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STATUTORY INSTRUMENTS

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**1990 No. 593**

**The Companies (Northern Ireland) Order 1990**

**PART II**

**COMPANY ACCOUNTS**

*Exemptions and special provisions*

**Small and medium-sized companies and groups**

**15.**—(1) The following Articles are inserted in Part VIII of the 1986 Order, as the beginning of a Chapter II—

**“CHAPTER II**

**EXEMPTIONS, EXCEPTIONS AND SPECIAL PROVISIONS**

*Small and medium-sized companies and groups*

**Exemptions for small and medium-sized companies**

**254.**—(1) A company which qualifies as a small or medium-sized company in relation to a financial year—

- (a) is exempt from the requirements of paragraph 36A of Schedule 4 (disclosure with respect to compliance with accounting standards), and
- (b) is entitled to the exemptions provided by Schedule 8 with respect to the delivery to the registrar under Article 250 of individual accounts and other documents for that financial year.

(2) In Schedule 8—

- Part I relates to small companies,
- Part II relates to medium-sized companies, and
- Part III contains supplementary provisions.

(3) A company is not entitled to the exemptions mentioned in paragraph (1) if it is, or was at any time within the financial year to which the accounts relate—

- (a) a public company,
- (b) a banking or insurance company, or
- (c) an authorised person under the Financial Services Act 1986<sup>(1)</sup>,

or if it is or was at any time during that year a member of an ineligible group.

- (4) A group is ineligible if any of its members is—
- (a) a public company or a body corporate which (not being a company) has power under its constitution to offer its shares or debentures to the public and may lawfully exercise that power,
  - (b) an authorised institution under the Banking Act 1987<sup>(2)</sup>,
  - (c) an insurance company to which Part II of the Insurance Companies Act 1982<sup>(3)</sup> applies, or
  - (d) an authorised person under the Financial Services Act 1986.

(5) A parent company shall not be treated as qualifying as a small company in relation to a financial year unless the group headed by it qualifies as a small group, and shall not be treated as qualifying as a medium-sized company in relation to a financial year unless that group qualifies as a medium-sized group (see Article 257).

#### **Qualification of company as small or medium-sized**

**255.**—(1) A company qualifies as small or medium-sized in relation to a financial year if the qualifying conditions are met—

- (a) in the case of the company's first financial year, in that year, and
- (b) in the case of any subsequent financial year, in that year and the preceding year.

(2) A company shall be treated as qualifying as small or medium-sized in relation to a financial year—

- (a) if it so qualified in relation to the previous financial year under paragraph (1); or
- (b) if it was treated as so qualifying in relation to the previous year by virtue of subparagraph (a) and the qualifying conditions are met in the year in question.

(3) The qualifying conditions are met by a company in a year in which it satisfies two or more of the following requirements—

	<i>Small company</i>
	<i>Medium-sized company</i>
1. Turnover	Not more than £2 million
2. Balance sheet total	Not more than £975,000
3. Number of employees	Not more than 50
1. Turnover	Not more than £8 million
2. Balance sheet total	Not more than £3.9 million
3. Number of employees	Not more than 250.

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

(5) The balance sheet total means—

(2) 1987 c. 22

(3) 1982 c. 50

- (a) where in the company's accounts Format 1 of the balance sheet formats set out in Part I of Schedule 4 is adopted, the aggregate of the amounts shown in the balance sheet under the headings corresponding to items A to D in that Format, and
- (b) where Format 2 is adopted, the aggregate of the amounts shown under the general heading "Assets".

(6) The number of employees means the average number of persons employed by the company in the year (determined on a weekly basis).

That number shall be determined by applying the method of calculation prescribed by paragraph 56(2) and (3) of Schedule 4 for determining the corresponding number required to be stated in a note to the company's accounts."

- (2) Schedule 6 to this Order is substituted for Schedule 8 to the 1986 Order.
- (3) The following Articles are inserted in Part VIII of the 1986 Order—

**"Exemption for small and medium-sized groups**

**256.**—(1) A parent company need not prepare group accounts for a financial year in relation to which the group headed by that company qualifies as a small or medium-sized group and is not an ineligible group.

- (2) A group is ineligible if any of its members is—
  - (a) a public company or a body corporate which (not being a company) has power under its constitution to offer its shares or debentures to the public and may lawfully exercise that power,
  - (b) an authorised institution under the Banking Act 1987<sup>(4)</sup>,
  - (c) an insurance company to which Part II of the Insurance Companies Act 1982<sup>(5)</sup> applies, or
  - (d) an authorised person under the Financial Services Act 1986<sup>(6)</sup>.

(3) If the directors of a company propose to take advantage of the exemption conferred by this Article, it is the auditors' duty to provide them with a report stating whether in their opinion the company is entitled to the exemption.

- (4) The exemption does not apply unless—
  - (a) the auditors' report states that in their opinion the company is so entitled, and
  - (b) that report is attached to the individual accounts of the company.

**Qualification of group as small or medium-sized**

**257.**—(1) A group qualifies as small or medium-sized in relation to a financial year if the qualifying conditions are met—

- (a) in the case of the parent company's first financial year, in that year, and
- (b) in the case of any subsequent financial year, in that year and the preceding year.

(2) A group shall be treated as qualifying as small or medium-sized in relation to a financial year—

- (a) if it so qualified in relation to the previous financial year under paragraph (1); or

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(4) 1987 c. 22  
(5) 1982 c. 50  
(6) 1986 c. 60

(b) if it was treated as so qualifying in relation to the previous year by virtue of subparagraph (a) and the qualifying conditions are met in the year in question.

(3) The qualifying conditions are met by a group in a year in which it satisfies two or more of the following requirements—

	<i>Small group</i>
	<i>Medium-sized group</i>
1. Aggregate turnover	Not more than £2 million net (or £2.4 million gross)
2. Aggregate balance sheet total	Not more than £1 million net (or £1.2 million gross)
3. Aggregate number of employees	Not more than 50
1. Aggregate turnover	Not more than £8 million net (or £9.6 million gross)
2. Aggregate balance sheet total	Not more than £3.9 million net (or £4.7 million gross)
3. Aggregate number of employees	Not more than 250

(4) The aggregate figures shall be ascertained by aggregating the relevant figures determined in accordance with Article 255 for each member of the group.

In relation to the aggregate figures for turnover and balance sheet total, “net” means with the set-offs and other adjustments required by Schedule 4A in the case of group accounts and “gross” means without those set-offs and other adjustments; and a company may satisfy the relevant requirement on the basis of either the net or the gross figure.

(5) The figures for each subsidiary undertaking shall be those included in its accounts for the relevant financial year, that is—

- (a) if its financial year ends with that of the parent company, that financial year, and
- (b) if not, its financial year ending last before the end of the financial year of the parent company.

(6) If those figures cannot be obtained without disproportionate expense or undue delay, the latest available figures shall be taken.”.