

# DEFINITION OF A SMALL & MEDIUM SIZED ENTERPRISE (SME) IN FORCE AT THE EUROPEAN SPACE AGENCY

*A Summary of the Recommendation of the European Commission 2003/361/EC of 6 May 2003 (OJ L 124, 20.5.2003, p.36)*

## Article 1: Enterprise

An enterprise is an entity engaged in an economic activity.

## Article 2: Staff headcount & financial ceilings determining enterprise categories

Small and Medium-sized Enterprises, are defined as enterprises which:

- Employ fewer than 250 persons and
- Have an annual turnover not exceeding EUR 50 million or
- An annual balance sheet total not exceeding EUR 43 million.

## Article 3: Types of enterprises taken into consideration in calculating staff numbers and financial amounts

1. **An *autonomous enterprise*** is an enterprise which is not classified as a partner within the meaning of paragraph 2 or as linked enterprise within the meaning of paragraphs 3.
2. ***Partner enterprises*** are not classified as linked within the meaning of paragraph 3, and between which there is the following relationship: an upstream enterprise holds solely or jointly with one or more linked enterprises, 25% or more of the capital or voting rights of a downstream enterprise.  
However, an enterprise may still be autonomous if this 25% ceiling is reached or exceeded by the following investors provided they are not linked, within the meaning of paragraph 3, either individually or jointly to the enterprise in question:
  - a) Public investment corporations, venture capital companies, business angels (with total investment in the same enterprise less than EUR 1.25 million);
  - b) Universities or non-profit research centres;
  - c) Institutional investors, including regional development funds;
  - d) Autonomous local authorities (with annual budget less than EUR 10 million or less than 5000 inhabitants).
3. ***Linked enterprises*** are enterprises which have any of the following relationships with each other: detaining a majority of voting rights into another enterprise, or equivalent control, such as the right to appoint or remove the supervisory body, or exercise a dominant influence pursuant to articles of association or agreement between shareholders.
4. Except in cases set out in 2, an enterprise is not considered an SME if more than 25% of its capital or voting rights are controlled by one or more public bodies.
5. Enterprises may declare in good faith their type (autonomous, partner or linked), and provide the data regarding the ceilings set out in Article 2, but such a declaration can be checked by concerned bodies<sup>1</sup>.

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<sup>1</sup> ESA grants the SME status only after verification of the data of the candidate companies.

#### **Article 4: Data used for the staff, the financial amounts and reference period**

1. Applicable data for headcount of staff and financial amounts are those related to the latest approved accounting period on an annual basis.
2. Where at the date of closure of the accounts, an enterprise finds that, on an annual basis, it has exceeded or fallen below the headcount or financial ceilings stated in Article 2, this will not result in loss or acquisition of the SME status, unless those ceilings are exceeded over 2 consecutive accounting periods,
3. For newly-established enterprises, the data to apply is to be derived from bona fide estimate made in the course of the financial year.

#### **Article 5: Staff headcount**

It corresponds to the number of Annual Work Units (AWU): full-time employees and fractions for part-time and seasonal workers. Apprentices and students, duration of maternity or parental leaves are not included/counted.

#### **Article 6: Establishing the data of an enterprise**

1. For *autonomous enterprises*: use solely the accounts of the company.
2. For *partner enterprises*: use 100% of the accounts of the enterprise in question + data of the upstream/downstream aggregated proportionally to the participation (one level only).
3. For *linked enterprises*: use the existing consolidated accounts or add 100% of the data of all linked enterprises.