



The September Fest 2020

Technical Stream

Current Financial Reporting Issues - FRS 102, S.1A FRS 102 & FRS 105

Presenter:

John Murphy - OmniPro

Sponsored by :-



www.CPDStore.com

Core Technical Online CPD for Irish Accountants
Tax, Audit, Financial Reporting, Insolvency, Company Law, Regulation,
Management Accounting & Business Skills



OmniPro Education & Training

Main Street, Ferns, Enniscorthy, Co. Wexford

053 9100000

www.omnipro.ie info@omnipro.ie



Table of Contents:

Presentation.....	1
COVID-19 FRS 102 Medium Large Co Audit - post 01.01.2019	9
COVID-19 FRS 105 Micro Entity - audited with material uncertainty	64
COVID-19 FRS 105 Micro Entity - unaudited	90
Example - Exceptional Item	114
Example - Impairment – Value in Use.....	117

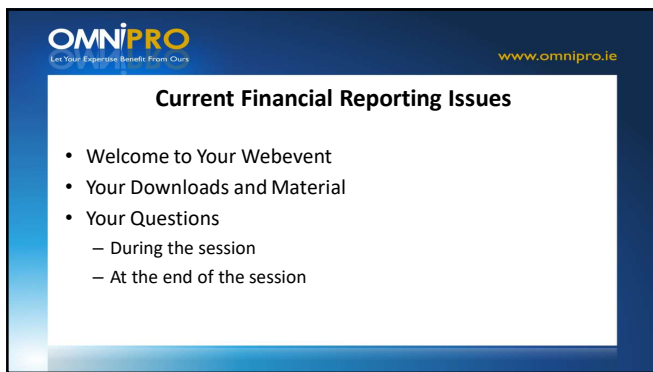
www.CPDStore.com

Core Technical Online CPD for Irish Accountants
Tax, Audit, Financial Reporting, Insolvency, Company Law, Regulation,
Management Accounting & Business Skills

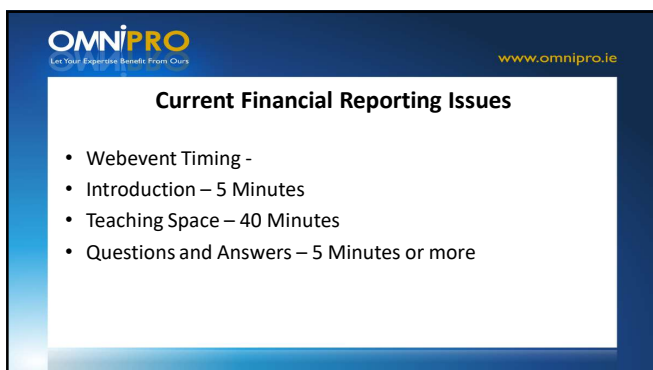




1



2



3

OMNiPRO
Let Your Expertise Benefit From Ours
www.omnipro.ie

Current Financial Reporting Issues

What's covered?

- Mixed bag

4

OMNiPRO
Let Your Expertise Benefit From Ours
www.omnipro.ie

FRS 105 Items

- Only use Format in Schedule 3B – No other format
- Only used for Companies;
- Investment property - Section 12 – treat as PPE
 - Can be beneficial for close company BUT residual value
- Remember the excluded entities;
- Normal Non-Financial statements rules apply – S.105/S.239 etc.
- S.16 Provisions - onerous contracts, future losses, restructuring (same rules as FRS 102 really)
- Exceptional items?? Can they be included?


5

OMNiPRO
Let Your Expertise Benefit From Ours
www.omnipro.ie

FRS 105 Items

- Triennial review change – 24.4B FRS – Close Co. Surcharge
- Share for shares & FRS 105 – Section 72 & 75 have no application
- FRS 105 and COVID 19 – Are additional disclosures required? Audit vs Audit exempt
- Disclosure if receiver appointed or to be wound up


6


www.omnipro.ie

Current Financial Reporting Issues -

- Government grants – Section 24 FRS 102 & 19 of FRS 102
 - Accounting for TWSS – Revenue grant -
 - Accounting for restart grant – Depends on what expended on
 - If revenue – release classified as other income in P&L if revenue – Why?
 - If capital – release classified in Admin expenses (or COS as applicable)
- Section 16 FRS 102 - Investment property – undue cost or effort gone – How to account for this?
- Section 17.8 FRS 102 PPE – Credit Unions looking at this – Land accounted for separately & not depreciated


7


www.omnipro.ie

Current Financial Reporting Issues - S1A

- Section 17- PPE revaluation policy – Cannot pick and choose – take good with bad;
- Section 28.32to35 – Redundancy provisions – when permitted?;
- Charities SORP - Must use the performance model – CANNOT use accruals model;
- Business acquisition – Negative goodwill – treatment.S.19.24
- Section 27 – Impairments – Fair value less cost to sell v VIU
- Going Concern disclose – S.3.9 FRS 102
- Post balance sheet events – Section 32 -


8


www.omnipro.ie

Sundry items

- Provisions - Section 21 – recap – Onerous leases -21.11A – not just leases – also supply contracts;
- Not including general information note – CRO number etc.
- Applying S1A incorrectly
- Not disclosing critical accounting judgements & estimates
- Section 27 – Impairments – Check for indicators S27.7. – Value in use – see example
 - Don't forget service potential get out for charities maybe
- Accounts for share buybacks/redemptions
 - Disclosure required in Directors report – S.328 CA
- S.33 – Related party transactions (remember family members)
 - s1A also – Disclosure of ultimate controlling party not just parent

9




www.omnipro.ie

FRS 102 - Deferred tax

- Deferred tax – S.29 FRS 102 (no DT for FRS 105)
 - Investment property – accounting for deferred tax but CGT exemption exists
 - Recognising losses forward – not realistic based on projections NB;
 - Setting off capital deferred tax against non-capital;
 - Recognising deferred tax at CGT rate on PPE revaluation policy
 - Deferred tax – investment portfolio's;
 - Finance leased assets – sometimes missed;
 - Exclude assets where not qualifying for capital allowances & no revaluation;
 - Remember deferred tax on revaluation policy;
 - Only recognise an asset if probable its recoverable

10




www.omnipro.ie

Prior Period Adjustment/PB Events/Change in accounting policy

- Prior Period Error / Loan covenants & Post balance sheet events–
 - FAI accounts 2017 – Practical example – incorporates revision also.
 - Materiality V Fundamental Error
 - Disclosures
 - Other Implications
 - Audit reports
 - Auditor reporting
 - Post Balance sheet Events – Section 32 – Covenants (relevant now)
 - When to write off – Present obligation as a result of past event

11




www.omnipro.ie

Groups - Consolidation

- Consider is merger accounting an option (Section 19.27)
 - Some clients happy not to create goodwill
 - Must be the same owners before and after the transaction
 - May apply to share for shares / share for undertakings
- Section 280B CA – defines Group – refresher
- Gross/Net thresholds
- 2 years to move from small group & 2 years to move out;
- If not a hold Co. at year end – No consols
- Do not take into account results of associates/JV's

12




www.omnipro.ie

Simple Consolidation – Common Errors

- Not considering golden shares and not considering subs of entity where golden share is held
- Not eliminating all inter-company transactions or all investments in subs;
- Not considering interest where control is held & how to account for these
- Golden share – not disclosing in accounting policy reason why control exists
- Incorrectly accounting for non-controlling interest

13




www.omnipro.ie

Accounting for share for undertaking transactions

- Transfer of a business to a New Co. outside Group
- Section 22.17 FRS 102 – Treated as dividend in Specie – direct debit to P&L reserves – return to shareholder
- Disclosure of transfer – S.309 CA 2014
- Show split of current and comparative year – Continuing and discontinuing

14




www.omnipro.ie

Accounting for share for undertaking transactions

- Co. that received the undertaking
- Section 22.8 FRS 102 – Included at fair value (required under Co. Law) – Cr share capital. Dr goodwill, Cr creditors, Dr bank, Dr debtors etc. etc.
- Disclosure of transfer – S.309 CA 2014

15




www.omnipro.ie

Exceptional Item

- Exceptional Item – Example 19 – Section 10
 - Not Defined (CA refers to them)
 - Where material an additional line is included in the profit and loss where relevant to the entity's performance.
 - Examples – Debt write off's, impairments, restructuring
 - Disclosure – Primary Financial Statements and Notes

16




www.omnipro.ie

Credit Unions – UCTIS investment

- Look to Section 11.9 of FRS 102 to assess if it is basic;
- Breaches 11.9a – variability but linked to general index – linked to performance of other companies on stock exchange
- 11.9ab – Must be determinable return of the holder during life of instrument & not contingent other than change in contractual variable rate, protect holder against credit deterioration or changes in levies = as variability in return from outset & unknown – not met
- 11.9b – contractual provision that could result in a loss of capital here – Not met
- Not basis – Two options - Apply Section 12 rules or IFRS 9/IAS39
- Section 12 – FVTPL or if cant be reliably measured – cost less impairment
- IFRS 9 – Possibility to look to see can it be held at FV through OCI – Does it meet the definition of equity instruments

17

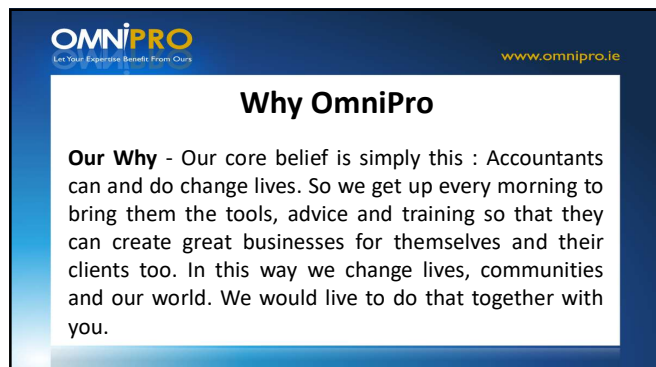


www.omnipro.ie

Conclusion

- Still significant queries arising

18

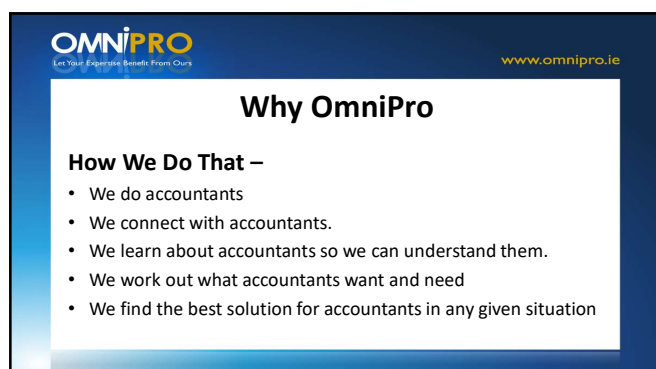


OMNiPRO
Let Your Expertise Benefit From Ours
www.omnipro.ie

Why OmniPro

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

19



OMNiPRO
Let Your Expertise Benefit From Ours
www.omnipro.ie

Why OmniPro

How We Do That -

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

20



OMNiPRO
Let Your Expertise Benefit From Ours
www.omnipro.ie

Why OmniPro

What We Do -

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

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

21



22

OmniPro Sample Medium/Large Company Limited (Updated for Companies (Accounting) Act 2017) – not on transition (ILLUSTRATIVE COVID-19 DISCLOSURES HIGHLIGHTED)

Directors' Report & Financial Statements

Year Ended 31 December 2019

Disclaimer

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

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

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

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

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

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

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

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

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

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

Note

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

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

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

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

OmniPro Sample Medium/Large Company Limited

Year Ended 31 December 2019

Contents

	Page
Directors and other information	4
Directors' report	5 - 10
Directors' responsibilities	11
Independent Auditor's Report to the Members	12 - 13
Profit and loss account	14
Balance sheet	15
Statement of Changes in Equity	16
Cashflow Statement	17
Notes to the financial statements	18 - 46

OmniPro Sample Medium/Large Company Limited

Year Ended 31 December 2019

Directors and Other Information

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

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

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

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

OmniPro Sample Medium/Large Company Limited

Year Ended 31 December 2019

Directors' Report

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

Directors and 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 but the company's activities have been negatively impacted since the year end by the effects of COVID-19 as described below. The company has continued to improve performance in recent years. Turnover has increased by xx% on prior year allowing the firm to maintain excellent profitability levels in a challenging and rapidly changing industry.

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

The key financial indicators of the company are:

XXX etc. etc.

Environmental and Employee Matters

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

³ The names of the persons who were directors during the financial year should be included for periods commencing on or after 1st of June 2015. Directors may be required to retire by rotation under the Co.s Constitution

⁴ S.326(1)(b), CA 2014 – The directors report shall state the principal activities of the company during the year

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

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

OmniPro Sample Medium/Large Company Limited

Year Ended 31 December 2019

Directors' Report

Future Developments⁶

Illustrative paragraph- mildly affected by Covid-19

The directors are not expecting to make any significant changes in the nature of the business in the near future. At the time of approving the financial statements, the company is exposed to the effects of the Covid-19 pandemic which has had a negative effect on its trading activities since the year end and has resulted in a lower than expected level of trading activity since the year end. In planning its future activities, the directors will seek to develop the company's activities whilst managing the effects of the difficult trading period caused by this outbreak.

Illustrative paragraph- significantly affected by Covid-19

Since the year end, following restrictions placed on the company's business as a result of the outbreak of the Covid-19 pandemic, the company has temporarily ceased trading. This decision was taken to ensure the safety of all staff is preserved and to ensure that government recommendations and restrictions are complied with. The directors intend to recommence trading once all restrictions have been lifted and once it is safe for staff to return to work. Following the planned recommencement of trading, the directors plan to develop the activities of the company so that it will return to normal trading activities as soon as possible. In the intervening period, the company has reduced its cost base so that the burden of costs borne during the non-trading period is mitigated.

Results and Dividends⁷

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

Or

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

Principal Risks and Uncertainties⁸

In the first half of 2020, the outbreak of Covid-19 spread throughout Asia, Europe and Worldwide. The initial impact of this has been severe and has resulted in a significant worldwide slowdown in economic activity. In Ireland, the economic impact of this pandemic has been characterised by the temporary closure of many businesses in "non-essential" areas to ensure that people's movements are restricted in order to slow down the spread of the virus. The effect of Covid-19 presents many risks for the company, the effects of which cannot be fully quantified at the time of approving the financial statements.

Although the effects cannot be fully determined, the directors believe that the main risks and uncertainties associated with COVID-19 are as follows;

- a potential reduction in economic activity which may result in reduced consumer spending and demand for the company's services
- a reduction in asset values
- a prolonged period of government restrictions on the movement of people

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.

OmniPro Sample Medium/Large Company Limited

Year Ended 31 December 2019

Directors' Report

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

Price Risk

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

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 2019	Mr A Director €1 ordinary shares	Ms B Director €1 ordinary shares	Total
At the beginning of the year	50,000	50,000	100,000
At the end of the year	50,000	50,000	100,000
Year ended 31 December 2018	Mr A Director €1 ordinary shares	Ms B Director €1 ordinary shares	Total
At the beginning of the year	50,000	50,000	100,000
At the end of the year	50,000	50,000	100,000

⁷ S.326(1)(d), CA 2014 – The directors report shall include an indication of interim dividends paid and the amount, if any, that should be paid by way of final dividend

⁸ S.327(1)(b), CA 2014 – The directors report shall contain a description of the principal risks and uncertainties facing the company

⁹ S.326(3), CA 2014 – Only required where material for an assessment of the companies financial position and the use of financial instruments

OmniPro Sample Medium/Large Company Limited

Year Ended 31 December 2019

Directors' Report

Events after the Balance Sheet date¹¹

Illustrative example- Company in non-essential services who have temporarily ceased trading.

In the first half of 2020, the COVID-19 virus spread worldwide. In common with many other countries, the Irish government issued guidance and restrictions on the movement of people designed to slow the spread of this virus. In early March 2020, many businesses closed voluntarily and throughout the month more restrictions were placed on people and businesses. On 28th March, all "non-essential" businesses were ordered to close temporarily.

The impact on the company has initially been a lower than expected level of trading activity in March 2020 followed by a temporary closure of the business on 28th March 2020. In response to the restrictions, the company has laid off some staff and reduced working hours for some staff with a view to minimising the costs borne by the company during the period of closure. The directors intend to recommence trading when the restrictions are lifted and when it is safe for staff to return to work. Whilst the directors believe that the effect will be negative on the company & the full effect of the events since the balance sheet are difficult to determine, the directors are confident that the company will recommence trading once the period of restriction is lifted.

Illustrative example- Company continuing to trade during the lockdown period but are operating at a reduced level

In the first half of 2020, the COVID-19 virus spread worldwide. In common with many other countries, the Irish government issued guidance and restrictions on the movement of people designed to slow the spread of this virus. In early March 2020, many businesses closed voluntarily and throughout the month more restrictions were placed on people and businesses. On 28th March, all "non-essential" businesses were ordered to close temporarily.

The company reacted to these conditions by closing its offices with staff working from home. Whilst this has resulted in the company remaining operational during the period, there has been a reduction in trading levels as a result of Covid-19. The directors are confident that the company will be fully operational once the period of restriction is lifted.

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 2014 – Disclosure in relation to important events after the balance sheet date are only required where deemed relevant

¹² Disclosure in relation to Research and Development Activity is only required if there have been any activities in this area in accordance with S.326(2)(b) of the Companies Act 2014

OmniPro Sample Medium/Large Company Limited

Year Ended 31 December 2019

Directors' Report

Political 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

OmniPro Sample Medium/Large Company Limited

Year Ended 31 December 2019

Directors' Report

OR

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

XXXX etc etc.

Going Concern- Consider including this if the company has a material uncertainty relating to going concern¹

The financial statements are prepared on a going concern basis. As outlined in note X, there are material uncertainties relating to the company's ability to continue as a going concern arising from the uncertainty caused by the outbreak of the COVID-19 pandemic.

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

¹ S.327 (1)- The directors report shall present a fair review of the business and a description of the principal risks and uncertainties facing the business. It may be appropriate to include a going concern note where there are material uncertainties relating to the company's ability to continue as a going concern

OmniPro Sample Medium/Large Company Limited

Year Ended 31 December 2019

Directors' Report

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

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.

¹⁹ S.330, CA 2014 – The statement on the provision of relevant audit information applies to financial statements for periods commencing on or after the 1st of June 2015

²⁰ Where there is only 1 director as a new model private LTD that director may approve the financial statements

OmniPro Sample Medium/Large Company Limited

Year Ended 31 December 2017

Directors' Responsibilities Statement

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

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

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

- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable and prudent
- State whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards and note the effect and the reasons for any material departure from those standards
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in 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 2019

Audit report removed due to numerous audit report implications/disclosures
See separate guidance documents

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

OmniPro Sample Medium/Large Company Limited

Profit and Loss Account

For the Year ended 31 December 2019

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

Statement of Comprehensive Income³²

For the Year ended 31 December 2019

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

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

OmniPro Sample Medium/Large Company Limited

Balance Sheet

At December 2019

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

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

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

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

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

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

OmniPro Sample Medium/Large Company Limited

Statement of Cashflows For the Year ended 31 December 2019

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

OmniPro Sample Medium/Large Company Limited

Year Ended 31 December 2019 Accounting Policies

1. ACCOUNTING POLICIES

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

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

The significant accounting 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.

OmniPro Sample Medium/Large Company Limited

Year Ended 31 December 2019 Accounting Policies

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

Consolidated accounts

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

(c) Currency

(i) Functional and presentation currency

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

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

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

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

(d) Turnover

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

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

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

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

(e) Interest income

Interest income is recognised using the effective interest method.

OmniPro Sample Medium/Large Company Limited

Year Ended 31 December 2019 Accounting Policies

(f) Dividend income

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

(g) Dividend distribution

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

(h) Government grants

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

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

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

(i) Taxation

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

(i) Current tax

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

(ii) Deferred tax

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

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

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

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

Current or deferred taxation assets and liabilities are not discounted.

OmniPro Sample Medium/Large Company Limited

Year Ended 31 December 2019 Accounting Policies

(j) **Tangible fixed assets**

(i) *Cost*

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

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

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

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

(ii) *Depreciation*

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

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

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

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

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

(iii) *Impairment*

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

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

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

OmniPro Sample Medium/Large Company Limited

Year Ended 31 December 2019 Accounting Policies

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

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

(k) Investment properties

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

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

(l) Investments in subsidiary undertakings

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

(m) Leases

(i) Finance leases

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

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

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

(ii) Operating leases

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

(iii) Lease incentives

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

OmniPro Sample Medium/Large Company Limited

Year Ended 31 December 2019 Accounting Policies

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.

OmniPro Sample Medium/Large Company Limited

Year Ended 31 December 2019 Accounting Policies

(t) Borrowings

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

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

(u) Provisions

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

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

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

(v) Contingencies

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

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

(w) Employee Benefits ⁴⁴

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

(x) *Short term benefits*

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

(ii) *Annual bonus plans*

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

(iii) *Defined contribution pension plans*

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

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

OmniPro Sample Medium/Large Company Limited

Year Ended 31 December 2019

Accounting Policies

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.

OmniPro Sample Medium/Large Company Limited

Year Ended 31 December 2019 Accounting Policies

(cc) Prior period adjustment – Change in accounting policy⁴⁵

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

	<u>2018</u> <u>as previously stated</u>	<u>Adjustment</u>	<u>2018 As restated</u>
<u>Profit and Loss</u>			
<u>Turnover etc. etc.</u>	<u>XXX</u>	<u>XX</u>	<u>XX</u>
<u>Etc Etc</u>			

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.

OmniPro Sample Medium/Large Company Limited

Year Ended 31 December 2019 Notes to the Financial Statements

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.

Judgements

The judgements that have had the most significant effect on the amounts recognised in the financial statements are discussed below.

(a) Going concern

Going concern is discussed in detail in note 4. At the time of approving the financial statements, there were restrictions placed on businesses to curtail the movement of people in measures designed to reduce the spread of the COVID-19 virus. This has had an affect on the company's business and the economic environment as a whole. In assessing the reasonableness of the going concern basis, the directors have used judgement in preparing budgets and cashflows for the upcoming 12 months, whilst recognising that there is a degree of judgement and estimation arising from the uncertain nature of the planned response to the COVID-19 pandemic. The judgements used by management in preparing their budgets and cashflows are as follows;

TAILOR ACCORDING TO THE COMPANY

- That the company will be temporarily closed for a period of x months.
- That on recommencement of trading, sales will be x% lower than previous year.
- That cost reductions entered into during the period of temporary closure will adequately safeguard the company's cash reserves for when they recommence trading.
- ENTER ANY ADDITIONAL POINTS OF RELEVANCE.

(b) Exceptional items

Exceptional items are those that in 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 significant restructuring costs (add as required). Judgement is required as to what management determine as exceptional items. In the opinion of the directors, the adverse effects caused by the outbreak of the COVID-19 pandemic meet the criteria for exceptional items.

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.

Estimates and assumptions

(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) Impairment review following COVID-19

The COVID-19 pandemic has caused an adverse effect on the economic environment in which the entity

OmniPro Sample Medium/Large Company Limited

operates. In accordance with section 27.9 of FRS 102, this is an impairment indicator and the company has carried out an impairment review of its assets. The factors taken into consideration in performing an impairment review are based on estimates and are subject to uncertainty. Some of the factors taken into consideration when considering impairment are set out below.

(c) *Inventory provisioning*

When calculating inventory provision, management considers the sales price less costs to complete in comparison to the net realisable value. The level of provision required is reviewed on an on-going basis and has been disclosed in note 16. The company has also taken into consideration the effects COVID-19 has had on its inventories, including the effect of periods of closure caused by the outbreak.

(d) *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 company has also specifically considered the effect of COVID-19 on the recovery of its debtors. The level of provision required is reviewed on an on-going basis and has been disclosed in note 17.

(e) *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. The directors note that there may be a degree of estimation uncertainty regarding the fair value at the year end as there is a limited amount of transactions happening in the property market following the emergence of COVID-19.

OmniPro Sample Medium/Large Company Limited

Year Ended 31 December 2019 Notes to the Financial Statements

3. GOING CONCERN

Option 1- Going Concern basis is appropriate- consider one of the 3 illustrative examples below

Illustrative example 1- Company affected by Covid-19 but continues to trade. Trade has not been significantly affected and the directors conclude that no material uncertainty exists.

The company made a profit of €xxxxxxx and has net current assets of €xxxxxx net assets of €xxxxx at the year end.

During the first quarter of 2020, The Covid-19 pandemic has spread initially from Asia to Europe and subsequently worldwide. The initial economic effect of this has been a worldwide slowdown in economic activity and the loss of jobs across many businesses. In Ireland there are restrictions placed on “non-essential” businesses which has resulted in many businesses temporarily closing in measures designed to restrict the movement of people and to slow down the spread of the virus.

Omnipro Sample Medium/Large Company Limited has continued to trade during this period and has not seen a significant effect on its trading activities as a result of the virus. The directors have prepared budgets for the upcoming 12 months which show that the company will continue as a going concern.

The financial statements have been prepared on a going concern basis.

Illustrative example 2- Company affected by Covid-19 but continues to trade. Trade is negatively affected by the virus and the directors have seen a significant reduction in trading activity. Staff costs have been reduced.

The company made a profit of €xxxxxxx and has net current assets of €xxxxxx net assets of €xxxxx at the year end.

During the first quarter of 2020, The Covid-19 pandemic has spread initially from Asia to Europe and subsequently worldwide. The initial economic effect of this has been a worldwide slowdown in economic activity and the loss of jobs across many businesses. In Ireland there are restrictions placed on “non-essential” businesses which has resulted in many businesses temporarily closing in measures designed to restrict the movement of people and to slow down the spread of the virus.

Like many businesses, Omnipro Sample Medium/Large Company Limited is exposed to the effects of the Covid-19 pandemic. Whilst the company continues to trade during this period, there has been a notable reduction in trading activity and customer demand compared to the same period in the previous financial year. Staff costs have been reduced through the temporary reduction in staff/reduced hours and other costs have been reduced where possible (TAILOR/DELETE AS APPROPRIATE). The company will also use government supports provided to businesses during this time.

Based on the measures taken to reduce costs, the directors believe that the company is well positioned to return to full trading capacity once the period of uncertainty passes. However, the directors believe that the above circumstances represent a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial statements have been prepared on a going concern basis.

Illustrative example 3- Company affected by Covid-19 and has temporarily ceased trading as a result of Covid-19. There had been a significant reduction in trading activity and staff costs have been reduced.

OmniPro Sample Medium/Large Company Limited

The company made a profit of €xxxxxxx and has net current assets of €xxxxxx net assets of €xxxxxx at the year end.

During the first quarter of 2020, The Covid-19 pandemic has spread initially from Asia to Europe and subsequently worldwide. The initial economic effect of this has been a worldwide slowdown in economic activity and the loss of jobs across many businesses. In Ireland there are restrictions placed on “non-essential” businesses which has resulted in many businesses temporarily closing in measures designed to restrict the movement of people and to slow down the spread of the virus.

Like many businesses, Omnipro Sample Medium/Large Company Limited is exposed to the effects of the Covid-19 pandemic. In March 2020, as a result of the reduction in economic activity and the recommendations and restrictions placed on businesses the company has decided to temporarily cease trading. During this period, the company has laid off staff and reduced working hours for staff who have been retained. Other costs have also been reduced during the non-trading period where possible. The company will also use government supports provided to businesses during this time.

Based on the measures taken to reduce costs, the directors believe that the company is well positioned to return to full trading capacity once the period of uncertainty passes. However, the directors believe that the above circumstances represent a material uncertainty which may cast significant doubt on the company’s ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial statements have been prepared on a going concern basis.

Option 2- There is no realistic alternative for the company but to permanently cease trading or liquidate. The financial statements have not been prepared on a going concern basis (note- if there is a possibility that the company will continue to trade post Covid-19 then option 1 should be taken)

The company made a loss of €xxxxxxx, has net liabilities of €xxxxxx and net current liabilities of €xxxxxx at the year end.

During the first quarter of 2020, The Covid-19 pandemic has spread from Asia to Europe and worldwide. The initial economic effect of this has been a worldwide slowdown in economic activity and the loss of jobs across many businesses. In Ireland there are restrictions placed on “non-essential” businesses which has resulted in many businesses temporarily closing in measures designed to restrict the movement of people and to slow down the spread of the virus.

The effects of the above have been so severe on the activities of the company that the directors believe that there is no realistic alternative but to cease trading or to liquidate the company.

Accordingly, the financial statements have not been prepared on a going concern basis.

4. TURNOVER⁴⁷

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

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

OmniPro Sample Medium/Large Company Limited

5. OPERATING PROFIT

Operating profit is stated after charging:

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

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

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

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

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

**No Longer Required*

OmniPro Sample Medium/Large Company Limited

Year Ended 31 December 2019 Notes to the Financial Statements

6. OTHER OPERATING INCOME

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

7. 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>

8. INTEREST PAYABLE AND SIMILAR EXPENSES⁵²

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

9. TAXATION

	2019	2018
	€	€
(a) Tax expense in profit and loss:		
Current tax expense:		
Irish corporation tax on profits for the year	215,500	99,722
Adjustments in respect of prior periods	-	-
	<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

OmniPro Sample Medium/Large Company Limited

Year Ended 31 December 2019 Notes to the Financial Statements

(b) Reconciliation of tax charge

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

	2019 €	2018 €
Profit on ordinary activities before tax	1,311,360	423,751
Tax calculated at Irish tax rates of 12.5% (2018: 12.5%)	163,920	52,969
<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

10. EMPLOYEES

The average monthly number of employees was: ^{54/55}

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

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

⁵⁴ S.317(1), CA 2014 – The company is required to disclose details of the average number of people employed in the financial year and the separately distinguish the category within which they were employed

⁵⁵ 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

OmniPro Sample Medium/Large Company Limited

Year Ended 31 December 2019 Notes to the Financial Statements

11. DIRECTORS REMUNERATION AND TRANSACTIONS

	2019	2018
	€	€
Remuneration⁵⁷		
Salary	182,000	185,600
Retirement Benefits	30,000	30,000
	212,000	225,600
Directors' Loans⁵⁸	Directors A	Director B
Opening Balance	4,332	100,000
Repayments to directors	9,301	-
Advances from directors	1,000	-
Closing balance	12,633	100,000
% of net assets	X%	X%

The loan is interest free and is repayable on demand⁵⁹. The amount written off during the year was €XXX (2018: €xxx) ⁶⁰. A provision of €XX (2018: €XX) was provided against this loan at year end.

During the year the company paid €XXX (€XXX) for rental of the directors 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 2019 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 (2018: €XXX).

12. 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
<u>Transfer from investment property **</u>	<u>XXX</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>XXX</u>
Additions in year	1,519,000	165,000	99,733	34,704	1,818,437
Disposals in year	-	(93,359)	-	-	(93,359)
At end of year	2,026,473	220,680	410,711	192,227	2,850,091
Depreciation					
At beginning of year	187,723	111,836	278,802	134,767	713,128
Charge for Year	37,543	26,799	29,015	56,642	149,999
On disposals	-	(42,060)	-	-	(42,060)
At end of year	225,266	96,575	307,817	191,409	821,067
Net book value					
At 31 December 2019	1,801,207	124,105	102,894	818	2,029,024
At 31 December 2018	319,750	37,203	32,176	22,756	411,885

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

The following assets were held under finance lease:

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

Include the below if the revaluation option on fixed assets is chosen (not applicable here).

[The land and buildings of the company were revalued by [state name], [state qualification] to an open market value basis reflecting existing use [or state alternate basis if appropriate] on [state date] 20XX.

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

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

OmniPro Sample Medium/Large Company Limited

Year Ended 31 December 2019 Notes to the Financial Statements

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

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

The historical cost, accumulated depreciation and net book value of the freehold premises is as follows. The depreciation charge on the historical cost basis is €XXXX⁶⁴:

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

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

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

13. INVESTMENT PROPERTIES⁶⁵

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

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

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

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

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

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

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

OmniPro Sample Medium/Large Company Limited

account for the adjustment prospectively.

OmniPro Sample Medium/Large Company Limited

Year Ended 31 December 2019 Notes to the Financial Statements

14. FINANCIAL ASSETS

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

i) Subsidiary⁶⁶ undertakings⁶⁷

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

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

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

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

⁶⁶ S.7(2), CA 2014 – The definition of a subsidiary is set out under Section 2 of the Companies Act 2014

⁶⁷ S.314(1), CA 2014 – Disclose is required of interests in subsidiaries and undertakings of substantial interest (>20% of any class of equity shares)

⁶⁸ If the company is unincorporated, the address of the principal place of business must be included

⁶⁹ S.314(1)(ii) CA 2014 – The identity of each class of share held by the company in each subsidiary of undertaking of substantial interest and the proportion of the nominal value held must be disclosed

⁷⁰ S.314(1)(i) CA 2014 – The name and address of the registered office must be included, if there is no registered office the company must disclose the principal place of business

⁷¹ S.314(1)(iii), CA 2014 – The notes must disclose the aggregate amount of the net assets and profit/loss of the subsidiary or undertaking of substantial interest

OmniPro Sample Medium/Large Company Limited

Year Ended 31 December 2019 Notes to the Financial Statements

ii) Other Investments

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

The company purchased €150,000 of government bonds during the year. This represents the fair value at 31 December 2019 (2018: €nil). These mature on 1 January 2020.

The other investment relates to an investment made by the company in an unlisted entity where less than a significant influence is held. The fair value of this investment cannot be reliably measured in line with the hierarchy in Section 11 of FRS 102, as a result it is held at cost. The cost of the investment at the year ended 31 December 2019 was €185,336 (2018: €208,946).

The directors are satisfied that no impairment is required.

15. STOCKS

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

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

16. DEBTORS

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

The fair values of Debtors and Prepayments approximate to their carrying amounts. Trade debtors are stated after provisions for impairments of €105,000 (2018: €113,000).

(i) Amounts owed by group companies and directors are unsecured, interest free and are repayable on demand.

⁷² Sch 3 as amended by CAA 2017 no longer requires a disclosure detailing If there is a material difference between the balance sheet amount of stock and its replacement cost.

⁷³ Sch 3 Formats as amended by CAA 2017 requires accrued income to be shown separately in the notes.

OmniPro Sample Medium/Large Company Limited

Year Ended 31 December 2019 Notes to the Financial Statements

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR⁷⁴

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

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

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

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

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

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

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

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

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

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

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

OmniPro Sample Medium/Large Company Limited

Year Ended 31 December 2019 Notes to the Financial Statements

- (i) The company received loans totalling €XXXX at non market rates from its parent company in 2013 which are interest free and repayable on 31 December 2019. Section 11 requires that all Financial Assets and Liabilities are initially recognised at their fair value. The Company estimates the fair value of interest free loan issued by calculating the present value of all future cash payments discounted using the prevailing rates of interest for a similar instrument. Upon initial recognition, the Company recognised the loan for €XXXX. The difference between the nominal amount of the loan and the initial fair value was €XXX which had reduced to €XXX at 1 January 2018. In accordance with Section 11 of FRS 102 the substance of this agreement is akin to a capital contribution from its parent company and therefore recognised in equity. The movement on the loan in the year of €XXXX (2018: €Nil) represented the unwinding of the discount for the year. The reason for no interest charge in 2018 was due to the fact that the company availed of the exemption in Section 35.10 to only recognise the transition adjustment at the start of the current year⁷⁸.

19. FINANCE LEASE CONTRACTS – MATURITY

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

20. PROVISION FOR LIABILITIES

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

⁷⁸ Not specifically required

OmniPro Sample Medium/Large Company Limited

Year Ended 31 December 2019 Notes to the Financial Statements

(i) Warranty provision

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

(ii) Deferred tax

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

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

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

	Accelerated Capital allowances	Provisions	Revaluation on investment property	Total
	€	€	€	€
2019				
At 1 January 2019	22,462	(15,000)	57,750	65,212
Recognised in profit and loss	(1,606)	3,600	49,500	51,494
Recognised in other comprehensive income (for illustrative purposes)	-	-	-	-
Disposals	-	-	-	-
At 31 December 2019	<u>20,856</u>	<u>(11,400)</u>	<u>107,250</u>	<u>116,706</u>
	Accelerated Capital allowances	Provisions	Revaluation on investment property	Total
	€	€	€	€
2018				
At 1 January 2018	29,933	(9,163)	24,750	45,520
Recognised in profit and loss	(7,471)	(5,837)	33,000	19,692
Acquisitions	-	-	-	-
Recognised in other comprehensive income	-	-	-	-
Disposals	-	-	-	-
Foreign exchange and other	-	-	-	-
At 31 December 2018	<u>22,462</u>	<u>(15,000)</u>	<u>57,750</u>	<u>65,212</u>

OmniPro Sample Medium/Large Company Limited

Year Ended 31 December 2019 Notes to the Financial Statements

- 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).

21. 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 2019/2020.

22. SHARE CAPITAL

	2019 €	2018 €
Authorised Equity		
1,000,000 ordinary shares of €1 each	1,000,000	1,000,000
100,000 8% redeemable preference shares of €1 each	100,000	-
	<u>1,100,000</u>	<u>1,000,000</u>
Allotted, 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)

OmniPro Sample Medium/Large Company Limited

Year Ended 31 December 2019 Notes to the Financial Statements

Alloted, called up and fully paid– presented as liabilities

100,000 8% redeemable preference shares of €1 each
(see (ii) below)

100,000

-

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

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

OmniPro Sample Medium/Large Company Limited

Year Ended 31 December 2019 Notes to the Financial Statements

23. RESERVES⁸⁴

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

i) Other 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

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

OmniPro Sample Medium/Large Company Limited

Year Ended 31 December 2019 Notes to the Financial Statements

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.

24. 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.

25. CAPITAL COMMITMENTS

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

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

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

OmniPro Sample Medium/Large Company Limited

Year Ended 31 December 2019 Notes to the Financial Statements

26. COMMITMENTS

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

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

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

iii) An amount of €XX (2018:€XX) was included in accruals with regard to pension contributions payable to the pension scheme for past directors of the company⁹¹.

27. DIRECTORS' SECRETARY'S INTERESTS

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

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

28. RETIREMENT BENEFITS INFORMATION⁹²

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

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

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

⁹⁰ Para 58, Sch 3, CA 2014

⁹¹ Para 58, Sch 3, CA 2014 requires commitment to pension for past directors to be disclosed separately

⁹² Note is applicable to defined contribution schemes only, defined benefit schemes require further detailed disclosures.

OmniPro Sample Medium/Large Company Limited

Year Ended 31 December 2019 Notes to the Financial Statements

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

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

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

⁹³ Section 28 FRS 102 requires the nature of the scheme, contributions paid during the year and the amount outstanding at year end disclosed. Sch 3(58) requires disclose of pension items included in accruals

⁹⁴ Note is applicable to defined contribution schemes only, defined benefit schemes require further detailed disclosures.

OmniPro Sample Medium/Large Company Limited

Year Ended 31 December 2019 Notes to the Financial Statements

30. ANALYSIS OF CASH & CASH EQUIVALENT AND NET DEBT⁹⁵

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

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

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

• ~~No Financial Instruments Note Required~~

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

OmniPro Sample Medium/Large Company Limited

Year Ended 31 December 2019 Notes to the Financial Statements

31. RELATED PARTY TRANSACTIONS^{96/97/98}

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

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

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

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:

- the names of the transacting related parties;
- a description of the relationship between the parties;
- a description of the transactions;
- the amounts involved;
- any other elements of the transactions necessary for an understanding of the financial statements;
- 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
- 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

OmniPro Sample Medium/Large Company Limited

Year Ended 31 December 2019 Notes to the Financial Statements

The following transactions were carried out with other related parties:

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

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

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

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

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

The company holds the following class of its own shares¹⁰⁰:

	2019 €	2019 Number	2018 Number	2018 €
A Ordinary shares of €1 each				
At 1 January (consideration paid of €XXX)	XX	XXX	XXXX	XX
Cancellations	(XX)	(XX)	(XXXXXX)	(XX)
Redemptions from members	XX	XXXXXX	XXXXXX	XX
Closing balance	<u>XXX</u>	<u>XXXXXX</u>	<u>XXXXXX</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 (2018:€XX).

⁹⁹ This note is only required where the directors and key management personnel are not the same persons and the directors remuneration is required to be disclosed under Company Law. Section 33.7A of FRS 102 refers.

¹⁰⁰ S.320(4) and S.328 of CA 2014 requires disclosure of the details of owns shares by class held including movement in the year, a disclosure of the restrictions on profits as a result of this and the reason for acquisition of own shares in the year and the % of called up share capital held at beginning and end of each year.

OmniPro Sample Medium/Large Company Limited

Year Ended 31 December 2019 Notes to the Financial Statements

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:

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

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

33. POST BALANCE SHEET EVENTS¹⁰²

Where COVID-19 is a non-adjusting event (use for periods up to 31 December 2019 & consider thereafter)

In the first half of 2020, the COVID-19 virus spread worldwide. In common with many other countries, the Irish government issued guidance and restrictions on the movement of people designed to slow the spread of this virus. In early March 2020, many businesses closed voluntarily and throughout the month more restrictions were placed on people and businesses. On 28th March, all “non-essential” businesses were ordered to close temporarily.

This has had a negative impact on the company since the year end and trading activity has reduced as a result.

Choose one of the below

Where an estimate of the financial effect cannot be made

At the time of approving the financial statements, there is uncertainty regarding how long working restrictions will be in place until and the full extent of the impact that this will have on the financial statements for the year and as a result an estimate of its financial effect cannot be made.

Or

Where an estimate of the financial effect can be made

In light of the above event, the directors believe that the financial effects of Covid-19 between the year end and the date of approving the financial statements are as follows;

- Decline in market value of property plant and equipment- €xxxx
- Decline in value of stock due to Impairment of stock- €xxxx
- Impairment of trade debtors balance of €xxxxx

As it is the directors opinion that Covid-19 is a non-adjusting event, the above financial effects have not been adjusted for the impact of the above events since the balance sheet date.

Where Covid-19 is an adjusting event (consider for periods of 31 January 2020 and after)²

In the first half of 2020, the Covid-19 virus spread worldwide. In common with many other countries, the Irish government issued guidance and restrictions on the movement of people designed to slow the spread of this virus. In early March 2020, many businesses closed voluntarily and throughout the

² Section 32.4 of FRS 102 requires entities to adjust the amounts recognised in its financial statements, including related disclosures, to reflect adjusting events after the end of the reporting period. If preferable, this could be addressed in the individual note affected.

OmniPro Sample Medium/Large Company Limited

month more restrictions were placed on people and businesses. On 28th March, all “non-essential” businesses were ordered to close temporarily.

This has had a negative impact on the company since the year end and trading activity has reduced as a result.

The following adjustments relate to events or conditions that existed at the balance sheet date and as a result have been adjusted for in these financial statements:

- Decline in market value of property plant and equipment- €xxxx
- Decline in value of stock due to Impairment of stock- €xxxx
- Impairment of trade debtors balance of €xxxxx

34. 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.

35. 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
- 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

OmniPro Sample Medium/Large Company Limited

Year Ended 31 December 2019 Notes to the Financial Statements

36. APPROVAL OF THE FINANCIAL STATEMENTS

The directors approved the financial statements on_____.

OmniPro Sample FRS 105 Company Limited

Year Ended 31 December 2019

Contents

CRO Number - 123456

OmniPro Sample FRS 105 Company Limited

COVID-19 GUIDANCE AND DISCLOSURES- COVID-19 SPECIFIC MATERIAL HIGHLIGHTED

Audited Financial Statements

Year Ended 31 December 2019

Disclaimer

THESE FINANCIAL STATEMENTS SHOW THE MINIMUM DISCLOSURES REQUIRED UNDER FRS 105 AND THE MICRO COMPANIES REGIME. ONCE THESE DISCLOSURES HAVE BEEN MADE THE FINANCIAL STATEMENTS ARE PRESUMED TO SHOW A TRUE AND FAIR VIEW UNDER COMPANY LAW.

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

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

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

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

Note

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

OmniPro Sample FRS 105 Company Limited

Year Ended 31 December 2019

Contents

etc. then they cannot apply the micro companies regime. In addition, this provision cannot be applied where a company is:

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

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

Companies can include additional notes on top of the minimum but where this option is availed of the company must comply with the requirements of Section 1A of FRS 102 as applicable.

COVID-19 Specific Guidance- FRS 105 companies

From a disclosure point of view, COVID-19 will likely not have a big impact on the majority of entities preparing financial statements in accordance with FRS 105. The reasons for this are due to the significantly reduced disclosures requirements under FRS 105 and also the presumed true and fair view once the requirements of FRS 105 are met.

COVID-19 may have an impact in the following specific areas;

1. Where the directors have taken the decision to wind up the entity then this fact must be disclosed in the basis of preparation note.
2. Disclosure of impairments/value adjustments recognised as either adjusting post balance sheet events or impairments recognised in financial statements prepared post COVID-19.
3. Where the company is audited with a material uncertainty related to going concern then the going concern note will need to comply with the requirements of ISA 570.

These illustrative financial statements have been prepared to demonstrate an audited set of FRS 105 financial statements with a material uncertainty related to going concern and the associated disclosure note.

Where additional notes on top of the minimum are voluntarily included then the company must comply with the requirements of Section 1A of FRS 102. For example, under FRS 105 a note is not required relating to post balance sheet events. If this is voluntarily included for COVID-19 then the note must meet the requirements of Section 1A of FRS 102.

These illustrative financial statements have been prepared to show a set of FRS 105 financial statements for an audited company with a material uncertainty related to going concern. For entities with no going concern issues or for an unaudited entity, the standard FRS 105 sample financial statements should be referred to.

OmniPro Sample FRS 105 Company Limited

Year Ended 31 December 2019

Contents

	Page
Directors and other information	4
Auditor's report	5-8
Appendix to the Independent Auditors Report	9
Profit and Loss Account	10
Balance sheet	11
Notes to the financial statements	12-26

OmniPro Sample FRS 105 Company Limited

Year Ended 31 December 2019

Directors and Other Information

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

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

¹ State nationality of directors if not Irish

Independent Auditors Report to the Members of OmniPro Sample FRS 105 Company Limited for the year ended 31 December 2019 ²

Opinion

We have audited the financial statements of OmniPro Sample FRS 105 Limited (the 'company') for the year ended 31 December 2019 which comprise comprises of Profit and Loss Account, the Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable Irish law and Accounting Standards, including FRS 105 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (Generally Accepted Accounting Practice in Ireland) applicable to the Micro Entities Regime.

In our opinion, the financial statements:

- are presumed to give a true and fair view of the assets, liabilities and financial position of the company in accordance with Section 324 of Companies Act 2014 as at 31 December 2019 and of its profit for the year then ended; and;
- have been properly prepared in accordance with FRS 105 The Financial Reporting Standard applicable in the UK and Republic of Ireland to the Micro-Entities Regime issued by the Financial Reporting Council; 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 Irish Auditing and Accounting Supervisory Authority ("IAASA") Ethical Standard [, and the provisions available for small entities, in the circumstances set out in note [X]³ to the financial statements]⁴, 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.

Material uncertainty related to going concern⁵

We draw attention to note 2- going concern which explains the impact that COVID-19 has had on the company. The effects of COVID-19 indicate that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern.
Our opinion is not modified in respect of this matter.

² The IAASA have not updated or issued an equivalent to Bulletin 1(l) at the time of publication so this may be subject to change

³ As described in paragraph A35-4 of ISA 700 (Revised June 2016), IAASA's Ethical Standard Section 6 Provisions available for audits of small entities, paragraph 6.15 requires disclosure in the auditor's report where the audit firm has taken advantage of an exemption provided in paragraphs 6.11, 6.12 or 6.13 of the Ethical Standard.

⁴ Delete the words in square brackets if the relief and exemptions for audits of small entities provided by the IAASA's Ethical Standard are not utilised.

⁵ ISA 570(18) requires the auditor to conclude whether a material uncertainty exists relating to going concern. This includes accounts prepared under compliance frameworks such as FRS 105.

ISA 570 (19) If the auditor concludes that the going concern basis of accounting is appropriate but a material uncertainty exists, the auditor shall determine whether the financial statements:

(a) Adequately disclose the principal events or conditions that may cast significant doubt on the entity's ability to continue as a going concern and management's plans to deal with these events or conditions; and
(b) Disclose clearly that there is a material uncertainty related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business.

ISA 570 (22) If adequate disclosure about the material uncertainty is made, the auditor expresses an unmodified opinion and the auditor's report under the heading "Material Uncertainty Related to Going Concern" to: (a) Draw attention to the note in the financial statements that discloses the matter; and (b) State that these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern and that the auditor's opinion is not modified in respect of the matter

Independent Auditors Report to the Members of OmniPro Sample FRS 105 Company Limited for the year ended 31 December 2019 (continued)

Other Matters

The financial statements have been prepared on the basis that as per Section 336(3A) of the Companies Act 2014 the company qualifies for the micro companies regime, it complies with the minimum requirements of this Act (within the meaning of Section 324(11)) in relation to its financial statements and therefore is presumed to give a true and fair view as required by subsection (3).

Other information⁶

The other information comprises the information included in the annual report⁷, 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.

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 audited⁸.
- the financial statements are in agreement with the accounting records.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2014 requires us to report to you if, in our opinion:

- the disclosures of directors' remuneration and transactions specified by sections 305 to 312 of the Act are not made⁹; and
- the directors were not entitled to prepare the financial statements in accordance with the micro companies regime and take advantage of the exemption from disclosing certain information required by sections 305 to 312.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement [set out on page ...]¹⁰, the directors are responsible for the preparation of the financial statements and for being satisfied that they comply with *FRS 105 The Financial Reporting Standard applicable to the Micro-entities Regime*¹¹, and the legal requirements applicable to micro company financial statements, and are thereby presumed, in law, to

⁶ "Other Information" must be included in an audit report in Ireland under ISA 720 P21. however while the Directors Report and Directors responsibilities statement are not included in a FRS 105 set of financial statements, the fact that the auditor's report must still provide an opinion in respect of Companies Act 2014 implies that there is statutory other information reporting and the sentence "except to the extent otherwise explicitly stated in our report" has been included.

⁷ The term used to describe the annual report should be the same as that used by the directors.

⁸ 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."

⁹ Sections 307 to 308 CA 2014 – Particulars of loans by the company to Directors or guarantees/quasi loans provided for the benefit of the directors are not disclosed in the accounts

¹⁰ Include only if opting to present a Directors Responsibilities Statement in a set of FRS 105 financial statements.

¹¹ Not specifically required to reference FRS 105 here as mentioned previously and therefore implied otherwise.

Independent Auditors Report to the Members of OmniPro Sample FRS 105 Company Limited for the year ended 31 December 2019 (continued)

give a true and fair view. The financial statements are presumed, in law, to give a true and fair view without any consideration of any other circumstances, factors, accounting principles or disclosures. The directors' are responsible for such internal control as they 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.

Or

Further details relating to our work as auditor is set out in the Scope of Responsibilities Statement contained in the appendix of this report, which is to be read as an integral part of our report.¹²

Or

Alternatively include full content of the appendix within the body of this Audit Report

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.¹³

Signed by:

Personal name of auditor

For and on behalf of:

Compliant Accountant & Co¹⁴

Date: _____

¹² This option is included to illustrate the amendments required to the Auditors Responsibilities to reflect the implication that FRS 105 is deemed a compliance framework and not a fair presentation financial reporting framework..

¹³ Paragraph included as best practice

¹⁴ The firm name must reflect the name of the firm as it appears on the public register of the Registrar of Companies

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

APPENDIX TO THE INDEPENDENT AUDITOR'S REPORT

Further information regarding the scope of our responsibilities as auditor

As part of an audit in accordance with ISAs (Ireland), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by [management] *[insert specific term, e.g. trustees, directors]*.
- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Company's ability to continue as going concerns. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as going concerns.
- ~~• Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.¹⁵~~

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

¹⁵ This last paragraph is to be removed when presenting the auditors responsibilities in the context of an FRS 105 set of financial statements as FRS 105 is deemed to be a compliance framework and not a fair presentation framework.

OmniPro Sample FRS 105 Company Limited

Profit and Loss Account

For the Year ended 31 December 2019

	2019 ¹⁶ €	2018 €
Turnover	500,000	650,000
Other income	2,000	2,000
Cost of raw materials and consumables	(300,000)	(325,000)
Staff costs	(120,000)	(130,000)
Value adjustments and other amounts written off assets ¹⁷	(8,000)	(7,000)
Other expenses	(10,000)	(11,000)
Tax	(22,000)	(25,000)
Profit	42,000	154,000
Profit and loss reserves brought forward at 1 January ¹⁸	155,000	1,000
Dividend declared and paid (for illustrative purposes) ¹⁹	(x)	(x)
Dividend declared but unpaid at period end included in creditors (for illustrative purposes)	(x)	(x)
Transfer (to)/from other reserves (for illustrative purposes)	-	-
Prior year adjustment (see note x)	-	-
Purchase/redemption of own shares (if applicable)	-	-
Profit and loss reserve at 31 December	197,000	155,000

¹⁶ The Micro companies regime requires the above format to be shown – this format cannot be adjusted. Instead of calling this the profit and loss account it can also be called an income statement

¹⁷ May be impacted by COVID-19 if post balance sheet events are adjusting or if the financial statements are prepared post COVID-19. Unlikely to be adjusting for a 31 December 2019 year end in the example presented here

¹⁸ Sch 3B(33) of CA 2014 as amended by CAA 2017 requires the movement on profit and loss reserves to be shown on the face of the P&L or if not shown here in the notes to the financial statements. This has been included here on the assumption that it is not shown in the notes to the financial statements.

Instead of calling this the profit and loss account it can also be called an income statement

¹⁹ Sch 3B(33) requires disclosure of the dividends that were declared and paid in the notes or on the face of the P&L. Also disclosure required separately of dividends declared in the year but unpaid at year end so included in accruals/creditors.

OmniPro Sample FRS 105 Company Limited

Profit and Loss Account

For the Year ended 31 December 2019

	31-Dec 2019 €	31-Dec 2019 €	31-Dec 2018 €	31-Dec 2018 €
Called up share capital not paid			-	-
Fixed assets ²⁰		100,000 <u>100,000</u>		80,000 <u>80,000</u>
Current assets ²¹	165,000		100,000	
Prepayments and accrued income	6,000		10,000	
Creditors: amounts falling due within one year ²²	<u>(25,000)</u>		<u>(50,000)</u>	
Net current assets		146,000		60,000
Total assets less current liabilities		246,000		140,000
Creditors: amounts falling due after more than one year ²³		(10,000)		(20,000)
Provision for liabilities		(4,000)		(5,000)
Accruals and deferred income		(7,000)		(2,000)
		<u>225,000</u>		<u>113,000</u>
Capital and reserves		<u>225,000</u>		<u>113,000</u>

24

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the micro companies regime and in accordance with Financial Reporting Statement 105 'The Financial Statement Reporting Standard applicable to Micro Entities Regime'. The financial statements were approved by the Board of Directors on (Insert date) and authorised for issue on (insert date). They were signed on its behalf by²⁵

Mr A Director
Director

Ms B Director
Director ²⁶

²⁰ This should include tangible and intangible fixed assets, investment property and financial assets.

²¹ This should include bank and cash, stock, trade debtors, other debtors, loans, amounts owed by related companies and taxes receivable.

²² This should include loans, debentures, trade creditors, amounts owed to group companies, other creditors including taxes etc. etc.

²³ This should include loans, debentures, trade creditors, amounts owed to group companies, other creditors including taxes etc. etc.

²⁴ Section 3.9 of FRS 105 requires the notes to be included on the foot of the balance sheet. However, based on financial statements prepared by certain Accountancy bodies they are showing the notes separate from the balance sheet and not at the foot of the balance sheet. These pro-forma financial statements have taken the approach to show the notes separate from the balance sheet (and not at the foot of the balance sheet) in order to conform with the Accountancy Bodies interpretation albeit it is not in compliance with Section 3.9 of FRS 105.

²⁵ S.40 of CAA 2017 amends S.324 to require a statement on the balance sheet stating that the accounts have been prepared under the micro companies regime.

²⁶ Where there is only 1 director as a new model private LTD that director may approve the financial statements

OmniPro Sample FRS 105 Company Limited

Balance Sheet At 31 December 2019

Date:

1. ACCOUNTING POLICIES²⁷

The company's registered office is Construction Place, Builders Lane, Dunblock, Any City. The company is a limited liability company incorporated in the Republic of Ireland and its company registration number is XXX^{28,29}.

The significant accounting policies adopted by the Company and applied consistently³⁰ are as follows:

(a) Basis of preparation

The Financial Statements are prepared on the going concern basis³¹, under the historical cost convention and comply with the financial reporting standards of the Financial Reporting Council [and promulgated by Chartered Accountants Ireland³²] including 'The Financial Reporting Standard applicable to the Micro-Entities Regime – 'FRS 105', the Companies Act 2014 **OR** other than where the true and fair view override has been invoked as detailed below.

True and fair view override³³

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

(b) Consolidation³⁴

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

(c) Currency

(i) Functional currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ("the functional currency"). The financial statements are presented in euro, which is the company's functional and presentation currency and is denoted by the symbol "€"³⁵.

(ii) Transactions and balances

²⁷ S.321 of CA 2014 requires an entity to disclose the accounting policies adopted for items included in the balance sheet and P&L

²⁸ S. S.291-S.295 of CA 2014 requires the disclosure of the registered office These also requires disclosure of the legal form and the principal place of business.

³⁰ Sch 3B, CA 2014 – Accounting policies shall be applied consistently from one period to another

³¹ Para 12, Sch 3B, CA 2014 – A company is deemed to be carrying on business as going concern. **Where the entity has made a decision to wind up the entity that is required to be disclosed, there is no choice.**

³² Deemed best practice for firm's regulated by Chartered Accountants Ireland

³³ Sch 3B(19) requires disclosure of the fact that a true and fair view override was invoked where the requirements of company law has not been followed. The reason for the override should be disclosed and the impact it would have on the P&L and balance sheet if the requirements of company law had been followed.

³⁴ Applicable to Group companies who do not meet the size criteria to prepare consolidated financial statements

³⁵ S3.13 of FRS 105 requires disclosure of the presentational currency and any level of rounding

OmniPro Sample FRS 105 Company Limited

Year Ended 31 December 2019

Notes to the Financial Statements

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions or the contract rate.

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

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

(d) Turnover

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

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

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

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

(e) Interest income

Interest income is recognised on a receivable basis.

(f) Dividend income

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

(g) Dividend distribution

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

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

OmniPro Sample FRS 105 Company Limited

Year Ended 31 December 2019

Notes to the Financial Statements

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

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

(i) Taxation

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

Current taxation assets and liabilities are not discounted.

Deferred tax is not recognised.

(j) Tangible fixed assets including investment property

(i) Cost

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

(ii) Depreciation

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

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

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

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

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

Land is not depreciated

OmniPro Sample FRS 105 Company Limited

Year Ended 31 December 2019

Notes to the Financial Statements

(iii) Impairment

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

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

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

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

(k) Investments in subsidiary undertakings

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

(l) Leases

(i) Finance leases

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

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

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

(ii) Operating leases

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

(iii) Lease incentives

OmniPro Sample FRS 105 Company Limited

Year Ended 31 December 2019

Notes to the Financial Statements

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

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

(m) Stocks

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

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

(n) Trade and other debtors

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

(o) Other financial assets

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

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

(p) Preference share capital

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

(q) Research and development expenditure

Research and development expenses are expensed as incurred

OmniPro Sample FRS 105 Company Limited

Year Ended 31 December 2019

Notes to the Financial Statements

(r) Cash at bank and on hand

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

(s) Creditors and accruals

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

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

(t) Borrowings

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

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

(u) Provisions

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

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

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

(v) Contingencies

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

OmniPro Sample FRS 105 Company Limited

Year Ended 31 December 2019

Notes to the Financial Statements

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

(w) Employee Benefits ³⁶

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

(i) Short term benefits

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

(ii) Annual bonus plans

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

(iii) Defined contribution pension plans

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

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

(x) Dividend distribution

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

(y) Share capital

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

(z) Goodwill

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

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

³⁶ This policy relates to a defined contribution scheme, an expanded policy would be required for a defined benefit scheme

OmniPro Sample FRS 105 Company Limited

Year Ended 31 December 2019

Notes to the Financial Statements

(aa) 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. Where a useful life cannot be determined with reasonable accuracy a default life of 10 years is utilised.

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

(bb) Biological assets – Forestry

The acquisition of land for forest projects is originally recorded at cost in accordance with Section 12 of FRS 105. Biological assets are measured at the lower of cost and estimated selling price less costs to complete and sell.

Depletion represents the costs of forests clearfelled during the year, calculated as the proportion that the area harvested bears to the total area of similar forests. The depletion amount is charged to the profit and loss account and is based on cost.

(cc) Biological assets

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

(dd) Prior period adjustment – Change in accounting policy³⁷

DISCLOSE CHANGE IN ACCOUNTING POLICY

³⁷ S.321 of CA 2014 as amended by S.37 of CAA 2017 requires details of a change in accounting policy to be included in the accounting policy section of the financial statements detailing the reason for the change for it and the impact of the change on the current and prior years.

OmniPro Sample FRS 105 Company Limited

Year Ended 31 December 2019

Notes to the Financial Statements

2. Going Concern³⁸

Illustrative notes- only for use where a material uncertainty related to going concern exists and the company is audited

Illustrative example 1- Company affected by COVID-19 but continues to trade. Trade is negatively affected by the virus and the directors have seen a significant reduction in trading activity. Staff costs have been reduced.

The company made a profit of €xxxxxxx, has net current assets of €xxxxxx and reserves of €xxxxx at the year end.

During the first quarter of 2020, The COVID-19 pandemic has spread initially from Asia to Europe and subsequently worldwide. The initial economic effect of this has been a worldwide slowdown in economic activity and the loss of jobs across many businesses. In Ireland there are restrictions placed on “non-essential” businesses which has resulted in many businesses temporarily closing in measures designed to restrict the movement of people and to slow down the spread of the virus.

Like many businesses, Omnipro Sample FRS 105 Company Limited is exposed to the effects of the COVID-19 pandemic. Whilst the company continues to trade during this period, there has been a notable reduction in trading activity and customer demand compared to the same period in the previous financial year. Staff costs have been reduced through the temporary reduction in staff/reduced hours and other costs have been reduced where possible (TAILOR/DELETE AS APPROPRIATE). The company will also use government supports provided to businesses during this time.

Based on the measures taken to reduce costs, the directors believe that the company is well positioned to return to full trading capacity once the period of uncertainty passes. However, the directors believe that the above circumstances represent a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial statements have been prepared on a going concern basis.

Illustrative example 2- Company affected by COVID-19 and has temporarily ceased trading as a result of Covid-19. There had been a significant reduction in trading activity and staff costs have been reduced.

The company made a profit of €xxxxxxx, has net current assets of €xxxxxx and reserves of €xxxxx at the year end.

During the first quarter of 2020, The COVID-19 pandemic has spread initially from Asia to Europe and subsequently worldwide. The initial economic effect of this has been a worldwide slowdown in

³⁸ This example is a company with a material uncertainty related to going concern that is audited.

Under ISA 570 (19)- If the auditor concludes that management's use of the going concern basis of accounting is appropriate in the circumstances but a material uncertainty exists, the auditor shall determine whether the financial statements:

(a) Adequately disclose the principal events or conditions that may cast significant doubt on the entity's ability to continue as a going concern and management's plans to deal with these events or conditions; and

(b) Disclose clearly that there is a material uncertainty related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business.

OmniPro Sample FRS 105 Company Limited

Year Ended 31 December 2019

Notes to the Financial Statements

economic activity and the loss of jobs across many businesses. In Ireland there are restrictions placed on “non-essential” businesses which has resulted in many businesses temporarily closing in measures designed to restrict the movement of people and to slow down the spread of the virus.

Like many businesses, Omnipro Sample FRS 105 Company Limited is exposed to the effects of the COVID-19 pandemic. In March 2020, as a result of the reduction in economic activity and the recommendations and restrictions placed on businesses the company has decided to temporarily cease trading. During this period, the company has laid off staff and reduced working hours for staff who have been retained. Other costs have also been reduced during the non-trading period where possible. The company will also use government supports provided to businesses during this time.

Based on the measures taken to reduce costs, the directors believe that the company is well positioned to return to full trading capacity once the period of uncertainty passes. However, the directors believe that the above circumstances represent a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial statements have been prepared on a going concern basis.

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

Details of loans entered into for the benefit of the directors are³⁹:

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

³⁹ S.307 of CA 2014 requires disclosure of balances owed from directors (debit balances)/guarantees given/credit transactions entered into for benefit of directors at any time in the year, shadow director or de factor directors and their connected parties (see definition of connected parties below). This should detail the:

- name of the person
- value of the arrangement at beginning and end of each year
- advances
- repayments
- provision for bad debts
- an indication of the interest rate
- amounts written off in the year
- Any other main conditions

Connected parties are defined by S 220 CA 14 as being connected if they are

- (i) that director's spouse, civil partner, parent, brother, sister or child;
- (ii) a person acting in his or her capacity as the trustee of any trust, the principal beneficiaries of which are that director, the spouse (or civil partner) or any children of that director or any body corporate which that director controls; or
- (iii) in partnership with that director.

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

OmniPro Sample FRS 105 Company Limited

Year Ended 31 December 2019

Notes to the Financial Statements

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

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

4. Guarantees, contingencies and other financial commitments⁴⁰

- a) The company has pledged the building that it owns as security on loans taken out with the bank. The total value of these loans on the balance sheet at year end for which security is held was €XX (2018:€XX).⁴¹
- b) The company had capital commitments of €30,000 at the year ended 31 December 2019 (2018:€nil) in relation to the purchase of equipment⁴². This commitment has been secured by a fixed and floating charge on the stock.
- c) An amount of €XX (2018: €XX) was included in accruals with regard to pension contributions withheld which is due for payment after year end to the defined contribution scheme. A further €XX was included in accruals for future payments required to fund a deficit which the company has committed to.

OR

The company operates a defined benefit scheme. The liability recognised on the balance sheet at year end was €XXX (2018: €XXX)⁴³.

- d) At 31 December 2019, the company had the commitments under non-cancellable operating leases totalling €XXX (2018: €XXXX).
- e) The company has entered into a guarantee for the benefit of its subsidiary/holding company/sister company. The total amount of this guarantee was €XX⁴⁴.
- f) A legal action is pending against the company for alleged unfair dismissal by an employee. The directors under advisement from their legal team expect that the claim will be successfully defended. As a result no provision has been made in the financial statements for a possible settlement on the basis that the employee is unlikely to succeed.
- g) At the year end, the company had forward foreign exchange contrasts in place totalling €2,000 (2018: €nil) for the sale of British pounds.

⁴⁰ Sch 3B(35) requires this disclosure.

⁴¹ Sch 3B(34) requires disclosure of total amount of debts included in creditors where security is held and the details of the security held.

⁴² Sch 3B(35)(2) requires disclosure of commitments at year end of any nature including guarantees, contingencies or commitments.

⁴³ Sch 3B(35)(5) requires disclosure of retirement benefit commitments recognised on the balance sheet.

⁴⁴ Sch 3B(35)(6) requires disclosure of guarantees/commitments/contingencies to be disclosed separately where they are for the benefit of the sub, parent sister companies or companies with which the company has a participating interest. .

OmniPro Sample FRS 105 Company Limited

Year Ended 31 December 2019

Notes to the Financial Statements

- h) Dividends of €XX were declared in the year (2018: €Nil) but were not paid and instead included in accruals at year end⁴⁵.
- i) Included in creditors is an amount of €XX (2018: €XX) which relates to amounts payable on finance leases entered into which are secured on the related asset to which the finance lease relates. €XXX of this liability is included within creditors: amounts falling due within one year and €XX included within creditors: amounts falling due after more than one year⁴⁶.
- j) The company entered into a sale and lease back arrangement with the bank and is committed to leasing back the property on an annual basis for £XXX for X years.
- k) There is a potential contingent asset/liability in the future in relation to profit commission agreements entered into with various product producers. However in the opinion of the directors it is not practicable to provide an estimate of the financial effect of this contingent asset/liability as it is based on future loss ratios in relation to unsettled claims.
- l) It is not anticipated that any material liabilities will arise from the contingent liabilities other than those provided for.
- m) The company is currently pursuing a compensation claim due to the losses sustained as a result of restrictions placed on the company's assets by a competitor. The claim arose as a result of the loss of earnings due to restrictions imposed on the usage of these assets. The company won a case in the High Court and were awarded damages of CUXXXX and costs. The defendants have appealed the matter to the Supreme Court and the company awaits a date for the hearing of the claim. The company's legal advisors are confident that the award of damages and costs to the company will not be overturned.
- n) The following items were included in a number of categories within the balance sheet as detailed below⁴⁷:

	2019 €	2018 €
Bank loan included within creditors: amounts falling due within one year	XXX	XXX
Bank loan included within creditors: amounts falling due after more than one year	XXX	XXX
Finance leases included within creditors:		

⁴⁵ Sch3B(33)(b) requires this disclosure

⁴⁶ Sch 3A(4)(7) of CA 2014 requires where an asset or liability relates to more than one of the items listed in either of the balance sheet formats, then its relationship to other items shall be disclosed under the item where it is shown or in the notes to the financial statements. In this instance for example finance leases have been shown separately under creditors within one year and creditors greater than one year. The same point applies for bank loan, grants etc.

⁴⁷ Sch 3A(4)(7) of CA 2014 requires where an asset or liability relates to more than one of the items listed in either of the balance sheet formats, then its relationship to other items shall be disclosed under the item where it is shown or in the notes to the financial statements. In this instance for example finance leases have been shown separately under creditors within one year and creditors greater than one year. The same point applies for bank loan, grants etc.

OmniPro Sample FRS 105 Company Limited

Year Ended 31 December 2019

Notes to the Financial Statements

amounts falling due within one year	XXX	XXX
Finance leases included within creditors:		
amounts falling due after more than		
one year	XXX	XXX
Government grants included within creditors:		
amounts falling due within one year	XXX	XXX
Government grants included within creditors:		
amounts falling due after more than		
one year	<u>XXX</u>	<u>XXX</u> -

5. Goodwill amortisation⁴⁸

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

6. Prior year adjustment – change in classification/presentation/material error etc.⁴⁹

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

7. Impairment of financial assets, tangible, intangible fixed assets⁵⁰

An impairment of €XXX (2018: €nil) was recognised in the profit and loss account on financial assets included within the fixed assets section in the balance sheet.

An impairment of €XXX (2018: €nil) was recognised in the profit and loss account on tangible fixed assets included within the fixed assets section in the balance sheet.

A previous impairment of €XXX was reversed to the profit and loss account in the current year (2018:€XX) on financial assets/tangible fixed assets included within the fixed assets section in the balance sheet.⁵¹

⁴⁸ Sch 3B(25)(4) requires disclosure of the write off period for goodwill and the reason for its selection.

⁴⁹ Sch 3B(5) requires disclosure where there has been a change in the prior year comparatives including the details for the adjustment and the reasons for it. Note the P&L and balance sheet should say restated here also. Section 8.10 and 8.16 of FRS 105 requires material errors and change in accounting policies to be applied retrospectively which will adjust the comparative figures and as a result Sch 3B(5) requires the aforementioned disclosures where this arises.

⁵⁰ Sch 3B(23) requires disclosure of impairments and reversal of impairments on financial assets, tangible and intangible assets. Note reversal of impairments of goodwill is not permitted so this reversal of same is not applicable

⁵¹ May be impacted by COVID-19 if post balance sheet events are adjusting or if the financial statements are prepared post COVID-19. Unlikely to be adjusting for a 31 December 2019 year end in the example presented here

OmniPro Sample FRS 105 Company Limited

Year Ended 31 December 2019

Notes to the Financial Statements

8. Holding of own shares/holding company shares

The company holds the following class of its own shares⁵²:

	2019 €	2019 Number	2018 Number	2018 €
A Ordinary shares of €1 each				
At 1 January (consideration paid of €XXX)	XX	XXX	XXXX	XX
Cancellations	(XX)	(XX)	(XXXXX)	(XX)
Redemptions from members	<u>XX</u>	<u>XXXXX</u>	<u>XXXXX</u>	<u>XX</u>
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 (2018:€XX).

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

The company holds the following class of its parent company shares⁵³:

	2019 Number	2018 Number
A Ordinary shares of €1 each		
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 (2018:€XX).

⁵² 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.

⁵³ 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

OmniPro Sample FRS 105 Company Limited

Year Ended 31 December 2019

Notes to the Financial Statements

9. Movement on profit and loss reserves⁵⁴ – INCLUDED FOR ILLUSTRATIVE PURPOSES – MUST BE IN NOTES IF NOT ON FACE OF PROFIT AND LOSS. NOTE REQUIRED IN ABRIDGED ACCOUNTS IN ANY EVENT

	2019 €	2018 €
Profit and loss reserves brought forward at 1 January ⁵⁵	155,000	1,000
Profit for the financial year	42,000	154,000
Dividend declared and paid (for illustrative purposes) ⁵⁶	(x)	(x)
Dividend declared but unpaid at period end included in creditors (for illustrative purposes) ⁵⁷	(x)	(x)
Transfer (to)/from other reserves (for illustrative purposes)	-	-
Prior year adjustment (see note x)	-	-
Purchase/redemption of own shares (if applicable)	-	-
Profit and loss reserve at 31 December	<u>197,000</u>	<u>155,000</u>

10. Change in accounting estimate⁵⁸

Detail as required

11. IAASA Ethical Standard - Provisions available for Small entities⁵⁹

In common with many other businesses of our size and nature, we use our auditors to prepare and submit tax returns to the revenue and assist with the preparation of the financial statements.

⁵⁴ Sch 3B(33) requires disclosure of change in P&L reserves and any transfers and dividend to show the balance at the start and end of each year. If not shown in P&L then must be disclosed in the notes. Required to be disclosed in abridged financial statements.

⁵⁵ Sch 3B of CA 2014 as amended by CAA 2017 requires the movement on profit and loss reserves to be shown on the face of the P&L.

This can also be called an income statement

⁵⁶ Sch 3B(33) requires disclosure of the dividend per share and any dividends which were declared and paid in the year to be shown separately from dividend declared but not paid at year end in the notes.

⁵⁷ Sch 3B(33) requires disclosure of the dividend per share and any dividends which were declared and paid in the year to be shown separately from dividend declared but not paid at year end in the notes.

⁵⁸ Sch 3B(19) requires disclosure change in accounting estimate/measurement basis to be disclosed, the reason for the change, and its effect on the balance sheet and P&L of the company to be stated in a note

⁵⁹ Where these provisions have been utilised this fact must be disclosed in the notes to the accounts under the ES PASE rules.

CRO Number - 123456

OmniPro Sample FRS 105 Company Limited
COVID-19 GUIDANCE AND DISCLOSURES- COVID-19 SPECIFIC MATERIAL
HIGHLIGHTED

Unaudited Financial Statements

Year Ended 31 December 2019

Disclaimer

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

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

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

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

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

Note

In order to avail of the audit exemption the company must have met the criteria for audit exemption as set out in Sections 358 to Section 365 inclusive of the Companies Act 2014. For companies availing of the exemption for the first time the auditor's appointment should be

terminated in accordance with the requirements of Section 399 of the Companies Act 2014. Specific attention should be paid to the exclusions from audit exemption under Section 362 of the Act.

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

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

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

COVID-19 Specific Guidance- FRS 105 companies

From a disclosure point of view, COVID-19 will likely not have a big impact on the majority of entities preparing financial statements in accordance with FRS 105. The reasons for this are due to the significantly reduced disclosures requirements under FRS 105 and also the presumed true and fair view once the requirements of FRS 105 are met.

COVID-19 may have an impact in the following specific areas for an audit exempt FRS 105 company;

- 1. Where the directors have taken the decision to wind up the entity then this fact must be disclosed in the basis of preparation note.**
- 2. Disclosure of impairments/value adjustments recognised as either adjusting post balance sheet events or impairments recognised in financial statements prepared post COVID-19.**

Where additional notes on top of the minimum are voluntarily included then the company must comply with the requirements of Section 1A of FRS 102. For example, under FRS 105 a note is not required relating to post balance sheet events. If this is voluntarily included for COVID-19 then the note must meet the requirements of Section 1A of FRS 102.

OmniPro Sample FRS 105 Company Limited

Year Ended 31 December 2019

Contents

	Page
Directors and other information	4
Accountant's report	5-7
Profit and Loss Account	8
Balance sheet	9-10
Notes to the financial statements	11-23

OmniPro Sample FRS 105 Company Limited

Year Ended 31 December 2019

Directors and Other Information

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

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

¹ State nationality of directors if not Irish

OmniPro Sample FRS 105 Company Limited

Year Ended 31 December 2019

Accountants Report

Type of e.g. (Chartered Accountants/ Chartered Certified Accountants/ Certified Public Accountants/ Incorporated Public Accountants²) Report to the Board of Directors of OmniPro Sample Audit Exempt Co. Limited on the Un-audited Financial Statements for the year ended 31 December 2019

In accordance with the instructions given to us/engagement letter dated 1 January 20X9 we have compiled without carrying out an audit, the financial statements of the company which comprise the Profit and Loss Account, the Balance Sheet and the related notes from the accounting records and information and explanations you have given to us.

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

Respective Responsibilities of Directors and Accountants

The company's directors are responsible for ensuring that the company maintains adequate accounting records and for preparing financial statements, which give a true and fair view of the assets, liabilities and financial position of the company as at 31 December 2019 and its profit for the year then ended and have been properly prepared in accordance with the Companies Act 2014.

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

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

² Amend as required depending on regulating Institute

OmniPro Sample FRS 105 Company Limited

Year Ended 31 December 2019

Accountants Report

Scope of Work

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

OR

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

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

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

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

³ Amend as required depending on regulating Institute

OmniPro Sample FRS 105 Company Limited

Year Ended 31 December 2019

Accountants Report

You have acknowledged on the balance sheet for the year ended 31 December 2019 your duty is to ensure that the company has kept adequate accounting records and to prepare financial statements that give a true and fair view of the assets, liabilities and financial position of the company at the end of its financial year and of its profit or loss for such a year under the Companies Acts 2014. You consider that the company is exempt from the statutory requirement for an audit for the year.

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

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

Compliant Accountant
Institute of
DATE

(DO NOT MENTION REGISTERED AUDITOR)

OmniPro Sample FRS 105 Company Limited

Profit and Loss Account

For the Year ended 31 December 2019

	2019 ⁴ €	2018 €
Turnover	500,000	650,000
Other income	2,000	2,000
Cost of raw materials and consumables	(300,000)	(325,000)
Staff costs	(120,000)	(130,000)
Value adjustments and other amounts written off assets ⁵	(8,000)	(7,000)
Other expenses	(10,000)	(11,000)
Tax	(22,000)	(25,000)
Profit	42,000	154,000
Profit and loss reserves brought forward at 1 January ⁶	155,000	1,000
Dividend declared and paid (for illustrative purposes) ⁷	(x)	(x)
Dividend declared but unpaid at period end included in creditors (for illustrative purposes)	(x)	(x)
Transfer (to)/from other reserves (for illustrative purposes)	-	-
Prior year adjustment (see note x)	-	-
Purchase/redemption of own shares (if applicable)	-	-
Profit and loss reserve at 31 December	197,000	155,000

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

⁵ May be impacted by COVID-19 if post balance sheet events are adjusting or if the financial statements are prepared post COVID-19. Unlikely to be adjusting for a 31 December 2019 year end in the example presented here

⁶ Sch 3B(33) of CA 2014 as amended by CAA 2014 requires the movement on profit and loss reserves to be shown on the face of the P&L or if not shown here in the notes to the financial statements. This has been included here on the assumption that it is not shown in the notes to the financial statements.

Instead of calling this the profit and loss account it can also be called an income statement

⁷ Sch 3B(33) requires disclosure of the dividends that were declared and paid in the notes or on the face of the P&L. Also disclosure required separately of dividends declared in the year but unpaid at year end so included in accruals/creditors.

OmniPro Sample FRS 105 Company Limited

Profit and Loss Account

For the Year ended 31 December 2019

	31-Dec 2019 €	31-Dec 2019 €	31-Dec 2018 €	31-Dec 2018 €
Called up share capital not paid			-	-
Fixed assets ⁸		<u>100,000</u> 100,000		<u>80,000</u> 80,000
Current assets ⁹	165,000		100,000	
Prepayments and accrued income	6,000		10,000	
Creditors: amounts falling due within one year ¹⁰	(25,000)		(50,000)	
Net current assets		146,000		60,000
Total assets less current liabilities		246,000		140,000
Creditors: amounts falling due after more than one year ¹¹		(10,000)		(20,000)
Provision for liabilities		(4,000)		(5,000)
Accruals and deferred income		(7,000)		(2,000)
		<u>225,000</u>		<u>113,000</u>
Capital and reserves ¹²		<u>225,000</u>		<u>113,000</u>

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

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

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

⁸ This should include tangible and intangible fixed assets, investment property and financial assets.

⁹ This should include bank and cash, stock, trade debtors, other debtors, loans, amounts owed by related companies and taxes receivable.

¹⁰ This should include loans, debentures, trade creditors, amounts owed to group companies, other creditors including taxes etc. etc.

¹¹ This should include loans, debentures, trade creditors, amounts owed to group companies, other creditors including taxes etc. etc.

¹² Section 3.9 of FRS 105 requires the notes to be included on the foot of the balance sheet. However, based on financial statements prepared by certain Accountancy bodies they are showing the notes separate from the balance sheet and not at the foot of the balance sheet. These pro-forma financial statements have taken the approach to show the notes separate from the balance sheet (and not at the foot of the balance sheet) in order to conform with the Accountancy Bodies interpretation albeit it is not in compliance with Section 3.9 of FRS 105.

OmniPro Sample FRS 105 Company Limited

Balance Sheet

At 31 December 2019

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

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

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the micro companies regime and in accordance with Financial Reporting Statement 105 'The Financial Statement Reporting Standard applicable to Micro Entities Regime'. The financial statements were approved by the Board of Directors on (Insert date) and authorised for issue on (insert date). They were signed on its behalf by¹³

Mr A Director
Director
Date:

Ms B Director
Director ¹⁴

¹³ S.40 of CAA 2014 amends S.324 to require a statement on the balance sheet stating that the accounts have been prepared under the micro companies regime.

¹⁴ Where there is only 1 director as a new model private LTD that director may approve the financial statements

OmniPro Sample FRS 105 Company Limited

Year Ended 31 December 2019

Notes to the Financial Statements

The significant accounting policies adopted by the Company and applied consistently¹⁵ are as follows:

1. ACCOUNTING POLICIES¹⁶

The company's registered office is Construction Place, Builders Lane, Dunblock, Any City. The company is a limited liability company incorporated in the Republic of Ireland and its company registration number is XXX^{17,18}.

(a) Basis of preparation

The Financial Statements are prepared on the going concern basis¹⁹, under the historical cost convention and comply with the financial reporting standards of the Financial Reporting Council [and promulgated by Chartered Accountants Ireland²⁰] including 'The Financial Reporting Standard applicable to the Micro-Entities Regime – 'FRS 105', the Companies Act 2014 **OR** other than where the true and fair view override has been invoked as detailed below.

True and fair view override²¹

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

(b) Consolidation²²

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

(c) Currency

(i) Functional currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ("the functional currency"). The financial statements are presented in euro, which is the company's functional and presentation currency and is denoted by the symbol "€"²³.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions or the contract rate.

¹⁵ Sch 3B, CA 2014 – Accounting policies shall be applied consistently from one period to another

¹⁶ S.321 of CA 2014 requires an entity to disclose the accounting policies adopted for items included in the balance sheet and P&L

¹⁷ S. S.291-S.295 of CA 2014 requires the disclosure of the registered office These also requires disclosure of the legal form and the principal place of business.

¹⁹ Para 12, Sch 3B, CA 2014 – A company is deemed to be carrying on business as going concern. **Where the entity has made a decision to wind up the entity that is required to be disclosed, there is no choice.**

²⁰ Deemed best practice for firm's regulated by Chartered Accountants Ireland

²¹ Sch 3B(19) requires disclosure of the fact that a true and fair view override was invoked where the requirements of company law has not been followed. The reason for the override should be disclosed and the impact it would have on the P&L and balance sheet if the requirements of company law had been followed.

²² Applicable to Group companies who do not meet the size criteria to prepare consolidated financial statements

²³ S3.13 of FRS 105 requires disclosure of the presentational currency and any level of rounding

OmniPro Sample FRS 105 Company Limited

Year Ended 31 December 2019

Notes to the Financial Statements

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

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

(d) Turnover

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

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

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

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

(e) Interest income

Interest income is recognised on a receivable basis.

(f) Dividend income

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

(g) Dividend distribution

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

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

(h) Government grants

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

OmniPro Sample FRS 105 Company Limited

Year Ended 31 December 2019

Notes to the Financial Statements

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

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

(i) Taxation

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

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

(j) Tangible fixed assets including investment property

(i) Cost

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

(ii) Depreciation

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

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

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

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

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

Land is not depreciated

(iii) Impairment

Assets not carried at fair value are also reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An

OmniPro Sample FRS 105 Company Limited

Year Ended 31 December 2019

Notes to the Financial Statements

impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

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

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

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

(k) Investments in subsidiary undertakings

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

(l) Leases

(i) Finance leases

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

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

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

(ii) Operating leases

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

(iii) Lease incentives

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

OmniPro Sample FRS 105 Company Limited

Year Ended 31 December 2019

Notes to the Financial Statements

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

(m) Stocks

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

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

(n) Trade and other debtors

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

(o) Other financial assets

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

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

(p) Preference share capital

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

(q) Research and development expenditure

Research and development expenses are expensed as incurred

OmniPro Sample FRS 105 Company Limited

Year Ended 31 December 2019

Notes to the Financial Statements

(r) Cash at bank and on hand

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

(s) Creditors and accruals

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

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

(t) Borrowings

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

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

(u) Provisions

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

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

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

(v) Contingencies

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

OmniPro Sample FRS 105 Company Limited

Year Ended 31 December 2019

Notes to the Financial Statements

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

(w) Employee Benefits ²⁴

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

(i) Short term benefits

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

(ii) Annual bonus plans

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

(iii) Defined contribution pension plans

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

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

(x) Dividend distribution

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

(y) Share capital

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

(z) Goodwill

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

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

²⁴ This policy relates to a defined contribution scheme, an expanded policy would be required for a defined benefit scheme

OmniPro Sample FRS 105 Company Limited

Year Ended 31 December 2019

Notes to the Financial Statements

(aa) 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. Where a useful life cannot be determined with reasonable accuracy a default life of 10 years is utilised.

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

(bb) Biological assets – Forestry

The acquisition of land for forest projects is originally recorded at cost in accordance with Section 12 of FRS 105. Biological assets are measured at the lower of cost and estimated selling price less costs to complete and sell.

Depletion represents the costs of forests clearfelled during the year, calculated as the proportion that the area harvested bears to the total area of similar forests. The depletion amount is charged to the profit and loss account and is based on cost.

(cc) Biological assets

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

(dd) Prior period adjustment – Change in accounting policy²⁵

DISCLOSE CHANGE IN ACCOUNTING POLICY

²⁵ S.321 of CA 2014 as amended by S.37 of CAA 2014 requires details of a change in accounting policy to be included in the accounting policy section of the financial statements detailing the reason for the change for it and the impact of the change on the current and prior years.

OmniPro Sample FRS 105 Company Limited

Year Ended 31 December 2019

Notes to the Financial Statements

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

Details of loans entered into for the benefit of the directors are²⁶:

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

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

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

3. Guarantees, contingencies and other financial commitments²⁷

- a) The company has pledged the building that it owns as security on loans taken out with the bank. The total value of these loans on the balance sheet at year end for which security is held was €XX (2018:€XX).²⁸

²⁶ S.307 of CA 2014 requires disclosure of balances owed from directors (debit balances)/guarantees given/credit transactions entered into for benefit of directors at any time in the year, shadow director or de factor directors and their connected parties (see definition of connected parties below). This should detail the:

- name of the person
- value of the arrangement at beginning and end of each year
- advances
- repayments
- provision for bad debts
- an indication of the interest rate
- amounts written off in the year
- Any other main conditions

Connected parties are defined by S 220 CA 14 as being connected if they are

- (i) that director's spouse, civil partner, parent, brother, sister or child;
- (ii) a person acting in his or her capacity as the trustee of any trust, the principal beneficiaries of which are that director, the spouse (or civil partner) or any children of that director or any body corporate which that director controls; or
- (iii) in partnership with that director.

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

²⁷ Sch 3B(35) requires this disclosure.

²⁸ Sch 3B(34) requires disclosure of total amount of debts included in creditors where security is held and the details of the security held.

OmniPro Sample FRS 105 Company Limited

Year Ended 31 December 2019

Notes to the Financial Statements

- b) The company had capital commitments of €30,000 at the year ended 31 December 2019 (2018:€nil) in relation to the purchase of equipment²⁹. This commitment has been secured by a fixed and floating charge on the stock.
- c) An amount of €XX (2018: €XX) was included in accruals with regard to pension contributions withheld which is due for payment after year end to the defined contribution scheme. A further €XX was included in accruals for future payments required to fund a deficit which the company has committed to.

OR

The company operates a defined benefit scheme. The liability recognised on the balance sheet at year end was €XXX (2018: €XXX)³⁰.

- d) At 31 December 2019, the company had the commitments under non-cancellable operating leases totalling €XXX (2018: €XXXX).
- e) The company has entered into a guarantee for the benefit of its subsidiary/holding company/sister company. The total amount of this guarantee was €XX³¹.
- f) A legal action is pending against the company for alleged unfair dismissal by an employee. The directors under advisement from their legal team expect that the claim will be successfully defended. As a result no provision has been made in the financial statements for a possible settlement on the basis that the employee is unlikely to succeed.
- g) At the year end, the company had forward foreign exchange contrasts in place totalling €2,000 (2018: €nil) for the sale of British pounds.
- h) Dividends of €XX were declared in the year (2018: €Nil) but were not paid and instead included in accruals at year end³².
- i) Included in creditors is an amount of €XX (2018: €XX) which relates to amounts payable on finance leases entered into which are secured on the related asset to which the finance lease relates. €XXX of this liability is included within creditors: amounts falling due within one year and €XX included within creditors: amounts falling due after more than one year³³.

²⁹ Sch 3B(35)(2) requires disclosure of commitments at year end of any nature including guarantees, contingencies or commitments.

³⁰ Sch 3B(35)(5) requires disclosure of retirement benefit commitments recognised on the balance sheet.

³¹ Sch 3B(35)(6) requires disclosure of guarantees/commitments/contingencies to be disclosed separately where they are for the benefit of the sub, parent sister companies or companies with which the company has a participating interest. .

³² Sch3B(33)(b) requires this disclosure

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

OmniPro Sample FRS 105 Company Limited

Year Ended 31 December 2019

Notes to the Financial Statements

- j) The company entered into a sale and lease back arrangement with the bank and is committed to leasing back the property on an annual basis for £XXX for X years.
- k) There is a potential contingent asset/liability in the future in relation to profit commission agreements entered into with various product producers. However in the opinion of the directors it is not practicable to provide an estimate of the financial effect of this contingent asset/liability as it is based on future loss ratios in relation to unsettled claims.
- l) It is not anticipated that any material liabilities will arise from the contingent liabilities other than those provided for.
- m) The company is currently pursuing a compensation claim due to the losses sustained as a result of restrictions placed on the company's assets by a competitor. The claim arose as a result of the loss of earnings due to restrictions imposed on the usage of these assets. The company won a case in the High Court and were awarded damages of CUXXXX and costs. The defendants have appealed the matter to the Supreme Court and the company awaits a date for the hearing of the claim. The company's legal advisors are confident that the award of damages and costs to the company will not be overturned.
- n) The following items were included in a number of categories within the balance sheet as detailed below³⁴:

	2019 €	2018 €
Bank loan included within creditors: amounts falling due within one year	XXX	XXX
Bank loan included within creditors: amounts falling due after more than one year	XXX	XXX
Finance leases included within creditors: amounts falling due within one year	XXX	XXX
Finance leases included within creditors: amounts falling due after more than one year	XXX	XXX
Government grants included within creditors: amounts falling due within one year	XXX	XXX
Government grants included within creditors: amounts falling due after more than one year	<u>XXX</u>	<u>XXX</u> -

³⁴ Sch 3A(4)(7) of CA 2014 requires where an asset or liability relates to more than one of the items listed in either of the balance sheet formats, then its relationship to other items shall be disclosed under the item where it is shown or in the notes to the financial statements. In this instance for example finance leases have been shown separately under creditors within one year and creditors greater than one year. The same point applies for bank loan, grants etc.

OmniPro Sample FRS 105 Company Limited

Year Ended 31 December 2019

Notes to the Financial Statements

4. Goodwill amortisation³⁵

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

5. Prior year adjustment – change in classification/presentation/material error etc.³⁶

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

6. Impairment of financial assets, tangible, intangible fixed assets³⁷

An impairment of €XXX (2018: €nil) was recognised in the profit and loss account on financial assets included within the fixed assets section in the balance sheet.

An impairment of €XXX (2018: €nil) was recognised in the profit and loss account on tangible fixed assets included within the fixed assets section in the balance sheet.

A previous impairment of €XXX was reversed to the profit and loss account in the current year (2018:€XX) on financial assets/tangible fixed assets included within the fixed assets section in the balance sheet.³⁸

7. Holding of own shares/holding company shares

The company holds the following class of its own shares³⁹:

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

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

³⁵ Sch 3B(25)(4) requires disclosure of the write off period for goodwill and the reason for its selection.

³⁶ Sch 3B(5) requires disclosure where there has been a change in the prior year comparatives including the details for the adjustment and the reasons for it. Note the P&L and balance sheet should say restated here also. Section 8.10 and 8.16 of FRS 105 requires material errors and change in accounting policies to be applied retrospectively which will adjust the comparative figures and as a result Sch 3B(5) requires the aforementioned disclosures where this arises.

³⁷ Sch 3B(23) requires disclosure of impairments and reversal of impairments on financial assets, tangible and intangible assets. Note reversal of impairments of goodwill is not permitted so this reversal of same is not applicable

³⁸ May be impacted by COVID-19 if post balance sheet events are adjusting or if the financial statements are prepared post COVID-19. Unlikely to be adjusting for a 31 December 2019 year end in the example presented here

³⁹ S.320(4) and S.328 of CA 2014 requires disclosure of the details of owns shares by class held including movement in the year, a disclosure of the restrictions on profits as a result of this and the reason for acquisition of own shares in the year and the % of called up share capital held at beginning and end of each year.

OmniPro Sample FRS 105 Company Limited

Year Ended 31 December 2019

Notes to the Financial Statements

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 shares⁴⁰:

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

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

8. Movement on profit and loss reserves⁴¹ – INCLUDED FOR ILLUSTRATIVE PURPOSES – MUST BE IN NOTES IF NOT ON FACE OF PROFIT AND LOSS. NOTE REQUIRED IN ABRIDGED ACCOUNTS IN ANY EVENT

	2019 €	2018 €
Profit and loss reserves brought forward at 1 January ⁴²	155,000	1,000
Profit for the financial year	42,000	154,000
Dividend declared and paid (for illustrative purposes) ⁴³	(x)	(x)
Dividend declared but unpaid at period end included in creditors (for illustrative purposes) ⁴⁴	(x)	(x)
Transfer (to)/from other reserves (for illustrative purposes)	-	-
Prior year adjustment (see note x)	-	-
Purchase/redemption of own shares (if applicable)	-	-

⁴⁰ 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

⁴¹ Sch 3B(33) requires disclosure of change in P&L reserves and any transfers and dividend to show the balance at the start and end of each year. If not shown in P&L then must be disclosed in the notes. Required to be disclosed in abridged financial statements.

⁴² Sch 3B of CA 2014 as amended by CAA 2014 requires the movement on profit and loss reserves to be shown on the face of the P&L.

This can also be called an income statement

⁴³ Sch 3B(33) requires disclosure of the dividend per share and any dividends which were declared and paid in the year to be shown separately from dividend declared but not paid at year end in the notes.

⁴⁴ Sch 3B(33) requires disclosure of the dividend per share and any dividends which were declared and paid in the year to be shown separately from dividend declared but not paid at year end in the notes.

OmniPro Sample FRS 105 Company Limited

Year Ended 31 December 2019

Notes to the Financial Statements

Profit and loss reserve at 31 December	<u>197,000</u>	<u>155,000</u>
--	----------------	----------------

9. Change in accounting estimate⁴⁵

Detail as required

⁴⁵ Sch 3B(19) requires disclosure change in accounting estimate/measurement basis to be disclosed, the reason for the change, and its effect on the balance sheet and P&L of the company to be stated in a note

Example 19: Exceptional item layout

Section 10

Example Accounting policies

(xxviii) Exceptional items

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 significant restructuring costs. The Group/Company has adopted an income statement format that seeks to highlight significant items within the Group/Company results for the year.

OR THE BELOW CAN BE USED

The Group has adopted an income statement format that seeks to highlight significant items within the Group results for the year. 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. Judgement

1) Example layout of exceptional item if shown on the face of the Profit and Loss Account

Profit and Loss Account

For the Year Ended 31 December 2015

	Notes	2015 CU	2014 CU
Turnover	1	XXXXX	XXXXX
Cost of sales		<u>(XXXX)</u>	<u>(XXXX)</u>
Gross profit		XXXX	XXXX
Selling and distribution costs		(XXX)	(XXX)
Administrative expenses		(XXX)	(XXX)
Other operating income		<u>XXX</u>	<u>XXX</u>
Operating profit	3	900,000	XXX
Operating profit before exceptional item		1,200,000	XXX
Impairment of tangible fixed assets		150,000	XXX
Restructuring provision		<u>150,000</u>	<u>XXX</u>
Operating profit		<u>900,000</u>	<u>XXX</u>
Income from shares in group undertakings	4	XXX	XXX
Income from shares in other financial assets	4	XXX	XXX
Income from shares in participating interests	5	<u>XXX</u>	<u>XXX</u>
Profit before interest and taxation		XXXX	XXXX
Interest receivable and similar income	6	XXX	XXX
Interest payable and similar expenses	7	<u>(XXX)</u>	<u>(XXX)</u>
Profit before taxation		XXXX	XXXX

Tax on profit	8	<u>(XXX)</u>	<u>(XXX)</u>
Profit for the financial year		<u>1,000,000</u>	<u>500,000</u>
Profit for the financial year attributable to:			
Owners of the parent company		<u>1,000,000</u>	<u>500,000</u>
		<u>1,000,000</u>	<u>500,000</u>

2) Extract from notes to the financial statements

Exceptional item - impairment charge

	2015	2014
	CU	CU
Restructuring costs (see (i) below)	8,000	-
Impairment of tangible fixed assets	8,000	-
Amortisation of deferred grants arising on impairment of related assets	<u>(500)</u>	<u>-</u>
	<u>7,500</u>	<u>-</u>

- (i) During the year the company announced a formal plan to restructure the operations and as a result announced a plan to let employees go. This amount represents the expected cost of redundancy as a result of this decision.
- (ii) The directors have reviewed the carrying value of tangible fixed assets, net of associated deferred grants, at the year end in accordance with Section 27 "Impairment of Assets". As a result, a net impairment loss of CU150,000 (2014: CUNil) has been charged to the profit and loss account for the year. The impairment of CU150,000 represents an impairment of tangible fixed assets net of a release of related deferred grants of CU10,000. The impairment losses have been allocated to fixed assets categories on a pro-rata basis relative to their pre-impairment carrying values. The impairment loss arose as a result of the material change in the market in which the company operates. Deferred tax has been recognised as a result of this adjustment.

The company's activities were considered, due to their nature, to form one income-generating unit for the purposes of the impairment review. A pre-tax discount rate of 6%, representing the estimated market rate of return on an investment with equal risk, was applied to the expected future cash flows in the value in use calculation. Value in use was considered to exceed estimated net realisable value. Cash flows have been projected over five years based on management forecasts and budgets. After that a steady growth rate of 1% has been assumed.

3) Note where exceptional item is not shown on the face of the profit and loss

Exceptional item	2015 CU	2014 CU
Administrative expenses in the profit and loss account includes the following exceptional charges:		
Provision against investment in subsidiary/joint venture/associate	XX	XX
	<u>XX</u>	<u>XX</u>

Exceptional item

The exceptional item arose as a result of a settlement reached in respect of litigation initiated against the company upon termination of a licence agreement prior to the year end. This amount which includes provision for all legal and other costs relating to the matter which will be borne by the company is also included within accruals and other liabilities in note XX of the financial statements.

Or Exceptional items	2015 CU	2014 CU
(i) Movement in provision for operating costs to date of closure	XX	XXX
(ii) Gain on settlement of pension scheme (see (a) below)	XX	(XXX)
Total	<u>XXX</u>	<u>XXX</u>

- (a) Following the closure of the company, the defined benefit pension scheme was wound up with effect from 31 December 2015. On wind-up, the pension scheme had sufficient assets to meet the liabilities of the scheme. The gain arose on closure of the scheme.

Impairment – Value in Use – Determine the Cash flows to include

Company A is a manufacturing company providing special plywood to the construction industry. During the year there was a large slump in the construction market which was an indicator of impairment. The company has prepared the estimated cash flow and has included the below in the cash flow. Determine which ones will be allowed to be included as part of the value in use calculation.

- The company intends to restructure the company and lay 20 employees off which will result in cost savings of CU200,000 per annum.

Solution: Neither the costs of the reconstruction or the cost savings can be incorporated into estimated future cash flows as the entity was not demonstrably committed to it i.e. it was not provided for in the year end financial statements. [See Section 27.19 of FRS 102](#)

- Next year the company has planned to purchase and install a whole new production line which will allow the company to diversify the type of products it produces such that it can supply material to a separate industry. [\(Section 27.9 \(b\) of FRS 102\)](#)

Solution: Section 27.19 does not allow planned future capital expenditure which enhances the cash flow potential to be incorporated into the cash flow. Neither does it allow the future additional cash inflows from the proposed expenditure. [See Section 27.19 of FRS 102](#)

- The cost of replacing a component of the main production line which is depreciated at a different rate to the main line has been included in the cash flows.

Solution: Given that this is a component that is separately depreciated from the main production line and it does not enhance the performance of the line above the performance at the date of the value in use calculation, this should be included in the estimated cash outflows. Note the cash flows should incorporate these based on the life of that component so if these parts had to be changed every five years, it would have to be included in the cash flow every five year. [See Section 27.17 of FRS 102](#)

- Assumed a growth rate of 10% per annum for 10 years. The terminal value amount is increased by a further 10%

Solution: When determining whether this cash flow is appropriate, one would have to look at the industry in which the company operates. Given that the market has slumped it would be very unusual for a 10% growth rate to be assumed. On this basis it is likely that these growth rates would need to actually show a reduction for at least the first few years as opposed to an increase. The 10% growth rate for 10 years also seems to be for too long a period. IAS 36 would state that a growth rate should not be incorporated for more than 5 years and as stated in Section 27 from then on a steady rate or declining growth rate should be used. Therefore these growth rates would have to be reduced and usually after 5 years decreasing or no further growth should be assumed. However each circumstance would need to be assessed individually based on the industry in which the entity operates. [\(Section 27.17 \(b\) of FRS 102\)](#)

- The repairs and maintenance costs is very large when compared to the depreciation charged on the assets during the prior year.

Solution: Although this is an allowable cash flow usually the repairs and maintenance cost included in the cash flow should some way equate to the yearly depreciation charge.

- In calculating the cash flows, the company incorporated the working capital requirements/movements but they compared the present value of the cash flows to the carrying amount they have not included the debtors/creditors/inventory and other working capital items within the carrying amount.

Solution: This is incorrect as the company should compare like with like. In this instance the company should take the net assets relating to the CGU so that they are comparing like with like.

- The company has used a post-tax discount rate

Solution: This is incorrect as a pre-tax discount rate should be used. (see Section 27.20 of FRS 102)

- The company has not incorporated any inflation into its workings

Solution: The entity must incorporate the effects of inflation into its cash flows under Section 27.20 of FRS 102. Therefore, the expected future inflation needs to be incorporated.

- The company has included tax payments into the cash flow

Solution: The inclusion of tax cash flows is not allowed under

- The company has included exceptional income with regard to a return on investment within the terminal value amount as this was included in the last forecasted period.

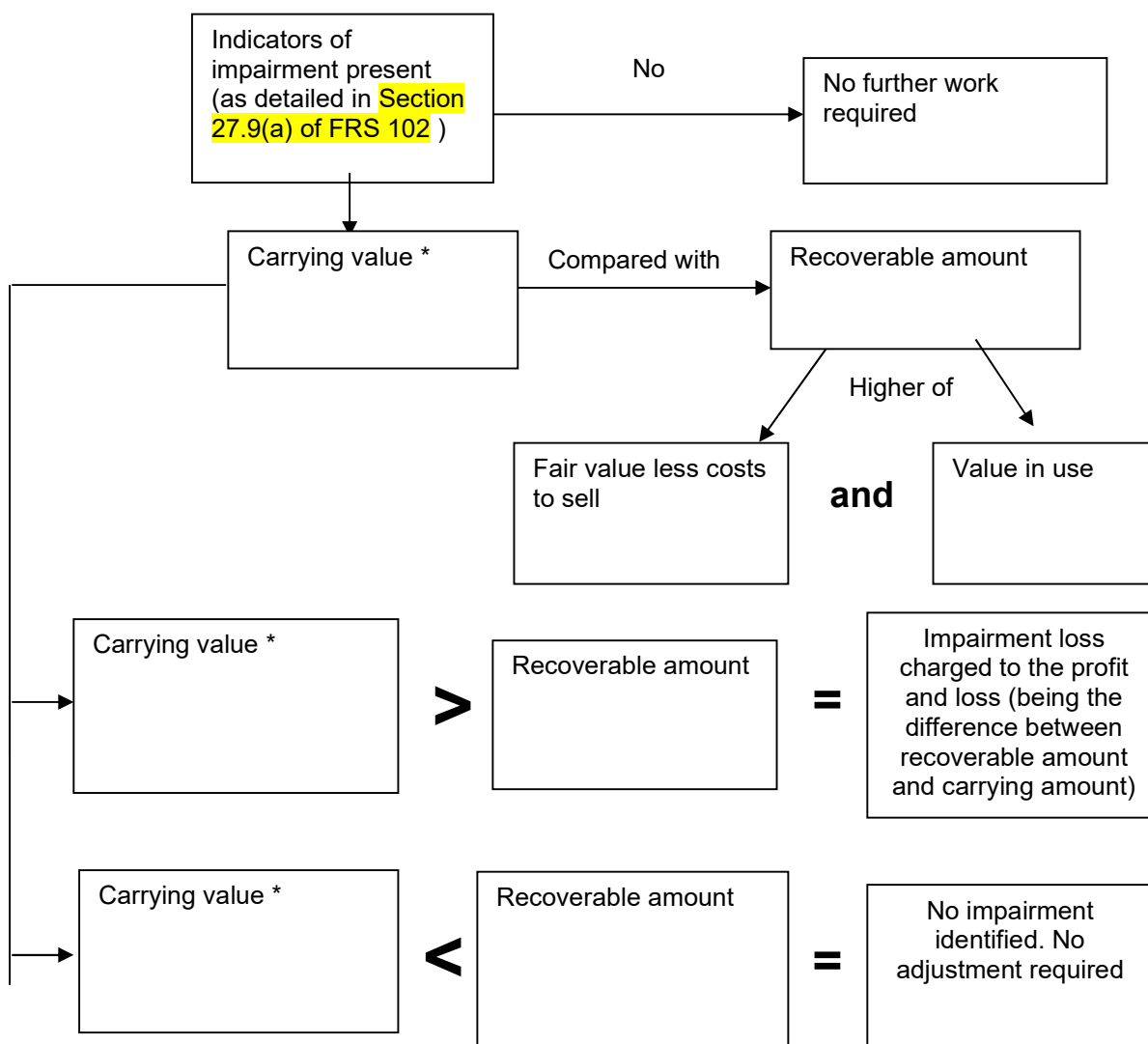
Solution: The terminal value amount must exclude all abnormal or exceptional items included in the last forecasted periods cash flows as this incorrectly inflates the terminal value amount

- The company in its cash flow used the profit before tax, amortisation and depreciation.

Solution: This is incorrect as the cash flows should incorporate the earnings before interest, tax, amortisation and depreciation as financing activities should be excluded together with any non-cash costs, as stated in.

The interest income and expense should therefore have also been excluded in the above example.

Diagnostic assessment if Impairment is required



*Note the carrying value can be the value of the individual assets where cash flows can be identified from the asset or it can be a carrying value of a cash generating unit where cash flows cannot be identified as specific to an asset. The starting point is an individual asset, then one should move to a CGU. As can be seen from the above, it may not always be necessary to calculate the fair value less costs to sell and the value in use. If one of the measures give a value which is greater than the carrying value this indicates no impairment is required so there is no need for further work to be performed to assess the other measure.

Recoverable amount is defined in Appendix I of FRS 102 as 'the higher of an asset's (or cash generating unit's) fair value less costs to sell and its value in use.

Fair value less cost to sell is defined as 'the amount obtainable from the sale of an asset or CGU in an arm's length transaction between knowledgeable willing parties, less the costs of disposal.

Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit. As can be seen from the above, it may not always be necessary to calculate the value in use.