
STATUTORY RULES OF NORTHERN IRELAND

1997 No. 500

COMPANIES

**Companies (1986 Order) (Audit Exemption)
(Amendment) Regulations (Northern Ireland) 1997**

<i>Made</i>	- - - -	<i>17th November 1997</i>
		<i>22nd December</i>
<i>Coming into operation</i>		<i>1997</i>

The Department of Economic Development, in exercise of the powers conferred on it by Article 265 of the Companies (Northern Ireland) Order 1986⁽¹⁾ and of every other power enabling it in that behalf, hereby makes the following Regulations:

Citation, commencement and interpretation

1.—(1) These Regulations may be cited as the Companies (1986 Order) (Audit Exemption) (Amendment) Regulations (Northern Ireland) 1997 and shall come into operation on 22nd December 1997.

(2) These Regulations apply to the annual accounts of any company for any financial year ending on or after 22nd February 1998.

(3) In these Regulations, “the 1986 Order” means the Companies (Northern Ireland) Order 1986.

Amendment of Article 257A

2.—(1) Article 257A of the 1986 Order (exemptions from audit for certain categories of small company)⁽²⁾ is amended as follows.

(2) In paragraph (2), for the words “a company”, substitute the words “a company which is a charity and”.

(3) In paragraph (3)(b) for “£90,000” substitute “£350,000”.

(4) After paragraph (3) insert the following paragraph—

“(3A) In relation to any company which is a charity, paragraph (3)(b) shall have effect with the substitution—

(a) for the reference to turnover of a reference to gross income, and

(1) S.I. 1986/1032 (N.I. 6); Article 265 was inserted into the 1986 Order by Article 22 of the Companies (Northern Ireland) Order 1990 (S.I. 1990/593 (N.I. 5)) in place of an existing Article of that number

(2) Article 257A was inserted into the 1986 Order by regulation 2 of S.R. 1995 No. 128

- (b) for the reference to £350,000 of a reference to £90,000.”.
- (5) In paragraph (4)—
 - (a) for the words “a company” substitute the words “a company which is a charity”, and
 - (b) in paragraph (b)—
 - (i) for the word “turnover” substitute the words “gross income”, and
 - (ii) for “£350,000” substitute “£250,000”.
- (6) Paragraph (5) is hereby repealed.
- (7) After paragraph (6) insert the following paragraph—

“(6A) A company is entitled to the exemption conferred by paragraph (1) or (2) notwithstanding that it falls within sub-paragraph (a) or (b) of Article 258(1).”.

Amendment of Article 257B

3.—(1) Article 257B of the 1986 Order (cases where exemption from audit not available)(3) is amended as follows.

- (2) In paragraph (1), for “paragraph (1A)” substitute “paragraphs (1A) to (1C)”.
- (3) After paragraph (1A) insert the following paragraphs—

“(1B) A company which, apart from this paragraph, would fall within paragraph (1)(f) by virtue of its being a parent company or a subsidiary undertaking for any period within a financial year, shall not be treated as so falling if throughout that period it was a member of a group meeting the conditions set out in paragraph (1C).

(1C) The conditions referred to in paragraph (1B) are—

 - (a) that the group qualifies as a small group, in relation to the financial year within which the period falls, for the purposes of Article 257 and is not, and was not at any time within that year, an ineligible group within the meaning of Article 256(2).
 - (b) that the group’s aggregate turnover in that year (calculated in accordance with Article 257) is not more than £350,000 net (or £420,000 gross), and
 - (c) that the group’s aggregate balance sheet total for that year (calculated in accordance with Article 257) is not more than £1·4 million net (or £1·68 million gross).”.

Amendment of Article 257D

4. In Article 257D of the 1986 Order (definition of reporting accountant)(4) in sub-paragraph (d) of paragraph (3), for “the Chartered Association of Certified Accountants,” substitute “the Association of Chartered Certified Accountants,”.

(3) Article 257B was inserted into the 1986 Order by regulation 2 of [S.R. 1995 No. 128](#), and amended by regulation 9 of [S.R. 1997 No. 314](#)

(4) Article 257D was inserted into the 1986 Order by regulation 2 of [S.R. 1995 No. 128](#)

Sealed with the Official Seal of the Department of Economic Development on

L.S.

17th November 1997.

A. L. Brown
Assistant Secretary

EXPLANATORY NOTE

(This note is not part of the Regulations.)

1. These Regulations further amend provisions in Part VIII of the Companies (Northern Ireland) Order 1986 (“the 1986 Order”) concerning the exemption of certain small companies from the requirement to have their annual accounts audited. The amendments apply to annual accounts for financial years ending on or after 22nd February 1998.

2. Regulation 2(3) increases the turnover limit in Article 257A(3)(b) of the 1986 Order which a small company other than a small charitable company must not exceed in respect of a financial year if it is to be exempt from audit from £90,000 to £350,000 (for small charitable companies the gross income limit will remain at £90,000 — see regulation 2(4)). As a consequence of this increase, the requirement that small companies falling within Article 257A(2) obtain a report from a reporting accountant is repealed except in the case of small charitable companies.

3. Regulation 2(7) inserts a new paragraph (6A) into Article 257A of the 1986 Order to make clear that companies which are dormant and which fall within sub-paragraph (a) or (b) of Article 258(1) of the 1986 Order may claim exemption from audit under either Article 257A or Article 258.

4. Regulation 3(2) and (3) amends Article 257B of the 1986 Order. The amendments enable a company which would otherwise be disqualified from claiming exemption from audit under Article 257A for a financial year because it was a parent company or subsidiary undertaking for any period in that year, to claim the exemption, provided that the group of which it was a member was a small group satisfying the conditions specified in new Article 257B(1C).

5. Regulation 4 amends Article 257D(3)(d) of the 1986 Order as a consequence of the Chartered Association of Certified Accountants having changed its name to the Association of Chartered Certified Accountants.