

UK AUDIT THRESHOLDS

from 1 January 2016 onwards

Companies that do not qualify as small, cannot or choose not to take subsidiary exemptions and certain specialised businesses, require a statutory audit.

AUDIT THRESHOLDS

If a company breaches two of the three criteria for two consecutive years, the company requires an audit.

TURNOVER

Turnover must be under £10.2m for a company to qualify as small.

BALANCE SHEET TOTAL

Also known as total assets, for a company to qualify as small this must not exceed £5.1m.

NUMBER OF STAFF

The employees must number 50 or less for a company to meet the small company criteria.

SPECIALIST ENTITIES

Companies that are PLCs, insurance companies or in other certain regulated fields are not exempt from audit.

GROUPS

If a company is part of a group that qualifies as small, it can take exemption from audit. The thresholds above apply in addition to "gross" thresholds that include intercompany trading (turnover £12.2m, total assets £6.1m, 50 employees). There are also specific exemptions for subsidiaries that may be applicable.

SUMMARY

If you have any queries on audit exemption it is important to ensure the matter is discussed in detail with a qualified accountant as the penalties for filing the incorrect accounts can be significant and the incorrect accounts will still remain on Companies House after an amended set have been filed.