

## Annual accounts scheme: consequences of the size criteria for companies

The rates for the deposit of the annual accounts for 2018 are published. Whether your company should deposit its annual accounts according to the micro scheme, abbreviated scheme or full scheme depends on certain size criteria and on the fact whether or not the company is listed. Do you know the size criteria by heart? A reminder.

Since the transposition of the Accounting Directive 2013/34/EU into the Belgian Companies Code we distinguish three types of companies. The size criteria determine which template a company can or should use when publishing the annual accounts.

### Micro company

A micro company is a small incorporated company which is not a parent company nor subsidiary and which at the end of the financial year does not exceed more than one of the following criteria:

- Average annual workforce: 10;
- Annual turnover (ex VAT): 700.000 euro;
- Total balance sheet : 350.000 euro.

Imagine that more than one of these criteria is exceeded or is no longer exceeded, then this will only have consequences when this occurs during two subsequent financial years. The consequences will have effect as from the financial year following the financial year during which more than one of the above criteria is exceeded for the second time or are no longer exceeded. So, a small non-listed company which during two years qualifies as a micro company, can use the micro scheme to draft and file its annual accounts. Micro companies having personnel, should use the short template of the social balance sheet.

### Small company

A small company does not exceed more than one of the following criteria at the end of the financial year:

- Average annual workforce: 50;
- Annual turnover (ex VAT): 9.000.000 euro;
- Total balance sheet: 4.500.000 euro.

A non-listed company which is small during two subsequent financial years, can use the short scheme to draft and publish its annual accounts.

Example: a company is 'small' in year 1. Only after having exceeded more than one criterion e.g. in year 4 and in year 5, the company becomes 'large' for the years 6 and 7. The same goes for the transfer from a micro company into a small company, and the other way around. Also a small company having personnel should use the short template of the social balance sheet.

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## Large companies

A company is 'large' in case, at the end of the financial year, more than one of the following criteria is exceeded:

- Average annual workforce: 50;
- Annual turnover (ex VAT): 9.000.000 euro;
- Total balance sheet: 4.500.000 euro.

A company which is large or listed during two subsequent financial years, should use the full scheme to draft and publish its annual accounts and, when applicable, the full template for the social balance sheet. These companies should also draft an annual report.

## Financial year shorter or longer than 12 months?

The Accounting Standards Commission (ASC) has issued several notices on how the size criteria have to be calculated. Notice 2017/03 deals with the situation when the accounting period is shorter or longer than 12 months. When the financial year occasionally is shorter or longer than 12 months, whereby this cannot be longer than 24 months minus one calendar day; then the turnover ex VAT is multiplied with a fraction where the denominator is 12 and the nominator the number of months of the financial year concerned; each month started counts for a full month. (art. 15, §4 and 15/1, §4 Belgian Companies Code).

The ASC finds that the number of months to be quoted in the numerator is the number of months of the financial year concerned. Every month started counts for a full month. The calculation of the number of months in an financial year when this is longer or shorter than 12 months will be - in absence of any other provision in the Belgian Companies Code - calculated in function of the actual number of months and not based on the number of months containing a day of the accounting year.

### Examples

- The financial year of a company runs from 15/1/N until 14/1/N+1 and has consequently an financial year of 12 months. The numerator of the fraction amounts to 12.
- A company closing its annual accounts on 20 December has extended its financial year until 15 February. The financial year consequently runs from 21/1/N until 15/2/N+2. This financial year has 13 months and 26 days. The numerator of the fraction amounts to 14 (actual number of months) and not 15 (calendar months containing a day of the financial year).

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