



Small & Medium Size Companies

To be treated as a small or medium-sized company under the Companies Act 2006, a company must meet any two of the following three size criteria:

Criterion	Small Company	Medium-sized company
Turnover (adjusted proportionately if the period is not a full year) must not exceed	£6,500,000	£25,900,000
Gross Assets (i.e., total assets before the deduction of liabilities) must not exceed	£3,260,000	£12,900,000
Average number of employees must not exceed	50	250

Notes:

1. The average number of employees is determined by adding those defined as employed for each month and dividing the total by the number of months in the period.
2. The size limits are subject to periodic review and therefore change from time to time. The amounts shown above came into effect by the Companies Act 2006 (Amendments) (Accounts and Reports) Regulations 2008.

Audit Threshold

Small companies can elect not to have their accounts audited if they qualify to be treated as a small as set out above and they meet the following conditions:

- Annual Turnover total does not exceed **£6.5 million**.
- Balance Sheet total does not exceed **£3.26 million**.

Registered Charities Threshold

Charities can elect not to have their accounts audited if they meet the following conditions:

- Gross Income total does not exceed **£500,000**.
- Gross Income total does not exceed **£250,000** and Gross Assets does not exceed **£3,260,000**.
- If the trustees wish to have the account audited rather than examined.