
STATUTORY INSTRUMENTS

2013 No. 3008

The Small Companies (Micro-Entities' Accounts) Regulations 2013

PART 2

AMENDMENT OF PART 15 OF THE 2006 ACT (ACCOUNTS AND REPORTS)

Amendment of Chapter 1 of Part 15 (introduction)

- 4.—(1) Chapter 1 of Part 15 of the 2006 Act is amended as follows.
- (2) In section 382 (companies qualifying as small: general)—
- (a) after subsection (1) insert—
- “(1A) Subject to subsection (2), a company qualifies as small in relation to a subsequent financial year if the qualifying conditions are met in that year.”; and
- (b) for subsection (2) substitute—
- “(2) In relation to a subsequent financial year, where on its balance sheet date a company meets or ceases to meet the qualifying conditions, that affects its qualification as a small company only if it occurs in two consecutive financial years.”
- (3) In section 383 (companies qualifying as small: parent companies)—
- (a) after subsection (2) insert—
- “(2A) Subject to subsection (3), a group qualifies as small in relation to a subsequent financial year of the parent company if the qualifying conditions are met in that year.”; and
- (b) for subsection (3) substitute—
- “(3) In relation to a subsequent financial year of the parent company, where on the parent company's balance sheet date the group meets or ceases to meet the qualifying conditions, that affects the group's qualification as a small group only if it occurs in two consecutive financial years.”
- (4) After section 384 (companies excluded from the small companies regime) insert—

“384A Companies qualifying as micro-entities

- (1) A company qualifies as a micro-entity in relation to its first financial year if the qualifying conditions are met in that year.
- (2) Subject to subsection (3), a company qualifies as a micro-entity in relation to a subsequent financial year if the qualifying conditions are met in that year.
- (3) In relation to a subsequent financial year, where on its balance sheet date a company meets or ceases to meet the qualifying conditions, that affects its qualification as a micro-entity only if it occurs in two consecutive financial years.

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

1. Turnover	Not more than £632,000
2. Balance sheet total	Not more than £316,000
3. Number of employees	Not more than 10

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

(6) The balance sheet total means the aggregate of the amounts shown as assets in the company's balance sheet.

(7) The number of employees means the average number of persons employed by the company in the year, determined as follows—

- (a) find for each month in the financial year the number of persons employed under contracts of service by the company in that month (whether throughout the month or not),
- (b) add together the monthly totals, and
- (c) divide by the number of months in the financial year.

(8) In the case of a company which is a parent company, the company qualifies as a micro-entity in relation to a financial year only if—

- (a) the company qualifies as a micro-entity in relation to that year, as determined by subsections (1) to (7), and
- (b) the group headed by the company qualifies as a small group, as determined by section 383(2) to (7).

384B Companies excluded from being treated as micro-entities

(1) The micro-entity provisions do not apply in relation to a company's accounts for a particular financial year if the company was at any time within that year—

- (a) a company excluded from the small companies regime by virtue of section 384,
- (b) an investment undertaking as defined in Article 2(14) of Directive 2013/34/EU⁽¹⁾ of 26 June 2013 on the annual financial statements etc. of certain types of undertakings,
- (c) a financial holding undertaking as defined in Article 2(15) of that Directive,
- (d) a credit institution as defined in Article 4 of Directive 2006/48/EC⁽²⁾ of the European Parliament and of the Council of 14 June 2006 relating to the taking up and pursuit of the business of credit institutions, other than one referred to in Article 2 of that Directive,
- (e) an insurance undertaking as defined in Article 2(1) of Council Directive 91/674/EEC⁽³⁾ of 19 December 1991 on the annual accounts of insurance undertakings, or
- (f) a charity.

(2) The micro-entity provisions also do not apply in relation to a company's accounts for a financial year if —

⁽¹⁾ OJ No L 182, 29.6.13, p 19.

⁽²⁾ OJ No L 177, 30.6.06, p 1, as last amended by Directive 2009/111/EC.

⁽³⁾ OJ No L 374, 31.12.91, p 7, as last amended by Directive 2006/46/EC.

- (a) the company is a parent company which prepares group accounts for that year as permitted by section 398, or
- (b) the company is not a parent company but its accounts are included in consolidated group accounts for that year.”

Amendment of Chapter 4 of Part 15 (annual accounts)

5.—(1) Chapter 4 of Part 15 of the 2006 Act is amended as follows.

(2) In section 393 (accounts to give true and fair view), after subsection (1) insert—

“(1A) The following provisions apply to the directors of a company which qualifies as a micro-entity in relation to a financial year (see sections 384A and 384B) in their consideration of whether the Companies Act individual accounts of the company for that year give a true and fair view as required by subsection (1)(a)—

- (a) where the accounts comprise only micro-entity minimum accounting items, the directors must disregard any provision of an accounting standard which would require the accounts to contain information additional to those items,
- (b) in relation to a micro-entity minimum accounting item contained in the accounts, the directors must disregard any provision of an accounting standard which would require the accounts to contain further information in relation to that item, and
- (c) where the accounts contain an item of information additional to the micro-entity minimum accounting items, the directors must have regard to any provision of an accounting standard which relates to that item.”

(3) In section 396 (Companies Act individual accounts)—

(a) after subsection (2) insert—

“(2A) In the case of the individual accounts of a company which qualifies as a micro-entity in relation to the financial year (see sections 384A and 384B), the micro-entity minimum accounting items included in the company’s accounts for the year are presumed to give the true and fair view required by subsection (2).”; and

(b) after subsection (5) insert—

“(6) Subsections (4) and (5) do not apply in relation to the micro-entity minimum accounting items included in the individual accounts of a company for a financial year in relation to which the company qualifies as a micro-entity.”

(4) In section 414 (approval and signing of accounts), for subsection (3) substitute—

“(3) If the accounts are prepared in accordance with the small companies regime, the balance sheet must contain, in a prominent position above the signature—

- (a) in the case of individual accounts prepared in accordance with the micro-entity provisions, a statement to that effect, or
- (b) in the case of accounts not prepared as mentioned in paragraph (a), a statement to the effect that the accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.”

Amendment of Chapter 10 of Part 15 (filing of accounts and reports)

6. In section 444(4) of the 2006 Act (filing obligations of companies subject to the small companies regime)—

(4) Section 444(2) was amended by the Companies Act 2006 (Amendment) (Accounts and Reports) Regulations 2008 (S.I. 2008/393), regulation 12.

(a) for subsection (3) substitute—

“(3) Subject to subsection (3A), the copies of accounts and reports delivered to the registrar must be copies of the company’s annual accounts and reports.”;

(b) after subsection (3) insert—

“(3A) Except where subsection (3B) applies, where a company prepares Companies Act accounts—

(a) the directors may deliver to the registrar a copy of a balance sheet drawn up in accordance with regulations made by the Secretary of State, and

(b) there may be omitted from the copy profit and loss account delivered to the registrar such items as may be specified by the regulations.

These are referred to in this Part as “abbreviated accounts”.

(3B) This subsection applies in relation to the Companies Act individual accounts of a company if—

(a) the company qualifies as a micro-entity (see sections 384A and 384B) in relation to a financial year, and

(b) those accounts are prepared for that year in accordance with any of the micro-entity provisions.”

Amendment of Chapter 12 of Part 15 (supplementary provisions)

7.—(1) Chapter 12 of Part 15 of the 2006 Act is amended as follows.

(2) In section 469 (preparation and filing of accounts in euros), after subsection (3) insert—

“(3A) Subsection (3)(b) does not apply to the Companies Act individual accounts of a company for a financial year in which the company qualifies as a micro-entity (see sections 384A and 384B).”

(3) In section 471(5) (meaning of “annual accounts” and related expressions), in the full out words in subsection (1) for “group accounts” substitute “notes to the individual balance sheet”.

(4) In section 472 (notes to the accounts), after subsection (1) insert—

“(1A) But in the case of a company which qualifies as a micro-entity in relation to a financial year (see sections 384A and 384B), the notes to the accounts for that year required by section 413 of this Act and regulation 5A of, and paragraph 57 of Part 3 of Schedule 1 to, the Small Companies and Groups (Accounts and Directors’ Report) Regulations 2008 (S.I. 2008/409) must be included at the foot of the balance sheet.”

(5) In section 474(1)(6) (minor definitions), after the definition of “international accounting standards” insert—

““micro-entity minimum accounting item” means an item of information required by this Part or by regulations under this Part to be contained in the Companies Act individual accounts of a company for a financial year in relation to which it qualifies as a micro-entity (see sections 384A and 384B);

(5) Section 471(1) was amended by the Companies and Limited Liability Partnerships (Accounts and Audit Exemptions and Change of Accounting Framework) Regulations 2012 (S.I. 2012/2301), regulation 18.

(6) Section 474(1) was amended by the Markets in Financial Instruments Directive (Consequential Amendments) Regulations 2007 (S.I. 2007/2932), regulation 3(4)(a) and (b), the Financial Services and Markets Act 2000 (Regulated Activities) (Amendment) Order 2009 (S.I. 2009/1342), article 26(a) and (b), the Financial Services Act 2012 (c.21), Schedule 18, paragraph 115 and the Financial Services Act 2012 (Consequential Amendments) Order 2013 (S.I. 2013/636), Schedule 1, paragraph 9(3).

“micro-entity provisions” means any provisions of this Part, Part 16 or regulations under this Part relating specifically to the individual accounts of a company which qualifies as a micro-entity;”.