



Number 9 of 2017

Companies (Accounting) Act 2017



Number 9 of 2017

COMPANIES (ACCOUNTING) ACT 2017

CONTENTS

PART 1

PRELIMINARY AND GENERAL

Section

1. Short title and commencement
2. Definitions
3. Repeals and revocations

PART 2

AMENDMENT OF PRINCIPAL ACT

4. Amendment of section 7 of Principal Act
5. Amendment of section 9 of Principal Act
6. Amendment of section 68 of Principal Act
7. Amendment of section 72 of Principal Act
8. Amendment of section 85 of Principal Act
9. Amendment of section 167 of Principal Act
10. Amendment of section 272 of Principal Act
11. Amendment of section 274 of Principal Act
12. Amendment of section 275 of Principal Act
13. Construction of references to exemption
14. Certain companies may apply provisions of Act to certain earlier financial years
15. Qualification of company based on size of company
16. Amendment of section 290 of Principal Act
17. Amendment of section 291 of Principal Act
18. Amendment of section 292 of Principal Act
19. Amendment of section 293 of Principal Act
20. Amendment of section 294 of Principal Act
21. Amendment of section 295 of Principal Act

22. Amendment of section 299 of Principal Act
23. Amendment of section 300 of Principal Act
24. Amendment of section 303 of Principal Act
25. Amendment of section 304 of Principal Act
26. Amendment of section 305 of Principal Act
27. Payments to third parties for services of directors
28. Supplemental provisions in relation to sections 305 and 305A
29. Amendment of section 307 of Principal Act
30. Amendment of section 309 of Principal Act
31. Amendment of section 314 of Principal Act
32. Amendment of section 315 of Principal Act
33. Amendment of section 317 of Principal Act
34. Amendment of section 318 of Principal Act
35. Amendment of section 319 of Principal Act
36. Amendment of section 320 of Principal Act
37. Amendment of section 321 of Principal Act
38. Amendment of section 322 of Principal Act
39. Amendment of section 323 of Principal Act
40. Amendment of section 324 of Principal Act
41. Amendment of section 325 of Principal Act
42. Amendment of section 326 of Principal Act
43. Amendment of section 327 of Principal Act
44. Amendment of section 328 of Principal Act
45. Amendment of section 336 of Principal Act
46. Amendment of section 338 of Principal Act
47. Amendment of section 339 of Principal Act
48. Amendment of section 340 of Principal Act
49. Amendment of section 341 of Principal Act
50. Amendment of section 347 of Principal Act
51. Exemption from filing certain information for small and micro companies
52. Amendment of section 353 of Principal Act
53. Amendment of section 355 of Principal Act
54. Amendment of section 356 of Principal Act
55. Amendment of section 357 of Principal Act
56. Amendment of section 358 of Principal Act
57. Amendment of section 359 of Principal Act
58. Amendment of section 360 of Principal Act

59. Amendment of section 362 of Principal Act
60. Amendment of section 363 of Principal Act
61. Amendment of section 364 of Principal Act
62. Amendment of section 367 of Principal Act
63. Amendment of section 377 of Principal Act
64. Amendment of section 379 of Principal Act
65. Amendment of section 393 of Principal Act
66. Amendment of section 412 of Principal Act
67. Amendment of section 634 of Principal Act
68. Amendment of section 865 of Principal Act
69. Amendment of section 914 of Principal Act
70. Amendment of section 916 of Principal Act
71. Amendment of section 919 of Principal Act
72. Amendment of section 934 of Principal Act
73. Amendment of section 943 of Principal Act
74. Amendment of section 1002 of Principal Act
75. Modification of definition of “ineligible entities” in case of PLCs
76. Amendment of section 1230 of Principal Act
77. Modification of definition of “ineligible entities” in case of PUCs and PULCs
78. No requirement to deliver financial statements, etc. with annual return in case of certain ULCs
79. Non application of Part 26 to certain ULCs
80. Amendment of section 1300 of Principal Act
81. Amendment of section 1305 of Principal Act
82. Amendment of section 1373 of Principal Act
83. Application of section 393 to a company to which Part 23 applies
84. Amendment of section 1376 of Principal Act
85. Modification of definition of “ineligible entities” in case of investment companies
86. Filing of financial statements by investment company
87. Payments to governments
88. Amendments of Principal Act consequential to repeal of sections 350 and 351
89. Amendments of Principal Act - Schedules
90. Miscellaneous amendments of Principal Act consequential to insertion of Schedules

PART 3

OTHER MISCELLANEOUS AMENDMENTS TO PRINCIPAL ACT

91. Amendment of section 117 of Principal Act

92. Amendment of section 621 of Principal Act
93. Amendment of section 633 of Principal Act
94. Amendment of section 842 of Principal Act
95. Amendment of section 844 of Principal Act
96. Investigation by disciplinary committees of prescribed accountancy bodies
97. Liability of prescribed body for acts, omissions etc.
98. Further miscellaneous amendments of Principal Act

PART 4

MISCELLANEOUS

99. Amendment of Transparency (Directive 2004/109/EC) Regulations 2007
100. Amendment of European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011
101. Amendment of European Union (Alternative Investment Fund Managers) Regulations 2013

SCHEDULE 1

SCHEDULE 2

SCHEDULE 3

SCHEDULE 4

SCHEDULE 5

SCHEDULE 6

ACTS REFERRED TO

Companies Act 2014 (No. 38)

Competition Act 2002 (No. 14)

Consumer Credit Act 1995 (No. 24)

Hire Purchase Act 1946 (No. 16)

Interpretation Act 2005 (No. 23)

Limited Partnerships Act 1907 (7 Edw. 7) c. 24

Partnership Act 1890 (53 & 54 Vict.) c. 39

Taxes Consolidation Act 1997 (No. 39)



Number 9 of 2017

COMPANIES (ACCOUNTING) ACT 2017

An Act to give further effect to Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013¹ on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC and, for that purpose, to amend the Companies Act 2014; to make provision for certain other amendments to that Act; to provide for the amendment of certain other enactments; and to provide for related matters.

[17th May, 2017]

Be it enacted by the Oireachtas as follows:

PART 1

PRELIMINARY AND GENERAL

Short title and commencement

1. (1) This Act may be cited as the Companies (Accounting) Act 2017.
- (2) Subject to *subsection (2) of section 78*, this Act shall come into operation on such day or days as the Minister may appoint by order or orders either generally or with reference to any particular purpose or provision, or financial year or part thereof, and different days may be so appointed for different purposes, different provisions, or different financial years or parts thereof.

Definitions

2. In this Act—
 - “Minister” means the Minister for Jobs, Enterprise and Innovation;
 - “Principal Act” means the Companies Act 2014.

Repeals and revocations

3. (1) Each of the following provisions of the Principal Act is repealed:
 - (a) section 297;

¹ OJ No. L 182, 29.06.2013, p.19.

- (b) section 298;
 - (c) section 350;
 - (d) section 351;
 - (e) section 354;
 - (f) section 917;
 - (g) section 994;
 - (h) section 1214;
 - (i) subsections (2) and (3) of section 1218;
 - (j) subsection (5) of section 1237;
 - (k) section 1268;
 - (l) subsection (1) of section 1272.
- (2) Each of the following statutory instruments is revoked:
- (a) European Union (International Financial Reporting Standards) Regulations 2012 (S.I. No. 510 of 2012);
 - (b) European Union (Traded Companies - Corporate Governance Statements) Regulations 2015 (S.I. No. 423 of 2015).

PART 2

AMENDMENT OF PRINCIPAL ACT

Amendment of section 7 of Principal Act

4. Section 7 of the Principal Act is amended, in subsection (5)(b)—

(a) by the substitution of the following subparagraph for subparagraph (i):

“(i) by any person as a nominee for the superior company or by any person acting in that person’s own name but on behalf of the superior company (except where, in either case, the superior company is concerned only in a fiduciary capacity), or”,

and

(b) by the insertion, in subparagraph (ii), of “or by any person acting in that person’s own name but on behalf of,” after “or by a nominee for,”.

Amendment of section 9 of Principal Act

5. Section 9 of the Principal Act is amended—

(a) in subsection (2), by the substitution of the following for paragraph (a):

“(a) Parts 16 to 26 (or instruments under them) and Schedules 7 to 18; and”,

and

(b) in subsection (4), by the substitution, in paragraph (b), of “Parts 16 to 26” for “Parts 16 to 25”.

Amendment of section 68 of Principal Act

6. Section 68 of the Principal Act is amended—

(a) in subsection (2), by the substitution of “Subject to subsection (8A), a company shall” for “A company shall”, and

(b) by the insertion of the following subsection after subsection (8):

“(8A) Subsection (2) shall not apply to securities (or interests in them) which were, prior to 1 June 2015, admitted to trading or listed on any market, whether a regulated market or not, in the State or elsewhere.”.

Amendment of section 72 of Principal Act

7. Section 72 of the Principal Act is amended by the substitution of the following subsection for subsection (7):

“(7) In relation to a company and its shares and capital, the following definitions apply for the purposes of this section:

‘arrangement’ means any agreement, scheme or arrangement (including an arrangement sanctioned under section 453 or 601);

‘company’, other than in relation to the issuing company, includes any body corporate;

‘equity share capital’ means the company’s issued share capital excluding any part of it which, neither as respects dividends nor as respects capital, carries any right to participate beyond a specified amount in a distribution;

‘equity shares’ means shares comprised in the company’s equity share capital;

‘non-equity shares’ means shares (of any class) not comprised in the company’s equity share capital.”.

Amendment of section 85 of Principal Act

8. Section 85 of the Principal Act is amended by the substitution of the following subsection for subsection (2):

“(2) If a company proposes to apply to the court for an order confirming the resolution, it shall cause notice of its intention to make such an application—

- (a) to be advertised once at least in one daily newspaper circulating in the district where the registered office or principal place of business of the company is situated, and
- (b) to be notified by electronic means to all creditors of the company who are resident, or have their principal place of business, outside the State,

and that advertisement and that notification shall indicate a means by which there will be notified by the company to any inquirer the date on which that hearing will take place (or any change in the date of such) and the company shall, accordingly, notify to any inquirer, by those means, the first-mentioned date on request being made by the inquirer therefor (and shall make satisfactory arrangements with the inquirer for the notification, by these means or such other means as may be agreed between them, to the inquirer of a change in that date).”.

Amendment of section 167 of Principal Act

9. Section 167 of the Principal Act is amended—

- (a) in subsection (1)—
 - (i) by the substitution, in the definitions of “amount of turnover” and “balance sheet total”, of “section 275” for “section 350”, and
 - (ii) by the substitution of “section 943(1)(i)” for “section 945(1)(k)” in each place that it occurs,
- and
- (b) by the substitution of “relevant company” for “large company” in each place that it occurs.

Amendment of section 272 of Principal Act

10. Section 272 of the Principal Act is amended, in subsection (2)(a), by the substitution of “Schedule 3, 3A, 3B, 4 or 4A, as the case may be,” for “Schedule 3 or 4”.

Amendment of section 274 of Principal Act

11. Section 274 of the Principal Act is amended, in subsection (1), in the definition of “profit and loss account” by the substitution of the following paragraph for paragraph (a):

- “(a) for the avoidance of doubt—
 - (i) in the case where the financial statements are prepared in accordance with IFRS, the expression means a statement of profit or loss and other comprehensive income or equivalent term referred to in those standards, and

- (ii) in the case of a company not trading for the acquisition of gain by its members, the expression means an income and expenditure account, and references to—
 - (I) a profit and loss account, and
 - (II) in the case of group financial statements, a consolidated profit and loss account,
 shall be read accordingly, and”.

Amendment of section 275 of Principal Act

12. Section 275 of the Principal Act is amended—

(a) in subsection (1)—

(i) by the insertion of “and Part 26” after “In this Part”,

(ii) by the insertion of the following definitions:

“ ‘Accounting Directive’ means Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013² on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC;

‘amount of turnover’, in relation to a company, means the amount of the turnover shown in the company’s profit and loss account;

‘balance sheet total’, in relation to a company, means the aggregate of the amounts shown as assets in the company’s balance sheet;

‘ineligible entities’ means undertakings that—

- (a) have transferable securities admitted to trading on a regulated market of any Member State,
- (b) are credit institutions,
- (c) are insurance undertakings, or
- (d) are—
 - (i) undertakings that—
 - (I) fall within any of the provisions of Schedule 5, or
 - (II) are otherwise designated, by or under any other enactment, to be entities referred to in point (1)(d) of Article 2 of the Accounting Directive,

or

² OJ No. L 182, 29.06.2013, p.19.

- (ii) undertakings that are designated, by or under the law of any other Member State, to be entities referred to in point (1)(d) of Article 2 of the Accounting Directive and ‘ineligible company’ shall be read accordingly;

‘large company’ shall be read in accordance with section 280H;

‘medium company’ shall be read in accordance with section 280F or 280G, as may be appropriate; and ‘medium group’ shall be read accordingly;

‘micro company’ shall be construed in accordance with section 280D;

‘micro companies regime’ has the meaning assigned to it by section 280E;

‘small company’ shall be read in accordance with section 280A or 280B, as may be appropriate; and ‘small group’ shall be read accordingly;

‘small companies regime’ has the meaning assigned to it by section 280C;”,

and

- (iii) in the definition of “credit institution”—

- (I) in paragraph (b), by the substitution of “(within the meaning of the Consumer Credit Act 1995)” for “(within the meaning of the Hire Purchase Act 1946)”, and

- (II) in paragraph (c), by the substitution of “or other repayable funds from the public and” for “or other repayable funds or”,

- (b) by the substitution of the following subsection for subsection (5):

“(5) A word or expression that is used in this Part, Part 26 or in Schedules 3, 3A, 3B, 4 or 4A and that is also used in the Accounting Directive shall have the same meaning in this Part, Part 26 or in those Schedules, as the case may be, as it has in the Accounting Directive.”,

and

- (c) by the deletion of subsection (6).

Construction of references to exemption

- 13.** The Principal Act is amended by the substitution of the following section for section 277:

“277.(1) Subsection (2) is in addition to the provision made by this Part enabling certain elections to be made by a company that qualifies for the small companies regime or the micro companies regime.

- (2) Any provision of this Part providing for an exemption from a requirement of this Part does not prevent the company concerned, if it

so chooses, from doing the thing that the provision provides it is exempted from doing (the ‘specified thing’).

- (3) If the company concerned chooses to do the specified thing—
- (a) the provisions required by this Part to be complied with, in relation to the doing of such a thing, and
 - (b) the provisions specified by this Part to apply, in a case where such a thing is done,
- as the case may be, shall be complied with or shall apply accordingly, but this does not prejudice any provision of this Part concerning the making of an election referred to in subsection (1) by a company there referred to (or concerning the effect of the company’s having so done).
- (4) Subsection (2) applies whether the expression ‘shall be exempt’ or ‘need not’ or any other form of words is used in the provision concerned.”.

Certain companies may apply provisions of Act to certain earlier financial years

14. The Principal Act is amended by the insertion of the following section after section 277:

“**277A.** (1) Subject to this section, the directors of a company may, before the operative date of the provisions of the *Act of 2017* specified in subsection (4) (the ‘specified provisions of the *Act of 2017*’), opt to prepare and approve statutory financial statements for the company in accordance with those specified provisions for any financial year which commenced on or after 1 January 2015.

- (2) All obligations and rights that arise under this Act consequent on or in respect of financial statements having been approved by directors of a company shall likewise arise in relation to financial statements approved by directors in a case falling within subsection (1).
- (3) In determining whether a company or group qualifies as—
- (a) a medium company under section 280F or 280G, as the case may be,
 - (b) a small company under section 280A or 280B, as the case may be, or
 - (c) a micro company under section 280D,

in relation to a financial year to which the specified provisions of the *Act of 2017* have effect, the company or group, as may be appropriate shall be treated as having qualified as a medium company, small company or micro company, as the case may be, in any previous year in which it would have so qualified if the qualifying conditions applicable to that company or group, as the case may be, had had effect in relation to that previous year.

(4) Each of the following is a specified provision of the *Act of 2017*:

- (a) *section 3*;
- (b) *section 4*;
- (c) *sections 10 to 12*;
- (d) *sections 15 to 25*;
- (e) *paragraphs (a), (b) and (d) of section 26*;
- (f) *sections 29 to 57*;
- (g) *section 59*;
- (h) *sections 62 to 64*;
- (i) *sections 81 and 82*;
- (j) *section 84*;
- (k) *section 88*;
- (l) *section 89*.

(5) In this section—

‘*Act of 2017*’ means the *Companies (Accounting) Act 2017*;

‘operative date’ means the date on which the specified provision comes into operation pursuant to an order under *section 1(2)* of the *Act of 2017*;

‘qualifying conditions’ has the same meaning as it has—

- (a) in relation to a medium company, in *section 280F(7)* or *280G(10)*, as the case may be,
- (b) in relation to a small company, in *section 280A(7)* or *280B(10)*, as the case may be, and
- (c) in relation to a micro company, in *section 280D(7)*.”.

Qualification of company based on size of company

15. The Principal Act is amended, in Part 6, by the insertion of the following Chapter after Chapter 1:

“CHAPTER 1A

Qualification of company based on size of company

Qualification of company as small company: general

280A. (1) A company that is not excluded by subsection (4) qualifies as a small company in relation to its first financial year if the qualifying conditions are satisfied in respect of that year.

- (2) A company that is not excluded by subsection (4) qualifies as a small company in relation to a subsequent financial year (in this subsection referred to as ‘relevant year’) if the qualifying conditions—
 - (a) are satisfied in respect of the relevant year and the financial year immediately preceding the relevant year,
 - (b) are satisfied in respect of the relevant year and the company qualified as a small company in relation to the financial year immediately preceding the relevant year, or
 - (c) were satisfied in the financial year immediately preceding the relevant year and the company qualified as a small company in relation to that preceding financial year.
- (3) The qualifying conditions for a small company are satisfied by a company if, in relation to a financial year, it fulfils 2 or more of the following requirements:
 - (a) the amount of turnover of the company does not exceed €12 million;
 - (b) the balance sheet total of the company does not exceed €6 million;
 - (c) the average number of employees does not exceed 50.
- (4) This section shall not apply to a company if it is—
 - (a) a holding company, or
 - (b) an ineligible company.
- (5) In the application of this section to any period which is a financial year but is not in fact a year, the amount specified in subsection (3)(a) shall be proportionately adjusted.
- (6) For the purposes of subsection (3)(c), the average number of employees of a company shall be determined by applying the methods specified in section 317 for determining the number required by subsection (1)(a) of that section to be stated in a note to the financial statements of a company.
- (7) In this section, ‘qualifying conditions’ mean the requirements specified in subsection (3).

Qualification of company as small company: holding company

- 280B.** (1) A holding company qualifies as a small company in relation to a financial year only if the group, in respect of which it is the holding company, qualifies as a small group in relation to that same financial year.
- (2) A group that is not excluded by subsection (5) qualifies as a small group in relation to the first financial year of the holding company if the qualifying conditions are satisfied in respect of that year.

- (3) A group that is not excluded by subsection (5) qualifies as a small group in relation to a subsequent financial year (in this subsection referred to as 'relevant year') of the holding company if the qualifying conditions—
 - (a) are satisfied in respect of the relevant year and the financial year immediately preceding the relevant year,
 - (b) are satisfied in respect of the relevant year and the group qualified as a small group in relation to the financial year immediately preceding the relevant year, or
 - (c) were satisfied in the financial year immediately preceding the relevant year and the group qualified as a small group in relation to that preceding financial year.
- (4) The qualifying conditions for a small group are satisfied by a group if, in relation to a financial year, it fulfils 2 or more of the following requirements:
 - (a) the aggregate amount of turnover of the group does not exceed €12 million net (or €14.4 million gross);
 - (b) the aggregate balance sheet total of the group does not exceed €6 million net (or €7.2 million gross);
 - (c) the aggregate average number of employees of the group does not exceed 50.
- (5) This section shall not apply to a holding company of a group if any member of the group is an ineligible entity.
- (6) In the application of this section to any period which is a financial year but is not in fact a year, the amounts specified in subsection (4)(a) shall be proportionally adjusted.
- (7) The aggregate figures referred to in subsection (4) shall be ascertained by aggregating the equivalent figures determined in accordance with section 280A for each member of the group.
- (8) Where a group proposes to satisfy the qualifying conditions referred to in subsection (4) on the basis of the requirements of paragraphs (a) and (b) of that subsection, it may do so on the basis of either the net figures or the gross figures respectively for both of the said paragraphs.
- (9) The figures for each subsidiary undertaking shall be those included in its entity financial statements for the relevant financial year—
 - (a) if its financial year ends with that of the holding company, that financial year, and
 - (b) if not, its financial year ending last before the end of the financial year of the holding company.

(10) In this section—

‘first financial year of a holding company’ means the first financial year at the end of which the company qualifies as a holding company by virtue of having one or more subsidiaries;

‘qualifying conditions’ mean the requirements referred to in subsection (4).

(11) For the purposes of this section, in relation to the aggregate figures for turnover and balance sheet total—

‘net’ means after set-offs and other adjustments made to eliminate group transactions—

(i) in the case of Companies Act financial statements, in accordance with Schedule 4, and

(ii) in the case of IFRS financial statements, in accordance with international financial reporting standards;

‘gross’ means without those set-offs and other adjustments.

Small companies regime

280C. Where a company qualifies as a small company in accordance with section 280A or 280B, as may be appropriate, then, as provided in this Part, different rules may be applied (in this Act referred to as the ‘small companies regime’) to the company in respect of financial statements and reports for a financial year in relation to which that company so qualifies as a small company.

Qualification of company as micro company

280D. (1) A company that is not excluded by subsection (4) qualifies as a micro company in relation to its first financial year if the qualifying conditions are satisfied in respect of that year.

(2) A company that is not excluded by subsection (4) qualifies as a micro company in relation to a subsequent financial year (in this subsection referred to as the ‘relevant year’) if the qualifying conditions—

(a) are satisfied in respect of the relevant year and the financial year immediately preceding the relevant year,

(b) are satisfied in respect of the relevant year and the company qualified as a micro company in relation to the financial year immediately preceding the relevant year, or

(c) were satisfied in the financial year immediately preceding the relevant year and the company qualified as a micro company in relation to that preceding financial year.

(3) The qualifying conditions for a micro company are satisfied by a company if, in relation to a financial year, it—

- (a) qualifies for the small companies regime, and
- (b) fulfils 2 or more of the following requirements:
 - (i) the amount of turnover of the company does not exceed €700,000;
 - (ii) the balance sheet total of the company does not exceed €350,000;
 - (iii) the average number of employees does not exceed 10.
- (4) This section shall not apply to a company if it is—
 - (a) an investment undertaking,
 - (b) a financial holding undertaking,
 - (c) a holding company that prepares group financial statements, or
 - (d) a subsidiary that is included in the consolidated financial statements of a higher holding undertaking.
- (5) In the application of this section to any period which is a financial year but is not in fact a year, the amount specified in subsection (3)(b)(i) shall be proportionately adjusted.
- (6) For the purposes of subsection (3)(b)(iii), the average number of employees of a company shall be determined by applying the methods specified in section 317 for determining the number required by subsection (1)(a) of that section to be stated in a note to the financial statements of a company.
- (7) In this section, ‘qualifying conditions’ mean the conditions specified in subsection (3).

Micro companies regime

280E. Where a company qualifies as a micro company in accordance with section 280D, then, as provided in this Part, different rules may be applied (in this Act referred to as the ‘micro companies regime’) to the company in respect of financial statements and reports for a financial year in relation to which that company so qualifies as a micro company.

Qualification of company as medium company: general

- 280F.** (1) A company that is not excluded by subsection (4) qualifies as a medium company in relation to its first financial year if the qualifying conditions are satisfied in respect of that year.
- (2) A company that is not excluded by subsection (4) qualifies as a medium company in relation to a subsequent financial year (in this subsection referred to as ‘relevant year’) if the qualifying conditions—
- (a) are satisfied in respect of the relevant year and the financial year immediately preceding the relevant year,

- (b) are satisfied in respect of the relevant year and the company qualified as a medium company in relation to the financial year immediately preceding the relevant year, or
 - (c) were satisfied in the financial year immediately preceding the relevant year and the company qualified as a medium company in relation to that preceding financial year.
- (3) The qualifying conditions for a medium company are satisfied by a company if, in relation to a financial year, it fulfils 2 or more of the following requirements:
- (a) the amount of turnover of the company does not exceed €40 million;
 - (b) the balance sheet total of the company does not exceed €20 million;
 - (c) the average number of employees does not exceed 250.
- (4) This section shall not apply to a company if it is—
- (a) a holding company,
 - (b) an ineligible company,
 - (c) a company that qualifies for the small companies regime, or
 - (d) a company that qualifies for the micro companies regime.
- (5) In the application of this section to any period which is a financial year but is not in fact a year, the amount specified in subsection (3)(a) shall be proportionately adjusted.
- (6) For the purposes of subsection (3)(c), the average number of employees of a company shall be determined by applying the methods specified in section 317 for determining the number required by subsection (1)(a) of that section to be stated in a note to the financial statements of a company.
- (7) In this section, ‘qualifying conditions’ mean the conditions referred to in subsection (3).

Qualification of company as medium company: holding company

- 280G.** (1) A holding company qualifies as a medium company in relation to a financial year only if the group, in respect of which it is the holding company, qualifies as a medium group.
- (2) A group that is not excluded by subsection (5) qualifies as a medium group in relation to the first financial year of the holding company if the qualifying conditions are satisfied in respect of that year.
 - (3) A group that is not excluded by subsection (5) qualifies as a medium group in relation to a subsequent financial year (in this subsection referred to as ‘relevant year’) of the holding company if the qualifying conditions—

- (a) are satisfied in respect of the relevant year and the financial year immediately preceding the relevant year,
 - (b) are satisfied in respect of the relevant year and the group qualified as a medium group in relation to the financial year immediately preceding the relevant year, or
 - (c) were satisfied in the financial year immediately preceding the relevant year and the group qualified as a medium group in relation to that preceding financial year.
- (4) The qualifying conditions for a medium group are satisfied by a group if, in relation to a financial year, it fulfils 2 or more of the following requirements:
- (a) the aggregate amount of turnover of the group does not exceed €40 million net (or €48 million gross);
 - (b) the aggregate balance sheet total of the group does not exceed €20 million net (or €24 million gross);
 - (c) the aggregate average number of employees of the group does not exceed 250.
- (5) This section shall not apply to the holding company of a group if any member of the group is an ineligible entity.
- (6) In the application of this section to any period which is a financial year but is not in fact a year, the amounts specified in subsection (4)(a) shall be proportionally adjusted.
- (7) The aggregate figures referred to in subsection (4) shall be ascertained by aggregating the equivalent figures determined in accordance with section 280F for each member of the group.
- (8) Where a group proposes to satisfy the qualifying conditions referred to in subsection (4) on the basis of the requirements of paragraphs (a) and (b) of that subsection, it may do so on the basis of either the net figures or the gross figures respectively for both of the said paragraphs.
- (9) The figures for each subsidiary undertaking shall be those included in its entity financial statements for the relevant financial year—
- (a) if its financial year ends with that of the holding company, that financial year, and
 - (b) if not, its financial year ending last before the end of the financial year of the holding company.
- (10) In this section—

‘first financial year of a holding company’ means the first financial year at the end of which the company qualifies as a holding company by virtue of having one or more subsidiaries;

‘qualifying conditions’ mean the conditions referred to in subsection (4).

- (11) For the purposes of this section, in relation to the aggregate figures for turnover and balance sheet total—

‘net’ means after set-offs and other adjustments made to eliminate group transactions—

- (i) in the case of Companies Act financial statements, in accordance with Schedule 4, and
- (ii) in the case of IFRS financial statements, in accordance with international financial reporting standards;

‘gross’ means without those set-offs and other adjustments.

Qualification of company as large company

280H.A company that does not qualify as—

- (a) a small company in accordance with section 280A or 280B,
- (b) a micro company in accordance with section 280D, or
- (c) a medium company in accordance with section 280F or 280G,

shall be deemed to be a large company.”.

Amendment of section 290 of Principal Act

16. Section 290 of the Principal Act is amended—

- (a) in subsection (6), by the substitution of “Subject to subsection (6A), after the first financial year” for “After the first financial year”,
- (b) by the insertion of the following subsections after subsection (6):

“(6A) After a financial year in which the directors of a company prepare IFRS entity financial statements, the directors of the company may, notwithstanding that there is not a relevant change of circumstances as referred to in subsection (7), subsequently prepare Companies Act entity financial statements for the company provided they have not changed to preparing Companies Act entity financial statements in the period of 5 years preceding the first day of that financial year.

- (6B) For the purposes of calculating the 5 year period referred to in subsection (6A), the reference to ‘changed to Companies Act entity financial statements’ shall not be read as including a reference to a change to using those financial statements which was due to a relevant change in circumstances.”.

and

- (c) in subsection (8)—
 - (i) by the substitution of “in accordance with subsection (6A) or (7)” for “following a relevant change of circumstances”, and
 - (ii) by the substitution of “subsections (6), (6A) and (7)” for “subsections (6) and (7)”.

Amendment of section 291 of Principal Act

17. Section 291 of the Principal Act is amended—

- (a) by the substitution of the following subsection for subsection (3):
 - “(3) Companies Act entity financial statements shall—
 - (a) as to the accounting principles to be applied, the form and content of the balance sheet and profit and loss account and the additional information to be provided by way of notes to the financial statements, comply with—
 - (i) in the case of a company that does not qualify for the small companies regime, the provisions of Schedule 3,
 - (ii) in the case of a company that qualifies for the small companies regime, the provisions of Schedule 3A or, if the company so elects, the provisions of Schedule 3, or
 - (iii) in the case of a small company that qualifies for the micro companies regime, the provisions of Schedule 3B or, if the company so elects, the provisions of either Schedule 3A or Schedule 3,
 - (b) comply with applicable accounting standards, and
 - (c) comply with the other provisions of this Act.”,
- (b) by the insertion of the following subsection after subsection (3):
 - “(3A) Companies Act entity financial statements shall state the following:
 - (a) the name and legal form of the company;
 - (b) the place of registration of the company and the number under which it is registered;
 - (c) the address of its registered office;
 - (d) where the company is being wound up, the information required by section 595.”,
- (c) in subsection (4), by the substitution of “Schedule 3 or 3A, as the case may be,” for “Schedule 3”, and
- (d) by the insertion of the following subsection after subsection (6):

“(6A) In the case of a micro company that elects to adopt the micro company regime, it shall be presumed that compliance with—

- (a) Schedule 3B,
- (b) applicable accounting standards, and
- (c) the other provisions of this Act,

shall be sufficient to give a true and fair view of the matters referred to in subsection (2), and accordingly, subsections (4), (5) and (6) shall not apply to a company that qualifies for the micro companies regime.”.

Amendment of section 292 of Principal Act

18. Section 292 of the Principal Act is amended—

- (a) in subsection (1)(b), by the substitution of “required by Schedules 3, 3A, 3B, 4 and 4A” for “required by Schedules 3 and 4”,
- (b) by the insertion of the following subsection after subsection (2):

“(2A) IFRS entity financial statements shall state the following:

- (a) the name and legal form of the company;
- (b) the place of registration of the company and the number under which it is registered;
- (c) the address of its registered office;
- (d) where the company is being wound up, the information required by section 595.”,

and

- (c) in subsection (3), by the substitution of “subsection (1) or (2A)” for “subsection (1)”.

Amendment of section 293 of Principal Act

19. Section 293 of the Principal Act is amended—

- (a) in subsection (1), by the substitution of “Subject to subsections (1A) and (9), where at the end of its financial year” for “Where at the end of its financial year”,
- (b) by the insertion of the following subsection after subsection (1):

“(1A) A holding company that qualifies for the small companies regime or the micro companies regime shall be exempt from the requirements of subsection (1) but may, however elect to prepare group financial statements.”,

- (c) in subsection (3), by the substitution of “a company that is required to prepare group financial statements or has elected to prepare group financial statements” for “a company that is required to prepare group financial statements”,
- (d) in subsection (6), by the substitution of “Subject to subsection (6A), after the first financial year” for “After the first financial year”,
- (e) by the insertion of the following subsections after subsection (6):
 - “(6A) After a financial year in which the directors of a holding company prepare IFRS group financial statements, the directors of the company may, notwithstanding that there is not a relevant change of circumstances as referred to in subsection (7), subsequently prepare Companies Act group financial statements for the company provided they have not changed to preparing Companies Act group financial statements in the period of 5 years preceding the first day of that financial year.
 - (6B) For the purposes of calculating the 5 year period referred to in subsection (6A), the reference to ‘changed to Companies Act group financial statements’ shall not be read as including a reference to a change to using those financial statements which was due to a relevant change in circumstances.”,
- (f) in subsection (8)—
 - (i) by the substitution of “Where Companies Act group financial statements are prepared in relation to a company in accordance with subsection (6A) or (7) as the case may be”, for “Where, following a relevant change of circumstances, Companies Act group financial statements are prepared in relation to a company”, and
 - (ii) by the substitution of “subsections (6), (6A) and (7)” for “subsections (6) and (7)”,and
- (g) in subsection (9), by the deletion of paragraph (a).

Amendment of section 294 of Principal Act

20. Section 294 of the Principal Act is amended—

- (a) in subsection (3)—
 - (i) by the substitution, in paragraph (a), of “in the case of a holding company not qualifying for the small companies regime, the provisions of Schedule 4” for “the provisions of Schedule 4”, and
 - (ii) by the insertion of the following paragraph after paragraph (a):
 - “(aa) in the case of a holding company that qualifies for the small companies regime, the provisions of Schedule 4A or, if the company so elects, the provisions of Schedule 4”,

- (b) by the substitution, in subsection (4), of “Schedule 4 or 4A, as the case may be,” for “Schedule 4”, and
- (c) by the insertion of the following subsection after subsection (3):
 - “(3A) Companies Act group financial statements shall state the following:
 - (a) the name and legal form of the holding company;
 - (b) the place of registration of the holding company and the number under which it is registered;
 - (c) the address of its registered office;
 - (d) where the holding company is being wound up, the information required by section 595.”.

Amendment of section 295 of Principal Act**21.** Section 295 of the Principal Act is amended—

- (a) in subsection (1)(b), by the substitution of “required by Schedules 3, 3A, 4 and 4A” for “required by Schedules 3 and 4”,
 - (b) by the insertion of the following subsection after subsection (2):
 - “(2A) IFRS group financial statements shall state the following:
 - (a) the name and legal form of the holding company;
 - (b) the place of registration of the holding company and the number under which it is registered;
 - (c) the address of its registered office;
 - (d) where the holding company is being wound up, the information required by section 595.”,
- and
- (c) in subsection (3), by the substitution of “subsection (1) or (2A)” for “subsection (1)”.

Amendment of section 299 of Principal Act**22.** Section 299 of the Principal Act is amended—

- (a) in subsection (2)—
 - (i) by the insertion of the following paragraph after paragraph (a):
 - “(aa) that other holding undertaking holds more than 90 per cent of the shares in the lower holding company and the remaining shareholders in, or members of, the lower holding company have approved the exemption,”,
- and

- (ii) in paragraph (b), by the substitution of “more than 50 per cent but not more than 90 per cent” for “more than 50 per cent”,
- (b) in subsection (4)—
 - (i) in paragraph (b), by the substitution of the following subparagraph for subparagraph (i):
 - “(i) the provisions of the Accounting Directive, or”,
 - (ii) in paragraph (c), by the substitution of “discloses in the notes to its entity financial statements” for “discloses in its entity financial statements”, and
 - (iii) in paragraph (d), by the substitution of the following subparagraph for subparagraph (i):
 - “(i) the address of the holding undertaking’s registered office or, where the holding undertaking is incorporated outside the State, the registered office (howsoever described) of the undertaking in the country in which it is incorporated, or”,
- (c) in subsection (6), by the substitution of “For the purposes of paragraphs (aa) and (b) of subsection (2)” for “For the purposes of paragraph (b) of subsection (2)”, and
- (d) by the substitution of the following subsection for subsection (8):
 - “(8) In this section, ‘consolidated annual report’ means the report prepared by management of the group in accordance with the Accounting Directive and is equivalent to the expression ‘directors’ report’ as used in this Part.”.

Amendment of section 300 of Principal Act

23. Section 300 of the Principal Act is amended—

- (a) in subsection (2)—
 - (i) by the insertion of the following paragraph after paragraph (a):
 - “(aa) that other holding undertaking holds more than 90 per cent of the shares in the lower holding company and the remaining shareholders in, or members of, the lower holding company have approved the exemption,”,
 - and
 - (ii) in paragraph (b), by the substitution of “more than 50 per cent but not more than 90 per cent” for “more than 50 per cent”,
- (b) in subsection (4)—
 - (i) by the substitution of the following paragraph for paragraph (b):
 - “(b) those accounts and, where appropriate, the group’s consolidated annual report are drawn up—

- (i) in accordance with the Accounting Directive,
 - (ii) in a manner equivalent to consolidated accounts and consolidated reports so drawn up,
 - (iii) in accordance with international financial reporting standards, or
 - (iv) in accordance with accounting standards of third countries determined as equivalent to international financial reporting standards pursuant to Commission Regulation (EC) No. 1569/2007 of 21 December 2007³ establishing a mechanism for the determination of equivalence of accounting standards applied by third country issuers of securities pursuant to Directives 2003/71/EC and 2004/109/EC of the European Parliament and of the Council;”,
- (ii) in paragraph (d), by the substitution of “discloses in the notes to its entity financial statements” for “discloses in its entity financial statements”,
- (iii) in paragraph (e), by the substitution of the following subparagraph for subparagraph (i):
- “(i) the address of the holding undertaking’s registered office and, where the holding undertaking is incorporated outside the State, the registered office (howsoever described) of the undertaking in the country in which it is incorporated, or”,
- (c) in subsection (6), by the substitution of “For the purposes of paragraphs (aa) and (b) of subsection (2)” for “For the purposes of paragraph (b) of subsection (2)”, and
- (d) by the substitution of the following subsection for subsection (7):
- “(7) In this section, ‘consolidated annual report’ means—
- (a) the report prepared by management of the group in accordance with the Accounting Directive, or
 - (b) the report prepared by management of the group in a manner equivalent to consolidated reports referred to in subsection (4)(b) (ii),
- and, in either case, is equivalent to the expression ‘directors’ report’ as used in this Part.”.

Amendment of section 303 of Principal Act

- 24.** Section 303 of the Principal Act is amended, in subsection (3)(b), by the substitution of “in extremely rare cases, the information necessary” for “the information necessary”.

³ OJ No. L340, 22.12.2007, p.66.

Amendment of section 304 of Principal Act

25. Section 304 of the Principal Act is amended—

- (a) in subsection (1)—
 - (i) in paragraph (a), by the substitution of “the company is required to prepare or elects to prepare (and, accordingly, does prepare)” for “the company is required to prepare and does prepare”, and
 - (ii) in paragraph (b), by the substitution of “the company’s entity balance sheet shows” for “the notes to the company’s entity balance sheet show”,
- and
- (b) in subsection (2), by the substitution of “The entity profit and loss account together with, in the case of a company which elects to apply the small companies regime, the information specified in paragraphs 52 and 53 of Schedule 3A, and in the case of all other companies the information specified in paragraphs 59 to 63 of Schedule 3” for “The entity profit and loss account together with the information specified in paragraphs 62 to 66 of Schedule 3”.

Amendment of section 305 of Principal Act

26. Section 305 of the Principal Act is amended—

- (a) in subsection (1), by the substitution of “Subject to subsection (14), the notes to the statutory financial statements” for “The notes to the statutory financial statements”,
- (b) in subsection (2), by the substitution of “Subject to subsection (14), the notes to the statutory financial statements” for “The notes to the statutory financial statements”,
- (c) in subsection (6), by the substitution of the following definition for the definition of “share options”:

“ ‘share options’ means options over quoted shares or shares that are redeemable in cash or puttable in cash.”,

and

- (d) by the insertion of the following subsection after subsection (13):

“(14) A company that qualifies for the micro companies regime shall be exempt from the requirements of this section.”.

Payments to third parties for services of directors

27. The Principal Act is amended by the insertion of the following section after section 305:

“**305A.**(1) Subject to subsection (3), the notes to the statutory financial statements of a company shall disclose, both for the current and the preceding financial year, the aggregate amount of any consideration

paid to, or receivable by, third parties for making available the services of any person—

- (a) as a director of the company,
 - (b) as director of any of its subsidiary undertakings, or
 - (c) otherwise in connection with the management of the company's affairs or any of its subsidiary undertakings.
- (2) The amount to be shown for the purposes of subsection (1) shall—
- (a) include all relevant sums paid by or receivable from—
 - (i) the company,
 - (ii) the company's subsidiary undertakings,
 - (iii) any holding undertaking of the company, and
 - (iv) any other person,and
 - (b) distinguish between the sums respectively paid by, or receivable from, the company, the company's subsidiary undertakings, any holding undertaking of the company and any other persons.
- (3) A company that qualifies for the micro companies regime shall be exempt from the requirements of this section.
- (4) For the purposes of subsection (1)—
- (a) (i) the reference to 'consideration' includes benefits otherwise than in cash and the reference to 'the aggregate amount' is to the estimated monetary value of the benefits, and
 - (ii) the nature of any such consideration referred to in subparagraph (i) shall be disclosed,
- and
- (b) the reference to 'third parties' means a person other than—
 - (i) the director or a person connected with that director,
 - (ii) a body corporate controlled by that director, or
 - (iii) the company or any of its subsidiary undertakings.”.

Supplemental provisions in relation to sections 305 and 305A

28. The Principal Act is amended by the substitution of the following section for section 306:

“306.(1) The amounts to be shown for the purpose of section 305 in relation to a director shall include all amounts paid or payable to a person connected with a director within the meaning of section 220.

- (2) The amounts to be shown for the purpose of section 305 for any financial year shall be the sums receivable in respect of that year, whenever paid, or, in the case of sums not receivable in respect of a period, the sums paid during that year, so, however, that where—
- (a) any sums are not shown in the statutory financial statements for the relevant financial year on the ground that the person receiving them is liable to account for them as mentioned in subsection (13)(a) of section 305, but the liability is thereafter wholly or partly released or is not enforced within a period of 2 years, or
 - (b) any sums paid by the way of expenses allowance are chargeable to income tax after the end of the relevant financial year,
- those sums shall, to the extent to which the liability is released or not enforced or they are chargeable as so mentioned, as the case may be, be shown in the first statutory financial statements in which it is practicable to show them and shall be distinguished from the amounts to be shown in those statements apart from this provision.
- (3) Where it is necessary to do so for the purpose of making any distinction required by sections 305, 305A or this section in any amount to be shown for the purpose of any one of those sections, the directors may apportion any payments between the matters in respect of which they have been paid or which are receivable or have been paid or are payable to third parties in such manner as they think appropriate.
- (4) If, in the case of any statutory financial statements, the requirements of section 305, 305A or this section are not complied with, it shall be the duty of the statutory auditors of the company by whom the statutory financial statements are examined to include in the report on those statements, so far as they are reasonably able to do so, a statement giving the required particulars.
- (5) In sections 305 and 305A, any reference to a company's subsidiary undertaking—
- (a) in relation to a person who is or was, while a director of the company, a director also, by virtue of the company's nomination, direct or indirect, of any other body corporate, shall, subject to paragraph (b), include that body corporate, whether or not it is or was in fact the company's subsidiary undertaking, and
 - (b) shall—
 - (i) for the purpose of subsections (3) to (6) and (8) to (10) of section 305, be taken as referring to a subsidiary undertaking at the time the services were rendered, and, for the purpose of subsection (12) of that section, be taken as referring to a

subsidiary undertaking immediately before the loss of office as director of the company, and

- (ii) for the purpose of subsection (1) of section 305A, be taken as referring to a subsidiary undertaking at the time the services were rendered.

- (6) In sections 305 and 305A and this section, ‘director’ includes any shadow director and *de facto* director.”.

Amendment of section 307 of Principal Act

- 29. Section 307 of the Principal Act is amended by the substitution, in subsection (3)(f), of “amounts outstanding under the arrangements waived” for “the maximum amount outstanding under the arrangements”.

Amendment of section 309 of Principal Act

- 30. Section 309 of the Principal Act is amended—

- (a) in subsection (1), by the substitution of “Subject to subsection (1A) and section 310” for “Subject to section 310”, and
- (b) by the insertion of the following subsection after subsection (1):

“(1A) A company that qualifies for the micro companies regime shall be exempt from the requirements of subsection (1).”.

Amendment of section 314 of Principal Act

- 31. Section 314 of the Principal Act is amended—

- (a) in subsection (1), by the substitution of “Subject to subsection (2A) and the other provisions of this section, where at the end of a financial year” for “Where at the end of a financial year”,
- (b) in subsection (2), by the substitution of “Subject to subsection (2A) and the other provisions of this section, the notes to the” for “The notes to the”, and
- (c) by the insertion of the following subsection after subsection (2):

“(2A) A company that qualifies for the small companies regime or for the micro companies regime shall be exempt from the requirements of this section.”.

Amendment of section 315 of Principal Act

- 32. Section 315 of the Principal Act is amended by the substitution of the following paragraph for paragraph (d):

“(d) in respect of an undertaking of substantial interest of a company, if the undertaking is not required to publish its balance sheet, or”.

Amendment of section 317 of Principal Act

33. Section 317 of the Principal Act is amended—

(a) in subsection (1), by the substitution of “Subject to subsections (7) and (7A), the following information shall” for “The following information shall”, and

(b) by the insertion of the following subsections after subsection (7):

“(7A) (a) A company that qualifies for the small companies regime shall only be required to provide the information referred to in subsection (1) (a).

(b) Where a company qualifies for the small companies regime but elects to prepare group financial statements—

(i) those group financial statements shall contain the information required by subsection (1)(a) for the company and its subsidiary undertakings included in the consolidation taken as a whole, and

(ii) subsections (5) and (6) have effect as if references in those subsections to the company were references to the company and its subsidiary undertakings included in the consolidation.

(7B) A company that qualifies for the micro companies regime shall be exempt from the requirements of this section.”.

Amendment of section 318 of Principal Act

34. Section 318 of the Principal Act is amended—

(a) in subsection (1), by the substitution of “Subject to subsection (9), the following information shall be given” for “The following information shall be given”, and

(b) by the insertion of the following subsection after subsection (8):

“(9) A company that qualifies for the small companies regime or the micro companies regime shall be exempt from the requirements of this section.”.

Amendment of section 319 of Principal Act

35. Section 319 of the Principal Act is amended—

(a) in subsection (1), by the substitution of “Subject to subsection (4), the entity financial statements of a company” for “The entity financial statements of a company”,

(b) in subsection (2), by the substitution of “Subject to subsection (4), where a company” for “Where a company”, and

(c) by the insertion of the following subsection after subsection (3):

“(4) A company that qualifies for the small companies regime or the micro companies regime shall be exempt from the requirements of this section.”.

Amendment of section 320 of Principal Act

36. Section 320 of the Principal Act is amended—

- (a) in subsection (1), by the substitution of “a nominee of the company or a person acting in that person’s own name but on behalf of the company” for “or a nominee of a company”,
- (b) in subsection (2), by the substitution of “a nominee of the company or a person acting in that person’s own name but on behalf of the company” for “or a nominee of the company”,
- (c) in subsection (3), by the substitution of “a nominee of the company or a person acting in that person’s own name but on behalf of the company, in its holding company (or the holding by a company, its nominee or a person acting in that person’s own name but on behalf of the company of an interest in such shares)” for “or a nominee of the company, in its holding company (or the holding by a company or its nominee of an interest in such shares)”, and
- (d) in subsection (4)—
 - (i) by the substitution, in paragraph (a), of “each class of such shares, at the beginning and end of the financial year together with the consideration paid for such shares,” for “each class of such shares, and”, and
 - (ii) by the insertion of the following paragraphs after paragraph (a):
 - “(aa) a reconciliation of the number and nominal value of each class of such shares from the beginning of the financial year to the end of the financial year showing all changes during the financial year, including further acquisitions, disposals and cancellations, in each case showing the value of the consideration paid or received, if any,
 - (ab) the reasons for any acquisitions made during the financial year,
 - (ac) the proportion of called-up share capital held at the beginning and end of the financial year, and”.

Amendment of section 321 of Principal Act

37. Section 321 of the Principal Act is amended by the insertion of the following subsection after subsection (2):

- “(3) Where a company changes an accounting policy adopted by the company and has disclosed such change in the notes to the entity financial statements or group financial statements, the notes to those financial statements shall also disclose—
- (a) the reason for the change in accounting policy, and

- (b) to the extent practicable, the impact of the change in accounting policy on the financial statements for the current financial year and on the financial statements of preceding years.”.

Amendment of section 322 of Principal Act**38.** Section 322 of the Principal Act is amended—

- (a) in subsection (5)—

- (i) by the substitution of the following paragraph for paragraph (a):

“(a) the company qualifies for the small companies regime or the micro companies regime, or”,

and

- (ii) by the substitution of the following paragraph for paragraph (b):

“(b) the company qualifies as a medium company in accordance with section 280F or 280G, or”,

and

- (b) in subsection (6), by the substitution of “qualifies as a medium company in accordance with section 280F or 280G” for “is to be treated as a medium company in accordance with section 350”.

Amendment of section 323 of Principal Act**39.** Section 323 of the Principal Act is amended—

- (a) in subsection (1), by the substitution of “Subject to the provisions of this section,” for “Subject to subsection (2),”, and
- (b) by the insertion of the following subsection after subsection (1):

“(1A) A company that—

- (a) qualifies for the small companies regime shall be exempt from the requirement to disclose the financial impact on the company of arrangements referred to in subsection (1), and
- (b) qualifies for the micro companies regime shall be exempt from the requirements of subsection (1).”.

Amendment of section 324 of Principal Act**40.** Section 324 of the Principal Act is amended—

- (a) in subsection (1), by the substitution of “Subject to subsection (1A), where the directors of a company” for “Where the directors of a company”,
- (b) by the insertion of the following subsection after subsection (1):

“(1A) In the case of the statutory financial statements of a company that qualifies for the micro companies regime, compliance with the minimum requirements of this Act in relation to its financial statements shall be presumed to give a true and fair view for the purposes of subsection (1).”

(c) by the insertion of the following subsection after subsection (4):

“(4A) If the statutory financial statements of a company that qualifies for the small companies regime or the micro companies regime, as the case may be, are prepared in accordance with the small companies regime or the micro companies regime as appropriate, the balance sheet shall contain, in a prominent position above the signature or signatures referred to in subsection (4), a statement that the statutory financial statements concerned have been so prepared in accordance with the small companies regime or the micro companies regime, as may be appropriate.”

and

(d) by the insertion of the following subsection after subsection (10):

“(11) In this section, ‘minimum requirements of this Act’, in relation to a company that qualifies for the micro companies regime, means the provisions of this Act with which the company is obliged to comply, having availed of the exemptions to which it is entitled by virtue of qualifying for the micro companies regime.”

Amendment of section 325 of Principal Act

41. Section 325 of the Principal Act is amended—

(a) in subsection (1), by the substitution of “Subject to subsection (1A), the directors” for “The directors”,

(b) by the insertion of the following subsection after subsection (1):

“(1A) The directors of a company that—

(a) qualifies for the small companies regime shall not be required to include in the directors’ report, a business review referred to in subsection (1)(b), and

(b) qualifies for the micro companies regime shall be exempt from the requirement to prepare a directors’ report under subsection (1) provided that the information required under section 328 is included as a note or a footnote to the balance sheet”,

(c) in subsection (2)(a), by the substitution of “a relevant private company” for “a large private company”,

(d) in subsection (6), by the substitution of “subsections (1), (1A), (3) or (4)” for “subsection (1), (3) or (4)”, and

- (e) in subsection (7), by the substitution of “subsections (1), (1A), (3) and (4)” for “subsections (1), (3) and (4)”.

Amendment of section 326 of Principal Act

42. Section 326 of the Principal Act is amended—

- (a) in subsection (3), by the substitution of “Subject to subsection (3A), where material for an assessment” for “Where material for an assessment”, and
- (b) by the insertion of the following subsection after subsection (3):

“(3A) A company that qualifies for the small companies regime or the micro companies regime shall be exempt from the requirements of subsection (3).”.

Amendment of section 327 of Principal Act

43. Section 327 of the Principal Act is amended—

- (a) in subsection (1), by the substitution of “Subject to subsection (1A), the directors’ report for a financial year” for “The directors’ report for a financial year”,
- (b) by the insertion of the following subsection after subsection (1):

“(1A) A company that qualifies for the small companies regime or the micro companies regime shall be exempt from the requirements of subsection (1).”.

and

- (c) by the insertion of the following subsection after subsection (3):

“(3A) Notwithstanding the generality of subsection (1A), where a company that qualifies for the small companies regime or the micro companies regime, as the case may be, elects to provide the information required by subsection (1), it shall be exempt from the requirements of subsection (3)(b).”.

Amendment of section 328 of Principal Act

44. Section 328 of the Principal Act is amended—

- (a) in paragraph (i), by the substitution of “such shares,” for “such shares, and”,
- (b) in paragraph (ii), by the substitution of “if any,” for “if any.”, and
- (c) by the insertion of the following paragraphs after paragraph (ii):

“(iii) the reasons for any acquisitions made during the financial year,
and

(iv) the proportion of called-up share capital held at the beginning and end of the financial year.”.

Amendment of section 336 of Principal Act**45.** Section 336 of the Principal Act is amended—

- (a) in subsection (3)(a), by the substitution of “subject to subsection (3A), whether the statutory financial statements” for “whether the statutory financial statements”,
- (b) by the insertion of the following subsection after subsection (3):

“(3A) In the case of the statutory financial statements of a company that qualifies for the micro companies regime, compliance with the minimum requirements of this Act (within the meaning of section 324(11)) in relation to its financial statements is presumed to give a true and fair view as required by subsection (3).”
- (c) in subsection (5), by the substitution of “Subject to subsection (5B), the statutory auditors’ ” for “The statutory auditors’ ”,
- (d) by the insertion of the following subsection after subsection (5A):

“(5B) Subsection (5) shall not apply in the case of a company that qualifies for the micro companies regime and has availed itself of the exemption, referred to in section 325(1A), from preparing a directors’ report.”

and

- (e) by the substitution of the following subsection for subsection (8):

“(8) If in the case of any statutory financial statements—

 - (a) the requirements of any of sections 305 to 312 are not complied with by a company, and
 - (b) the company is not a company that is entitled to, and has availed itself of, an exemption from providing the information,

the statutory auditors of the company by whom the financial statements are examined shall include in their report, so far as they are reasonably able to do so, a statement giving the required particulars.”

Amendment of section 338 of Principal Act**46.** Section 338 of the Principal Act is amended—

- (a) in subsection (2), by the substitution of “Subject to subsection (2A), the documents” for “The documents”, and
- (b) by the insertion of the following subsection after subsection (2):

“(2A) Subsection (2)(b) shall not apply to a company that qualifies for the micro companies regime and has availed itself of the exemption, under section 325(1A), from preparing a directors’ report.”

Amendment of section 339 of Principal Act

47. Section 339 of the Principal Act is amended—

- (a) in subsection (1)(b), by the insertion of “subject to subsection (1A),” before “the directors’ report”, and
- (b) by the insertion of the following subsection after subsection (1):

“(1A) Subsection (1)(b) shall not apply to a company that qualifies for the micro companies regime and has availed itself of the exemption, under section 325(1A), from preparing a directors’ report.”.

Amendment of section 340 of Principal Act

48. Section 340 of the Principal Act is amended, in subsection (3), by the deletion of “or 354”.

Amendment of section 341 of Principal Act

49. Section 341 of the Principal Act is amended—

- (a) in subsection (1)(b), by the substitution of “subject to subsection (1A), the directors’ report”, for “the directors’ report”, and
- (b) by the insertion of the following subsection after subsection (1):

“(1A) Subsection (1)(b) shall not apply to a company that qualifies for the micro companies regime and has availed itself of the exemption, under section 325(1A), from preparing a directors’ report.”.

Amendment of section 347 of Principal Act

50. Section 347 of the Principal Act is amended—

- (a) in subsection (1)(b), by the substitution of “subject to subsection (1A), the directors’ report” for “the directors’ report”, and
- (b) by the insertion of the following subsection after subsection (1):

“(1A) Subsection (1)(b) shall not apply to a company that qualifies for the micro companies regime and has availed itself of the exemption, under section 325(1A), from preparing a directors’ report.”.

Exemption from filing certain information for small and micro companies

51. The Principal Act is amended by the substitution of the following section for section 352:

“352. (1) The exemption in subsection (2) is available for a company that—

- (a) qualifies for the small companies regime (or the micro companies regime), and
- (b) has not elected to prepare group financial statements in accordance with section 293.

- (2) That exemption is an exemption from the requirement in section 347 to annex to the company's annual return the following documents:
 - (a) the statutory financial statements of the company;
 - (b) the directors' report (except where that company qualifies for the micro companies regime and has not elected to prepare the directors' report);
 - (c) the statutory auditors' report on those financial statements and that directors' report.
- (3) If a company that qualifies for the small companies regime or the micro companies regime avails itself of the exemption provided by this section, it shall instead annex to its annual return a copy of each of the following documents:
 - (a) abridged financial statements prepared in accordance with section 353 and which have been approved and signed in accordance with section 355;
 - (b) a special statutory auditors' report prepared in accordance with section 356.
- (4) A reference in subsection (3) to a copy of a document is a reference to a copy that satisfies the following conditions:
 - (a) it is a true copy of the original save for the difference that the signature or signatures on the original, and any date or dates thereon, shall appear in typeset form on the copy;
 - (b) it is accompanied by a certificate of a director and the secretary of the company, that bears the signature of the director and the secretary in electronic or written form, stating that the copy is a true copy of the original (and one such certificate relating to all of the documents mentioned in subsection (3) suffices and the foregoing statement need not be qualified on account of the difference permitted by paragraph (a) as to the form of a signature or of a date).".

Amendment of section 353 of Principal Act

52. Section 353 of the Principal Act is amended—

- (a) in subsection (2)—
 - (i) by the deletion, in paragraph (b), of “and”,
 - (ii) by the substitution of the following paragraph for paragraph (c):

“(c) any other notes to the financial statements including the notes relating to income statement items applicable to the small or micro company concerned, and”,

and

(iii) by the insertion of the following paragraph after paragraph (c):

“(d) the statement of changes in equity of the company.”,

and

(b) in subsection (3)—

(i) by the substitution of the following paragraph for paragraph (c):

“(c) any other notes to the financial statements, including the notes relating to profit and loss account items applicable to the small or micro company concerned and, in particular, the information required by paragraph 53 of Schedule 3A in the case of a small company,”,

(ii) by the substitution of the following paragraph for paragraph (d):

“(d) the information required by paragraph 48 of Schedule 3A in the case of a small company or paragraph 33 of Schedule 3B in the case of a micro company, even where the company has elected to include it in the profit and loss account, and”,

and

(iii) by the insertion of the following paragraph after paragraph (d):

“(e) any information provided in accordance with subsections (4), (5) and (6) of section 291.”.

Amendment of section 355 of Principal Act

53. Section 355 of the Principal Act is amended—

(a) in subsection (1), by the deletion of “or 354, as appropriate,”,

(b) in subsection (3)—

(i) by the substitution of “balance sheet forming part of the abridged financial statements” for “abridged balance sheet”,

(ii) in paragraph (b), by the deletion of “or (as the case may be) as a medium company”, and

(iii) in paragraph (c), by the deletion of “or 354, as appropriate”,

(c) in subsection (4), by the substitution of “balance sheet forming part of the abridged financial statements” for “abridged balance sheet”,

(d) in subsection (5), by the substitution of “balance sheet forming part of the abridged financial statements” for “abridged balance sheet”,

(e) by the substitution of the following subsection for subsection (6):

“(6) The following requirements apply to the documents annexed to the annual return under section 352(3) and delivered to the Registrar:

- (a) the copy of the abridged financial statements required by section 352(3)(a) shall state the names of the directors who signed the balance sheet on behalf of the board of directors;
- (b) the copy of the special statutory auditors’ report required by section 352(3)(b) shall state the name of the statutory auditors who signed the report and, if different, the name of the statutory auditors who signed the report under section 391.”,

(f) in subsection (7), by the deletion of “or 354, as the case may be”, and

(g) in subsection (9), by the deletion of “or (4)”.

Amendment of section 356 of Principal Act

54. Section 356 of the Principal Act is amended—

- (a) in subsection (2)(a), by the deletion of “or 354”,
- (b) in subsection (2)(b), by the deletion of “or 354, as the case may be”, and
- (c) in subsection (3), by the substitution of “352(4)” for “352(5)”.

Amendment of section 357 of Principal Act

55. Section 357 of the Principal Act is amended, in subsection (1)—

- (a) in paragraph (b), by the substitution of “commitments entered into by the company, including amounts shown as liabilities in the statutory financial statements” for “amounts shown as liabilities in the statutory financial statements”, and
- (b) by the substitution of the following paragraph for paragraph (g):

“(g) the consolidated accounts of the holding undertaking are drawn up in accordance with the requirements of the Accounting Directive or in accordance with international financial reporting standards and are audited in accordance with Article 34 of that Directive; and”.

Amendment of section 358 of Principal Act

56. Section 358 of the Principal Act is amended, in subsection (2), by the substitution of “sections 280A and 280B” for “section 350(2), (3), (5), (7), (8), (9) and (10)”.

Amendment of section 359 of Principal Act

57. Section 359 of the Principal Act is amended—

- (a) in subsection (2), by the substitution of “group, would qualify under section 280B as a small group” for “group qualifies as a small group”, and

- (b) by the deletion of subsections (3) to (12).

Amendment of section 360 of Principal Act

58. Section 360 of the Principal Act is amended, in subsection (1)—

- (a) by the substitution of “a company or a group company” for “a company or a group”, and
- (b) by the substitution—
- (i) in paragraph (a), of “to the entity financial statements of the company or the group company or the group financial statements of the holding company” for “to the company or group”, and
- (ii) in paragraph (b), of “the company or group company” for “the company or group” in each place that it occurs.

Amendment of section 362 of Principal Act

59. Section 362 of the Principal Act is amended—

- (a) by the substitution of the following subsection for subsection (1):
- “(1) Notwithstanding that section 358 is complied with, a company is not entitled to the audit exemption referred to in that section if the company is a relevant securitisation company.”,
- and
- (b) by the substitution of the following subsection for subsection (2):
- “(2) Notwithstanding that section 359 is complied with, a holding company and the other members of the group are not entitled to the audit exemption referred to in that section if—
- (a) the holding company is a relevant securitisation company, or
- (b) any of those other members is a relevant securitisation company.”.

Amendment of section 363 of Principal Act

60. Section 363 of the Principal Act is amended, in subsection (1)(b), by the insertion of “to which the statutory financial statements or (as appropriate) abridged financial statements have been annexed” after “the company’s first annual return”.

Amendment of section 364 of Principal Act

61. Section 364 of the Principal Act is amended—

- (a) in subsection (2)(b), by the insertion of “to which the statutory financial statements or (as appropriate) abridged financial statements have been annexed” after “each of the relevant bodies”,

- (b) in subsection (3), by the insertion of “to which the statutory financial statements or (as appropriate) abridged financial statements have been annexed” after “of any of the relevant bodies”, and
- (c) by the substitution of the following subsection for subsection (4):

“(4) If the annual return referred to in paragraph (a) of subsection (2) is the first annual return of one or more, but not all, of the relevant bodies, to which the statutory financial statements or (as appropriate) abridged financial statements have been annexed, the condition referred to in paragraph (b) of that subsection is that there has been delivered to the Registrar, in compliance with section 343, the annual return of each of the relevant bodies (excluding any of them, the annual return of which is its first annual return to which the statutory financial statements or (as appropriate) abridged financial statements have been annexed) to which the particular relevant body’s statutory financial statements or (as appropriate) abridged financial statements for the preceding financial year were annexed.”.

Amendment of section 367 of Principal Act

- 62.** Section 367 of the Principal Act is amended, in subsection (3), by the substitution of “paragraph 14(b) of Schedule 3, 3A or 3B, as may be appropriate,” for “paragraph 14(b) of Schedule 3”.

Amendment of section 377 of Principal Act

- 63.** Section 377 of the Principal Act is amended—
- (a) in subsection (1), by the deletion of “or medium”,
 - (b) in subsection (2)(a), by the deletion of “or (as the case may be) medium”, and
 - (c) in subsection (3)—
 - (i) in paragraph (b), by the deletion of “or 354 as appropriate”, and
 - (ii) by the substitution of “sections 352 and 353” for “sections 352 to 354”.

Amendment of section 379 of Principal Act

- 64.** Section 379 of the Principal Act is amended—
- (a) in subsection (2), by the deletion of “and 354”, and
 - (b) by the insertion of the following subsection after subsection (2):

“(3) Where before the repeal of section 354 by *section 3(1)* of the *Companies (Accounting) Act 2017*, a medium company referred to in section 354 has prepared and filed abridged financial statements for a financial year in accordance with that section, the company may prepare and file revised abridged financial statements in respect of that financial year as if the said section 354 had not been repealed.”.

Amendment of section 393 of Principal Act

65. Section 393 of the Principal Act is amended, in subsection (1), by the substitution of “there are reasonable grounds for believing that a category 1 or 2 offence may have been committed by the company or an officer or agent of it,” for “there are reasonable grounds for believing that the company or an officer or agent of it has committed a category 1 or 2 offence.”.

Amendment of section 412 of Principal Act

66. Section 412 of the Principal Act is amended, in subsection (6)(a), by the substitution of “the Registrar shall not be under any duty to enter in the register” for “the Registrar shall not enter in the register”.

Amendment of section 634 of Principal Act

67. Section 634 of the Principal Act is amended by the insertion of the following subsection after subsection (9):

“(9A) (a) As respects a person who has been authorised under paragraph 5 of the Table to section 633 to be appointed a liquidator, the Supervisory Authority may—

(i) at the time of a grant of authorisation under that paragraph 5, or

(ii) at any time during the currency of an authorisation so granted,

by notice in writing to the person, attach to the authorisation such terms and conditions as it thinks necessary or expedient, which said terms and conditions shall be specified in the notice.

(b) The Supervisory Authority may, where it thinks it necessary or expedient to do so, by notice in writing to the person concerned, amend one or more of the terms and conditions attached to an authorisation pursuant to paragraph (a).

(c) The Supervisory Authority may, at any time upon request in writing in that behalf by a person who has been authorised under paragraph 5 of the Table to section 633 to be appointed a liquidator, withdraw the person’s authorisation.”.

Amendment of section 865 of Principal Act

68. Section 865 of the Principal Act is amended, in subsection (2)—

(a) by the substitution, in paragraph (o), of “section 704(6);” for “section 704(6).”, and

(b) by the insertion of the following paragraphs after paragraph (o):

“(p) section 1401A(5);

(q) section 1459(2);

(r) section 1460(3).”.

Amendment of section 914 of Principal Act

69. Section 914 of the Principal Act is amended, in subsection (1)(b), by the substitution of “a levy under section 916” for “levies under sections 916 and 917.”.

Amendment of section 916 of Principal Act

70. Section 916 of the Principal Act is amended, in subsection (1), by the substitution of “specified in section 915(1)” for “specified in section 915(2)”.

Amendment of section 919 of Principal Act

71. Section 919 of the Principal Act is amended, in subsection (4)—

- (a) in paragraph (a), by the substitution of “the amended amount, and” for “the amended amount,”, and
- (b) by the deletion of paragraph (b).

Amendment of section 934 of Principal Act

72. Section 934 of the Principal Act is amended, in subsection (9)—

- (a) by the substitution of “whose member is or has been the subject of an investigation” for “whose member has been the subject of the investigation”, and
- (b) in paragraph (a), by the substitution of “the determination of the amount of costs so incurred by it” for “the determination of the amount of costs so defrayed by it”.

Amendment of section 943 of Principal Act

73. Section 943 of the Principal Act is amended, in subsection (1)—

- (a) by the deletion of paragraph (d),
- (b) in paragraph (g), by the substitution of “exempting from section 225” for “exempting from sections 225 and 917 (or either of those sections)”, and
- (c) in paragraph (i), by the substitution of “relevant company” for “large company”.

Amendment of section 1002 of Principal Act

74. Section 1002 of the Principal Act is amended, in subsection (4), in the Table, by the insertion of the following:

“

Qualification of company based on size of company	Sections 280A to 280G
---	-----------------------

”.

Modification of definition of “ineligible entities” in case of PLCs

75. The Principal Act is amended by the insertion of the following section after section 1116:

“**1116A.** The definition of ‘ineligible entities’ in section 275(1) shall apply to a PLC as if—

- (a) in paragraph (c), ‘undertakings,’ were substituted for ‘undertakings, or’,
- (b) in paragraph (d)(ii), ‘shall be read accordingly, or’ were substituted for ‘shall be read accordingly;’, and
- (c) the following paragraph were inserted after paragraph (d):
 - ‘(e) are PLCs;’.”.

Amendment of section 1230 of Principal Act

76. Section 1230 of the Principal Act is amended, in subsection (8), in the Table—

- (a) in Part 2, by the insertion of the following:

“

Qualification of company based on size of company	Sections 280A to 280G
---	-----------------------

”

and

- (b) in Part 3, by the insertion of the following:

“

Qualification of company based on size of company	Sections 280A to 280G
---	-----------------------

”

Modification of definition of “ineligible entities” in case of PUCs and PULCs

77. The Principal Act is amended by the insertion of the following section after section 1267:

“**1267A.** The definition of ‘ineligible entities’ in section 275(1) shall apply to a PUC or a PULC as if—

- (a) in paragraph (c), ‘undertakings,’ were substituted for ‘undertakings, or’,
- (b) in paragraph (d)(ii), ‘shall be read accordingly, or’ were substituted for ‘shall be read accordingly;’, and
- (c) the following paragraph were inserted after paragraph (d):
 - ‘(e) are PUCs and PULCs;’.”.

No requirement to deliver financial statements, etc. with annual return in case of certain ULCs

78. (1) The Principal Act is amended by the substitution of the following section for section 1274:

“1274.(1) Other than in the case of a designated ULC, sections 347 and 348 (which require documents to be annexed to annual returns) shall not apply to an ULC.

(2) In this section ‘designated ULC’ means—

(a) an ULC that at any time during the relevant financial year—

(i) has been a subsidiary undertaking of an undertaking which was at that time limited,

(ii) has had rights exercisable in respect of it by or on behalf of 2 or more undertakings which were at that time limited, being rights which if exercisable by one of the undertakings would have made the ULC a subsidiary undertaking of it, or

(iii) has been a holding company of an undertaking which was at that time limited,

(b) an ULC which is a credit institution or an insurance undertaking or the holding company of a credit institution or an insurance undertaking,

(c) an ULC, all of the members of which are—

(i) companies limited by shares or by guarantee,

(ii) unlimited companies, each of whose members is a limited company,

(iii) partnerships which are not limited partnerships, each of whose members is a limited company,

(iv) limited partnerships, each of whose general partners (within the meaning of the Limited Partnerships Act 1907) is a limited company, or

(v) any combination of the types of bodies referred to in the preceding subparagraphs of this paragraph and paragraph (a),

or

(d) an ULC, the direct or indirect members of which comprise any combination of ULCs and bodies referred to in paragraph (c) such that the ultimate beneficial owners enjoy the protection of limited liability.

(3) References in subsection (2) to a limited company, an unlimited company, a partnership or a limited partnership shall include references to a body which is not governed by the law of the State but

which is comparable to such a limited company, an unlimited company, a partnership or a limited partnership, as may be appropriate.

(4) References in subsection (2)(a) to an undertaking being limited at a particular time are references to an undertaking (under whatever law established), the liability of whose members at that time is limited.

(5) In this section—

‘general partner’ has the same meaning as it has in the Limited Partnerships Act 1907;

‘limited partnership’ means a partnership to which the Limited Partnerships Act 1907 applies;

‘partnership’ has the same meaning as it has in the Partnership Act 1890.”.

(2) *Subsection (1)*, in so far as it relates to subsection (2)(a)(iii) of section 1274 of the Principal Act, shall come into operation on 1 January 2022 for any financial year which commences on or after that date.

Non application of Part 26 to certain ULCs

79. The Principal Act is amended by the insertion of the following section after section 1274:

“**1274A.**Other than in the case of a designated ULC (within the meaning of section 1274), Part 26 shall not apply to an ULC.”.

Amendment of section 1300 of Principal Act

80. Section 1300 of the Principal Act is amended, in subsection (1)—

(a) by the substitution of the following definition for the definition of “EEA company”:

“ ‘EEA company’ means—

(a) a body corporate—

(i) which is incorporated in a state (other than the State) that is an EEA state, and

(ii) whose members’ liability in respect of such body corporate is limited,

or

(b) an undertaking—

(i) which is formed or incorporated in a state (other than the State) that is an EEA state,

(ii) whose members’ liability in respect of such undertaking is unlimited, and

- (iii) which is a subsidiary undertaking of a body corporate whose members' liability in respect of such body corporate is limited;”,
- and
- (b) by the substitution of the following definition for the definition of “non-EEA company”:
 - “ ‘non-EEA company’ means—
 - (a) a body corporate—
 - (i) which is incorporated in a state that is not an EEA state, and
 - (ii) whose members' liability in respect of such body corporate is limited,
 - or
 - (b) an undertaking—
 - (i) which is formed or incorporated in a state that is not an EEA state,
 - (ii) whose members' liability in respect of such undertaking is unlimited, and
 - (iii) which is a subsidiary undertaking of a body corporate whose members' liability in respect of such body corporate is limited.”.

Amendment of section 1305 of Principal Act

- 81.** Section 1305 of the Principal Act is amended, in subsection (3)(a)(i), by the substitution of “the Accounting Directive (within the meaning of Part 6)” for “Council Directive 78/660/EEC and, where appropriate, Council Directive 83/349/EEC”.

Amendment of section 1373 of Principal Act

- 82.** Section 1373 of the Principal Act is amended by the substitution of the following subsection for subsection (7):

- “(7) Where a company prepares a corporate governance statement, the statutory auditors of the company shall, in their report under section 391 in respect of the company—
 - (a) provide an opinion, based on the work undertaken in the course of the audit, as to whether—
 - (i) the information given pursuant to subsection (2)(c) and (d) is consistent with the company's statutory financial statements in respect of the financial year concerned, and
 - (ii) such information has been prepared in accordance with this section,

- (b) state whether, based on their knowledge and understanding of the company and its environment obtained in the course of the audit, they have identified material misstatements in the information given pursuant to subsection (2)(c) and (d) and, where they have so identified, give an indication of the nature of such misstatements, and
- (c) state whether in their opinion, based on the work undertaken in the course of the audit, the information required pursuant to subsection (2)(a), (b), (e) and (f) is contained in the corporate governance statement.”.

Application of section 393 to a company to which Part 23 applies

- 83.** The Principal Act is amended by the insertion of the following Chapter after Chapter 4:

“CHAPTER 5

Application of section 393 to a company to which Part 23 applies

Application of section 393 to a company to which Part 23 applies

1384A.(1) Section 393 shall apply to a company to which this Part applies, as if—

- (a) in subsection (1), the following were substituted for “there are reasonable grounds for believing that a category 1 or 2 offence may have been committed by the company or an officer or agent of it,”:

“there are reasonable grounds for believing that a category 1 or 2 offence, a serious Market Abuse offence, a Prospectus offence or a serious Transparency offence may have been committed by the company or an officer or agent of it,”, and

- (b) the following subsection were inserted after subsection (6):

“(7) In this section—

‘serious Market Abuse offence’ means an offence referred to in section 1368;

‘serious Prospectus offence’ means an offence referred to in section 1356;

‘serious Transparency offence’ means an offence referred to in section 1382.”.

Amendment of section 1376 of Principal Act

- 84.** Section 1376 of the Principal Act is amended, in subsection (3), by the substitution of “Section 362” for “Without prejudice to its adaptation by sections 994(2) and 1218(3), section 362”.

Modification of definition of “ineligible entities” in case of investment companies

85. The Principal Act is amended by the insertion of the following section after section 1400:

“**1400A.** The definition of ‘ineligible entities’ in section 275(1) shall apply to an investment company as if—

- (a) in paragraph (c), ‘undertakings,’ were substituted for ‘undertakings, or’,
- (b) in paragraph (d)(ii), ‘shall be read accordingly, or’ were substituted for ‘shall be read accordingly;’, and
- (c) the following paragraph were inserted after paragraph (d):
 - ‘(e) are investment companies;’.”.

Filing of financial statements by investment company

86. The Principal Act is amended by the insertion of the following section after section 1401:

“**1401A.**(1)An investment company shall, once in every year after the expiration of its first financial year, deliver to the Registrar, in the prescribed manner, copies of the documents referred to in subsection (2) not later than 11 months after the end of the company’s financial year.

- (2) The documents are as follows, namely:
 - (a) the statutory financial statements of the company for the financial year;
 - (b) the directors’ report for the financial year;
 - (c) the statutory auditors’ report on those financial statements and that directors’ report.
- (3) The reference in subsection (1) to a copy of a document is a reference to a copy that satisfies the following conditions:
 - (a) it is a true copy of the original save for the difference that the signature or signatures on the original, and any date or dates thereon, shall appear in typeset form on the copy;
 - (b) it is accompanied by a certificate of a director and the secretary of the company, that bears the signature of the director and the secretary in electronic or written form, stating that the copy is a true copy of the original (and one such certificate relating to all of the documents mentioned in subsection (1) suffices and the foregoing statement need not be qualified on account of the difference permitted by paragraph (a) as to the form of a signature or of a date).
- (4) Section 376 shall apply to an investment company as if the following subsection were substituted for subsection (1):

- ‘(1) This section has effect where the directors of an investment company have prepared revised financial statements or a revised directors’ report under section 367 and a copy of the original statutory financial statements or directors’ report, has been delivered to the Registrar under section 1401A.’
- (5) If an investment company fails to comply with the requirements of this section, the company and any officer of it who is in default shall be guilty of a category 3 offence.
- (6) In subsection (5), ‘officer’ includes any shadow director and *de facto* director.”.

Payments to governments

87. The Principal Act is amended by the insertion of the following Part after Part 25:

“PART 26

PAYMENTS TO GOVERNMENTS

CHAPTER 1

Preliminary

Interpretation

1449.(1) In this Part—

‘consolidated payment report’ has the meaning assigned to it by section 1451;

‘entity payment report’ has the meaning assigned to it by section 1450;

‘equivalent reporting requirements’ means third country reporting requirements assessed as equivalent to the requirements of Chapter 10 of the Accounting Directive in accordance with Article 46 of that Directive;

‘logging undertaking’ means an undertaking which undertakes in primary forests the activity referred to in Section A, Division 02, Group 02.2 of Annex I to Regulation (EC) No. 1893/2006 of the European Parliament and of the Council of 20 December 2006⁴ establishing the statistical classification of economic activities NACE Revision 2 as set out in Table 1 of Schedule 18; and ‘logging company’ shall be read accordingly;

‘mining or quarrying undertaking’ means an undertaking which performs any activity involving the exploration, prospection, discovery, development, and extraction of minerals, oil, natural gas

4 OJ No. L 393, 30.12.2006, p.1.

deposits or other materials, within the activities listed in Section B, Divisions 05 to 08 of Annex I to Regulation (EC) No. 1893/2006 of the European Parliament and of the Council of 20 December 2006⁵ establishing the statistical classification of economic activities NACE Revision 2 as set out in Table 2 of Schedule 18; and ‘mining or quarrying company’ shall be read accordingly;

‘payment’ means an amount paid, whether in money or in kind, for relevant activities, where the payment includes any of the following:

- (a) production entitlements;
- (b) taxes levied on the income, production or profits of companies, excluding taxes levied on consumption such as value added taxes, personal income taxes or sales taxes;
- (c) royalties;
- (d) dividends, other than dividends paid by an undertaking to a government as an ordinary shareholder of that undertaking, where—
 - (i) the dividend is paid to the government on the same terms as to other ordinary shareholders, and
 - (ii) the dividend is not paid in lieu of production entitlements or royalties;
- (e) signature, discovery and production bonuses;
- (f) licence fees, rental fees, entry fees and other considerations for licences or concessions;
- (g) payments for infrastructure improvements;

‘primary forest’ has the same meaning as it has in Directive 2009/28/EC of the European Parliament and of the Council of 23 April 2009⁶ on the promotion of the use of energy from renewable sources and amending and subsequently repealing Directives 2001/77/EC and 2003/30/EC;

‘project’ means operational activities that—

- (a) are governed by—
 - (i) a single contract, licence, lease, concession or similar legal agreement, or
 - (ii) multiple contracts, licences, leases, concessions or similar legal agreements that are substantially interconnected,and
- (b) form the basis for payment liabilities with a government;

⁵ OJ No. L 393, 30.12.2006, p.1.

⁶ OJ No. L 140, 5.6.2009, p.16

‘relevant undertaking’ means an undertaking within the meaning of ‘ineligible entity’; and ‘relevant company’ shall be read accordingly;

‘relevant activities’ means—

- (a) the activity specified in Table 1 of Schedule 18 in primary forests, or
- (b) any activity involving the exploration, prospection, discovery, development, and extraction of minerals, oil, natural gas deposits or other materials, within the economic activities specified in Table 2 of Schedule 18;

‘substantially interconnected’ means forming a set of operationally and geographically integrated contracts, licences, leases or concessions or related agreements with substantially similar terms that are signed with a government, giving rise to payment liabilities.

- (2) A word or expression that is used in this Part and is also used in Chapter 10 of the Accounting Directive has, unless the context otherwise requires, the same meaning in this Part as it has in Chapter 10 of the Accounting Directive.

CHAPTER 2

Obligation to prepare payment reports

Obligation to prepare entity report on payments to governments

1450. Subject to sections 1454, 1455 and 1456, the directors of a company which is a large company or a relevant company shall, where such company is—

- (a) a mining or quarrying company, or
- (b) a logging company,

prepare and make available to the public each year a report on payments made to governments for each financial year (in this Part referred to as the ‘entity payment report’).

Obligation to prepare a consolidated payment report

1451. (1) Subject to subsection (2) and sections 1454, 1456 and 1457, the directors of a holding company which is a large company or a relevant company shall—

- (a) if the holding company is obliged to prepare group financial statements in accordance with section 293, and
- (b) if the holding company or any of its subsidiary undertakings is—
 - (i) a mining or quarrying undertaking, or
 - (ii) a logging undertaking,

prepare and make available to the public each year a consolidated report on payments made to governments for each financial year of the holding company (in this Part referred to as a ‘consolidated payment report’).

- (2) This section shall not apply to the directors of—
- (a) a holding company of a small group, except where any group undertaking is a relevant undertaking, or
 - (b) a holding company of a medium group, except where any group undertaking is a relevant undertaking.

CHAPTER 3

Content of payment reports

Content of entity payment report

- 1452.** (1) A company shall in respect of its entity payment report, for each financial year, include the following in relation to its relevant activities:
- (a) the government to which each payment has been made, including the country of that government;
 - (b) the total amount of payments made to each government;
 - (c) the total amount per type of payment made to each government;
 - (d) where those payments have been attributed to a specific project, the total amount per type of payment made for each such project and the total amount of payments for each such project.
- (2) Where a company makes a payment that is not attributable to a specific project, it shall not be necessary in the entity payment report to allocate it to a specific project.
- (3) A company shall not be required to include a payment in the entity payment report if—
- (a) it is a single payment of an amount less than €100,000, or
 - (b) it forms part of a series of related payments within a financial year where the total amount of that series of payments is less than €100,000.
- (4) Payments, activities and projects shall not be artificially split or aggregated to avoid the application of this Part.
- (5) The disclosure of payments shall reflect the substance, rather than the form, of each payment, relevant activity or project concerned.
- (6) Where payments in kind are made to a government, the entity payment report shall state the value of such payments in kind and, where

applicable, the volume of those payments in kind, and the directors shall provide supporting notes to explain how the value of such payments in kind has been determined.

Content of consolidated payment report

1453. (1) A holding company shall in respect of its consolidated payment report, for each financial year, include the following information in relation to its relevant activities:

- (a) the government to which each payment has been made, including the country of that government;
- (b) the total amount of payments made to each government;
- (c) the total amount per type of payment made to each government;
- (d) where those payments have been attributed to a specific project, the total amount per type of payment made for each such project and the total amount of payments for each such project.

(2) A consolidated payment report shall include—

- (a) any payments resulting from the relevant activities of a mining or quarrying undertaking, and
- (b) any payments resulting from the relevant activities of a logging undertaking.

(3) Where an undertaking makes a payment that is not attributable to a specific project, it shall not be necessary in the consolidated payment report to allocate it to a specific project.

(4) A company shall not be required to include a payment in the consolidated payment report if—

- (a) it is a single payment of an amount less than €100,000, or
- (b) it forms part of a series of related payments within a financial year whose total amount is less than €100,000.

(5) Payments, activities and projects shall not be artificially split or aggregated to avoid the application of this Part.

(6) The disclosure of payments shall reflect the substance, rather than the form, of each payment, relevant activity or project concerned.

(7) Where payments in kind are made to a government, the consolidated payment report shall state the value of such payments in kind and, where applicable, the volume of those payments in kind, and the directors shall provide supporting notes to explain how the value of such payments in kind has been determined.

(8) In this section, ‘relevant activities’, in relation to a holding company, means the activities of—

- (a) the holding company, and
- (b) any subsidiary undertaking included in the group financial statements of the holding company prepared in accordance with section 293.

CHAPTER 4

*Payment reports: Exemptions and exclusions***Exemption from preparation where certain payments included in consolidated payment report of holding company or higher holding undertaking**

1454. (1) The directors of a company that is a subsidiary or a holding company shall be exempt from preparing an entity payment report if any payments to governments made by the company are included in the consolidated payment report prepared by the holding company in accordance with section 1451.

(2) The directors of a company that is a subsidiary or a holding company shall be exempt from the requirement to prepare an entity payment report under section 1450 or, in the case of a holding company, a consolidated payment report under section 1451 if—

- (a) any holding undertaking or higher holding undertaking of the company is subject to the provisions implementing Chapter 10 of the Accounting Directive in a Member State other than the State, and
- (b) any payments to governments made by the company are included in the consolidated report drawn up by that holding undertaking.

Exemption from preparation where company is subject to equivalent reporting requirements

1455. The directors of a company shall be exempt from preparing an entity payment report if—

- (a) the company is subject to equivalent reporting requirements, and
- (b) the payments to governments made by the company are included in a report prepared in accordance with equivalent reporting requirements.

Exemption from preparation where holding undertaking or higher holding undertaking is subject to equivalent reporting requirements

1456. The directors of a company that is a subsidiary or a holding company are exempt from preparing an entity payment report under section 1450 or, in the case of a holding company, a consolidated payment report under section 1451 if—

- (a) any holding undertaking or higher holding undertaking of the company is subject to the provisions implementing Chapter 10 of the Accounting Directive in a Member State other than the State,
- (b) that holding undertaking or higher holding undertaking of the company that is governed by the laws of a Member State is subject to equivalent reporting requirements, and
- (c) the payments to governments made by the company are included in a consolidated report drawn up to the same date, or an earlier date, in the same financial year, by that holding undertaking prepared in accordance with equivalent reporting requirements.

Certain undertakings exempt from inclusion in a consolidated payment report

1457. (1) Subject to subsection (2), an undertaking, including a relevant undertaking, shall not be required to be included in a consolidated payment report where—

- (a) severe long-term restrictions substantially hinder the holding company in the exercise of its rights over the assets or management of that undertaking,
 - (b) in extremely rare cases, the information necessary for the preparation of the consolidated payment report cannot be obtained without disproportionate expense or undue delay, or
 - (c) the interest of the holding company is held exclusively with a view to subsequent resale.
- (2) The exemptions referred to in subsection (1) shall apply only if the holding company availed of the similar exemptions available under section 303 in relation to that undertaking for the purposes of preparing its group financial statements in accordance with section 293.

CHAPTER 5

Approval and signing of payment reports

Approval and signing of entity payment reports and consolidated payment reports

- 1458.** (1) An entity payment report prepared in accordance with section 1450 and a consolidated payment report prepared in accordance with section 1451 shall be approved by the board of directors and signed on their behalf by not less than 2 directors, where there are 2 or more directors.
- (2) Without prejudice to the generality of section 11, where the company has a sole director, subsection (1) shall operate to require that director to approve and sign the entity payment report or consolidated payment report.

- (3) Every copy of every entity payment report or consolidated payment report which is delivered to the Registrar or which is otherwise circulated, published or issued shall state the names of the persons who signed the payment report on behalf of the board of directors.
- (4) If any copy of an entity payment report or a consolidated payment report is delivered to the Registrar or is otherwise circulated, published or issued without the payment report (the original of it as distinct from the copy) having been signed as required by this section or without the required statement of the signatories' names on the copy being included, the company and any officer of it who is in default shall be guilty of a category 2 offence.
- (5) In subsection (4), 'officer' includes any shadow director and *de facto* director.

CHAPTER 6

*Publication of payment reports***Delivery of copy of entity payment reports and consolidated payment reports to Registrar**

1459. (1) A company, the directors of which are required to prepare—

- (a) an entity payment report in accordance with section 1450, or
- (b) a consolidated payment report in accordance with section 1451,

shall deliver a copy of that entity payment report or consolidated payment report, as the case may be, to the Registrar within 11 months after the end of the financial year of the company.

- (2) If a company to which subsection (1) applies fails to comply with the requirements of this section, the company and any officer of it who is in default shall be guilty of a category 3 offence.
- (3) In subsection (2), 'officer' includes any shadow director and *de facto* director.

Delivery of copy of entity payment reports and consolidated payment reports prepared under equivalent reporting requirements to Registrar

1460. (1) A company, the directors of which are exempt under sections 1455 or 1456 from preparing an entity payment report or consolidated payment report, shall deliver to the Registrar a copy of any payment report or consolidated payment report prepared in accordance with equivalent reporting requirements within 28 days after such payment report is made available to the public under the equivalent reporting requirements.

- (2) Where any document required to be delivered under this section is in a language other than the English language or the Irish language, there shall be annexed to the copy of that document delivered a translation

of it into the English language or the Irish language, certified in the manner prescribed for the purposes of section 348.

- (3) If a company to which subsection (1) applies fails to comply with the requirements of this section, the company and any officer of it who is in default shall be guilty of a category 3 offence.
- (4) In subsection (3), ‘officer’ includes any shadow director and *de facto* director.”.

Amendments of Principal Act consequential to repeal of sections 350 and 351

88. The Principal Act is amended—

- (a) by the substitution, of “section 275” for “section 350” in each place that it occurs in—
 - (i) section 225(1), and
 - (ii) section 900(1),
- (b) by the substitution, of “section 280A or 280B” for “section 350” in each place that it occurs in—
 - (i) section 509(7), and
 - (ii) section 517(8),
- (c) by the substitution, of “as a small company by virtue of section 280A or 280B or a medium company by virtue of section 280F or 280G” for “as a small or medium company by virtue of section 350” in each place that it occurs in—
 - (i) section 747(6)(b),
 - (ii) section 748(5)(b), and
 - (iii) section 750(4),
- (d) by the substitution, in section 1378, of “Sections 352 to 356” for “Sections 350 to 356”,
- (e) in section 274, in the definition of “abridged financial statements”, by the substitution of “prepared in accordance with section 353” for “prepared in accordance with section 353 or 354”, and
- (f) by the deletion of “section 297” in each place that it occurs in—
 - (i) the Table to section 1002, and
 - (ii) Part 2 of the Table to section 1230.

Amendments of Principal Act - Schedules

89. The Principal Act is amended—

- (a) by the substitution of the text set out in *Schedule 1* for Schedule 3 to that Act,

- (b) by the insertion of the text set out in *Schedule 2* as Schedule 3A to that Act,
- (c) by the insertion of the text set out in *Schedule 3* as Schedule 3B to that Act,
- (d) by the substitution of the text set out in *Schedule 4* for Schedule 4 to that Act,
- (e) by the insertion of the text set out in *Schedule 5* as Schedule 4A to that Act, and
- (f) by the insertion of the text set out in *Schedule 6* as Schedule 18 to that Act.

Miscellaneous amendments of Principal Act consequential to insertion of Schedules

90. The Principal Act is amended—

- (a) in section 120(3)(b), by the substitution of the following subparagraph for subparagraph (i):
 - “(i) where the company does not qualify for the micro companies regime and prepares Companies Act entity financial statements, in the note to the statements required by paragraph 24(2) of Schedule 3, or paragraph 24(2) of Schedule 3A, as the case may be; or”,
- (b) in section 121(7), in the definition of “relevant item”, by the substitution of “Schedule 3, 3A or 3B, as the case may be” for “Schedule 3”,
- (c) in section 123(5)(b), by the substitution of “paragraph 14(a) of Schedule 3, 3A or 3B and paragraph 37(3) of Schedule 3 or 3A, as the case may be” for “paragraphs 14(a) and 37(3) of Schedule 3”,
- (d) in section 238(8)(c)(i), by the substitution of “paragraph 80 of Schedule 3, paragraph 65 of Schedule 3A or paragraph 39 of Schedule 3B, as the case may be” for “paragraph 82 of Schedule 3”,
- (e) in section 275(1), by the substitution—
 - (i) in the definition of “associated undertaking”, of “paragraph 21 of Schedule 4 or 4A, as the case may be” for “paragraph 20 of Schedule 4”, and
 - (ii) in the definition of “participating interest” by the substitution of “paragraph 23 of Schedule 4 or 4A as the case may be,” for “paragraph 22 of Schedule 4”,
- (f) in section 1043(5)(a), by the substitution of “paragraph 80 of Schedule 3 or paragraph 65 of Schedule 3A, as the case may be” for “paragraph 82 of Schedule 3”, and
- (g) in section 1083(8), by the substitution of “Schedule 3 or 3A, as the case may be” for “Schedule 3”.

PART 3

OTHER MISCELLANEOUS AMENDMENTS TO PRINCIPAL ACT

Amendment of section 117 of Principal Act

91. Section 117 of the Principal Act is amended, by the substitution of the following subsection for subsection (4):

“(4) For the purposes of subsections (2) and (3)—

- (a) where the company prepares Companies Act entity financial statements, any provision or value adjustment (within the meaning of Schedule 3, 3A or 3B, as the case may be) shall be treated as a realised loss other than a value adjustment in respect of any diminution in value of a fixed asset appearing on a revaluation of all the fixed assets or of all the fixed assets other than goodwill (and this qualification is referred to in subsections (5) and (6) as ‘the exception to subsection (4)(a)’), and
- (b) where the company prepares IFRS financial statements, a provision or value adjustment of any kind shall be treated as a realised loss.”.

Amendment of section 621 of Principal Act

92. Section 621 of the Principal Act is amended—

- (a) in subsection (2)(e), by the substitution of “to the extent that the company” for “save to the extent that the company”, and
- (b) in subsection (7)(b), by the substitution of “any charge created as a floating charge by the company” for “any floating charge created by the company”.

Amendment of section 633 of Principal Act

93. Section 633 of the Principal Act is amended—

- (a) by the substitution of the following subsection for subsection (4):

“(4) In this section—

‘liquidator’ includes provisional liquidator;

‘prescribed fee’ means a fee prescribed by regulations made by the Supervisory Authority with the consent of the Minister;

‘prescribed form’ means a form prescribed by regulations made by the Supervisory Authority.”,

and

- (b) in paragraph (5)(a) of the Table to the section, by the substitution of “within 30 months after” for “within 2 years after”.

Amendment of section 842 of Principal Act

94. Section 842 of the Principal Act is amended—

- (a) in paragraph (h), by the deletion of “or”,
- (b) in paragraph (i), by the substitution in subparagraph (ii) of “in the State, or” for “in the State.”, and
- (c) by the insertion of the following paragraph after paragraph (i):

“(j) that the person has contravened section 4 or 5 of the Competition Act 2002 or Article 101 or 102 of the Treaty on the Functioning of the European Union.”.

Amendment of section 844 of Principal Act

95. Section 844 of the Principal Act is amended by the insertion of the following subsection after subsection (4):

“(4A) An application under section 842(j) may be made by the competent authority (within the meaning of the Competition Act 2002).”.

Investigation by disciplinary committees of prescribed accountancy bodies

96. The Principal Act is amended by the insertion of the following section after section 931:

“**931A.** (1) In this section—

‘client’ has the same meaning as it has in section 934;

‘relevant person’ in relation to an investigation of a member of a prescribed accountancy body, means—

- (a) a member of the prescribed accountancy body,
 - (b) a client or former client of such member,
 - (c) if the client or former client is a body corporate, a person who is or was an officer, employee or agent of the client or former client,
 - (d) the prescribed accountancy body or a person who is or was an officer, employee or agent of that body, or
 - (e) any person whom the prescribed accountancy body reasonably believes has information or documents relating to the investigation other than information or documents the disclosure of which is prohibited or restricted by law.
- (2) For the purposes of an investigation of a possible breach of a prescribed accountancy body’s standards by a member, a disciplinary committee may require a relevant person to do one or more of the following:
- (a) produce to the committee all books or documents relating to the investigation that are in the relevant person’s possession or control;

- (b) attend before the committee;
 - (c) give the committee any other assistance in connection with the investigation that the relevant person is reasonably able to give.
- (3) For the purposes of an investigation referred to in subsection (2), the disciplinary committee may—
- (a) examine on oath, either by word of mouth or on written interrogatories, a relevant person,
 - (b) administer oaths, for the purpose of that examination, and
 - (c) record, in writing, answers of a person so examined and require that person to sign them.
- (4) The disciplinary committee may certify the refusal or failure to the court if a relevant person refuses or fails to do one or more of the following:
- (a) produce to the committee any book or document that it is the person's duty under this section to produce;
 - (b) attend before the committee when required to do so under this section;
 - (c) answer a question put to the person by the committee with respect to the matter under investigation.
- (5) On receiving a certificate of refusal or failure concerning a relevant person, the court may enquire into the case and, after hearing any evidence that may be adduced, may do one or more of the following:
- (a) direct that the relevant person attend or re-attend before the disciplinary committee or produce particular books or documents or answer particular questions put to him or her by the committee;
 - (b) direct that the relevant person need not produce a particular book or document or answer a particular question put to him or her by that committee;
 - (c) make any other ancillary or consequential order or give any other direction that the court thinks fit.
- (6) The production of any books or documents under this section by a person who claims a lien on them does not prejudice the lien.
- (7) Any information produced or answer given by a member of a prescribed accountancy body in compliance with a requirement under this section may be used in evidence against the member in any proceedings whatsoever, save proceedings for an offence (other than perjury in respect of such an answer).”.

Liability of prescribed body for acts, omissions etc.

97. The Principal Act is amended by the insertion of the following section after section 942:

“942A. (1) Neither a prescribed body nor any person who is or was—

(a) a member or director, or

(b) other officer or employee,

of the prescribed body shall be liable for damages for anything done, anything purported to be done or anything omitted to be done by the prescribed body or that person in performing the functions specified in subsection (2) unless the act or omission is shown to have been in bad faith.

(2) Subsection (1) applies to the issuing of accounting standards.

(3) In this section, ‘prescribed body’ means a body prescribed under section 943(1)(h).”.

Further miscellaneous amendments of Principal Act

98. The Principal Act is amended—

(a) in section 2(1), in the definition of “Director”, by the substitution of “952” for “954”,

(b) in section 183—

(i) in subsection (9), by the substitution of “previous death of the appointer” for “previous death or insanity of the appointer”, and

(ii) in subsection (10), by the substitution of “such death, revocation or transfer” for “such death, insanity, revocation or transfer”,

(c) in section 408(1), by the substitution of the following paragraph for paragraph (c):

“(c) shares, including shares in a body corporate, bonds or debt instruments,”,

(d) in section 440(1)(a), by the substitution of “any charge created as a floating charge by the company” for “a floating charge”,

(e) in section 497(3), by the substitution of “draft terms of division” for “draft terms of merger”,

(f) in section 580(4), by the substitution of “in the form prescribed by the Minister” for “in the prescribed form”,

(g) in section 604(2), by the substitution of “subsection (1)(i) or (ii)” for “subsection (1)(i),”,

(h) in section 682(2), by the substitution of “in the form prescribed by the Minister” for “in the prescribed form”,

- (i) in section 823(5), by the substitution of “section 895” for “section 894”,
- (j) in section 1178(5), by the substitution of “section 1190” for “section 1189”,
- (k) in section 1205—
 - (i) in paragraph (b), by the substitution of “subsection (9)” for “subsection (8)”, and
 - (ii) by the substitution of the following paragraph for paragraph (c):
 - “(c) in subsection (10), there shall be substituted ‘such death or revocation’ for ‘such death, insanity, revocation or transfer’.”,
- (l) in section 1312(5), by the substitution of “section 1002” for “section 1004”, and
- (m) in section 1317(1)(a)(iv), by the substitution of “section 1319” for “section 1318”.

PART 4

MISCELLANEOUS

Amendment of Transparency (Directive 2004/109/EC) Regulations 2007

99. The Transparency (Directive 2004/109/EC) Regulations 2007 (S.I. No. 277 of 2007) are amended—

- (a) in Regulation 2—
 - (i) by the deletion of the definition of “Act of 2006”,
 - (ii) in the definition of “supplemental Directive” by the substitution of “section 1379 of the Act of 2014” for “the Act of 2006”,
 - (iii) in the definition of “transparency (regulated markets) law” by the substitution of “section 1379 of the Companies Act 2014” for “the Act of 2006”,
 - (iv) in the definition of “treasury shares” by the substitution of “Act of 2014” for “Companies Acts”, and
 - (v) by the insertion of the following definitions:
 - “ ‘Accounting Directive’ means Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013⁷ on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC;
 - ‘Act of 2014’ means the Companies Act 2014 (No. 38 of 2014);”,

⁷ OJ No. L182, 29.6.2013, p.19.

- (b) in paragraph (a) of Regulation 4(4), by the substitution of “Accounting Directive” for “Seventh Council Directive 83/349/EEC of 13 June 1983”, and
- (c) in Regulation 5—
 - (i) in paragraph (2)(a), by the substitution of “Article 34 and, where relevant, Article 20 of the Accounting Directive” for “Article 37 of the Seventh Council Directive 83/349/EEC of 13 June 1983 (the most recent measure adopted by the State for its implementation being the European Communities (Financial Reporting Standards and Miscellaneous Amendments) Regulations 2005 (S.I. No. 116 of 2005))”,
 - (ii) in paragraph (2)(b), by the substitution of “Article 34, and where relevant, Article 20 of the Accounting Directive” for “Articles 51 and 51a of the Fourth Council Directive 78/660/EEC of 25 July 1978 (the most recent measure adopted by the State for their implementation being the regulations referred to in subparagraph (a))”,
 - (iii) in paragraph (3)(a), by the substitution of “Article 29 of the Accounting Directive” for “Article 36 of the Seventh Council Directive 83/349/EEC of 13 June 1983 (the most recent measure adopted by the State for its implementation being the regulations referred to in paragraph (2)(a))”, and
 - (iv) in paragraph (3)(b), by the substitution of “Article 19, and where relevant, Article 20 of the Accounting Directive” for “Article 46 of the Fourth Council Directive 78/660/EEC of 25 July 1978 (the most recent measure adopted by the State for its implementation being the regulations referred to in paragraph (2)(a))”.

Amendment of European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011

100. The European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (S.I. No. 352 of 2011) are amended—

- (a) by the insertion of the following Regulation after Regulation 42:

“**42A.**(1) This Regulation applies to UCITS which are constituted as—

- (a) investment companies with fixed capital that are registered as public limited companies, or
- (b) investment companies with variable capital that are registered as public limited companies and the articles of which provide that—
 - (i) the amount of the paid-up share capital of the investment company concerned shall at all times be equal to the net asset value of the company, and
 - (ii) the shares of the investment company concerned shall have no par value.

- (2) A company to which this Regulation applies shall, once in every year after the expiration of its first financial year, deliver to the Registrar, in the prescribed manner, copies of the documents referred to in paragraph (3) not later than 11 months after the end of the company's financial year.
- (3) The documents are as follows, namely:
 - (a) the statutory financial statements of the company for the financial year;
 - (b) the directors' report, including any group directors' report for the financial year;
 - (c) the statutory auditors' report on those financial statements and that directors' report.
- (4) The reference in paragraph (2) to a copy of a document is a reference to a copy that satisfies the following conditions:
 - (a) it is a true copy of the original save for the difference that the signature or signatures on the original, and any date or dates thereon, shall appear in typeset form on the copy;
 - (b) it is accompanied by a certificate of a director and the secretary of the company, that bears the signature of the director and the secretary in electronic or written form, stating that the copy is a true copy of the original (and one such certificate relating to all documents referred to in paragraph (2) suffices and the foregoing statement need not be qualified on account of the difference permitted by paragraph (a) as to the form of a signature or of a date).
- (5) Section 376 of the Companies Act 2014 shall apply to a company to which this Regulation applies as if the following subsection were substituted for subsection (1):

“(1) This section has effect where the directors of an investment company to which Regulation 42A of the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (S.I. No. 352 of 2011) (inserted by *section 100* of the *Companies (Accounting) Act 2017*) applies have prepared revised financial statements or a revised directors' report under section 367 and a copy of the original statutory financial statements or directors' report, has been delivered to the Registrar under that Regulation.”.
- (6) If an investment company to which this Regulation applies fails to comply with the requirements of this Regulation, the company and any officer of it who is in default is guilty of an offence.

(7) A person guilty of an offence under paragraph (6) is liable, on summary conviction, to a class A fine or imprisonment for a term not exceeding 6 months or to both.

(8) In this Regulation ‘Registrar’ means ‘Registrar of Companies’.

and

(b) by the substitution of the following Regulation for Regulation 93:

“**93.** (1) The accounting information given in the annual report shall be audited—

(a) in accordance with Directive 2006/43/EC of the European Parliament and of the Council of 17 May 2006⁸ as amended by Directive 2014/56/EU of the European Parliament and of the Council of 16 April 2014⁹ on statutory audits of annual accounts and consolidated accounts, and

(b) by one or more persons empowered by law to audit accounts in accordance with the Companies Act 2014.

(2) The auditor’s report, including any qualifications, shall be reproduced in full in the annual report.

(3) The form of the auditor’s report shall comply with the requirements of section 336 of the Companies Act 2014 subject to the modification that references in that section to a company shall be construed as references to a UCITS.”

Amendment of European Union (Alternative Investment Fund Managers) Regulations 2013

101. The European Union (Alternative Investment Fund Managers) Regulations 2013 (S.I. No. 257 of 2013) are amended, in Regulation 23—

(a) by the insertion of the following paragraph after paragraph (4):

“(4A) The form of the auditor’s report shall comply with—

(a) the requirements of section 336 of the Companies Act 2014 in the case of an Irish AIF, or

(b) the relevant law transposing Directive 2006/43/EC of the home Member State of the AIF, in the case of an EU AIF,

subject to the modification that references to a company shall be construed as references to an AIF.”

and

(b) in paragraph (5), by the substitution of “By way of derogation from paragraph (4) and (4A)” for “By way of derogation from paragraph (4)”.

⁸ OJ No. L157, 9.6.2006, p. 87.

⁹ OJ No. L158, 27.5.2014, p. 196.

SCHEDULE 1

“SCHEDULE 3
ACCOUNTING PRINCIPLES, FORM AND CONTENT OF ENTITY FINANCIAL STATEMENTS

PART I

CONSTRUCTION OF REFERENCES TO PROVISIONS OF SCHEDULES

1. (1) Without prejudice to the generality of section 9 of the Interpretation Act 2005 and its application to the body of this Act and to Schedules 1, 2 and 5 to 18—
 - (a) a reference in this Schedule to a paragraph or Part is a reference to a paragraph or Part of this Schedule, unless it is indicated that a reference to some other enactment is intended,
 - (b) a reference in this Schedule to a section is a reference to the section of the Part in which the reference occurs, unless it is indicated that a reference to some other enactment is intended, and
 - (c) a reference in this Schedule to a subparagraph or clause is a reference to the subparagraph or clause of the provision in which the reference occurs, unless it is indicated that a reference to some other enactment is intended.
- (2) Provisions providing for the interpretation of certain expressions appearing in this Schedule are contained in Part VI.

PART II

GENERAL RULES AND FORMATS

SECTION A

GENERAL RULES

2. (1) Subject to the provisions of this Schedule—
 - (a) every balance sheet of a company shall show the items listed in either of the balance sheet formats set out in Section B, and
 - (b) every profit and loss account of a company shall show the items listed in either of the profit and loss accounts formats so set out,

in either case in the order and under the headings and sub-

headings given in the format adopted.

- (2) Notwithstanding subparagraph (1)(a), in preparing the balance sheet of a company, the directors of the company may adapt one of the balance sheet formats in Section B so as to distinguish between current and non-current items in a different way, provided that—
 - (a) the information given is at least equivalent to that which would have been required by the use of such format had it not been thus adapted, and
 - (b) the presentation of those items is in accordance with generally accepted accounting principles or practice.
 - (3) Notwithstanding subparagraph (1)(b), the directors of the company may prepare a statement of the performance of the company instead of a profit and loss account and in doing so may adapt one of the profit and loss account formats in Section B, provided that—
 - (a) the information given is at least equivalent to that which would have been required by the use of such format had it not been thus adapted, and
 - (b) the presentation of those items is in accordance with generally accepted accounting principles or practice.
 - (4) Subparagraph (1) shall not be read as requiring the heading or sub-heading for any item in the balance sheet, or profit and loss account, of a company to be distinguished by any letter or number assigned to that item in the formats set out in Section B.
 - (5) So far as is practicable, the following provisions of this section shall apply to the balance sheet and profit and loss account of a company notwithstanding any adaptation pursuant to subparagraphs (2) and (3).
3. (1) Where, in accordance with paragraph 2(1), a company's balance sheet or profit and loss account for any financial year has been prepared by reference to one of the formats set out in Section B or where, in accordance with paragraph 2(2) or 2(3) one of the formats has been adapted, the directors of the company shall adopt the same format in preparing the financial statements for subsequent financial years unless, in their opinion, there are special reasons for a change.
 - (2) Where any change is made in the format adopted in preparing a balance sheet or profit and loss account of a company, the reasons for the change, together with full particulars of the change, shall be given in a note to the financial statements in which the new format is first adopted.

4. (1) Any item required in accordance with paragraph 2 to be shown in the balance sheet or profit and loss account of a company may be shown in greater detail than that required by the format adopted.
- (2) The balance sheet, or profit and loss account, of a company may include an item representing or covering the amount of any asset or liability or income or expenditure not otherwise covered by any of the items listed in the format adopted but the following shall not be treated as assets in the balance sheet of a company—
 - (a) preliminary expenses,
 - (b) expenses of and commission on any issue of shares or debentures, and
 - (c) costs of research.
- (3) The balance sheet, or profit and loss account, of a company may include subtotals where their inclusion facilitates the assessment of the financial position or profit or loss of the company for the financial year concerned.
- (4) Any items to which an Arabic number is assigned in any of the formats set out in Section B may be combined in the financial statements of a company—
 - (a) in any case where the individual amounts of such items are not material to assessing the financial position or profit or loss of the company for the financial year concerned, or
 - (b) in any case where the combination of such items facilitates that assessment.
- (5) Where items are combined in a company's financial statements pursuant to subparagraph (4)(b), the individual amounts of any items so combined shall be disclosed in a note to the financial statements.
- (6) In preparing the balance sheet, or profit and loss account, of a company, the directors of the company shall adapt the arrangement and headings and sub-headings otherwise required by paragraph 2 in respect of items to which an Arabic number is assigned in the format adopted, in any case where the special nature of the company's business requires such adaptation.
- (7) Where an asset or liability relates to more than one of the items listed in either of the balance sheet formats set out in Section B, its relationship to other items shall be disclosed either under the item where it is shown or in the notes to the financial statements.
- (8) The opening balance sheet for each financial year shall correspond to the closing balance sheet for the preceding financial year.

5. (1) Subject to subparagraph (2), in respect of every item shown in the balance sheet, or profit and loss account, or notes thereto, of a company, the corresponding amount for the financial year immediately preceding that to which the balance sheet or profit and loss account relates shall also be shown and, if that corresponding amount is not comparable with the amount to be shown for the item in question in respect of the financial year to which the balance sheet or profit and loss account relates, the former amount may be adjusted, and particulars of the adjustment and the reasons therefor shall be given in a note to the financial statements.
- (2) Corresponding amounts are not required for the movements in fixed assets during the year required by paragraph 46(1) and (3) or the movements in provisions required by paragraph 54(1) and (2).
6. (1) Subject to subparagraph (2), a heading or sub-heading corresponding to an item listed in the format adopted in preparing the balance sheet or profit and loss account of a company shall not be included in the balance sheet or profit and loss account, as the case may be, if there is no amount to be shown for that item in respect of the financial year to which the balance sheet or profit and loss account relates.
- (2) Subparagraph (1) shall not apply in any case where an amount can be shown for the item in question in respect of the financial year immediately preceding that to which the balance sheet or profit and loss account relates, and that amount shall be shown under the heading or sub-heading required by the format adopted as aforesaid.
7. (1) Subject to subparagraph (2), amounts in respect of items representing assets or income may not be set off in the financial statements of a company against amounts in respect of items representing liabilities or expenditure, as the case may be, or *vice versa*.
- (2) Subparagraph (1) shall not apply in any case where such set off is in accordance with applicable accounting standards, provided that the gross amounts are disclosed in a note to the financial statements.

SECTION B

THE REQUIRED FORMATS FOR FINANCIAL STATEMENTS

Preliminary

8. References in this Part to the items listed in any of the formats set out in this Part are references to those items read together with any notes following the formats which apply to any of those items.

9. A number in brackets following any item in, or any heading to, any of the formats set out in this Part is a reference to the note of that number in the notes following the formats.
10. In the notes following the formats—
 - (a) the heading of each note gives the required heading or sub-heading for the item to which it applies and a reference to any letters and numbers assigned to that item in the formats set out in this Part, and
 - (b) references to a numbered format are references to the balance sheet format or (as the case may require) to the profit and loss account format of that number set out in this Part.

BALANCE SHEET FORMATS

Format 1

ASSETS

A. Fixed Assets

I. Intangible assets

1. Development costs
2. Concessions, patents, licences, trade marks and similar rights and assets (1)
3. Goodwill (2)
4. Payments on account

II. Tangible assets

1. Investment property
2. Land and buildings
3. Plant and machinery
4. Fixtures, fittings, tools and equipment
5. Payments on account and assets in course of construction

III. Financial assets

1. Shares in group undertakings
2. Loans to group undertakings
3. Participating interests
4. Loans to undertakings with which the company is linked by virtue of participating interests

5. Other investments other than loans

6. Other loans

B. Current Assets

I. Stocks

1. Raw materials and consumables

2. Work in progress

3. Finished goods and goods for resale

4. Payments on account

II. Debtors (3)

1. Trade debtors

2. Amounts owed by group undertakings

3. Amounts owed by undertakings with which the company is linked by virtue of participating interests

4. Other debtors

5. Called-up share capital not paid

6. Prepayments

7. Accrued income

III. Investments

1. Shares in group undertakings

2. Other investments

IV. Cash at bank and in hand

C. Creditors: Amounts falling due within one year

1. Debenture loans (4)

2. Amounts owed to credit institutions

3. Called-up share capital presented as a liability (8)

4. Payments received on account (5)

5. Trade creditors

6. Bills of exchange payable

7. Amounts owed to group undertakings

8. Amounts owed to undertakings with which the company is linked by virtue of participating interests

9. Other creditors including tax and social insurance (6)

10. Accruals
11. Deferred income (7)
- D. Net current assets (liabilities)
- E. Total assets less current liabilities
- F. Creditors: Amounts falling due after more than one year
 1. Debenture loans (4)
 2. Amounts owed to credit institutions
 3. Called-up share capital presented as a liability (8)
 4. Payments received on account (5)
 5. Trade creditors
 6. Bills of exchange payable
 7. Amounts owed to group undertakings
 8. Amounts owed to undertakings with which the company is linked by virtue of participating interests
 9. Other creditors including tax and social insurance (6)
 10. Accruals
 11. Deferred income (7)
- G. Provisions for liabilities
 1. Retirement benefit and similar obligations
 2. Taxation, including deferred taxation
 3. Other provisions for liabilities
- H. Capital and reserves
 - I. Called-up share capital presented as equity (8)
 - II. Share premium account
 - III. Revaluation reserve
 - IV. Other reserves
 1. Other undenominated capital
 2. Reserve for own shares held
 3. Reserves provided for by the constitution
 4. Other reserves including the fair value reserve (specified as necessary)
 - V. Profit or loss brought forward (10)

VI. Profit or loss for the financial year (10).

BALANCE SHEET FORMATS

Format 2

ASSETS

A. Fixed Assets

I. Intangible assets

1. Development costs
2. Concessions, patents, licences, trade marks and similar rights and assets (1)
3. Goodwill (2)
4. Payments on account

II. Tangible assets

1. Investment property
2. Land and buildings
3. Plant and machinery
4. Fixtures, fittings, tools and equipment
5. Payments on account and assets in course of construction

III. Financial assets

1. Shares in group undertakings
2. Loans to group undertakings
3. Participating interests
4. Loans to undertakings with which the company is linked by virtue of participating interests
5. Other investments other than loans
6. Other loans

B. Current Assets

I. Stocks

1. Raw materials and consumables
2. Work in progress
3. Finished goods and goods for resale
4. Payments on account

II. Debtors (3)

1. Trade debtors
2. Amounts owed by group undertakings
3. Amounts owed by undertakings with which the company is linked by virtue of participating interests
4. Other debtors
5. Called-up share capital not paid
6. Prepayments
7. Accrued income

III. Investments

1. Shares in group undertakings
2. Other investments

IV. Cash at bank and in hand

CAPITAL, RESERVES AND LIABILITIES

A. Capital and reserves

- I. Called-up share capital presented as equity (8)
- II. Share premium account
- III. Revaluation reserve
- IV. Other reserves
 1. Other undenominated capital
 2. Reserve for own shares held
 3. Reserves provided for by the constitution
 4. Other reserves including the fair value reserve (specify as necessary)
- V. Profit or loss brought forward (10)
- VI. Profit or loss for the financial year (10)

B. Provisions for liabilities

1. Retirement benefit and similar obligations
2. Taxation, including deferred taxation
3. Other provisions for liabilities

C. Creditors (9)

1. Debenture loans (4)

2. Amounts owed to credit institutions
3. Called-up share capital presented as a liability (8)
4. Payments received on account (5)
5. Trade creditors
6. Bills of exchange payable
7. Amounts owed to group undertakings
8. Amounts owed to undertakings with which the company is linked by virtue of participating interests
9. Other creditors including tax and social insurance (6)
10. Accruals
11. Deferred income (7)

NOTES ON THE BALANCE SHEET FORMATS

(1) Concessions, patents, licences, trade marks and similar rights and assets (Formats 1 and 2, items A. I. 2)

Amounts in respect of assets shall only be included in a company's balance sheet under this item if either—

- (a) the assets were acquired for valuable consideration and are not required to be shown under goodwill, or
- (b) the assets in question were created by the company itself.

(2) Goodwill

(Formats 1 and 2, items A. I. 3)

Amounts representing goodwill shall only be included to the extent that the goodwill was acquired for valuable consideration.

(3) Debtors

(Formats 1 and 2, items B. II. 1 to 7)

The amount falling due after more than one year shall be shown separately for each item included under debtors.

(4) Debenture loans

(Format 1, item C. 1 and F. 1 and Format 2, item C.1)

The amount of any convertible loans shall be shown separately and the terms and conditions under which those loans are convertible into share capital shall be disclosed in the notes to the financial statements.

(5) Payments received on account

(Format 1, items C. 4 and F. 4 and Format 2, item C.4)

Payments received on account of orders shall be shown for each of these items in so far as they are not shown as deductions from stocks.

(6) Other creditors including tax and social insurance

(Format 1, items C. 9 and F. 9 and Format 2, item C.9)

The amount for creditors in respect of taxation and social insurance shall be shown separately from the amount for other creditors and in respect of taxation there shall be stated separately the amounts included in respect of income tax payable on emoluments to which Chapter 4 of Part 42 of the Taxes Consolidation Act 1997 applies, any other income tax, corporation tax, capital gains tax, value-added tax and any other tax.

(7) Deferred income

(Format 1, items C. 11 and F. 11 and Format 2, items C.11)

The amount in respect of Government grants, that is to say, grants made by or on behalf of the Government, included in this item shall be shown separately in a note to the financial statements unless it is shown separately in the balance sheet.

(8) Called-up share capital

(Format 1, item C. 3, F. 3 and H. I, and Format 2, 'CAPITAL, RESERVES AND LIABILITIES' items A. I and C. 3)

In accordance with the accounting principle in paragraph 17, called-up share capital shall be analysed between shares that are presented as liabilities and share capital.

(9) Creditors

(Format 2, items C. 1 to 11)

Amounts falling due within one year and after one year shall be shown separately for each of these items and their aggregate shall be shown separately for all of these items.

(10) Profit and loss account

(Format 1, items H.V and VI, Format 2, 'CAPITAL, RESERVES AND LIABILITIES' items A.V and V.I)

These items may be combined where the appropriation of profit required by paragraph 53 is given at the foot of the profit and loss account or in a note to the financial statements.

PROFIT AND LOSS ACCOUNT FORMATS

Format 1 (15)

1. Turnover

2. Cost of sales (11)
3. Gross profit or loss
4. Distribution costs (11)
5. Administrative expenses (11)
6. Other operating income
7. Income from shares in group undertakings
8. Income from participating interests
9. Income from other financial assets (12)
10. Other interest receivable and similar income (12)
11. Value adjustments in respect of financial assets and investments held as current assets
12. Interest payable and similar expenses (13)
13. Tax on profit or loss
14. Profit or loss after taxation
15. Other taxes not shown under the above items
16. Profit or loss for the financial year (14)

PROFIT AND LOSS ACCOUNT FORMATS

Format 2

1. Turnover
2. Variation in stocks of finished goods and in work in progress
3. Own work capitalised
4. Other operating income
5.
 - (a) Raw materials and consumables
 - (b) Other external expenses
6. Staff costs:
 - (a) Wages and salaries
 - (b) Social insurance costs
 - (c) Other retirement benefit costs
 - (d) Other compensation costs
7.
 - (a) Depreciation and other value adjustments in respect of tangible and intangible fixed assets
 - (b) Value adjustments in respect of current assets to the extent they exceed value adjustments that are normal in

the undertaking concerned

8. Other operating expenses
9. Income from shares in group undertakings
10. Income from participating interests
11. Income from other financial assets (12)
12. Other interest receivable and similar income (12)
13. Value adjustments in respect of financial assets and investments held as current assets
14. Interest payable and similar expenses (13)
15. Tax on profit or loss
16. Profit or loss after taxation
17. Other taxes not shown under the above items
18. Profit or loss for the financial year (14)

NOTES ON THE PROFIT AND LOSS ACCOUNT FORMATS

(11) Cost of sales: Distribution costs: Administrative expenses

(Format 1, items 2, 4 and 5)

These items shall be stated after taking into account any necessary value adjustments for depreciation or diminution in value of assets.

(12) Income from other financial assets: other interest receivable and similar income

(Format 1, items 9 and 10; Format 2, items 11 and 12)

Income and interest derived from group undertakings shall be shown separately from income and interest derived from other sources.

(13) Interest payable and similar expenses

(Format 1, item 12; Format 2, item 14)

The amount payable to group undertakings shall be shown separately.

(14) Profit or loss for the financial year

(Format 1, item 16; Format 2, item 18)

The appropriation of profit required by paragraph 53 may be given at the foot of the profit and loss account or in a note to the financial statements.

(15) Format 1

The amounts of any value adjustments for depreciation and diminution

in value of tangible and intangible fixed assets falling to be shown under item 7(a) in Format 2 shall be disclosed in a note to the financial statements in any case where the profit and loss account is prepared by reference to Format 1.

PART III

ACCOUNTING PRINCIPLES AND VALUATION RULES

SECTION A

ACCOUNTING PRINCIPLES

Preliminary

11. Subject to paragraph 18, the amounts to be included in the financial statements of a company in respect of the items shown shall be determined in accordance with the principles set out in paragraphs 12 to 17.

Accounting principles

12. The company shall be presumed to be carrying on business as a going concern.
13. Accounting policies and measurement bases shall be applied consistently from one financial year to the next.
14. The amount of any item in the financial statements shall be determined on a prudent basis and in particular—
 - (a) only profits realised at the financial year end date shall be included in the profit and loss account,
 - (b) all liabilities which have arisen in the course of the financial year to which the financial statements relate or of a previous financial year shall be taken into account, even if such liabilities only become apparent between the financial year end date and the date on which the financial statements are signed under section 324, and
 - (c) all value adjustments for diminution in value shall be recognised, whether the result for the financial year to which the financial statements relate is a profit or loss.
15. All income and expenses relating to the financial year to which the financial statements relate shall be taken into account without regard to the date of receipt or payment.
16. In determining the aggregate amount of any item the amount of each individual asset or liability that falls to be taken into account shall be determined separately.

17. Items in the profit and loss account and balance sheet shall be accounted for and presented having regard to the substance of the reported transaction or arrangement in accordance with applicable accounting standards.
18. The provisions of this Schedule need not be complied with where the amounts involved are not material for the purpose of giving a true and fair view.

Departure from the accounting principles

19. If it appears to the directors of a company that there are special reasons for departing from any of the principles stated above in preparing the company's financial statements in any particular year, they may so depart, but particulars of the departure, the reasons for it and its effect on the balance sheet and profit and loss account of the company shall be stated in a note to the financial statements.

SECTION B

HISTORICAL COST ACCOUNTING RULES

Preliminary

20. Subject to sections C and D, the amounts to be included in respect of all items shown in a company's financial statements shall be determined in accordance with the rules set out in paragraphs 21 to 30.

FIXED ASSETS

General Rules

21. Subject to any value adjustment for depreciation or diminution in value made in accordance with paragraph 22 or 23 the amount to be included in respect of any fixed asset shall be its purchase price or production cost.

Rules for depreciation and diminution in value

22. In the case of any fixed asset which has a limited useful economic life, the amount of—
 - (a) its purchase price or production cost, or
 - (b) where it is estimated that any such asset will have a residual value at the end of the period of its useful economic life, its purchase price or production cost less that estimated residual value,

shall be reduced by value adjustments for depreciation calculated to write off that amount systematically over the period of the asset's useful economic life.

23. (1) Where a financial asset of a description falling to be included under item A. III of either of the balance sheet formats set out in Part II has diminished in value, value adjustments for diminution in value may be made in respect of it and the amount to be included in respect of it may be reduced accordingly; and any such value adjustments which are not shown separately in the profit and loss account shall be disclosed (either separately or in aggregate) in a note to the financial statements.
- (2) Value adjustments for diminution in value shall be made in respect of any fixed asset which has diminished in value if the reduction in its value is expected to be permanent (whether its useful economic life is limited or not) and the amount to be included in respect of it shall be reduced accordingly; and any such value adjustments which are not shown separately in the profit and loss account shall be disclosed (either separately or in aggregate) in a note to the financial statements.
- (3) Where the reasons for which any value adjustment was made in accordance with subparagraphs (1) or (2) have ceased to apply to any extent, that value adjustment shall be written back to the extent that it is no longer necessary; and any amounts written back in accordance with this subparagraph which are not shown in the profit and loss account shall be disclosed (either separately or in aggregate) in a note to the financial statements.

Rules for determining particular fixed asset items

24. (1) Notwithstanding that an item in respect of 'development costs' is included under 'fixed assets' in the balance sheet formats set out in Part II, an amount may only be included in a company's balance sheet in respect of that item in special circumstances.
- (2) If an amount is included in a company's balance sheet in respect of development costs, the following information shall be given in a note to the financial statements—
- (a) the period over which the amount of those costs originally capitalised is being or is to be written off, and
- (b) the reasons for capitalising the costs in question.
25. (1) The application of paragraphs 21 to 24 in relation to goodwill and development costs (in any case where goodwill or development costs are treated as assets) and other intangible assets is subject to the following provisions of this paragraph.
- (2) Subject to subparagraph (3)—
- (a) the amount of the consideration for any goodwill acquired by a company,

- (b) the amount of development costs capitalised, or
- (c) the amount of other intangible assets recognised,
- shall be reduced by value adjustments for depreciation calculated to write off that amount systematically over the useful economic life of the goodwill, development costs or other intangible assets.
- (3) Where, in exceptional circumstances, the useful life of goodwill acquired by a company or development costs or other intangible assets capitalised cannot be reliably estimated, the amounts referred to in subparagraphs (2) (a), (b) and (c) shall be reduced by value adjustments for depreciation calculated to write off those amounts systematically over a period which shall be not more than 10 years.
- (4) In any case where any goodwill acquired by a company is shown or included as an asset in the company's balance sheet, the period chosen for writing off the consideration for that goodwill and the reasons for choosing that period shall be disclosed in a note to the financial statements.
- (5) Where, in accordance with paragraph 23(2), a value adjustment for diminution in value has been recognised for goodwill, even if it is considered that the reason for the diminution in value has ceased to exist, the value adjustment shall not be reversed as required by paragraph 23(3).

CURRENT ASSETS

26. Subject to paragraph 27, the amount to be included in respect of any current asset shall be its purchase price or production cost.
27. (1) If the net realisable value of any current asset is lower than its purchase price or production cost, the amount to be included in respect of that asset shall be the net realisable value.
- (2) Where the reasons for which any value adjustment for diminution in value was made under subparagraph (1) have ceased to apply to any extent that value adjustment shall be written back to the extent that it is no longer necessary.

MISCELLANEOUS

Excess of money owed over value received as an asset item

28. (1) Where the amount repayable on any debt owed by a company is greater than the value of the consideration received in the transaction giving rise to the debt, the amount of the difference may be treated as an asset.
- (2) Where any such amount exists—

- (a) it shall be written off by reasonable amounts each year and shall be completely written off before repayment of the debt, and
- (b) if the amount not written off is not shown as a separate item in the company's balance sheet, it shall be disclosed in a note to the financial statements.

DETERMINATION OF PURCHASE PRICE OR PRODUCTION COST

29. (1) The purchase price of an asset shall be determined by adding to the actual price paid any expenses incidental to its acquisition and by deducting from the actual price paid any income incidental to its acquisition.

(2) The production cost of an asset shall be determined by adding to the purchase price of the raw materials and consumables used the amount of the costs incurred by the company which are directly attributable to the production of that asset.

(3) In addition there may be included in the production cost of an asset—

(a) a reasonable proportion of the costs incurred by the company which are only indirectly attributable to the production of that asset, but only to the extent that they relate to the period of production, and

(b) interest on capital borrowed to finance the production of that asset, to the extent that it accrues in respect of the period of production,

provided, however, in a case within clause (b), that the inclusion of the interest in determining the cost of that asset and the amount of the interest so included is disclosed in a note to the financial statements.

(4) Distribution costs may not be included in production costs.

30. (1) Subject to the qualification mentioned in subparagraph (2), the purchase price or production cost of—

(a) any assets which fall to be included under any item shown in a company's balance sheet under the general item 'stocks', and

(b) any assets which are fungible assets (including investments),

may be determined by the application of any of the methods mentioned in subparagraph (3) in relation to any such assets of the same class.

(2) The method chosen shall be one which appears to the directors to

be appropriate in the circumstances of the company.

- (3) The methods are—
 - (a) the method known as ‘first in, first out’ (FIFO),
 - (b) a weighted average price, and
 - (c) any other method reflecting generally accepted best practice.
- (4) For the purpose of this paragraph, assets of any description shall be regarded as fungible if assets of that description are substantially indistinguishable from one another.

SECTION C

ALTERNATIVE ACCOUNTING RULES

Preliminary

31. (1) The rules set out in section B are referred to subsequently in this Schedule as the historical cost accounting rules.
 - (2) Those rules, with the omission of paragraphs 20, 29 and 30, are referred to subsequently in this Part as the depreciation rules; and references subsequently in this Schedule to the historical cost accounting rules do not include the depreciation rules as they apply by virtue of paragraph 34.
32. Subject to paragraphs 34 to 37, the amounts to be included in respect of assets of any description mentioned in paragraph 33 may be determined on any basis so mentioned.

Alternative accounting rules

33. (1) Intangible fixed assets, other than goodwill, may be included at a market value determined as at the date of their last valuation.
 - (2) Tangible fixed assets may be included at a market value determined as at the date of their last valuation.
 - (3) Financial fixed assets may be included either—
 - (a) at a market value determined as at the date of their last valuation, or
 - (b) at a value determined on any basis which appears to the directors to be appropriate in the circumstances of the company,

but in the latter case particulars of the method of valuation adopted and of the reasons for adopting it shall be disclosed in a note to the financial statements.
 - (4) Participating interests in an associated undertaking may be included under the equity method of accounting.

Application of depreciation rules

34. (1) Where the value of any asset of a company is determined on any basis mentioned in paragraph 33, that value shall be, or (as the case may require) be the starting point for determining, the amount to be included in respect of that asset in the company's financial statements, instead of its purchase price or production cost or any value previously so determined for that asset; and the depreciation rules shall apply accordingly in relation to any such asset with the substitution for any reference to its purchase price or production cost of a reference to the value most recently determined for that asset on any basis mentioned in paragraph 33.
- (2) The amount of any value adjustment for depreciation required in the case of any fixed asset by paragraph 22 or 23 as it applies by virtue of subparagraph (1) is referred to subsequently in this paragraph as the adjusted amount; and the amount of any value adjustment which would be required by that paragraph in the case of that asset according to the historical cost accounting rules is referred to as the historical cost amount.
- (3) Where subparagraph (1) applies in the case of any fixed asset, the amount of any value adjustment for depreciation in respect of that asset—
- (a) included in any item shown in the profit and loss account in respect of amounts written off assets of the description in question, or
- (b) taken into account in stating any item so shown which is required by note (11) of the notes on the profit and loss account formats set out in Part II to be stated after taking into account any necessary value adjustments for depreciation or diminution in value of assets included under it,
- may be the historical cost amount instead of the adjusted amount, provided that, if the amount of the value adjustment for depreciation is the historical cost amount, the amount of any difference between the two shall be shown separately in the profit and loss account or in a note to the financial statements.

Additional information in case of departure from historical cost accounting rules

35. (1) This paragraph applies where the amounts to be included in respect of fixed assets covered by any items shown in a company's financial statements have been determined on any basis mentioned in paragraph 33.
- (2) The items affected and the basis of valuation adopted in determining the amounts of the assets in question in the case of

each such item shall be disclosed in the notes to the financial statements on the accounting policies adopted by the company as required by section 321.

- (3) In the case of each balance sheet item affected, the comparable amounts determined according to the historical cost accounting rules shall be shown separately in the balance sheet or in a note to the financial statements.
- (4) In subparagraph (3), references in relation to any item to the comparable amounts determined as there mentioned are references to—
 - (a) the aggregate amount which would be required to be shown in respect of that item if the amounts to be included in respect of all the assets covered by that item were determined according to the historical cost accounting rules, and
 - (b) the aggregate amount of the cumulative value adjustments for depreciation or diminution in value which would be permitted or required in determining those amounts according to those rules.

Revaluation Reserve

36. (1) With respect to any determination of the value of an asset of a company on any basis mentioned in paragraph 33(1) to (3), the amount of any profit or loss arising from that determination (after allowing, where appropriate, for any value adjustments for depreciation or diminution in value made otherwise than by reference to the value so determined and any adjustments of any such value adjustments made in the light of that determination) shall be credited or, as the case may be, debited to a separate reserve (referred to in this paragraph as the 'revaluation reserve').
- (2) The amount of the revaluation reserve shall be shown in the company's balance sheet under a separate sub-heading in the position given for the item 'revaluation reserve' under 'Capital and Reserves' in Format 1 or 2 of the balance sheet formats set out in Part II.
- (3) An amount may be transferred—
 - (a) from the revaluation reserve—
 - (i) to the profit and loss account, if the amount was previously charged to that account, or it represents realised profit, or
 - (ii) on capitalisation,or

- (b) to or from the revaluation reserve in respect of the taxation relating to any profit or loss credited or debited to the reserve, and the revaluation reserve shall be reduced to the extent that the amounts transferred to it are no longer necessary for the purpose of the valuation methods used.
- (4) In subparagraph (3)(a)(ii) 'capitalisation', in relation to an amount standing to the credit of the revaluation reserve, means applying it in wholly or partly paying up unissued shares in the company to be allotted to members of the company as fully or partly paid shares.
- (5) The revaluation reserve shall not be reduced except as mentioned in this paragraph.
- (6) The treatment for taxation purposes of amounts credited or debited to the revaluation reserve shall be disclosed in a note to the financial statements.

Accounting for certain participating interests in entity financial statements

37. (1) Where in accordance with paragraph 33(4), the interest of a company in an associated undertaking in which a participating interest is held, and the amount of profit or loss attributable to such an interest, are included in the financial statements by way of the equity method of accounting any goodwill arising shall be dealt with in accordance with paragraphs 21 to 23 and 25.
- (2) Where the undertaking in which a participating interest is held is itself a holding undertaking, the net assets and profits or losses to be taken into account are those of the holding undertaking and its subsidiary undertakings (after making any consolidation adjustments).
- (3) Where the cumulative profit attributable to the participating interest and recognised in the profit and loss account exceeds the cumulative amount of dividends received or receivable, the amount of the difference shall be placed in a separate reserve which may not be distributed to shareholders.

SECTION D

FAIR VALUE ACCOUNTING RULES

Inclusion of financial instruments at fair value

38. (1) Financial instruments that, under IFRS, may be accounted for in financial statements at fair value, may be so accounted for in financial statements to which the provisions of this Schedule apply, provided that the disclosures required by IFRS are made.
- (2) In this paragraph, 'fair value' means fair value determined in

accordance with relevant IFRS.

Hedged items

39. A company may include any assets or liabilities, or identified portions of such assets or liabilities that qualify as hedged items under a fair value hedge accounting system at the amount required under that system.

Other assets that may be included at fair value

40. (1) This paragraph applies to—
- (a) investment property, and
 - (b) living animals and plants,
- that, under relevant international financial reporting standards, may be included in financial statements at fair value.
- (2) Such investment property and such living animals and plants may be included at fair value, provided that all such investment property or, as the case may be, all such living animals and plants are so included where their fair value can reliably be determined.
- (3) In this paragraph, ‘fair value’ means fair value determined in accordance with relevant IFRS.

Accounting for changes in fair value

41. (1) This paragraph applies where a financial instrument is valued at fair value in accordance with paragraph 38 or 39 or where an asset is valued in accordance with paragraph 40.
- (2) Notwithstanding paragraph 14, a change in the fair value of an investment property or living animal or plant shall be included in the profit and loss account.
- (3) Notwithstanding paragraph 14, a change in the fair value of a financial instrument shall be accounted for in accordance with IFRS and to the extent the change in fair value is not included in the profit and loss account the amount of the change in value shall be credited or (as the case may be) debited to a separate reserve to be known as the ‘fair value reserve’.

The fair value reserve

42. (1) The fair value reserve shall be adjusted when amounts therein are no longer necessary for the purposes of paragraph 41(3).
- (2) The treatment for taxation purposes of amounts credited or debited to the fair value reserve shall be disclosed in a note to the financial statements.

PART IV

INFORMATION REQUIRED BY WAY OF NOTES TO FINANCIAL STATEMENTS

Preliminary

43. (1) Any information required in the case of any company by the following provisions of this Part shall (if not given in the company's financial statements) be given by way of a note to those financial statements.
- (2) These notes shall be presented in the order in which, where relevant, the items to which they relate are presented in the balance sheet and in the profit and loss account.

Information supplementing the balance sheet

44. Paragraphs 45 to 58 require information which either supplements the information given with respect to any particular items shown in the balance sheet or is otherwise relevant to assessing the company's financial position in the light of the information so given.

Debentures

45. (1) If the company has issued any debentures during the financial year to which the financial statements relate, the following information shall be given:
- (a) the reason for making the issue;
 - (b) the classes of debentures issued;
 - (c) in respect of each class of debentures, the amount issued and the consideration received by the company for the issue.
- (2) Where any of the company's debentures are held by a nominee or trustee for the company, the nominal amount of the debentures and the amount at which they are stated in the accounting records kept by the company in accordance with section 281 shall be stated.

Fixed assets

46. (1) In respect of each item which is or would, but for paragraphs 2(2) and 4(4)(b), be shown under the general item 'fixed assets' in the company's balance sheet, the following information shall be given:
- (a) the appropriate amounts in respect of that item as at the date of the beginning of the financial year and as at the financial year end date respectively;

- (b) the effect on any amount shown in the balance sheet in respect of that item of—
 - (i) any revision of the amount in respect of any assets included under that item made during that year on any basis mentioned in paragraph 33 or under the fair value accounting rules,
 - (ii) acquisitions during that year of any assets,
 - (iii) disposals during that year of any assets, and
 - (iv) any transfers of assets of the company to and from that item during that year.
 - (2) The reference in subparagraph (1)(a) to the appropriate amounts in respect of any item as at any date there mentioned is a reference to amounts representing the aggregate amounts determined, as at that date, in respect of assets falling to be included under that item—
 - (a) on the basis of purchase price or production cost (determined in accordance with paragraphs 29 and 30),
 - (b) on any basis mentioned in paragraph 33, or
 - (c) under the fair value accounting rules,as the case may be (leaving out of account in each of clauses (a), (b) and (c) any value adjustments for depreciation or diminution in value).
 - (3) In respect of each item within subparagraph (1)—
 - (a) the cumulative amount of value adjustments for depreciation or diminution in value of assets included under that item as at each date mentioned in subparagraph (1)(a),
 - (b) the amount of any such value adjustments made in respect of the financial year concerned,
 - (c) the amount of any changes made in respect of any such value adjustments during that year in consequence of the disposal of any assets, and
 - (d) the amount of any other changes made in respect of any such value adjustments during that year,shall also be stated.
47. Where any fixed assets of the company (other than listed investments) are included under any item shown in the company's balance sheet at an amount determined on any basis mentioned in paragraph 33(1) to (3), the following information shall be given:

- (a) the years (so far as they are known to the directors) in which the assets were severally valued and the several values;
- (b) in the case of assets that have been valued during the financial year, the names of the persons who valued them or particulars of their qualifications for doing so and (in either case) the bases of valuation used by them.

Financial assets and investments held as current assets

48. (1) In respect of the amount of each item which is or would, but for paragraphs 2(2) or 4(4)(b), be shown in the company's balance sheet under the general items 'financial assets' or 'investments held as current assets' there shall be stated how much of that amount is ascribable to listed investments.
- (2) Where the amount of any listed investments is stated for any item in accordance with subparagraph (1), there shall also be stated the fair value of those investments where it differs from the amount so stated.

Information about fair valuation of assets and liabilities

49. (1) This paragraph applies where financial instruments or assets other than financial instruments have been included at fair value by virtue of paragraphs 38, 39 or 40.
- (2) There shall be stated—
- (a) the significant assumptions underlying the valuation models and techniques where fair values have been determined otherwise than by reference to market price in an active market,
 - (b) for each category of financial instruments or assets other than financial instruments, the fair value of the financial instruments or assets, other than financial instruments, in that category and the amounts—
 - (i) included in the profit and loss account, and
 - (ii) credited or debited to the fair value reserve,in respect of financial instruments or assets, other than financial instruments, in that category,
 - (c) for each class of derivative financial instrument, the extent and nature of the instruments including significant terms and conditions that may affect the amount, timing and certainty of future cash flows, and
 - (d) a table showing movements in the fair value reserve during the financial year.

50. Where the company has derivative financial instruments that it has not accounted for at fair value, there shall be stated for each class of such derivatives—

- (a) the fair value of the derivatives in that class, if such a value can be determined in accordance with paragraph 38, and
- (b) the extent and nature of the derivatives.

51. Where—

- (a) a company has financial assets which could be included at fair value by virtue of paragraph 38,
- (b) those assets are included in the company's financial statements at an amount in excess of their fair value, and
- (c) the company has not made a value adjustment for the diminution in value of those assets in accordance with paragraph 23(1),

there shall be stated—

- (i) the amount at which either the individual assets or appropriate groupings of those assets is stated in the company's financial statements,
- (ii) the fair value of those assets or groupings, and
- (iii) the reasons for not making a value adjustment for diminution in value of those assets, including the nature of the evidence that provides the basis for the belief that the amount at which they are stated in the financial statements will be recovered.

Information where investment property or living animals and plants included at fair value

52. (1) This paragraph applies where the amounts to be included in a company's financial statements in respect of investment property or living animals and plants have been determined in accordance with paragraph 40.
- (2) The balance sheet items affected and the basis of valuation adopted in determining the amounts of the assets in question in the case of each such item shall be disclosed in the notes to the financial statements on the accounting policies adopted by the company as required by section 321.

Dividends, reserves and provisions for liabilities

53. (1) The profit and loss account, balance sheet or notes to the financial statements of a company for a financial year shall show—

- (a) the aggregate amount of dividends paid in the financial year (other than dividends for which a liability existed at the immediately preceding financial year end date),
 - (b) the aggregate amount of dividends the company is liable to pay at the financial year end date (other than dividends for which a liability existed at the immediately preceding financial year end date),
 - (c) separately, any transfer between the profit and loss account reserve and other reserves,
 - (d) any other increase or reduction in the balance on the profit and loss account reserve since the immediately preceding financial year end date,
 - (e) the profit or loss brought forward at the beginning of the financial year, and
 - (f) the profit or loss carried forward at the end of the financial year.
- (2) The aggregate amount of dividends proposed by the directors for approval of the members at the next general meeting shall be stated in a note to the financial statements.
54. (1) Where any amount is transferred—
- (a) to or from any reserves,
 - (b) to any provision for liabilities, or
 - (c) from any provision for liabilities other than for the purpose for which the provision was established,
- and the reserves or provisions for liabilities are or would, but for paragraph 4(4)(b), be shown as separate items in the company's balance sheet, the information mentioned in subparagraph (2) shall be given in respect of each such reserve or provisions for liabilities.
- (2) The information, which is to be set out in tabular form, is—
- (a) the amount of the reserves or provisions for liabilities as at the date of the beginning of the financial year and as at the financial year end date respectively,
 - (b) any amount transferred to or from the reserves or provisions for liabilities during that year, and
 - (c) the source and application respectively of any amounts so transferred.
- (3) Particulars shall be given of each provision included in the item 'other provisions for liabilities' in the company's balance sheet in

any case where the amount of that provision is material.

Provision for taxation

55. The amount of any provision for deferred taxation shall be shown separately from the amount of any provision for other taxation.

Details of indebtedness

56. (1) In respect of each item shown under ‘creditors’ in the company’s balance sheet there shall be stated the aggregate amount of any debts included under that item which fall due for payment or repayment after the end of the period of 5 years beginning with the day next following the end of the financial year.
- (2) Subject to subparagraph (3), in relation to each debt falling to be taken into account under subparagraph (1), the terms of payment or repayment and the rate of any interest payable on the debt shall be stated.
- (3) If the number of debts is such that, in the opinion of the directors, compliance with subparagraph (2) would result in a statement of excessive length, it shall be sufficient to give a general indication of the terms of payment or repayment and the rates of any interest payable on the debts.
- (4) In respect of each item shown under ‘creditors’ in the company’s balance sheet there shall be stated—
- (a) the aggregate amount of any debts included under that item in respect of which any security has been given, and
- (b) an indication of the nature of the securities so given.
- (5) References in subparagraph (1) to an item shown under ‘creditors’ in the company’s balance sheet include references, where amounts falling due to creditors within one year and after more than one year are distinguished in the balance sheet—
- (a) in a case within subparagraph (1), to an item shown under the latter of those categories, and
- (b) in a case within subparagraph (4), to an item shown under either of those categories,
- and references to items shown under ‘creditors’ include references to items which would, but for paragraphs 2(2) or 4(4)(b), be shown under that heading.
57. If any fixed cumulative dividends on the company’s shares are in arrears, there shall be stated, distinguishing between those shares presented as a liability and other shares—

- (a) the amount of the arrears, and
- (b) the period for which the dividends or, if there is more than one class, each class of them are in arrears.

Guarantees and other financial commitments

58. (1) Particulars shall be given of any charge on the assets of the company to secure the liabilities of any other person, including, where practicable, the amount secured.
- (2) Particulars and the total amount or estimated total amount shall be given with respect to any other financial commitment, guarantee or contingency not provided for in the balance sheet.
- (3) An indication of the nature and form of any valuable security given by the company in connection with the commitments, guarantees or contingencies referred to in subparagraph (2) shall be given in the financial statements.
- (4) The total amount of any commitments referred to in subparagraph (2) concerning retirement benefits shall be disclosed separately.
- (5) Particulars, including details of significant assumptions underlying the valuation models, shall be given of retirement benefit commitments which are included in the balance sheet.
- (6) Where any commitment referred to in subparagraphs (4) or (5) relates wholly or partly to retirement benefits payable to past directors of the company, separate particulars shall be given of that commitment.
- (7) The aggregate amount of any commitments, guarantees or contingencies referred to in subparagraph (2) which are undertaken on behalf of or for the benefit of—
- (a) any holding undertaking or fellow subsidiary undertaking of the company,
 - (b) any subsidiary undertaking of the company, or
 - (c) any undertaking in which the company has a participating interest,
- shall be separately stated and those within each of clause (a), (b) and (c) shall also be stated separately from those within any other of those clauses.

Information supplementing the profit and loss account

59. Paragraphs 60 to 63 require information which either supplements the information given with respect to any particular items shown in the profit and loss account or otherwise provides particulars of income or

expenditure of the company or of circumstances affecting the items shown in the profit and loss account.

Separate statement of certain items of income and expenditure

60. Each of the following amounts shall be stated—
- (a) the amount of interest on or any similar expenses in respect of—
 - (i) loans and overdrafts made to the company by credit institutions,
 - (ii) loans to the company from group undertakings,
 - (iii) loans of any other kind made to the company,and
 - (b) the amount of income from listed and unlisted investments.

Particulars of tax

61. (1) The basis on which the charge for corporation tax, income tax and other taxation on profits (whether payable in or outside the State) is computed shall be stated.
- (2) Particulars shall be given of any special circumstances which affect the liability in respect of taxation on profits, income or capital gains for the financial year concerned or the liability in respect of taxation of profits, income or capital gains for succeeding financial years.
- (3) The amount of the charge for corporation tax, income tax and other taxation on profits or capital gains, so far as charged to revenue, including taxation payable outside the State on profits (distinguishing where practicable between corporation tax and other taxation) shall be stated.
- (4) The amounts referred to in subparagraph (3) shall be stated separately in respect of each of the amounts which is or would, but for paragraph 4(4)(b), be shown under the following item in the profit and loss account, that is to say, 'tax on profit or loss'.

Particulars of turnover

62. (1) If, in the course of the financial year, the company has carried on business of 2 or more classes which, in the opinion of the directors, differ substantially from each other, there shall be stated in respect of each class (describing it) the amount of the turnover attributable to that class.
- (2) If, in the course of the financial year, the company has supplied markets which, in the opinion of the directors, differ substantially

from each other, the amount of the turnover attributable to each such market shall also be stated.

- (3) In subparagraph (2), 'market' means a market delimited by geographical bounds.
- (4) In analysing for the purposes of this paragraph the source (in terms of business or in terms of market) of turnover, the directors of the company shall have regard to the manner in which the company's activities are organised.
- (5) For the purpose of this paragraph—
 - (a) classes of business which, in the opinion of the directors, do not differ substantially from each other shall be treated as one class, and
 - (b) markets which, in the opinion of the directors, do not differ substantially from each other shall be treated as one market, and any amounts properly attributable to one class of business or (as the case may be) to one market which are not material may be included in the amount stated in respect of another.
- (6) Where, in the opinion of the directors, the disclosure of any information required by this paragraph would be seriously prejudicial to the interests of the company, that information need not be disclosed, but the fact that any such information has not been disclosed shall be stated.

Exceptional items and miscellaneous matters

63. (1) Where any amount relating to any preceding financial year is included in any item in the profit and loss account, the effect shall be stated.
- (2) The profit and loss account or the notes to the financial statements shall disclose information on the nature, amount and effect of individual items of income and expenditure that are exceptional by virtue of size or incidence.
- (3) Any amount expended on research and development in the financial year, and any amount committed in respect of research and development in subsequent years, shall be stated.
- (4) Where, in the opinion of the directors, the disclosure of any information required by subparagraph (3) would be prejudicial to the interests of the company, that information need not be disclosed, but the fact that any such information has not been disclosed shall be stated.

General information

64. Paragraphs 65 to 67 require other information to be given in the notes to the financial statements.

Related party transactions

65. (1) Subject to subparagraph (3), particulars shall be given in the notes to the financial statements of a company of transactions which have been entered into with related parties by the company if such transactions are material and have not been concluded under normal market conditions and the particulars shall include the amount of such transactions, the nature of the related party relationship and other information about the transactions which is necessary for an understanding of the financial position of the company.
- (2) The provision of particulars and other information about individual transactions may be aggregated according to their nature, except where separate information is necessary for an understanding of the effects of related party transactions on the financial position of the company.
- (3) Subparagraph (1) shall not apply to transactions which are entered into between 2 or more members of a group if any subsidiary undertaking which is party to the transaction is wholly owned by such a member.
- (4) A word or expression that is used in this paragraph and is also used in IFRS has the meaning in this paragraph that it has in IFRS.

Foreign currencies

66. Where sums originally denominated in foreign currencies have been brought into account under any items shown in the balance sheet or profit and loss account, the basis on which those sums have been translated into euro or, if different, the functional currency of the company, shall be stated.

Events after the end of the financial year

67. The particulars and financial impact of material events that have occurred after the end of the financial year shall be given in the notes to the financial statements.

PART V

SPECIAL PROVISIONS WHERE A COMPANY IS A HOLDING COMPANY OR SUBSIDIARY
UNDERTAKING*Dealings with or interests in group undertakings*

68. (1) This Part applies where the company is a holding company, whether or not it is itself a subsidiary undertaking.
- (2) Where a company is a holding company or a subsidiary undertaking and any item required by Part II to be shown in the company's balance sheet, in relation to group undertakings, includes—
- (a) amounts attributable to dealings with or interests in any holding undertaking or fellow subsidiary undertaking, or
 - (b) amounts attributable to dealings with or interests in any subsidiary undertaking of the company,
- the aggregate amounts within clauses (a) and (b), respectively, shall be shown as separate items, either by way of subdivision of the relevant item in the balance sheet or in a note to the company's financial statements.

Interests in debentures of holding company held by subsidiary undertakings

69. (1) Subject to subparagraph (2), where the company is a holding company, the number, description and amount of the debentures of the company held by its subsidiary undertakings or their nominees shall be disclosed in a note to the company's financial statements.
- (2) Subparagraph (1) does not apply in relation to any debentures—
- (a) in the case of which the subsidiary undertaking is concerned as personal representative, or
 - (b) in the case of which it is concerned as trustee,
- provided that in the latter case neither the company nor a subsidiary undertaking of the company is beneficially interested under the trust, otherwise than by way of security only for the purposes of a transaction entered into by it in the ordinary course of a business which includes the lending of money.

Holding undertakings preparing group financial statements

70. (1) Where a company is a subsidiary undertaking, the information specified in subparagraphs (2), (3) and (4) shall be stated with respect to the holding undertaking of—

- (a) the largest group of undertakings for which group financial statements are drawn up and of which the company is a member, and
 - (b) the smallest such group of undertakings.
- (2) The name of the holding undertaking shall be stated.
- (3) There shall be stated—
- (a) if the holding undertaking is incorporated, the address of the holding undertaking's registered office or where the holding undertaking is incorporated outside the State, the registered office (howsoever described) of the holding undertaking in the country in which it is incorporated, or
 - (b) if it is unincorporated, the address of its principal place of business.
- (4) If copies of the group financial statements referred to in subparagraph (1) are available to the public, there shall be stated the addresses from which copies of the financial statements may be obtained.

Provisions of general application

71. (1) This paragraph applies where a company is a holding company and either—
- (a) does not prepare group financial statements, or
 - (b) prepares group financial statements which do not consolidate one or more of its subsidiary undertakings,
- and references in this paragraph to subsidiary undertakings shall be read, in a case within clause (b), as references to such of the subsidiary undertakings of the company concerned as are not consolidated in the group financial statements.
- (2) Subject to the following provisions of this paragraph, there shall be given in the notes to the company's entity financial statements—
- (a) the reasons why subsidiary undertakings are not consolidated in group financial statements, and
 - (b) a statement—
 - (i) showing any qualifications contained in the reports of the statutory auditors of the subsidiary undertakings on their financial statements for their respective financial years ending with or during the financial year of the company, and
 - (ii) of any note or saving contained in those financial

statements to call attention to a matter which, apart from the note or saving, would properly have been referred to in such a qualification,

in so far as the matter which is the subject of the qualification or note is not covered by the company's entity financial statements and is material from the point of view of its members.

- (3) Subject to the following provisions of this paragraph, the aggregate amount of the total investment of the holding company in the shares of the subsidiary undertakings shall be stated in a note to the company's entity financial statements by way of the equity method of accounting.
 - (4) In so far as information required by any of the preceding provisions of this paragraph to be stated in a note to the company's entity financial statements is not obtainable, a statement to that effect shall be given instead in a note to those entity financial statements.
 - (5) Where, in any case within subparagraph (1)(b), the company prepares group financial statements, references in the preceding subparagraphs to the company's entity financial statements shall be read as references to the group financial statements.
72. Where a company has subsidiary undertakings whose financial years did not end with that of the company, the following information shall be given in relation to each such subsidiary undertaking (whether or not consolidated in any group financial statements prepared by the company) by way of a note to the company's entity financial statements or (where group financial statements are prepared) to the group financial statements, that is to say—
- (a) the reasons why the company's directors consider that the subsidiary undertakings' financial years should not end with that of the company, and
 - (b) the dates on which the subsidiary undertakings' financial years ending last before that of the company respectively ended or the earliest and latest of those dates.

PART VI

INTERPRETATION OF CERTAIN EXPRESSIONS IN SCHEDULE

Assets: Fixed or Current

73. For the purposes of this Schedule, assets of a company shall be taken to be fixed assets if they are intended for use on a continuing basis in the company's activities, and any assets not intended for such use shall be taken to be current assets.

Capitalisation

74. References in this Schedule to capitalising any work or costs are references to treating that work or those costs as a fixed asset.

Investment property

75. In this Schedule, 'investment property' means land or buildings (or both) held to earn rentals or for capital appreciation (or both).

Listed investments

76. In this Schedule, 'listed investments' means investments as respects which there has been granted a listing on—
- (a) any regulated market or other stock exchange in the State,
 - (b) any regulated market or other stock exchange of repute in any other EEA state, or
 - (c) any stock exchange of repute in a state that is not an EEA state.

Loans

77. For the purposes of this Schedule, a loan shall be treated as falling due for payment, and an instalment of a loan shall be treated as falling due for payment, on the earliest date on which the lender could require repayment or (as the case may be) payment, if the lender exercised all options and rights available to him or her.

Materiality

78. In this Schedule, 'material' means the status of information where its omission or misstatement could reasonably be expected to influence decisions that users make on the basis of the financial statements of the undertaking; and the materiality of individual items shall be assessed in the context of other similar items.

Value adjustments

79. (1) References in this Schedule to value adjustments for depreciation or diminution in value of assets are references to any amount written off by way of providing for depreciation or diminution in value of assets.
- (2) Any reference in the profit and loss account formats set out in Part II to the depreciation of, or amounts written off, assets of any description is a reference to the movement in any value adjustment for depreciation or diminution in value of assets of that description.

Provisions

80. References in this Schedule to provisions for liabilities are references to any amount retained as reasonably necessary for the purpose of providing for any liability the nature of which is clearly defined and which exists at the financial year end date but, as respects the amount of which or the date on which it will be settled, there is uncertainty.

Purchase price

81. References in this Schedule (however expressed) to the purchase price of an asset of a company or of any raw materials or consumables used in the production of any such asset shall be read as including references to any consideration (whether in cash or otherwise) given by the company in respect of that asset or in respect of those materials or consumables (as the case may require).”.

SCHEDULE 2

“SCHEDULE 3A
ACCOUNTING PRINCIPLES, FORM AND CONTENT OF ENTITY FINANCIAL STATEMENTS OF A
COMPANY QUALIFYING FOR THE SMALL COMPANIES REGIME

PART I

CONSTRUCTION OF REFERENCES TO PROVISIONS OF SCHEDULE

1. (1) Without prejudice to the generality of section 9 of the Interpretation Act 2005 and its application to the body of this Act and to Schedules 1, 2 and 5 to 18—
 - (a) a reference in this Schedule to a paragraph or Part is a reference to a paragraph or Part of this Schedule, unless it is indicated that a reference to some other enactment is intended,
 - (b) a reference in this Schedule to a section is a reference to the section of the Part in which the reference occurs, unless it is indicated that a reference to some other enactment is intended, and
 - (c) a reference in this Schedule to a subparagraph or clause is a reference to the subparagraph or clause of the provision in which the reference occurs, unless it is indicated that a reference to some other enactment is intended.
- (2) Provisions providing for the interpretation of certain expressions appearing in this Schedule are contained in Part VI.

PART II

GENERAL RULES AND FORMATS

SECTION A

GENERAL RULES

2. (1) Subject to the provisions of this Schedule—
 - (a) every balance sheet of a company shall show the items listed in either of the balance sheet formats set out in Section B, and
 - (b) every profit and loss account of a company shall show the items listed in either of the profit and loss accounts formats so set out,

in either case in the order and under the headings and sub-headings given in the format adopted.

- (2) Notwithstanding subparagraph (1)(a), in preparing the balance sheet of a company, the directors of the company may adapt one of the balance sheet formats in Section B so as to distinguish between current and non-current items in a different way, provided that—
 - (a) the information given is at least equivalent to that which would have been required by the use of such format had it not been thus adapted, and
 - (b) the presentation of those items is in accordance with generally accepted accounting principles or practice.
 - (3) Notwithstanding subparagraph (1)(b), the directors of the company may prepare a statement of the performance of the company instead of a profit and loss account and in doing so may adapt one of the profit and loss account formats in Section B, provided that—
 - (a) the information given is at least equivalent to that which would have been required by the use of such format had it not been thus adapted, and
 - (b) the presentation of those items is in accordance with generally accepted accounting principles or practice.
 - (4) Subparagraph (1) shall not be read as requiring the heading or sub-heading for any item in the balance sheet, or profit and loss account, of a company to be distinguished by any letter or number assigned to that item in the formats set out in Section B.
 - (5) So far as is practicable, the following provisions of this Schedule shall apply to the balance sheet and profit and loss account of a company notwithstanding any adaptation pursuant to subparagraphs (2) and (3).
3. (1) Where, in accordance with paragraph 2(1), a company's balance sheet or profit and loss account for any financial year has been prepared by reference to one of the formats set out in Section B or where in accordance with paragraph 2(2) or 2(3) one of the formats has been adapted, the directors of the company shall adopt the same format in preparing the financial statements for subsequent financial years unless, in their opinion, there are special reasons for a change.
 - (2) Where any change is made in the format adopted in preparing a balance sheet or profit and loss account of a company, the reasons for the change, together with full particulars of the change, shall be given in a note to the financial statements in which the new

format is first adopted.

4. (1) Any item required in accordance with paragraph 2 to be shown in the balance sheet or profit and loss account of a company may be shown in greater detail than that required by the format adopted.
- (2) The balance sheet, or profit and loss account, of a company may include an item representing or covering the amount of any asset or liability or income or expenditure not otherwise covered by any of the items listed in the format adopted but the following shall not be treated as assets in the balance sheet of a company—
 - (a) preliminary expenses,
 - (b) expenses of and commission on any issue of shares or debentures, and
 - (c) costs of research.
- (3) The balance sheet, or profit and loss account, of a company may include subtotals where their inclusion facilitates the assessment of the financial position or profit or loss of the company for the financial year concerned.
- (4) Any items to which an Arabic number is assigned in any of the formats set out in Section B may be combined in the financial statements of a company—
 - (a) in any case where the individual amounts of such items are not material to assessing the financial position or profit or loss of the company for the financial year concerned, or
 - (b) in any case where the combination of such items facilitates that assessment.
- (5) Where items are combined in a company's financial statements pursuant to subparagraph (4)(b), the individual amounts of any items so combined shall be disclosed in a note to the financial statements.
- (6) In preparing the balance sheet, or profit and loss account, of a company, the directors of the company shall adapt the arrangement and headings and sub-headings otherwise required by paragraph 2 in respect of items to which an Arabic number is assigned in the format adopted, in any case where the special nature of the company's business requires such adaptation.
- (7) Where an asset or liability relates to more than one of the items listed in either of the balance sheet formats set out in Section B, its relationship to other items shall be disclosed either under the item where it is shown or in the notes to the financial statements.
- (8) The opening balance sheet for each financial year shall

correspond to the closing balance sheet for the preceding financial year.

5. (1) Subject to subparagraph (2), in respect of every item shown in the balance sheet, or profit and loss account, or notes thereto, of a company, the corresponding amount for the financial year immediately preceding that to which the balance sheet or profit and loss account relates shall also be shown and, if that corresponding amount is not comparable with the amount to be shown for the item in question in respect of the financial year to which the balance sheet or profit and loss account relates, the former amount may be adjusted, and particulars of the adjustment and the reasons therefor shall be given in a note to the financial statements.
- (2) Corresponding amounts are not required for the movements in fixed assets during the year required by paragraph 45(1) and (3).
6. (1) Subject to subparagraph (2), a heading or sub-heading corresponding to an item listed in the format adopted in preparing the balance sheet or profit and loss account of a company shall not be included in the balance sheet or profit and loss account, as the case may be, if there is no amount to be shown for that item in respect of the financial year to which the balance sheet or profit and loss account relates.
- (2) Subparagraph (1) shall not apply in any case where an amount can be shown for the item in question in respect of the financial year immediately preceding that to which the balance sheet or profit and loss account relates, and that amount shall be shown under the heading or sub-heading required by the format adopted as aforesaid.
7. (1) Subject to subparagraph (2), amounts in respect of items representing assets or income may not be set off in the financial statements of a company against amounts in respect of items representing liabilities or expenditure, as the case may be, or *vice versa*.
- (2) Subparagraph (1) shall not apply in any case where such set off is in accordance with applicable accounting standards, provided that the gross amounts are disclosed in a note to the financial statements.

SECTION B

THE REQUIRED FORMATS FOR FINANCIAL STATEMENTS

Preliminary

8. References in this Part to the items listed in any of the formats set out in this Part are references to those items read together with any notes

following the formats which apply to any of those items.

9. A number in brackets following any item in, or any heading to, any of the formats set out in this Part is a reference to the note of that number in the notes following the formats.
10. In the notes following the formats—
 - (a) the heading of each note gives the required heading or sub-heading for the item to which it applies and a reference to any letters and numbers assigned to that item in the formats set out in this Part, and
 - (b) references to a numbered format are references to the balance sheet format or (as the case may require) to the profit and loss account format of that number set out in this Part.

BALANCE SHEET FORMATS

Format 1

A. Fixed Assets

I. Intangible assets

1. Development costs
2. Concessions, patents, licences, trade marks and similar rights and assets (1)
3. Goodwill (2)
4. Payments on account

II. Tangible assets

1. Investment property
2. Land and buildings
3. Plant and machinery
4. Fixtures, fittings, tools and equipment
5. Payments on account and assets in course of construction

III. Financial assets

1. Shares in group undertakings
2. Loans to group undertakings
3. Participating interests
4. Loans to undertakings with which the company is linked by virtue of participating interests

5. Other investments other than loans

6. Other loans

B. Current Assets

I. Stocks

1. Raw materials and consumables

2. Work in progress

3. Finished goods and goods for resale

4. Payments on account

II. Debtors (3)

1. Trade debtors

2. Amounts owed by group undertakings

3. Amounts owed by undertakings with which the company is linked by virtue of participating interests

4. Other debtors

5. Called-up share capital not paid

6. Prepayments

7. Accrued income

III. Investments

1. Shares in group undertakings

2. Other investments

IV. Cash at bank and in hand

C. Creditors: Amounts falling due within one year

1. Debenture loans (4)

2. Amounts owed to credit institutions

3. Called-up share capital presented as a liability (6)

4. Payments received on account (5)

5. Trade creditors

6. Bills of exchange payable

7. Amounts owed to group undertakings

8. Amounts owed to undertakings with which the company is linked by virtue of participating interests

9. Other creditors including tax and social insurance

10. Accruals
11. Deferred income
- D. Net current assets (liabilities)
- E. Total assets less current liabilities
- F. Creditors: Amounts falling due after more than one year
 1. Debenture loans (4)
 2. Amounts owed to credit institutions
 3. Called-up share capital presented as a liability (6)
 4. Payments received on account (5)
 5. Trade creditors
 6. Bills of exchange payable
 7. Amounts owed to group undertakings
 8. Amounts owed to undertakings with which the company is linked by virtue of participating interests
 9. Other creditors including tax and social insurance
 10. Accruals
 11. Deferred income
- G. Provisions for liabilities
 1. Retirement benefit and similar obligations
 2. Taxation, including deferred taxation
 3. Other provisions for liabilities
- H. Capital and reserves
 - I. Called-up share capital presented as equity (6)
 - II. Share premium account
 - III. Revaluation reserve
 - IV. Other reserves
 1. Other undenominated capital
 2. Reserve for own shares held
 3. Reserves provided for by the constitution
 4. Other reserves including the fair value reserve (specified as necessary)
 - V. Profit or loss brought forward (8)

VI. Profit or loss for the financial year (8)

BALANCE SHEET FORMATS

Format 2

ASSETS

A. Fixed Assets

I. Intangible assets

1. Development costs
2. Concessions, patents, licences, trade marks and similar rights and assets (1)
3. Goodwill (2)
4. Payments on account

II. Tangible assets

1. Investment property
2. Land and buildings
3. Plant and machinery
4. Fixtures, fittings, tools and equipment
5. Payments on account and assets in course of construction

III. Financial assets

1. Shares in group undertakings
2. Loans to group undertakings
3. Participating interests
4. Loans to undertakings with which the company is linked by virtue of participating interests
5. Other investments other than loans
6. Other loans

B. Current Assets

I. Stocks

1. Raw materials and consumables
2. Work in progress
3. Finished goods and goods for resale
4. Payments on account

II. Debtors (3)

1. Trade debtors
2. Amounts owed by group undertakings
3. Amounts owed by undertakings with which the company is linked by virtue of participating interests
4. Other debtors
5. Called-up share capital not paid
6. Prepayments
7. Accrued income

III. Investments

1. Shares in group undertakings
2. Other investments

IV. Cash at bank and in hand

CAPITAL, RESERVES AND LIABILITIES

A. Capital and reserves

- I. Called-up share capital presented as equity (6)
- II. Share premium account
- III. Revaluation reserve
- IV. Other reserves
 1. Other undenominated capital
 2. Reserve for own shares held
 3. Reserves provided for by the constitution
 4. Other reserves including the fair value reserve (specify as necessary)
- V. Profit or loss brought forward (8)
- VI. Profit or loss for the financial year (8)

B. Provisions for liabilities

1. Retirement benefit and similar obligations
2. Taxation, including deferred taxation
3. Other provisions for liabilities

C. Creditors (7)

1. Debenture loans (4)

2. Amounts owed to credit institutions
3. Called-up share capital presented as a liability (6)
4. Payments received on account (5)
5. Trade creditors
6. Bills of exchange payable
7. Amounts owed to group undertakings
8. Amounts owed to undertakings with which the company is linked by virtue of participating interests
9. Other creditors including tax and social insurance
10. Accruals
11. Deferred income

NOTES ON THE BALANCE SHEET FORMATS

(1) *Concessions, patents, licences, trade marks and similar rights and assets*

(Formats 1 and 2, items A. I. 2)

Amounts in respect of assets shall only be included in a company's balance sheet under this item if either—

- (a) the assets were acquired for valuable consideration and are not required to be shown under goodwill, or
- (b) the assets in question were created by the company itself.

(2) *Goodwill*

(Formats 1 and 2, items A. I. 3)

Amounts representing goodwill shall only be included to the extent that the goodwill was acquired for valuable consideration.

(3) *Debtors*

(Formats 1 and 2, items B. II. 1 to 7)

The amount falling due after more than one year shall be shown separately for each item included under debtors.

(4) *Debenture loans*

(Format 1, item C. 1 and F. 1 and Format 2, item C.1)

The amount of any convertible loans shall be shown separately.

(5) *Payments received on account*

(Format 1, items C. 4 and F. 4 and Format 2, item C.4)

Payments received on account of orders shall be shown for each of these items in so far as they are not shown as deductions from stocks.

(6) *Called-up share capital*

(Format 1, item C. 3, F. 3 and H. I, and Format 2, 'CAPITAL, RESERVES AND LIABILITIES' items A. I and C. 3)

In accordance with the accounting principle in paragraph 17, called-up share capital shall be analysed between shares that are presented as liabilities and share capital.

(7) *Creditors*

(Format 2, items C. 1 to 11)

Amounts falling due within one year and after one year shall be shown separately for each of these items and their aggregate shall be shown separately for all of these items.

(8) *Profit and loss account*

(Format 1, items H.V and VI, Format 2, 'CAPITAL, RESERVES AND LIABILITIES' items A.V and VI)

These items may be combined where the appropriation of profit required by paragraph 48 is given at the foot of the profit and loss account or in a note to the financial statements.

PROFIT AND LOSS ACCOUNT FORMATS

Format 1 (13)

1. Turnover
2. Cost of sales (9)
3. Gross profit or loss
4. Distribution costs (9)
5. Administrative expenses (9)
6. Other operating income
7. Income from shares in group undertakings
8. Income from participating interests
9. Income from other financial assets (10)
10. Other interest receivable and similar income (10)
11. Value adjustments in respect of financial assets and investments held as current assets
12. Interest payable and similar expenses (11)

13. Tax on profit or loss
14. Profit or loss after taxation
15. Other taxes not shown under the above items
16. Profit or loss for the financial year (12)

PROFIT AND LOSS ACCOUNT FORMATS

Format 2

1. Turnover
2. Variation in stocks of finished goods and in work in progress
3. Own work capitalised
4. Other operating income
5.
 - (a) Raw materials and consumables
 - (b) Other external expenses
6. Staff costs:
 - (a) Wages and salaries
 - (b) Social insurance costs
 - (c) Other retirement benefit costs
 - (d) Other compensation costs
7.
 - (a) Depreciation and other value adjustments in respect of tangible and intangible fixed assets
 - (b) Value adjustments in respect of current assets to the extent they exceed value adjustments that are normal in the undertaking concerned
8. Other operating expenses
9. Income from shares in group undertakings
10. Income from participating interests
11. Income from other financial assets (10)
12. Other interest receivable and similar income (10)
13. Value adjustments in respect of financial assets and investments held as current assets
14. Interest payable and similar expenses (11)
15. Tax on profit or loss
16. Profit or loss after taxation
17. Other taxes not shown under the above items

18. Profit or loss for the financial year (12)

NOTES ON THE PROFIT AND LOSS ACCOUNT
FORMATS(9) *Cost of sales: Distribution costs: Administrative expenses*

(Format 1, items 2, 4 and 5)

These items shall be stated after taking into account any necessary value adjustments for depreciation or diminution in value of assets.

(10) *Income from other financial assets: other interest receivable and similar income*

(Format 1, items 9 and 10; Format 2, items 11 and 12)

Income and interest derived from group undertakings shall be shown separately from income and interest derived from other sources.

(11) *Interest payable and similar expenses*

(Format 1, item 12; Format 2, item 14)

The amount payable to group undertakings shall be shown separately.

(12) *Profit or loss for the financial year*

(Format 1, item 16; Format 2, item 18)

The appropriation of profit required by paragraph 48 may be given at the foot of the profit and loss account or in a note to the financial statements.

(13) *Format 1*

The amounts of any value adjustments for depreciation and diminution in value of tangible and intangible fixed assets falling to be shown under item 7(a) in Format 2 shall be shown separately in any case where the profit and loss account is prepared by reference to Format 1.

PART III

ACCOUNTING PRINCIPLES AND VALUATION RULES

SECTION A

ACCOUNTING PRINCIPLES

Preliminary

11. Subject to paragraph 18, the amounts to be included in the financial statements of a company in respect of the items shown shall be determined in accordance with the principles set out in paragraphs 12

to 17.

Accounting principles

12. The company shall be presumed to be carrying on business as a going concern.
13. Accounting policies and measurement bases shall be applied consistently from one financial year to the next.
14. The amount of any item in the financial statements shall be determined on a prudent basis and in particular—
 - (a) only profits realised at the financial year end date shall be included in the profit and loss account,
 - (b) all liabilities which have arisen in the course of the financial year to which the financial statements relate or of a previous financial year shall be taken into account, even if such liabilities only become apparent between the financial year end date and the date on which the financial statements are signed under section 324, and
 - (c) all value adjustments for diminution in value shall be recognised, whether the result for the financial year to which the financial statements relate is a profit or loss.
15. All income and expenses relating to the financial year to which the financial statements relate shall be taken into account without regard to the date of receipt or payment.
16. In determining the aggregate amount of any item the amount of each individual asset or liability that falls to be taken into account shall be determined separately.
17. Items in the profit and loss account and balance sheet shall be accounted for and presented having regard to the substance of the reported transaction or arrangement in accordance with applicable accounting standards.
18. The provisions of this Schedule need not be complied with where the amounts involved are not material for the purpose of giving a true and fair view.

Departure from the accounting principles

19. If it appears to the directors of a company that there are special reasons for departing from any of the principles stated above in preparing the company's financial statements in any particular year, they may so depart, but particulars of the departure, the reasons for it and its effect on the balance sheet and profit and loss account of the company shall be stated in a note to the financial statements.

SECTION B

HISTORICAL COST ACCOUNTING RULES

Preliminary

20. Subject to sections C and D, the amounts to be included in respect of all items shown in a company's financial statements shall be determined in accordance with the rules set out in paragraphs 21 to 30.

FIXED ASSETS

General rules

21. Subject to any value adjustment for depreciation or diminution in value made in accordance with paragraph 22 or 23, the amount to be included in respect of any fixed asset shall be its purchase price or production cost.

Rules for depreciation and diminution in value

22. In the case of any fixed asset which has a limited useful economic life, the amount of—
- (a) its purchase price or production cost, or
 - (b) where it is estimated that any such asset will have a residual value at the end of the period of its useful economic life, its purchase price or production cost less that estimated residual value,

shall be reduced by value adjustments for depreciation calculated to write off that amount systematically over the period of the asset's useful economic life.

23. (1) Where a financial asset of a description falling to be included under item A. III of either of the balance sheet formats set out in Part II has diminished in value, value adjustments for diminution in value may be made in respect of it and the amount to be included in respect of it may be reduced accordingly; and any such value adjustments which are not shown separately in the profit and loss account shall be disclosed (either separately or in aggregate) in a note to the financial statements.
- (2) Value adjustments for diminution in value shall be made in respect of any fixed asset which has diminished in value if the reduction in its value is expected to be permanent (whether its useful economic life is limited or not) and the amount to be included in respect of it shall be reduced accordingly; and any such value adjustments which are not shown separately in the profit and loss account shall be disclosed (either separately or in aggregate) in a note to the financial statements.

- (3) Where the reasons for which any value adjustment was made in accordance with subparagraph (1) or (2) have ceased to apply to any extent, that value adjustment shall be written back to the extent that it is no longer necessary; and any amounts written back in accordance with this subparagraph which are not shown in the profit and loss account shall be disclosed (either separately or in aggregate) in a note to the financial statements.

Rules for determining particular fixed asset items

24. (1) Notwithstanding that an item in respect of 'development costs' is included under 'fixed assets' in the balance sheet formats set out in Part II, an amount may only be included in a company's balance sheet in respect of that item in special circumstances.
- (2) If an amount is included in a company's balance sheet in respect of development costs, the following information shall be given in a note to the financial statements—
- (a) the period over which the amount of those costs originally capitalised is being or is to be written off, and
- (b) the reasons for capitalising the costs in question.
25. (1) The application of paragraphs 21 to 24 in relation to goodwill and development costs (in any case where goodwill or development costs are treated as assets) and other intangible assets is subject to the following provisions of this paragraph.
- (2) Subject to subparagraph (3)—
- (a) the amount of the consideration for any goodwill acquired by a company,
- (b) the amount of development costs capitalised, or
- (c) the amount of other intangible assets recognised,
- shall be reduced by value adjustments for depreciation calculated to write off that amount systematically over the useful economic life of the goodwill, development costs or other intangible assets.
- (3) Where, in exceptional circumstances, the useful life of goodwill acquired by a company or development costs or other intangible assets capitalised cannot be reliably estimated, the amounts referred to in subparagraph (2)(a), (b) and (c) shall be reduced by value adjustments for depreciation calculated to write off those amounts systematically over a period which shall be not more than 10 years.
- (4) In any case where any goodwill acquired by a company is shown or included as an asset in the company's balance sheet, the period chosen for writing off the consideration for that goodwill and the

reasons for choosing that period shall be disclosed in a note to the financial statements.

- (5) Where, in accordance with paragraph 23(2), a value adjustment for diminution in value has been recognised for goodwill, even if it is considered that the reason for the diminution in value has ceased to exist, the value adjustment shall not be reversed as required by paragraph 23(3).

CURRENT ASSETS

26. Subject to paragraph 27, the amount to be included in respect of any current asset shall be its purchase price or production cost.
27. (1) If the net realisable value of any current asset is lower than its purchase price or production cost, the amount to be included in respect of that asset shall be the net realisable value.
- (2) Where the reasons for which any value adjustment for diminution in value was made under subparagraph (1) have ceased to apply to any extent that value adjustment shall be written back to the extent that it is no longer necessary.

MISCELLANEOUS

Excess of money owed over value received as an asset item

28. (1) Where the amount repayable on any debt owed by a company is greater than the value of the consideration received in the transaction giving rise to the debt, the amount of the difference may be treated as an asset.
- (2) Where any such amount exists—
- (a) it shall be written off by reasonable amounts each year and shall be completely written off before repayment of the debt, and
- (b) if the amount not written off is not shown as a separate item in the company's balance sheet, it shall be disclosed in a note to the financial statements.

DETERMINATION OF PURCHASE PRICE OR PRODUCTION COST

29. (1) The purchase price of an asset shall be determined by adding to the actual price paid any expenses incidental to its acquisition and by deducting from the actual price paid any income incidental to its acquisition.
- (2) The production cost of an asset shall be determined by adding to the purchase price of the raw materials and consumables used the amount of the costs incurred by the company which are directly

attributable to the production of that asset.

- (3) In addition there may be included in the production cost of an asset—
- (a) a reasonable proportion of the costs incurred by the company which are only indirectly attributable to the production of that asset, but only to the extent that they relate to the period of production, and
 - (b) interest on capital borrowed to finance the production of that asset, to the extent that it accrues in respect of the period of production,

provided, however, that in a case within clause (b), the inclusion of the interest in determining the cost of that asset and the amount of the interest so included is disclosed in a note to the financial statements.

- (4) Distribution costs may not be included in production costs.

30. (1) Subject to the qualification mentioned in subparagraph (2), the purchase price or production cost of—
- (a) any assets which fall to be included under any item shown in a company's balance sheet under the general item 'stocks', and
 - (b) any assets which are fungible assets (including investments),
- may be determined by the application of any of the methods mentioned in subparagraph (3) in relation to any such assets of the same class.
- (2) The method chosen shall be one which appears to the directors to be appropriate in the circumstances of the company.
- (3) The methods are—
- (a) the method known as 'first in, first out' (FIFO),
 - (b) a weighted average price, and
 - (c) any other method reflecting generally accepted best practice.
- (4) For the purpose of this paragraph, assets of any description shall be regarded as fungible if assets of that description are substantially indistinguishable from one another.

SECTION C

ALTERNATIVE ACCOUNTING RULES

Preliminary

31. (1) The rules set out in Section B are referred to subsequently in this

Schedule as the historical cost accounting rules.

- (2) Those rules, with the omission of paragraphs 20, 29 and 30 are referred to subsequently in this Part as the depreciation rules; and references subsequently in this Schedule to the historical cost accounting rules do not include the depreciation rules as they apply by virtue of paragraph 34.
32. Subject to paragraphs 34 to 37, the amounts to be included in respect of assets of any description mentioned in paragraph 33 may be determined on any basis so mentioned.

Alternative accounting rules

33. (1) Intangible fixed assets, other than goodwill, may be included at a market value determined as at the date of their last valuation.
- (2) Tangible fixed assets may be included at a market value determined as at the date of their last valuation.
- (3) Financial fixed assets may be included either—
- (a) at a market value determined as at the date of their last valuation, or
- (b) at a value determined on any basis which appears to the directors to be appropriate in the circumstances of the company,
- but in the latter case particulars of the method of valuation adopted and of the reasons for adopting it shall be disclosed in a note to the financial statements.
- (4) Participating interests in an associated undertaking may be included under the equity method of accounting.

Application of depreciation rules

34. (1) Where the value of any asset of a company is determined on any basis mentioned in paragraph 33, that value shall be, or (as the case may require) be the starting point for determining, the amount to be included in respect of that asset in the company's financial statements, instead of its purchase price or production cost or any value previously so determined for that asset; and the depreciation rules shall apply accordingly in relation to any such asset with the substitution for any reference to its purchase price or production cost of a reference to the value most recently determined for that asset on any basis mentioned in paragraph 33.
- (2) The amount of any value adjustment for depreciation required in the case of any fixed asset by paragraph 22 or 23 as it applies by virtue of subparagraph (1) is referred to subsequently in this

paragraph as the adjusted amount; and the amount of any value adjustment which would be required by that paragraph in the case of that asset according to the historical cost accounting rules is referred to as the historical cost amount.

- (3) Where subparagraph (1) applies in the case of any fixed asset, the amount of any value adjustment for depreciation in respect of that asset—
- (a) included in any item shown in the profit and loss account in respect of amounts written off assets of the description in question, or
 - (b) taken into account in stating any item so shown which is required by note (9) of the notes on the profit and loss account formats set out in Part II to be stated after taking into account any necessary value adjustments for depreciation or diminution in value of assets included under it,

may be the historical cost amount instead of the adjusted amount, provided that, if the amount of the value adjustment for depreciation is the historical cost amount, the amount of any difference between the two shall be shown separately in the profit and loss account or in a note to the financial statements.

Additional information in case of departure from historical cost accounting rules

35. (1) This paragraph applies where the amounts to be included in respect of fixed assets covered by any items shown in a company's financial statements have been determined on any basis mentioned in paragraph 33.
- (2) The items affected and the basis of valuation adopted in determining the amounts of the assets in question in the case of each such item shall be disclosed in the notes to the financial statements on the accounting policies adopted by the company as required by section 321.
- (3) In the case of each balance sheet item affected the comparable amounts determined according to the historical cost accounting rules shall be shown separately in the balance sheet or in a note to the financial statements.
- (4) In subparagraph (3), references in relation to any item to the comparable amounts determined as there mentioned are references to—
- (a) the aggregate amount which would be required to be shown in respect of that item if the amounts to be included in respect

of all the assets covered by that item were determined according to the historical cost accounting rules, and

- (b) the aggregate amount of the cumulative value adjustments for depreciation or diminution in value which would be permitted or required in determining those amounts according to those rules.

Revaluation Reserve

36. (1) With respect to any determination of the value of an asset of a company on any basis mentioned in paragraph 33(1) to (3), the amount of any profit or loss arising from that determination (after allowing, where appropriate, for any value adjustments for depreciation or diminution in value made otherwise than by reference to the value so determined and any adjustments of any such value adjustments made in the light of that determination) shall be credited or, as the case may be, debited to a separate reserve (referred to in this paragraph as the ‘revaluation reserve’).
- (2) The amount of the revaluation reserve shall be shown in the company’s balance sheet under a separate sub-heading in the position given for the item ‘revaluation reserve’ under ‘Capital and Reserves’ in Format 1 or 2 of the balance sheet formats set out in Part II.
- (3) An amount may be transferred—
- (a) from the revaluation reserve—
 - (i) to the profit and loss account, if the amount was previously charged to that account, or it represents realised profit, or
 - (ii) on capitalisation,
- or
- (b) to or from the revaluation reserve in respect of the taxation relating to any profit or loss credited or debited to the reserve and the revaluation reserve shall be reduced to the extent that the amounts transferred to it are no longer necessary for the purpose of the valuation methods used.
- (4) In subparagraph (3)(a)(ii) ‘capitalisation’, in relation to an amount standing to the credit of the revaluation reserve, means applying it in wholly or partly paying up unissued shares in the company to be allotted to members of the company as fully or partly paid shares.
- (5) The revaluation reserve shall not be reduced except as mentioned in this paragraph.

- (6) The treatment for taxation purposes of amounts credited or debited to the revaluation reserve shall be disclosed in a note to the financial statements.

Accounting for certain participating interests in entity financial statements

37. (1) Where in accordance with paragraph 33(4), the interest of a company in an associated undertaking in which a participating interest is held, and the amount of profit or loss attributable to such an interest, are included in the financial statements by way of the equity method of accounting, any goodwill arising shall be dealt with in accordance with paragraphs 21 to 23 and 25.
- (2) Where the undertaking in which a participating interest is held is itself a holding undertaking, the net assets and profits or losses to be taken into account are those of the holding undertaking and its subsidiary undertakings (after making any consolidation adjustments).
- (3) Where the cumulative profit attributable to the participating interest and recognised in the profit and loss account exceeds the cumulative amount of dividends received or receivable, the amount of the difference shall be placed in a separate reserve which may not be distributed to shareholders.

SECTION D

FAIR VALUE ACCOUNTING RULES

Inclusion of financial instruments at fair value

38. (1) Financial instruments that, under IFRS, may be accounted for in financial statements at fair value, may be so accounted for in financial statements to which the provisions of this Schedule apply, provided that the disclosures required by IFRS are made.
- (2) In this paragraph, 'fair value' means fair value determined in accordance with relevant IFRS.

Hedged items

39. A company may include any assets or liabilities, or identified portions of such assets or liabilities that qualify as hedged items under a fair value hedge accounting system at the amount required under that system.

Other assets that may be included at fair value

40. (1) This paragraph applies to—
- (a) investment property, and
 - (b) living animals and plants,

that, under relevant international financial reporting standards, may be included in financial statements at fair value.

- (2) Such investment property and such living animals and plants may be included at fair value, provided that all such investment property or, as the case may be, all such living animals and plants are so included where their fair value can reliably be determined.
- (3) In this paragraph, 'fair value' means fair value determined in accordance with relevant IFRS.

Accounting for changes in fair value

41. (1) This paragraph applies where a financial instrument is valued at fair value in accordance with paragraph 38 or 39 or where an asset is valued in accordance with paragraph 40.
- (2) Notwithstanding paragraph 14, a change in the fair value of an investment property or living animal or plant shall be included in the profit and loss account.
- (3) Notwithstanding paragraph 14, a change in the fair value of a financial instrument shall be accounted for in accordance with IFRS and to the extent the change in fair value is not referred to in the profit and loss account, the amount of the change in value shall be credited or (as the case may be) debited to a separate reserve to be known, for the purpose of this Schedule as the 'fair value reserve'.

The fair value reserve

42. The fair value reserve shall be adjusted when amounts therein are no longer necessary for the purposes of paragraph 41(3).

PART IV

INFORMATION REQUIRED BY WAY OF NOTES TO FINANCIAL STATEMENTS

Preliminary

43. (1) Any information required in the case of any company by the following provisions of this Part shall (if not given in the company's financial statements) be given by way of a note to those financial statements.
- (2) These notes shall be presented in the order in which, where relevant, the items to which they relate are presented in the balance sheet and in the profit and loss account.

Information supplementing the balance sheet

44. Paragraphs 45 to 51 require information which either supplements the information given with respect to any particular items shown in the balance sheet or is otherwise relevant to assessing the company's financial position in the light of the information so given.

Fixed assets

45. (1) In respect of each item which is or would, but for paragraphs 2(2) and 4(4)(b), be shown under the general item 'fixed assets' in the company's balance sheet, the following information shall be given:
- (a) the appropriate amounts in respect of that item as at the date of the beginning of the financial year and as at the financial year end date respectively;
 - (b) the effect on any amount shown in the balance sheet in respect of that item of—
 - (i) any revision of the amount in respect of any assets included under that item made during that year on any basis mentioned in paragraph 33 or under the fair value accounting rules,
 - (ii) acquisitions during that year of any assets,
 - (iii) disposals during that year of any assets, and
 - (iv) any transfers of assets of the company to and from that item during that year.
- (2) The reference in subparagraph (1)(a) to the appropriate amounts in respect of any item as at any date there mentioned is a reference to amounts representing the aggregate amounts determined, as at that date, in respect of assets falling to be included under that item—
- (a) on the basis of purchase price or production cost (determined in accordance with paragraphs 29 and 30),
 - (b) on any basis mentioned in paragraph 33, or
 - (c) under the fair value accounting rules,
- as the case may be, (leaving out of account in each of clauses (a), (b) and (c) any value adjustments for depreciation or diminution in value).
- (3) In respect of each item within subparagraph (1)—
- (a) the cumulative amount of value adjustments for depreciation or diminution in value of assets included under that item as at each date mentioned in subparagraph (1)(a),

- (b) the amount of any such value adjustments made in respect of the financial year concerned,
 - (c) the amount of any changes made in respect of any such value adjustments during that year in consequence of the disposal of any assets, and
 - (d) the amount of any other changes made in respect of any such value adjustments during that year,
- shall also be stated.

Information about fair valuation of assets and liabilities

46. (1) This paragraph applies where financial instruments or assets other than financial instruments have been included at fair value by virtue of paragraph 38, 39 or 40.
- (2) There shall be stated—
- (a) the significant assumptions underlying the valuation models and techniques where fair values have been determined otherwise than by reference to market price in an active market,
 - (b) for each category of financial instruments or assets other than financial instruments, the fair value of the financial instruments or assets other than financial instruments in that category and the amounts—
 - (i) included in the profit and loss account, and
 - (ii) credited or debited to the fair value reserve,in respect of financial instruments or assets other than financial instruments in that category,
 - (c) for each class of derivative financial instrument, the extent and nature of the instruments including significant terms and conditions that may affect the amount, timing and certainty of future cash flows, and
 - (d) a table showing movements in the fair value reserve during the financial year.

Information where investment property or living animals and plants included at fair value

47. (1) This paragraph applies where the amounts to be included in a company's financial statements in respect of investment property or living animals and plants have been determined in accordance with paragraph 40.
- (2) The balance sheet items affected and the basis of valuation

adopted in determining the amounts of the assets in question in the case of each such item shall be disclosed in the notes to the financial statements on the accounting policies adopted by the company as required by section 321.

Appropriation of profit and loss account

48. The profit and loss account, balance sheet or notes to the financial statements of a company for a financial year shall show—
- (a) the aggregate amount of dividends paid in the financial year (other than dividends for which a liability existed at the immediately preceding financial year end date),
 - (b) the aggregate amount of dividends the company is liable to pay at the financial year end date (other than dividends for which a liability existed at the immediately preceding financial year end date),
 - (c) separately, any transfer between the profit and loss account reserve and other reserves,
 - (d) any other increase or reduction in the balance on the profit and loss account reserve since the immediately preceding financial year end date,
 - (e) the profit or loss brought forward at the beginning of the financial year, and
 - (f) the profit or loss carried forward at the end of the financial year.
49. (1) Where any amount is transferred to or from any revaluation reserves and the revaluation reserves are or would, but for paragraph 2(2) or 4(4)(b), be shown as separate items in the company's balance sheet, the information mentioned in subparagraph (2) shall be given in respect of each such reserve.
- (2) The information, which is to be set out in tabular form, is—
- (a) the amount of the reserves as at the date of the beginning of the financial year and as at the financial year end date respectively,
 - (b) any amount transferred to or from the reserves during that year, and
 - (c) the source and application respectively of any amounts so transferred.

Details of indebtedness

50. (1) In respect of each item shown under 'creditors' in the company's

balance sheet there shall be stated the aggregate amount of any debts included under that item which fall due for payment or repayment after the end of the period of 5 years beginning with the day next following the end of the financial year.

- (2) In respect of each item shown under 'creditors' in the company's balance sheet there shall be stated—
 - (a) the aggregate amount of any debts included under that item in respect of which any security has been given, and
 - (b) an indication of the nature of the securities so given.
- (3) References in subparagraph (1) to an item shown under 'creditors' in the company's balance sheet include references, where amounts falling due to creditors within one year and after more than one year are distinguished in the balance sheet—
 - (a) in a case within subparagraph (1), to an item shown under the latter of those categories, and
 - (b) in a case within subparagraph (2), to an item shown under either of those categories,

and references to items shown under 'creditors' include references to items which would, but for paragraph 2(2) or 4(4)(b), be shown under that heading.

Guarantees and other financial commitments

51. (1) Particulars shall be given of any charge on the assets of the company to secure the liabilities of any other person, including, where practicable, the amount secured.
- (2) Particulars and the total amount or estimated total amount shall be given with respect to any other financial commitment, guarantee or contingency not provided for in the balance sheet.
- (3) An indication of the nature and form of any valuable security given by the company in connection with the commitments, guarantees or contingencies referred to in subparagraph (2) shall be given in the financial statements.
- (4) The total amount of any commitments referred to in subparagraph (2) concerning retirement benefits shall be disclosed separately.
- (5) Particulars, including details of significant assumptions underlying the valuation models shall be given of retirement benefit commitments which are included in the balance sheet.
- (6) Where any commitment referred to in subparagraph (4) or (5) relates wholly or partly to retirement benefits payable to past directors of the company, separate particulars shall be given of

that commitment.

- (7) The aggregate amount of any commitments, guarantees or contingencies referred to in subparagraph (2) which are undertaken on behalf of or for the benefit of—
- (a) any holding undertaking or fellow subsidiary undertaking of the company,
 - (b) any subsidiary undertaking of the company, or
 - (c) any undertaking in which the company has a participating interest,

shall be separately stated and those within each of clause (a), (b) and (c) of this subparagraph shall also be stated separately from those within any other of those clauses.

Information supplementing the profit and loss account

52. Paragraph 53 requires information which either supplements the information given with respect to any particular items shown in the profit and loss account or otherwise provides particulars of income or expenditure of the company or of circumstances affecting the items shown in the profit and loss account.

Exceptional items

53. The profit and loss account or the notes to the financial statements shall disclose information on the nature, amount and effect of individual items of income and expenditure that are exceptional by virtue of size or incidence.

General information

54. Paragraphs 55 and 56 require other information to be given in the notes to the financial statements.

Related party transactions

55. (1) Subject to subparagraphs (3) and (4), particulars shall be given in the notes to the financial statements of a company of transactions which have been entered into with related parties by the company if such transactions are material and have not been concluded under normal market conditions and the particulars shall include the amount of such transactions, the nature of the related party relationship and other information about the transactions which is necessary for an understanding of the financial position of the company.
- (2) The provision of particulars and other information about individual transactions may be aggregated according to their

nature, except where separate information is necessary for an understanding of the effects of related party transactions on the financial position of the company.

- (3) Subparagraph (1) shall not apply to transactions which are entered into between 2 or more members of a group if any subsidiary undertaking which is party to the transaction is wholly owned by such a member.
- (4) Subparagraph (1) applies only to related parties that are—
 - (a) the holders of participating interests in the company,
 - (b) undertakings in which the company holds a participating interest, and
 - (c) directors of the company or of a holding company of the company.
- (5) A word or expression that is used in this paragraph and is also used in IFRS has the meaning in this paragraph that it has in IFRS.

Events after the end of the financial year

56. The particulars and financial impact of material events that have occurred after the end of the financial year shall be given in the notes to the financial statements.

PART V

SPECIAL PROVISIONS WHERE A COMPANY IS A HOLDING COMPANY OR SUBSIDIARY UNDERTAKING

Dealings with or interests in group undertakings

57. This Part applies where the company is a holding company, whether or not it is itself a subsidiary undertaking.

Holding undertaking of smallest group preparing group financial statements

58. (1) Where a company is a subsidiary undertaking, the information specified in subparagraphs (2) and (3) shall be stated with respect to the holding undertaking of the smallest group of undertakings for which group financial statements are drawn up and of which the company is a member.
 - (2) The name of the holding undertaking shall be stated.
 - (3) There shall be stated—

- (a) if the holding undertaking is incorporated, the address of the holding undertaking's registered office or where the holding undertaking is incorporated outside the State, the registered office (howsoever described) of the holding undertaking in the country in which it is incorporated, or
- (b) if it is unincorporated, the address of its principal place of business.

PART VI

INTERPRETATION OF CERTAIN EXPRESSIONS IN SCHEDULE

Assets: Fixed or Current

59. For the purposes of this Schedule, assets of a company shall be taken to be fixed assets if they are intended for use on a continuing basis in the company's activities, and any assets not intended for such use shall be taken to be current assets.

Capitalisation

60. References in this Schedule to capitalising any work or costs are references to treating that work or those costs as a fixed asset.

Investment property

61. In this Schedule, 'investment property' means land or buildings (or both) held to earn rentals or for capital appreciation (or both).

Loans

62. For the purposes of this Schedule, a loan shall be treated as falling due for payment, and an instalment of a loan shall be treated as falling due for payment, on the earliest date on which the lender could require repayment or (as the case may be) payment, if the lender exercised all options and rights available to him or her.

Materiality

63. In this Schedule, 'material' means the status of information where its omission or misstatement could reasonably be expected to influence decisions that users make on the basis of the financial statements of the undertaking; and the materiality of individual items shall be assessed in the context of other similar items.

Value adjustments

64. (1) References in this Schedule to value adjustments for depreciation or diminution in value of assets are references to any amount

written off by way of providing for depreciation or diminution in value of assets.

- (2) Any reference in the profit and loss account formats set out in Part II to the depreciation of, or amounts written off, assets of any description is a reference to the movement in any value adjustment for depreciation or diminution in value of assets of that description.

Provisions

65. References in this Schedule to provisions for liabilities are references to any amount retained as reasonably necessary for the purpose of providing for any liability the nature of which is clearly defined and which exists at the financial year end date but, as respects the amount of which or the date on which it will be settled, there is uncertainty.

Purchase price

66. References in this Schedule (however expressed) to the purchase price of an asset of a company or of any raw materials or consumables used in the production of any such asset shall be read as including references to any consideration (whether in cash or otherwise) given by the company in respect of that asset or in respect of those materials or consumables (as the case may require).”.

SCHEDULE 3

“SCHEDULE 3B
ACCOUNTING PRINCIPLES, FORM AND CONTENT OF FINANCIAL STATEMENTS OF A COMPANY
QUALIFYING FOR THE MICRO COMPANIES REGIME

PART I

CONSTRUCTION OF REFERENCES TO PROVISIONS OF SCHEDULE

1. (1) Without prejudice to the generality of section 9 of the Interpretation Act 2005 and its application to the body of this Act and to Schedules 1, 2 and 5 to 18—
 - (a) a reference in this Schedule to a paragraph or Part is a reference to a paragraph or Part of this Schedule, unless it is indicated that a reference to some other enactment is intended,
 - (b) a reference in this Schedule to a section is a reference to the section of the Part in which the reference occurs, unless it is indicated that a reference to some other enactment is intended, and
 - (c) a reference in this Schedule to a subparagraph or clause is a reference to the subparagraph or clause of the provision in which the reference occurs, unless it is indicated that a reference to some other enactment is intended.
- (2) Provisions providing for the interpretation of certain expressions appearing in this Schedule are contained in Part V.

PART II

GENERAL RULES AND FORMATS

SECTION A

GENERAL RULES

2. (1) Subject to the provisions of this Schedule—
 - (a) every balance sheet of a company shall show the items listed in either of the balance sheet formats set out in Section B, and
 - (b) every profit and loss account of a company shall show the items listed in the profit and loss accounts format so set out, in either case in the order and under the headings given in the

format adopted.

- (2) Subparagraph (1) shall not be read as requiring the heading for any item in the balance sheet, or profit and loss account, of a company to be distinguished by any letter or number assigned to that item in the formats set out in Section B.
3. (1) Where, in accordance with paragraph 2(1)(a), a company's balance sheet for any financial year has been prepared by reference to one of the formats set out in Section B, the directors of the company shall adopt the same format in preparing the financial statements for subsequent financial years unless, in their opinion, there are special reasons for a change.
 - (2) Where any change is made in the format adopted in preparing a balance sheet of a company, the reasons for the change, together with full particulars of the change, shall be given in a note to the financial statements in which the new format is first adopted.
4. (1) Any item required in accordance with paragraph 2 to be shown in the balance sheet or profit and loss account of a company may be shown in greater detail than that required by the format adopted.
 - (2) The balance sheet or profit and loss account of a company may include an item representing or covering the amount of any asset or liability or income or expenditure not otherwise covered by any of the items listed in the format adopted but the following shall not be treated as assets in the balance sheet of a company—
 - (a) preliminary expenses,
 - (b) expenses of and commission on any issue of shares or debentures, and
 - (c) costs of research.
 - (3) The balance sheet or profit and loss account of a company may include subtotals where their inclusion facilitates the assessment of the financial position or profit or loss of the company for the financial year concerned.
 - (4) Where an asset or liability relates to more than one of the items listed in either of the balance sheet formats set out in Section B, its relationship to other items shall be disclosed either under the item where it is shown or in the notes to the financial statements.
 - (5) The opening balance sheet for each financial year shall correspond to the closing balance sheet for the preceding financial year.
5. In respect of every item shown in the balance sheet, or profit and loss account, or notes thereto, of a company, the corresponding amount for the financial year immediately preceding that to which the balance

sheet or profit and loss account relates shall also be shown and, if that corresponding amount is not comparable with the amount to be shown for the item in question in respect of the financial year to which the balance sheet or profit and loss account relates, the former amount may be adjusted, and particulars of the adjustment and the reasons therefor shall be given in a note to the financial statements.

6. (1) Subject to subparagraph (2), a heading corresponding to an item listed in the format adopted in preparing the balance sheet or profit and loss account of a company shall not be included in the balance sheet or profit and loss account, as the case may be, if there is no amount to be shown for that item in respect of the financial year to which the balance sheet or profit and loss account relates.
- (2) Subparagraph (1) shall not apply in any case where an amount can be shown for the item in question in respect of the financial year immediately preceding that to which the balance sheet or profit and loss account relates, and that amount shall be shown under the heading required by the format adopted as aforesaid.
7. (1) Subject to subparagraph (2), amounts in respect of items representing assets or income may not be set off in the financial statements of a company against amounts in respect of items representing liabilities or expenditure, as the case may be, or *vice versa*.
- (2) Subparagraph (1) shall not apply in any case where such set off is in accordance with applicable accounting standards, provided that the gross amounts are disclosed in a note to the financial statements.

SECTION B

THE REQUIRED FORMATS FOR FINANCIAL STATEMENTS

Preliminary

8. References in this Part to the items listed in any of the formats set out in this Part are references to those items read together with any notes following the formats which apply to any of those items.
9. A number in brackets following any item in, or any heading to, any of the formats set out in this Part is a reference to the note of that number in the notes following the formats.
10. In the notes following the formats—
 - (a) the heading of each note gives the required heading for the item to which it applies and a reference to any letters and numbers assigned to that item in the formats set out in this Part, and

- (b) references to a numbered format are references to the balance sheet format of that number set out in this Part.

BALANCE SHEET FORMATS

Format 1

- A. Called up share capital not paid
- B. Fixed assets
- C. Current assets
- D. Prepayments and accrued income
- E. Creditors: amounts falling due within one year
- F. Net current assets (liabilities)
- G. Total assets less current liabilities
- H. Creditors: amounts falling due after more than one year
- I. Provisions for liabilities
- J. Accruals and deferred income
- K. Capital and reserves

Format 2

ASSETS

- A. Called up share capital not paid
- B. Fixed assets
- C. Current assets
- D. Prepayments and accrued income

CAPITAL, RESERVES AND LIABILITIES

- A. Capital and reserves
- B. Provisions for liabilities
- C. Creditors (1)
- D. Accruals and deferred income

NOTE ON THE BALANCE SHEET FORMATS

(1) *Creditors*

(*Format 2, 'CAPITAL, RESERVES AND LIABILITIES', item C*)

Amounts falling due within one year and after one year shall be shown separately.

PROFIT AND LOSS ACCOUNT FORMAT

1. Turnover
2. Other income
3. Cost of raw materials and consumables
4. Staff costs
5. Value adjustments and other amounts written off assets
6. Other expenses
7. Tax
8. Profit or loss

PART III

ACCOUNTING PRINCIPLES AND VALUATION RULES

SECTION A

ACCOUNTING PRINCIPLES

Preliminary

11. Subject to paragraph 18, the amounts to be included in the financial statements of a company in respect of the items shown shall be determined in accordance with the principles set out in paragraphs 12 to 17.

Accounting principles

12. The company shall be presumed to be carrying on business as a going concern.
13. Accounting policies and measurement bases shall be applied consistently from one financial year to the next.
14. The amount of any item in the financial statements shall be determined on a prudent basis and in particular—
 - (a) only profits realised at the financial year end date shall be included in the profit and loss account,
 - (b) all liabilities which have arisen in the course of the financial year to which the financial statements relate or of a previous financial year shall be taken into account, even if such liabilities only become apparent between the financial year end date and the date on which the financial statements are signed under section 324, and

- (c) all value adjustments for diminution in value shall be recognised, whether the result for the financial year to which the financial statements relate is a profit or loss.
15. All income and expenses relating to the financial year to which the financial statements relate shall be taken into account without regard to the date of receipt or payment.
 16. In determining the aggregate amount of any item the amount of each individual asset or liability that falls to be taken into account shall be determined separately.
 17. Items in the profit and loss account and balance sheet shall be accounted for and presented having regard to the substance of the reported transaction or arrangement in accordance with applicable accounting standards.
 18. The provisions of this Schedule need not be complied with where the amounts involved are not material for the purpose of giving a true and fair view.

Departure from the accounting principles

19. If it appears to the directors of a company that there are special reasons for departing from any of the principles stated above in preparing the company's financial statements in any particular year, they may so depart, but particulars of the departure, the reasons for it and its effect on the balance sheet and profit and loss account of the company shall be stated in a note to the financial statements.

SECTION B

HISTORICAL COST ACCOUNTING RULES

Preliminary

20. The amounts to be included in respect of all items shown in a company's financial statements shall be determined in accordance with the rules set out in paragraphs 21 to 30.

FIXED ASSETS

General rules

21. Subject to any value adjustment for depreciation or diminution in value made in accordance with paragraph 22 or 23, the amount to be included in respect of any fixed asset shall be its purchase price or production cost.

Rules for depreciation and diminution in value

22. In the case of any fixed asset which has a limited useful economic life,

the amount of—

- (a) its purchase price or production cost, or
- (b) where it is estimated that any such asset will have a residual value at the end of the period of its useful economic life, its purchase price or production cost less that estimated residual value,

shall be reduced by value adjustments for depreciation calculated to write off that amount systematically over the period of the asset's useful economic life.

23. (1) Where a financial asset of a description falling to be included under item A. III of either of the balance sheet formats set out in Part II has diminished in value, value adjustments for diminution in value may be made in respect of it and the amount to be included in respect of it may be reduced accordingly; and any such value adjustments which are not shown separately in the profit and loss account shall be disclosed (either separately or in aggregate) in a note to the financial statements.
- (2) Value adjustments for diminution in value shall be made in respect of any fixed asset which has diminished in value if the reduction in its value is expected to be permanent (whether its useful economic life is limited or not) and the amount to be included in respect of it shall be reduced accordingly; and any such value adjustments which are not shown separately in the profit and loss account shall be disclosed (either separately or in aggregate) in a note to the financial statements.
- (3) Where the reasons for which any value adjustment was made in accordance with subparagraph (1) or (2) have ceased to apply to any extent, that value adjustment shall be written back to the extent that it is no longer necessary; and any amounts written back in accordance with this subparagraph which are not shown in the profit and loss account shall be disclosed (either separately or in aggregate) in a note to the financial statements.

Rules for determining particular fixed asset items

24. (1) Notwithstanding that an item in respect of 'development costs' is included under 'fixed assets' in the balance sheet formats set out in Part II, an amount may only be included in a company's balance sheet in respect of that item in special circumstances.
- (2) If an amount is included in a company's balance sheet in respect of development costs, the following information shall be given in a note to the financial statements—

- (a) the period over which the amount of those costs originally capitalised is being or is to be written off, and
 - (b) the reasons for capitalising the costs in question.
25. (1) The application of paragraphs 21 to 23 in relation to goodwill and development costs (in any case where goodwill or development costs are treated as assets) and other intangible assets is subject to the following provisions of this paragraph.
- (2) Subject to subparagraph (3)—
- (a) the amount of the consideration for any goodwill acquired by a company,
 - (b) the amount of development costs capitalised, or
 - (c) the amount of other intangible assets recognised,
- shall be reduced by value adjustments for depreciation calculated to write off that amount systematically over the useful economic life of the goodwill, development costs or other intangible assets.
- (3) Where, in exceptional circumstances, the useful life of goodwill acquired by a company or development costs or other intangible assets capitalised cannot be reliably estimated, the amounts referred to in subparagraph (2)(a), (b) and (c) shall be reduced by value adjustments for depreciation calculated to write off those amounts systematically over a period which shall be not more than 10 years.
- (4) In any case where any goodwill acquired by a company is shown or included as an asset in the company's balance sheet, the period chosen for writing off the consideration for that goodwill and the reasons for choosing that period shall be disclosed in a note to the financial statements.
- (5) Where, in accordance with paragraph 23(2), a value adjustment for diminution in value has been recognised for goodwill, even if it is considered that the reason for the diminution in value has ceased to exist, the value adjustment shall not be reversed as required by paragraph 23(3).

CURRENT ASSETS

26. Subject to paragraph 27, the amount to be included in respect of any current asset shall be its purchase price or production cost.
27. (1) If the net realisable value of any current asset is lower than its purchase price or production cost, the amount to be included in respect of that asset shall be the net realisable value.
- (2) Where the reasons for which any value adjustment for diminution

in value was made under subparagraph (1) have ceased to apply to any extent that value adjustment shall be written back to the extent that it is no longer necessary.

MISCELLANEOUS

Excess of money owed over value received as an asset item

28. (1) Where the amount repayable on any debt owed by a company is greater than the value of the consideration received in the transaction giving rise to the debt, the amount of the difference may be treated as an asset.
- (2) Where any such amount exists—
- (a) it shall be written off by reasonable amounts each year and shall be completely written off before repayment of the debt, and
 - (b) if the amount not written off is not shown as a separate item in the company's balance sheet, it shall be disclosed in a note to the financial statements.

DETERMINATION OF PURCHASE PRICE OR PRODUCTION COST

29. (1) The purchase price of an asset shall be determined by adding to the actual price paid any expenses incidental to its acquisition and by deducting from the actual price paid any income incidental to its acquisition.
- (2) The production cost of an asset shall be determined by adding to the purchase price of the raw materials and consumables used the amount of the costs incurred by the company which are directly attributable to the production of that asset.
- (3) In addition there may be included in the production cost of an asset—
- (a) a reasonable proportion of the costs incurred by the company which are only indirectly attributable to the production of that asset, but only to the extent that they relate to the period of production, and
 - (b) interest on capital borrowed to finance the production of that asset, to the extent that it accrues in respect of the period of production,
- provided, however, that in a case within clause (b), the inclusion of the interest in determining the cost of that asset and the amount of the interest so included is disclosed in a note to the financial statements.
- (4) Distribution costs may not be included in production costs.

30. (1) Subject to the qualification mentioned in subparagraph (2), the purchase price or production cost of—
- (a) any assets which fall to be included in the general item ‘stocks’ shown in a company’s balance sheet, and
 - (b) any assets which are fungible assets (including investments), may be determined by the application of any of the methods mentioned in subparagraph (3) in relation to any such assets of the same class.
- (2) The method chosen must be one which appears to the directors to be appropriate in the circumstances of the company.
- (3) The methods are—
- (a) the method known as ‘first in, first out’ (FIFO),
 - (b) a weighted average price, and
 - (c) any other method reflecting generally accepted best practice.
- (4) For the purpose of this paragraph, assets of any description shall be regarded as fungible if assets of that description are substantially indistinguishable from one another.

PART IV

INFORMATION REQUIRED BY WAY OF NOTES TO FINANCIAL STATEMENTS

Preliminary

31. (1) Any information required in the case of any company by the following provisions of this Part shall (if not given in the company’s financial statements) be given by way of a note to those financial statements.
- (2) These notes shall be presented in the order in which, where relevant, the items to which they relate are presented in the balance sheet and in the profit and loss account.

Information supplementing the balance sheet

32. Paragraphs 33 to 35 require information which either supplements the information given with respect to any particular items shown in the balance sheet or is otherwise relevant to assessing the company’s financial position in the light of the information so given.

Appropriation of profit and loss account

33. The profit and loss account, balance sheet or notes to the financial statements of a company for a financial year shall show—

- (a) the aggregate amount of dividends paid in the financial year (other than dividends for which a liability existed at the immediately preceding financial year end date),
- (b) the aggregate amount of dividends the company is liable to pay at the financial year end date (other than dividends for which a liability existed at the immediately preceding financial year end date),
- (c) separately, any transfer between the profit and loss account and other reserves,
- (d) any other increase or reduction in the balance on the profit and loss account since the immediately preceding financial year end date,
- (e) the profit or loss brought forward at the beginning of the financial year, and
- (f) the profit or loss carried forward at the end of the financial year.

Details of indebtedness

34. In respect of 'creditors' shown in the company's balance sheet there shall be stated—
- (a) the aggregate amount of any debts included under that item in respect of which any security has been given, and
 - (b) an indication of the nature of the securities so given.

Guarantees and other financial commitments

35. (1) Particulars shall be given of any charge on the assets of the company to secure the liabilities of any other person, including, where practicable, the amount secured.
- (2) Particulars and the total amount or estimated total amount shall be given with respect to any other financial commitments, guarantees or contingencies not provided for in the balance sheet.
- (3) An indication of the nature and form of any valuable security given by the company in connection with the commitments, guarantees or contingencies referred to in subparagraph (2) shall be given in the financial statements.
- (4) The total amount of any commitments within subparagraph (2) concerning retirement benefits shall be disclosed separately.
- (5) Particulars shall be given of retirement benefit commitments which are included in the balance sheet.
- (6) The aggregate amount of any commitments, guarantees or

contingencies referred to in subparagraph (2) which are undertaken on behalf of or for the benefit of—

- (a) any holding undertaking or fellow subsidiary undertaking of the company,
- (b) any subsidiary undertaking of the company, or
- (c) any undertaking in which the company has a participating interest,

shall be separately stated and those within each of clauses (a), (b) and (c) shall also be stated separately from those within any other of those clauses.

PART V

INTERPRETATION OF CERTAIN EXPRESSIONS IN SCHEDULE

Assets: fixed or current

36. For the purposes of this Schedule, assets of a company shall be taken to be fixed assets if they are intended for use on a continuing basis in the company's activities, and any assets not intended for such use shall be taken to be current assets.

Materiality

37. In this Schedule, 'material' means the status of information where its omission or misstatement could reasonably be expected to influence decisions that users make on the basis of the financial statements of the undertaking. The materiality of individual items shall be assessed in the context of other similar items.

Value adjustments

38. (1) References in this Schedule to value adjustments for depreciation or diminution in value of assets are references to any amount written off by way of providing for depreciation or diminution in value of assets.
- (2) Any reference in the profit and loss account format set out in Part II to amounts written off assets is a reference to the movement in any value adjustment for depreciation or diminution in value of assets of that description.

Provisions

39. References in this Schedule to provisions are references to any amount retained as reasonably necessary for the purpose of providing for any liability the nature of which is clearly defined and which exists at the financial year end date but, as respects the amount of which or the date

on which it will be settled, there is uncertainty.

Purchase price

40. References in this Schedule (however expressed) to the purchase price of an asset of a company or of any raw materials or consumables used in the production of any such asset shall be read as including references to any consideration (whether in cash or otherwise) given by the company in respect of that asset or in respect of those materials or consumables (as the case may require).”.

SCHEDULE 4

“SCHEDULE 4
ACCOUNTING PRINCIPLES, FORM AND CONTENT OF GROUP FINANCIAL STATEMENTS

PART I

CONSTRUCTION OF REFERENCES TO PROVISIONS OF SCHEDULE

1. Without prejudice to the generality of section 9 of the Interpretation Act 2005 and its application to the body of this Act and to Schedules 1, 2 and 5 to 18—
 - (a) a reference in this Schedule to a paragraph or Part is a reference to a paragraph or Part of this Schedule, unless it is indicated that a reference to some other enactment is intended, and
 - (b) a reference in this Schedule to a subparagraph or clause is a reference to the subparagraph or clause of the provision in which the reference occurs, unless it is indicated that a reference to some other enactment is intended.

PART II

GENERAL RULES AND FORMATS

GENERAL RULES

2. (1) Group financial statements shall comply, except for any necessary modifications to take account of differences between group financial statements and entity financial statements, with the provisions of Schedule 3 as if the undertakings included in the consolidation (the ‘group’) were a single company.
- (2) In particular, for the purposes of paragraph 68 of Schedule 3 as it applies to group financial statements—
 - (a) any subsidiary undertakings of the holding company not dealt with in the group financial statements shall be treated as a subsidiary undertaking of the group, and
 - (b) if the holding company is itself a subsidiary undertaking, the group shall be treated as a subsidiary undertaking of any holding undertaking of the holding company, and the reference to fellow subsidiary undertakings shall be read accordingly.
3. (1) The group balance sheet and group profit and loss account shall

consolidate in full the information contained in the separate balance sheets and profit and loss accounts of the holding company and of the subsidiary undertakings included in the consolidation, subject to the adjustments required or permitted by the following provisions of this Schedule and to such other adjustments (if any) as may be appropriate in accordance with generally accepted accounting practice.

- (2) If the financial year of a subsidiary undertaking dealt with in the group financial statements differs from that of the holding company, the group financial statements shall be drawn up—
 - (a) from the entity financial statements of the subsidiary undertaking for its financial year last ending before the end of the holding company's financial year provided that the financial year ended no more than 3 months before that of the holding undertaking and subparagraph (3) is complied with, or
 - (b) from interim financial statements drawn up by the subsidiary undertaking as at the end of the holding company's financial year.
- (3) Where the group financial statements are drawn up from entity financial statements of a subsidiary undertaking referred to in subparagraph (2)(a), account shall be taken and, where appropriate, disclosure shall be made of important events concerning the assets and liabilities, the financial position and the profit or loss of the subsidiary undertaking between the subsidiary undertaking's financial year end date and that of the holding company.

AMENDMENTS TO FORMATS IN SCHEDULE 3

Non-controlling interests

4. (1) In applying Balance Sheet Formats 1 and 2 set out in Part II of Schedule 3 to group financial statements a separate item under the heading 'Non-controlling Interests' shall be shown—
 - (a) in Format 1 after item H, and
 - (b) in Format 2 under the general heading 'CAPITAL, RESERVES AND LIABILITIES', between items A and B.
 - (2) The amount to be shown under the heading 'Non-controlling Interests' referred to in subparagraph (1) shall be the amount of share capital and reserves attributable to shares in subsidiary undertakings consolidated in the group financial statements held by or on behalf of persons other than the holding company and its subsidiary undertakings.
5. (1) In applying Profit and Loss Account Formats 1 and 2 set out in Part II of Schedule 3 to group financial statements, the profit or

loss for the year shown as—

- (a) in Format 1, item 16, and
- (b) in Format 2, item 18,

shall be attributed between amounts due to ‘Non-controlling Interests’ and equity holders of the holding company.

- (2) The amount to be shown under the heading ‘Non-controlling Interests’ in accordance with subparagraph (1) shall be the amount of any profit or loss for the year attributable to shares in subsidiary undertakings consolidated in the group financial statements held by or on behalf of persons other than the holding company and its subsidiary undertakings.

Other changes

- 6. (1) The formats set out in Part II of Schedule 3 shall have effect in relation to group financial statements with the following modifications.
- (2) In the Balance Sheet Formats, the items headed ‘Participating interests’, that is—
 - (a) in Format 1, item A.III.3, and
 - (b) in Format 2, item A.III.3 under the heading ‘ASSETS’,shall be replaced by 2 items, ‘Interests in associated undertakings’ and ‘Other participating interests’.
- (3) In the Profit and Loss Account Formats, the items headed ‘Income from participating interests’, that is—
 - (a) in Format 1, item 8, and
 - (b) in Format 2, item 10,shall be replaced by 2 items, ‘Income from interests in associated undertakings’ and ‘Income from other participating interests’.

PART III

ACCOUNTING PRINCIPLES AND VALUATION RULES

ACCOUNTING PRINCIPLES

General

- 7. In determining the amounts to be included in the group financial statements, the accounting principles and valuation rules contained in Part III of Schedule 3 shall apply and shall be applied consistently within those group financial statements.

8. (1) Subject to subparagraph (2), a holding company shall apply the same methods of valuation in drawing up its group financial statements as it applies in drawing up its entity financial statements unless the group and entity financial statements are drawn up under different accounting standards; and if so the applicable accounting standards shall be disclosed in the notes to the group and entity financial statements and the reasons given.
 - (2) Subparagraph (1) shall not apply where, in the opinion of the directors, a departure from that paragraph is necessary for the purpose of giving a true and fair view.
 - (3) Where there is any application of subparagraph (2), the particulars of the departure and the reasons therefor shall be disclosed in the notes to the group financial statements.
9. (1) Where the assets and liabilities to be included in the group financial statements have been valued or otherwise determined by undertakings included in the consolidation according to accounting rules differing from those used in the group financial statements, the values or amounts shall be adjusted so as to accord with the rules used for the group financial statements.
 - (2) The adjustments referred to in this paragraph need not be made if they are not material for the purpose of giving a true and fair view.
 - (3) If, in the opinion of the directors of the holding company, there are special reasons for departing from subparagraph (1) they may do so but particulars of any such departure, the reasons therefor and its effect shall be stated in the notes to the group financial statements.

Preparing the consolidation

10. (1) Group financial statements shall show the assets, liabilities and financial position as at the end of the financial year and the profit or loss for the financial year of the holding company and the undertakings included in the consolidation as if they were a single undertaking.
- (2) In particular—
 - (a) debts and claims between the undertakings included in the consolidation shall be eliminated in preparing the group financial statements,
 - (b) income and expenditure relating to transactions between the undertakings included in the consolidation shall be eliminated in preparing the group financial statements, and

(c) where profits and losses resulting from transactions between the undertakings included in the consolidation are included in the book values of assets, they shall be eliminated in preparing the group financial statements,

however clauses (a) to (c) need not be complied with where the amounts involved are not material for the purpose of giving a true and fair view.

11. (1) The methods of consolidation shall be applied consistently from one financial year to the next.
- (2) If, in the opinion of the directors of the holding company, there are special reasons for departing from subparagraph (1) they may do so but particulars of any such departure, the reasons therefor and its effect shall be stated in the notes to the group financial statements.

Accounting for an acquisition

12. (1) Paragraphs 13 to 16 apply where an undertaking becomes a subsidiary undertaking of the holding company.
- (2) That event is referred to in those provisions as an ‘acquisition’ and references to the undertaking acquired or acquired undertaking shall be read accordingly.
13. An acquisition shall be accounted for by the acquisition method of accounting unless the conditions for accounting for it as a merger as set out in paragraph 15 are satisfied and the merger method of accounting is adopted.
14. (1) The acquisition method of accounting is as described in subparagraphs (2) to (6).
- (2) The identifiable assets and liabilities of the undertaking acquired shall be included in the consolidated balance sheet at their fair values as at the date of acquisition.
- (3) The income and expenditure of the undertaking acquired shall be brought into the group financial statements only as from the date of acquisition.
- (4) There shall be calculated the difference between the acquisition cost of the interest in the shares of the acquired undertaking incurred by the undertakings included in the group financial statements, and the interest of the undertakings included in the group financial statements in the adjusted capital and reserves of the undertaking acquired.
- (5) For the foregoing purpose—
- ‘acquisition cost’ means the amount of any cash consideration and

the fair value of any other consideration, together with such amounts (if any) in respect of fees and other expenses of the acquisition as the holding company may determine to have been incurred in relation to the acquisition;

‘adjusted capital and reserves of the undertaking acquired’ means its capital and reserves at the date of the acquisition after adjusting the identifiable assets and liabilities of the undertaking to fair values as at that date.

- (6) The resulting amount—
 - (a) if positive, shall be treated as goodwill and the provisions of Schedule 3 in relation to goodwill shall apply, and
 - (b) if negative, shall be treated as negative goodwill and may be transferred to the profit and loss account in accordance with the accounting principles in Part III of Schedule 3.
15. The conditions for accounting for an acquisition as a merger are—
 - (a) that all of the entities involved in the business combination are ultimately controlled by the same party both before and after the business combination,
 - (b) that such control is not transitory, and
 - (c) that adoption of the merger method accords with generally accepted accounting principles or practice.
16. (1) The merger method of accounting is as set out in subparagraphs (2) to (6).
 - (2) The assets and liabilities of the undertaking acquired shall be brought into the group financial statements at the amount at which they stand in the acquired undertaking’s financial statements, subject to any adjustment authorised or required by this Part.
 - (3) The income and expenditure of the acquired undertaking shall be included in the group financial statements for the entire financial year, including the period before the acquisition.
 - (4) The group financial statements shall show corresponding amounts relating to the previous financial year as if the undertaking had been included in the consolidation throughout that year.
 - (5) There shall be set off against the aggregate of—
 - (a) the appropriate amount in respect of any shares issued by the acquiring company in consideration for the acquisition of shares in the acquired undertaking, and

- (b) the fair value of any other consideration for the acquisition of shares in the acquired undertaking, determined as at the date when those shares were acquired,
- the nominal value of the issued share capital of the acquired undertaking held by the undertakings consolidated in the group financial statements.
- (6) The resulting amount shall be shown as an adjustment to the consolidated reserves.
- (7) In subparagraph (5)(a), the ‘appropriate amount’ in respect of the shares issued shall be determined in accordance with the requirements of sections 71 to 75.
17. Where an acquisition has taken place in the financial year and the merger method of accounting has been adopted, the notes to the financial statements shall disclose—
- (a) the address of the acquired undertaking’s registered office or where the acquired undertaking is incorporated outside the State, the registered office (howsoever described) of the acquired undertaking in the country in which it is incorporated,
- (b) the name of the ultimate controlling party referred to in paragraph 15(a),
- (c) the address of that controlling party’s registered office or where the controlling party is incorporated outside the State, the registered office (howsoever described) of the controlling party in the country in which it is incorporated, and
- (d) the information referred to in paragraph 16(6).
18. (1) Where a group is acquired, paragraphs 12 to 17 apply with the following adaptations.
- (2) References to shares of the acquired undertaking shall be read as references to shares of the holding undertaking of the group acquired.
- (3) Other references to the acquired undertaking shall be read as references to the group acquired; and references to the assets and liabilities, income and expenditure and capital and reserves of the acquired undertaking shall be read as references to the assets and liabilities, income and expenditure and capital and reserves of the group after making the set offs and other adjustments required by this Part in the case of group financial statements.

Changes in the composition of the group

19. If the composition of the undertakings consolidated in the group

financial statements has changed significantly in the course of a financial year, the group financial statements shall include information which makes the comparison of successive sets of group financial statements meaningful.

ACCOUNTING FOR JOINT VENTURES AND ASSOCIATES IN GROUP FINANCIAL STATEMENTS

Joint ventures

20. (1) Where a holding company or one of its subsidiary undertakings consolidated in the group financial statements manages another undertaking jointly with one or more undertakings not consolidated in the group financial statements, that other undertaking (the 'joint venture') may, if it is not a subsidiary undertaking of the holding company, be proportionally consolidated in the group financial statements in proportion to the rights in its capital held by the holding company or the subsidiary undertakings consolidated in the group financial statements, as the case may be.
- (2) The provisions of this Schedule relating to the preparation of consolidated financial statements shall apply, with any necessary modifications, to the inclusion of joint ventures in the consolidated financial statements by proportional consolidation in accordance with subparagraph (1).

Associated undertakings

21. (1) In paragraph 22, 'associated undertaking' means an undertaking in which an undertaking consolidated in the group financial statements has a participating interest and over whose operating and financial policy it exercises a significant influence and which is not—
- (a) a subsidiary undertaking of the holding company, or
 - (b) a joint venture proportionally consolidated in accordance with paragraph 20.
- (2) Where an undertaking holds 20 per cent or more of the voting rights in another undertaking, it shall be presumed to exercise such an influence over it unless the contrary is shown.
- (3) The voting rights in an undertaking means the rights conferred on shareholders in respect of their shares or, in the case of an undertaking not having a share capital, on members, to vote at general meetings of the undertaking on all or substantially all matters.
- (4) The provisions of section 7(5) and (6) with respect to determining

whether shares are held in a body corporate and with respect to reckoning the amount of voting rights held apply, with any necessary modifications, in determining for the purpose of this paragraph whether an undertaking holds 20 per cent or more of the voting rights in another undertaking.

22. (1) The interest of an undertaking consolidated in the group financial statements in an associated undertaking, and the amount of profit or loss attributable to such an interest, shall be shown in the group financial statements by way of the equity method of accounting including dealing with any goodwill arising in accordance with paragraphs 21 to 23 and 25 of Schedule 3.
- (2) Where the associated undertaking is itself a holding undertaking, the net assets and profits or losses to be taken into account are those of the holding undertaking and its subsidiary undertakings (after making any consolidation adjustments).
- (3) The equity method of accounting need not be applied if the amounts in question are not material for the purpose of giving a true and fair view.

Participating interest

23. (1) Subject to subparagraph (5), in paragraph 21 and this paragraph, ‘participating interest’ means an interest held by one undertaking in the equity shares of another undertaking which it holds on a long term basis for the purpose of securing a contribution to that undertaking’s own activities by the exercise of control or influence arising from or related to that interest.
- (2) The reference in subparagraph (1) to an interest in equity shares includes—
- (a) an interest which is convertible into an interest in equity shares, and
- (b) an option to acquire equity shares or any such interest, and an interest or option falls within clause (a) or (b) notwithstanding that the equity shares to which it relates are, until the conversion or the exercise of the option, unissued.
- (3) Where an undertaking holds an interest in equity shares and such an interest represents 20 per cent or more of all such interests in the other undertaking it shall be presumed to hold that interest on the basis and for the purpose mentioned in subparagraph (1) unless the contrary is shown.
- (4) For the purpose of this paragraph an interest held on behalf of an undertaking shall be treated as held by it.

- (5) In the balance sheet and profit and loss formats set out in Part II of Schedule 3, 'participating interest' does not include an interest in a group undertaking.

PART IV

INFORMATION REQUIRED BY WAY OF NOTES TO GROUP FINANCIAL STATEMENTS

24. Without prejudice to paragraph 2, the notes to the group financial statements shall, in addition to providing the information required by Schedule 3, also state the information required by paragraphs 25 to 31.
25. Where sums originally denominated in currencies, other than the currency in which the group financial statements are presented, have been brought into account under any items shown in the balance sheet or profit and loss account, the basis on which those sums have been translated into the currency in which the group financial statements are presented shall be stated.
26. In respect of the aggregate of the amounts shown in the group balance sheet under the heading 'creditors' there shall be stated the information required by paragraph 56 of Schedule 3 as if references in that paragraph to a company were to the company and its subsidiary undertakings taken as a whole.
27. In relation to each joint venture proportionally consolidated, there shall be stated the nature of the joint management arrangement.
28. In disclosing the information in relation to particulars of staff required by section 317, there shall be shown separately the average number of persons employed by undertakings that are proportionally consolidated.
29. In relation to acquisitions taking place in the financial year, there shall be stated in the notes to the group financial statements—
- (a) the name and registered office of the acquired undertaking or where the acquired undertaking is incorporated outside the State, the registered office (howsoever described) of the acquired undertaking in the country in which it is incorporated, or
 - (b) where a group was acquired, the name and registered office of the holding undertaking of that group or where the holding undertaking is incorporated outside the State, the registered office (howsoever described) of the holding undertaking in the country in which it is incorporated, and
 - (c) whether the acquisition has been accounted for by the acquisition method or the merger method of accounting.

30. (1) Where a holding company prepares group financial statements, the following information shall be given with respect to each undertaking which is a subsidiary undertaking of the holding company at the end of the financial year:
- (a) whether the subsidiary undertaking is included in the consolidation and, if it is not, the reasons for excluding it from the consolidation;
 - (b) a statement identifying which of the conditions specified in section 7(2) is the undertaking a subsidiary undertaking of its immediate holding undertaking.
- (2) Paragraph (1)(b) need not be applied if the subsidiary undertaking is an undertaking within the description of section 7(2)(a)(iii) or (iv) and the immediate holding undertaking holds the same proportion of shares in the undertaking as it holds voting rights.
31. Paragraph 65 of Schedule 3 shall, in the case of group financial statements, apply to all transactions entered into by the holding company, or any subsidiary undertaking included in the consolidation, with related parties, being transactions of the kind referred to in that paragraph but not being intra-group transactions.

PART V

MISCELLANEOUS MATTERS

Deferred tax

32. Deferred tax balances shall be recognised on consolidation where it is probable that a charge to tax or a reduction in tax payable will arise within the foreseeable future for one of the undertakings included in the consolidation.”.

SCHEDULE 5

“SCHEDULE 4A
ACCOUNTING PRINCIPLES, FORM AND CONTENT OF GROUP FINANCIAL STATEMENTS FOR
COMPANIES SUBJECT TO THE SMALL COMPANIES REGIME

PART I

CONSTRUCTION OF REFERENCES TO PROVISIONS OF SCHEDULE

1. Without prejudice to the generality of section 9 of the Interpretation Act 2005 and its application to the body of this Act and to Schedules 1, 2 and 5 to 18—
 - (a) a reference in this Schedule to a paragraph or Part is a reference to a paragraph or Part of this Schedule, unless it is indicated that a reference to some other enactment is intended, and
 - (b) a reference in this Schedule to a subparagraph or clause is a reference to the subparagraph or clause of the provision in which the reference occurs, unless it is indicated that a reference to some other enactment is intended.

PART II

GENERAL RULES AND FORMATS

GENERAL RULES

2. (1) Group financial statements shall comply, except for any necessary modifications to take account of differences between group financial statements and entity financial statements, with the provisions of Schedule 3A as if the undertakings included in the consolidation (the ‘group’) were a single company.
- (2) In particular, for the purposes of paragraph 57 of Schedule 3A as it applies to group financial statements—
 - (a) any subsidiary undertakings of the holding company not dealt with in the group financial statements shall be treated as a subsidiary undertaking of the group, and
 - (b) if the holding company is itself a subsidiary undertaking, the group shall be treated as a subsidiary undertaking of any holding undertaking of the holding company, and the reference to fellow subsidiary undertakings shall be read accordingly.

3. (1) The group balance sheet and group profit and loss account shall consolidate in full the information contained in the separate balance sheets and profit and loss accounts of the holding company and of the subsidiary undertakings included in the consolidation, subject to the adjustments required or permitted by the following provisions of this Schedule and to such other adjustments (if any) as may be appropriate in accordance with generally accepted accounting practice.
- (2) If the financial year of a subsidiary undertaking dealt with in the group financial statements differs from that of the holding company, the group financial statements shall be drawn up—
- (a) from the entity financial statements of the subsidiary undertaking for its financial year last ending before the end of the holding company's financial year provided that the financial year ended no more than 3 months before that of the holding undertaking and subparagraph (3) is complied with, or
- (b) from interim financial statements drawn up by the subsidiary undertaking as at the end of the holding company's financial year.
- (3) Where the group financial statements are drawn up from entity financial statements of a subsidiary undertaking referred to in subparagraph (2)(a), account shall be taken and, where appropriate, disclosure shall be made of important events concerning the assets and liabilities, the financial position and the profit or loss of the subsidiary undertaking between the subsidiary undertaking's financial year end date and that of the holding company.

AMENDMENTS TO FORMATS IN SCHEDULE 3A

Non-controlling interests

4. (1) In applying Balance Sheet Formats 1 and 2 set out in Part II of Schedule 3A to group financial statements a separate item under the heading 'Non-controlling Interests' shall be shown—
- (a) in Format 1 after item H, and
- (b) in Format 2 under the general heading 'CAPITAL, RESERVES AND LIABILITIES', between items A and B.
- (2) The amount to be shown under the heading 'Non-controlling Interests' referred to in subparagraph (1) shall be the amount of share capital and reserves attributable to shares in subsidiary undertakings consolidated in the group financial statements held by or on behalf of persons other than the holding company and its

subsidiary undertakings.

5. (1) In applying Profit and Loss Account Formats 1 and 2 set out in Part II of Schedule 3A to group financial statements the profit or loss for the year shown—
 - (a) in Format 1, item 16, and
 - (b) in Format 2, item 18,shall be attributed between amounts due to ‘Non-controlling Interests’ and equity holders of the holding company.
- (2) The amount to be shown under the heading ‘Non-controlling Interests’ in accordance with subparagraph (1) shall be the amount of any profit or loss for the year attributable to shares in subsidiary undertakings consolidated in the group financial statements held by or on behalf of persons other than the holding company and its subsidiary undertakings.

Other changes

6. (1) The formats set out in Part II of Schedule 3A shall have effect in relation to group financial statements with the following modifications.
- (2) In the Balance Sheet Formats, the items headed ‘Participating interests’, that is—
 - (a) in Format 1, item A.III.3, and
 - (b) in Format 2, item A.III.3 under the heading ‘ASSETS’,shall be replaced by 2 items, ‘Interests in associated undertakings’ and ‘Other participating interests’.
- (3) In the Profit and Loss Account Formats, the items headed ‘Income from participating interests’, that is—
 - (a) in Format 1, item 8, and
 - (b) in Format 2, item 10,shall be replaced by 2 items, ‘Income from interests in associated undertakings’ and ‘Income from other participating interests’.

PART III

ACCOUNTING PRINCIPLES AND VALUATION RULES

ACCOUNTING PRINCIPLES

General

7. In determining the amounts to be included in the group financial statements, the accounting principles and valuation rules contained in Part III of Schedule 3A shall apply and shall be applied consistently within those group financial statements.
8. (1) Subject to subparagraph (2), a holding company shall apply the same methods of valuation in drawing up its group financial statements as it applies in drawing up its entity financial statements unless the group and entity financial statements are drawn up under different accounting standards; and if so the applicable accounting standards shall be disclosed in the notes to the group and entity financial statements and the reasons given.
 - (2) Subparagraph (1) shall not apply where, in the opinion of the directors, a departure from that paragraph is necessary for the purpose of giving a true and fair view.
 - (3) Where there is any application of subparagraph (2), the particulars of the departure and the reasons therefor shall be disclosed in the notes to the group financial statements.
9. (1) Where the assets and liabilities to be included in the group financial statements have been valued or otherwise determined by undertakings included in the consolidation according to accounting rules differing from those used in the group financial statements, the values or amounts shall be adjusted so as to accord with the rules used for the group financial statements.
 - (2) The adjustments referred to in this paragraph need not be made if they are not material for the purpose of giving a true and fair view.
 - (3) If, in the opinion of the directors of the holding company, there are special reasons for departing from subparagraph (1) they may do so but particulars of any such departure, the reasons therefor and its effect shall be stated in the notes to the group financial statements.

Preparing the consolidation

10. (1) Group financial statements shall show the assets, liabilities and financial position as at the end of the financial year and the profit or loss for the financial year of the holding company and the undertakings included in the consolidation as if they were a single undertaking.
 - (2) In particular—
 - (a) debts and claims between the undertakings included in the consolidation shall be eliminated in preparing the group financial statements,

- (b) income and expenditure relating to transactions between the undertakings included in the consolidation shall be eliminated in preparing the group financial statements, and
- (c) where profits and losses resulting from transactions between the undertakings included in the consolidation are included in the book values of assets, they shall be eliminated in preparing the group financial statements,

however clauses (a) to (c) need not be complied with where the amounts involved are not material for the purpose of giving a true and fair view.

- 11. (1) The methods of consolidation shall be applied consistently from one financial year to the next.
- (2) If, in the opinion of the directors of the holding company, there are special reasons for departing from subparagraph (1), they may do so but particulars of any such departure, the reasons therefor and its effect shall be stated in the notes to the group financial statements.

Accounting for an acquisition

- 12. (1) Paragraphs 13 to 16 apply where an undertaking becomes a subsidiary undertaking of the holding company.
 - (2) That event is referred to in those provisions as an ‘acquisition’ and references to the undertaking acquired or acquired undertaking shall be read accordingly.
- 13. An acquisition shall be accounted for by the acquisition method of accounting unless the conditions for accounting for it as a merger as set out in paragraph 15 are satisfied and the merger method of accounting is adopted.
- 14. (1) The acquisition method of accounting is as described in subparagraphs (2) to (6).
 - (2) The identifiable assets and liabilities of the undertaking acquired shall be included in the consolidated balance sheet at their fair values as at the date of acquisition.
 - (3) The income and expenditure of the undertaking acquired shall be brought into the group financial statements only as from the date of acquisition.
 - (4) There shall be calculated the difference between the acquisition cost of the interest in the shares of the acquired undertaking incurred by the undertakings included in the group financial statements, and the interest of the undertakings included in the group financial statements in the adjusted capital and reserves of

the undertaking acquired.

(5) For the foregoing purpose—

‘acquisition cost’ means the amount of any cash consideration and the fair value of any other consideration, together with such amounts (if any) in respect of fees and other expenses of the acquisition as the holding company may determine to have been incurred in relation to the acquisition;

‘adjusted capital and reserves of the undertaking acquired’ means its capital and reserves at the date of the acquisition after adjusting the identifiable assets and liabilities of the undertaking to fair values as at that date.

(6) The resulting amount—

(a) if positive, shall be treated as goodwill and the provisions of Schedule 3A in relation to goodwill shall apply, and

(b) if negative, shall be treated as negative goodwill and may be transferred to the profit and loss account in accordance with the accounting principles in Part III of Schedule 3A.

15. The conditions for accounting for an acquisition as a merger are—

(a) that all of the entities involved in the business combination are ultimately controlled by the same party both before and after the business combination,

(b) that such control is not transitory, and

(c) that adoption of the merger method accords with generally accepted accounting principles or practice.

16. (1) The merger method of accounting is as set out in subparagraphs (2) to (6).

(2) The assets and liabilities of the undertaking acquired shall be brought into the group financial statements at the amount at which they stand in the acquired undertaking’s financial statements, subject to any adjustment authorised or required by this Part.

(3) The income and expenditure of the acquired undertaking shall be included in the group financial statements for the entire financial year, including the period before the acquisition.

(4) The group financial statements shall show corresponding amounts relating to the previous financial year as if the undertaking had been included in the consolidation throughout that year.

(5) There shall be set off against the aggregate of—

- (a) the appropriate amount in respect of any shares issued by the acquiring company in consideration for the acquisition of shares in the acquired undertaking, and
 - (b) the fair value of any other consideration for the acquisition of shares in the acquired undertaking, determined as at the date when those shares were acquired,
- the nominal value of the issued share capital of the acquired undertaking held by the undertakings consolidated in the group financial statements.
- (6) The resulting amount shall be shown as an adjustment to the consolidated reserves.
 - (7) In subparagraph (5)(a), the ‘appropriate amount’ in respect of the shares issued shall be determined in accordance with the requirements of sections 71 to 75.
17. Where an acquisition has taken place in the financial year and the merger method of accounting has been adopted, the notes to the financial statements shall disclose—
- (a) the address of the acquired undertaking’s registered office or where the acquired undertaking is incorporated outside the State, the registered office (howsoever described) of the acquired undertaking in the country in which it is incorporated,
 - (b) the name of the ultimate controlling party referred to in paragraph 15(a),
 - (c) the address of that controlling party’s registered office or where the controlling party is incorporated outside the State, the registered office (howsoever described) of the controlling party in the country in which it is incorporated, and
 - (d) the information referred to in paragraph 16(6).
18. (1) Where a group is acquired, paragraphs 12 to 17 apply with the following adaptations.
- (2) References to shares of the acquired undertaking shall be read as references to shares of the holding undertaking of the group acquired.
 - (3) Other references to the acquired undertaking shall be read as references to the group acquired; and references to the assets and liabilities, income and expenditure and capital and reserves of the acquired undertaking shall be read as references to the assets and liabilities, income and expenditure and capital and reserves of the group after making the set offs and other adjustments required by this Part in the case of group financial statements.

Changes in the composition of the group

19. If the composition of the undertakings consolidated in the group financial statements has changed significantly in the course of a financial year, the group financial statements shall include information which makes the comparison of successive sets of group financial statements meaningful.

ACCOUNTING FOR JOINT VENTURES AND ASSOCIATES IN GROUP FINANCIAL STATEMENTS

Joint ventures

20. (1) Where a holding company or one of its subsidiary undertakings consolidated in the group financial statements manages another undertaking jointly with one or more undertakings not consolidated in the group financial statements, that other undertaking (the 'joint venture') may, if it is not a subsidiary undertaking of the holding company, be proportionally consolidated in the group financial statements in proportion to the rights in its capital held by the holding company or the subsidiary undertakings consolidated in the group financial statements, as the case may be.
- (2) The provisions of this Schedule relating to the preparation of consolidated financial statements shall apply, with any necessary modifications, to the inclusion of joint ventures in the consolidated financial statements by proportional consolidation in accordance with subparagraph (1).

Associated undertakings

21. (1) In paragraph 22, 'associated undertaking' means an undertaking in which an undertaking consolidated in the group financial statements has a participating interest and over whose operating and financial policy it exercises a significant influence and which is not—
- (a) a subsidiary undertaking of the holding company, or
 - (b) a joint venture proportionally consolidated in accordance with paragraph 20.
- (2) Where an undertaking holds 20 per cent or more of the voting rights in another undertaking, it shall be presumed to exercise such an influence over it unless the contrary is shown.
- (3) The voting rights in an undertaking means the rights conferred on shareholders in respect of their shares or, in the case of an undertaking not having a share capital, on members, to vote at general meetings of the undertaking on all or substantially all

matters.

- (4) The provisions of section 7(5) and (6) with respect to determining whether shares are held in a body corporate and with respect to reckoning the amount of voting rights held apply, with any necessary modifications, in determining for the purpose of this paragraph whether an undertaking holds 20 per cent or more of the voting rights in another undertaking.
22. (1) The interest of an undertaking consolidated in the group financial statements in an associated undertaking, and the amount of profit or loss attributable to such an interest, shall be shown in the group financial statements by way of the equity method of accounting including dealing with any goodwill arising in accordance with paragraphs 21 to 23, and 25 of Schedule 3A.
 - (2) Where the associated undertaking is itself a holding undertaking, the net assets and profits or losses to be taken into account are those of the holding undertaking and its subsidiary undertakings (after making any consolidation adjustments).
 - (3) The equity method of accounting need not be applied if the amounts in question are not material for the purpose of giving a true and fair view.

Participating interest

23. (1) Subject to subparagraph (5), in paragraph 21 and this paragraph ‘participating interest’ means an interest held by one undertaking in the equity shares of another undertaking which it holds on a long term basis for the purpose of securing a contribution to that undertaking’s own activities by the exercise of control or influence arising from or related to that interest.
 - (2) The reference in subparagraph (1) to an interest in equity shares includes—
 - (a) an interest which is convertible into an interest in equity shares, and
 - (b) an option to acquire equity shares or any such interest,and an interest or option falls within clause (a) or (b) notwithstanding that the equity shares to which it relates are, until the conversion or the exercise of the option, unissued.
 - (3) Where an undertaking holds an interest in equity shares and such an interest represents 20 per cent or more of all such interests in the other undertaking it shall be presumed to hold that interest on the basis and for the purpose mentioned in subparagraph (1) unless the contrary is shown.

- (4) For the purpose of this paragraph an interest held on behalf of an undertaking shall be treated as held by it.
- (5) In the balance sheet and profit and loss formats set out in Part II of Schedule 3A, 'participating interest' does not include an interest in a group undertaking.

PART IV

INFORMATION REQUIRED BY WAY OF NOTES TO GROUP FINANCIAL STATEMENTS

24. Without prejudice to paragraph 2, the notes to the group financial statements shall, in addition to providing the information required by Schedule 3A, also state the information required by paragraphs 25 to 31.
25. Where sums originally denominated in currencies, other than the currency in which the group financial statements are presented, have been brought into account under any items shown in the balance sheet or profit and loss account, the basis on which those sums have been translated into the currency in which the group financial statements are presented shall be stated.
26. In respect of the aggregate of the amounts shown in the group balance sheet under the heading 'creditors', there shall be stated the information required by paragraph 50 of Schedule 3A as if references in that paragraph to a company were to the company and its subsidiary undertakings taken as a whole.
27. In relation to each joint venture proportionally consolidated, there shall be stated the nature of the joint management arrangement.
28. In disclosing the information in relation to staff numbers required by section 317, there shall be shown separately the average number of persons employed by undertakings that are proportionally consolidated.
29. In relation to acquisitions taking place in the financial year, there shall be stated in the notes to the group financial statements—
 - (a) the name and registered office of the acquired undertaking or where the acquired undertaking is incorporated outside the State, the registered office (howsoever described) of the acquired undertaking in the country in which it is incorporated, or
 - (b) where a group was acquired, the name and registered office of the holding undertaking of that group or where the holding undertaking is incorporated outside the State, the registered

- office (howsoever described) of the holding undertaking in the country in which it is incorporated, and
- (c) whether the acquisition has been accounted for by the acquisition method or the merger method of accounting.
30. Paragraph 55 of Schedule 3A shall, in the case of group financial statements, apply to all transactions entered into by the holding company, or any subsidiary undertaking included in the consolidation, with related parties that are—
- (a) the holders of participating interests in the holding company or any subsidiary undertaking,
- (b) undertakings in which the holding company or any subsidiary undertaking holds a participating interest, or
- (c) directors of the holding company or of a higher holding undertaking.
31. (1) Where a holding company prepares group financial statements, the following information shall be given with respect to each undertaking which is a subsidiary undertaking of the holding company at the end of the financial year:
- (a) whether the subsidiary undertaking is included in the consolidation and, if it is not, the reasons for excluding it from consolidation;
- (b) a statement identifying which of the conditions specified in section 7(2) is the undertaking a subsidiary undertaking of its immediate holding undertaking.
- (2) Paragraph (1)(b) need not be applied if the company is a company within the description of section 7(2)(a)(iii) or (iv) and the immediate holding undertaking holds the same proportion of shares in the undertaking as it holds voting rights.

PART V

MISCELLANEOUS MATTERS

Deferred tax

32. Deferred tax balances shall be recognised on consolidation where it is probable that a charge to tax or a reduction in tax payable will arise within the foreseeable future for one of the undertakings included in the consolidation.”.

SCHEDULE 6

“SCHEDULE 18

TABLE OF ACTIVITIES RELEVANT TO THE DEFINITIONS OF ‘LOGGING UNDERTAKING’ AND ‘MINING OR QUARRYING UNDERTAKING’ IN SECTION 1449

Annex I to Regulation (EC) No. 1893/2006**Table 1****Section A - Agriculture, Forestry and Fishing**

Division	Group	Class	Description	International Standard Industrial Classification Revision 4
02	02.2	02.20	Logging	0220

Table 2**Section B - Mining and Quarrying**

Division	Group	Class	Description	International Standard Industrial Classification Revision 4
05			Mining of coal and lignite	
	05.1		Mining of hard coal	0510
	05.2	05.20	Mining of lignite	0520
06			Extraction of crude petroleum and natural gas	
	06.1	06.10	Extraction of crude petroleum	0610
	06.2	06.20	Extraction of natural gas	0620
07			Mining of metal ores	
	07.1	07.10	Mining of iron ores	0710
	07.2		Mining of non-ferrous metal ores	
		07.21	Mining of uranium and thorium ores	0721
		07.29	Mining of other non-ferrous metal ores	0729
08			Other mining and quarrying	
	08.1		Quarrying of stone, sand and clay	
		08.11	Quarrying of ornamental and building stone, limestone, gypsum, chalk and slate	0810 (part of)
		08.12	Operation of gravel and sand pits; mining of clays and kaolin	0810 (part of)
	08.9		Mining and quarrying not elsewhere classified	

[2017.]

Companies (Accounting) Act 2017.

[No. 9.] SCH.6

08.91	Mining of chemical and fertiliser minerals	0891
08.92	Extraction of peat	0892
08.93	Extraction of salt	0893
08.99	Other mining and quarrying not elsewhere classified	0899

”.