

News story: Co-operatives to save money thanks to change in audit requirements

The government is [consulting](#) on proposals to increase the thresholds at which co-operatives, mutually-owned businesses that are run by and for their members, and community benefit societies operated for the benefit of the community, have to produce a full audit report.

Currently co-operatives with a turnover of less than £5.6 million and assets of less than £2.8 million can choose not to appoint an auditor. The government is proposing to increase the turnover and asset thresholds to £10.2 million and £5.1 million respectively.

This will mean that over 70% of co-operatives in the UK will no longer have to undertake a full audit, levelling the playing field between co-operatives and companies of the same size.

The Economic Secretary to the Treasury, Stephen Barclay, said:

From the dairy farm that provides milk to the local community, to the brewery owned by 10 friends who all have a passion for ale, we want to see co-operatives and community benefit societies across the UK thrive and grow.

That's why we're reducing onerous administrative burdens on these societies, saving them money and freeing them up to concentrate on what matters the most – the needs of their members and communities.

Ed Mayo, Secretary General of Co-operatives UK, said:

We are pleased government has heeded calls to remove this unnecessary extra burden on co-operative and community businesses. This is a great example of the practical steps government can take to support the UK's co-operative sector, which plays a key role in fostering a more inclusive economy.

In order to take advantage of this change co-operatives must have passed a resolution to dis-apply the requirement to produce a full audit report through their members, and the society must not be on the list of exempted societies, such as credit unions.

There are 7,000 co-operatives in the UK, working in all parts of the economy.

Together they contribute more than £34.1 billion to the British economy, with over 17.5 million people owning the UK's co-operatives.

Co-operatives range in size and activity. The largest co-operative is the Co-operative group which is the UK's fifth biggest food retailer and has more than 2,500 stores. Other examples include football clubs, dairy farms, social care providers and renewable energy providers.

Over the past 3 years the government has modernised the laws governing co-operatives and community benefit societies and made it easier for them to raise capital by increasing the limit of withdrawable share capital that an individual can invest from £20,000 to £100,000.