



## Companies (Accounting) Bill 2016 - Filing Obligations for Unlimited Companies

August 2016

The Companies (Accounting) Bill 2016 (the **Bill**) was published on 5 August 2016 and, once enacted, will make a number of changes to the Companies Act 2014 (the **2014 Act**) to give effect to the latest EU Accounting Directive (Directive 2013/34/EU) (the **Directive**) in Irish law.

### What does this mean for Unlimited Companies?

Under existing legislation, Companies could structure a group with a series of Limited and Unlimited Companies incorporated both inside and outside the EU. This structure exempted such Companies from filing their financial statements with the Companies Registration Office, thus maintaining privacy while retaining the benefit of limited liability status.

A significant change being introduced in the Bill will make it mandatory for the Irish Unlimited Companies (ULCs) in these structures to publicly file their financial statements in the Companies Registration Office.

Section 76 of the Bill proposes to

amend Section 1274 of the Companies Act 2014 and proposes expanding the categories of Designated ULCs. This will result in an increase in the number of ULCs falling within the scope of Designated ULCs. Designated ULCs are required to file their financial statements with the Companies Registration Office.

This brings filing requirements of certain ULCs in line with the obligations of a Private Limited Company.

### Does this impact the Financial Statements?

There should be no impact on the financial statements for many of these ULCs. Directors of ULCs were always required to prepare financial statements in accordance with Company Law and applicable accounting standards. ULCs should consider whether they can adopt the small companies regime and benefit from the reduced disclosure exemptions available and file abridged financial statements with the Companies Registration Office.

The new Bill once enacted, will

increase the small company thresholds to the EU maximum levels of: turnover not exceeding **€12 million** (currently **€8.8 million**) and balance sheet total not exceeding **€6 million** (currently **€4.4 million**).

### What next for Unlimited Companies?

- The Board should identify the impact to their business as a result of publicly disclosing the financial statements for the first time.
- Carry out a review of the current structures assessing the impact of the new rules.
- Consult with your accountants and business advisors seeking advice on the steps to make for the imminent change.

### Timing of Enactment of Bill

The Oireachtas is currently in recess and will not sit again until 27 September 2016. The timeframe for ultimate enactment is still unclear.

However, Ireland was obliged to transpose this Directive by 20 July 2015, thus we expect it to be enacted without significant delay.

If the legislation comes into force in 2016, it is possible these changes will apply to accounting periods beginning on or after 1 January 2017.

## Next Steps

Our dedicated team can assist you in understanding the new rules, the potential impact on your business and in determining the next steps. Please contact your usual Crowe Horwath contact for further information or advice.

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We provide a comprehensive service to a client base ranging from private clients, sole traders and owner managed businesses, to financial institutions, government agencies, not for profit and multinational organisations. We build lasting relationships with our clients and are committed to supporting them at all times.

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