



COMPANY SECRETARIAL AND CORPORATE GOVERNANCE

Audit Exemption for Companies – A Recap

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The Companies Act 2014 has introduced a number of cost saving measures which included the extension of the scope of audit exemption provisions for companies that meet certain criteria.

An audit exemption was introduced some years ago which enabled certain private limited companies to avail of this option for the first time. The Companies Act 2014 has extended the scope of this exemption to additional types of companies and your company may qualify.

What are the benefits?

Although a company still has to file accounts in the Companies Registration Office, an audit exemption has benefits for a business: savings are likely to be made in relation to the time and costs that were taken up in the preparation of annual accounts and dealing with the audit process.

What has Changed?

The Companies Act 2014 allows the following additional types of company to qualify for an audit exemption:

- Company Limited by Guarantee (CLG)
- Small Companies which are part of a Group
- Non-designated Private Unlimited Company (ULC)

The Criteria for Audit Exemption

If your company meets certain criteria, an audit exemption may be an option.

Small Company Criteria

A company must qualify as a small company in respect of a financial year by meeting two of these criteria:

1. The turnover of the company does not exceed €8.8m
2. The balance sheet total does not exceed €4.4m
3. The average number of employees does not exceed fifty

Group Company Criteria

The company must qualify as a small company as above and the group must then qualify as small by meeting two of these following criteria:

1. The turnover of the holding company and other group companies taken as a whole does not exceed €8.8m
2. The balance sheet of the holding company and other group companies taken as a whole does not exceed €4.4m
3. The average number of employees of the holding company and other group companies taken as a whole does not exceed fifty

Notwithstanding the above criteria and no matter which category your company falls under, the most important requirement for audit exemption eligibility is for your company to file its annual return on time every year. Under the Companies Act 2014, this requirement has been extended to include a company's first annual return.

Action

With the year end audit for 2016 about to commence for many companies, it may be a good time for directors to consider whether or not their company qualifies for audit exemption. This exercise should be undertaken in advance of the commencement of the audit in order to avoid any unnecessary costs and to allow the company to benefit from the cost saving changes contained in the Act.

About the Author