directors' Report) Regulations 2008

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

Small companies preparing Companies Act accounts can deliver an abbreviated balance sheet.

Small companies preparing International Accounting Standards accounts must deliver a full balance sheet to Companies House.

If you take advantage of any of the provisions applicable to small companies, whether you file abbreviated or full accounts, you must include a statement in a prominent position on the balance sheet that the accounts have been **prepared** in accordance with the special provisions applicable to companies subject to the small companies' regime.

You can find the content of abbreviated Companies Act accounts in the Companies Act 2006 and in Schedule 4 to the Small Companies and Groups (Accounts and Directors' Report) Regulations 2008.

NOTE: If you choose to prepare abbreviated accounts for Companies House the company is still obliged to prepare full accounts for its members – see chapter 4.

## **9. Are there special rules for small groups?**

Yes, 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.

## **Audit exemptions for small companies**

### **10. What exemption is available?**

There is exemption from having an audit for certain small companies but only if they are eligible and wish to take advantage of it.

### **11. Which small companies qualify for audit exemption?**

To qualify for audit exemption, a company must qualify as small, in relation to that financial year (see chapter 7, question 2). In other words it must meet **any two of the following**:

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

For financial years that end before 1 October 2012, a company must qualify as small and meet both of the following two criteria:

- annual turnover must be not more than £6.5 million
- the balance sheet total must be not more than £3.26 million

### **12. Can anyone object to the company not having an audit?**

Yes. 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.

### **13. Is there a separate category for charities that are audit exempt?**

No. There is no longer a particular 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.

However, Northern Ireland small charitable companies are still subject to the requirements of the 1986 Order to qualify for audit exemption and their accounts will need to reflect the relevant statements. You may want to refer to our FAQs on this for more information.

### **14. Are all small companies eligible for the exemption?**

No. 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 £6.5 million net (or £7.8 million gross)
  - the group's combined balance sheet total is not more than £3.26 million net (or £3.9 million gross)
- a public company unless the company is dormant- see chapter 9
- 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. Refer to Chapter 12 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.

### **15. What does a small audit-exempt company need to submit to Companies House?**

If a small company qualifies for audit exemption (see question 11 & 14 of this chapter), it may submit unaudited accounts to Companies House in the form of an abbreviated balance sheet and notes or if it chooses full accounts. In either case, the balance sheet must contain wording to the effect of the following statements above the director's printed name and signature:

#### **Audit Exemption Statement**

***“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.***

#### ***Directors’ responsibilities:***

- 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”***

Small companies that deliver a full balance sheet may choose not to include a copy of the Directors’ report and/or a copy of the profit and loss. In this case the balance sheet must also contain an additional statement that the accounts have been **delivered** in accordance with the provisions applicable to companies subject to the small companies’ regime.

### **16. How long do I have to deliver audit-exempt accounts to Companies House?**

You have the same time for filing both audited and audit exempt accounts, and the law imposes the same penalties as for late filing of all other accounts. See chapter 5.

### **17 Does an audit exempt company still have to send accounts to its members?**

Yes. In accordance with the Companies Act 2006, members have a right to receive or demand copies of accounts.

### **18. If my company does not trade does it still have to submit accounts?**

Yes. All limited companies, whether they trade or not, must deliver accounts to Companies House. However, a limited company may claim exemption from audit as a 'dormant company' if it has not traded during a financial year, and provided it meets

certain other criteria. Qualifying dormant companies do not need to appoint auditors and can deliver even simpler annual accounts to Companies House. For more information about dormant company accounts, see chapter 9.

## **Chapter 8**

### **Medium-sized company accounts**

#### **1. What is a medium-sized company?**

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.

Public companies and certain financial services companies cannot qualify as medium-sized companies.

Similarly, companies which are part of a group which has members who are public companies or financial services companies cannot qualify as medium-sized for accounting purposes.

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

#### **2. What are the 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 £25.9 million
- the balance sheet total must be no more than £12.9 million
- the average number of employees must be no more than 250.

#### **3. Are any companies excluded from being treated as medium-sized?**

Yes. 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

#### **4. Can a company qualify 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.

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

#### **5. What will medium-sized company accounts include?**

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

## **6. What are the exemptions available for 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. Refer to Chapter 12 for more information.

## **7. What does a medium-sized company have to deliver to Companies House?**

Abbreviated accounts of a medium-sized company must include:

- the abbreviated profit and loss account (this must be full if preparing IAS accounts)
- the full balance sheet showing the printed name and signature of a director
- a special auditor's report showing the printed name of the registered auditor
- the directors' report showing the printed name of the approving secretary or director
- notes to the accounts

The special auditor's report should state that in the auditor's opinion the company is entitled to deliver abbreviated accounts in accordance with section 445(3) of the Companies Act 2006 and that they have been properly prepared in accordance with the regulations made by the Secretary of State.

The balance sheet (and if appropriate, the directors' report) must contain a statement that the accounts have been prepared in accordance with the special provisions of section 445(3) Companies Act 2006 in regard to medium-sized companies.

## **8. Are there special rules for medium-sized groups?**

No. A medium-sized parent company must prepare group accounts and submit them to Companies House.

## **Chapter 9**

### **Dormant company accounts**

#### **1. What is a dormant company?**

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.

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 re-registration of a company and filing annual returns
- payment of a civil penalty for late filing of accounts

#### **2. What are the conditions that a dormant company must meet to be exempt from audit?**

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 (see Chapter 7), or would have qualified as small but for the fact that it is a public company or is a member of an ineligible group

#### **3. What exemption is available?**

Dormant companies can claim exemption from audit and need only prepare and deliver to Companies House an abbreviated balance sheet and notes. You do not have to include a profit and loss account and directors' report in dormant company accounts filed at Companies House, but you must provide a directors' report to members.

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.

A company is not entitled to the dormant company audit exemption unless its balance sheet contains the statements referred to in question 5 below.

A dormant company that is also a subsidiary may, in certain circumstance claim exemption from the preparation and/or filing of its accounts – see question 9 for further information.

#### **4. What information must dormant company accounts contain?**

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 – see question 5
- 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 – see chapter 4.

#### **5. What statements do I need to make on the balance sheet?**

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:

## **Audit Exemption Statement**

***“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.***

### ***Directors’ responsibilities:***

- 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.

## **6. Can I obtain a standard form for dormant accounts from Companies House?**

Yes. 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.

Alternatively, you can download a paper form AA02, available from [www.companieshouse.gov.uk](http://www.companieshouse.gov.uk) , 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 can not file a form AA02 as the form can not 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 question 4 and 5 of this chapter.

## **7. How long do I have 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.

## **8. What happens if my company starts 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, eg 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. More information about company audit requirements and audit exemption for small companies is covered in chapter 7 of this guide.

### **9. Can a dormant subsidiary claim exemption from the preparation and/or filing of its accounts?**

Yes, 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.

**Please note** - 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).

### **10. What are the 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 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

## **11. What information 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

## **12. What is the effect of the guarantee and when does it take 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.

## **13. Can all dormant subsidiaries claim these exemptions?**

No. 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)

## **Chapter 10**

### **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.

#### **1. What is a qualifying partnership?**

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:

For a qualifying partnership with a financial year that begins prior to 1 October 2013:

- a limited company
- an unlimited company or a Scottish partnership, each of whose members is a limited company

For a qualifying partnership with a financial year that begins on or after 1 October 2013:

- 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

## **Note**

(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 under taking, 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.

## **2. What accounts must the partnership prepare?**

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.

## **3. For what period must the members 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 are being made by the Companies and Partnerships (Accounts and Audit) Regulations 2013. These will apply for 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.

#### **4. When must I prepare the accounts?**

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

#### **5. When must I deliver and publish the 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 principle place of business of the partnership (together with a certified translation, if the original is not in English). Where the principle 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 principle place of business or head office of any “member” of the partnership that has a head office or principle place of business in the UK
- where no “member” of the partnership has a head office or principle 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.

## **6. Are there any 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.

## **7. Are there any penalties for non-compliance?**

Yes. Every member of a qualifying partnership or every director of a company that is a member may be prosecuted and fined up to £5,000.

## **8. What are the 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. Are there 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 in the following Companies House guidance – GP02: The Limited Partnership Act..

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 .

## **Chapter 11**

### **Community Interest Companies (CICs)**

#### **1. Do Community Interest Companies need to file accounts with Companies House?**

Yes. Community Interest Companies are no different from other companies when it comes to preparing and filing accounts. Please note that at this time CICs are unable to file the accounts using our electronic services. They need to file their accounts, along with a copy of the CIC report, on paper.

#### **2. Are there any additional requirements for Community Interest Companies?**

Yes. Community Interest Companies must prepare and deliver to Companies House a 'community interest company report' made up to the same date as the accounts, regardless of the size of the company or the exemptions that they have taken advantage of. The report, form CIC34 is available on-line from [www.bis.gov.uk/cicregulator](http://www.bis.gov.uk/cicregulator). You must send a fee of £15 with the CIC34 report. Please make cheques payable to 'Companies House'. For further information about this requirement please visit [www.bis.gov.uk/cicregulator](http://www.bis.gov.uk/cicregulator) or alternatively e-mail [cicregulator@companieshouse.gov.uk](mailto:cicregulator@companieshouse.gov.uk) or telephone: 029 2034 6228.

## **Chapter 12**

### **Audit exemption for subsidiary companies**

#### **1. Can a subsidiary claim exemption from audit?**

Yes, 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 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

## **2. Are all subsidiaries able to claim this exemption?**

No. 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)).

## **3. What information 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

#### **4. What is the effect of the guarantee and when does it take 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.

#### **5. What statements do I need to include on the subsidiary company's accounts?**

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

##### **Audit Exemption Statement**

***"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.***

##### ***Directors' responsibilities:***

- ***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"***

## **Chapter 13 Auditors**

### **Appointment of auditors**

#### **1. What is an auditor?**

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.

#### **2. How do I 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.

### **3. 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.

### **4. 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.

## **5. Who is responsible 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.

## **6. Are there any exemptions from stating the auditor's name on the auditor's report?**

Yes. 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, but 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.'*

## **7. Can my accountant be my 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.

**REMEMBER:** 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.

## 8. What and who are 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:

1. The Institute of Chartered Accountants of Scotland  
21 Haymarket Yards  
Edinburgh EH12 5BH  
Website: [www.icas.org.uk](http://www.icas.org.uk)
2. The Institute of Chartered Accountants in England and Wales  
Level 1  
Metropolitan House  
321 Avebury Boulevard  
Milton Keynes MK9 2FZ  
Website: [www.icaew.com](http://www.icaew.com)
3. The Institute of Chartered Accountants in Ireland  
The Linenhall  
32-38 Linenhall Street  
Belfast BT2 8BG  
Website: [www.icae.ie](http://www.icae.ie)
4. The Association of Chartered Certified Accountants  
29 Lincoln's Inn Fields  
London WC2A 3EE  
Website: [www.acca.org.uk](http://www.acca.org.uk)

## 9. Is an auditor usually only concerned with annual accounts?

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.

## **Removal of auditors**

### **10. Can a company remove an auditor?**

Yes. 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 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 re-appoint 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.

### **11. What must an auditor do when he ceases 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.

## **Chapter 14**

### **Quality of documents**

#### **1. What happens to the documents I send 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.

#### **2. How should I set out documents?**

##### **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

**3. Where can I find out more about this?**

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

**Chapter 15  
Further Information****1. How do I deliver 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.

## 2. Do I have to pay to file documents at Companies House?

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.** For full details you should refer to our website.

## 3. Can I file 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 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.

#### **4. Where do I get forms and guides?**

This is one in a series of Companies House publications which provides a simple guide to the Companies Act.

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.

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

# how to contact us

Version 4.3 (08/14)

contact centre: **0303 1234 500**

(for training and quality purposes your call may be monitored)

mini-com: 029 2038 1245

[enquiries@companieshouse.gov.uk](mailto:enquiries@companieshouse.gov.uk)

**[www.companieshouse.gov.uk](http://www.companieshouse.gov.uk)**

**Cardiff:** Companies House  
Crown Way  
Cardiff CF14 3UZ

**Edinburgh:** Companies House  
4th Floor, Edinburgh Quay 2  
139 Fountainbridge  
Edinburgh EH3 9FF

**London:** Companies House  
4 Abbey Orchard Street  
Westminster  
London SW1P 2HT

**Belfast:** Companies House  
Second Floor  
The Linenhall  
32-38 Linenhall Street  
Belfast  
Northern Ireland BT2 8BG