

GREFFE
ROYAL COURT

05 FEB 2009

GUERNSEY

GUERNSEY STATUTORY INSTRUMENT

2009 No. 5

**The Companies (Audit Exemption)
Regulations, 2008**

<i>Made</i>	22 nd July, 2008
<i>Coming into operation</i>	22 nd July, 2008
<i>Laid before the States</i>	, 2009

THE COMMERCE AND EMPLOYMENT DEPARTMENT, in exercise of the powers conferred on it by section 256(6) of the Companies (Guernsey) Law, 2008 and all other powers enabling it in that behalf, hereby makes the following Regulations:-

Definition of large company

1. (1) A company is a large company if -
 - (a) any two of the qualifying conditions set out in paragraph (2) are met in a financial year and in the preceding financial year, and
 - (b) the company does not fall into any of the classes of company set out in regulation 2.
- (2) The qualifying conditions are -

- (a) the company has an annual net turnover of £6.5 million or greater,
- (b) the company has a net balance sheet of £3.26 million or greater,
- (c) the company has an average number of employees of 50 or more.

Companies deemed small companies

2. The following classes of company are not large companies regardless of whether they otherwise meet the qualifying conditions set out in regulation 1(2) -

- (a) dormant companies within the meaning of paragraph 1 of Schedule 2 to the Companies (Guernsey) Law, 1994, as amended,
- (b) asset holding companies within the meaning of the said paragraph 1,
- (c) companies with 10 or fewer members.

Prohibition against large companies being exempt from audit

3. (1) The members of a company which is a large company are prohibited from passing a waiver resolution under section 256 of the Law exempting the company from the requirement under section 255 of the Law to have its accounts for a financial year audited.

(2) However, where during the course of a financial year the members of a large company are satisfied that the company will not meet the

qualifying conditions in that financial year then they may pass a waiver resolution revoking the appointment of the auditor.

Interpretation

4. (1) In these regulations -

"**balance sheet total**" means the aggregate amounts shown as assets in the company's balance sheet,

"**contract of employment**" means a contract of service or apprenticeship, whether express or implied and whether written or oral,

"**the Law**" means the Companies (Guernsey) Law 2008,

"**net**" in relation to turnover or balance sheet totals means the turnover or balance sheet total after any set-offs or other adjustments made to eliminate group transactions in accordance with generally accepted accounting principles or other international reporting standards,

"**number of employees**" means the average number of persons employed by the company in the financial year determined as follows -

(a) find for each month in the financial year the number of persons employed by the company in that month -

(i) under contracts of employment, and

(ii) on a full time basis or the equivalent thereof in terms of contracted hours required to be worked,

- (b) add together the monthly totals, and
- (c) divide by the number of months in the financial year,

and other words or expressions have the same meaning as in the Law.

(2) The Interpretation (Guernsey) Law, 1948 applies to the interpretation of these regulations.

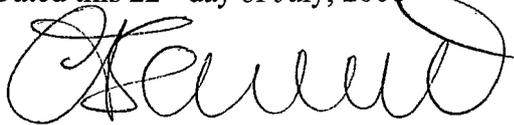
Citation.

5. These regulations may be cited as the Companies (Audit Exemption) Regulations, 2008.

Commencement.

6. These regulations shall come into force on the 22nd July, 2008.

Dated this 22nd day of July, 2008



DEPUTY C.S. MCNULTY BAUER

Minister of the States Commerce and Employment Department

For and on behalf of the Department

EXPLANATORY NOTE

(This note is not part of the regulations)

These regulations prescribe certain classes of company ("large companies") the members of which may not pass a waiver resolution exempting the company from the requirement under section 255 of the Companies (Guernsey) Law, 2008 to have its accounts for a financial year audited.