



Auditing and Assurance

knowing you.



Audit requirement

The audit requirement is related to the size and economic importance of a company.

The full statutory audit applies to listed companies, companies with the obligation to prepare consolidated financial statements or companies of economic significance which means that at least two of the following three figures are met in two consecutive financial years:

- **Balance sheet total of CHF 20 million**
- **Annual turnover of CHF 40 million**
- **Average FTE's of 250 and more**

In addition, shareholders who represent together at least 10% of the share capital may request a statutory audit.

Furthermore, a company must also undergo a full statutory audit if the company's articles of incorporation request that such an audit to be performed or if the general assembly voted for it (opting up). The Swiss Code of Obligations provides for a limited statutory examination when the criteria for a full statutory audit are not fulfilled. For most of the companies the limited statutory examination is applicable, and the full statutory audit is the exception.

The limited statutory examination is significantly less extensive than the statutory audit, although the term "limited" could be misleading. In contrast to the full statutory audit, the limited statutory examination provides less audit assurance whether the annual financial statement contain material misstatements.

The auditor only states whether they have encountered any circumstances that would lead to the conclusion that the annual financial statements do not comply with Swiss Law and company's articles of incorporation.

In the case of the limited statutory examination, the auditors also do not provide a recommendation on the acceptance of the annual financial statements. In addition, the requirements for the auditors' independency are less restrictive than for full statutory audits. For example, involvement in accounting and bookkeeping services at the audited company are compatible with the law, subject to the condition that there are no organisational and personal overlap.



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Kreston is an international network of over 200 companies in more than 125 countries, with more than 25,000 dedicated professionals.

You will receive first class advice and exceptional service from us wherever in the world you do business.



1971

FOUNDED



125+

COUNTRIES



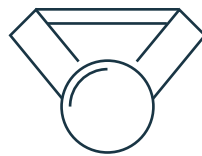
200+

FIRMS



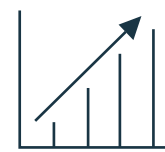
25,000+

PEOPLE



12th*

LARGEST GLOBAL
ACCOUNTING NETWORK



\$2.3bn+

IN REVENUES



Such **dual engagements**, where fiduciary and audit services are provided from a single source, are generally more cost-efficient and simpler in terms of processing the engagement.

The dual **engagements** is an uncomplicated, efficient, and cost-effective solution and is particularly suitable for small to medium-sized companies and organisations.

Advantages

- In principle, you have only one direct contact partner
- At the same time, you have access to our competent and experienced specialists for all matters relating to fiduciary and auditing issues.
- Your personal engagement partner coordinates the various tasks and offers you an "all-in-one service". The comprehensive advice provides you with relief, additional assurance and helps you to fully concentrate on your core business

Option

More than 300,000 SMEs are subject to the limited statutory examination. Provided that certain requirements are met, you have the following options:

Waiver of a limited statutory examination (opting out)

An audit may be waived if the company employs less than 10 full-time employees and all shareholders or company members agree on the opting-out.

Advantages

- No efforts for the audit

Disadvantages

- Less credibility towards shareholders, lenders, tax authorities and social security departments
- Less assurance regarding the quality of accounting and financial statements
- No critical questioning of the reported results
- Potential improvements of business processes and tax optimisation may not be identified



Voluntary statutory audit (opting up):

Advantages

- Objective and reliable accounting and financial statements
- Economic advantages in borrowing, succession planning and mergers & acquisition
- High credibility towards lenders and tax authorities

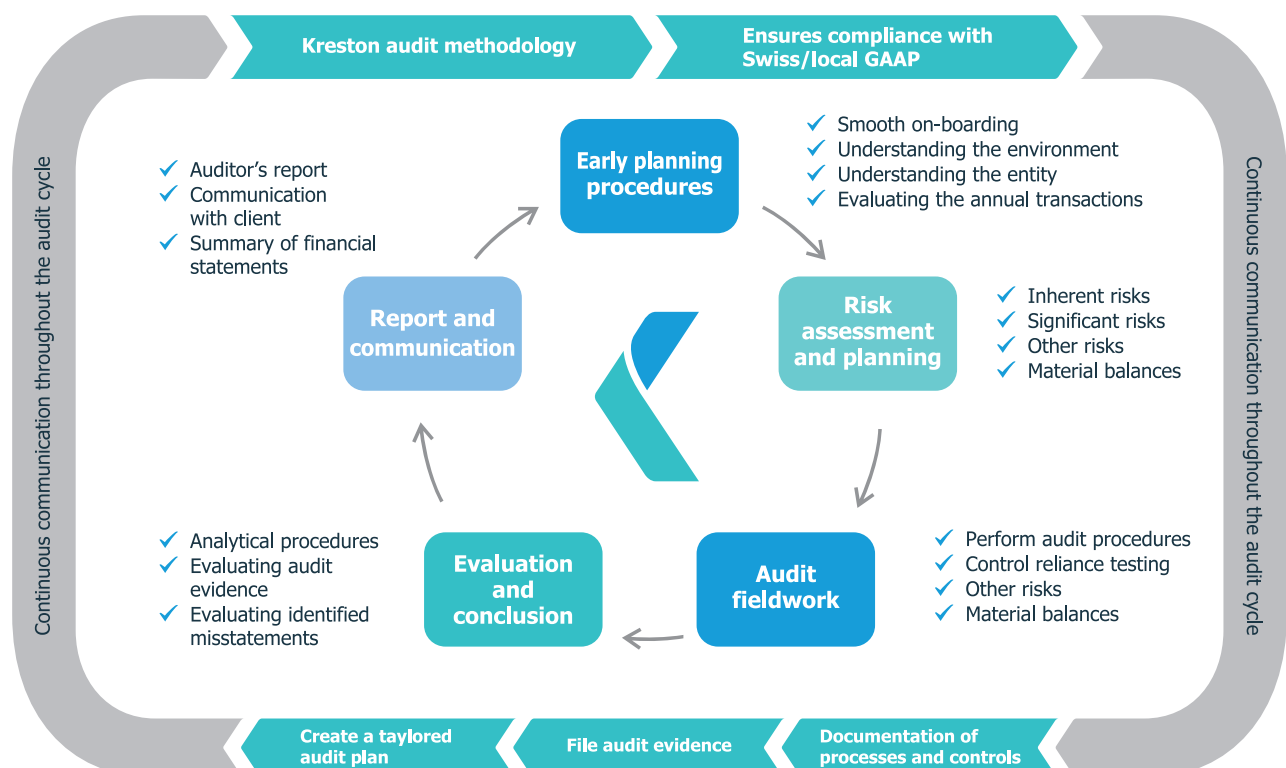
Disadvantages

- Additional costs for audit work.

Professional requirements for auditors

The professional requirements for auditors are constantly increasing. All auditors must be licensed by the Swiss Federal Audit Oversight Authority. Essentially, the law distinguishes between auditors and audit experts. Auditors can only lead limited statutory examination whereas for full statutory audits a licenced audit expert is in charge.

a&o kreston audit ag is licensed as an audit expert and we therefore are able to offer the full range of audit services.





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