

A MICRO COMPANY

The Companies (Accounting) Act 2017 which was commenced on 9 June 2017 introduced a new “micro” category of company and can be applied to financial years beginning 1st January 2015.

As micro-companies are in most instances owner-managed, statutory financial statements are not required to facilitate communication between the shareholders and the directors in the company.

In order to be categorised as a micro company, a company must satisfy at least two of the following conditions:

- Turnover must be less than €700,000
- Balance Sheet must be less than €300,000
- There must be less than 10 employees

If the company meets the criteria, it will then be:

- Exempt from the requirement to prepare a directors report
- Entitled to use the minimal disclosure form financial statements contained in the Act
- Exempt from the requirement to disclose the directors’ remuneration in the financial statements
- Exempt from some of the disclosures required by Sections 305 to 312 of the Act which deal with, for example, the obligation of directors to disclose information in relation to directors benefits such as loans, credit transactions and guarantees.

For some small companies, the administrative burdens associated with comprehensive financial reporting requirements are disproportionate when compared to other Small and Medium Size Enterprises. The creation of the micro-company will lessen their disclosure requirements.

If you would like any advice or assistance in relation to the foregoing please do not hesitate to contact us.