



The Irish Financial Reporting Conference 2019

The Practical Implications of the Triennial Review

Presenter:

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A look to the future – FRS 102 & FRS 105

- Overview of when changes apply from & options - FRS 102
- Main changes made to FRS 102
- Overview of when changes apply from & options - FRS 105
- Main changes made to FRS 105
- Possible adjustments if transitioning from FRS 105 to FRS 102

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)

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)

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

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

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

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

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

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.

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

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)

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

FRS 102 triennial amendments

- Section 11.14(d) – option to fair value shares through OCI
- 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)

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;

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

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 before and after the transaction.

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

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

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
 - Separate FS's – differing accounting policy for investment held as investment portfolio & not included in consol and normal subs
- Section 23 Revenue – new example dealing with principle versus agent

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
- Section 34 – updated definition – narrowed – retirement benefits are no longer applicable & no longer applies wording 'generate wealth and manage risk'

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

FRS 102 triennial amendments

- Are there any disadvantages to early adopting if not required to?
 - Accounting software may not have been updated
 - Accountants only getting comfortable with existing FRS 102
- Would it be beneficial for some entities to early adopt changes which do not have to be early adopted?
 - Yes – for companies with investment properties within the group
 - Or where the overriding basic financial principle is beneficial

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

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.

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 –

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 –

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 before and after the transaction.

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

FRS 105 triennial amendments

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

Conclusion

- Changes on the way in 2019
 - However changes are good news;
 - Did not over complicate it by bringing in IFRS 15 and lease
 - Early adoption will apply for S1A and FRS 105
 - Early adoption should be done by groups where properties rented within the group
 - How many will rush to early adopt??

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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:
 - o 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: –
 - o Section 1A of FRS 102 is updated for the small companies regime legislation in the Republic of Ireland;
 - o Appendix C of S1A now specifically deals with disclosure requirements for UK small entities only;
 - o The previous Appendix D of S1A which dealt with items encouraged to be disclosed has now moved to Appendix E of S1A.
 - o 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: –
 - o 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.

 - o No longer possible to claim exemption from fair valuing investment property where it causes undue cost or effort – this get out has been deleted;
 - o 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: –
 - o 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: –
 - o 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.

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
 - o 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
 - o 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
 - o 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
 - o 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: –
 - o 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: –
 - o 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: –
 - o UK entities only – requirement to disclose average number of employees;
 - o UK entities only – details of arrangements not on balance sheet but could have impact;
 - o Appendix B inserted which deals specifically with the disclosure requirement for FRS 105 for entities in the Republic of Ireland;
- Section 17 – Liabilities & Equity: –
 - o 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: –
 - o **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: -
 - o Further guidance provided in Section 18 – Revenue on the accounting for Principle versus Agent;
 - o 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.

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

Directors' Report & Financial Statements

Year Ended 31 December 2017

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.

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.](#)

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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, Moneyville, 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

The directors present their annual report and audited financial statements for the year ended 31 December 2017.

Directors and secretary³

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 Activities⁴ and Business Review⁵

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 (2016: €XXX) and liabilities of €XXX (2016:€XXX). The net assets of the company have increased by €XXX (2016: €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 Developments⁶

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

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

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 Dividends⁷

The retained profit for the financial year amounted to €XXX (2016: €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 (2016: €XXX). An interim dividend of €xx.xx (2016: €XXX) per ordinary share, amounting to €XXX (2016: € XXX) was paid on 1 June 2017. A final dividend of € XXX (2016: € XXX) per ordinary share, amounting to € XXX (2016: € XXX) was declared and authorised on 30 November 2017 and will be paid on 1 March 2018. € XXX was transferred to reserves at the year end.

Principal Risks and Uncertainties⁸

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 Management⁹

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% (2016: 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.

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

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 interests¹⁰

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 2017	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 2016	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 date¹¹

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 Development¹²

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

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

Political donations¹³

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 Creditors¹⁴

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 Records¹⁵

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 office¹⁶ and principal place of business at Construction Place, Builders Lane, Dunblock, Any County.

Directors Compliance Statement¹⁷

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 Committee¹⁸

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

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

Year Ended 31 December 2017

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 Information¹⁹

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 board²⁰

Mr A Director
Director

Ms B 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 disclose 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

Year Ended 31 December 2017

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.

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 business²²

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 board²⁴

Mr A Director
Director

Ms B 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 2017²⁵

Opinion

We have audited the financial statements of OmniPro Sample Medium/Large Company Limited (the 'company') for the year ended 31 December 2017 which comprise Profit and Loss Account, the Balance Sheet, Statement of Cashflows, Statement of Changes in Equity and the related notes²⁶, 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 2017 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 information²⁷

The other information comprises the information included in the annual report²⁸, 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

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 audited²⁹;
- 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_responsibilities_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 & Co³¹

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

Profit and Loss Account

For the Year ended 31 December 2017

	Notes	31-Dec 2017 €	31-Dec 2016 €
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 Income³²

For the Year ended 31 December 2017

	Notes	31-Dec 2017 €	31-Dec 2016 €
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

Balance Sheet For the Year ended 31 December 2017

	Notes	31-Dec 2017 €	31-Dec 2016 €
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 Net current assets/(liabilities)	16	(2,824,570)	(3,366,330)
		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 by³⁴

 Mr A Director³⁵
 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 all 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

36	Called up Share Capital €	Share Premium Account €	Other Reserves €	Profit and Loss Account €	Revaluation reserve €	Total Equity €
Balance at 1 January 2016	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 2016 and at 1 January 2017	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 2017	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).

Statement of Cashflows For the Year ended 31 December 2017

	Notes	31-Dec 2017 €	31-Dec 2016 €
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

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 policies³⁷ adopted by the Company and applied consistently³⁸ in the preparation of these financial statements are as follows:

(a) Basis of preparation

The Financial Statements are prepared on the going concern basis³⁹, 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 Ireland⁴⁰] 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) Consolidation⁴²

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.

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.

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.

(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

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 2016 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.

(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.

- (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*

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

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.

(cc) Prior period adjustment – Change in accounting policy⁴⁵

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.

3. TURNOVER⁴⁷

All turnover derives from activities in the Republic of Ireland. The analysis of turnover by activity is as follows⁴⁸:

	2017	2016
	€	€
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:

	2017	2016
	€	€
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

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

5. OTHER OPERATING INCOME

	2017	2016
	€	€
Rent received	70,000	130,000
Fair value gain on movement on fair value of investment properties	150,000	100,000
	<u>220,000</u>	<u>230,000</u>

6. INTEREST RECEIVABLE AND SIMILAR INCOME⁵¹

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
	<u>14,999</u>	<u>5,307</u>

7. INTEREST PAYABLE AND SIMILAR EXPENSES⁵²

	2017	2016
	€	€
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	-
	<u>205,784</u>	<u>199,721</u>

8. TAXATION

	2017	2016
	€	€
(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	-	-
	<u>215,500</u>	<u>99,722</u>
Deferred tax expense:		
Origination and reversal of temporary difference	51,494	19,692
	<u>266,994</u>	<u>119,414</u>

⁵¹Sch3(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

(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 2017 of 12.5% (2016: 12.5%). The differences are explained below.

	2017	2016
	€	€
Profit on ordinary activities before tax	1,311,360	423,751
Tax calculated at Irish tax rates of 12.5% (2016: 12.5%)	163,920	52,969
<i>Effects of:</i>		
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}

	2017	2016
Administration	4	4
Distribution	2	2
Construction	8	8
	14	14

	2017	2016
	€	€
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 S.317(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

10. DIRECTORS REMUNERATION AND TRANSACTIONS

	2017	2016
	€	€
Remuneration⁵⁷ Salary		
Retirement Benefits	182,000	185,600
	30,000	30,000
	212,000	225,600
Directors' Loans⁵⁸		
	Directors A	Director B
Opening Balance		
Repayments to	4,332	100,000
directors Advances from	9,301	-
directors Closing	1,000	-
balance	12,633	100,000
% of net assets	X%	X%

The loan is interest free and is repayable on demand⁵⁹. The amount written off during the year was €XXX (2016: €xxx)⁶⁰. A provision of €XX (2016: €XX) was provided against this loan at year end.

During the year the company paid €XXX (€XXX) for rental of the directors premises⁶¹.

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.

OmniPro Sample Medium/Large Company Limited

Year Ended 31 December 2017 Notes to the Financial Statements

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 (2016: €XXX).

11. TANGIBLE FIXED ASSETS⁶²

	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 2017	1,801,207	124,105	102,894	818	2,029,024
At 31 December 2016	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 2017 was €XXXX.

The following assets were held under finance lease:

	2017	2016
	€	€
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

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 2017 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 €XXXX⁶⁴:

	2017	2016
	€	€
Original cost	XXX	XXX
Accumulated depreciation	(XXX)	(XXX)
Net book amount	<u>XXX</u>	<u>XXX</u>

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

The company capitalised €XXX (2016: €XXXX) in borrowing costs during the year.

12. INVESTMENT PROPERTIES⁶⁵

	2017	2016
	€	€
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	<u>1,100,725</u>	<u>3,490,201</u>

- (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:

	2017	2016
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.

13. FINANCIAL ASSETS

	2017	2016
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	XXX
Carrying amount	185,640	209,200

i) Subsidiary⁶⁶ undertakings⁶⁷

Company Name	Country of Incorporation⁶⁸	Details of investment⁶⁹	Proportion held by company	Registered Office⁷⁰	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

	2017	2016
	€	€
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

ii) Other Investments

	2017	2016
	€	€
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	<u>185,386</u>	<u>208,946</u>

The company purchased €150,000 of government bonds during the year. This represents the fair value at 31 December 2017 (2016: €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 2017 was €185,336 (2016: €208,946).

The directors are satisfied that no impairment is required.

14. STOCKS

	2017	2016
	€	€
Raw material	33,724	42,108
Work in progress	71,769	84,968
Finished goods	594,216	265,090
	<u>699,709</u>	<u>392,166</u>

Stocks are stated after provisions for impairment of €32,000 (2016: €28,000). ⁷²

15. DEBTORS

	2017	2016
	€	€
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
	<u>2,456,177</u>	<u>1,458,187</u>

The fair values of Debtors and Prepayments approximate to their carrying amounts. Trade debtors are stated after provisions for impairments of €105,000 (2016: €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.

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR⁷⁴

	2017	2016
	€	€
Trade creditors	969,675	887,073
Corporation tax due	410,031	64,812
Other taxation and social security (See (i) below)	25,665	26,245
⁷⁵ 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
	<u>2,824,570</u>	<u>3,366,330</u>

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

	2017	2016
	€	€
Value added tax	969,675	887,073
Relevant contracts tax	XX	XX
PAYE/PRSI	410,031	64,812
Dividend withholding tax	XX	XX
	<u>25,665</u>	<u>26,245</u>

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

	2017	2016
	€	€
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)	-	-
	<u>2,166,210</u>	<u>2,129,125</u>

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.

- (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 2016. 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 (2016: €Nil) represented the unwinding of the discount for the year. The reason for no interest charge in 2016 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 year⁷⁸.

18. FINANCE LEASE CONTRACTS – MATURITY

	2017	2016
	€	€
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	<u>247,198</u>	<u>40,333</u>
Less finance lease charges included above	(14,600)	(400)
	<u>232,598</u>	<u>39,933</u>

19. PROVISION FOR LIABILITIES

	Warranty Provision (see note (i))	Deferred tax (See note (ii))	Total
	€	€	€
At 1 January 2016	-	45,520	45,250
Utilised during the year	-	-	-
Charged in the year	-	19,692	19,692
At 31 December 2016	<u>-</u>	<u>65,212</u>	<u>65,212</u>
	€	€	€
At 1 January 2017	-	65,212	65,212
Utilised during the year	-	-	-
Charged in the year	97,500	51,494	148,994
At 31 December 2017	<u>97,500</u>	<u>116,706</u>	<u>214,206</u>

⁷⁸ Not specifically required

(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:

	2017 €	2016 €
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
	€	€	€	€
2017				
At 1 January 2017	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 2017	20,856	(11,400)	107,250	116,706
	Accelerated Capital allowances	Provisions	Revaluation on investment property	Total
	€	€	€	€
2016				
At 1 January 2016	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 2016	22,462	(15,000)	57,750	65,212

- 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 facilities⁸² 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 2017/2018.

21. SHARE CAPITAL

	2017	2016
	€	€
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	-
	<u>1,100,000</u>	<u>1,000,000</u>
Alloted, called up and fully paid– presented as equity		
120,000 ordinary shares of €1each (see (i) below)	<u>120,000</u>	<u>100,000</u>

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 €1 each (see (ii) below)	100,000	-
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(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 follows⁸³:

- 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

22. RESERVES⁸⁴

	Called Up Share Capital €	Share Premium Account €	Other Reserves	Profit and Loss Account €	Revaluation reserve €	Total Equity €
Balance at 1 January 2016	100,000	-	-	162,000	-	487,000
Profit for the year	-	-	-	362,818	-	362,818
Balance at 31 December 2016	100,000	-	131,250	317,445	-	548,695
Balance at 1 January 2017	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 2017	120,000	10,000	131,250	1,361,811	XXX	1,623,061

i) Other reserves⁸⁷

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.

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

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 reserve⁸⁸

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 €XX⁸⁹.

24. CAPITAL COMMITMENTS

There were no capital commitments at the year ended 31 December 2017.

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.

25. COMMITMENTS

At 31 December 2017, the company had the following commitments under non-cancellable operating leases that expire as follows:

	2017	2016
	€	€
Within one year	145,000	145,000
Within two to five years	100,000	100,000
Greater than five years	-	-
Total	<u>XXXX</u>	<u>XXXX</u>

ii) An amount of €XX was included in accruals for future payments required to fund a deficit which the company has committed to⁹⁰.

iii) An amount of €XX (2016:€XX) was included in accruals with regard to pension contributions payable to the pension scheme for past directors of the company⁹¹.

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	Ms B Director	
	€1 ordinary	€1 ordinary	
	shares	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 INFORMATION⁹²

	2017	2016
	€	€
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 2017 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 (2016: €500).^{93 94}

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

	2017	2016
	€	€
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.

29. ANALYSIS OF CASH & CASH EQUIVALENT AND NET DEBT⁹⁵

	At 31 Dec 2016	Cash flow	Other non- cash items	At 31 Dec 2017
	€	€	€	€
Cash in hand	147,723	209,049	-	356,772
Bank Overdraft	-	-	-	-
	<u>147,723</u>	<u>209,049</u>	<u>-</u>	<u>356,772</u>
Loans due within one year	(2,064,128)	997,178	-	(1,066, 980)
Loans due after one year	(2,129,125)	225,315		
Finance leases	(39,933)	(57,335)	(250,000)	(1,993, 810)
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

	2017 €	2016 €
debt		
Increase in cash Loan	209,049	XXX
	(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	<u>(XXXXX)</u>	<u>(XXXX)</u>

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.

OmniPro Sample Medium/Large Company Limited

Year Ended 31 December 2017 Notes to the Financial Statements

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				
2017	-	-	-	-
2016	-	-	-	-
Entities over which the company has control, joint control or significant influence				
2017	-	-	-	-
2016	-	-	-	-

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 group companies which were not 100% owned within the group including the transactions during the year. These can be done in total where separate 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

The following transactions were carried out with other related parties:

	2017	2016
	€	€
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
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⁹⁹Key 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:

	2017	2016
	€	€
Key management compensation		
Salaries and other short-term employee	268,000	257,000
benefits Post-employment benefits	19,000	12,000
	<u>287,000</u>	<u>269,000</u>

No provision has been made in 2017 and 2016 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 shares¹⁰⁰:

	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	<u>XXX</u>	<u>XXXXX</u>	<u>XXXXX</u>	<u>XXX</u>
% of own shares held		X%	X%	

The amount of profits available for distribution which are restricted as a result is €XXX (2016:€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 shares¹⁰¹:

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

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

32. POST BALANCE SHEET EVENTS¹⁰²

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 2017.

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 XXX¹⁰³.

34. TRANSITION TO FRS 102¹⁰⁴

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

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

- XXX

35. APPROVAL OF THE FINANCIAL STATEMENTS

The directors approved the financial statements on _____.