TaylorWessing

All countries

Is an audit required?

Asia

China	For WFOE with sole shareholder: yes, annually; for EJV or WFOE with multiple shareholders: not mandatorily required, except for those in specific industrial sectors (e.g. for financial institutions).
Hong Kong	Audited financial statements are required for all companies incorporated in Hong Kong, including companies falling within the reporting exemption, unless the company is dormant.
Singapore	Yes, unless it is regarded as a “small company”. A company qualifies as a “small company” if it fulfils at least two of the following three conditions: i. The total revenue of the company does not exceed $10 million ii. The total assets of the company for the financial year does not exceed $10 million iii. The number of full-time employees at the end of the financial year does not exceed 50.
United Arab Emirates	Yes, in most UAE jurisdictions. The general requirement under the Commercial Companies Law is that Joint Stock Companies or Limited Liability Companies shall have one or more auditors to audit the accounts of the company every year. Under the updated Commercial Companies Law, an accounting firm will not be permitted to carry out the auditing of a company for more than six successive fiscal years from the date it took over the auditing in the Company.

Europe

Austria	Not for small companies (except if they are legally obliged to have a supervisory board), but for medium and large companies an audit is required. Financial statements need to be audited if two of the following criteria apply: - the balance sheet total exceeds EUR 5 million - the revenues in the last 12 months exceed EUR 10 million

Czech Republic

For medium-sized and large companies - yes. For small companies yes, if one (in case of a joint stock company) or two (in case of a limited liability company/any other type of company) of the following three thresholds are exceeded:

- annual total balance sheet amount of CZK 40,000,000;

- annual net turnover of CZK 80,000,000;

- an average number of 50 employees.

The mandatory audit covers the financial statements and annual report of the company.

England & Wales

No for small companies, yes for medium and large companies. Financial statements exempt from the audit requirement if two of the following criteria are met:

- annual global turnover of no more than £10.2 million
- assets worth no more than £5.1 million
- 50 or fewer employees on average

France

Yes, the appointment of statutory auditor is mandatory if at least two of the three following thresholds are exceeded:

- annual balance sheet total > EUR4,000,000

- revenues excluding tax > EUR8,000,000

- average number of employees > 50.

In a group, the controlling company must designate a statutory auditor if the thresholds are exceeded by the group as a whole (including controlled companies), except in the case where the group head company is itself controlled by a company that has appointed a statutory auditor. Controlled companies are also required to appoint a statutory auditor if two of the following thresholds are exceeded (annual balance sheet total > EUR2,000,000; revenues excluding tax > EUR4,000,000; and average number of employees > 25).

The statutory auditor is appointed for a fixed term of six years (which can be reduced to three years in case of voluntary appointment or in case of appointment of statutory auditor(s) in a group).

Germany

Not for small companies, but for medium and large companies. Financial statements need to be audited if two out of the following three criteria are exceeded:

- Annual total balance sheet amount of EUR 6,000,000

- Annual turnover of EUR 12,000,000

- At least 50 employees.

Hungary	As a basic rule, the auditing of accounting documents shall be statutory for all companies keeping double-entry books. However, the auditing of accounting documents shall not be statutory if both of the conditions below are satisfied: - the company's annual net sales did not exceed HUF 300 million (approximately EUR 790,000) on the annual average of the two financial years preceding the financial year under review - the average number of employees of the company of the two financial years preceding the financial year under review did not exceed 50 persons When establishing a new entity, a prognosis shall be made whether these thresholds will be reached.
Ireland	Information unavailable or not applicable
Italy	S.p.A.: a panel of statutory auditors is always required. If the By-laws entrust the audit on the accounts to the panel of statutory auditors, all members must be enrolled to the accountants register; should the audit on accounts be demanded to an external auditing company, it is sufficient that at least one of the effective and one of the alternate members of the panel of statutory auditors are enrolled to such register. S.r.l.: the appointment of a specific auditing body (i.e., statutory and/or external auditor) is mandatory only if the company: - is required to draft the consolidated financial statements - controls a company required to carry out the statutory audit - has exceeded for two financial years in a row at least one of the following thresholds: 1. profits and loss accounts higher than EUR4,000,000 2. statements of assets and liabilities higher than EUR 4,000,000 3. total number of employees higher than 20.
Netherlands	Not for small companies, yes for medium and large companies. Financial statements need to be audited if two of the following three requirements are met: i. annual global turnover of more than EUR 12 million ii. assets worth of more than EUR six million iii. 50 or more employees on average.

Poland	Limited liability company: audit of financial statements is required in the case of those limited liability companies, who in the previous financial year for which financial statements were prepared, met at least two of the following conditions: (i) average annual employment in full-time equivalents amounted to at least 50 people, (ii) the total balance of assets at the end of the financial year was the equivalent in Polish currency of at least EUR 2,500,000, (iii) net revenues from sales of goods and products and financial operations for the financial year were the equivalent in the Polish currency of at least EUR 5,000,000. Joint stock company: audit of financial statements is required in all joint-stock companies except for joint stock companies in organization (prior to registration).
Portugal	Limited liability companies by quotas: No. Only when 2 out of the 3 following limits are exceeded for 2 consecutive years: - Total balance sheet: € 1,500,000.00; - Net turnover: € 3,000,000.00; and - Average number of employees: 50. Limited liability companies by shares / Joint stock companies: Yes.
Slovakia	No for small companies, yes for medium and large companies. In general, the financial statements of the company need to be audited if two of the following criteria apply (as of the respective date of the financial statements and for the immediately preceding accounting period): i. assets reported in the balance sheet exceed EUR 4 million ii. net turnover exceeds EUR 8 million iii. the average number of employees in one accounting period exceeds 50.
Spain	Not for the incorporation, but the financial accounts of the Spanish entity shall be audited unless at least two of the following requirements are met in two consecutive years: (i) total assets of €2,850,000 or less, (ii) annual turnover of €5,700,000 or less, and (iii) average number of employees during the year of 50 or less.

South America

Brazil	Only for public corporations. For large Ltda. and closed S.A. it is optional. Annually, the Brazilian companies' accounts must be approved by the shareholders (ordinary shareholders meeting to be held in the 4 months following the end of the fiscal year).