

COMPANIES ACT 2006

ss 475, 476, 477¹

PART 16 AUDIT CHAPTER 1 REQUIREMENT FOR AUDITED ACCOUNTS

Requirement for audited accounts

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(1) A company's annual accounts for a financial year must be audited in accordance with this Part unless the company—

(a) is exempt from audit under—

- section 477 (small companies), or
- section 480 (dormant companies);

or

(b) is exempt from the requirements of this Part under section 482 (non-profit-making companies subject to public sector audit).

(2) A company is not entitled to any such exemption unless its balance sheet contains a statement by the directors to that effect.

(3) A company is not entitled to exemption under any of the provisions mentioned in subsection (1)(a) unless its balance sheet contains a statement by the directors to the effect that—

(a) the members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476, and

(b) the directors acknowledge their responsibilities for complying with the requirements of this Act with respect to accounting records and the preparation of accounts.

(4) The statement required by subsection (2) or (3) must appear on the balance sheet above the signature required by section 414.

476 Right of members to require audit

(1) The members of a company that would otherwise be entitled to exemption from audit under any of the provisions mentioned in section 475(1)(a) may by notice under this section require it to obtain an audit of its accounts for a financial year.

¹ Please note that this is the original statutory text as it was at Royal Assent. For updates and consolidations of updates, please refer to a legislative updating service such as Westlaw or LexisNexis.

(2)The notice must be given by—

(a)members representing not less in total than 10% in nominal value of the company's issued share capital, or any class of it, or

(b)if the company does not have a share capital, not less than 10% in number of the members of the company.

(3)The notice may not be given before the financial year to which it relates and must be given not later than one month before the end of that year.

477 Small companies: conditions for exemption from audit

(1)A company that meets the following conditions in respect of a financial year is exempt from the requirements of this Act relating to the audit of accounts for that year.

(2)The conditions are—

(a)that the company qualifies as a small company in relation to that year,

(b)that its turnover in that year is not more than £6.5 million , and

(c)that its balance sheet total for that year is not more than £3.26 million .

(3)For a period which is a company's financial year but not in fact a year the maximum figure for turnover shall be proportionately adjusted.

(4)For the purposes of this section—

(a)whether a company qualifies as a small company shall be determined in accordance with section 382(1) to (6), and

(b)“balance sheet total” has the same meaning as in that section.

(5)This section has effect subject to—

- section 475(2) and (3) (requirements as to statements to be contained in balance sheet),
- section 476 (right of members to require audit),
- section 478 (companies excluded from small companies exemption), and
- section 479 (availability of small companies exemption in case of group company).