
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.”