Audit exemption for private limited companies

You may not need to get an audit of your private limited company's annual accounts.

Most small private limited companies only need an audit if their articles of association say they must or the shareholders ask for one.

For financial years that begin on or after 1 January 2016

Your company may qualify for an audit exemption if it has at least 2 of the following:

- an annual turnover of no more than £10.2 million
- assets worth no more than £5.1 million
- 50 or fewer employees on average

For financial years beginning between 1 October 2012 and 31 December 2015

Your company may qualify for an audit exemption if it has at least 2 of the following:

- an annual turnover of no more than £6.5 million
- assets worth no more than £3.26 million
- 50 or fewer employees on average

If shareholders ask for an audit

- Even if your company is usually exempt from an audit, you must get your accounts audited if shareholders who own at least 10% of shares (by number or value) ask you to. This can be an individual shareholder or a group of shareholders.
- They must make the request in writing and send it to the company's registered office address.
- The request must arrive at least one month before the end of the financial year that the audit is being asked for.

Companies that must have an audit

A company must have an audit if at any time in the financial year it's been:

- a public company (unless it's dormant)
- a subsidiary company (unless it qualifies for an exception)
- an authorised insurance company or carrying out insurance market activity
- involved in banking or issuing e-money
- a Markets in Financial Instruments Directive (MiFID) investment firm or an Undertakings for Collective Investment in Transferable Securities (UCITS) management company
- a corporate body and its shares have been traded on a regulated market in a European state

Group companies

If a company was part of a group for any part of its financial year AND the group qualified as small for the whole period AND the group was not ineligible, the company's financial statements are exempt from audit.

Otherwise, where a group as a whole is *not* small and not ineligible, a company which is a subsidiary of a parent undertaking established under the law of an EEA state is exempt from audit provided:

- all members of the company agree to the exemption for the year in question;
- the parent company gives an guarantee under Section 479C Companies Act 2006 in respect of that year;
- the company is included in the consolidated accounts for that year (or for an earlier date in that year) by the parent undertaking; and
- the consolidated accounts and the guarantee are filed at Companies House.