

Tax Briefing

Update on the Cyprus Companies Law

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Consolidation No Longer Required For Small Sized Groups

The Cyprus Companies Law, Cap. 113, was recently amended, as to incorporate new significant provisions with regard to the preparation of consolidated financial statements by small sized groups.

More specifically, the Law as amended provides that small sized groups are exempt from the obligation to prepare consolidated financial statements. A small sized group is defined by the law as a group of companies, of which the companies that are subject to consolidation:

1. Are not public companies;
2. The preparation of consolidated financial statements is not governed by other legislation; and
3. They meet, at a total, on the date of closing of the Balance Sheet of the parent company two of the following three criteria:
 - (i) The total of the assets of the company as they are evident in the balance sheet not subject to deduction of the liabilities do not exceed the equivalent or EUR 14,600,000 (fourteen million, six hundred thousand Euro) in Cyprus Pounds;
 - (ii) The net business turnover does not exceed the equivalent of EUR 29,200,000 (twenty nine million, two hundred thousand Euro) in Cyprus Pounds; and
 - (iii) The number of employees, at an average during the term of application, does not exceed 250. In line with the above, Groups of Companies whose ultimate holding or parent company publishes consolidated financial statements in line with Generally Accepted Accounting Principles are exempt from the obligation to prepare consolidated financial statements.

According to the Law as amended, "Generally Accepted Accounting Principles" means the accounting standards which are accepted by established Securities Commissions as these are included in the list of members of the International Organization of Securities Commissions (IOSCO).