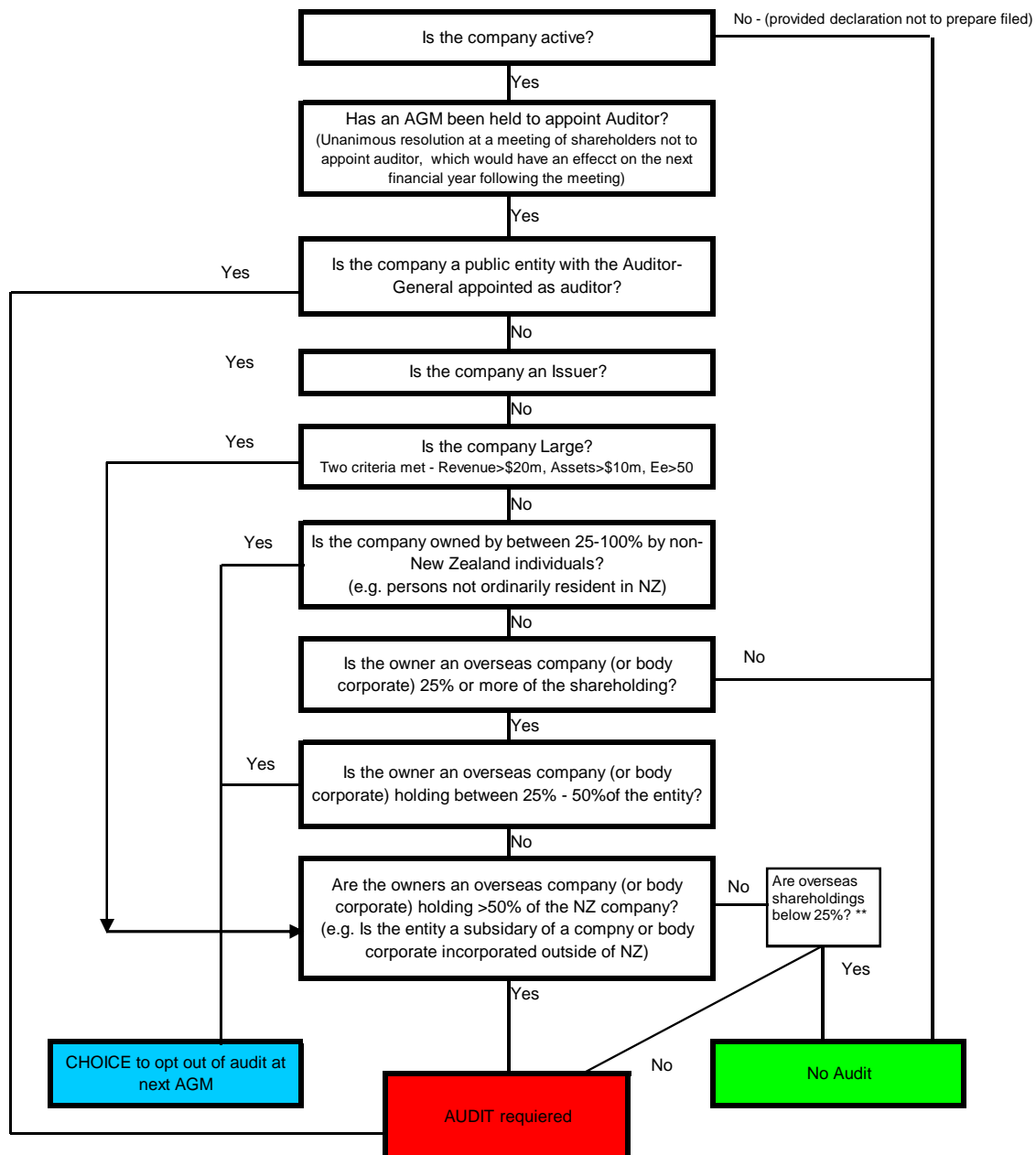


**Audit requirements under Companies Act 1993 (amend 20 April 2010)
New Zealand Companies with overseas shareholders - Flow chart**



Please note:

- Companies Office filing requirements have now been aligned with the audit requirements,
- There is no change for large companies with greater than 50% ownership from overseas companies, who are still required to have an audit and file their accounts with Companies Office,
- A New Zealand registered company with 25% or more overseas held shareholding will only have to file financial statements if they qualify as a "large" company.
- Where shareholders have a choice to opt out of the audit this can only be taken up by the opportunity at the next annual meeting and subsequent annual meetings to take advantage of the exemption in section 196 (2) not to appoint an auditor for the accounting period next following the meeting.
- The 2010 legislative change does not relieve overseas companies who "carry on business" in New Zealand by way of a branch structure, from having to file audited financial statements for that branch and the overseas company. There have been no changes for branches .
- If over 50% of the shares in a company is held by an overseas company or body corporate incorporated outside NZ - will continue to have both filing and audit obligation as caught under s19(1)(c) of the FRA and "large" test criteria will not apply in the test for whether or not to have an audit.

** Note if your company is "large" with shareholding between 25-100% of the voting power held outside of NZ, it is required to file financial statements with the Companies Office, Where the company is required to file Financial Statements with the Companies Office, a copy of the auditor's report must be attached. Hence the requirements to file and audit have been aligned.