

# Companies Act 2014

## - The amendments explained

This bulletin summarises the key changes made by the amendments to the Companies Act 2014 ('the amendments'), which were released during the summer of 2015 and concern the accounting requirements of Gibraltar companies. The amendments ensure that the Companies Act 2014 ('the Act') complies with the EU Accounting Directive.

### Applicable date

The amendments apply to financial periods beginning on or after 1 January 2016.

### Revision of company size limits

The amendments increase the small, medium and large company size limits, as well as introducing the micro-entity company regime.

#### The micro-entity limits

Net turnover	£632,000
Total assets	£316,000
Average employees	10

Even though the amendments introduce the micro-entity regime, it does not reduce the accounting filing requirements for companies who find themselves in this bracket. Furthermore, our understanding is that the Gibraltar Society of Accountants will not be adopting FRS105 relating to micro-entities and therefore the accounting standards used by micro-entities will be the same as the accounting standards applicable to small companies.

#### The small company limits

Net turnover	£10.2 million
Total assets	£5.1 million
Average employees	50

The increase of the small company limits may result in more companies being exempt from the audit requirement. However, directors must remember to also consider the taxable income limit in the Income Tax Act 2010 which currently stands at £1.25 million, which also has an effect on whether companies require a statutory audit. Furthermore, the new company size limits allow companies that fall within the 'small' bracket to only file a balance sheet at Companies House.

#### Revision of group size limits

In addition to the increase of the company size limits, the amendments also increase the group size limits which govern whether groups are required to prepare consolidated accounts.

#### The large group limits

Total turnover	£36 million
Total assets	£18 million
Average employees	250

The result of the large group size limits increasing would mean that less groups would be required to prepare consolidated accounts if they do not exceed the 'large group' criteria. The above figures represent the 'net' limits which is the respective results after the elimination of intra-group transactions on consolidation.

#### Two years criteria

As with the Companies Act 2014's predecessors, an entity would need to exceed two criteria for two consecutive years to breach the company or group size. The amendment also clarifies the two consecutive years criteria, which does not apply if the financial period in question is the company's first financial period.

#### Filing deadline

The time period allowed for filing private company accounts at Companies House has been reduced from thirteen months to twelve months after a company's financial year end.

#### Additional company information

Additional financial statement disclosures required by the amendments include:

- that the company is registered in Gibraltar;
- the company name and registered number;
- the legal form of the company;
- the registered office address; and
- where applicable; that the company is being wound-up.

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