



Here are some key Company Secretarial matters to note for the annual audit of your accounts.

Filing of Financial Statements

Financial statements cannot be filed on their own. They must be attached to an Annual Return and filed at the same time in the Companies Registration Office.

The criteria set out below will determine whether full or abridged financial statements can be filed for individual companies and whether a holding company must file consolidated financial statements:

Size Thresholds	Medium company (not exceeding)	Small company (not exceeding)	Group Accounts (not exceeding)
Balance Sheet Total	€7.62m	€4.4m	€7.62m
Turnover for year	€15.24m	€8.8m	€15.24m
No of Employees	250	50	250

In order to avail of the size criteria set out above, the company/group must satisfy at least any two of the above conditions, both in respect of the current financial year concerned **and** the preceding financial year, unless the year in respect of which the exemption is being claimed is the company's first financial year.

An intermediate holding company may not in every circumstance have to prepare consolidated financial statements.

If a holding company is required to prepare consolidated financial statements they cannot be abridged.

Can a company avail of the audit exemption?

In order to avail of the audit exemption, a limited company must not be a holding company or a subsidiary and it must satisfy **all** of the following conditions, both in respect of the current financial year concerned **and** the preceding financial year, unless the year in respect of which the exemption is being claimed is the company's first financial year:

- no history of late filing with the CRO
- turnover of less than €8.8 million
- balance sheet total of less than €4.4 million
- an average of less than 50 employees for the year.

Additionally, and on the assumption that the conditions can be met, the directors must decide to avail of the audit exemption in advance of the financial year end.

The Companies Act 2014 will provide that only two of the three conditions have to be met, the conditions only apply for the financial year concerned and audit exemption can be availed of by group and guarantee companies. Further detail when the commencement order is issued.

Deadlines

Filing deadlines of some of the more popular financial year ends are set out below, based on the assumption that a company has extended its Annual Return Date to the maximum time permitted:

Year End	Must be filed prior to
31 December	28 October of the following year
31 March	28 January of the following year
30 June	28 April of the following year
30 September	28 July of the following year

Additionally be aware that every company is obliged by law to submit its financial statements to an Annual General Meeting within nine months of its financial year end and this deadline must be borne in mind when considering timeframes for the completion and filing of financial statements in the CRO.

Group Accounts Regulations – “Exempted Parent”

A holding company, which is also a subsidiary, can be exempt from the requirement to prepare and file consolidated financial statements if certain conditions can be met. One of these conditions is that the holding company must file, with its Annual Return, its individual audited financial statements and the consolidated financial statements of its parent.

Section 40 of the Companies (Amendment) Act, 1983

Please note that while a company is obliged to hold an Extraordinary General Meeting to consider a financial situation where its net assets are half or less than its called up share capital, such a meeting may not be required in every year such a situation arises.

Section 17 of the Companies (Amendment) Act, 1986

This is the time of the year, due to so many companies having financial years ending 31 December, group financial directors/accountants may be considering whether or not some or all of their subsidiaries should avoid filing individual financial statements by taking advantage of the provisions of Section 17, Companies (Amendment) Act, 1986.

As many readers will be aware, Section 17, in summary, allows a limited company whose results for a financial period are consolidated into the financial statements of an EU Parent company, to avoid filing its own financial statements and, instead, file the consolidated financial statements of the EU Parent. Obviously, there are a number of conditions to be fulfilled to avail

of this exemption. One such condition is that the EU Parent must issue a guarantee of the liabilities of the subsidiary at the year end of the subsidiary. This guarantee may also include the contingent liabilities of the subsidiary but this has yet to be determined by the Irish Courts.

This Section 17 exemption, once adopted, does not have to continue annually and can be adopted from time to time.

The issue which the group financial director/ accountant and the directors of the EU Parent must take into the account is that, although the guarantee is in respect of the liabilities of a particular financial period, it is evergreen until such liabilities (and perhaps contingent liabilities) have been fully discharge by the subsidiary. The guarantee continues in existence even after the subsidiary has been sold to a third party.



To find out more about how we can help you, please contact:



Salvador Nash

Director, Legal Services & Head of Company Secretarial

T: +353 1 410 1226

E: salvador.nash@kpmg.ie



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