
STATUTORY INSTRUMENTS

2008 No. 393

**The Companies Act 2006 (Amendment)
(Accounts and Reports) Regulations 2008**

PART 2

SMALL AND MEDIUM-SIZED COMPANIES AND GROUPS

Conditions for company or group to qualify as small

3.—(1) In the table in section 382(3) of the 2006 Act (conditions to be met by company to qualify as small)—

- (a) in item 1 (turnover) for “Not more than £5.6 million” substitute “Not more than £6.5 million”, and
- (b) in item 2 (balance sheet total) for “Not more than £2.8 million” substitute “Not more than £3.26 million”.

(2) In the table in section 383(4) of the 2006 Act (conditions to be met by group for parent company to qualify as small)—

- (a) in item 1 (aggregate turnover) for “Not more than £5.6 million net (or £6.72 million gross)” substitute “Not more than £6.5 million net (or £7.8 million gross)”, and
- (b) in item 2 (aggregate balance sheet total) for “Not more than £2.8 million net (or £3.36 million gross)” substitute “Not more than £3.26 million net (or £3.9 million gross)”.

Conditions for company or group to qualify as medium-sized

4.—(1) In the table in section 465(3) of the 2006 Act (conditions to be met by company to qualify as medium-sized)—

- (a) in item 1 (turnover) for “Not more than £22.8 million” substitute “Not more than £25.9 million”, and
- (b) in item 2 (balance sheet total) for “Not more than £11.4 million” substitute “Not more than £12.9 million”.

(2) In the table in section 466(4) of the 2006 Act (conditions to be met by group for parent company to qualify as medium-sized)—

- (a) in item 1 (aggregate turnover) for “Not more than £22.8 million net (or £27.36 million gross)” substitute “Not more than £25.9 million net (or £31.1 million gross)”, and
- (b) in item 2 (aggregate balance sheet total) for “Not more than £11.4 million net (or £13.68 million gross)” substitute “Not more than £12.9 million net (or £15.5 million gross)”.

Conditions for small companies exemption from audit

5.—(1) In section 477(2) of the 2006 Act (conditions to be met by company to be exempt from audit)—

- (a) in paragraph (b) (turnover), for “not more than £5.6 million” substitute “not more than £6.5 million”, and
 - (b) in paragraph (c) (balance sheet total), for “not more than £2.8 million” substitute “not more than £3.26 million”.
- (2) In section 479(2) of the 2006 Act (conditions to be met by group for group company to be exempt from audit)—
- (a) in paragraph (b) (aggregate turnover), for “not more than £5.6 million net (or £6.72 million gross)” substitute “not more than £6.5 million net (or £7.8 million gross)”, and
 - (b) in paragraph (c) (aggregate balance sheet total), for “not more than £2.8 million net (or £3.36 million gross)” substitute “not more than £3.26 million net (or £3.9 million gross)”.

Small companies exemption in relation to directors’ report

- 6.—(1) In section 381 of the 2006 Act (companies subject to the small companies regime), omit “for accounts and reports”.
- (2) After section 415 of that Act insert—

“Directors’ report: small companies exemption

- 415A.**—(1) A company is entitled to small companies exemption in relation to the directors’ report for a financial year if—
- (a) it is entitled to prepare accounts for the year in accordance with the small companies regime, or
 - (b) it would be so entitled but for being or having been a member of an ineligible group.
- (2) The exemption is relevant to—
- section 416(3) (contents of report: statement of amount recommended by way of dividend),
 - section 417 (contents of report: business review), and
 - sections 444 to 446 (filing obligations of different descriptions of company).”.
- (3) In section 416(3) of that Act (contents of report: statement of amount recommended by way of dividend), for “subject to the small companies regime” substitute “entitled to the small companies exemption”.
- (4) In section 417(1) of that Act (contents of report: business review), for “subject to the small companies regime” substitute “entitled to the small companies exemption”.
- (5) In section 419(2) of that Act (statement to be contained in report) for the words from “If the report” to “regime,” substitute “If in preparing the report advantage is taken of the small companies exemption.”.
- (6) In section 441(1) of that Act (duty to file accounts and reports with the registrar), at the appropriate place insert—
- “section 444A (filing obligations of companies entitled to small companies exemption in relation to directors’ report),”.
- (7) After section 444 of that Act insert—

“Filing obligations of companies entitled to small companies exemption in relation to directors’ report

- 444A.**—(1) The directors of a company that is entitled to small companies exemption in relation to the directors’ report for a financial year—

(a) must deliver to the registrar a copy of the company's annual accounts for that year, and

(b) may also deliver to the registrar a copy of the directors' report.

(2) The directors must also deliver to the registrar a copy of the auditor's report on the accounts (and any directors' report) that it delivers.

This does not apply if the company is exempt from audit and the directors have taken advantage of that exception.

(3) The copies of the balance sheet and directors' report delivered to the registrar under this section must state the name of the person who signed it on behalf of the board.

(4) The copy of the auditor's report delivered to the registrar under this section must—

(a) state the name of the auditor and (where the auditor is a firm) the name of the person who signed it as senior statutory auditor, and

(b) be signed by the auditor or (where the auditor is a firm) in the name of the firm by a person authorised to sign on its behalf,

or, if the conditions in section 506 (circumstances in which names may be omitted) are met, state that a resolution has been passed and notified to the Secretary of State in accordance with that section.

(5) This section does not apply to companies within section 444 (filing obligations of companies subject to the small companies regime)."

(8) In section 445 of that Act (filing obligations of medium-sized companies), for subsection (7) substitute—

"(7) This section does not apply to companies within—

(a) section 444 (filing obligations of companies subject to the small companies regime), or

(b) section 444A (filing obligations of companies entitled to small companies exemption in relation to directors' report)."

(9) In section 446(5) of that Act (filing obligations of unquoted companies: disapplication of section in relation to companies subject to other provisions), omit the "or" at the end of paragraph (a) and after that paragraph insert—

"(aa) section 444A (filing obligations of companies entitled to small companies exemption in relation to directors' report), or"

(10) In section 498 of that Act (duties of auditor) for subsection (5) substitute—

"(5) If the directors of the company—

(a) have prepared accounts in accordance with the small companies regime, or

(b) have taken advantage of small companies exemption in preparing the directors' report,

and in the auditor's opinion they were not entitled to do so, the auditor shall state that fact in his report."

(11) In Schedule 8 to that Act (index of defined expressions), in the entry relating to "small companies regime" for " , for accounts and reports" substitute "(for accounts)".

(12) In that Schedule, at the appropriate place insert—

"small companies exemption (in relation to directors' report) | section 415A".

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

Companies entitled to take advantage of provisions applying to medium-sized companies

7. In section 467 of the 2006 Act (companies excluded from being treated as medium-sized)(1) after subsection (3) insert—

“(4) This section does not prevent a company from taking advantage of section 417(7) (business review: non-financial information) by reason only of its having been a member of an ineligible group at any time within the financial year in question.”.

(1) Section 467 was amended by regulation 3(3) of [S.I.2007/2932](#).