



Companies Act 2006

2006 CHAPTER 46

PART 16

AUDIT

CHAPTER 1

REQUIREMENT FOR AUDITED ACCOUNTS

Exemption from audit: dormant companies

480 Dormant companies: conditions for exemption from audit

- (1) A company is exempt from the requirements of this Act relating to the audit of accounts in respect of a financial year if—
 - (a) it has been dormant since its formation, or
 - (b) it has been dormant since the end of the previous financial year and the following conditions are met.
- (2) The conditions are that the company—
 - (a) as regards its individual accounts for the financial year in question—
 - (i) is entitled to prepare accounts in accordance with the small companies regime (see sections 381 to 384), or
 - (ii) would be so entitled but for having been a public company or a member of an ineligible group, and
 - (b) is not required to prepare group accounts for that year.
- (3) 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), and
 - section 481 (companies excluded from dormant companies exemption).

Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Companies Act 2006. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

Modifications etc. (not altering text)

- C1** Ss. 480, 481 applied (with modifications) (1.10.2008) by [The Limited Liability Partnerships \(Accounts and Audit\) \(Application of Companies Act 2006\) Regulations 2008 \(S.I. 2008/1911\)](#), **reg. 35** (as amended (with effect in accordance with reg. 2(2)-(5) of the amending S.I.) by [The Limited Liability Partnerships, Partnerships and Groups \(Accounts and Audit\) Regulations 2016 \(S.I. 2016/575\)](#), regs. 2(1), **23**)
- C2** Ss. 475-481 applied (with modifications) (1.10.2009) by [The Unregistered Companies Regulations 2009 \(S.I. 2009/2436\)](#), regs. 3-5, **Sch. 1 para. 11** (with transitional provisions and savings in regs. 7, 9, Sch. 2)
- C3** S. 480 applied (with modifications) (31.7.2015) by [The European Grouping of Territorial Cooperation Regulations 2015 \(S.I. 2015/1493\)](#), regs. 1(2), **7(1)** (with reg. 11)

481 Companies excluded from dormant companies exemption

A company is not entitled to the exemption conferred by section 480 (dormant companies) if it was at any time within the financial year in question a company that—

[^{F1}(za) is a traded company as defined in section 474(1),]

- (a) is an authorised insurance company, a banking company, an e-money issuer, [^{F2}a MiFID investment firm] or a UCITS management company, or
- (b) carries on insurance market activity.

Textual Amendments

- F1** S. 481(za) inserted (with effect in accordance with reg. 2(2)-(5) of the amending S.I.) by [The Companies, Partnerships and Groups \(Accounts and Reports\) Regulations 2015 \(S.I. 2015/980\)](#), regs. 2(1), **10(4)** (with reg. 3)
- F2** Words in s. 481(a) substituted (1.11.2007) by [The Markets in Financial Instruments Directive \(Consequential Amendments\) Regulations 2007 \(S.I. 2007/2932\)](#), **reg. 3(6)**

Modifications etc. (not altering text)

- C4** Ss. 480, 481 applied (with modifications) (1.10.2008) by [The Limited Liability Partnerships \(Accounts and Audit\) \(Application of Companies Act 2006\) Regulations 2008 \(S.I. 2008/1911\)](#), **reg. 35** (as amended (with effect in accordance with reg. 2(2)-(5) of the amending S.I.) by [The Limited Liability Partnerships, Partnerships and Groups \(Accounts and Audit\) Regulations 2016 \(S.I. 2016/575\)](#), regs. 2(1), **23**)
- C5** Ss. 475-481 applied (with modifications) (1.10.2009) by [The Unregistered Companies Regulations 2009 \(S.I. 2009/2436\)](#), regs. 3-5, **Sch. 1 para. 11** (with transitional provisions and savings in regs. 7, 9, Sch. 2)
- C6** S. 481 applied (with modifications) (31.7.2015) by [The European Grouping of Territorial Cooperation Regulations 2015 \(S.I. 2015/1493\)](#), regs. 1(2), **7(1)** (with reg. 11)

Changes to legislation:

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Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

- Act amendment to earlier affecting provision S.I. 1989/638, Sch. 4 by [S.I. 2024/410 Sch. 2 para. 1](#)
- Act amendment to earlier affecting provision S.I. 2008/373 reg. 11(1) by [S.I. 2013/1971 reg. 9\(a\)](#) (This amendment not applied to legislation.gov.uk. Amending Regulations revoked (1.10.2013) without ever being in force by S.I. 2013/2224, reg. 2)
- Act amendment to earlier affecting provision S.I. 2008/373 reg. 3(4) by [S.I. 2013/1971 reg. 4](#) (This amendment not applied to legislation.gov.uk. Amending Regulations revoked (1.10.2013) without ever being in force by S.I. 2013/2224, reg. 2)

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 156A-156C inserted by [2015 c. 26 s. 87\(4\)](#)
- s. 156B(5) omitted by [2023 c. 56 Sch. 2 para. 26](#)
- s. 156C(2) words substituted by [2023 c. 56 s. 41\(2\)\(a\)](#)
- s. 156C(2A) inserted by [2023 c. 56 s. 41\(2\)\(b\)](#)
- s. 156C(3) substituted for s. 156C(3)-(5) by [2023 c. 56 Sch. 2 para. 27](#)
- s. 479A(2)(c)(zi) inserted by [S.I. 2019/177 reg. 4\(b\)\(i\)](#) (This amendment not applied to legislation.gov.uk. Reg. 4 substituted by regs. 4, 4A immediately before IP completion day by S.I. 2019/1392, regs. 1(2), 4)
- s. 479B(a)(iii) amendment to earlier affecting provision S.I.2008/1991 reg.34 by [S.R. 2024/78 reg. 31\(4\)](#)
- s. 479B(a)(iii) amendment to earlier affecting provision S.I.2008/1991 reg.34A by [S.R. 2024/78 reg. 31\(5\)](#)
- s. 1047(4)(i)(j) inserted by [2023 c. 56 s. 21\(2\)](#)
- s. 1087(da) substituted by [2023 c. 56 s. 52\(2\)](#)
- s. 1087A-1807C applied by S.I. 2009/2436, Sch. 1 para. 20(1)(ca) (as substituted) by [S.I. 2024/410 Sch. 2 para. 5\(d\)\(ii\)](#)
- s. 1110E-110G applied by S.I. 2009/1804, reg. 60 (as amended) by [S.I. 2024/234 reg. 26](#)
- s. 11989A applied (with modifications) by S.I. 2009/1804, reg. 79A (as inserted) by [S.I. 2024/234 reg. 46](#)
- Sch. 10 para. 6(2D) inserted by [S.I. 2019/177 reg. 28\(e\)](#) (This amendment not applied to legislation.gov.uk. Reg. 28(e) omitted immediately before IP completion day by virtue of S.I. 2020/523, regs. 1(2), 14(e)(iv))
- Sch. 10 para. 7(2A) inserted by [S.I. 2019/177 reg. 29\(b\)](#) (This amendment not applied to legislation.gov.uk. Reg. 29 substituted immediately before IP completion day by S.I. 2020/523, regs. 1(2), 14(f))