

Main conditions for audit exemption — group situation

359. (1) In this section—

(a) “group company” means a company that is a holding company or a subsidiary undertaking; and

(b) references to the group, in relation to a group company, are references to that company, together with all its associated undertakings, and for the purposes of this paragraph undertakings are associated if one is the subsidiary undertaking of the other or both are subsidiary undertakings of a third undertaking.

(2) Subject to this Chapter, section 360 (audit exemption) applies to any group company in respect of its statutory financial statements for a particular financial year if the group qualifies as a small group in relation to that financial year.

(3) The determination of whether a group so qualifies shall be made, as provided for in this section, by reference to whether the financial year in question is the first, or a subsequent, financial year of the holding company that heads the group.

(4) A group qualifies as small in relation to the holding company's first financial year if the qualifying conditions are satisfied in respect of that year.

(5) A group qualifies as small in relation to a subsequent financial year of the holding company—

(a) if the qualifying conditions are satisfied in respect of that year and the preceding financial year;

(b) if the qualifying conditions are satisfied in respect of that year and the group qualified as small in relation to the preceding financial year;

(c) if the qualifying conditions were satisfied in respect of the preceding financial year and the group qualified as small in relation to that year.

(6) The qualifying conditions for a small group are satisfied by a group in relation to a financial year in which it fulfils 2 or more of the following requirements:

(a) the balance sheet total of the holding company and the other members of the group taken as a whole does not exceed €4.4 million,

(b) the amount of the turnover of holding company and the other members of the group taken as a whole does not exceed €8.8 million,

(c) the average number of persons employed by the holding company and the other members of the group taken as a whole does not exceed 50.

(7) For the purposes of subsection (6)(a)—

(a) “balance sheet total”, in relation to the holding company or another member of the group, means the aggregate of the amounts shown as assets in the company's or other member's entity balance sheet;

(b) there shall, in the operation of taking the balance sheet totals as a whole, be eliminated inter-group balances.

(8) For the purposes of subsection (6)(b)—

(a) “amount of the turnover”, in relation to the holding company or another member of the group, means the amount of the turnover shown in the company's or other member's entity profit and loss account;

(b) there shall, in the operation of taking the amounts of turnover as a whole, be eliminated inter-group sales.

(9) For the purpose of subsection (6)(c), the average number of persons employed by a company or another member of the group shall be determined by applying the method of calculation prescribed by section 317 for determining the number required by subsection (1) of that section to be stated in a note to the financial statements of a company.

(10) In the application of paragraph (b) of subsection (6) to any period which is a financial year but is not in fact a year, the amount specified in that paragraph shall be proportionally adjusted.

(11) Each occasion of an amendment of the kind referred to in subsection (12) being effected shall operate to enable the Minister to amend, by order, subsection (6)(a) and (b), by substituting for the total and the amount, respectively, specified in those provisions a greater total and amount (not being a total or an amount that is greater than the total or amount it replaces by 25 per cent).

(12) The amendment referred to in subsection (11) is an amendment of the amount and the total specified in paragraphs (a) and (b), respectively, of section 350 (5), being an amendment made for the purpose of giving effect to a Community act.

(13) Nothing in this section nor in any subsequent provision of this Chapter prejudices the operation of Chapter 16 (special audit exemption for dormant companies).