

Focused on  
Your Future



## Changes in Irish Company Law

It has only been two years since the Companies Act 2014 came into force and brought with it significant changes to the Corporate landscape in Ireland.

However further significant change is expected to be in place by the end of the month.

The Companies (Accounting) Bill 2016 has just been passed by the Oireachtas and will transpose the EU Accounting Directive 2013 into Irish legislation.

The Bill will have a significant impact for many private Irish companies in relation to Financial Reporting and Disclosure of Financial Information.

## New Accounting Regimes & Company Size Thresholds



As set out below, the Bill will introduce a new set of company size criteria for Irish companies. The Bill will allow Micro Companies and Small Companies access to Financial Reporting Standard 105 (FRS 105) and Section 1A of Financial Reporting Standard 102 (FRS 102) for the first time. These two frameworks will provide opportunities for simplification and reduction of reported financial information.

Significantly - **Micro Entities** will be able to avoid disclosing details of Directors remuneration and a Directors Report.

### Company Size Criteria

#### **MICRO:**

Turnover: Less than €700,000

Balance Sheet Total (Total Assets): Less than €350,000

Employee No.s: Less than 10

#### **SMALL:**

Turnover: Less than €12m (€8.8m)

Balance Sheet Total (Total Assets): Less than €6m (€4.4m)

Employee No.s: Less than 50

#### **MEDIUM:**

Turnover: Less than €40m (€20m)

Balance Sheet Total (Total Assets): Less than €20m (€10m)

Employee No.s: Less than 250

#### **LARGE:**

Turnover: Greater than €40m (€20m)

Balance Sheet Total (Total Assets): Greater than €20m (€10m)  
Employee No.s: Greater than 250

- \* Companies must satisfy two out of three criteria
- \*\* Existing thresholds in brackets

### **Increased Disclosure with the Companies Registration Office(CRO)**

Medium sized companies will no longer be able to abridge their financial statements filed with the Companies Registration Office resulting in increased disclosure of profit margins and Turnover figures. Micro entities and Small companies will continue to be able to file abbreviated financial information. Medium sized companies will now also be required to prepare Group accounts as the exemption from preparing Consolidated Financial statements on the basis of size for Irish parent companies has been restricted to Micro Entities and Small companies. Exemption from audit will also be no longer available to Medium Sized Companies.

### **Disclosure by Unlimited Companies**

Currently under Irish company law unlimited companies are only required to publicly file accounts if they fall within the definition of a “designated unlimited company” (Designated ULC). Up to now many Irish groups have structured their operations to fall outside the definition of Designated ULC whilst still enjoying the benefits of limited liability, typically through the use of non EEA incorporated limited companies elsewhere in their corporate structure.

Once enacted the Bill will significantly broaden the Designated ULC definition with the objective of denying the exemption to groups that effectively still enjoy the benefit of limited liability protection through their group/corporate structure.

The provisions are highly technical and the impact of these changes for existing groups with non-filing structures need to be carefully considered. The implementation date for this change is uncertain but it is expected to apply to Accounting periods commencing on or after 1 January 2017.

Although the Bill brings an unlimited liability holding company with limited liability subsidiaries within the Designated ULC definition, such a holding company can continue to avail of the exemption until 2022 (provided it does not otherwise fall within the ULC definition).

### **Talk to us.**

If you would like to discuss the impacts and opportunities for your business arising out of the above changes please contact [\*\*Jackie Masterson\*\*](mailto:jmasterson@rbk.ie), Partner, [\*\*jmasterson@rbk.ie\*\*](mailto:jmasterson@rbk.ie) [\*\*Cathal Melia\*\*](mailto:cmelia@rbk.ie), Partner, [\*\*cmelia@rbk.ie\*\*](mailto:cmelia@rbk.ie) or one of our [\*\*Team\*\*](#).

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