

## Inland Revenue Reporting & Audit Thresholds

From January 2004, using Statutory Instrument 2004 No 16, (SI 2004/16) the government has increased the qualifying criteria for various audit thresholds and filing requirements.

Since 1994 Small entities have been: -

- Exempt from annual audit.
- Allowed to file abbreviated accounts with Companies House.
- Prepare accounts with limited director's report and note disclosures.
- Exempt from preparing a cash flow statement (FRS1).
- Exempt from preparing Group Accounts.

Medium sized entities have been allowed to file abbreviated accounts, and avoid group accounts.

SI 2004/16 changes none of the above, but changes the definition of the size a company needs to be to qualify for each status, and apply for accounting periods ending on or after 30<sup>th</sup> January 2004.

Small Company: -

- Turnover < £5.6m
- Gross Assets < £2.8m
- Number of employees not more than 50

Medium Company: -

- Turnover <£22.8m
- Gross Assets <£11.4m
- Number of employees not more than 250

2 of the above criteria need to be met to qualify, and when an accounting period is greater than 12months, turnover must be adjusted proportionally.

A company **MAY NOT** file abbreviated accounts if it is at any time in that year

- A public limited company (including private PLC).
- A company carrying on an insurance market activity.
- A person carrying on a regulated activity under Part 4 of the Financial Services and Markets Act 2000.
- A member of an ineligible group (i.e. one of the above).