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Guidance

Company accounts guidance

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1. Introduction

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

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

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

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

↑ Relevant legislation

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

- The Companies Act 2006
- The Small Companies and Groups (Accounts and Directors' Report) Regulations 2008
- The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008
- The Partnerships (Accounts) Regulations 2008
- The Companies and Limited Liability Partnerships (Accounts and Audit Exemptions and Change of Accounting Framework) Regulations 2012
- The Small Companies (Micro-Entities Accounts) Regulations 2013

2. Accounting reference dates

2.1 A company's financial year

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

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

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

2.2 How to determine a company's ARD

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

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

2.3 How to change a company's ARD

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

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

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

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

2.4 Restrictions on changing the ARD

You may change an accounting reference date by shortening an accounting reference period as often as you like and by as many months as you like.

However, there are restrictions on extending accounting reference periods:

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

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

3. Accounting Records

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

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

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

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

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

3.1 Where to keep your company's accounting records

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

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

3.2 Length of time that accounting records must be kept

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

4 Accounts for your members

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

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

4.1 Contents of your company's accounts

Generally, accounts must include:

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

And accounts must generally be accompanied by:

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

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

4.2 Sending accounts to your company's members

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

- every member of the company
- every holder of the company's debentures

- every person who is entitled to receive notice of general meetings

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

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

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

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

4.3 Approving and signing accounts

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

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

5. Accounts for Companies House

5.1 Private and public limited companies

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

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

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

5.2 Unlimited companies

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

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

or

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

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

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

5.3 Filing your accounts with other parts of government

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

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

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

6. Deadlines for filing accounts

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

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

Please be aware of the definition of a period of months in connection with filing accounts. A period of months after a given date ends on the corresponding date in the appropriate month. For example a private company with an accounting reference date of 4 April has until midnight on 4 January of the following year to deliver its accounts, not 31 January. This does not apply if your accounting reference date is the last day of the month. In this case the period allowed for filing accounts would end with the last day of the appropriate month. For example a private company with an accounting reference date of 30 April has until midnight on 31 January of the following year to deliver its accounts, not 30 January.

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

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