

Limited Companies

Small Companies Definitions

There are certain statutory definitions that must apply to a company if it is to be classified as small for tax and audit purposes.

- 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

A small company must meet at least two of the following criteria:

- Annual turnover must be not more than £6.5 million
- The balance sheet asset total must be not more than £3.26 million
- The average number of employees must be not more than 50.

In addition, when an accounting period is greater than 12 months, turnover must be adjusted proportionally.

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

- A public company (PLC)
- A member of an ineligible group
 - A public company (PLC)
 - A body corporate (other than a company) whose shares are admitted to trading on a regulated market in an EEA State
 - A person (other than a small company) who has permission under [Part 4 of the Financial Services and Markets Act 2000](#) to carry on a regulated activity;
 - A small company that is an authorised insurance company, a banking company, an e-money issuer, a MiFID investment firm or a UCITS management company; or
 - A person who carries on insurance market activity.
- An authorised insurance company, a banking company, an e-money issuer, a MiFID (i.e. Markets in Financial Instruments Directive) investment firm or a UCITS (i.e. Undertakings for Collective Investment in Transferable Securities) management company or carried on insurance market activity.