The CPD Fest 2020

Topical Financial Reporting Issues

Presenter:

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Financial Reporting frameworks & recent updates

- Welcome to Your Webevent
- Introducing - **Mike O'Halloran**
- Your Downloads and Material
- Your Questions
  - During the session
  - At the end of the session

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Financial Reporting frameworks & recent updates

- Webevent Timing - (13:40 – 15:20)
- Introduction – 5 Minutes
- Teaching Space – 80 Minutes
- Questions and Answers – 10 Minutes
- Session Close – 5 Minutes

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Financial Reporting Frameworks in Ireland

- IFRS
- FRS 101
- FRS 102
- FRS 102 Section 1A
- FRS 105

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FRS 105 criteria

Where a company meets 2 of the following in respect of that year and the prior year (two consecutive years)

Employees not exceeding	10
Turnover not exceeding	€700,000
Total Assets not exceeding	€350,000

&
It must be exceeded in two consecutive years before entity ceases to be a Micro-Entity.

Entities that are not companies do not meet the definition of Micro –Entities in in the act (as not "Companies)"

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FRS 105 Companies excluded

- Banks,
- Financially regulated entities (e.g. investment Intermediaries)
- Not available to companies that are required to or choose to present Group Accounts or those included in Group Accounts

Note;
Option to use FRS 102/FRS 102 1A if eligible for FRS 105

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Who would FRS 105 not suit?

- Companies close to permitted levels.
- Expanding/recently incorporated companies close to the permitted levels.
- Companies that prefer to include valuations for investment properties and fixed assets.
- Companies that prefer to capitalise development expenditure.
- Shareholders requiring more detail in financial statements.
- Charities

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Requirements of a set of FRS 105 Financial Statements

- See example financial statements
- Accounting policies not required by FRS 105 but are required under Irish Company Law.
- No Statement of Other Comprehensive Income, Statement of Cash Flows, Statement of Changes in Equity or Director’s Report.
- Financial statements are deemed to give a true and fair view (no extra disclosures required).

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FRS 105- No disclosure required for

- Directors remuneration (full or abridged)
- Directors loans to the company
- Related party transactions
- Non-adjusting events

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FRS 105

- No valuations or Fair Value allowed
- Fixed Assets at cost less depreciation
- Investment Properties at cost less depreciation.
- No Deemed Cost option for Revaluations brought forward on Transition.
- All borrowing costs expensed.
- Only accruals model for Government Grants (normal method)
- All Development Expenditure expenses
- Investments in preference shares or ordinary shares are recognised at cost less impairment in Balance Sheet
- Dividends recognised in the P&L

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FRS 105

- Investments in Subsidiaries, Associates & Jointly Controlled Entities shall be measured at Cost less Impairment.
- Investments in Derivatives shall be measured at cost
- Lending arrangements at non market rates are measured at cost/proceeds
- No deferred Tax
- Foreign Currency Transactions to use forward contract rates where relevant; otherwise use spot/average rate
- No accounting for share based payments until shares issued.

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FRS 105- areas similar to FRS 102

- Holiday pay accrual must be recognised.
- Time value of money (when material) must be reflected in any provisions (this means provision must be at present value using current interest rates)
- FRS 105 requires that "creditors due within one year" all liabilities unless the entity has an unconditional right , at the end of the reporting period , to defer settlement of the creditor for at least 12 months after the reporting date.
- Contingent assets must be virtually certain before recognised
- Leasing ; same rules as FRS 102
- Prior period errors if material must be adjusted retrospectively (restating the comparative amounts) rather than as part of current year profit & loss account.
- Inventories at lower of cost or NRV

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FRS 105- areas similar to FRS 102

- Year-end translation of Foreign Currency Monetary assets & liabilities at the closing rate (unless specific forward contract in relation to the balance)
- Internally generated Goodwill cannot be recognised as an Intangible asset.
- Onerous contracts must be provided for
- Going Concern – same rules for measurement and recognition

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FRS 102- Section 1A

Where a company meets 2 of the following in respect of that year and the prior year (two consecutive years)

		before 2016 Act
Employees not exceeding	50	(50)
Turnover not exceeding	€12,000,000 ….	(8,800,000)
Total Assets not exceeding	€ 6,000,000 ….	(4,400,000)

&
It must exceeded in two consecutive years before entity ceases to be a Small Entity

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Companies who cannot apply section 1A of FRS 102

1. Plcs
2. Any credit institution
3. Insurance undertakings
4. Undertakings regulated by Central Bank.
5. Undertakings designated as Public Interest Entities.
6. Holding company only Small if the group it heads is a "Small Group"
7. Holding company of a Group cannot qualify if any member of the Group is an "ineligible" entity
   (e.g subsidiary is a credit institution)

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Small group criteria (on or after 1 January 2017)

Where a group accounts meets 2 of the following in respect of that year and the prior year (two consecutive years)

			pre 2017
Employees	not exceeding	**50**	**(250)**
Turnover	not exceeding	**€12m net or €14.4m gross.**	**(€20m)**
Total Assets	not exceeding	**€6m net or € 7.2m gross**	**(€10m)**

&
It must exceeded in two consecutive years before entity ceases to be a Small Group.

(Net means after set-offs & other adjustments made to eliminate group transactions. Gross means without those set-offs and other adjustments. Can be met on either a net or gross basis)

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If you are not a “small” company

- No option to use FRS 102 1A (Full FRS 102)
- No abridgement option
- Must file Group Financial Statements (if has a Subsidiary & not a small group)
- No audit exemption

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Section 1A- Reduced disclosures

1. Reduced directors report disclosures
2. No Cashflow, SOCE, SOCI
3. No Turnover note.
4. No Taxation note
5. No need to disclose wage costs or split employees by number.
6. No Key estimates & key judgments
7. Reduced Related Party Transactions disclosures.

No disclosure of 100% owned subsidiaries transactions

Only transactions under market value but must disclose S305-309 in full (director’s remuneration, loans & other transactions)

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Abridged Note disclosures

1. The full statutory Balance Sheet and all notes to the Statutory Financial Statements including limited P&L notes must be retained.
2. There is no requirement to include the Profit & Loss Account.
   No Turnover note in Abridged Accounts
3. Where a company has opted in its full statutory financial statements to include the appropriation of profit on the face of the P&L, it must provide "Appropriation of Profit" information as a note to the abridged Financial Statements.
4. No requirement to file a Director's Report
5. A Holding Company of a small group that elects to prepare Group Accounts cannot file abridged financial statements.

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Encouraged disclosures

1. SOCE/SOCI
2. Explicit and unreserved statement of compliance with FRS 102
3. Disclosure of material uncertainties relating to events & conditions casting significant doubt about ability to continue as Going Concern
4. Disclosures when Financial Statements not prepared on a Going Concern Basis
5. Description of the nature of the entity's operations & principal activities.

However, Financial Statements must give a True & Fair View

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Section 1A & Covid-19

- Measurement and recognition the same as full FRS 102
- Some disclosure differences
- Some additional disclosures may be required in order to give a true and fair view.
- See COVID-19 quick guides

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Section 1A & Covid-19

- Going Concern
- Going Concern basis
- Material Uncertainty disclosure
- Judgements and key sources of estimation uncertainty?

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Section 1A & Covid-19

- S11.47- breach of covenants- not required but consider need to show T&F view.
- SOCE and SOCI encouraged to show a T&F view
- Directors report for small companies

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FRS 105 & COVID-19

- Disclosures
  - Little/no additional disclosures arising from COVID-19
  - Accounts deemed to give a true and fair view
  - Have a choice to include additional notes on top of the minimum but where this option is availed of the company must comply with section 1A of FRS 102.

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FRS 105 & COVID-19

- Directors report- not required
- Directors responsibility statement- not required
- P&L
  - Value adjustments and other amounts written off assets
- Balance Sheet
  - Split of liabilities between current and non-current

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FRS 105 & COVID-19

- Going Concern
  - Consider going concern basis vs. break up.
  - Consider budgets
  - Potentially additional disclosures if audited with going concern issues
  - Otherwise little/no impact on disclosures
  - Presumed true and fair view provided the requirements of FRS 105 are complied with

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What should a going concern (material uncertainty) note include?

- Details of the uncertainty including a description of the events/conditions casting doubt on the entity's ability to continue as a going concern.
- Management's plans to deal with these events.
- A clear disclosure that there is a material uncertainty which may cast significant doubt on the entity's ability to continue as a going concern.
- A statement that it may be unable to realise its assets and discharge its assets in the normal course of business.

Requirement driven by ISA 570-

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FRS 105 & COVID-19

- Beware of disclosing additional information above what is required by FRS 105.
- Additional disclosure is permitted but it must comply with the requirements of section 1A of FRS 102.

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FRS 105 & COVID-19

- Section 4- Current Vs. Non-current liabilities on face of balance sheet.
- Section 6- Value adjustments for impairment should be disclosed in a note to the financial statements;
  - Tangible Fixed Assets
  - Intangible Fixed Assets
  - Financial Fixed Assets

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FRS 105 & COVID-19

- Section 9- Financial Instruments
  - Assess for impairment or uncollectability
- Indicators include
  - Significant financial difficulty of debtor
  - Breach of contract
  - Adverse economic conditions
  - Declining market values

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FRS 105 & COVID-19

- Most financial instruments require consideration of the following to assess impairment;
  - Carrying amount VS.
  - Total estimated net cash flows that can be generated from the asset (PV if effect is material)

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FRS 105 & COVID-19

- Section 10- Inventories
  - Inventories measured at lower of cost Vs. estimated selling price less costs to complete.
  - Implicit requirement to assess Inventories at the end of each reporting period.

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FRS 105 & COVID-19

- Section 12- Property, Plant and Equipment
  - Cost less accumulated depreciation less impairment
  - Consider impairment under section 22
- Section 14- Business combinations & Goodwill
  - Similar to above

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FRS 105 & COVID-19

- Section 16- Provisions and contingencies
- Measurement and recognition similar to full FRS 102
  - Obligation at reporting date
  - Past event
  - Probable transfer of economic benefits
  - Measured reliably
- Disclosures minimal under FRS 105

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FRS 105 & COVID-19

- Section 22- Impairment of Assets
- Key section of FRS 105 impacted by COVID-19
- Many sections refer to section 22
- Impairment review if impairment indicators are present.
- Carrying Amount Vs Recoverable amount (similar to FRS 102).
- Interaction with post balance sheet events considerations

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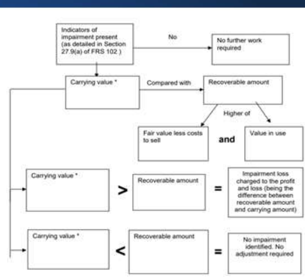
Impairment flowchart



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FRS 105 & COVID-19

- Section 23- Employee benefits
  - Termination benefits
  - Long term bonuses
- Section 24
  - Micro entities don't recognise deferred tax so no adjustments here

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FRS 105 & COVID-19

- Section 26- Events after the end of the reporting period
  - Measurement and recognition criteria similar to FRS 102 (distinction between adjusting and non adjusting events etc.)
  - No disclosure of non-adjusting post balance sheet events.

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Triennial Amendments

- New version of FRS 102 issued at end of March 2018
- When is it effective from?
- ROI Entities
- Sections introducing Section 1A (Appendix D) mandatorily applicable for periods beginning on or after 1st of January 2017. Early adoption permitted as long as CAA 2017 is applied (cannot be applied before 1 January 2015)

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FRS 102 triennial amendments

- New version of FRS 102 issued at end of March 2018
- When is it effective from?

ROI Entities

- Sections introducing Section 1A (Appendix E) mandatorily applicable for periods beginning on or after 1st of January 2017. Early adoption permitted as long as CAA 2017 is applied (cannot be applied before 1 January 2015)

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FRS 102 triennial amendments

- When are they effective from?

ROI Entities

- For other changes mandatorily applicable for periods beginning on or after 1st of January 2019 but can be early adopted – must adopt all changes if early adopted with the exception of changes made to:
  - Loans by directors and the non-requirement to PV (currently S1.15A
  - Gift aid rules (only applicable for charities in UK)

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FRS 102 triennial amendments

- When are they effective from?

UK Entities

- Changes mandatorily applicable for periods beginning on or after 1st of January 2019 but can be early adopted – must adopt all changes if early adopted with the exception of changes made to:
  - Loans by directors and the non-requirement to PV
  - Gift aid rules

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FRS 102 triennial amendments

- If early adopted and non S1A then required to disclose that you have early adopted Triennial review amendments
- If early adopted and S1A then encouraged to disclose this fact

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FRS 102 triennial amendments

- Section 1 – minor wording changes
  - Deletion of the small company and directors loan exemption in S1.15A instead this is moved into S.11 of FRS 102
  - Sections detailing when triennial review changes are applicable from

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FRS 102 triennial amendments

- Section 1A –
  - S1A, Appendix A & Appendix B updated for ROI Co Law for small Co.'s regime with footnotes
  - Appendix C now specifically for UK entities
  - Appendix D is now moved to Appendix E and a new Appendix D inserted specifically for ROI entities – bringing in the disclosure requirements under S1A as stated in CA 2014 as amended by CAA 2017
  - Appendix D (encouraged items) moved to New Appendix E

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FRS 102 triennial amendments

- Section 3.14 – Requirement for comparatives for all SORP disclosures
- Section 16 Investment property – IP rented within Groups
  - Section 16.1A, 16.4A-16.4B introduced to allow investment property rented to other group entities to be accounted for as PPE – Section 17
  - Note option to apply fair value still exists;
  - Where a change made to account as PPE – can adjust prospectively and use the previous valuation as deemed cost
    - NB remember to still maintain deferred tax if this exemption is used
  - Welcome introduction for groups and prospective adjustment ability is positive

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FRS 102 triennial amendments

- Section 16 Investment property – Undue cost or effort
  - Section 16.1 amended – no longer possible to use the undue cost or effort get out
    - If meet the conditions – must fair value
- Section 16 Investment property – Other matters
  - If PPE option taken S.17 requires disclosure of the carrying amount of Investment Property included within PPE
  - Further clarification –Mixed use.

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FRS 102 triennial amendments

- Section 18 Intangibles –
  - New S18.8 – In business combinations choice to on recognition of intangibles
  - New option
    - Only recognise when it arises from contractual or other legal rights AND is separable
  - Welcome relief as less intangibles now and more goodwill recognised in business combinations
  - Cannot apply this change retrospectively

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FRS 102 triennial amendments

- Section 11 Financial instruments – Basic financial instruments
  - New Section 11.9A introduced which details an overriding principle to debt instrument to be considered basic – If the conditions in Section 11.9 which defines a basic debt instrument are not met then possible to still be basic if requirement of 11.9A
  - S11.9A – debt instrument is basic if it gives rise to **cash flows** on **specified dates** that constitute **repayment of capital** together with **reasonable compensation** for the time **value of money, credit risk and other basic lending risks**. Contractual terms that introduce exposure to unrelated risks or volatility would not be consistent with this (e.g. changes in equity prices)

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FRS 102 triennial amendments

- Section 11 Financial instruments – Basic financial instruments
  - New S.11.6A – classification at initial recognition not changed unless change in contractual terms
  - New Section 11.9A
    - May result if more instruments becoming basic – allows judgement;
    - Examples of basic instruments have been updated – e.g. if standard variable interest rate for bank is negative this is now considered basic
  - Section 11.9(c) updated to allow reasonable compensation to be payable to the issuer or the holder by either party if there is early termination

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FRS 102 triennial amendments

- Section 11 Financial instruments – Directors Loan –Small entity
  - New Section 11.13A introduced – Loans from director or family members who are **ALSO** shareholders who provide loans **TO** the **Small Entity** at non-market rates & not repayable on demand then can measure at:
    - Amount of the loan received by the company less repayments i.e. no need to PV
  - (previous to this this exemption was in Section 1.15A effective since May 2017)
- Section 11.42 – additional disclosures if Financial instruments are significant to the entity (previously not stated)

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FRS 102 triennial amendments

- Section 11 Financial instruments – Directors loans
  - Can be applied without applying any other Section of the amendments
  - If policy changed from Small entity PV previously then must be applied retrospectively
  - If move from small to med/large then apply change to PV prospectively – using facts at that time;

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FRS 102 triennial amendments

- Section 11 Financial instruments – Disclosures
  - No longer required to disclose in notes, details of items held at amortised cost or financial assets held at equity instruments at cost less impairment;
- Section 13 Inventories – no longer required to disclose stock as an expense in period

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FRS 102 triennial amendments

- Section 22- Liabilities and equity
  - S22.8 updated – not specifically required to recognise equity instruments at fair value if Section 72, 73 and 75 of CA 2014 apply (merger relief/group reconstruction)
  - New S22.8A – In addition no need shares to be recognised at fair value where:
    - The creditor is direct/indirect shareholder;
    - The extinguishment is in accordance with original terms;
    - The creditor and entity is controlled by same parties before and after the transaction.

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FRS 102 triennial amendments

- Section 29 – Income tax
  - New Section 29.14A – Specifically relating to UK charities
    - Gift aid rules (where trading Co. is a sub of a UK Charity) – clarified cannot recognise in the current year FS's unless deed of covenant in place;
    - It should be recognised in equity; and
    - Tax effects of the payment can be recognised in P&L in current year if probable will be paid within 9 mths of YE.
  - Can be early adopted without early adopting any other provision in the triennial amendment

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FRS 102 triennial amendments

- Section 2 – Minor amendments – Appendix included defining what fair value is and the fair value hierarchy – previously included in Section 11
- Section 3 – made clear that Cash flow not required for small entity even if S1A is not applied.
- Section 5 – Made clear if operating profit disclosed – profit/loss on disposal of fixed assets must be included above this line
  - Discontinued operations to be included below this line

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FRS 102 triennial amendments

- Section 7 Cash flows – requirement to include a changes in net debt in the notes (showing cash flows generally, new finance leases, acquisitions/disposals and other non cash items)
- Sections 9 Consol & Separate FS –
  - minor wording changes. Additional disclosure where SPV's held but not consolidated
- Section 23 Revenue – new example dealing with principal versus agent

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FRS 102 triennial amendments

- Section 14 – Associates / Section 15 – JV's– No longer ability to use undue cost or effort where fair value option is originally chosen (if not do a change in Accounting policy).
- Section 19.27 & Glossary expands definition for group reconstruction to include transfers of a business

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FRS 102 triennial amendments

- Section 33 – related parties –
  - Key management compensation change
- Section 35 – Transition
  - New S35.12A - Additional disclosures if transition to FRS 102 when previously had been FRS 102 in past
- All other Sections – minor wording changes

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FRS 105 triennial amendments

- New FRS 105 issued at end March 2018
- When are they effective from?

ROI entities

- Sections introducing Micro companies regime mandatorily applicable for periods beginning on or after 1st of January 2017. Early adoption permitted as long as CAA 2017 is applied
- For other changes mandatorily applicable for periods beginning on or after 1st of January 2019 but can be early adopted – must adopt all changes if early adopted

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FRS 105 triennial amendments

- When are they effective from?

UK entities

- Amendments to Section 3.13A & Section 6 – mandatorily applicable for periods beginning on or after 1 January 2017
- For other changes mandatorily applicable for periods beginning on or after 1st of January 2019 but can be early adopted. If so must adopt all changes.

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FRS 105 triennial amendments

- Section 1 – Amendments for Triennial review and when they are to be applied
- Section 3 – FS presentation
  - S3.13A UK entities to Co. No., registered office, form of Co., disclosure of fact Co. is wound up if that is the case;
  - S3.13B – ROI – As above and if a receiver appointed this must be stated –

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FRS 105 triennial amendments

- Section 1 – Amendments for Triennial review and when they are to be applied
- Section 4 & 5 – balance Sheet / P&L – updated with footnotes for ROI legislation and disclosure notes required by the CA 2014 and micro companies regime
- Section 6 Notes to FS's
  - UK entities – Appendix A updated for requirement to disclose:
    - Average No. of employees in the year;
    - Details of arrangements not on balance sheet but could have impact
  - S3.13A UK entities to Co. No., registered office, form of Co., disclosure of fact Co. is wound up if that is the case;
  - S3.13B – ROI – As above and if a receiver appointed this must be stated

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FRS 105 triennial amendments

- Section 6 Notes to FS's
  - ROI entities – New Appendix B inserted detailing disclosure requirements – Mirror CAA 2017:
- Section 17 Liabilities and Equity
  - New S17.8A – Ordinarily need to recognise shares issued at fair value. No need shares to be recognised at fair value where:
    - The creditor is direct/indirect shareholder;
    - The extinguishment is in accordance with original terms;
    - The creditor and entity is controlled by the same parties before and after the transaction.

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FRS 105 triennial amendments

- Section 24- Income tax
  - New S24.4A – requires disclosure of Close company surcharge in period it arises regardless of whether dividend paid afterwards to avoid it
    - Currently not dealt with so policy not to recognise if probable a dividend will be paid to avoid it. No longer available.
  - New S24.4B Gift aid change as detailed in FRS 102 changes

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FRS 105 triennial amendments

- Section 18 Revenue
  - new example dealing with principal versus agent
  - Costs incurred on securing a contract can be capitalised if probable is won
- Other sections
  - Minor wording changes and updating for references to Appendix B of Section 6 of FRS 102

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Conclusion

- Changes for years commencing on or after 1 Jan 2019
  - However changes are good news;
  - Did not over complicate it by bringing in IFRS 15 and leases
- Next triennial review?
  - 2021/2022?
  - IFRS 16- leases?
  - IFRS 15- Sales?

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The 2019 Partnership Regulations

- 2019 Regulations effective for p/c 1 January 2020
- Qualifying partnership definition widened to include some EU partners/general partners
- More partnerships filing accounts with the CRO
- Structures with non-EU members
- Omnipro quick guide

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IFRS 16- Leases

- Right of use assets
- Effective 01.01.2019 for IFRS
- FRS 102- one to watch for future
- Operating lease changes
- At commencement of lease recognise
  - Right of use asset
  - Lease liability

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Exemptions from IFRS 16

- Short term leases
- Low asset values

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How is right of use asset calculated?

- Amount of lease liability +
- Lease payments before/on commencement date minus lease incentives +
- Initial direct costs
- Estimate of dismantling costs

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How is lease liability calculated?

- Lease payments not paid at the commencement date- discounted at the interest rate implicit in the lease (or the incremental borrowing rate if the interest rate implicit in the lease is not available).

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Initial recognition

- Assuming no direct costs;
  - Dr. ROU asset (in fixed assets)
  - Cr. Lease liability

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Measurement after commencement

- Depreciate (assuming cost model)- Dr. depreciation, Cr. ROU asset accumulated depreciation.
- Asset subject to annual impairment
- Recognise interest (Dr. P&L interest, Cr. Lease liability)
- Recognise lease payment (Dr. lease liability, Cr. Bank)

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Why OmniPro

Our Why - Our core belief is simply this : Accountants can and do change lives. So we get up every morning to bring them the tools, advice and training so that they can create great businesses for themselves and their clients too. In this way we change lives, communities and our world. We would live to do that together with you.

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Why OmniPro

How We Do That –

- We do accountants
- We connect with accountants.
- We learn about accountants so we can understand them.
- We work out what accountants want and need
- We find the best solution for accountants in any given situation

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Why OmniPro

What We Do -

We provide accountants with consulting, training and information products in the areas of;

- practice management, business development & marketing;
- company secretarial & taxation;
- audit & financial reporting;
- professional regulation and disciplinary defence.

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OmniPro
Supporting Irish Accountants

Main Street,
Ferns,
Enniscorthy,
Co. Wexford.
053 9100000

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CRO Number - 123456

OmniPro Sample FRS 105 Company Limited

Unaudited Financial Statements

Year Ended 31 December 2017

Disclaimer

THESE FINANICAL STATEMENTS SHOW THE MINIMUM DISCLOSURES REQUIERD UNDER FRS 105 AND THE MICRO COMPANIES REGIME. ONCE THESE DISCLOSURES HAVE BEEN MADE THE FINANCIAL STATEMENTS ARE PRESUMED TO SHOW A TRUE AND FAIR VIEW UNDER COMPANY LAW. COMPANIES CAN PROVIDE ADDITIONAL DISCLOSURES, HOWEVER WHERE THIS OPTION IS AVAILED OF THEY MUST FOLLOW THE REQUIREMENTS OF SECTION 1A OF FRS 102/SMALL COMPANIES REGIME AS APPLICABLE.

These financial statements are solely illustrative and intended to be used exclusively for educational and training purposes. They provide guidance in relation to the format and contents of FRS 105 company financial statements prepared under FRS 105 and the micro companies regime as included in the Companies (Accounting) Act 2017. They do not purport to give definitive advice in any form. Despite taking every care in the preparation of this document OmniPro does not take any legal responsibility for the contents of these financial statements and the consequences that may arise due to any errors or omissions. OmniPro shall therefore not be liable for any damage or economic loss occasioned to any person acting on, or refraining from any action, as a result of or based on the material contained in this publication.

The micro companies regime is detailed in Section 15 of CAA Act 2017. CAA 2017 inserts a new Section 280D-280E to CA 2014. The CAA 2017 changes are mandatory for periods commencing on or after 1 January 2017 but Section 14 of that Act permits the small companies regime (and FRS 105) to be early adopted for all periods commencing on or after 1 January 2015. Note FRS 105/micro companies regime is optional, it does not have to be adopted. This section states that a company qualifies for the micro companies regime if it fulfils at least two of the three qualifying conditions listed below:

	Micro-Entity Co
Turnover	<=€700,000
Balance Sheet Total	<=€350,000
Employees	<=10

Each set of Financial Statements should be specifically tailored for each client.

Note

In order to avail of the audit exemption the company must have met the criteria for audit exemption as set out in Sections 358 to Section 365 inclusive of the Companies Act 2014. For companies availing of the exemption for the first time the auditor's appointment should be terminated in accordance with the requirements of Section 399 of the Companies Act 2014. Specific attention should be paid to the exclusions from audit exemption under Section 362 of the Act.

Under New S.280D(4) certain entities do not qualify for the micro companies regime even if they meet the size criteria set out above and must prepare statutory financial statements on the basis of the large company provisions and are not entitled to avail of the abridgement options as a micro/small company. S.280D-280E does not apply to a holding company that prepares group financial statements or a company falling within any provision of Schedule 5 of the Act (Eg. Authorised investment firm, insurance intermediary of any other company carrying on of business by which is required to be authorised by the Central Bank) or they are a credit institution or insurance undertaking. The same applies for small groups even where they meet the thresholds if any of the entities in the group come within Schedule 5 etc. then they cannot apply the micro companies regime. In addition, this provision cannot be applied where a company is:

- an investment undertaking
- a financial holding undertaking
- a holding company that prepares consolidated financial statements
- a subsidiary that is included in the consolidated financial statements of a parent
- any company excluded from the small companies regime.
- a charity

The Companies (Accounting) Act 2017 may be cited as the Companies (Accounting) Act 2017 but the legislative references in the financial statements do not need to be updated

OmniPro Sample FRS 105 Company Limited

Year Ended 31 December 2017

Contents

OmniPro Sample FRS 105 Company Limited

Year Ended 31 December 2017

Directors and Other Information

Directors[1]	Mr A Director Ms B Director
Secretary	Mr A Director
Accountants	Compliant Accountant & Co, Registered Auditors, Accountants Row, Any County
Bankers	Any Big Bank PLC, Money Street, Moneysville, Any County
Solicitors	Legal Eagles & Co., Court Place, Judgestown Any County
Registered Office	Construction Place, Builders Lane, Dunblock Any County

This information is disclosed as best practice, there are no legislative requirements attaching to directors and other information disclosures

1 State nationality of directors if not Irish

OmniPro Sample FRS 105 Company Limited

Year Ended 31 December 2017

Accountants Report

***Type of e.g. (Chartered* Accountants/ Chartered Certified Accountants/ Certified Public Accountants/ Incorporated Public Accountants[2]) Report to the Board of Directors of OmniPro Sample Audit Exempt Co. Limited on the Un-audited Financial Statements for the year ended 31 December 2017**

In accordance with the instructions given to us/engagement letter dated 1 January 20X7 we have compiled without carrying out an audit, the financial statements of the company which comprise the Profit and Loss Account, the Balance Sheet and the related notes from the accounting records and information and explanations you have given to us.

This report is made to the Company's Board of Directors, as a body, in accordance with the terms of our engagement. Our work has been undertaken so that we might compile the financial statements that we have been engaged to compile, report to the Company's Board of Directors that we have done so, and state those matters that we have agreed to state to them in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's Board of Directors, as a body, for our work, or for this report.

Respective Responsibilities of Directors and Accountants

The company’s directors are responsible for ensuring that the company maintains adequate accounting records and for preparing financial statements, which give a true and fair view of the assets, liabilities and financial position of the company as at 31 December 2017 and its profit for the year then ended and have been properly prepared in accordance with the Companies Act 2014.

You are responsible for deciding, on an annual basis, whether the company is entitled to avail of the exemption from statutory audit in accordance with Section 358 of the Companies Act 2014.

It is our responsibility to compile the financial statements of OmniPro Sample Audit Exempt Company Limited from the accounting records, information and explanations supplied to us by the directors.

[2] Amend as required depending on regulating Institute

OmniPro Sample FRS 105 Company Limited

Year Ended 31 December 2017

Accountants Report

Scope of Work

As a firm regulated by Chartered Accountants Ireland our work will be carried out in accordance with the Miscellaneous Technical Statement No.41 *Chartered Accountants' Reports on the Compilation of Financial Statements of Incorporated Entities and ISRS 4410 International Standard on Related Services – Compilation Engagements*. In carrying out this engagement we have complied with the ethical guidance laid down by the Institute relating to members undertaking the compilation of financial statements. [3]

OR

As a firm regulated by the Association of Chartered Certified Accountants our work will be carried out in accordance with the Technical Factsheet 163 Audit Exempt Companies – ACCA Accounts Preparation Report and *ISRS 4410 International Standard on Related Services – Compilation Engagements*. In carrying out this engagement we have complied with the ethical guidance laid down by the Institute relating to members undertaking the compilation of financial statements.

As a firm regulated by the Institute of Certified Public Accountants in Ireland our work will be carried out in accordance with the Miscellaneous Technical Statement M14 Compiling and Reporting on Financial Statements of Entities not Subject to Audit and *ISRS 4410 International Standard on Related Services – Compilation Engagements*. In carrying out this engagement we have complied with the ethical guidance laid down by the Institute relating to members undertaking the compilation of financial statements.

As a firm regulated by the Institute of Incorporated Public Accountants in Ireland our work will be carried out in accordance with *ISRS 4410 International Standard on Related Services – Compilation Engagements*. In carrying out this engagement we have complied with the ethical guidance laid down by the Institute relating to members undertaking the compilation of financial statements.

We have not been instructed to carry out an audit of the financial statements. For this reason, we have not verified the adequacy, accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the financial statements.

[3] Amend as required depending on regulating Institute

OmniPro Sample FRS 105 Company Limited

Year Ended 31 December 2017

Accountants Report

You have acknowledged on the balance sheet for the year ended 31 December 2017 your duty is to ensure that the company has kept adequate accounting records and to prepare financial statements that give a true and fair view of the assets, liabilities and financial position of the company at the end of its financial year and of its profit or loss for such a year under the Companies Acts 2014. You consider that the company is exempt from the statutory requirement for an audit for the year.

(PARAGRAPH BELOW TO BE INCLUDED IF YOU HAD AN ISSUE)

We draw your attention to note x in the financial statements which discloses and explains a departure from applicable accounting standards. The company has not amortised its goodwill held in the financial statements in the year and this is a departure from Financial Reporting Standard and the Companies Acts 2014.

Compliant Accountant
Institute of
DATE

(DO NOT MENTION REGISTERED AUDITOR)

OmniPro Sample FRS 105 Company Limited

Profit and Loss Account

For the Year ended 31 December 2017

	2017[4] €	2016 €
Turnover	500,000	650,000
Other income	2,000	2,000
Cost of raw materials and consumables	(300,000)	(325,000)
Staff costs	(120,000)	(130,000)
Value adjustments and other amounts written off assets	(8,000)	(7,000)
Other expenses	(10,000)	(11,000)
Tax	(22,000)	(25,000)
Profit	**42,000**	**154,000**
Profit and loss reserves brought forward at 1 January [5]	155,000	1,000
Dividend declared and paid (for illustrative purposes) [6]	(x)	(x)
Dividend declared but unpaid at period end included in creditors (for illustrative purposes)	(x)	(x)
Transfer (to)/from other reserves (for illustrative purposes)	-	-
Prior year adjustment (see note x)	-	-
Purchase/redemption of own shares (if applicable)	-	-
Profit and loss reserve at 31 December	**197,000**	**155,000**

[4] The Micro companies regime requires the above format to be shown – this format cannot be adjusted. Instead of calling this the profit and loss account it can also be called an income statement

[5] Sch 3B(33) of CA 2014 as amended by CAA 2014 requires the movement on profit and loss reserves to be shown on the face of the P&L or if not shown here in the notes to the financial statements. This has been included here on the assumption that it is not shown in the notes to the financial statements. Instead of calling this the profit and loss account it can also be called an income statement

[6] Sch 3B(33) requires disclosure of the dividends that were declared and paid in the notes or on the face of the P&L. Also disclosure required separately of dividends declared in the year but unpaid at year end so included in accruals/creditors.

OmniPro Sample FRS 105 Company Limited

Balance Sheet

At 31 December 2017

	31-Dec 2017 €	31-Dec 2017 €	31-Dec 2016 €	31-Dec 2016 €
Called up share capital not paid			-	-
Fixed assets [7]		100,000		80,000
		100,000		80,000
Current assets[8]	165,000		100,000	
Prepayments and accrued income	6,000		10,000	
Creditors: amounts falling due within one year[9]	(25,000)		(50,000)	
Net current assets		146,000		60,000
Total assets less current liabilities		246,000		140,000
Creditors: amounts falling due after more than one year[10]		(10,000)		(20,000)
Provision for liabilities		(4,000)		(5,000)
Accruals and deferred income		(7,000)		(2,000)
		225,000		**113,000**
Capital and reserves [11]		**225,000**		**113,000**

We, as director(s) of Omnipro Sample FRS 105 Company Limited, state that:

(a) the company is availing itself of the exemption provided for by Chapter 15 of Part 6 of the Companies Act 2014,

(b) the company is availing itself of the exemption on the grounds that the conditions specified in Section 358 is complied with,

(c) no notice under subsection (1) of section 334 has in accordance with subsection (2) of that section been served on the company, and

[7] This should include tangible and intangible fixed assets, investment property and financial assets.
[8] This should include bank and cash, stock, trade debtors, other debtors, loans, amounts owed by related companies and taxes receivable.
[9] This should include loans, debentures, trade creditors, amounts owed to group companies, other creditors including taxes etc. etc.
[10] This should include loans, debentures, trade creditors, amounts owed to group companies, other creditors including taxes etc. etc.
[11] Section 3.9 of FRS 105 requires the notes to be included on the foot of the balance sheet. However, based on financial statements prepared by certain Accountancy bodies they are showing the notes separate from the balance sheet and not at the foot of the balance sheet. These pro-forma financial statements have taken the approach to show the notes separate from the balance sheet (and not at the foot of the balance sheet) in order to conform with the Accountancy Bodies interpretation albeit it is not in compliance with Section 3.9 of FRS 105.

OmniPro Sample FRS 105 Company Limited

Balance Sheet

At 31 December 2017

(d) we acknowledge the company's obligations under the Companies Act 2014, to keep adequate accounting records and prepare Financial Statements which give a true and fair view of the assets, liabilities and financial position of the company at the end of its financial year and of its profit or loss for such a year and to otherwise comply with the provisions of Companies Act 2014 relating to Financial Statements so far as they are applicable to the company.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the micro companies regime and in accordance with Financial Reporting Statement 105 'The Financial Statement Reporting Standard applicable to Micro Entities Regime'. The financial statements were approved by the Board of Directors on (Insert date) and authorised for issue on (insert date). They were signed on its behalf by[12]

Mr A Director	Ms B Director
Director	Director [13]
Date:	

[12] S.40 of CAA 2014 amends S.324 to require a statement on the balance sheet stating that the accounts have been prepared under the micro companies regime.
[13] Where there is only 1 director as a new model private LTD that director may approve the financial statements

OmniPro Sample FRS 105 Company Limited

Year Ended 31 December 2017

Notes to the Financial Statements

The significant accounting policies adopted by the Company and applied consistently[14] are as follows:

1. ACCOUNTING POLICIES[15]

The company's' registered office is Construction Place, Builders Lane, Dunblock, Any City. The company is a limited liability company incorporated in the Republic of Ireland and its company registration number is XXX[16].[17]

(a) Basis of preparation

The Financial Statements are prepared on the going concern basis[18], under the historical cost convention and comply with the financial reporting standards of the Financial Reporting Council [and promulgated by Chartered Accountants Ireland[19]] including 'The Financial Reporting Standard applicable to the Micro-Entities Regime – 'FRS 105', the Companies Act 2014 **OR** other than where the true and fair view override has been invoked as detailed below.

True and fair view override[20]

The company has adopted the layout in line with XX. This is a departure from the requirements of company law. As a result a true and fair overview has been invoked etc. etc.

(b) Consolidation[21]

The company and its subsidiaries combined meet the size exemption criteria for a group and the company is therefore exempt from the requirement to prepare consolidated financial statements by virtue of meeting the requirements in Section 293(1A) of the Companies Act 2014. Consequently, these financial statements deal with the results of the company as a single entity.

(c) Currency

(i) *Functional currency*
Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ("the functional currency"). The financial statements are presented in euro, which is the company's functional and presentation currency and is denoted by the symbol "€"[22].

(ii) *Transactions and balances*
Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions or the contract rate.

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[14] Sch 3B, CA 2014 – Accounting policies shall be applied consistently from one period to another
[15] S.321 of CA 2014 requires an entity to disclose the accounting policies adopted for items included in the balance sheet and P&L
[16] S. S.291-S.295 of CA 2014 requires the disclosure of the registered office These also requires disclosure of the legal form and the principal place of business.

[18] Para 12, Sch 3B, CA 2014 – A company is deemed to be carrying on business as going concern. Where the entity has made a decision to wind up the entity that is required to be disclosed, there is no choice.
[19] Deemed best practice for firm's regulated by Chartered Accountants Ireland
[20] Sch 3B(19) requires disclosure of the fact that a true and fair view override was invoked where the requirements of company law has not been followed. The reason for the override should be disclosed and the impact it would have on the P&L and balance sheet if the requirements of company law had been followed.
[21] Applicable to Group companies who do not meet the size criteria to prepare consolidated financial statements
[22] S3.13 of FRS 105 requires disclosure of the presentational currency and any level of rounding

OmniPro Sample FRS 105 Company Limited

Year Ended 31 December 2017

Notes to the Financial Statements

At each period end foreign currency monetary items are translated using the closing rate or the contract rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction.

All foreign exchange gains and losses are presented in the profit and loss account within 'Other expenses'.

(d) Turnover

Turnover is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Turnover comprises the fair value of consideration received and receivable exclusive of value added tax and after discounts and rebates.

Where the consideration receivable in cash or cash equivalents is deferred, and the arrangement constitutes a financing transaction, the fair value of the consideration is measured as the present value of all future receipts using the imputed rate of interest or the cash price for the goods or services where material and recognised as other income on a straight line basis over the terms of the agreement.

Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods, the amount of turnover can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Turnover from the provision of services is recognised in the accounting period in which the services are rendered and the outcome of the contract can be estimated reliably. The company uses the percentage of completion method based on the actual service performed as a percentage of the total services to be provided.

(e) Interest income

Interest income is recognised on a receivable basis.

(f) Dividend income

Dividend income from subsidiaries is recognised when the Company's right to receive payment has been established.

(g) Dividend distribution

Dividend distribution to the company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the company's shareholders.

Dividend distributions to holders of shares classified as liabilities is recognised as a liability in the Company's financial statements as they become due with the corresponding debit recognised in 'other expenses'

(h) Government grants

Government grants are recognised at their fair value in profit or loss where there is a reasonable assurance that the grant will be received and the Company has complied with all attached conditions.

OmniPro Sample FRS 105 Company Limited

Year Ended 31 December 2017

Notes to the Financial Statements

Capital Grants are initially recognised as deferred income on the balance sheet and credited to the profit and loss account by instalments on a basis consistent with the depreciation policy of the relevant asset, as adjusted for any impairment.

Revenue Grants are credited to income so as to match them with the expenditure to which they relate. Government grants received are included in 'other income' in profit or loss.

(i) Taxation

Current tax is calculated on the profits of the period. Current tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date.

Current taxation assets and liabilities are not discounted.
Deferred tax is not recognised.

(j) Tangible fixed assets including investment property

(i) Cost

Tangible fixed assets including investment properties are recorded at historical cost, less accumulated depreciation and impairment losses. Cost includes prime cost and overheads incurred in financing the construction of tangible fixed assets. In accordance with Section 20 of FRS 105 interest costs are not capitalised.

(ii) Depreciation

Depreciation is provided on tangible fixed assets and investment property, on a straight-line basis, so as to write off their cost less residual amounts over their estimated useful economic lives.

The estimated useful economic lives assigned to tangible fixed assets are as follows:

Freehold Premises	2% straight line on cost
Motor vehicles	25% straight line on cost
Office Equipment, fixtures & fittings	12½% straight line on cost
Computer equipment	25%/33⅓% straight line on cost
Spare parts	25% straight line on cost
Investment property	2% straight line cost

The company's policy is to review the remaining useful economic lives and residual values of Tangible fixed assets on an on-going basis and to adjust the depreciation charge to reflect the remaining estimated useful economic life and residual value.

Fully depreciated property, plant & equipment are retained in the cost of property, plant & equipment and related accumulated depreciation until they are removed from service. In the case of disposals, assets and related depreciation are removed from the financial statements and the net amount, less proceeds from disposal, is charged or credited to the profit and loss account.

Land is not depreciated

(iii) Impairment

Assets not carried at fair value are also reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Value in use is defined as the present value of the future pre-tax and interest cash flows obtainable as a result of the asset's continued use. The pre-tax and interest cash flows are discounted using a pre-tax discount rate that represents the current market risk free rate and the risks inherent in the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the profit and loss account.

(k) Investments in subsidiary undertakings

Investments in subsidiary undertakings are shown at historical cost less provision for impairments in value.

(l) Leases

(i) Finance leases

Leases in which substantially all the risks and rewards of ownership are transferred by the lessor are classified as finance leases.

Tangible fixed assets acquired under finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments and are depreciated over the shorter of the lease term and their useful lives. The capital element of the lease obligation is recorded as a liability and the interest element of the finance lease rentals is charged to the profit and loss account on an annuity basis based in the interest rate implicit in the lease or the leasee's incremental interest rate where the implicit rate cannot be determined.

Each lease payment is apportioned between the liability and finance charges using the interest rate implicit in the lease or the leasee's incremental interest rate where the implicit rate cannot be determined.

(ii) Operating leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(iii) Lease incentives

Incentives received to enter into a finance lease reduce the fair value of the asset and are included in the calculation of present value of future minimum lease payments.

Incentives received to enter into an operating lease are credited to the profit and loss account, to reduce the lease expense, on a straight-line basis over the period of the lease.

(m) Stocks

Stocks comprise consumable items and goods held for resale. Stocks are stated at the lower of cost and net realisable value. Cost is calculated on a first in, first out basis and includes invoice price, import duties and transportation costs. Net realisable value comprises the actual or estimated selling price less all further costs to completion or to be incurred in marketing, selling and distribution.

At the end of each reporting period Stocks are assessed for impairment. If an item of stock is impaired, the identified inventory is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the profit and loss account. Where a reversal of the impairment is recognised the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the profit and loss account.

(n) Trade and other debtors

Trade and other debtors including amounts owed from group companies are recognised initially at transaction price (including transaction costs). For trade debtors where the payment is beyond normal credit terms it is held at the present value of all future payments using the imputed rate of interest or the cash price for the goods or services where material. Where loans are advanced it is carried at the transaction price (including transaction costs where material) regardless of whether a financing arrangement exists. Subsequently all trade and other debtors are measured at transaction price plus transaction costs not yet recognised, plus any unwinding of the discount on transactions initially recognised at present value/cash value, less repayments, plus advances and less any provision for impairment. Transaction costs including any amounts deferred on sales where receipt is deferred beyond normal credit terms are released to the profit and loss on a straight line basis over the length of the contract. A provision for impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the estimated future cash flows. All movements in the level of the provision required are recognised in the profit and loss.

(o) Other financial assets

Other financial assets include investments in subsidiaries, associates, joint ventures, listed, ordinary or preference shares. These investments at carried at cost less impairment.

Derivatives are carried at the transaction cost if applicable less impairment and recognised in the profit and loss on a straight line basis over the derivatives life.

(p) Preference share capital

Redeemable preference shares which meet the definition of a liability in Section 17 of FRS 105 have been classified as liabilities in the balance sheet. The preference dividend is charged in arriving at the interest expense in the profit and loss account. (*including the following where applicable)* However, no dividends will be paid on the cumulative preference shares until the company has positive profit and loss reserves.

(q) Research and development expenditure

Research and development expenses are expensed as incurred

(r) Cash at bank and on hand

Notes to the Financial Statements

Cash and at bank and on hand include cash on hand, demand deposits and other term highly liquid investments regardless of maturity. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(s) Creditors and accruals

Creditors and accruals are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Creditors and accruals including amounts owed to group companies are recognised initially at transaction price (including transaction costs). For trade creditors where the payment is beyond normal credit terms it is held at the present value of all future payments using the imputed rate of interest or the cash price for the goods or services where material. Where loans are advanced it is carried at the transaction price (including transactions cost where material) regardless of whether a financing arrangement exists. Subsequently these are measured at transaction price less transaction costs not yet recognised, plus any unwinding of the discount on transactions initially recognised at present value/cash value, less repayments, plus advances. Transaction costs including any amounts deferred on purchases where payment is deferred beyond normal credit terms are released to the profit and loss on a straight line basis over the length of the contract.

(t) Borrowings

Borrowings are recognised initially at the transaction price (including transaction costs). Interest is recognised as per the contract on an accruals basis. Transaction costs are written off to the profit and loss over the life of the loan on straight line basis where material

Borrowings are classified as current liabilities unless the Company has a right to defer settlement of the liability for at least 12 months after the reporting date.

(u) Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

(v) Contingencies

Contingent liabilities, arising as a result of past events, are not recognised when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the company's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

OmniPro Sample FRS 105 Company Limited

Year Ended 31 December 2017

Notes to the Financial Statements

(w) Employee Benefits [23]

The company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

(i) *Short term benefits*
Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

(ii) *Annual bonus plans*
The company recognises a provision and an expense for bonuses where the company has a legal or constructive obligation as a result of past events and a reliable estimate can be made.

(iii) *Defined contribution pension plans*
The Company operates a defined contribution plan. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate fund. Under defined contribution plans, the company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans, the company pays contributions to privately administered pension plans on a contractual or voluntary basis. The company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(x) Dividend distribution

Dividend distribution to equity shareholders are recognised as a liability in the company's financial statements in the period in which the dividends are approved by the equity shareholders. These amounts are recognised in profit and loss reserves.

(y) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(z) Goodwill

Goodwill represents the excess of consideration paid for the acquisition of trade assets and liabilities over the fair value of the identifiable assets acquired and liabilities assumed. Goodwill is amortised to the profit and loss account on a straight line basis over its estimated useful life. The estimated useful lives of goodwill is X years. Useful life is determined by reference to the period over which the values of the underlying businesses are expected to exceed the values of their identifiable net assets. Where a useful life cannot be determined with reasonable accuracy a default life of 10 years is utilised.

Goodwill is reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable. Impairments of goodwill are not reversed.

(aa) Other Intangible Assets

[23] This policy relates to a defined contribution scheme, an expanded policy would be required for a defined benefit scheme

OmniPro Sample FRS 105 Company Limited

Year Ended 31 December 2017

Notes to the Financial Statements

Acquired intangible assets are capitalised at cost and are amortised using the straight-line basis over their useful lives up to a maximum of XX years. Where a useful life cannot be determined with reasonable accuracy a default life of 10 years is utilised.

Intangible assets are reviewed for impairment at the end of the first full financial year following acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

(bb) Biological assets – Forestry

The acquisition of land for forest projects is originally recorded at cost in accordance with Section 12 of FRS 105. Biological assets are measured at the lower of cost and estimated selling price less costs to complete and sell.
Depletion represents the costs of forests clearfelled during the year, calculated as the proportion that the area harvested bears to the total area of similar forests. The depletion amount is charged to the profit and loss account and is based on cost.

(cc) Biological assets

Livestock are measured at the lower of cost and net realisable value. The purchase price of livestock bought in is measured at the purchase price plus directly attributable purchase costs. Own reared stock is measured at cost based on the selling price of the livestock less an appropriate margin based on industry norms to bring the value back to the estimated cost price.

(dd) Prior period adjustment – Change in accounting policy[24]

DISCLOSE CHANGE IN ACCOUNTING POLICY

[24] S.321 of CA 2014 as amended by S.37 of CAA 2014 requires details of a change in accounting policy to be included in the accounting policy section of the financial statements detailing the reason for the change for it and the impact of the change on the current and prior years.

OmniPro Sample FRS 105 Company Limited

Year Ended 31 December 2017

Notes to the Financial Statements

2. Directors benefits; advances/loans, credits and guarantees

Details of loans entered into for the benefit of the directors are[25]:

	Mr A Director	Ms B Director
Opening balance	14,000	18,000
Advances to directors	(4,000)	(14,600)
Written off in period	(XXXX)	(XXXX)
Provided for	(XXXX)	(XXXX)
Repayments from directors	10,000	10,600
Closing balance	20,000	14,000
Loans as a percent of net assets	X%	X%

The interest rate applied to these loans was 5% per annum on a compound interest basis and is repayable on XXX. The loan is unsecured.

During the year, the Company provided a guarantee to ABC Bank to guarantee a €10,000 loan entered into by Mr A, personally. The guarantee can be called on in the event of default by Mr A. There were no costs incurred in providing this guarantee.

3. Guarantees, contingencies and other financial commitments[26]

a) The company has pledged the building that it owns as security on loans taken out with the bank. The total value of these loans on the balance sheet at year end for which security is held was €XX (2016:€XX).[27]

[25] S.307 of CA 2014 requires disclosure of balances owed from directors (debit balances)/guarantees given/credit transactions entered into for benefit of directors at any time in the year, shadow director or de factor directors and their connected parties (see definition of connected parties below). This should detail the:
- name of the person
- value of the arrangement at beginning and end of each year
- advances
- repayments
- provision for bad debts
- an indication of the interest rate
- amounts written off in the year
- Any other main conditions

Connected parties are defined by S 220 CA 14 as being connected if they are
(i) that director's spouse, civil partner, parent, brother, sister or child;
(ii) a person acting in his or her capacity as the trustee of any trust, the principal beneficiaries of which are that director, the spouse (or civil partner) or any children of that director or any body corporate which that director controls; or
(iii) in partnership with that director.

S.307(8) CA 2014 requires disclosure of the % of net assets the loan represents at the year end and at start of current period

[26] Sch 3B(35) requires this disclosure.

[27] Sch 3B(34) requires disclosure of total amount of debts included in creditors where security is held and the details of the security held.

Notes to the Financial Statements

b) The company had capital commitments of €30,000 at the year ended 31 December 2016 (2016:€nil) in relation to the purchase of equipment[28]. This commitment has been secured by a fixed and floating charge on the stock.

c) An amount of €XX (2016: €XX) was included in accruals with regard to pension contributions withheld which is due for payment after year end to the defined contribution scheme. A further €XX was included in accruals for future payments required to fund a deficit which the company has committed to.

OR

The company operates a defined benefit scheme. The liability recognised on the balance sheet at year end was €XXX (2016: €XXX) [29].

d) At 31 December 2017, the company had the commitments under non-cancellable operating leases totalling €XXX (2016: €XXXX).

e) The company has entered into a guarantee for the benefit of its subsidiary/holding company/sister company. The total amount of this guarantee was €XX[30].

f) A legal action is pending against the company for alleged unfair dismissal by an employee. The directors under advisement from their legal team expect that the claim will be successfully defended. As a result no provision has been made in the financial statements for a possible settlement on the basis that the employee is unlikely to succeed.

g) At the year end, the company had forward foreign exchange contrasts in place totalling €2,000 (2016: €nil) for the sale of British pounds.

h) Dividends of €XX were declared in the year (2016: €Nil) but were not paid and instead included in accruals at year end[31].

i) Included in creditors is an amount of €XX (2016: €XX) which relates to amounts payable on finance leases entered into which are secured on the related asset to which the finance lease relates. €XXX of this liability is included within creditors: amounts falling due within one year and €XX included within creditors: amounts falling due after more than one year[32].

j) The company entered into a sale and lease back arrangement with the bank and is committed to leasing back the property on an annual basis for £XXX for X years.

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[28] Sch 3B(35)(2) requires disclosure of commitments at year end of any nature including guarantees, contingencies or commitments.
[29] Sch 3B(35)(5) requires disclosure of retirement benefit commitments recognised on the balance sheet.
[30] Sch 3B(35)(6) requires disclosure of guarantees/commitments/contingencies to be disclosed separately where they are for the benefit of the sub, parent sister companies or companies with which the company has a participating interest. .
[31] Sch3B(33)(b) requires this disclosure
[32] Sch 3A(4)(7) of CA 2014 requires where an asset or liability relates to more than one of the items listed in either of the balance sheet formats, then its relationship to other items shall be disclosed under the item where it is shown or in the notes to the financial statements. In this instance for example finance leases have been shown separately under creditors within one year and creditors greater than one year. The same point applies for bank loan, grants etc.

OmniPro Sample FRS 105 Company Limited

Year Ended 31 December 2017

Notes to the Financial Statements

k) There is a potential contingent asset/liability in the future in relation to profit commission agreements entered into with various product producers. However in the opinion of the directors it is not practicable to provide an estimate of the financial effect of this contingent asset/liability as it is based on future loss ratios in relation to unsettled claims.

l) It is not anticipated that any material liabilities will arise from the contingent liabilities other than those provided for.

m) The company is currently pursuing a compensation claim due to the losses sustained as a result of restrictions placed on the company's assets by a competitor. The claim arose as a result of the loss of earnings due to restrictions imposed on the usage of these assets. The company won a case in the High Court and were awarded damages of CUXXXX and costs. The defendants have appealed the matter to the Supreme Court and the company awaits a date for the hearing of the claim. The company's legal advisors are confident that the award of damages and costs to the company will not be overturned.

n) The following items were included in a number of categories within the balance sheet as detailed below[33]:

	2017 €	2016 €
Bank loan included within creditors: amounts falling due within one year	XXX	XXX
Bank loan included within creditors: amounts falling due after more than one year	XXX	XXX
Finance leases included within creditors: amounts falling due within one year	XXX	XXX
Finance leases included within creditors: amounts falling due after more than one year	XXX	XXX
Government grants included within creditors: amounts falling due within one year	XXX	XXX
Government grants included within creditors: amounts falling due after more than one year	XXX	XXX -

4. Goodwill amortisation[34]

Goodwill is written off over its useful economic life as it reflects the usage of the assets. OR Goodwill is written off over a period of 10 years which is the default life as the useful life cannot be determined with sufficient reliability.

[33] Sch 3A(4)(7) of CA 2014 requires where an asset or liability relates to more than one of the items listed in either of the balance sheet formats, then its relationship to other items shall be disclosed under the item where it is shown or in the notes to the financial statements. In this instance for example finance leases have been shown separately under creditors within one year and creditors greater than one year. The same point applies for bank loan, grants etc.

[34] Sch 3B(25)(4) requires disclosure of the write off period for goodwill and the reason for its selection.

5. Prior year adjustment – change in classification/presentation/material error etc.[35]

In the prior years the company accounted for etc. etc. This is considered a material error and as a result a prior year adjustment is required.

6. Impairment of financial assets, tangible, intangible fixed assets[36]

An impairment of €XXX (2016: €nil) was recognised in the profit and loss account on financial assets included within the fixed assets section in the balance sheet.

An impairment of €XXX (2016: €nil) was recognised in the profit and loss account on tangible fixed assets included within the fixed assets section in the balance sheet.

A previous impairment of €XXX was reversed to the profit and loss account in the current year (2014:€XX) on financial assets/tangible fixed assets included within the fixed assets section in the balance sheet.

7. Holding of own shares/holding company shares

The company holds the following class of its own shares[37]:

	2017	2017	2016	2016
A Ordinary shares of €1 each	**€**	**Number**	**Number**	**€**
At 1 January (consideration paid of €XXX)	XX	XXX	XXXX	XX
Cancellations	(XX)	(XX)	(XXXXX)	(XX)
Redemptions from members	XX	XXXXX	XXXXX	XX
Closing balance	XXX	XXXXX	XXXXX	XXX
% of own shares held		X%	X%	

The amount of profits available for distribution which are restricted as a result is €XXX (2016:€XX).

The reason for the acquisition/redemption of shares in the year was due to the buyback of shares from its former shareholder and director in order to allow him to retire etc. etc.

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[35] Sch 3B(5) requires disclosure where there has been a change in the prior year comparatives including the details for the adjustment and the reasons for it. Note the P&L and balance sheet should say restated here also. Section 8.10 and 8.16 of FRS 105 requires material errors and change in accounting policies to be applied retrospectively which will adjust the comparative figures and as a result Sch 3B(5) requires the aforementioned disclosures where this arises.

[36] Sch 3B(23) requires disclosure of impairments and reversal of impairments on financial assets, tangible and intangible assets. Note reversal of impairments of goodwill is not permitted so this reversal of same is not applicable

[37] S.320(4) and S.328 of CA 2014 requires disclosure of the details of owns shares by class held including movement in the year, a disclosure of the restrictions on profits as a result of this and the reason for acquisition of own shares in the year and the % of called up share capital held at beginning and end of each year.

OmniPro Sample FRS 105 Company Limited

Year Ended 31 December 2017

Notes to the Financial Statements

The company holds the following class of its parent company shares[38]:

	2017	2016
A Ordinary shares of €1 each	**Number**	**Number**
At 1 January	XXX	XXXX
Acquisitions	(XX)	(XXXXX)
Disposals	XXXXX	XXXXX
Closing balance	XXXXX	XXXXX

The amount of profits available for distribution which are restricted as a result is €XXX (2016:€XX).

8. Movement on profit and loss reserves[39] – INCLUDED FOR ILLUSTRATIVE PURPOSES – MUST BE IN NOTES IF NOT ON FACE OF PROFIT AND LOSS. NOTE REQUIRED IN ABRIDGED ACCOUNTS IN ANY EVENT

	2016	**2014**
	€	**€**
Profit and loss reserves brought forward at 1 January [40]	155,000	1,000
Profit for the financial year	42,000	154,000
Dividend declared and paid (for illustrative purposes) [41]	(x)	(x)
Dividend declared but unpaid at period end included in creditors (for illustrative purposes) [42]	(x)	(x)
Transfer (to)/from other reserves (for illustrative purposes)	-	-
Prior year adjustment (see note x)	-	-
Purchase/redemption of own shares (if applicable)	-	-
Profit and loss reserve at 31 December	**197,000**	**155,000**

9. Change in accounting estimate[43]

Detail as required

[38] S.320(4) of CA 2014 requires disclosure of the details of shares of its holding company held by class including movement in the year, a disclosure of the restrictions on profits as a result of this and the reason for acquisition of own shares in the year
[39] Sch 3B(33) requires disclosure of change in P&L reserves and any transfers and dividend to show the balance at the start and end of each year. If not shown in P&L then must be disclosed in the notes. Required to be disclosed in abridged financial statements.
[40] Sch 3B of CA 2014 as amended by CAA 2014 requires the movement on profit and loss reserves to be shown on the face of the P&L.
This can also be called an income statement
[41] Sch 3B(33) requires disclosure of the dividend per share and any dividends which were declared and paid in the year to be shown separately from dividend declared but not paid at year end in the notes.
[42] Sch 3B(33) requires disclosure of the dividend per share and any dividends which were declared and paid in the year to be shown separately from dividend declared but not paid at year end in the notes.
[43] Sch 3B(19) requires disclosure change in accounting estimate/measurement basis to be disclosed, the reason for the change, and its effect on the balance sheet and P&L of the company to be stated in a note

CRO Number - 123456

OmniPro Sample Medium/Large Company Limited (Updated for Companies (Accounting) Act 2017) – not on transition

Directors' Report & Financial Statements

Year Ended 31 December 2019

Disclaimer

These financial statements are solely illustrative and intended to be used exclusively for educational and training purposes. They provide guidance in relation to the format and contents of FRS 102 company financial statements prepared under FRS 102 using the March 2018 version of FRS 102 and Companies Act 2014 as amended by Companies (Accounting) Act 2017. They do not purport to give definitive advice in any form. Despite taking every care in the preparation of this document OmniPro does not take any legal responsibility for the contents of these financial statements and the consequences that may arise due to any errors or omissions. OmniPro shall therefore not be liable for any damage or economic loss occasioned to any person acting on, or refraining from any action, as a result of or based on the material contained in this publication. **Items in italics and underlined identify the changes.**

Section 280F and Section 280G of CA 2014 as inserted by the Companies (Accounting) Act 2017, sets out that a company qualifies as a medium company if it fulfils at least two of the three qualifying conditions listed below (if the are above these thresholds then it is a large company):

- In relation to its first financial year; or
- In relation to its current financial year and the preceding financial year; or
- In relation to its current financial year and it qualified as a small/medium company in the preceding financial year; or
- In relation to the preceding financial year and it qualified as a small/medium company in the preceding financial year

	Medium Co	Medium Group
Turnover	≤€40 million	≤€40 million-net ≤€48 million-gross
Balance Sheet Total	≤€20 million	≤€20 million net ≤€24 million-gross
Employees	≤250	≤250

Under 280F-280G certain entities do not qualify as a medium company even if they meet the size criteria set out above and must prepare statutory financial statements on the basis of the large company provisions. S.280F & 280G does not apply to a company falling within any provision of Schedule 5 of the Act (Eg. Authorised investment firm, insurance intermediary of any other company carrying on of business by which is required to be authorised by the Central Bank) or they are a credit institution or insurance undertaking. The same applies for holding companies of medium groups even where they meet the thresholds if any of the entities in the group come within Schedule 5 etc. then they cannot claim to be a medium company. In addition a company that qualifies for the small & micro companies regime or is a holding company is excluded from being classified as a medium company.

Note CA 2014 as amended by Companies (Accounting) Act 2017 does not permit medium companies to file abridged financial statements.

The only difference between a medium company and a large company in relation to the disclosures in the notes to financial statements is that the medium company is exempt from the requirement to disclose auditors remuneration including fees for other services.

The small companies regime is detailed in Section 15 of CAA Act 2017. CAA 2017 inserts a new Section 280A-280C to CA 2014. The CAA 2017 changes are mandatory for periods commencing on or after 1 January 2017 but Section 14 of that Act permits the small companies regime (and S1A of FRS 102) to be early adopted for all periods commencing on or after 1 January 2015. Note S.1A is optional, it does not have to be applied. This section states that a company qualifies for the small companies regime if it fulfils at least two of the three qualifying conditions listed below:

- In relation to its first financial year; or
- In relation to its current financial year and the preceding financial year; or
- In relation to its current financial year and it qualified as a small/medium company in the preceding financial year; or
- In relation to the preceding financial year and it qualified as a small/medium company in the preceding financial year

	Small Co	**Small Group**
Turnover	≤€12 million	≤€12 million-net ≤€14.4 million-gross
Balance Sheet Total	≤€6 million	≤€6 million net ≤€7.2 million-gross
Employees	≤50	≤50

Note
In order to avail of the audit exemption the company must have met the criteria for audit exemption as set out in Sections 358 to Section 365 inclusive of the Companies Act 2014. For companies availing of the exemption for the first time the auditor's appointment should be terminated in accordance with the requirements of Section 399 of the Companies Act 2014. Specific attention should be paid to the exclusions from audit exemption under Section 362 of the Act.

Under New S.280A(4) and S.280B(5) certain entities do not qualify for the small companies regime/audit exemption even if they meet the size criteria set out above and must prepare statutory financial statements on the basis of the large company provisions and are not entitled to avail of the abridgement options as a small company. S.280A-280C does not apply to a company falling within any provision of Schedule 5 of the Act (Eg. Authorised investment firm, insurance intermediary of any other company carrying on of business by which is required to be authorised by the Central Bank) or they are a credit institution or insurance undertaking. The same applies for the holding company of small groups even where they meet the thresholds if any of the entities in the group come within Schedule 5 etc. then they cannot apply the small companies regime. Note for the purposes of abridged financial statements for such a small company, a holding company that prepares group financial statements cannot file small abridged financial statements under S.352 of CA 2014.

The Companies (Accounting) Act 2017 may be cited as the Companies (Accounting) Act 2017 but the legislative references in the financial statements do not need to be updated

Each set of Financial Statements should be specifically tailored for each client.

OmniPro Sample Medium/Large Company Limited

Year Ended 31 December 2019

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OmniPro Sample Medium/Large Company Limited

Year Ended 31 December 2019

Directors and Other Information

Directors	Mr A Director Ms B Director Mr C Director
Secretary	Mr A Director
Company registration number[1]	123456
Auditors	Compliant Accountant & Co, Statutory Audit Firm, Accountants Row, Any County
Bankers	Any Big Bank PLC, Money Street, Moneysville, Any County Deep Pockets Bank, Financial Services Sector, Ballycash, Any County
Solicitors	Legal Eagles & Co., Court Place, Judgestown Any County
Registered Office[2]	Construction Place, Builders Lane, Dunblock Any County

This information is disclosed as best practice, there are no legislative requirements attaching to directors and other information disclosures

[1] Required under S.17 of CA 2017 Act by inserting into S.291&295 of CA 2014
[2] Required under S.17 of CA 2017 Act by inserting into S.291&295 of CA 2014

OmniPro Sample Medium/Large Company Limited

Year Ended 31 December 2019

Directors' Report

The directors present their annual report and audited financial statements for the year ended 31 December 2019.

Directors and secretary[3]

The names of persons who at any time during the financial year were directors of the company are as follows:

Mr A Director
Mr B Director
Mr C Director

Mr A Director held the position of company secretary for the duration of the financial year.

Principal Activities[4] **and Business Review**[5]

The principal activity of the company is the provision of construction services to both the private and commercial sectors. From their operations base and depot in Construction Place, Builders Lane, Dunblock, Any County they also sell pre-cast concrete products to private individuals and the construction industry. The company is supplied with the pre-cast concrete products by a wholly owned subsidiary company, which operates independently from a separate location.

There have been no significant changes in the company's activities during the financial year. The company has continued to improve performance in recent years. Turnover has increased by xx% on prior year allowing the firm to maintain excellent profitability levels in a challenging and rapidly changing industry.

At the end of the year the company has assets of €XXX (2018: €XXX) and liabilities of €XXX (2018:€XXX). The net assets of the company have increased by €XXX (2018: €XXX) and the directors are satisfied with the level of retained reserves at the year end.

The key financial indicators of the company are:

XXX etc. etc.

Environmental and Employee Matters
Include assessment of environmental and employee matters where considered necessary for an understanding of the business.

Future Developments[6]

The directors are not expecting to make any significant changes in the nature of the business in the near future.

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[3] The names of the persons who were directors during the financial year should be included for periods commencing on or after 1st of June 2015. Directors may be required to retire by rotation under the Co.s Constitution [4] S.326(1)(b), CA 2014 – The directors report shall state the principal activities of the company during the year

[5] S.327(1)(a), CA 2014 – The directors report shall include a fair review of the business of the company. As required under S.327(2), CA 2014 this shall include an analysis of the development and performance of the business during the financial year and the assets and liabilities and financial position of the company at the end of the year. Under S.327(3), CA 2014 this review shall be expanded to include financial and non-financial KPIs as needed for large and medium companies when considered necessary for providing the business review.

[6] S.327(5), CA 2014 – The directors report shall include an indication of likely future developments facing the company

OmniPro Sample Medium/Large Company Limited

Year Ended 31 December 2019

Directors' Report

Or

The directors have indicated their intention to capitalise on industry shifts by continuing to review and focus their operations accordingly in the future.

Results and Dividends[7]

The retained profit for the financial year amounted to €XXX (2018: €XXX) and this was transferred to reserves at the year end. The directors have not declared a dividend for the year.

Or

The retained profit for the financial year amounted to €XXX (2018: €XXX). An interim dividend of €xx.xx (2018: €XXX) per ordinary share, amounting to €XXX (2018: € XXX) was paid on 1 June 2019. A final dividend of € XXX (2018: € XXX) per ordinary share, amounting to € XXX (2018: € XXX) was declared and authorised on 30 November 2019 and will be paid on 1 March 2018. € XXX was transferred to reserves at the year end.

Principal Risks and Uncertainties[8]

In common with all companies operating in Ireland in this sector, the company faces increasing energy and material costs. The directors are of the opinion that the company is well positioned to manage these costs.

OmniPro Sample Medium/Large Company Limited operates in a cyclical industry and is affected by factors beyond the control of the company for example level of construction activity.

OmniPro Sample Medium/Large Company Limited faces strong competition in the market and if the company fails to compete successfully market share may decline.

Financial Risk Management[9]

Through financial instruments held the company's operations expose it to a variety of financial risks that include price risk, credit risk, liquidity risk and interest rate risk.

To maintain stable cash out flows the company maintains 100% (2018: 100%) of its debt at fixed rate and to maintain 50% of its debt payable within one year. The company does not use derivative financial instruments to manage financial risk and no hedge accounting is applied.

Price Risk
The company is exposed to the price risk of commodities through its operations. The directors believe that the cost of managing this risk is in excess of the potential benefits given the size of the company. The directors, however, review the appropriateness of this policy on an annual basis.

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[7] S.326(1)(d), CA 2014 – The directors report shall include an indication of interim dividends paid and the amount, if any, that should be paid by way of final dividend
[8] S.327(1)(b), CA 2014 – The directors report shall contain a description of the principal risks and uncertainties facing the company
[9] S.326(3), CA 2014 – Only required where material for an assessment of the companies financial position and the use of financial instruments

OmniPro Sample Medium/Large Company Limited

Year Ended 31 December 2019

Directors' Report

Credit Risk
The company requires that appropriate credit checks are carried out on new customers before sales are made. All customers have individual credit limits that are reviewed on an ongoing basis by the board. Provisions for bad debts are made based on historical evidence and any new events which might indicate a reduction in the recoverability of cash flows.

Liquidity Risk
The company maintains a mix of long and short term finance to ensure the company has sufficient funds available to meet obligations as they fall due.

Interest Rate Risk
The company holds both interest bearing assets and liabilities. Assets include cash balances which earn a fixed rate of interest. The company policy is to maintain debt at a fixed rate to ensure future interest cash flows.

Director's & Secretary's interests[10]

The director's and secretary's interests, as at the year end, in the company at the beginning and end of the year were as follows;

Year ended 31 December 2019	Mr A Director €1 ordinary shares	Ms B Director €1 ordinary shares	Total
At the beginning of the year	50,000	50,000	100,000
At the end of the year	50,000	50,000	100,000

Year ended 31 December 2018	Mr A Director €1 ordinary shares	Ms B Director €1 ordinary shares	Total
At the beginning of the year	50,000	50,000	100,000
At the end of the year	50,000	50,000	100,000

Events after the Balance Sheet date[11]

Post year end the company entered into a contract to purchase the trade of a related business, this will increase turnover and profits going forward.

Research and Development[12]

The company was engaged in research and development activities in the development of patents, the cost incurred in the year was €xx,xxxx.

[10] S.329 CA 2014 – Disclosure required of person's interests, who were in office at the end of the financial year, in shares and debentures of the company and any group undertaking of that company. References to director's and secretaries interests including shadow and de-factor directors as required under S.329(4), CA 2014.
[11] S326(2)(a), CA 2104 – Disclosure in relation to important events after the balance sheet date are only required where deemed relevant
[12] Disclosure in relation to Research and Development Activity is only required if there have been any activities in this area in accordance with S.326(2)(b) of the Companies Act 2014

OmniPro Sample Medium/Large Company Limited

Year Ended 31 December 2019

Directors' Report

Political donations[13]

The company made the following disclosable political donations in the current year:

- Party A - €xx,xxx
- Party B - €xx,xxx
- Party C - €xx,xxx

Payment of Creditors[14]

The directors acknowledge their responsibility for ensuring compliance with the provisions of the European Communities (Late Payment in Commercial Transactions) Regulations 2012. It is the company's policy to agree payment terms with all suppliers and to adhere to those payment terms.

Accounting Records[15]

The Directors acknowledge their responsibilities under Section 281 to Section 285 of the Companies Act 2014 to keep adequate accounting records for the company.

In order to secure compliance with the requirements of the act, a full time management accountant is employed. The accounting records of the company are kept at the registered office[16] and principal place of business at Construction Place, Builders Lane, Dunblock, Any County.

Directors Compliance Statement[17]

The directors confirm they are responsible for securing the company's compliance with its relevant obligations under Section 224 of the Companies Act 2014 and confirm:

- that a company compliance statement has been developed (Or if it has not state this fact in addition to stating why it has not); and
- have put in appropriate arrangements and structures that are in the directors' opinion designed to secure compliance with the company's relevant obligations; and
- a review of these procedures has been performed in the current financial year (or where a review has not been performed state that fact and the reasons why it has not been performed).

Audit Committee[18]

The directors confirm that the company has established an audit committee in accordance with the requirements of Section 167 of Companies Act 2014.

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[13] S.326(2)(d), CA 2014 – Disclose political donations made during the year as required under the Electoral Act 1997, disclosure is only required if political donations are in excess of €200 in the year under Section 17, Electoral (Amendment) (Political Funding) Act 2012

[14] Disclose if the company or suppliers purport to trade under the terms of the EC (Late Payment in Commercial Transactions) Regulations 2012

[15] S.326(1)(c), CA 2014 – The directors report is required to include a statement of measures taken by the directors to secure compliance with S.281 to 285 of the Companies Act 2014 for the keeping of accounting records and the location of those records

[16] S283(1), CA 2014 – A company's accounting records shall be kept at its registered office or at such other place as the directors think fit

[17] S.225, CA 2014 – A directors compliance statement is only required where the company's total assets exceeds €12.5m and turnover exceeds €25m. This is only required to be included for period beginning on or after 1 June 2015.

[18] S.167, CA 2014 – (not applicable to medium companies) Requirement to establish an audit committee or if not established the reasons why the audit committee was not established must be stated. This requirement only applies to company's whose turnover is >=€50 million AND balance sheet is total is >=25 million. This applies to financial statements for periods commencing on or after the 1st of June 2015

OmniPro Sample Medium/Large Company Limited

Year Ended 31 December 2019

Directors' Report

OR
The directors confirm that the company has not established an audit committee as is permitted in Section 167 of Companies Act 2014. The reasons for the decision not to establish an audit committee is as follows:

XXXX etc etc.

Statement on Relevant Audit Information[19]

In accordance with Section 330 of the Companies Act 2014:

- so far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware; and
- each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

In accordance with Section 383(2) of the Companies Act 2014, the auditors, Compliant Accountant & Co., Registered Auditors / Statutory Auditors / Statutory Audit Firm, Accountants Row, Any County will continue in office.

On behalf of the board[20]

____________________	____________________
Mr A Director	Ms B Director
Director	Director

DATE: ______________

Additional information to be considered for disclosure if applicable

- S319(1), CA 2014 – Financial assistance for the purchase of own shares
- S.326(2)(c), CA 2014 – An indication of the existence of branches of the company outside the state and the country in which they are located.
- S.328, CA 2014 – Acquisition or disposal of own shares during the period. S.44 of CAA 2017 includes an additional requirement to disclosure the reason for the acquisition and a disclosure of % of called up share capital held at the beginning and end of the year
- S.329(1) CA 2014 – Directors or secretaries interests in debentures at the start of the period during the period or in the preceding period

[19] S.330, CA 2014 – The statement on the provision of relevant audit information applies to financial statements for periods commencing on or after the 1st of June 2015
[20] Where there is only 1 director as a new model private LTD that director may approve the financial statements

OmniPro Sample Medium/Large Company Limited

Year Ended 31 December 2019

Directors' Report

For periods commencing after the 1st of June 2015 a Directors Compliance Statement is required in accordance with S.225 of the Companies Act 2014

Under S.167 of the Companies Act 2014 the Board of Directors of a large company shall establish an audit committee to comply with the requirements of the Act or decide not to establish one.

OmniPro Sample Medium/Large Company Limited

Year Ended 31 December 2017

Directors' Responsibilities Statement

The directors' are responsible for preparing the directors' report and the financial statements in accordance with applicable Irish law and regulations.

Irish Company law requires the directors to prepare financial statements for each financial year. Under the law the directors have elected to prepare the financial statements in accordance with Companies Act 2014 and accounting standards issued by the Financial Reporting Council *[and promulgated by Chartered Accountants Ireland[21]]* including FRS 102 The Financial Reporting Standard applicable in the UK and Ireland (Generally Accepted Accounting Practice in Ireland). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the company as to the financial year end and of the profit or loss of the company for the financial year and otherwise comply with the Companies Act 2014.

In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable and prudent
- State whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards and note the effect and the reasons for any material departure from those standards
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business [22]

The directors are responsible for ensuring that the company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the company, enable at any time the assets, liabilities, financial position and profit or loss of the company to be determined with reasonable accuracy, enable them to ensure that the financial statements and directors report comply with the Companies Act 2014 and enable the financial statements to be audited. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions[23].

On behalf of the board[24]

______________________	______________________
Mr A Director	Ms B Director
Director	Director

DATE: ____________

[21] Deemed best practice for firm's regulated by Chartered Accountants Ireland
This statement is based on the illustrative Director's Responsibilities Statement in FRC Bulletin 1(i) and is updated for new terminology as noted in the Companies Act 2014
[22] Include where no separate statement on going concern is made by the directors
[23] Include only- if accounts are available on the company website
[24] Where there is only 1 director as a new model private LTD that director may approve the financial statements

Independent Auditors Report to the Members of OmniPro Sample Medium/Large Company Limited for the year ended 31 December 2019 [25]

Opinion

We have audited the financial statements of OmniPro Sample Medium/Large Company Limited (the 'company') for the year ended 31 December 2019 which comprise Profit and Loss Account, the Balance Sheet, Statement of Cashflows, Statement of Changes in Equity and the related notes [26], including a summary of significant accounting policies set out in note 2. The financial reporting framework that has been applied in their preparation is applicable Irish law and Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

In our opinion, the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the company as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, including the Ethical Standard as issued by the Irish Auditing and Accounting Supervisory Authority ("IAASA"), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information[27]

The other information comprises the information included in the annual report[28], other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

[25] The FRC have not updated Bulletin 1(I) at the time of publication so this may be subject to change. IAASA
[26] The terms used to describe the primary financial statements should be the same as those used by the directors.
[27] "Other Information" must be included in an audit report in Ireland under ISA 720 P21.
[28] The term used to describe the annual report should be the same as that used by the directors.

Opinions on other matters prescribed by Companies Act 2014

In our opinion, based on the work undertaken in the course of the audit:

- we have obtained all the information and explanations which we consider necessary for the purposes of our audit;
- the accounting records of the company were sufficient to permit the financial statements to be readily and properly audited[29];
- the financial statements are in agreement with the accounting records;
- the information given in the Director's Report is consistent with the financial statements; and
- the Director's Report has been prepared in accordance with the Companies Act 2014.

Matters on which we are required to report by exception

Based on the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by sections 305 to 312 of the Act are not made. We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement on page 11, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA website at: http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsiblities_for_audit.pdf.

[29] Where the company has material branches, this notation can be expanded by including "and information and returns adequate for our audit have been received from branches of the company not visited by us."

The purpose of our audit work and to whom we owe our responsibilities
This report is made solely to the company's members as a body in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the company's members those matters that we are required to state to them in the audit report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company or the company's members as a body for our audit work, for this report, or for the opinions we have formed.[30]

Signed by:

____

Personal name of auditor **Date: ________________________**
For and on behalf of:
Compliant Accountant & Co[31]

Chartered	ACCA	CPA
Chartered Accountants & Statutory Audit Firm, Accountants Row, Any County	Chartered Certified Accounts & Statutory Auditors/Statutory Auditor, Accountants Row, Any County	Certified Public Accountants & Statutory Audit Firm, Accountants Row, Any County

[30] Paragraph included as best practice
[31] The firm name must reflect the name of the firm as it appears on the public register of the Registrar of Companies

OmniPro Sample Medium/Large Company Limited

Profit and Loss Account

For the Year ended 31 December 2019

	Notes	2019 €	2018 €
Turnover	3	6,074,690	6,236,154
Cost of sales		(2,907,124)	(3,665,856)
Gross profit		**3,167,566**	**2,570,298**
Administration expenses		(1,885,421)	(2,182,133)
Other operating income	5	220,000	230,000
Operating profit	4	**1,502,145**	**618,165**
Interest receivable and similar income	6	14,999	5,307
Interest payable and similar expenses	7	(205,784)	(199,721)
Profit on before taxation		**1,311,360**	**423,751**
Tax on profit	8	(266,994)	(119,414)
Profit for the financial year		**1,044,366**	**304,337**

Statement of Comprehensive Income[32]

For the Year ended 31 December 2019

	Notes	2019 €	2018 €
Profit for the financial year		1,044,366	304,337
Total Comprehensive Income for the year		**1,044,366**	**304,337**

[32] A two statement approach has been adopted in accordance with Section 5 (FRS 102). The Statement of Comprehensive Income (SOCI) is included here for illustration purposes only as there are no movements in the example that require a SOCI. Should a SOCI be required it should be shown on a separate page.
This profit and loss is prepared in accordance with Format 1 of Schedule 3 to CA 2014 as amended by CAA 2017. Formats 2,can also be used. The IFRS format can also be used Sch 3(2)(3) CA 2014 as amended by CAA 2017. This can also be called an income statement

OmniPro Sample Medium/Large Company Limited
Balance Sheet
At December 2019

	Notes	31-Dec 2019 €	31-Dec 2018 €
Fixed assets			
Tangible assets	**11**	2,029,024	411,885
Investment properties [33]	**12**	1,100,725	3,490,201
Financial assets	**13**	185,640	209,200
		3,315,389	**4,111,286**
Current assets			
Stocks	**14**	699,709	392,166
Debtors	**15**	2,456,177	1,458,187
Cash at bank and in hand		356,772	147,723
		3,512,658	**1,998,076**
Creditors: amounts falling due within one year	**16**	**(2,824,570)**	**(3,366,330)**
Net current assets/(liabilities)		**688,088**	**(1,368,254)**
Total assets less current liabilities		**4,035,477**	**2,743,032**
Creditors: amounts falling due after more than one year	**17**	(2,166,210)	(2,129,125)
Provision for liabilities	**19**	(214,206)	(65,212)
Net Assets		**1,623,061**	**548,695**
Capital and reserves			
Called up share capital presented as equity	**22**	120,000	100,000
Share premium account	**23**	10,000	-
*Revaluation reserve ** *	*XX*	*XXX*	*-*
Other reserves	**23**	126,000	128,625
Profit and loss account	**23**	1,367,061	320,070
		1,623,061	**548,695**

The financial statements were approved by the Board of Directors on (Insert date) and authorised for issue on (insert date). They were signed on its behalf by[34]

Mr A Director[35]
Director
DATE: ______________

Ms B Director
Director

This is prepared in accordance with Format 1 of Schedule 3 to the CA 2014, Format 2 can also be used as can IFRS format per Schedule 3(2)(3) CA 2014 as amended by CAA 2017 as long as it is equivalent to Schedule 3 formats and deals with al matters. This can also be called a statement of financial position. A not for profit entity can adopt the balance sheet and profit and loss account to suit its needs.

[33] Sch3 Formats specifically require investment property to be shown separately on the face of the balance sheet and cannot be included within tangible fixed assets

This is prepared in accordance with Format 1 of Schedule 3 to the CA 2014, Format 2 can also be used.

[34] Section 32.9 - A company shall disclose the date when the financial statements were authorized for issue and who gave that authorisation

[35] Where there is only 1 director as a new model private LTD that director may approve the financial statements

*** Where Co. holds property used by other group members, previously accounted as investment property & option taken to treat previously valuation as deemed cost and reclassify to PPE*

OmniPro Sample Medium/Large Company Limited
Statement of Changes in Equity
For the Year Ended 31 December 2019

[36]	Called up Share Capital	Share Premium Account	Other Reserves	Profit and Loss Account	*Revaluation reserve*	Total Equity
	€	€	€	€	€	€
Balance at 1 January 2018	100,000	-	131,250	13,108	-	244,358
Profit for the year	-	-	-	304,337	-	304,337
Transfers net of deferred tax	-	-	(2,625)	2,625	-	-
Balance at 31 December 2018 and at 1 January 2019	**100,000**	**-**	**128,625**	**320,070**	**-**	**548,695**
Equity Shares Issued	20,000	10,000	-	-	-	30,000
Profit for the year	-	-	-	1,044,366	-	1,044,366
Transfers net of deferred tax	-	-	(2,625)	2,625	*(XX)*	-
*Transfer from P&L Reserve to revaluation reserve ***	-	-	-	*(XXX)*	*XXX*	-
Dividends on ordinary shares paid and declared (€XX per ordinary share)	-	-	-	-	-	-
Dividends on ordinary shares declared but unpaid in year (€XX per ordinary share)	-	-	-	-	-	-
Balance at 31 December 2019	**120,000**	**10,000**	**126,000**	**1,367,061**	***XXXX***	**1,623,061**

[36] Section 6 FRS 102 requires a statement of changes to be presented. For simpler entities where there are only dividends and prior year restatements going through equity, the statement of income and changes in retained earnings is permitted under FRS 102-Section 6. However note Sch 3(53) of CA 2014 requires movement on the profit and loss reserves to be disclosed including details of dividend. Therefore where this SOCE is not presented the movement on P&L reserves must be presented in the notes, on the balance sheet or on the face of the P&L Sch 3(54) requires movement on any reserve to be shown inc revaluation reserves and fair value reserves to. In order to cover off these requirements it would make sense to include a SOCE. If it is not shown in the SOCE it will have to be shown in the notes. Companies Act also requires comparatives for each year showing the movements as per Sch3(5).

** *Where Co. holds property used by other group Co.'s, previously accounted as investment property & option taken to treat previously valuation as deemed cost and reclassify to PPE*

OmniPro Sample Medium/Large Company Limited

Statement of Cashflows
For the Year ended 31 December 2019

	Notes	2019 €	2018 €
Cash flows from operating activities			
Cash generated from operations	**29**	440,343	502,225
Taxation refunded/(paid)		129,719	(88,388)
Net cash generated from operating activities		**570,062**	**413,837**
Cash flows from investing activities			
Payments to acquire Tangible Fixed Assets		(1,568,437)	(198,421)
Cash received on disposal of Investment Property		2,539,476	-
Payments to acquire government bond		(150,000)	-
Cash received on disposal of investments		173,560	-
Payments to acquire intangible assets		-	-
Net cash generated from/(used in) investing activities		**994,599**	**(198,421)**
Cash flows from financing activities			
Interest paid		(197,784)	(199,721)
Preference dividends paid		(8,000)	-
Proceeds received from issue of ordinary shares		30,000	-
Proceeds received from issue of preference shares		100,000	-
Repayment of capital element of finance leases		(57,335)	(3,725)
Movement on loans		(1,222,493)	104,112
Net cash used in financing activities		**(1,355,612)**	**(99,334)**
Net increase in cash and cash equivalents	**30**	**209,049**	**116,082**
Cash and cash equivalents at beginning of year		147,723	31,641
Cash and cash equivalents at end of year		**356,772**	**147,723**

OmniPro Sample Medium/Large Company Limited

Year Ended 31 December 2019
Accounting Policies

1. ACCOUNTING POLICIES

OmniPro Sample Medium/Large Company Limited is primarily engaged in the provision of construction services to both the private and commercial sectors. From their operations base and depot in Construction Place, Builders Lane, Dunblock, Any County they also sell pre-cast concrete products to private individuals and the construction industry. The company is supplied with the pre-cast concrete products by a wholly owned subsidiary company, which operates independently from a separate location.

The company is a limited liability company incorporated in the Republic of Ireland and its company registration number is XXXX.

The significant accounting policies[37] adopted by the Company and applied consistently[38] in the preparation of these financial statements are as follows:

(a) Basis of preparation

The Financial Statements are prepared on the going concern basis[39], under the historical cost convention, [as modified by the revaluation of certain tangible fixed assets] and comply with the financial reporting standards of the Financial Reporting Council [and promulgated by Chartered Accountants Ireland[40]] including FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (“FRS 102”) [41] and the Companies Act 2014.

The FRC issued amendments to FRS 102 called ‘Amendments to FRS 102- Triennial review incremental improvements and classifications adjustments’ which can be applied for accounting periods beginning on or after 1 January 2019 with early adoption permitted. These amendments have been reflected in the March 2018 version of FRS 102. The company has early adopted these amendments in these financial statements.

The financial statements are prepared in Euro which is the functional currency of the company.

(b) Consolidation[42]

NOTE: the below is to be included where the parent company is exempt from consolidation due to its immediate parent company (which is in the EEA) preparing consolidated financial statements

Consolidated accounts
The company has not prepared consolidated accounts for the period as, being a wholly owned subsidiary of the ultimate parent company, XXXXXX Limited, it is exempted from doing so under Section 9 of FRS 102 which is accommodated under Section 299 of the Companies Act 2014.

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[37] Changes in accounting policies must be identified and recorded in accordance with FRS 102, section 10
[38] Para 13, Sch III, CA 2014 – Accounting policies shall be applied consistently from one period to another
[39] Para 12, Sch III, CA 2014 – A company is deemed to be carrying on business as going concern. Sch3(19) requires a disclosure of the fact that it is not being carried on as a going concern to also be disclosed (also stated in S.291 CA 2014). Where uncertainties exist this should be stated.
[40] Deemed best practice for firm’s regulated by Chartered Accountants Ireland
[41] Appendix 1AD.1 of FRS 102 encourages a statement of compliance to be included in the notes to the financial statements in order to show a true and fair view also.
Where the entity has made a decision to wind up the entity that is required to be disclosed, there is no choice. Where there is uncertainties about going concern CA 2014 requires this to be disclosed. Appendix D of Section 1A of FRS 102 also encourages this in order to show a true and fair view.
[42] Applicable to Group companies who do not meet the size criteria to prepare consolidated financial statements. Note S.22 of CAA 2017 requires where this exemption is claimed that where the company is owned 90% by one shareholder, the remaining 10% shareholder must also approve the exemption.

OmniPro Sample Medium/Large Company Limited

Year Ended 31 December 2019
Accounting Policies

NOTE: the below is to be included where the parent company is exempt from consolidation due to its ultimate parent company (which is in or outside the EEA) preparing consolidated financial statements

Consolidated accounts
The company has not prepared consolidated accounts for the period as, being a wholly owned subsidiary of the ultimate parent company, XXXXXX Limited, it is exempted from doing so under Section 9 of FRS 102 which is accommodated under Section 300 of the Companies Act 2014.

(c) Currency

(i) Functional and presentation currency
Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ("the functional currency"). The financial statements are presented in euro, which is the company's functional and presentation currency and is denoted by the symbol "€".

(ii) Transactions and balances
Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit and loss account within 'finance (expense)/income'. All other foreign exchange gains and losses are presented in the profit and loss account within 'Other operating (losses)/gains'.

(d) Turnover

Turnover is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Turnover comprises the fair value of consideration received and receivable exclusive of value added tax and after discounts and rebates.

Where the consideration receivable in cash or cash equivalents is deferred, and the arrangement constitutes a financing transaction, the fair value of the consideration is measured as the present value of all future receipts using the imputed rate of interest.

Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods, the amount of turnover can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Turnover from the provision of services is recognised in the accounting period in which the services are rendered and the outcome of the contract can be estimated reliably. The company uses the percentage of completion method based on the actual service performed as a percentage of the total services to be provided.

(e) Interest income

Interest income is recognised using the effective interest method.

OmniPro Sample Medium/Large Company Limited

Year Ended 31 December 2019
Accounting Policies

(f) Dividend income

Dividend income from subsidiaries is recognised when the Company's right to receive payment has been established.

(g) Dividend distribution

Dividend distribution to the company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the company's shareholders.

(h) Government grants

Government grants are recognised at their fair value in profit or loss where there is a reasonable assurance that the grant will be received and the Company has complied with all attached conditions.

Capital Grants received where the Company has yet to comply with all attached conditions are recognised as a liability (and included in deferred income within Creditors and accruals) and released to income when all attached conditions have been complied with.

Revenue Grants are credited to income so as to match them with the expenditure to which they relate. Government grants received are included in 'other income' in profit or loss.

(i) Taxation

Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

(i) *Current tax*
Current tax is calculated on the profits of the period. Current tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date.

(ii) *Deferred tax*
Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is provided in full on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred tax liability is settled.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred tax liability is settled. Deferred tax is recognised in the profit and loss account or other comprehensive income depending on where the revaluation was initially posted.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Current or deferred taxation assets and liabilities are not discounted.

(j) Tangible fixed assets

(i) Cost

Tangible fixed assets are recorded at historical cost or deemed cost, less accumulated depreciation and impairment losses. Cost includes prime cost, overheads and interest incurred in financing the construction of tangible fixed assets. Capitalisation of interest ceases when the asset is brought into use.

Freehold premises are stated at cost [43](or deemed cost for freehold premises held at valuation at the date of transition to FRS 102) less accumulated depreciation and accumulated impairment losses

The difference between depreciation based on the deemed cost charged in the profit and loss account and the asset's original cost is transferred from revaluation reserve to retained earnings.

Equipment and fixtures and fittings are stated at cost less accumulated depreciation and accumulated impairment losses.

(ii) Depreciation

Depreciation is provided on Tangible fixed assets, on a straight-line basis, so as to write off their cost less residual amounts over their estimated useful economic lives.

The estimated useful economic lives assigned to Tangible fixed assets are as follows:

Freehold Premises	2% straight line on cost
Motor vehicles	25% straight line on cost
Office Equipment, fixtures & fittings	12½% straight line on cost
Computer equipment	25%/33⅓% straight line on cost
Spare parts	25% straight line on cost

The company's policy is to review the remaining useful economic lives and residual values of Tangible fixed assets on an on-going basis and to adjust the depreciation charge to reflect the remaining estimated useful economic life and residual value.

Fully depreciated property, plant & equipment are retained in the cost of property, plant & equipment and related accumulated depreciation until they are removed from service. In the case of disposals, assets and related depreciation are removed from the financial statements and the net amount, less proceeds from disposal, is charged or credited to the profit and loss account.

(iii) Impairment

Assets not carried at fair value are also reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Value in use is defined as the present value of the future pre-tax and interest cash flows obtainable as a result of the asset's continued use. The pre-tax and interest cash flows are discounted using a pre-tax discount rate that represents the current market risk free rate and the risks inherent in the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

[43] Para 20, Sch III, CA 2014 – Fixed assets shall be recorded at its purchase price or production cost

OmniPro Sample Medium/Large Company Limited

Year Ended 31 December 2019
Accounting Policies

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in profit or loss.

If an impairment loss is subsequently reverses, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the profit and loss account.

(k) Investment properties

The company owns a number of freehold office buildings that are held to earn long term rental income and for capital appreciation. Investment properties are initially recognised at cost. Investment properties whose fair value can be measured reliably are measured at fair value. Changes in fair value are recognised in the profit and loss account.

For properties which are owned by the Company but used by other members of the group in which the Company is a part of, the Company accounts for such properties as if they are property, plant and equipment instead of investment property and therefore carries these at deemed cost/ cost less accumulated depreciation and impairment. The Company has availed of the exemption in Section 1.19 of FRS 102 to elect to have the carrying amount of these properties at the 31 December 2018 deemed to be cost of the property.

(l) Investments in subsidiary undertakings

Investments in subsidiary undertakings are shown at historical cost less provision for impairments in value.

(m) Leases

(i) Finance leases

Leases in which substantially all the risks and rewards of ownership are transferred by the lessor are classified as finance leases.

Tangible fixed assets acquired under finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments and are depreciated over the shorter of the lease term and their useful lives. The capital element of the lease obligation is recorded as a liability and the interest element of the finance lease rentals is charged to the profit and loss account on an annuity basis.

Each lease payment is apportioned between the liability and finance charges using the effective interest method.

(ii) Operating leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(iii) Lease incentives

Incentives received to enter into a finance lease reduce the fair value of the asset and are included in the calculation of present value of future minimum lease payments.

Incentives received to enter into an operating lease are credited to the profit and loss account, to reduce the lease expense, on a straight-line basis over the period of the lease.

(n) Stocks

Stocks comprise consumable items and goods held for resale. Stocks are stated at the lower of cost and net realisable value. Cost is calculated on a first in, first out basis and includes invoice price, import duties and transportation costs. Net realisable value comprises the actual or estimated selling price less all further costs to completion or to be incurred in marketing, selling and distribution.

At the end of each reporting period Stocks are assessed for impairment. If an item of stock is impaired, the identified inventory is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the profit and loss account. Where a reversal of the impairment is recognised the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the profit and loss account.

(o) Trade and other debtors

Trade and other debtors including amounts owed to group companies are recognised initially at transaction price (including transaction costs) unless a financing arrangement exists in which case they are measured at the present value of future receipts discounted at a market rate. Subsequently these are measured at amortised cost less any provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. All movements in the level of provision required are recognised in the profit and loss.

(p) Other financial assets

Other financial assets include investments which are not investments in subsidiaries, associates or joint ventures. Investments are initially measured at fair value which usually equates to the transaction price and subsequently at fair value where investments are listed on an active market or where non listed investments can be reliably measured. Movements in fair value are measured in the profit and loss.

When fair value cannot be measured reliably or can no longer be measured reliably, investments are measured at cost less impairment.

(q) Preference share capital

Redeemable preference shares have been classified as liabilities in the balance sheet. The preference dividend is charged in arriving at the interest cost in the profit and loss account. (*including the following where applicable)* However, no dividends will be paid on the cumulative preference shares until the company has positive profit and loss reserves.

(r) Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits and other short- term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(s) Creditors and accruals

Creditors and accruals are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

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(t) Borrowings

Borrowings are recognised initially at the transaction price (present value of cash payable to the bank, including transaction costs). Borrowings are subsequently stated at amortised cost. Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the Company has a right to defer settlement of the liability for at least 12 months after the reporting date.

(u) Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

(v) Contingencies

Contingent liabilities, arising as a result of past events, are not recognised when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the company's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

(w) Employee Benefits [44]

The company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

(x) *Short term benefits*
Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

(ii) *Annual bonus plans*
The company recognises a provision and an expense for bonuses where the company has a legal or constructive obligation as a result of past events and a reliable estimate can be made.

(iii) *Defined contribution pension plans*

Para 18, Sch III, CA 2014 – If there are special reasons for departing from any of the stated accounting policies the company shall note the reasons for departure and the effect on the balance sheet and profit and loss in that year

[44] This policy relates to a defined contribution scheme, an expanded policy would be required for a defined benefit scheme

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The Company operates a defined contribution plan. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate fund. Under defined contribution plans, the company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans, the company pays contributions to privately administered pension plans on a contractual or voluntary basis. The company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(x) Dividend distribution

Dividend distribution to equity shareholders are recognised as a liability in the company's financial statements in the period in which the dividends are approved by the equity shareholders. These amounts are recognised in the statement of changes in equity.

(y) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(z) Related party transactions

The company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned.

(aa) Goodwill

Goodwill represents the excess of consideration paid for the acquisition of shares in associates and joint ventures over the fair value of the identifiable assets and liabilities. Goodwill is amortised to the profit and loss account on a straight line basis over its estimated useful life. The estimated useful lives of goodwill on acquired businesses are up to XX years. Useful life is determined by reference to the period over which the values of the underlying businesses are expected to exceed the values of their identifiable net assets.

Goodwill is reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

(bb) Other Intangible Assets

Acquired intangible assets are capitalised at cost and are amortised using the straight-line basis over their useful lives up to a maximum of XX years.

Intangible assets acquired as part of a business acquisition are capitalised separately from goodwill if the fair value can be measured reliably. Internally generated intangible assets are only recognised where they have a readily ascertainable market value.

Intangible assets are reviewed for impairment at the end of the first full financial year following acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

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Accounting Policies

(cc) Prior period adjustment – Change in accounting policy[45]

Following the change made by the March 2018 edition of FRS 102 (which is mandatory for periods beginning on or after 1 January 2019) to not allow an entity to claim the undue cost or effort get out to treat property that would otherwise meet the definition of investment property as property, plant and equipment. As a result of this change, a retrospective adjustment was required to restate these properties to fair value at the 1 January 2017 and 31 December 2018 with the fair value movement being reflected in the profit and loss account. The impact of this change is as follows:

	2018 as previously stated	*Adjustment*	*2018 As restated*
Profit and Loss			
Turnover etc. etc.	*XXX*	*XX*	*XX*
Etc Etc			

DISCLOSE CHANGE IN ACCOUNTING POLICY

(dd) Exceptional item (for illustrative purposes) [46]

Exceptional items are those that the Directors' view are required to be separately disclosed by virtue of their size or incidence to enable a full understanding of the Company's' financial performance. The Company believe that this presentation provides a more informative analysis as it highlights one off items. Such items may include restructuring, impairment of assets, profit or loss on disposal or termination of operations, litigation settlements, legislative changes and profit or loss on disposal of investments. The company has adopted an income statement format that seeks to highlight significant items within the company results for the year.

Para 19, Sch 3, CA 2014 as amended by CAA Bill 2016 – If there are special reasons for departing from any of the stated accounting policies the company shall note the reasons for departure (stating why it shows more of a true and fair view where the change is voluntarily) and the effect on the balance sheet and profit and loss in that year and the prior period presented. FRS 102 Section 10.14 also requires the line items affected to be detailed including the aggregate for periods beginning before those presented and an explanation if any of these are impracticable.

[45] S.321 of CA 2014 as amended by S.37 of CAA Bill 2016 requires details of a change in accounting policy to be included in the accounting policy section of the financial statements detailing the reason for the change for it and the impact of the change on the current and prior years.

Para 19, Sch 3, CA 2014 as amended by CAA Bill 2016 – If there are special reasons for departing from any of the stated accounting policies the company shall note the reasons for departure and the effect on the balance sheet and profit and loss in that year

[46] Exceptional item. Sch 3(63)(2) requires disclosure of all exceptional items in the notes to the financial statements so an accounting policy is also required where those exist. This should be adjusted depending on what the entity defines as exceptional.

2. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of these financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

Judgements and estimates are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Establishing useful economic lives for depreciation purposes of tangible fixed assets
Long-lived assets, consisting primarily of Tangible fixed assets, comprise a significant portion of the total assets. The annual depreciation charge depends primarily on the estimated useful economic lives of each type of asset and estimates of residual values. The directors regularly review these asset useful economic lives and change them as necessary to reflect current thinking on remaining lives in light of prospective economic utilisation and physical condition of the assets concerned. Changes in asset useful lives can have a significant impact on depreciation and amortisation charges for the period. Detail of the useful economic lives is included in the accounting policies.

(b) Inventory provisioning
The company is involved in the construction industry and are engaged in a number of long term contracts at the year end. As a result it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required. When calculating the inventory provision, management considers the stage of completion, the estimated realisable value and the estimated costs to completion. The level of provision required is reviewed on an on-going basis and has been disclosed in note 16.

(c) Providing for doubtful debts
The company makes an estimate of the recoverable value of trade and other debtors. The company uses estimates based on historical experience in determining the level of debts, which the company believes, will not be collected. These estimates include such factors as the current credit rating of the debtor, the ageing profile of debtors and historical experience. Any significant reduction in the level of customers that default on payments or other significant improvements that resulted in a reduction in the level of bad debt provision would have a positive impact on the operating results. The level of provision required is reviewed on an on-going basis and has been disclosed in note 17.

(d) Valuation of investment properties
The company revalue its investment property to fair value based on advice from independent expert valuers. See note 14 for details of this valuation.

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3. TURNOVER[47]

All turnover derives from activities in the Republic of Ireland. The analysis of turnover by activity is as follows[48]:

	2019	2018
	€	€
Construction	4,689,227	4,938,596
Pre-cast Concrete Retail	1,385,463	1,297,558
	6,074,690	**6,236,154**

4. OPERATING PROFIT

Operating profit is stated after charging:

	2019	2018
	€	€
Depreciation	149,999	170,037
Amortisation on intangibles	-	-
Directors' remuneration	212,000	225,600
Impairment OR reversal of impairment of assets/goodwill/intangibles	-	-
Loss of disposal of fixed assets/investments	51,299	-
Rentals under operating leases	-	-
Government grants amortised	-	-
Movement on stock provision	4,000	-
Revenue grants	-	-
Research and development expenditure	-	-
Foreign exchange gain/loss	-	-
Auditors' remuneration [49]/[50]		
Audit -	13,000	13,000
Non audit services	3,000	3,000
Tax Advisory	3,225	3,225
~~Stock still recognised as an expense~~ *	-	-

[47] Para 62(1) & (2), Sch III, CA 2014 – Where the company has carried on the business of 2 or more classes, or supplied 2 or more markets, which differ substantially from the other, the company shall state the amount of turnover attributable to that class/market

[48] Para 62(6), Sch III, CA 2014 – Where in the opinion of the directors, the disclosure of separate information as required would be seriously prejudicial to the interests of the company, that information need not be disclosed. The fact that the information has not been disclosed must be stated

[49] S.322(2), CA 2014 – A company shall disclose all fees for both audit and non-audit services received in the year. Remuneration includes benefits in kind, reimbursement of expenses and other payments in cash. There is an exemption for medium companies

[50] S.322(5), CA 2014 – A company which qualifies as small or medium in accordance with S.280F&S.280G CA 2014 as inserted by S.15 of CAA 2017 is not required to state the audit and non-audit fees earned by the company

*No Longer Required

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5. OTHER OPERATING INCOME

	2019	2018
	€	€
Rent received	70,000	130,000
Fair value gain on movement on fair value of investment properties	150,000	100,000
	220,000	230,000

6. INTEREST RECEIVABLE AND SIMILAR INCOME[51]

Interest and income earned on assets held at amortised cost:		
Interest on Government bond	9,000	-
Interest income on other financial assets	5,999	5,307
	14,999	5,307

7. INTEREST PAYABLE AND SIMILAR EXPENSES[52]

	2019	2018
	€	€
Interest charged on financial liabilities carried at amortised cost:		
On bank loans, overdrafts and other loans wholly repayable within five years[53]	192,384	199,221
Finance lease interest	5,400	500
Preference share dividend	8,000	-
	205,784	**199,721**

8. TAXATION

	2019	2018
	€	€
(a) Tax expense in profit and loss:		
Current tax expense:		
Irish corporation tax on profits for the year	215,500	99,722
Adjustments in respect of prior periods	-	-
	215,500	99,722
Deferred tax expense:		
Origination and reversal of temporary difference	51,494	19,692
	266,994	**119,414**

[51] Sch3(60) CA 2014 requires a split of income from listed and unlisted investments if applicable. FRS 102 Section 11/12 requires a split of income recognised on amortised cost basis or a fair value basis.

[52] Para 60, Sch III, CA 2014 – Required to disclose separately interest and similar expenses and split by amounts due on bank loans and overdrafts, loans from group undertakings and any other interest charged (note FRS 102 requires split further by preference shares treated as interest, finance lease interest etc. and to split amounts charged on amortised cost basis versus fair value basis. If the company capitalises interest into assets, the total interest cost for the year should be shown with the amount capitalised shown as a deduction in arriving at the net amount on the face of the Profit and Loss a/c

[53] If the company capitalises interest into assets, the total interest cost for the year should be shown with the amount capitalised shown as a deduction in arriving at the net amount on the face of the Profit and Loss a/c

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(b) Reconciliation of tax charge

The tax assessed for the period is higher than the standard rate of corporation tax in Ireland for the year end 31 December 2019 of 12.5% (2018: 12.5%). The differences are explained below.

	2019	2018
	€	€
Profit on ordinary activities before tax	**1,311,360**	**423,751**
Tax calculated at Irish tax rates of 12.5% (2018: 12.5%)	163,920	52,969
Effects of:		
Non deductible expenses	30,484	8,810
Income taxed at higher rates	19,750	16,250
Deferred tax recognised at higher rate	30,750	20,500
Corporation tax surcharge	22,090	20,885
Tax charge for year	**266,994**	**119,414**

9. EMPLOYEES

The average monthly number of employees was: [54/55]

	2019	2018
Administration	4	4
Distribution	2	2
Construction	8	8
	14	**14**

	2019	2018
Operating costs	€	€
Staff costs: [56]		
- Wages and salaries	550,567	725,805
- Social welfare costs	61,133	76,189
- Retirement Benefits – defined contribution plans	46,746	43,289
- Other staff compensation – Benefit in Kind	-	-
Net staff costs included in operating costs	**658,446**	**845,283**

[54] S.317(1), CA 2014 – The company is required to disclose details of the average number of people employed in the financial year and the separately distinguish the category within which they were employed
[55] S317(5), CA 2014 – The average number of persons employed by the company shall be determined by dividing the relevant annual number by the number of months in the financial year
[56] S.317(2), CA 2014 – The company shall separately identify employment costs of all staff employed, expanded to include details of amounts capitalised into assets and treated as a revenue cost in the financial year

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10. DIRECTORS REMUNERATION AND TRANSACTIONS

	2019	2018
	€	€
Remuneration[57]		
Salary	182,000	185,600
Retirement Benefits	30,000	30,000
	212,000	**225,600**

Directors' Loans[58]	Directors A	Director B
Opening Balance	4,332	100,000
Repayments to directors	9,301	-
Advances from directors	1,000	-
Closing balance	**12,633**	**100,000**
% of net assets	**X%**	**X%**

The loan is interest free and is repayable on demand[59]. The amount written off during the year was €XXX (2018: €xxx) [60]. A provision of €XX (2018: €XX) was provided against this loan at year end.

During the year the company paid €XXX (€XXX) for rental of the directors premises[61].

[57] As required by Section 305 of CA 2014, S305, 305A require disclosure of remuneration payable to the directors/de facto directors and shadow directors and connected parties as defined in S.220 CA 2014 including share options exercised. S.305A also requires disclosure of the aggregate amounts including benefits in kind paid or payable to third parties for making require available the services of any person as a director to the company, its subsidiaries or to its holding company or any other person to include the split by each of these four parties. The services also includes services in connection with the management of the company's affairs. A third party is defined as any person other than: a) the director and connected persons; b) a body corporate controlled by that director; or c) the company and any of its subsidiary undertakings. Connected parties are defined by S 220 CA 14 as being connected if they are a) that director's spouse, civil partner, parent, brother, sister or child; b) a person acting in his or her capacity as the trustee of any trust, the principal beneficiaries of which are that director, the spouse (or civil partner) or any children of that director or any body corporate which that director controls; c) or in partnership with that director.

[58] S.307-308 CA 2014 requires disclosure of amounts owed from directors inc. connected persons to the company giving movement in the year by director to also include an provision made against these loans. Disclosure required under S.307(8) CA 2014 of the % the loans represents of the net assets at the beginning and end of each year. In addition where loan amount increased over 10% of the net of assets of the Co. in the year this % should also be stated.

[59] CA 14 S.307(3)(g) & (h) require an indication of the interest rate and the arrangements' other main conditions.

[60] CA 14 S.307 as amended by CAA 2017 require details of amounts written off to be disclosed. The maximum balance in the year does not need to be disclosed.

[61] CA 14 S 309 (1) requires that subject to *section 310 (section 10 relates to credit institutions)* , the entity financial statements of a company shall disclose, both for the current and the preceding financial year, in the notes to the statements the particulars specified in *subsection (3)* of any other arrangement or transaction not dealt with by *section 305* , *307* or *308*entered into by the company in which a person, who at any time during the financial year was a director, a director of its holding undertaking or a person connected with such a director, had, directly or indirectly, a material interest. This can be included in this note or the related party note. It also deals with loans provided by the directors or connected persons to the company.
Where the company is a credit institution refer to S.310-S.312 for further disclosures.

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During the year the company provided construction services to a company called Related Company Limited. Ms B Director who is a director of the company is also a director and 100% shareholder of Related Company Limited. The cost of the services was €XXXX (2018: €XXX).

11. TANGIBLE FIXED ASSETS[62]

	Freehold Premises	Motor Vehicles	Fixtures & Fittings	Computer Equipment	Total
	€	€	€	€	€
Costs					
At beginning of year	507,473	149,039	310,978	157,523	1,125,013
*Transfer from investment property ***	*XXX*	-	-	-	*XXX*
Additions in year	1,519,000	165,000	99,733	34,704	1,818,437
Disposals in year	-	(93,359)	-	-	(93,359)
At end of year	**2,026,473**	**220,680**	**410,711**	**192,227**	**2,850,091**
Depreciation					
At beginning of year	187,723	111,836	278,802	134,767	713,128
Charge for Year	37,543	26,799	29,015	56,642	149,999
On disposals	-	(42,060)	-	-	(42,060)
At end of year	**225,266**	**96,575**	**307,817**	**191,409**	**821,067**
Net book value					
At 31 December 2019	**1,801,207**	**124,105**	**102,894**	**818**	**2,029,024**
At 31 December 2018	**319,750**	**37,203**	**32,176**	**22,756**	**411,885**

Included within freehold premises above is a property which is owned by the Company but used by another member of the XXX Group of which this Company is a part of. The carrying amount of this property at 31 December 2019 was €XXXX.

The following assets were held under finance lease:

	2019	2018
	€	€
Net Book Value	91,884	129,389
Depreciation Charge for the Year	34,015	11,317

Include the below if the revaluation option on fixed assets is chosen (not applicable here).
[The land and buildings of the company were revalued by [state name], [state qualification] to an open market value basis reflecting existing use [or state alternate basis if appropriate] on [state date] 20XX.

[62] Para 48, Sch III, CA 2014 – Requires the presentation of cost, accumulated depreciation and net book value. Sch 3(5)(2) no longer requires the movement on the prior year fixed asset note to be included

** *Applicable where a company in a group which owns property used by other group members have elected with the option in Section 16.4A of FRS 102 to account for same as property, plant and equipment going forward and to account for the adjustment prospectively.*

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The valuation was carried out in accordance with the SCS Appraisal and Valuation Manual. {If the valuer is an officer or employee of the company or a group company this fact must be stated}.

These valuations have been incorporated into the financial statements and the resulting revaluation adjustments have been taken to the revaluation reserve. The revaluations during the year ended 30th December 2019 resulted in a revaluation surplus of €xx,xxx].[63]

The historical cost, accumulated depreciation and net book value of the freehold premises is as follows. The depreciation charge on the historical cost basis is €XXXX[64]:

	2019	**2018**
	€	**€**
Original cost	XXX	XXX
Accumulated depreciation	(XXX)	(XXX)
Net book amount	XXX	XXX

Include the below if the option is capitalise borrowing costs is chosen (not applicable here included for illustrative purposes only).

The company capitalised €XXX (2018: €XXXX) in borrowing costs during the year.

12. INVESTMENT PROPERTIES[65]

	2019	2018
	€	€
Investment property at fair value at 1 January	3,490,201	3,390,201
Additions	-	-
Uplift in fair value recognised in the profit and loss (see note (i) below)	150,000	100,000
*Transfer to Tangible fixed assets ***	*(XX)*	*-*
Transfer from Tangible fixed assets (*for illustrative purposes only)	-	-
Transfer from Stocks (*for illustrative purposes only)	-	-
Disposal	(2,539,476)	-
Investment property at fair value at 31 December	1,100,725	3,490,201

(i) The land and buildings of the company were valued by [state name], [state qualification] to open market value reflecting existing use [or state alternate basis if appropriate] on [state date] 20XX. The valuation was carried out in accordance with the SCS Appraisal and Valuation Manual. {If the valuer is an officer or employee of the company or a group company this fact must be stated}. The critical assumptions made relating to the valuations are set out below:

	2019	2018
Yields	4%	4%
Inflation rate	2%	2%

[63] Details of the historical cost of the asset and accumulated depreciation must be disclosed on revalued assets

[64] Details of the historical cost of the asset and accumulated depreciation must be disclosed on revalued assets as well as the additional amount recognised in the revaluation reserve.

[65] Sch 3 Formats as adjusted by CAA 2017 requires investment property to be shown separately from land and buildings..Sch 3 as amended by CAA 2017 no longer requires disclosure of historical cost of investment properties or biological assets.

** *Applicable where a company in a group which owns property used by other group members have elected with the option in Section 16.4A of FRS 102 to account for same as property, plant and equipment going forward and to account for the adjustment prospectively.*

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13. FINANCIAL ASSETS

	2019	2018
Cost:	**€**	**€**
Shares in subsidiary undertakings (see (i) below)	254	254
Other investments (see (ii) below)	185,386	208,946
	185,640	**209,200**
Impairment:		
At beginning of period	XXX	XXX
Additions/reversals	XXX	XXX
At end of period	**XXX**	**XXXX**
Carrying amount	**185,640**	**209,200**

i) Subsidiary[66] undertakings[67]

Company Name	***Country of Incorporation[68]***	***Details of investment[69]***	**Proportion held by company**	**Registered Office [70]**	**Principle Activity**
Precast Concrete Ltd	Ireland	254 €1 ordinary shares	100%	Any Address	Manufacture of pre-cast concrete products

The capital and reserves and profit of the subsidiary was as follows: [71]

	2019	2018
	€	**€**
Profit	212,387	172,834
Capital and reserves	854,346	641,959

In the opinion of the directors the shares in the company's subsidiary are worth at least the amounts at which they are stated in the balance sheet.

[66] S.7(2), CA 2014 – The definition of a subsidiary is set out under Section 2 of the Companies Act 2014
[67] S.314(1), CA 2014 – Disclose is required of interests in subsidiaries and undertakings of substantial interest (>20% of any class of equity shares)
[68] If the company is unincorporated, the address of the principal place of business must be included
[69] S.314(1)(ii) CA 2014 – The identity of each class of share held by the company in each subsidiary of undertaking of substantial interest and the proportion of the nominal value held must be disclosed
[70] S.314(1)(i) CA 2014 – The name and address of the registered office must be included, if there is no registered office the company must disclose the principal place of business
[71] S.314(1)(iii), CA 2014 – The notes must disclose the aggregate amount of the net assets and profit/loss of the subsidiary or undertaking of substantial interest

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ii)<u>Other Investments</u>

	2019	2018
Cost	€	€
At the beginning of the year	208,946	208,946
Purchased during the year	150,000	-
Disposed of during the year	(173,560)	-
At the end of the year	185,386	208,946

The company purchased €150,000 of government bonds during the year. This represents the fair value at 31 December 2019 (2018: €nil). These mature on 1 January 2020.
The other investment relates to an investment made by the company in an unlisted entity where less than a significant influence is held. The fair value of this investment cannot be reliably measured in line with the hierarchy in Section 11 of FRS 102, as a result it is held at cost. The cost of the investment at the year ended 31 December 2019 was €185,336 (2018:€208,946).
The directors are satisfied that no impairment is required.

14. STOCKS

	2019	2018
	€	€
Raw material	33,724	42,108
Work in progress	71,769	84,968
Finished goods	594,216	265,090
	699,709	**392,166**

Stocks are stated after provisions for impairment of €32,000 (2018: €28,000). [72]

15. DEBTORS

	2019	2018
	€	€
Trade debtors	432,789	1,077,815
Other debtors	279,008	57,864
Amounts due from group companies (see (i) below)	1,571,862	191,852
Prepayments	29,795	12,710
Accrued income[73]	-	-
Directors Loans (see note 10)	112,633	104,332
VAT recoverable	30,090	13,614
	2,456,177	**1,458,187**

The fair values of Debtors and Prepayments approximate to their carrying amounts. Trade debtors are stated after provisions for impairments of €105,000 (2018: €113,000).
(i) Amounts owed by group companies and directors are unsecured, interest free and are repayable on demand.

[72] Sch 3 as amended by CAA 2017 no longer requires a disclosure detailing If there is a material difference between the balance sheet amount of stock and its replacement cost.
[73] Sch 3 Formats as amended by CAA 2017 requires accrued income to be shown separately in the notes.

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16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR[74]

	2019	2018
	€	€
Trade creditors	969,675	887,073
Corporation tax due	410,031	64,812
Other taxation and social security (See (i) below) [75]	25,665	26,245
Other creditors and accruals	267,051	284,139
Deferred income	-	-
Amounts owed to credit institutions (see note 21)	1,066,950	2,064,128
Finance Lease (see note 18)	85,198	39,933
	2,824,570	**3,366,330**

(i) Other taxation and social security is made up as follows:

	2019	2018
	€	€
Value added tax	969,675	887,073
Relevant contracts tax	XX	XX
PAYE/PRSI	410,031	64,812
Dividend withholding tax	XX	XX
	25,665	**26,245**

Trade and other creditors are payable at various dates in the next X months in accordance with the usual suppliers usual and customary terms. [76]

Tax and social securities are repayable at various dates over the coming months in line with tax authority guidelines. [77]

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2019	2018
	€	€
Bank Loans (see note 21)	1,903,810	2,129,125
Finance Lease (see note 18)	147,400	-
8% Redeemable Shares (see note 22) presented as a liability	100,000	-
Share Appreciation Rights	15,000	-
Amounts due from parent company (see (i) below)	-	-
	2,166,210	**2,129,125**

[74] Sch 3(4)(7) of CA 2014 requires where an asset or liability relates to more than one of the items listed in either of the balance sheet formats, then its relationship to other items shall be disclosed under the item where it is shown or in the notes to the financial statements. In this instance for example finance leases have been shown separately under creditors within one year and creditors greater than one year. The same point applies for bank loan, grants etc.

[75] Sch 3 formats CA 2014 – requirement to split taxes out by type

[76] Section 11 requires terms of creditors etc. to be disclosed.

[77] Section 11 requires terms of creditors etc. to be disclosed.

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(i) The company received loans totalling €XXXX at non market rates from its parent company in 2013 which are interest free and repayable on 31 December 2019. Section 11 requires that all Financial Assets and Liabilities are initially recognised at their fair value. The Company estimates the fair value of interest free loan issued by calculating the present value of all future cash payments discounted using the prevailing rates of interest for a similar instrument. Upon initial recognition, the Company recognised the loan for €XXXX. The difference between the nominal amount of the loan and the initial fair value was €XXX which had reduced to €XXX at 1 January 2018. In accordance with Section 11 of FRS 102 the substance of this agreement is akin to a capital contribution from its parent company and therefore recognised in equity. The movement on the loan in the year of €XXXX (2018: €Nil) represented the unwinding of the discount for the year. The reason for no interest charge in 2018 was due to the fact that the company availed of the exemption in Section 35.10 to only recognise the transition adjustment at the start of the current year[78].

18. FINANCE LEASE CONTRACTS – MATURITY

	2019	2018
Future minimum payments under finance lease agreements are as follows:	€	€
In one year or less	54,000	40,333
In more than one year, but not more than five years	193,198	-
In greater than 5 years	-	-
Total gross payments	**247,198**	**40,333**
Less finance lease charges included above	(14,600)	(400)
	232,598	**39,933**

19. PROVISION FOR LIABILITIES

	Warranty Provision (see note (i))	Deferred tax (See note (ii))	Total
	€	€	€
At 1 January 2018	-	45,520	45,250
Utilised during the year	-	-	-
Charged in the year	-	19,692	19,692
At 31 December 2018	-	65,212	65,212
	€	€	€
At 1 January 2019	-	65,212	65,212
Utilised during the year	-	-	-
Charged in the year	97,500	51,494	148,994
At 31 December 2019	97,500	116,706	214,206

[78] Not specifically required

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(i) Warranty provision

A provision is recognised on warranty claims on certain products sold during the year. The warranty given by the company is for 3 years and the premium is based on the company's best estimate (using previous years' warranty claim details) and as such the amount included in the financial statements is expected to be fully utilised with 24 months of the year end. (€32,500 expected to be utilised in 2018 and €65,000 in 2019).

(ii) Deferred tax

The deductible and taxable temporary differences at the year end dates in respect of which deferred tax has been recognised are analysed as follows:

	2019	**2018**
	€	**€**
Deferred tax liabilities/(assets) (deductible temporary differences)		
Accelerated capital allowance	20,856	22,462
Revaluation on investment property	107,250	57,750
Provisions	(11,400)	(15,000)
	116,706	65,212

Movement in deferred tax assets and liabilities, during the year, were as follows:

	Accelerated Capital allowances	Provisions	Revaluation on investment property	Total
	€	€	€	€
2019				
At 1 January 2019	22,462	(15,000)	57,750	65,212
Recognised in profit and loss	(1,606)	3,600	49,500	51,494
Recognised in other comprehensive income (for illustrative purposes)	-	-	-	-
Disposals	-	-	-	-
At 31 December 2019	20,856	(11,400)	107,250	116,706

	Accelerated Capital allowances	Provisions	Revaluation on investment property	Total
	€	€	€	€
2018				
At 1 January 2018	29,933	(9,163)	24,750	45,520
Recognised in profit and loss	(7,471)	(5,837)	33,000	19,692
Acquisitions	-	-	-	-
Recognised in other comprehensive income	-	-	-	-
Disposals	-	-	-	-
Foreign exchange and other	-	-	-	-
At 31 December 2018	22,462	(15,000)	57,750	65,212

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i. The net deferred tax liability expected to reverse in the 2018 year is €XXXX. The reversal relates to the timing difference on tangible fixed assets and capital allowances through depreciation and amortisation.

ii. The unused tax losses at year end are detailed above. There are no unused tax credits. There is no expiration date with regard to these losses (for illustrative purposes).

20. BORROWINGS[79]/[80]

	Within 1 year	Between 1 & 2 years	Between 2 & 5 years	After 5 years	Total
	€	€	€	€	€
Repayable other than by installments					
Bank Overdrafts	-	-	-	-	-
Repayable by installments					
Term loan (variable rate of %) [81]	-	-	-	-	2,970,860

The bank facilities[82] are secured by a debenture incorporating fixed and floating charges over the assets of the company and personal guarantees from the Directors.

The facilities expiring within one year are annual facilities subject to review at various dates during 2019/2020.

21. SHARE CAPITAL

	2019	2018
	€	€
Authorised Equity		
1,000,000 ordinary shares of €1 each	1,000,000	1,000,000
100,000 8% redeemable preference shares of €1 each	100,000	-
	1,100,000	1,000,000
Alloted, called up and fully paid– presented as equity		
120,000 ordinary shares of €1each (see (i) below)	120,000	100,000

[79] Para 56(1)(a), Sch III, CA 2014 – Details of debts repayable after 5 years from the year end date. Provide details of interest rate, terms of payment or repayment. S11.42 of FRS 102 requires this but in addition the repayment schedule should be provided and any restrictions that the debt instrument imposes. FRS 102 also requires this details for all debt instruments not just those debt instruments repayable after 5 years which is what only company law requires.
Sch 3(56)(4) requires disclosure of the aggregate amount included in creditors where assets are pledged as security
[80] Para 56(3), Sch III, CA 2014 – If the number of debts would result in a note of excessive length, it will be sufficient to give a general indication of the terms of payment/repayment and the interest rates applicable
[81] Company assets pledged as security should be disclosed here, where the security is pledged in a personal capacity by the company directors this should be disclosed in the related party note (required by Sch3(56)(4) and Section 11 FRS 102)
[82] Company assets pledged as security should be disclosed here, where the security is pledged in a personal capacity by the company directors this should be disclosed in the related party note (required by Sch3(56)(3) and Section 11 FRS 102)

Alloted, called up and fully paid– presented as liabilities		
100,000 8% redeemable preference shares of €1each (see (ii) below)	100,000	-

(i) On 1 April a further 20,000 ordinary shares were issued at €1.50 each. A premium of €10,000 was recognised on the issue of these shares.

(ii) The redeemable preference shares are classified as liabilities in accordance with Section 22 (liabilities and equity). The rights attaching to these preference shares are as follows[83]:

- to payment of a fixed dividend of an amount equivalent to 8% of the nominal value of such shares held; the shares are mandatorily redeemable on 31 December 2019 at par.

- on a winding up of the company or on a redemption thereof or repayment of capital thereon to a return of capital paid up or deemed paid up on each such share and otherwise shall not be entitled to participate further in the assets or profits of the company

- the preference shares carry no right to vote at general meetings of the company.

[83] Sch 3 & FRS 102 requires rights of shares to be disclosed where there is more than one class of share

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22. RESERVES[84]

	Called Up Share Capital	Share Premium Account	Other Reserves	Profit and Loss Account	*Revaluation reserve*	Total Equity
	€	€		€	€	€
Balance at 1 January 2018	100,000	-	-	162,000	-	487,000
Profit for the year	-	-	-	362,818	-	362,818
Balance at 31 December 2018	**100,000**	**-**	**131,250**	**317,445**	**-**	**548,695**
Balance at 1 January 2019	**100,000**	**-**	**-**	**317,445**	**-**	**548,695**
Equity Shares Issues	20,000	10,000			-	30,000
Profit for the year				1,044,366	-	1,044,366
*Transfer from P&L Reserve to revaluation reserve ** *	-	-	-	(XXX)	XXX	-
Dividends on ordinary shares paid and declared (€XX per ordinary share) [85]	-	-	-	-	-	-
Dividends on ordinary shares declared but unpaid in year (€XX per ordinary share) [86]	-	-	-	-	-	-
Balance at 31 December 2019	**120,000**	**10,000**	**131,250**	**1,361,811**	**XXX**	**1,623,061**

i) **Other reserves**[87]

This reserve arose on transition to FRS 102, where the entity applied the exemption in Section 35 of FRS 102 to deem a previous revaluation on property as deemed cost. The amount included in the reserve is net of deferred tax at the rate the asset is expected to be realised. The transfer in the year related to the transfer of the depreciation charge on the profit net of deferred tax recognised in the profit and loss account to the other reserve to reflect the fact that this amount is a realised profit.

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[84] If a statement of changes in equity is not presented and instead a statement of income and retained earnings was only presented on the face of the P&L (Sch 3(53) of CA 2014 requires not only movement on the profit and loss reserves to be disclosed (which would be dealt with in the statement of income and retained earnings) but in addition Sch3(54) requires an analysis of the movement in the all reserves inc. the revaluation reserve and fair value reserve and shareholders funds, then in order to cover off these requirements it would make sense to include the above reserves note (assuming an SOCE has not been presented). Companies Act also requires comparatives for each year showing the movements as per Sch3(5).

[85] Para 53 of Sch 3, CA 2014– disclosure of dividend declared and paid in year and any dividend declared but accrued at year end. This can be disclosed in a separate note if preferred.

[86] Para 53 of Sch 3, CA 2014 – disclosure of dividend declared and paid in year and any dividend declared but accrued at year end. This can be disclosed in a separate note if preferred.

[87] Section 6 FRS 102 requires a narrative for how the reserves originally arose and what the movements on the reserves related to during the years

*** Arises if a change of accounting policy is required (e.g. no longer able to claim undue cost of effort for investment property)*

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ii) Share premium

The share premium reflects the premium received on shares issued by the company. The increase arises due to the allotment of 20,000 shares above par during the year as detailed in Note 24.

iii) Revaluation reserve[88]

This reserve arose on adoption of the March 2018 version of FRS 102 where the entity adopted the policy to account for property owned by the Company but used by another company in the group in which the Company is a member as property plant and equipment instead of investment property as is permitted by Section 16.4A of FRS 102. Prior to the adoption of the March 2018 version of FRS 102 the Company treated this as an investment property and carried it at fair value with movement in fair value recognised in the profit and loss account. The Company availed of the exemption in Section 1.19 of FRS 102 to deem a previous valuation on investment property as deemed cost and to account for this prospectively. As a result a revaluation reserve was created as is required by Company law. The amount included in the reserve is net of deferred tax at the rate the asset is expected to be realised. The transfer in the year related to the transfer of the depreciation charge on the profit net of deferred tax recognised in the profit and loss account to the other reserve to reflect the fact that this amount is a realised profit.

23. CONTINGENCIES

A legal action is pending against the company for alleged unfair dismissal. The directors under advisement from their legal team expect that the claim will be successfully defended. Should the company be unsuccessful in the action the maximum estimated settlement is not expected to exceed €10,000.

It is not anticipated that any material liabilities will arise from the contingent liabilities other than those provided for.

The company has entered into a guarantee for the benefit of its subsidiary/holding company/sister company/joint venture/associate. The total amount of this guarantee was €XX[89].

24. CAPITAL COMMITMENTS

There were no capital commitments at the year ended 31 December 2019.

[88] Section 6 FRS 102 requires a narrative for how the reserves originally arose and what the movements on the reserves related to during the years

[89] Only applicable if company adopts a policy to treat property rented or used by other group members as property plant and equipment under Section 17 of FRS 102 and there was an uplift on the property prior to the adoption of this policy.

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25. COMMITMENTS

At 31 December 2019, the company had the following commitments under non-cancellable operating leases that expire as follows:

	2019	2018
	€	€
Within one year	145,000	145,000
Within two to five years	100,000	100,000
Greater than five years	-	-
Total	XXXX	XXXX

ii) An amount of €XX was included in accruals for future payments required to fund a deficit which the company has committed to[90].

iii) An amount of €XX (2018:€XX) was included in accruals with regard to pension contributions payable to the pension scheme for past directors of the company[91].

26. DIRECTORS' SECRETARY'S INTERESTS

The director's interests in the company at the beginning and end of the year were as follows;

	Mr A Director €1 ordinary shares	Ms B Director €1 ordinary shares	Total
At the beginning of the year	50,000	60,000	100,000
At the end of the year	60,000	60,000	120,000

27. RETIREMENT BENEFITS INFORMATION[92]

	2019	2018
	€	€
Retirement Benefit costs	46,746	43,289

The company operates an externally funded defined contribution scheme that covers substantially all the employees of the company. The assets of the scheme are vested in independent trustees for the sole benefit of these employees.

[Provide an explanation of any material variation in the pension charge from that of the previous period. Provide also any commitment by the company to make additional contributions for a limited number of years – for example, the pension charge for the year 2019 included €(AMOUNT) in respect of past

[90] Para 58, Sch 3, CA 2014
[91] Para 58, Sch 3, CA 2014 requires commitment to pension for past directors to be disclosed separately
[92] Note is applicable to defined contribution schemes only, defined benefit schemes require further detailed disclosures.

service liabilities that are being written off over ten years being the average remaining service les of the current employees.] Contributions outstanding at year end amounted to €1,000 (2018: €500).[93] [94]

28. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2019	2018
	€	€
Profit after taxation	1,044,366	304,337
Addback/Deduct		
Tax expense	266,994	119,414
Interest receivable and similar income	(14,999)	(5,307)
Interest cost	205,784	199,721
Operating Profit	**1,502,145**	**618,165**
Adjustment for		
Depreciation	149,999	170,037
Movement in fair value of investment properties	(150,000)	(100,000)
Notional interest on financial assets		
carried at amortised cost	5,999	5,307
Loss on disposal of tangible fixed assets	51,299	-
Changes in working capital		
(Increase)/decrease in Stocks	(307,543)	61,023
Increase in debtors and prepayments	(988,990)	(623,857)
Increase in creditors and accruals	177,434	376,857
Cash generated from operations	**440,343**	**502,225**

[93] Section 28 FRS 102 requires the nature of the scheme, contributions paid during the year and the amount outstanding at year end disclosed. Sch 3(58) requires disclose of pension items included in accruals
[94] Note is applicable to defined contribution schemes only, defined benefit schemes require further detailed disclosures.

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29. ANALYSIS OF CASH & CASH EQUIVALENT AND NET DEBT[95]

	At 31 Dec 2018	Cash flow	Other non-cash items	At 31 Dec 2019
	€	€	€	€
Cash in hand	147,723	209,049	-	356,772
Bank Overdraft	-	-	-	-
	147,723	209,049	-	356,772
Loans due within one year	*(2,064,128)*	*997,178*	*-*	*(1,066,980)*
Loans due after one year	*(2,129,125)*	*225,315*	*-*	*(1,903,810)*
Finance leases	*(39,933)*	*(57,335)*	*(250,000)*	*(232,598)*
Total	***(4,193,253)***	***1,488,877***	***(250,000)***	***(3,203,358)***

(i) The non-cash item refers to assets purchased on finance lease which did not result in an out flow of cash.

Reconciliation of net cash flow to movement in net debt	*2019*	*2018*
	€	*€*
Increase in cash	*209,049*	*XXX*
Loan movement	*(1,222,493)*	*XXX*
Movement in finance leases and hire purchase agreements	*57,335*	*(XXX)*
Movement in directors' loans	*(XXX)*	*(XXX)*
Changes in net debt	*(956,109)*	*(XXX)*
Net debt at 1 January	*(XXX)*	*(XXX)*
Net debt at 31 December	***(XXXXX)***	*(XXXX)*

- ~~*No Financial Instruments Note Required*~~

[95] Net debt rec is not specifically required under FRS 102. The analysis of cash and cash equivalents is only required where the cash movements cannot be seen from reviewing the balance sheet.

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30. RELATED PARTY TRANSACTIONS[96/97/98]

The company regards OmniPro plc, a company incorporated in Ireland, as the ultimate parent company.

The following transactions were carried out with related parties which are not 100% wholly owned within the group:

	Sales to related party	Purchases from related party	Amounts owed from related party	Amounts owed to related party
	€	€	€	€
Entities with control, joint venture or significant influence over the Company				
2019	-	-	-	-
2018	-	-	-	-
Entities over which the company has control, joint control or significant influence				
2019	-	-	-	-
2018	-	-	-	-

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[96] Para 65(1), Sch III, CA 2014 - Financial statements should disclose transactions with related parties which are material and which have not been concluded under normal market conditions, disclosures should include:

a) the names of the transacting related parties;
b) a description of the relationship between the parties;
c) a description of the transactions;
d) the amounts involved;
e) any other elements of the transactions necessary for an understanding of the financial statements;
f) the amounts due to or from related parties at the balance sheet date and the provisions for doubtful debts due from such parties at that date; and
g) amounts written off in the period in respect of debts due to or from related parties.

Note FRS 102 Section 33 goes further and requires disclosures of all transactions regardless of whether they were concluded under normal market conditions. It requires disclosure of amounts due from goup companies which were not 100% owned within the group including the transactions during the year. These can be done in total where seprate disclosure is not required to show a true and fair view. Section 33 does not require disclosure of transactions with companies owned 100% within the group however the year end balance in total must be disclosed (this disclosure in total is usually shown in the debtors/creditors note i.e. amounts due from/to group undertakings).
Note as per Section 33.1A FRS 102 and Sch 3(65)(3) of CA 2014 does not require disclosure where the transactions are with 100% owned companies within the group.

[97] Para 65(2), Sch II, CA 2014 – The provision of particulars and other information about individual transactions may be aggregated according to their nature, except where separate information is required is necessary for an understanding of the effects of related party transactions on the financial position of the company

[98] Para 65(3), Sch III, CA 2014 – Disclosure of related party transactions is not required between group members where any party to the transactions is a wholly owned subsidiary

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The following transactions were carried out with other related parties:

	2019	2018
	€	€
Other related parties		
Sales of goods and services		
OmniPro plc		119,632
Other related parties		
Purchase of goods and services		
OmniPro plc		15,987
Year end balances arising from sale/purchase of goods/services		
Receivable from related parties		
OmniPro plc	1,571,862	191,852

[99]*Key management includes the Board of Directors (executive and non-executive), all members of the Company Management and the Company Secretary. The compensation paid or payable to key management for employee services is shown below:*

	2019	2018
	€	€
Key management compensation		
Salaries and other short-term employee benefits	*268,000*	*257,000*
Post-employment benefits	*19,000*	*12,000*
	287,000	***269,000***

No provision has been made in 2019 and 2018 for the loans made to key management personnel.

31. HOLDING OF OWN SHARES/HOLDING COMPANY SHARES (for illustrative purposes)

The company holds the following class of its own shares[100]:

	2019	2019	2018	2018
A Ordinary shares of €1 each	**€**	**Number**	**Number**	**€**
At 1 January (consideration paid of €XXX)	XX	XXX	XXXX	XX
Cancellations	(XX)	(XX)	(XXXXX)	(XX)
Redemptions from members	XX	XXXXX	XXXXX	XX
Closing balance	XXX	XXXXX	XXXXX	XXX
% of own shares held		X%	X%	

The amount of profits available for distribution which are restricted as a result is €XXX (2018:€XX).

[99] This note is only required where the directors and key management personnel are not the same persons and the directors remuneration is required to be disclosed under Company Law. Section 33.7A of FRS 102 refers.
[100] S.320(4) and S.328 of CA 2014 requires disclosure of the details of owns shares by class held including movement in the year, a disclosure of the restrictions on profits as a result of this and the reason for acquisition of own shares in the year and the % of called up share capital held at beginning and end of each year.

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The reason for the acquisition/redemption of shares in the year was due to the buyback of shares from its former shareholder and director in order to allow him to retire etc. etc.

The company holds the following class of its parent company shares[101]:

	2019	2018
A Ordinary shares of €1 each	**Number**	**Number**
At 1 January	XXX	XXXX
Acquisitions	(XX)	(XXXXX)
Disposals	XXXXX	XXXXX
Closing balance	XXXXX	XXXXX

The amount of profits available for distribution which are restricted as a result is €XXX (2018:€XX).

32. POST BALANCE SHEET EVENTS[102]

There have been no significant events affecting the company since the year-end.

Or

Subsequent to year end the company announced a plan to restructure the companys operation. As a result a number of staff are due to be made redundant at a cost of €XXX.

On 31 January 2018 the company declared a final dividend of €xxx for the year ended 31 December 2019.

33. ULTIMATE CONTROLLING PARTY

The company is a wholly owned subsidiary of OmniPro Holdings Limited a company incorporated in Ireland with a registered office at XXX[103].

34. TRANSITION TO FRS 102[104]

The company previous to this had originally applied FRS 102 but in 201X, the directors decided to change to the FRS 105/IFRS framework for the following reasons:

- *XXX*
- *XXX*

The company has this year decided to re-transition to FRS 102 from FRS 105/IFRS/FRS 101 for the following reasons:

- *XXXX*

XXXX

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[101] S.320(4) of CA 2014 requires disclosure of the details of shares of its holding company held by class including movement in the year, a disclosure of the restrictions on profits as a result of this and the reason for acquisition of own shares in the year

[102] Required by S.32 FRS 102 and Sch 3(67) CA 2014

[103] When the reporting entity is controlled by another party, there should be disclosure of the related party relationship and the name of that party and, if different, that of the ultimate controlling party. If the controlling party or ultimate controlling party of the reporting entity is not known, that fact should be disclosed.

[104] Section 35 of FRS 102 requires this disclosures on top of the usual transition disclosures. If this is a transition, then this note would also give detail of whether there was or was not adjustments and details of what they were

OmniPro Sample Medium/Large Company Limited

Year Ended 31 December 2019
Notes to the Financial Statements

35. APPROVAL OF THE FINANCIAL STATEMENTS

The directors approved the financial statements on________________________________.

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FRS 105 COVID-19 Quick Guide

www.FRS102.com

Here to guide you and your clients through COVID-19

FRS102.com- Covid-19 update

COVID-19 implications for FRS 105 Companies

Summary of FRS 105

The Companies (Accounting) Act 2017 commenced on 9th June 2017. It introduced the concept of the Micro Companies Regime which is contained in Section 280D-280E of the Companies Act 2014. This allows companies to prepare financial statements under FRS 105 by applying the requirements of the micro companies regime in the Companies Act.

Which companies can avail of FRS 105 and the micro companies regime?

A company qualifies for the micro companies regime if it fulfils at least two of the three qualifying conditions listed below:

- In relation to its first financial year; or
- In relation to its current financial year and the preceding financial year; or
- In relation to its current financial year and it qualified as a small/medium company in the preceding financial year; or
- In relation to the preceding financial year and it qualified as a small/medium company in the preceding financial year

	Small Co
Turnover	≤ €700,000
Balance Sheet Total	≤ €350,000
Employees	≤10

Note 1: Exception even where the above thresholds are met:
Companies Act 2014 excludes the following companies from applying the MCR and hence FRS 105:

1. a company falling within any provision of Schedule 5 of the Act (e.g. Authorised investment firm, insurance intermediary of any other company carrying on of business by which is required to be authorised by the Central Bank); or
2. a company that is a credit institution or insurance undertaking; or
3. a company with securities regulated on a regulated market; or
4. a holding company of a small group even where the group meets the thresholds where any of the entities in the group come within points 1, 2 and 3 above (this only effects the holding company and not the other companies within the group (other than a company that comes within the remit of points 1-3 above)); or
5. an investment undertaking; or
6. a financial holding undertaking; or
7. a holding company that prepares consolidated financial statements; or
8. a subsidiary that is included in the consolidated financial statements of a parent for that year;
9. any company excluded from the small companies regime; or
10. a charity (Note not excluded from micro entities regime under company law however excluded under FRS 105); or
11. a company that prepares financial statements under FRS 102/IFRS

What are the key points?

If the company's results are included in the parent's consolidated financial statements FRS 105/MCR cannot be availed of.

Where consolidated financial statements are prepared, FRS 105/MCR cannot be availed of.

Once requirements of MCR are met and the disclosures required under the MCR are met the financial statements are presumed to show a true and fair view. No further disclosures need to be considered.

A holding company that does not meet the conditions of a small group as stated in Section 280B of CA 2014 cannot apply the micro entities regime.

Company has the choice to apply the micro entity regime, the company does not have to apply it.

Where the micro entity regime is applied the company must prepare the financial statements in accordance with FRS 105 'The Financial Reporting Standard Applicable to the Micro-entities Regime.

No requirement for a disclosure in the financial statements detailing any transition adjustments from a previous GAAP to FRS 105.

The disclosures under the MCR are the minimum disclosures. Additional disclosures can be provided but if they are provided they must be in line with the requirements of the small companies regime.

No requirement for a director's report.

No requirement to disclose director's remuneration (under Section 305-S306 CA 2014) or transactions entered into with directors (S.309 CA 2014) other than for loans/quasi loans given by the company to the directors, credit transactions or guarantees entered into for the benefit of directors (as required under S.307-308 CA 2014).

No requirement to disclose total wages and salaries or average number of employees as previously required under Section 317 CA 2014.

No requirement to disclose details of investments held where a significant interest is held as previously required under company law.

The transition date to FRS 105 is the beginning of the comparative period presented in the first set of FRS 105 financial statements.

Under FRS 105:

- assets are not permitted to be carried at fair value or revalued amounts;
- all amounts on the balance sheet must be recognised at historic cost;
- development expenditure must be expensed;
- investment property must be held at cost and depreciated;
- no deferred tax is permitted to be recognised.
- Requirement to accrue for holiday pay
- Borrowing costs to be expensed
- Default useful life of no more than 10 years where a life cannot be determined
- Lease incentives to be released over the full life of the lease

- Equity settled share based payments not recognised until issued
- Goodwill impairments cannot be reversed
- Business combination rules only applicable to acquisition of trade assets/liabilities as opposed to shares as consolidated financial statements are not permitted to be prepared.

Impact of COVID-19 on financial statements prepared in accordance with FRS 105

Disclosures

In light of the reduced disclosures framework, financial statements will be minimally impacted from a disclosure point of view. Once an entity has met the minimum disclosure requirements of the micro companies regime, the financial statements are deemed to give a true and fair view with no further disclosures to be considered. If an entity chooses to provide additional disclosures then these disclosures must be prepared in accordance with the small companies regime.

Going Concern

For the most part, there will be no additional going concern disclosures arising from COVID-19. Provided the entity meets the minimum requirements as set out in FRS 105, the financial statements will be presumed to give a true and fair view with no additional disclosures required. Consideration should be given to the following areas which may affect disclosures;

- Section 3.3 of FRS 105- Management should consider whether the Going Concern basis is appropriate. It is appropriate unless management intend to liquidate or cease trading permanently (or has no realistic alternative but to do so). In doing this, management should consider the period of 12 months from sign off. If the going concern basis is not used then the basis used should be stated.
- Audited entity with Material Uncertainty- If the entity is audited and the auditor concludes that the going concern basis is appropriate but a material uncertainty exists, the requirements of ISA 570 will need to be covered in a disclosure note to the financial statements. If this is the case then the going concern note will need to include the following;
    - Details of the principal events or conditions that may cast significant doubt on the entity's ability to continue as a going concern.
    - Management's plans to deal with these events or conditions.
    - A clear disclosure that there is a material uncertainty related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.
- If management decide to voluntary include a going concern note then this is allowed. However, it must comply with the requirements under Section 1A of FRS 102 (section 1.3 of FRS 105).

Measurement and Recognition

From a measurement and recognition point of view, there may be adjustments to FRS 105 financial statements in light of COVID-19.

Some assets will need to be impaired in light of the adverse economic impact that COVID-19 will have had. Impairment indicators will be present that will result in the need for an impairment review.

Below is a summary of the key sections affected by COVID-19

Section 1- Scope

- Section 1.3 of section 1 states that an entity may (if it so wishes) to disclose additional information above the minimum requirements of FRS 105. If an entity chooses to do this, then the additional information must comply with the minimum requirements of Section 1A of FRS 102.

Section 3- Financial Statement Presentation

- This section states that provided an entity complies with the requirements of FRS 105, the financial statements are presumed to give a true and fair view. As a result, there will be minimal additional disclosures arising from COVID-19 in financial statements.
- Entities are required to consider if the going concern basis is appropriate. This requires the consideration of budgets and future information of at least 12 months from the date the financial statements are authorised for issue. Where accounts are not prepared on a going concern basis, the reasons for this should be stated in the notes to the accounts along with the basis on which they are prepared.
- Where an entity is being wound up, this fact and whether a receiver or liquidator has been appointed.

Section 4- Statement of Financial Position

- This section requires that a micro-entity shall classify a creditor as due within one year when the micro-entity does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least 12 months after the reporting date. Where a company falls in breach of its loan covenants, creditors which were originally classified as due greater than 1 year may need to be reclassified as due within 1 year.

Section 6- Notes to the Financial Statements

- Value adjustments for impairment of the following assets should be disclosed in a note to the financial statements if not shown separately in the income statement.
    - Tangible Fixed Assets
    - Intangible Fixed Assets
    - Financial Fixed Assets

Section 9- Financial Instruments

- All financial assets must be assessed for impairment or uncollectability. Evidence suggesting that these assets could be impaired include;
    - significant financial difficulty of the debtor;
    - a breach of contract, such as a default or delinquency in interest or principal payments;
    - the creditor, for economic or legal reasons relating to the debtor's financial difficulty, granting to the debtor a concession that the creditor would not otherwise consider;
    - it has become probable that the debtor will enter bankruptcy or other financial reorganisation;
    - declining market values of the asset or similar assets;
    - significant changes with an adverse effect on the asset that have taken place in the technological, market, economic or legal environment; and
    - the contract has become an onerous contract

- COVID-19 will mean that there are impairment indicators present in many entities. This will require consideration of the following;
  - An investment held in ordinary shares, preference shares, subsidiaries, associates and joint ventures- Consider the **carrying amount** compared to a **best estimate of the assets selling price** at the reporting date.
  - An asset that is a derivative- consider the **carrying value** to **fair value less costs to sell.**
  - For all other financial instruments- Consider the **Carrying amount** compared to the total of estimated net cash flows that can be generated from the asset (present valued if the time value of money is material).

Section 10- Inventories

- Entities are required to measure inventories at the lower of cost and estimated costs to complete. Implicit in this requirement is the requirement to assess whether inventory is impaired at the end of each reporting period. COVID-19 may cause stock to become impaired, particularly where stock is subject to the risk of obsolescence or changes in consumer habits following COVID-19.

Section 12- Property, Plant and Equipment and Investment Property

- Property, Plant and Equipment and Investment Property are measured at cost less depreciation less impairment. The assets should be considered for impairment following COVID-19. Refer to section 22- Impairment of assets.

Section 13- Intangible Assets other than Goodwill

- Intangible Assets other than Goodwill are measured at cost less depreciation less amortisation less impairment. The assets should be considered for impairment following COVID-19. Refer to section 22- Impairment of assets.

Section 14- Business Combinations and Goodwill

- Goodwill acquired in a trade and asset acquisition is measured at cost less amortisation less impairment. The assets should be considered for impairment following COVID-19. Refer to section 22- Impairment of assets.

Section 16- Provisions and Contingencies

- Provisions are recognised only when all of the below conditions are met;
  - The entity has an obligation at the reporting date as a result of a past event.
  - It is probably that the entity will be required to transfer economic benefits in settlement, and;
  - The amount of the obligation can be estimated reliably.
- Examples of provisions which may arise as a result of COVID-19 include;
  - Onerous contracts- This could include, for example where an entity previously leased a property and closed part of its business following COVID-19. If the entity is tied into

this lease for a period of time then the present obligation of the contract is recognised as a provision.
    - Closure of a division costs- Only recognise a provision if the plan to close the division has been communicated.
- No provisions are recognised for future operating losses

Section 18- Revenue

- COVID-19 may impact on sales where there is no probability of receipt of payment. Where customers go out of business or enter into arrangements to restructure debts, then the second criteria above will likely not be met.
- Until the probable threshold has been past no revenue can be recognised.
- Note where at the time of sale where credit is provided by the entity, the likelihood of receiving payment was probable and subsequently after issuing the invoice it now looks like there is doubt about receiving all or some of the sale recognised, the provision booked against the receivable balance should be posted to expenses in the profit and loss and should not be debited against sales.

Section 22- Impairment of Assets

- This is one of the key areas affected by COVID-19 in FRS 105, with many other sections referring into it.
- One of the indicators of impairment as set out in section 22.7(b) of FRS 102 is- “Significant changes with an adverse effect on the entity have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the entity operates or in the market to which an asset is dedicated.”
- COVID-19 is likely to meet this definition of an external indicator of impairment and as a result, an impairment review of entities assets will be required.
- This may result in a decline in asset values.
- In considering if an asset is impaired, the recoverable amount should be compared to the carrying amount. The recoverable amount is the greater of the fair value less costs to sell and the value in use. The carrying amount is the amount that the balance is held at in the balance sheet.
- In determining the recoverable amount, the entity takes the higher of “fair value less costs to sell” and “value in use”. In doing this, the entity should first consider what the “fair value less costs to sell” of an asset is.

<u>Fair Value less Costs to sell</u>

Detailed in section 22.12 of FRS 105

“Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm’s length transaction between knowledgeable, willing parties, less the costs of disposal. The best evidence of the fair value less costs to sell of an asset is a price in a binding sale agreement in an arm’s length transaction or a market price in an active market. If there is no binding sale agreement or active market for an asset, fair value less costs to sell is based on the best information available to reflect the amount that an entity could obtain, at the reporting date, from the disposal of the asset in an arm’s length transaction between knowledgeable, willing parties, after deducting the costs of disposal. In determining this amount, an entity considers the outcome of recent transactions for similar assets within the same industry."

If Fair Value less Costs to sell is less than the carrying value then the entity should consider what the value in use of the asset is.

Value in Use

Detailed in section 22.14 of FRS 102

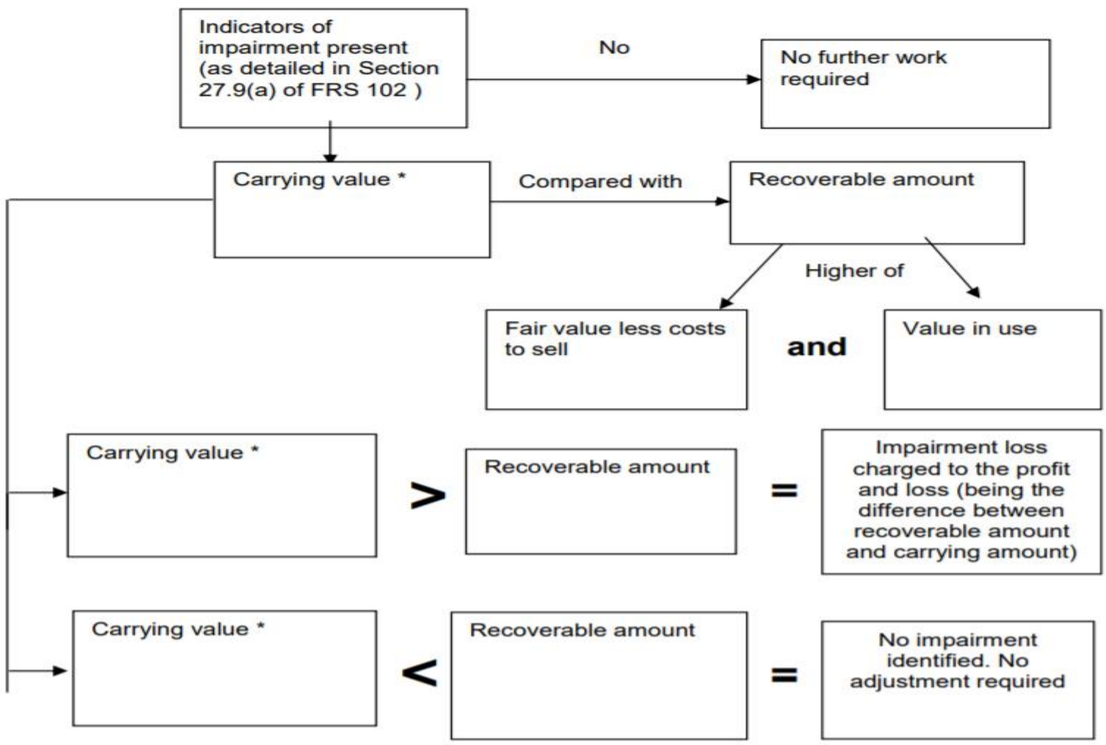
"Value in use is the present value of the future cash flows expected to be derived from an asset. This present value calculation involves the following steps: (a) estimating the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal; and (b) applying the appropriate discount rate to those future cash flows."

If the recoverable amount is less than the carrying value then an impairment is required to be recognised through the profit and loss account.

If the carrying value exceeds the recoverable amount then no impairment is required.

It is likely that any assets with a recoverable amount based on value in use will be impaired following COVID-19 as VIU is based on cashflows which are likely to be negatively affected as a result.

If the impairment has happened after the financial year but before sign off, entities will need to consider the impairment in the context of section 26- Events after then end of the reporting period to determine if the impairment meets the criteria for an adjusting event.



Section 23- Employee Benefits

- Termination payments should be recognised when the entity is demonstrably committed to terminate the employment. To meet the conditions, there must be a formal plan in place and it is not realistic that the firm can withdraw from this. This will usually occur after the staff have been notified in writing.
- Bonuses that become payable greater than 12 months (eg. If deferred by management for 12+ months to preserve cashflow) should be measured at the present value of the benefit obligation at the reporting date.

Section 24- Income Tax

- Note that micro entities do not recognise deferred tax so any similar deferred tax adjustments made under FRS 102 will not be made under FRS 105.

Section 26- Events after the End of the Reporting Period

- The measurement and recognition criteria for post balance sheet events are similar to FRS 102 (ie. the entity should adjust all adjusting post balance sheet events- similarly to if applying FRS 102).
- There is no requirement to disclose non-adjusting post balance sheet events.

Events after the end of the reporting period are those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue.

Events after the end of the reporting period are divided into two types:

- Adjusting events – these provide evidence of conditions that existed at the end of the reporting period; or
- Non-adjusting events – these relate to conditions that arose after the end of the reporting period

Adjusting events require adjustment at the financial reporting date for the effect of the post balance sheet event. Unlike FRS 102, there is no requirement to disclose non-adjusting events under FRS 105.

Examples of adjusting events include:

- the settlement of a court case that retrospectively confirms the existence of a year-end obligation;
- the determination of the value of profit-sharing or bonus payments; and
- the receipt of information indicating that an asset was impaired as at the year

Examples of non-adjusting events include a decline in the market value of investments and a favourable decision on a court case that had been in progress at the year end. If dividends are declared after the year end they are not included as a liability.

The going concern basis of preparation may not be used if management determines after the balance sheet date that it either intends to liquidate or cease trading, or has no realistic alternative but to do so.

This is one of the key sections of FRS 105 impacted by COVID-19 and interacts with many other sections of FRS 105 also. Given the events of early 2020, many companies balance sheet assets and trading activities will be heavily impacted. In addition to this, the sudden decline in economic activity may cause many companies to re-assess the use of the going concern basis and the related disclosures to address this.

Companies who have a year end of, for example, 31 January 2020 will need to consider the effects of COVID-19 on the company up until the date of approval of the financial statements. Where post balance sheet events have occurred after the balance sheet date, such as a debtor going out of business as a result of COVID-19, the company will need to consider whether there was evidence of events or conditions that existed at the end of the reporting period. This consideration is key as it will determine if the matter requires adjustment at 31 January 2020 or not. In the event that it does not require adjustment, the matter will require to be disclosed in the notes to the financial statements.

Practical implications

The first thing to consider is whether the events caused by COVID-19 are adjusting or non-adjusting events.

December 2019 year ends

It is unlikely that the post balance sheet effects of COVID-19 will be adjusting events as although some cases of the virus had been recorded in China, the virus had not become widespread at that point. In addition, the preventative measures taken by many governments in response to COVID-19 had not been put in place at 31 December 2019. A significant amount of human to human transmission of the virus was not recorded at that point.

January 2020 year ends

By the end of the month, there had been a significant increase in the number of recorded cases in China and some cities had been put into lockdown. It is unlikely that adjusting post balance sheet events will occur for January 2020 year ends. However, the particular circumstances around the post balance sheet event will need to be considered. For example, if a debtor based in China were to go out of business in February 2020, it could be argued that this related to events or conditions that existed at 31 January 2020.

February 2020 year ends

By the end of February 2020, COVID-19 was widely recorded across Europe. On 29th February 2020, the first case was recorded in Ireland. It is possible that these events could give rise to events or conditions existing at 29 February 2020 and it is likely that post balance sheet events arising from COVID-19 after this year end will be adjusting.

March 2020 year ends and subsequent

By the end of March 2020, many "non-essential" trading had ceased and other businesses had been severely impacted by measures aimed at containing the virus. At this point it is likely that all post balance sheet events arising from COVID-19 will be adjusting and should be provided for at the year end.

There is no clear distinction of when events become "adjusting" and determining this will require a significant degree of professional judgement. It will also require consideration of events and circumstances (for example, the write off of a debtor based in China will likely be an earlier adjusting event than the write off of a debtor in Ireland).

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FRS 102

Triennial Review Quick Guide

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Here to guide you and your clients through the transition to FRS 102 and beyond

Quick guide to changes made to FRS 102 by FRC Triennial Review

Overview

The FRC issued an updated version of FRS 102 in March 2018 which incorporates recommendations and feedback given by stakeholders on improvements that could be made. It also incorporates Appendix D of Section 1A of FRS 102 which deals with the required disclosures for Irish entities that prepare financial statements under Section 1A of FRS 102.

In the main, all changes are positive as it makes it easier for users to apply the rules of the respective Section of the accounting standard.

This guide summarises the main changes that have been made in the March 2018 version.

When are the changes made to the March 2018 version of FRS 102 mandatorily effective from?

Amendments other than the changes made to Section 1A of FRS 102

- All changes other than the changes made to Section 1A (as discussed below) are not mandatorily effective until periods beginning on or after 1 January 2019.

Amendments to Section 1A of FRS 102

- Mandatorily effective for periods beginning on or after 1 January 2017 (can be early adopted for periods beginning on or after 1 January 2015). If early adopted, entities are encouraged to state that they have applied the March 2018 version of FRS 102.

Can the changes made in the March 2018 version of FRS 102 be early adopted?

Yes - the changes made can be early adopted. However, if it is early adopted, an entity must adopt all changes made (i.e. an entity cannot pick and choose which changes to adopt) with two exceptions. An entity can early adopt the changes made to the following areas without adopting the rest of the changes:

- For small entities that qualify as a small entity as defined in Section 280A or 280B of Companies Act 2014 to:
  - Recognise loans from shareholders (who are individuals) and their family members which are not repayable on demand and not at market rates at the amount of the loan advanced as opposed to having to present value these loans at a market rate of interest (not this can currently be adopted in any event under the September 2015 version);
- The treatment in relation to gift aid rules for charities which allows the tax effect of a payment made under gift aid rules to be considered at year end date, where it is probable it will be paid within 9 months of year end. This is only applicable to UK charities.

If an entity decides to early adopt, what disclosures are required?

Full FRS 102 financial statements

- In this case, the entity must disclose the fact that the March 2018 version of FRS 102 has been early adopted (Section 1.18 of FRS 102).

Section 1A financial statements

- In this case, the entity is encouraged to disclose the fact that the March 2018 version of FRS 102 has been early adopted (Section 1.18 of FRS 102).

What are the key changes?

- Section 1A of FRS 102: –
  - Section 1A of FRS 102 is updated for the small companies regime legislation in the Republic of Ireland;
  - Appendix C of S1A now specifically deals with disclosure requirements for UK small entities only;
  - The previous Appendix D of S1A which dealt with items encouraged to be disclosed has now moved to Appendix E of S1A.
  - Appendix D of S1A is now replaced and Appendix D now contains the required disclosures for Republic of Ireland entities preparing S1A financial statements. This mirrors the requirements of Companies Act 2014 as amended by Companies (Accounting) Act 2017;
- Section 16 - Investment property: –
  - Definition of investment property changed such that, in group situations where property is held by one group company and used by another in the group there is now a choice:
    - to treat such a property as property, plant and equipment and therefore account for this under Section 17 of FRS 102 where it is held at cost less depreciation and impairment.

    Prior to this, such a property had to be accounted for as an investment property in the company that held the property (note an entity still has this option available – there is a choice).

    If option adopted – must disclose carrying amount of investment property included in property, plant and equipment.

  - No longer possible to claim exemption from fair valuing investment property where it causes undue cost or effort – this get out has been deleted;
  - Mixed use property can only be fair valued if the rented portion can be sold or leased under finance lease in its own right;
- Section 18 – Intangible assets: –
  - In business combinations there is now a new option (which does not have to be taken up) to recognise the intangible asset only when it arises from contractual or other legal rights AND is separable. Up to this, instead of the word 'AND' it only stated 'OR'. This will result in more intangible assets being subsumed within goodwill;
- Section 11 – Basic Financial Instruments: –
  - New Section 11.9A – Includes overriding principle for certain debt instruments to be considered basic even if the conditions for basic in Section 11.9 of FRS 102 are not met;
    - Allows for judgement to be applied by entities – previously no judgement was permitted. Can be considered basic if;
      - It gives rise to cash flows;

            - On specified dates that constitute repayment of capital;
            - And there is reasonable compensation for time value of money, credit risk etc.
    - Additional examples of basic instruments included e.g.
        - if standard interest rate on a bank loan is negative - this instrument is now considered basic and no longer complex;
        - for early termination it now permits reasonable compensation payable to the issuer/holder by either party.
    - No longer required to disclose assets/liabilities held at amortised cost/ fair value through P&L/ at cost less impairment.
- Section 13 – Inventories: –
    - no longer required to disclose 'stock recognised as an expense' in the period;
- Section 22- Liabilities & Equity: –
    - requirement to recognise the issue of shares at the fair value of the cash/other resources received has been relaxed so as to conform with the requirements/ options in company law whereby in certain circumstances, an issue of shares can now be recognised at the par value plus share premium of the shares (i.e. at the value of the shares issued as stated in the Form B5) where following the transaction a group structure has been created or the transaction is between group companies;
    - No requirement to recognise shares issued at an amount equal to fair value of asset received where:
        - There creditor is a direct/in direct shareholder;
        - The extinguishment is in accordance with the original terms;
        - The creditor and entity is controlled both before and after the issue of shares.
- Section 2 – Concept and Pervasive Principals: –
    - Definition of fair value moved from Section 11 to Section 3;
- Section 29: - Income Tax
    - **UK only**: The treatment in relation to gift aid rules for charities which allows the tax effect of a payment made under gift aid rules to be considered at year end date, where it is probable it will be paid within 9 months of year end. This is only applicable to UK charities.
- Further confirmation that cash flow not required for small entity even where full FRS 102 is applied;
- New requirement to include changes in net debt note for the cash flow statement;
- Further guidance provided in Section 23 – Revenue on the accounting for Principle versus Agent;
- Where directors and key management personnel are one and the same, no longer required to disclose key management personnel;
- Where an entity transfers to another accounting standard and subsequently reverts to FRS 102 – requirement to disclose why they transferred out from FRS 102 in the first place and the reason for subsequently reverting to FRS 102.

How are the changes made to the March version of FRS 102 to be accounted for – does retrospective or prospective adjustment apply?

- The change to the treatment of property held and used in a group where the group entity holding the property is no longer required to account for the property as investment property. In this case, the change is to be accounted for prospectively (i.e. in the year the

March 2018 version is adopted - there is no requirement to adjust the comparative figures, instead the carrying amount at the start of the comparative period is deemed to be the cost.
    - Remember deferred tax will still apply, if applicable.
- The change in policy for small entities that hold loans from shareholders, not at market rate and not repayable on demand from an amortised cost model to a cost model must be applied retrospectively so a prior year adjustment is required for the change in accounting policy.
- The change in definition of intangibles for the purposes of business combinations cannot be retrospective applied – it is only possible to adopt these changes in the year the March 2018 version is adopted.

What entities would benefit from early adopting the March 2018 version of FRS 102?

- Groups where entities in the group hold property that is used by other entities in the group as they can avail of the new definition of Section 16.4A of FRS 102 to carry such property at cost less impairment and hence reduce the cost/administrative effort of fair valuing the property;
- Entities that have acquired businesses, where they do not want to get into a detailed exercise on separating intangibles from the goodwill whereby they can adopt the new definition of an intangible for business combination purposes, thereby reducing administrative hassle and costs.
- Entities where previously, financial instruments were classified as complex as they did not meet the definition of basic in Section 11.9 of FRS 102, but now will because of the amendments be classified as basic instruments;

What do accountants need to know/do?

When preparing Section 1A FRS 102 financial statements be aware that they are preparing these under the March 2018 version of FRS 102.

Advise clients that have companies in a group where property is owned by one group entity and used by the other, of the option to carry that property at cost less impairment as opposed to fair value as this may reduce cost and administrative effort for such an entity.

For entities that have had business combinations, advise those clients of the possibility of reduced work due to the change in definition of when an intangible needs to be separately identified.

Be aware of the upcoming changes so that the practice is prepared on implementation date.

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FRS 105

Triennial Review Quick Guide

www.FRS102.com

Here to guide you and your clients through the transition to FRS 102 and beyond

Quick guide to changes made to FRS 105 by FRC Triennial review

Overview

The FRC issued an updated version of FRS 105 in March 2018 which incorporates recommendations and feedback given by stakeholders on improvements that could be made. It also incorporates Appendix B of Section 6 of FRS 105 which deals with the required disclosures for Irish entities that prepare financial statements under FRS 105 and the micro companies regime.

In the main, all changes are positive as it makes it easier for users to apply the rules of the respective Section of the accounting standard.

This guide summarises the main changes that have been made in the March 2018 version.

When are the changes made to the March 2018 version of FRS 105 mandatorily effective from?

Republic of Ireland

- Amendments other than the changes made to introduce the Micro Companies Regime for Ireland legislation
  - All changes other than the changes made for the micro companies regime legislation in Ireland (as discussed below) are not mandatorily effective until periods beginning on or after 1 January 2019;

- Amendments to FRS 105 to incorporate the Micro Companies Regime Legislation in Ireland
  - Mandatorily effective for periods beginning on or after 1 January 2017 (can be early adopted for periods beginning on or after 1 January 2015).

United Kingdom

- Amendments other than the changes made to Section 3 and 6 of FRS 105
  - All changes other than the changes made to Section 3 and 6 of FRS 105 (as discussed below) are not mandatorily effective until periods beginning on or after 1 January 2019;

- Amendments to FRS 105 to Section 3 and 6 of FRS 105
  - Mandatorily effective for periods beginning on or after 1 January 2017 (can be early adopted for periods beginning on or after 1 January 2015).

Can the changes made in the March 2018 version of FRS 105 be early adopted?

Yes - the changes made can be early adopted. However, if it is early adopted, an entity must adopt all changes made (i.e. an entity cannot pick and choose which changes to adopt).

If an entity decides to early adopt, what disclosures are required?

- No specific disclosures required.

What are the key changes?

- Section 3 of FRS 105: –
  - Requirement to disclose the registered office, company number, form of company, if the company is due to be wound up that fact should be disclosed and ROI entities only – if a receiver is appointed, then this must be disclosed.

- Section 4 & 5 of FRS 105 – Financial Statement Presentation & Income Statement: –
  - Amended to reflect the Companies Act 2014 legislative references and requirements as brought in by Companies (Accounting) Act 2017;
- Section 6 – Notes to the Financial Statements: –
  - UK entities only – requirement to disclose average number of employees;
  - UK entities only – details of arrangements not on balance sheet but could have impact;
  - Appendix B inserted which deals specifically with the disclosure requirement for FRS 105 for entities in the Republic of Ireland;
- Section 17 – Liabilities & Equity: –
  - No requirement to recognise shares issued at an amount equal to fair value of asset received where:
    - There creditor is a direct/in direct shareholder;
    - The extinguishment is in accordance with the original terms;
    - The creditor and entity is controlled both before and after the issue of shares.
- Section 24 – Income Tax: –
  - **UK only**: The treatment in relation to gift aid rules for charities which allows the tax effect of a payment made under gift aid rules to be considered at year end date, where it is probable it will be paid within 9 months of year end. This is only applicable to UK charities.
- Section 18 – Revenue: -
  - Further guidance provided in Section 18 – Revenue on the accounting for Principle versus Agent;
  - Cost incurred in securing a contract can be capitalised where probable contract will be won.

How are the changes made to the March version of FRS 105 to be accounted for – does retrospective or prospective adjustment apply?

- If the clarification of the change to Income tax requiring the close company surcharge to be recognised in the year it arises causes a change in accounting policy, then this should be corrected retrospectively.

What entities would benefit from early adopting March 2018 version of FRS 105?

- No specific advantages.

What do accountants need to know/do?

When preparing Section FRS 105 financial statements be aware that they are preparing these under the March 2018 version of FRS 105.

Consider changing the close company surcharge policy in advance of implementation.

Be aware of the upcoming changes so that the practice is prepared on implementation date.

European Union (Qualifying partnerships: Accounting and Auditing) Regulations 2019 Quick Guide

The European Union (Qualifying partnerships: Accounting and Auditing) Regulations 2019 was signed into law at the end of November 2019. The effect of these Regulations is to give further effect to the EU Directive 2013/34 which brings the statutory financial reporting and filing obligations of certain "qualifying partnerships" more in line with those of companies formed and registered under the Companies Act 2014 (the 2014 Act), the main aspect being the requirement for qualifying partnerships to file and make public their financial statements.

When is the commencement date?

The mandatory commencement date is for periods beginning on or after 1 January 2020.

What are the key points?

- The 1993 Regulations are now superseded by the 2019 Partnership Regulations with effect from the commencement date.
- The Regulations include a new definition of a 'qualifying partnership'. It has been reworded to include the other entity types in Companies Act 2014. It includes partnerships (both general and limited), of whose partners and in the case of limited partnerships, all of whose general partners are:
    i. Limited companies (members have limited liability)
    ii. Designated unlimited companies (ULCs)
    iii. Partnerships, other than limited partnerships, in which the members are limited companies or designated ULCs
    iv. Limited partnerships, in which the general partners are limited or designated ULCs, or
    v. Partnerships, including limited partnerships, in which the direct or indirect members include any combination of undertakings referred to above, such that the ultimate beneficial owners of the partnership enjoy the protection of limited liability.
- The key difference under the 2019 Regulations is that qualifying partnerships now include the above comparable entity types even if they are registered outside the EU.
- Prior to these regulations, partnership structures with a member outside the EU (such as the Isle of Man) did not come within the scope of the filing regime with the CRO.
- Qualifying partnerships will be required to prepare and file financial statements with the CRO which will then be filed with the partnerships annual return.

What are the other relevant points?

- In assessing whether an entity is comparable, it must be considered if the liability of the person(s) holding shares in the undertaking is limited. Section 275(3) CA 2014 states in the case of an entity without share capital, the reference to shares is interpreted as a reference to a right to share in the profits of the entity.
- The 'ultimate beneficial owner' means the natural person or persons who ultimately own or control, directly or indirectly, the partnership or undertaking.
- Part 6 of the Companies Act 2014 which contains laws applicable to Companies on financial statements, annual returns and audits will apply to qualifying partnerships. Specific company

terminology referred to in Part 6 will apply to Partnerships as if they were companies (ie. "Director" references should be construed as "Member of Qualifying Partnership").

- Part 6 of the Companies Act 2014 will not apply to qualifying partnerships that are either a credit institution or an insurance undertaking.
- A qualifying partnership that has debentures admitted to trading on a regulated market in an EEA state must prepare a corporate governance statement.
- A qualifying partnership involved in the mining extractive or logging industries ae required to prepare an annual report on payments of €100,000 or more which have been made to governments of any country.
- The European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings by certain large undertakings and groups) Regulations 2017 apply to qualifying partnerships. Qualifying partnerships for the purpose of the regulation will be treated as a company. This requires relevant large companies and groups on an annual basis to prepare a non-financial statement on environmental matters, social and employee matters, respect for human rights and bribery and corruption.
- The majority of offences as specified in the regulations will be punishable as follows:
    i. On summary conviction to a class A fine or imprisonment for a term not exceeding 12 months or both, or
    ii. On conviction on indictment, to a fine not exceeding €50,000 or imprisonment for a term not exceeding 3 years or both

What do Accountants need to know?

If you have partnership clients which have complex corporate structures in place, where the ultimate beneficial owners have limited liability and these partnerships do not prepare or file financial statements with the CRO, then consideration should be given to whether the 2019 Partnership Regulations now apply.