

# GUERNSEY STATUTORY INSTRUMENT

ENTITLED

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

[CONSOLIDATED TEXT]

### NOTE

*This consolidated version of the enactment incorporates all amendments listed in the footnote below. It has been prepared for the Guernsey Law website and is believed to be accurate and up to date, but it is not authoritative and has no legal effect. No warranty is given that the text is free of errors and omissions, and no liability is accepted for any loss arising from its use. The authoritative text of the enactment and of the amending instruments may be obtained from Her Majesty's Greffier, Royal Court House, Guernsey, GY1 2PB.*

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\* G.S.I. No. 5 of 2009; as amended by the: Companies (Audit Exemption) (Amendment) Regulations, 2014 (G.S.I. No. 65 of 2014); Companies (Audit Exemption) (Amendment) Regulations, 2021 (G.S.I. No. 76 of 2021). See also the Companies (Audit Exemption) (Amendment) (No. 2) Regulations, 2014 (G.S.I. No. 83 of 2014).

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

### ARRANGEMENT OF REGULATIONS

1. Definition of large company.
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4. Interpretation.
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*(Made on 22nd July, 2008.)*

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

**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 [£10.2 million] or greater,
  - (b) the company has a net balance sheet of [£5.1 million] or greater,
  - (c) the company has an average number of employees of 50 or more.

**NOTE**

*In regulation 1, the symbols, figures and words in square brackets in, first, paragraph (2)(a) and, second, paragraph (2)(b) were substituted by the Companies (Audit Exemption) (Amendment) Regulations, 2021, regulation 1, respectively paragraph (a) and paragraph (b), with effect from 6th July, 2021.*

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**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,
- [(d) companies –
  - (i) which are licensed insurers within the meaning of the Insurance Business (Bailiwick of Guernsey) Law, 2002, and
  - (ii) in respect of which the Commission has, by notice in writing served on them under section 35(6) of that Law, agreed to the preparation of their accounts in a form other than a form specified by the provisions of section 35 or any requirements thereunder.]

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**NOTES**

*In regulation 2, paragraph (2)(d) was inserted by the Companies (Audit Exemption) (Amendment) Regulations, 2014, regulation 1, with effect from 7th November, 2014.*

*The Companies (Guernsey) Law, 1994 has since been repealed by the Companies (Guernsey) Law, 2008, section 543, Schedule 5, paragraph 4(1)(a), with effect from 1st July, 2008, subject to the savings and transitional provisions in, first, section 541 of and Schedule 4 (paragraphs 2 and 4 of which entered into force on 12th June, 2008) to the 2008 Law, second, the Companies (Transitional Provisions) Regulations, 2008, third, the Companies (Transitional Provisions) (No. 2) Regulations, 2008 and, fourth, the Companies (Transitional Provisions) (No. 3) Regulations, 2008.*

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**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 –

[...]

[...]

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

**"net"** in relation to turnover or balance sheet [...] 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.

[ (3) Any reference in these regulations to an enactment is a reference thereto as from time to time amended, re-enacted (with or without modification), extended or applied.]

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**NOTES**

*In regulation 4,*

*the words omitted in, first, the first, second, the second and, third, the third pairs of square brackets in paragraph (1) were revoked by the Companies (Audit Exemption) (Amendment) Regulations, 2021, regulation 1, respectively paragraph (c)(i), paragraph (c)(ii) and paragraph (c)(iii), with effect from 6th July, 2021;*

*paragraph (3) was inserted by the Companies (Audit Exemption) (Amendment) Regulations, 2014, regulation 2, with effect from 7th November, 2014.*

*The Interpretation (Guernsey) Law, 1948 has since been repealed by the Interpretation and Standard Provisions (Bailiwick of Guernsey) Law, 2016, section 28(a), with effect from 1st October, 2018.*

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**Citation.**

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

**Commencement.**

6. These regulations shall come into force on the 22<sup>nd</sup> July, 2008.

**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.

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\*\* The text of this Explanatory Note is as it was when the Statutory Instrument was first made – that is to say that the Explanatory Note has not been updated to take account of any changes made either by subsequent amending Statutory Instruments with their own Explanatory Notes or otherwise.