



STATUTORY INSTRUMENTS.

S.I. No. 266 of 2015



EUROPEAN UNION (CREDIT INSTITUTIONS: FINANCIAL
STATEMENTS) REGULATIONS 2015

EUROPEAN UNION (CREDIT INSTITUTIONS: FINANCIAL STATEMENTS) REGULATIONS 2015

I, MICHAEL NOONAN, Minister for Finance, in exercise of the powers conferred on me by section 3 of the European Communities Act 1972 (No. 27 of 1972) and for the purpose of giving effect to Council Directive 86/635/EEC of 8 December 1986¹ and Council Directive 89/117/EEC of 13 February 1989², hereby make the following regulations:

Citation and commencement

1. (1) These Regulations may be cited as the European Union (Credit Institutions: Financial Statements) Regulations 2015.

(2) These Regulations come into operation on 24 June 2015.

Interpretation

2. (1) In these Regulations—

“Bank” means the Central Bank of Ireland;

“company” means a credit institution;

“credit institution” has the same meaning as it has in section 275 of the Principal Act;

“Directive” means Council Directive 86/635/EEC of 8 December 1986;

“Principal Act” means the Companies Act 2014 (No.38 of 2014);

“small or medium company” shall be construed in accordance with section 350 of the Principal Act.

(2) A word or expression that is used in these Regulations and is also used in the Principal Act, and, in particular, in Part 6 of that Act, shall have in these Regulations the same meaning as it has in that Act (or Part) unless the contrary intention appears.

Application of Part 6 of Principal Act to credit institutions

3. (1) The provisions of Part 6 of the Principal Act shall apply to a credit institution except to the extent that they are disapplied or modified by these Regulations.

¹OJ No. L 372, 31.12.1986, p. 1

²OJ No. L 44, 16.02.1989, p. 40

Notice of the making of this Statutory Instrument was published in “Iris Oifigiúil” of 26th June, 2015.

(2) A reference in the Principal Act to any provision of Part 6 of that Act shall be construed, for the purposes of its application to a credit institution, as a reference to that provision as applied by these Regulations.

(3) A reference in Part 6 of the Principal Act to Schedule 3 to that Act shall be construed, for the purposes of its application to a credit institution, as a reference to Schedule 1 to these Regulations.

(4) A reference in Part 6 of the Principal Act to Schedule 4 to that Act shall be construed, for the purposes of its application to a credit institution, as a reference to Schedule 2 to these Regulations.

Exceptions to disclosure by credit institution under sections 307 to 309 in the case of connected persons and certain officers

4. Sections 310 to 312 of the Principal Act shall apply to a credit institution in the same manner as they apply to a holding company of a credit institution.

Credit institution holding companies

5. (1) Section 293, as it applies by virtue of Regulation 3, of the Principal Act (obligation to prepare group financial statements) shall also apply to a holding company:

- (a) which does not itself carry on any material business apart from the acquisition, management and disposal of interests in subsidiaries; and
- (b) whose principal subsidiaries are wholly or mainly credit institutions.

(2) In paragraph (1)—

- (a) the reference to the management of interests in subsidiaries includes a reference to the provision of services to subsidiaries; and
- (b) “principal subsidiaries”, in relation to a holding company, means those subsidiaries of the company whose results or financial position would principally affect the figures shown in the group financial statements.

Financial statements to be made available to public

6. (1) A credit institution shall—

- (a) publish its financial statements prepared in accordance with section 290 or 293 of the Principal Act, and
- (b) make available to the public copies of its financial statements on request at a price which does not exceed the cost of making the copy.

(2) A person who contravenes paragraph (1) shall be guilty of an offence and shall be liable on summary conviction to a class A fine or imprisonment for a term not exceeding 6 months or both.

Publication of financial statements of credit institutions incorporated outside State

7. (1) Every credit institution incorporated outside the State which has a place of business in the State shall publish—

- (a) the financial statements prepared by it that are equivalent to entity financial statements prepared by a company under the Principal Act, and
- (b) the financial statements (if any) prepared by it that are equivalent to group financial statements prepared by a company under the Principal Act,

together with the report of the directors and auditors, in such manner as may be prescribed by the Bank in accordance with Article 44 of the Directive.

(2) In implementing paragraph (1), the Bank shall apply the provisions of Directive 89/117/EEC of 13 February 1989 and, in particular, Articles 2, 3 and 4 thereof.

(3) This Regulation shall also apply to any financial institution incorporated outside the State with a place of business in the State which would, if it were incorporated in the State, be subject to licensing or supervision by the Bank.

(4) In paragraph (3), "financial institution" does not include an insurance company or undertaking.

(5) A person who contravenes this Regulation shall be guilty of an offence and shall be liable on summary conviction to a class A fine or imprisonment for a term not exceeding 6 months or both.

Non-application of certain provisions of Principal Act to credit institutions

8. (1) A credit institution shall not qualify as a small or medium company for the purposes of Chapter 14 of Part 6 of the Principal Act.

(2) In addition to what is provided by paragraph (1) each provision of the Principal Act specified in the Table to this Regulation, in so far as it is not already disappplied by that Act to such an institution, shall not apply to a credit institution.

(3) Section 357 of the Principal Act shall not apply to a credit institution.

Table

Sections 297 and 298 (Exemption from consolidation: size of group)
Sections 358 to 364 (Audit exemption)
Section 365 (Dormant company audit exemption)
Section 377 (Small and medium sized companies)
Section 378 (Application of this Chapter in cases where audit exemption available, etc.)

Amendment of Central Bank Act 1942

9. Part 2 of Schedule 2 (as last amended by Regulation 7 of the European Union (Insurance Undertakings: Financial Statements) Regulations 2015) to the Central Bank Act 1942 is amended by inserting after the last item the following:

“

58	S.I. No. 266 of 2015	European Union (Credit Institutions: Financial Statements) Regulations 2015	The whole instrument
----	----------------------	--	----------------------

.”.

Revocation of European Communities (Credit Institutions:Accounts) Regulations 1992

10. The European Communities (Credit Institutions: Accounts) Regulations 1992 (S.I. No. 294 of 1992) are revoked.

*SCHEDULE 1*ACCOUNTING PRINCIPLES, FORM AND CONTENT OF ENTITY
FINANCIAL STATEMENTS

PART I

CONSTRUCTION OF REFERENCES TO PROVISIONS OF THIS
SCHEDULE

1. (1) Without prejudice to the generality of section 9 of the Interpretation Act 2005 and its application to the body of these Regulations—

- (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 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 any one 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) *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*.

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*, 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;
- (c) costs of research; and
- (d) own shares or treasury shares.

- (3) Any items to which lower case letters are 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.
- (4) Where items are combined in a company's financial statements pursuant to *subparagraph (3)(b)*, the individual amounts of any items so combined shall be disclosed in a note to the financial statements.
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 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 the following provisions of this paragraph and without prejudice to *note (6)* to the balance sheet format, 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) Charges required to be included in profit and loss account *Format 1, items 11 (a) and 11 (b)* or *Format 2, items A7 (a) and A7 (b)* may however be set off against income required to be included in *Format 1, items 12 (a) and 12 (b)* or *Format 2, items B5 (a) and B5 (b)* and the resulting figure shown as a single item (in *Format 2* at position *A7* if negative and at position *B5* if positive).
- (3) Charges required to be included in profit and loss account *Format 1, item 13* or *format 2, item A8* may also be set off against income required to be included in *Format 1, item 14* or *Format 2, item B6* and the resulting figure

shown as a single item (in *Format 2* at position *A8* if negative and at position *B6* if positive).

8. (1) Assets shall be shown under the relevant balance sheet headings even where the company has pledged them as security for its own liabilities or for those of third parties or has otherwise assigned them as security to third parties.

(2) A company shall not include in its balance sheet assets pledged or otherwise assigned to it as security unless such assets are in the form of cash in the hands of the company.

9. Assets acquired in the name of and on behalf of third parties shall not be shown in the balance sheet.

SECTION B

THE REQUIRED FORMATS FOR FINANCIAL STATEMENTS

Preliminary

10. 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.

11. 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.

12. 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 FORMAT

Assets

1. Cash in hand and balances at central and post office banks (1)
2. Central Government bills and other bills eligible for refinancing with a central bank
 - (a) Exchequer bills and similar securities (2)
 - (b) Other eligible bills (3)
3. Loans and advances to credit institutions (4)

- (a) Repayable on demand
 - (b) Other loans and advances
 - 4. Loans and advances to customers (5)
 - 5. Debt securities and other fixed income securities (6)
 - (a) Issued by public bodies
 - (b) Issued by other issuers
 - 6. Equity shares and other variable-yield securities
 - 7. Participating interests
 - 8. Shares in group undertakings
 - 9. Intangible fixed assets (7)
 - 10. Tangible fixed assets (8)
 - 11. Called up share capital not paid
 - 12. Other assets
 - 13. Prepayments and accrued income
- Total Assets

Liabilities

- 1. Deposits by credit institutions (9)
 - (a) Repayable on demand
 - (b) With agreed maturity dates or periods of notice
- 2. Amounts owed to customers (10)
 - (a) Savings deposits
 - (b) Other debts
 - (ba) Repayable on demand
 - (bb) With agreed maturity dates or periods of notice
- 3. Debt securities in issue (11)
 - (a) Bonds and medium term notes
 - (b) Others

10 [266]

4. Other liabilities
5. Accruals and deferred income
6. Provisions for liabilities and charges
 - (a) Provisions for pensions and similar obligations
 - (b) Provisions for tax
 - (c) Other provisions
7. Subordinated liabilities (12)
8. Subscribed and called up share capital (13)
9. Share premium account
10. Reserves
 - (a) Other undenominated capital
 - (b) Reserve for own shares held (14)
 - (c) Reserves provided for by the constitution
 - (d) Other reserves (Specify as necessary)
11. Revaluation reserve
12. Profit and loss account

Total Liabilities

Off-Balance Sheet Items

1. Contingent liabilities (15)
 - (1) Acceptances and endorsements
 - (2) Guarantees and assets pledged as collateral security (16)
 - (3) Other contingent liabilities
2. Commitments (17)
 - (1) Commitments arising out of sale and option to resell transactions (18)
 - (2) Other commitments

NOTES ON THE BALANCE SHEET FORMAT AND OFF-BALANCE
SHEET ITEMS

(1) Cash and balances at central and post office banks (*Assets item 1*)

Cash shall comprise all currency including foreign notes and coins. Only those balances which may be withdrawn without notice and which are deposited with central or post office banks of the country or countries in which the company is established shall be included in this item. All other claims on central banks must be shown under *Assets items 3 or 4*.

(2) Central Government bills and other eligible bills: Exchequer bills and similar securities (*Assets item 2 (a)*)

Central Government bills and similar securities shall comprise exchequer bills and similar debt instruments issued by public bodies which are eligible for refinancing with central banks of the country or countries in which the company is established. Any bills or similar debt instruments not so eligible shall be included under *Assets item 5, sub-item (a)*.

(3) Exchequer bills and other eligible bills: other eligible bills (*Assets item 2 (b)*)

Other eligible bills shall comprise all bills purchased to the extent that they are eligible, under national law, for refinancing with the central banks of the country or countries in which the company is established.

(4) Loans and advances to credit institutions (*Assets item 3*)

Loans and advances to credit institutions shall comprise all loans and advances to domestic or foreign credit institutions made by the company arising out of banking transactions. However loans and advances to credit institutions represented by debt securities or other fixed income securities shall be included under *Assets item 5* and not this item.

For the purposes of this Asset item, credit institutions shall comprise all undertakings on the list published by the EBA on its website pursuant to Article 20 of the Capital Requirements Directive, as well as central banks and official domestic and international banking organisations and all private and public undertakings which are not established in the Community but which satisfy the definition in Article 3(1) of the Capital Requirements Directive.

Loans and advances to undertakings which do not satisfy the above conditions shall be shown under *Assets item 4*.

(5) Loans and advances to customers (*Assets item 4*)

Loans and advances to customers shall comprise all types of assets in the form of claims on domestic and foreign customers other than credit institutions, within the meaning of *Assets item 3*. However loans and advances represented

by debt securities or other fixed income securities shall be included under *Assets item 5* and not this item.

(6) Debt securities and other fixed income securities (*Assets item 5*)

This item shall comprise transferable debt securities and any other transferable fixed income securities issued by credit institutions, other undertakings or public bodies. Debt securities and other fixed income securities issued by public bodies shall however only be included in this item if they may not be shown under *Assets item 2*.

Where a company holds its own debt securities these shall not be included under this item but shall be deducted from *Liabilities item 3 (a) or (b)*, as appropriate.

Securities bearing interest rates that vary in accordance with specific factors, for example the interest rate on the inter-bank market or on the Euromarket, shall also be regarded as fixed income securities to be included under this item.

(7) Intangible fixed assets (*Assets item 9*)

This item shall comprise:

- (a) development costs;
- (b) concessions, patents, licenses, trademarks and similar rights and assets;
- (c) goodwill; and
- (d) payments on account.

Amounts shall, however, be included in respect of (b) only if the assets were acquired for valuable consideration or the assets in question were created by the company itself.

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

There shall be separately disclosed, in a note to the financial statements, the amount of any development costs or goodwill included in this item.

(8) Tangible fixed assets (*Assets item 10*)

This item shall comprise:

- land and buildings;
- plant and machinery;
- fixtures and fittings, tools and equipment; and
- payments on account and assets in the course of construction.

There shall be disclosed in a note to the financial statements the amount included in this item with respect to land and buildings occupied by the company for its own activities.

(9) Deposits by credit institutions (*Liabilities item 1*)

Deposits by credit institutions shall comprise all amounts arising out of banking transactions owed to other domestic or foreign credit institutions by the company. However liabilities in the form of debt securities and any liabilities for which transferable certificates have been issued shall be included under *Liabilities item 3* and not this item.

For the purposes of this Asset item, credit institutions shall comprise all undertakings on the list published by the EBA on its website pursuant to Article 20 of the Capital Requirements Directive, as well as central banks and official domestic and international banking organisations and all private and public undertakings which are not established in the Community but which satisfy the definition in Article 3(1) of the Capital Requirements Directive.

(10) Customer accounts (*Liabilities item 2*)

This item shall comprise all amounts owed to creditors that are not credit institutions, within the meaning of Liabilities item 1. However liabilities in the form of debt securities and any liabilities for which transferable certificates have been issued shall be shown under *Liabilities item 3* and not this item.

(11) Debt securities in issue (*Liabilities item 3*)

This item shall include both debt securities and debts for which transferable certificates have been issued, in particular deposit receipts, “*bons de caisse*” and liabilities arising out of own acceptances and promissory notes. (Only acceptances which a company has issued for its own refinancing and in respect of which it is the first party liable shall be treated as own acceptances).

(12) Subordinated liabilities (*Liabilities item 7*)

This item shall comprise all liabilities in respect of which there is a contractual obligation that, in the event of winding up or bankruptcy, they are to be repaid only after the claims of other creditors have been met.

This item shall include all subordinated liabilities, whether or not a ranking has been agreed between the subordinated creditors concerned.

(13) Subscribed and called up share capital (*Liabilities item 8*)

The amount of subscribed share capital and the amount of called up share capital which has been paid up shall be shown separately.

Subscribed capital shall comprise all amounts which, in accordance with the legal structure of an insurance undertaking, are regarded, in accordance with

the Principal Act as equity share capital subscribed by the shareholders or other proprietors.

Called-up capital shall comprise all amounts which, in accordance with the legal structure of an insurance undertaking, are regarded, in accordance with the Principal Act as equity share capital subscribed and fully paid up or subscribed and partly paid up, to the extent paid up.

(14) Reserve for own Shares (*Liabilities item 10(b)*)

The nominal value of the shares held shall be shown separately under this item.

(15) Contingent liabilities (*Off-balance sheet item 1*)

This item shall include all transactions whereby the company has underwritten the obligations of a third party.

Liabilities arising out of the endorsement of rediscounted bills shall be included in this item. Acceptances other than own acceptance shall also be included.

(16) Contingent liabilities: Guarantees and assets pledged as collateral security (*Off-balance sheet item 1(2)*)

This item shall include all guarantee obligations incurred and assets pledged as collateral security on behalf of third parties, particularly in respect of sureties and irrevocable letters of credit.

(17) Commitments (*Off-balance sheet item 2*)

This item shall include every irrevocable commitment which could give rise to a credit risk.

(18) Commitments: Commitments arising out of sale and option to resell transactions (*Off-balance sheet item 2 (1)*)

This sub-item shall comprise commitments entered into by the company in the context of sale and option to resell transactions.

SPECIAL RULES

Claims on, and liabilities to, undertakings in which a participating interest is held or group undertakings

13. (1) The information required by *paragraphs (2) and (3)* must be given either by way of subdivision of the relevant items or by way of notes to the financial statements.

(2) The amount of the following must be shown for each of *Assets items 2 to 5*:

(a) claims on group undertakings included therein; and

(b) claims on undertakings, with which a company is linked by virtue of a participating interest, included therein.

(3) The amount of the following must be shown for each of *Liabilities items 1, 2, 3* and 7:

(a) liabilities to group undertakings included therein; and

(b) liabilities to undertakings, with which a company is linked by virtue of a participating interest, included therein.

Subordinated assets

14. (1) The amount of any assets that are subordinated must be shown either as a subdivision of any relevant asset item or in the notes to the financial statements; in the latter case disclosure shall be by reference to the relevant asset item or items in which the assets are included.

(2) In the case of *Assets items 2 to 5* in the balance sheet format, the amounts required to be shown by *paragraph 13(2)* to the format as sub-items of those items shall be further subdivided so as to show the amount of any claims included therein that are subordinated.

(3) For this purpose, assets are subordinated if there is a contractual obligation to the effect that, in the event of winding up or bankruptcy, they are to be repaid only after the claims of other creditors have been met, whether or not a ranking has been agreed between the subordinated creditors concerned.

Syndicated loans

15. (1) Where a company is a party to a syndicated loan transaction the company shall include only that part of the total loan which it itself has funded.

(2) Where a company is a party to a syndicated loan transaction and has agreed to reimburse (in whole or in part) any other party to the syndicate any funds advanced by that party or any interest thereon upon the occurrence of any event, including the default of the borrower, any additional liability by reason of such a guarantee shall be included as a contingent liability in *off-balance sheet item 1, sub-item (2)*.

Sale and repurchase transactions

16. (1) The following rules apply where a company is a party to a sale and repurchase transaction.

(2) Where the company is the transferor of the assets under the transaction:

(a) the assets transferred shall, notwithstanding the transfer, be included in its balance sheet;

(b) the purchase price received by it shall be included in its balance sheet as an amount owed to the transferee; and

- (c) the value of the assets transferred shall be disclosed in a note to its financial statements.

(3) Where the company is the transferee of the assets under the transaction it shall not include the assets transferred in its balance sheet but the purchase price paid by it to the transferor shall be so included as an amount owed by the transferor.

Sale and option to resell transactions

17. (1) The following rules apply where a company is a party to a sale and option to resell transaction.

(2) Where the company is the transferor of the assets under the transaction it shall not include in its balance sheet the assets transferred but it shall enter under *off-balance sheet item 2* an amount equal to the price agreed in the event of repurchase.

(3) Where the company is the transferee of the assets under the transaction it shall include those assets in its balance sheet.

Managed funds

18. (1) For the purpose of this paragraph "managed funds" are funds which the company administers in its own name but on behalf of others and to which it has legal title.

(2) The company shall, in any case where claims and obligations arising in respect of managed funds fall to be treated as claims and obligations of the company, adopt the following accounting treatment: claims and obligations representing managed funds are to be included in the company's balance sheet, with the notes to the financial statements disclosing the total amount included with respect to such assets and liabilities in the balance sheet and showing the amount included under each relevant balance sheet item in respect of such assets or (as the case may be) liabilities.

PROFIT AND LOSS ACCOUNT FORMATS

FORMAT 1

Vertical layout

1. Interest receivable and similar income (1).
 - (a) Interest receivable and similar income arising from debt securities and other fixed income securities.
 - (b) Other interest receivable and similar income.
2. Interest payable and similar charges (2).
3. Dividend income (3).

- (a) Income from equity shares and other variable-yield securities.
 - (b) Income from participating interests.
 - (c) Income from shares in group undertakings.
4. Fees and commissions receivable (4).
 5. Fees and commissions payable (5).
 6. Dealing profits or losses (6).
 7. Other operating income.
 8. Administrative expenses.
 - (a) Staff costs.
 - (i) Wages and salaries.
 - (ii) Social security costs.
 - (iii) Other pension costs.
 - (b) Other administrative expenses.
 9. Depreciation and amortisation (7).
 10. Other operating charges.
 11. Provisions.
 - (a) Provisions for bad and doubtful debts (8).
 - (b) Provisions for contingent liabilities and commitments (9).
 12. Adjustments to provisions.
 - (a) Adjustments to provisions for bad and doubtful debts (10).
 - (b) Adjustments to provisions for contingent liabilities and commitments (11).
 13. Amounts written off fixed assets investments (12).
 14. Adjustments to amounts written off fixed asset investments (13).
 15. Profit or loss on ordinary activities before tax.
 16. Tax on profit or loss on ordinary activities.
 17. Profit or loss on ordinary activities after tax.

18. Extraordinary income.
19. Extraordinary charges.
20. Extraordinary profit or loss.
21. Tax on extraordinary profit or loss.
22. Extraordinary profit or loss after tax.
23. Other taxes not shown under the preceding items.
24. Profit or loss for the financial year.

FORMAT 2

Horizontal layout

A. Charges

1. Interest payable and similar charges (2).
2. Fees and commission payable (5).
3. Dealing losses (6).
4. Administrative expenses.
 - (a) Staff costs.
 - (i) Wages and salaries.
 - (ii) Social security costs.
 - (iii) Other pension costs.
 - (b) Other administrative expenses.
5. Depreciation and amortisation (7).
6. Other operating charges.
7. Provisions.
 - (a) Provisions for bad and doubtful debts (8).
 - (b) Provisions for contingent liabilities and commitments (9).
8. Amounts written off fixed asset investments (12).
9. Profit on ordinary activities before tax.
10. Tax on profit or loss on ordinary activities.

11. Profit on ordinary activities after tax.
12. Extraordinary charges.
13. Tax on extraordinary profit or loss.
14. Extraordinary loss after tax.
15. Other taxes not shown under the preceding items.
16. Profit for the financial year.

B. *Income*

1. Interest receivable and similar income (1).
 - (a) Interest receivable and similar income arising from debt securities and other fixed income securities.
 - (b) Other interest receivable and similar income.
2. Dividend income (3).
 - (a) Income from equity shares and other variable-yield securities.
 - (b) Income from participating interests.
 - (c) Income from shares in group undertakings.
3. Fees and commissions receivable (4).
4. Dealing profits (6).
5. Adjustments to provisions
 - (a) Adjustments to provisions for bad and doubtful debts (10).
 - (b) Adjustments to provisions for contingent liabilities and commitments (11).
6. Adjustments to amounts written off fixed asset investments (13).
7. Other operating income.
8. Loss on ordinary activities before tax.
9. Loss on ordinary activities after tax.
10. Extraordinary income.
11. Extraordinary profit after tax.
12. Loss for the financial year.

NOTES ON THE PROFIT AND LOSS ACCOUNT FORMATS

(1) Interest receivable and similar income (*Format 1, item 1; Format 2, item B1*)

This item shall include all income arising out of banking activities, including:

- (a) income from assets included in *Assets items 1 to 5* in the balance sheet format, however calculated. Such income shall also include income arising from the spreading on a time basis of the discount or premium on assets acquired at an amount below or above, the sum payable at maturity;
- (b) income resulting from covered forward contracts, spread over the actual duration of the contract and similar in nature to interest; and
- (c) fees and commissions receivable similar in nature to interest and calculated on a time basis or by reference to the amount of the claim (but not other fees and commissions receivable).

(2) Interest payable and similar charges (*Format 1, item 2; Format 2, item A1*)

This item shall include all expenditure arising out of banking activities, including:

- (a) charges arising out of liabilities included in *Liabilities items 1, 2, 3 and 7* in the balance sheet format, however calculated. Such charges shall also include charges arising from the spreading on a time basis of liabilities contracted at an amount above or below, the sum payable at maturity;
- (b) charges resulting from covered forward contracts, spread over the actual duration of the contract and similar in nature to interest; and
- (c) fees and commissions payable similar in nature to interest and calculated on a time basis or by reference to the amount of the liability (but not other fees and commissions payable).

(3) Dividend income (*Format 1, item 3; Format 2, item B2*)

This item shall comprise all dividends and other income from variable-yield securities, from participating interests and from shares in group undertakings. Income from shares in investment companies shall also be included under this item.

(4) Fees and commissions receivable (*Format 1, item 4; Format 2, item B3*)

Fees and commissions receivable shall comprise income in respect of all services supplied by the company to third parties, but not fees or commissions required to be calculated under interest receivable (*Format 1, item 1; Format 2, item B1*).

In particular the following fees and commissions receivable must be included (unless required to be included under interest receivable):

- fees and commissions for guarantees, loan administration on behalf of other lenders and securities transactions on behalf of third parties;
- fees, commissions and other income in respect of payment transactions, account administration charges and commissions for the safe custody and administration of securities;
- fees and commissions for foreign currency transactions and for the sale and purchase of coin and precious metals on behalf of third parties; and
- fees and commissions charged for brokerage services in connection with savings and insurance contracts and loans.

(5) Fees and commissions payable (*Format 1, item 5; Format 2, item 2A*)

Fees and commissions payable shall comprise charges for all services rendered to the company by third parties but not fees or commissions required to be included under interest payable (*Format 1, item 2; Format 2, item A1*).

In particular the following fees and commissions payable must be included (unless required to be included under interest payable):

- fees and commissions for guarantees, loan administration and securities transactions on behalf of third parties;
- fees, commissions and other charges in respect of payment transactions, account administration charges and commission for the safe custody and administration of securities;
- fees and commissions for foreign currency transactions and for the sale and purchase of coin and precious metals on behalf of third parties; and
- fees and commissions for brokerage service in connection with savings and insurance contracts and loans.

(6) Dealing profits or losses (*Format 1, item 6; Format 2, items B4 and A3*)

This item shall comprise:

- (a) the net profit or net loss on transactions in securities which are not held as financial fixed assets together with amounts written off or written back with respect to such securities, including amounts written off or written back as a result of the application of *paragraph 38 (1)* below;
- (b) the net profit or loss on exchange activities, save in so far as the profit or loss is included in interest receivable or interest payable (*Format 1, items 1 or 2; Format 2, items B1 or A1*); and

- (c) the net profits and losses on other dealing operations involving financial instruments, including precious metals.

(7) Depreciation and amortisation (*Format 1, item 9; Format 2, item A5*)

This item shall comprise depreciation and other amounts written off in respect of balance sheet *Assets items 9 and 10*.

(8) Provisions: Provisions for bad and doubtful debts (*Format 1, item 1 (a); Format 2, item 7 (a)*)

Provisions for bad or doubtful debts shall comprise charges for amounts written off and for provisions made in respect of loans and advances shown under balance sheet *Assets items 3 and 4*.

(9) Provisions: Provisions for contingent liabilities and commitments (*Format 1, item 11 (b); Format 2, item A7 (b)*)

This item shall comprise charges for provisions for contingent liabilities and commitments of a type which would, if not provided for, be shown under *off-balance sheet items 1 and 2*.

(10) Adjustments to provisions: Adjustments to provisions for bad and doubtful debts (*Format 1, item 12 (a); Format 2, item B5 (a)*)

This item shall include credits from the recovery of loans that have been written off, from other advances written back following earlier write offs and from the reduction of provisions previously made with respect to loans and advances.

(11) Adjustments to provisions: Adjustments to provisions for contingent liabilities and commitments (*Format 1, item 12 (b); Format 2, item B5 (b)*)

This item comprises credits from the reduction of provisions previously made with respect to contingent liabilities and commitments.

(12) Amounts written off fixed assets investments (*Format 1, item 13; Format 2, item A8*)

Amounts written off fixed assets investments shall comprise amounts written off in respect of assets which are transferable securities held as financial fixed assets, participating interests and shares in group undertakings and which are included in *Assets items 5 to 8* in the balance sheet format.

(13) Adjustments to amounts written off fixed asset investments (*Format 1, item 14; Format 2, item B6*)

Adjustments to amounts written off fixed assets investments shall include amounts written back following earlier write offs and provisions in respect of assets which are transferable securities held as financial fixed assets, participating interests and group undertakings and which are included in *Assets items 5 to 8* in the balance sheet format.

PART III
ACCOUNTING PRINCIPLES AND VALUATION RULES
SECTION A
ACCOUNTING PRINCIPLES

Preliminary

19. Subject to *paragraph 26*, the amounts to be included in the financial statements of a credit institution in respect of the items shown shall be determined in accordance with the principles set out in *paragraphs 20 to 25*.

Accounting principles

20. The credit institution shall be presumed to be carrying on business as a going concern.

21. Accounting policies shall be applied consistently from one financial year to the next.

22. 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; and
- (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* of the Principal Act.

23. All income and charges 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.

24. 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.

25. The presentation of amounts within items in the profit and loss account and balance sheet shall have regard to the substance of the reported transaction or arrangement in accordance with applicable accounting standards.

Departure from accounting principles

26. If it appears to the directors of a credit institution that there are special reasons for departing from any of the principles stated above in preparing the credit institution'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 credit institution shall be stated in a note to the financial statements.

SECTION B

HISTORICAL COST ACCOUNTING RULES

Preliminary

27. 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 28 to 42*.

FIXED ASSETS

General rules

28. Subject to any provision for depreciation or diminution in value made in accordance with *paragraph 29 or 30* the amount to be included in respect of any fixed asset shall be its cost.

Rules for depreciation and diminution in value

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

- (a) its 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 cost less that estimated residual value,

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

30. (1) Where a fixed asset investment of a description falling to be included under *Assets items 7* (participating interests) or *8* (shares in group undertakings) in the balance sheet format, or any other holding of securities held as a financial fixed asset, has diminished in value, provisions 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 provisions 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) Provisions for diminution in value shall be made in respect of any fixed asset which has diminished in value if the reduction of 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 provisions 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 provision was made in accordance with *subparagraph (1)* or *(2)* have ceased to apply to any extent, that provision 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 separately in the profit and loss account shall be disclosed (either separately or in aggregate) in a note to the financial statements.

Development costs

31. (1) Notwithstanding that an item in respect of “development costs” is included under *Assets item 9* in the balance sheet format 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.

Goodwill

32. (1) The application of *paragraphs 28* to *30* in relation to goodwill (in any case where goodwill is treated as an asset) is subject to the following provisions of this paragraph.

(2) Subject to *subparagraph (3)*, the amount of the consideration for any goodwill acquired by a company shall be reduced by provisions for depreciation calculated to write off that amount systematically over a period chosen by the directors of the company.

(3) The period chosen shall not exceed the useful economic life of the goodwill in question.

(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.

Intangible and tangible fixed assets

33. Assets included in *Assets items 9* (Intangible fixed assets) and *10* (Tangible fixed assets) in the balance sheet format shall be valued as fixed assets.

Other fixed assets

34. Other assets falling to be included in the balance sheet shall be valued as fixed assets where they are intended for use on a continuing basis in the company's activities.

Financial fixed assets

35. (1) Debts securities, including fixed income securities, held as financial fixed assets shall be included in the balance sheet at an amount equal to their maturity value plus any premium, or less any discount, on their purchase, subject to the following provisions of this paragraph.

(2) The amount included in the balance sheet with respect to such securities purchased at a premium shall be reduced each financial year on a systematic basis, in accordance with best accounting practices, so as to write the premium off over the period to the maturity date of the security and the amounts so written off shall be charged to the profit and loss account for the relevant financial years.

(3) The amount included in the balance sheet with respect to such securities purchased at a discount shall be increased each financial year on a systematic basis, in accordance with best accounting practices, so as to extinguish the discount over the period to the maturity date of the security and the amounts by which the amount is increased shall be credited to the profit and loss account for the relevant years.

(4) The notes to the financial statements shall disclose the amount of any unamortised premium or discount not extinguished which is included in the balance sheet by virtue of *subparagraph (1)*.

(5) For the purposes of this paragraph "premium" means any excess of the amount paid for a security over its maturity value.

CURRENT ASSETS

36. The amount to be included in respect of loans and advances, debt or other fixed income securities and equity shares or other variable yield not held as financial fixed assets shall be their cost, subject to *paragraphs 37 and 38* below.

37. (1) If the net realisable value of any current asset is lower than its cost, the amount to be included in respect of that asset shall be the net realisable value.

(2) Where the reasons for which any provision for diminution in value was made under *subparagraph (1)* have ceased to apply to any extent, that provision shall be written back to the extent that it is no longer necessary.

38. (1) Subject to *paragraph 37* above, the amount to be included in the balance sheet in respect of transferable securities not held as financial fixed assets may be the higher of their cost or their market value at the balance sheet date.

(2) The difference between the cost of any securities included in the balance sheet at a valuation under *subparagraph (1)* and their value shall be shown (in aggregate) in the notes to the financial statements.

MISCELLANEOUS

Excess of money owed over value received as an asset item

39. (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 COST

40. (1) The cost of an asset that has been acquired by a credit institution shall be determined by adding to the actual price paid any expenses incidental to its acquisition.

(2) The cost of an asset constructed by a credit institution 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 construction of that asset.

(3) In addition there may be included in the cost of an asset constructed by a credit institution—

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

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

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.

41. (1) Subject to the qualification mentioned subsequently in this subparagraph, the cost of any assets which are fungible assets (including investments), may be determined by the application of any of the methods mentioned in *subparagraph (2)* in relation to any such assets of the same class.

The method chosen must be one which appears to the directors to be appropriate in the circumstances of the company.

(2) Those methods are—

- (a) the method known as “first in, first out” (FIFO);
- (b) a weighted average price; and
- (c) any other method similar to any of the methods mentioned above.

(3) Where, in the case of any company—

- (a) the cost of assets falling to be included under any item shown in the company’s balance sheet has been determined by the application of any method permitted by this paragraph; and
- (b) the amount shown in respect of that item differs materially from the relevant alternative amount given below in this paragraph,

the amount of that difference shall be disclosed in a note to the financial statements.

(4) Subject to *subparagraph (5)*, for the purposes of *subparagraph (3)(b)*, the relevant alternative amount, in relation to any item shown in a company’s balance sheet, is the amount which would have been shown in respect of that item if assets of any class included under that item at an amount determined by any method permitted by this paragraph had instead been included at their replacement cost as at the financial year end date.

(5) The relevant alternative amount may be determined by reference to the most recent actual purchase price before the financial year end date of assets of any class included under the item in question instead of by reference to their replacement cost as at that date, but only if the former appears to the directors of the company to constitute the more appropriate approach in the case of assets of that class.

SUBSTITUTION OF ORIGINAL STATED AMOUNT WHERE PRICE
OR COST

UNKNOWN

42. Where there is no record of the purchase price of any asset of a company or of any price, expense or costs relevant for determining its cost in accordance with *paragraph 40* or any such record cannot be obtained without unreasonable expense or delay, its cost shall be taken for the purposes of *paragraphs 28 to 38* to be the value ascribed to it in the earliest available record of its value made on or after its acquisition by the company.

SECTION C

ALTERNATIVE ACCOUNTING RULES

Preliminary

43. (1) The rules set out in *Section B* are referred to subsequently in this Part as the historical cost accounting rules.

(2) Those rules, with the omission of *paragraphs 27, 32 to 34 and 40 to 42*, 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 46*.

44. Subject to *paragraphs 46 to 48*, the amounts to be included in respect of assets of any description mentioned in *paragraph 45* may be determined on any basis so mentioned.

Alternative accounting rules

45. (1) Intangible fixed assets, other than goodwill, may be included at their current cost.

(2) Tangible fixed assets may be included at a market value determined as at the date of their last valuation or at their current cost.

(3) Investments of any description falling to be included under *Assets items 7* (Participating interests) or *8* (Shares in group undertakings) of the balance sheet format and any other securities held as financial fixed assets may be included:

- (a) at a market value determined as at the date of their last valuation,
- (b) at a value determined on any basis which appears to the directors to be appropriate in the circumstances of the company, or
- (c) at a fair value determined in accordance with *Section D*,

but in the case of *clauses (b) or (c)* 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) Securities of any description not held as financial fixed assets (if not valued in accordance with *paragraph 38* above) may be included at their current cost.

Application of depreciation rules

46. (1) Where the value of any asset of a company is determined on any basis mentioned in *paragraph 45*, 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 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 cost of a reference to the value most recently determined for that asset on any basis mentioned in *paragraph 45*.

(2) The amount of any provision for depreciation required in the case of any fixed asset by *paragraph 29* or *30* as it applies by virtue of *subparagraph (1)* is referred to subsequently in this paragraph as the "adjusted amount"; and the amount of any provision 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 provision for depreciation in respect of that asset included in any item shown in the profit and loss account in respect of amounts written off assets of the description in question may be the historical cost amount instead of the adjusted amount, provided that, if the amount of the provision 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

47. (1) This paragraph applies where the amounts to be included in respect of assets covered by any items shown in a company's financial statements have been determined on any basis mentioned in *paragraph 45*.

(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 a note to the financial statements.

(3) In the case of each balance sheet item affected either—

(a) the comparable amounts determined according to the historical cost accounting rules; or

- (b) the differences between those amounts and the corresponding amounts actually shown in the balance sheet in respect of that item,

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 provisions for depreciation or diminution in value which would be permitted or required in determining those amounts according to those rules.

Revaluation Reserve

48. (1) With respect to any determination of the value of an asset of a company on any basis mentioned in *paragraph 45*, the amount of any profit or loss arising from that determination (after allowing, where appropriate, for any provisions for depreciation or diminution in value made otherwise than by reference to the value so determined and any adjustments of any such provisions 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” in the balance sheet format set out in *Section B of Part II* of this Schedule.

(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;

(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 paid 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.

Assets and Liabilities Denominated in Foreign Currencies.

49. (1) Subject to the following subparagraphs, amounts to be included in respect of assets and liabilities denominated in foreign currencies shall be in Euro (or the currency in which the financial statements are drawn up) after translation at an appropriate spot rate of exchange prevailing at the balance sheet date.

(2) An appropriate rate of exchange prevailing on the date of purchase may however be used for assets held as financial fixed assets and assets to be included under *Assets items 9* (Intangible fixed assets) and *10* (Tangible fixed assets) in the balance sheet format, if they are not covered or not specifically covered in either the spot or forward currency markets.

(3) An appropriate spot rate of exchange prevailing at the balance sheet date shall be used for translating uncompleted spot exchange transactions.

(4) An appropriate forward rate of exchange prevailing at the balance sheet date shall be used for translating uncompleted forward exchange transactions.

(5) This paragraph does not apply to any assets or liabilities held, or any transactions entered into, for hedging purposes or to any assets or liabilities which are themselves hedged.

50. (1) Subject to *subparagraph (2)*, any difference between the amount to be included in respect of an asset or liability under *paragraph 49* and the book value, after translation into Euro (or the currency in which the financial statements are drawn up) at an appropriate rate, of that asset or liability shall be credited or, as the case may be, debited to the profit and loss account.

(2) In the case, however, of assets held as financial fixed assets, of assets to be included under *Assets items 9* (Intangible fixed assets) and *10* (Tangible fixed assets) in the balance sheet format and of transactions undertaken to cover such assets, any such difference may be deducted from or credited to any non-distributable reserve available for the purpose.

SECTION D

FAIR VALUE ACCOUNTING RULES

Inclusion of financial instruments at fair value

51. (1) Subject to *subparagraphs (2) to (4)* and *paragraph 52*, financial instruments, including derivative financial instruments, may be accounted for at fair value.

(2) Subject to *paragraph 54, subparagraph (1)* does not apply to financial instruments which constitute liabilities unless—

- (a) they are held as part of a trading portfolio; or
- (b) they are derivative financial instruments.

(3) *Subparagraph (1)* does not apply to—

- (a) financial instruments (other than derivative financial instruments) held to maturity;
- (b) loans and receivables originated by the company and not held for trading purposes;
- (c) interests in subsidiary undertakings, associated undertakings and joint ventures;
- (d) equity instruments issued by the company;
- (e) contracts for contingent consideration in a business combination; and
- (f) other financial instruments with such special characteristics that the instruments, according to generally accepted accounting principles or practice, should be accounted for differently from other financial instruments.

(4) If the fair value of a financial instrument cannot be determined reliably by any of the methods described in *paragraph 53, subparagraph (1)* does not apply to that financial instrument and it shall be measured using the accounting rules set out in *Section B* or *C*.

(5) In this paragraph—

“associated undertaking” has the meaning given to it by *paragraph 27* of *Schedule 2*;

“joint venture” has the meaning given to it by *paragraph 26* of *Schedule 2*.

52. (1) Financial instruments which constitute liabilities, other than such instruments referred to in *subparagraphs (2)(a)* and *(b)* of *paragraph 51*, may be accounted for by a company at fair value if—

- (a) they are accounted for in accordance with international accounting standards as adopted by the Commission Regulation on or before 5 September 2006; and
 - (b) the associated disclosure requirements, provided for in international financial reporting standards, are made.
- (2) Financial instruments referred to in *paragraph 51(3)* may be accounted for by a company at fair value if—
- (a) they are accounted for in accordance with international accounting standards as adopted by the Commission Regulation, on or before 5 September 2006; and
 - (b) the associated disclosure requirements, provided for in international financial reporting standards, are made.
- (3) In this paragraph “Commission Regulation” means Commission Regulation (EC) No. 1126/2008 of 3 November 2008 adopting certain international accounting standards in accordance with Regulation (EC) No. 1606/2002 of the European Parliament and of the Council³.

Methods for determining fair value

53. (1) The fair value of a financial instrument is its value determined in accordance with this paragraph.
- (2) If a reliable market can readily be identified for the financial instrument, its fair value is to be determined by reference to its market value.
- (3) If a reliable market cannot readily be identified for the financial instrument but can be identified for its components or for a similar instrument, its fair value is to be determined by reference to the market value of its components or of the similar instrument.
- (4) If neither *subparagraph (2)* nor *(3)* applies, the fair value of the financial instrument is to be a value resulting from generally accepted valuation models and techniques.
- (5) Any valuation models and techniques used for the purposes of *subparagraph (4)* shall ensure a reasonable approximation of the market value.

Inclusion of hedged items at fair value

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

³OJ No. L 320, 29.11.2008, p. 1.

Other assets that may be included at fair value

55. (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 international financial reporting standards.

Accounting for changes in fair value of financial instruments

56. (1) This paragraph applies where a financial instrument is valued at fair value in accordance with *paragraph 51* or *54* or where an asset is valued in accordance with *paragraph 55*.

(2) Notwithstanding *paragraph 22*, but subject to *subparagraphs (3) and (4)*, a change in the fair value of the financial instrument or of the investment property or living animal or plant shall be included in the profit and loss account.

(3) Where—

- (a) the financial instrument accounted for is a hedging instrument under a system of hedge accounting that allows some or all of the change in value not to be shown in the profit and loss account; or
- (b) the change in value relates to an exchange difference arising on a monetary item that forms part of a company’s net investment in a foreign entity;

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”.

(4) Where the instrument accounted for—

- (a) is an available for sale financial asset; and
- (b) is not a derivative;

the change in value may be credited or (as the case may be) debited to the fair value reserve.

The fair value reserve

57. (1) An amount shall be transferred—
- (a) from the fair value reserve to the profit and loss account if the related asset is impaired, transferred or disposed of; or
 - (b) from the fair value reserve in respect of tax relating to any amount transferred under *clause (a)*.
- (2) The fair value reserve shall be adjusted when amounts therein are no longer necessary for the purposes of *paragraph 56(3) or (4)*.
- (3) The fair value reserve shall not be reduced except as provided for in this paragraph.
- (4) 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

58. 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.

Information supplementing the balance sheet

59. *Paragraphs 60 to 84* 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

60. (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, and
 - (c) as respects each class of debentures, the amount issued and the consideration received by the company for the issue.
- (2) Particulars of any redeemed debentures which the company has power to reissue shall also be given.

(3) Where any of the company's debentures are held by a nominee of 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* of the Principal Act shall be stated.

Fixed assets

61. (1) In respect of any fixed assets of the company which is or would, but for *paragraph 4(3)(b)*, be included under any asset item in the company's balance sheet, the following information shall be given—

- (a) the appropriate amounts in respect of those assets 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 those assets 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 45*;
 - (ii) acquisitions during that year of any fixed assets;
 - (iii) disposals during that year of any fixed 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 either—

- (a) on the basis of cost (determined in accordance with *paragraphs 40* and *41*); or
- (b) on any basis mentioned in *paragraph 45*;

(leaving out of account in either case any provisions for depreciation or diminution in value).

(3) In respect of each item within *subparagraph (1)*—

- (a) the cumulative amount of provisions 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 provisions made in respect of the financial year concerned;

- (c) the amount of any adjustments made in respect of any such provisions during that year in consequence of the disposal of any assets; and
- (d) the amount of any other adjustments made in respect of any such provisions during that year;

shall also be stated.

(4) The requirements of this paragraph need not be complied with to the extent that a company takes advantage of the option of setting off charges and income afforded by *paragraph 7 (3)*.

62. 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 45*, 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; and
- (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.

63. In relation to any amount which is included under Assets item 10 in the balance sheet format (Tangible fixed assets) with respect to land and buildings there shall be stated:

- (a) how much of that amount is ascribable to land of freehold tenure and how much to land of leasehold tenure; and
- (b) how much of the amount ascribable to land of leasehold tenure is ascribable to land held on long lease and how much to land held on short lease.

64. There shall be disclosed separately the amount of:

- (a) any participating interests; and
- (b) any shares in group undertakings

that are held in credit institutions.

Transferable securities

65. (1) There shall be disclosed for each of *Asset items 5 to 8* in the balance sheet format the amount of transferable securities that are listed on a recognised stock exchange and the amount of those that are unlisted.

(2) In the case of each amount shown in respect of listed investments under *subparagraph (1)* above, there shall also be disclosed the aggregate market value of those investments, if different from the amount shown.

(3) There shall be disclosed for each of *Assets items 5 and 6* the amount of transferable securities included under those items that are held as financial fixed assets and the amount of those that are not so held, together with the criterion used by the directors to distinguish those held as financial fixed assets.

Information about fair valuation of assets and liabilities

66. (1) This paragraph applies where financial instruments have been included at fair value by virtue of *paragraph 51* or *54*.

(2) There shall be stated—

- (a) the significant assumptions underlying the valuation models and techniques where fair values have been determined in accordance with *paragraph 53(5)*;
- (b) for each category of financial instrument the fair value of the 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 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.

67. 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 53*; and
- (b) the extent and nature of the derivatives.

68. Where—

- (a) a company has financial assets which could be included at fair value by virtue of *paragraph 51*;
- (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 provision for the diminution in value of those assets in accordance with *paragraph 30(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 provision 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 and living animals and plants included at fair value

69. (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 55*.

(2) The balance sheet items affected and the basis of valuation adopted in determining the amounts of the assets concerned in the case of each such item shall be disclosed in a note to the financial statements.

(3) In the case of investment property, for each balance sheet item affected there shall be shown, either separately in the balance sheet or in a note to the financial statements—

- (a) the comparable amounts determined according to the historical cost accounting rules; or
- (b) the differences between those amounts and the corresponding amounts actually shown in the balance sheet in respect of that item.

(4) In *subparagraph (3)*, references in relation to any item to the comparable amounts determined in accordance with that subparagraph 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 provisions for depreciation or diminution in value which would be permitted or required in determining those amounts according to those rules.

Dividends, reserves and provisions for liabilities

70. (1) The profit and loss account reserve 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.

71. (1) Where any amount is transferred—

- (a) to or from any reserves; or
- (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(3)(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) That information 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

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

Maturity analysis

73. (1) A company shall disclose separately for each of *Assets items 3(b)* and 4 and *Liabilities items 1(b), 2(b)* and *3(b)* the aggregate amount of the loans and advances and liabilities included in those items broken down into the following categories:

- (a) those repayable in not more than three months;
- (b) those repayable in more than three months but not more than one year;
- (c) those repayable in more than one year but not more than five years;
- (d) those repayable in more than five years

from the balance sheet date.

(2) A company shall also disclose the aggregate amounts of all loans and advances falling within *Assets item 4* (Loans and advances to customers) which are:

- (a) repayable on demand; or
- (b) are for an indeterminate period, being repayable upon short notice.

(3) For the purposes of *subparagraph (1)*, where a loan or advance or liability is repayable by instalments, each such instalment is to be treated as a separate loan or advance or liability.

Debt and other fixed income securities

74. A company shall disclose the amount of debt and fixed income securities included in *Assets item 5* (Debt securities and other fixed income securities) and the amount of such securities included in *Liabilities item 3 (a)* (Bonds and medium term notes) that in each case will become due within one year of the balance sheet date.

Subordinated liabilities

75. (1) The following information must be disclosed in relation to any borrowing included in *Liabilities item 7* (Subordinated liabilities) that exceeds 10 per cent of the total for that item:

- (a) its amount;
- (b) the currency in which it is denominated;
- (c) the rate of interest and the maturity date (or the fact that it is perpetual);
- (d) the circumstances in which early repayment may be demanded;
- (e) the terms of the subordination; and
- (f) the existence of any provisions whereby it may be converted into capital or some other form of liability and the terms of any such provisions.

(2) The general terms of any other borrowings included in *Liabilities item 7* shall also be stated.

Fixed cumulative dividends

76. 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.

Details of assets charged

77. (1) There shall be disclosed, in relation to each liability and off-balance sheet item of the balance sheet format, the aggregate amount of any assets of the company which have been charged to secure any liability or potential liability included thereunder, the aggregate amount of the liabilities or potential liabilities so secured and an indication of the nature of the security given.

(2) Particulars shall also be given of any other charge on the assets of the company to secure the liabilities of any other person, including, where practicable, the amount secured.

Guarantees and other financial commitments

78. (1) There shall be stated, where practicable—

- (a) the aggregate amount or estimated amount of contracts for capital expenditure, so far as not provided for; and
 - (b) the aggregate amount or estimated amount of capital expenditure authorised by the directors which has not been contracted for.
- (2) Particulars shall be given of:
- (a) any unfunded retirement benefit commitments included under any provision shown in the company's balance sheet; and
 - (b) any such commitments for which no provision has been made;

and, where any such commitment relates wholly or partly to retirement benefits payable to past directors of the company, separate particulars shall be given of that commitment so far as it relates to such retirement benefits.

- (3) The following information shall also be given:
- (a) the nature of every retirement benefit scheme operated by, or on behalf of, the company including information as to whether or not each scheme is a defined benefit scheme or a defined contribution scheme;
 - (b) whether each such scheme is externally funded or internally financed;
 - (c) whether any retirement benefit costs and liabilities are assessed in accordance with the advice of a professionally qualified actuary and, if so, the date of the most recent relevant actuarial valuation;
 - (d) whether and, if so, where any such actuarial valuation is available for public inspection.
- (4) Particulars shall also be given of any other financial commitments which—
- (a) have not been provided for;
 - (b) have not been included in the off-balance sheet items in the balance sheet format; and
 - (c) are relevant to assessing the company's financial position.

(5) There shall be disclosed the nature and amount of any contingent liabilities and commitments included in *off-balance sheet items 1* and *2* which are material in relation to the company's activities.

Off-balance sheet items: group undertakings

79. (1) With respect to contingent liabilities required to be included under off-balance sheet item 1 in the balance sheet format, there shall be stated in a note to the financial statements the amount of such contingent liabilities incurred on behalf of or for the benefit of—

- (a) any holding undertaking or fellow subsidiary undertaking, or
- (b) any subsidiary undertaking,

of the company; in addition the amount incurred in respect of the undertakings referred to in *clause (a)* shall be stated separately from the amount incurred in respect of the undertakings referred to in *clause (b)*.

(2) With respect to commitments required to be included under *off-balance sheet item 2* in the balance sheet format, there shall be stated in a note to the financial statements the amount of such commitments undertaken on behalf of or for the benefit of—

- (a) any holding undertaking or fellow subsidiary undertaking, or
- (b) any subsidiary undertaking,

of the company; in addition the amount incurred in respect of the undertakings referred to in *clause (a)* shall be stated separately from the amount incurred in respect of the undertakings referred to in *clause (b)*.

Leasing transactions

80. The aggregate amount of all property (other than land) leased by the company to other persons shall be disclosed, broken down so as to show the aggregate amount included in each relevant balance sheet item.

Assets and liabilities denominated in a currency other than Euro (or the currency in which the accounts are drawn up)

81. (1) The aggregate amount in Euro (or currency in which the financial statements are drawn up) of all assets denominated in a currency other than Euro (or the currency used) of all liabilities so denominated, shall be disclosed.

(2) For the purposes of this paragraph an appropriate rate of exchange prevailing at the balance sheet date shall be used to determine the amounts concerned.

Sundry assets and liabilities

82. Where any amount shown under either of the following items is material, particulars shall be given of each type of asset or liability included therein, including an explanation of the nature of the asset or liability and the amount included with respect to assets or liabilities of that type:

- (a) *Assets item 12* (Other assets);
- (b) *Liabilities item 4* (Other liabilities).

Unmatured forward transactions

83. (1) The following shall be disclosed with respect to unmatured forward transactions outstanding at the balance sheet date:

- (a) the categories of such transactions, by reference to an appropriate system of classification;
- (b) whether, in the case of each such category, they have been made, to any material extent, for the purpose of hedging the effects of fluctuations in interest rates, exchange rates and market prices or whether they have been made, to any material extent, for dealing purposes.

(2) Transactions falling within *subparagraph (1)* shall include all those in relation to which income or expenditure is to be included in—

- (a) *Format 1, item 6* or *Format 2, items B4* or *A3* (Dealing profits or losses), or
- (b) *Format 1, item 1* or *2* or *Format 2, item A1* or *B1*, by virtue of *notes (1)(b)* and *(2)(b)* to the profit and loss account formats (forward contracts, spread over the actual duration of the contract and similar in nature to interest),

Miscellaneous matters

84. Particulars shall be given of any case where the cost of any asset is for the first time determined under *paragraph 42*.

Information supplementing the profit and loss account

85. *Paragraphs 86* to *92* 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

86. The amount of income from listed and unlisted investments shall be separately disclosed.

Particulars of tax

87. (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 following amounts shall be stated:
- (a) the amount of the charge for corporation tax;
 - (b) if that amount would have been greater but for relief from double taxation, the amount which it would have been but for such relief;
 - (c) the amount of the charge for income tax; and
 - (d) the amount of the charge for taxation payable outside the State of profits, income and (so far as charged to revenue) capital gains.

(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(3)(b)*, be shown under the following items in the profit and loss account, that is to say, “tax on profit or loss on ordinary activities” and “tax on extraordinary profit or loss”.

Particulars of income

88. (1) A company shall disclose, with respect to income included in the following items in the profit and loss account formats, the amount of that income attributable to each of the geographical markets in which the company has operated during the financial year:

- (a) *Format 1 item 1, Format 2 item B1* (Interest receivable);
- (b) *Format 1 item 3, Format 2 item B2* (Dividend income);
- (c) *Format 1 item 4, Format 2 item B3* (Fees and commissions receivable);
- (d) *Format 1 item 6, Format 2 item B4* (Dealing profits);
- (e) *Format 1 item 7, Format 2 item B7* (Other operating income).

(2) In analysing for the purposes of this paragraph the source of any income, the directors shall have regard to the manner in which the company's activities are organised.

(3) For the purposes of this paragraph, markets which do not differ substantially from each other shall be treated as one market.

(4) 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 must be stated.

Management and agency services

89. A company providing any management and agency services to customers shall disclose that fact if the scale of such services provided is material in the context of its business as a whole.

Subordinated liabilities

90. Any amounts charged to the profit and loss account representing charges incurred during the year with respect to subordinated liabilities shall be disclosed.

Sundry income and charges

91. Where any amount to be included in any of the following items is material, particulars shall be given of each individual component of the figure, including an explanation of their nature and amount:

(a) in *Format 1*:

(i) *items 7 and 10* (Other operating income and charges);

(ii) *items 18 and 19* (Extraordinary income and charges);

(b) in *Format 2*:

(i) *items A6 and B7* (Other operating charges and income);

(ii) *items A12 and B10* (Extraordinary charges and income).

Miscellaneous matters

92. (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) Particulars shall be given of any extraordinary income or changes arising in the financial year.

(3) The effect shall be stated on any transactions that are exceptional by virtue of size or incidence though they fall within the ordinary activities of the company.

(4) 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.

(5) Where, in the opinion of the directors, the disclosure of any information required by *subparagraph (4)* 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.

Related party transactions

93. (1) 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 Directive 2006/46/EC of the European Parliament and the Council of 14 June 2006 has the same meaning in this paragraph that it has in that Directive.

General

94. 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.

PART V

SPECIAL PROVISIONS WHERE A COMPANY IS A HOLDING COMPANY OR

SUBSIDIARY UNDERTAKING

Entity financial statements

95. (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.

Guarantees and other financial commitments in favour of group undertakings

96. Commitments within any of the subparagraphs of either of *paragraph 77* (details of assets charged) or *paragraph 78* (guarantees and other financial commitments) which are undertaken on behalf of or for the benefit of—

- (a) any holding undertaking or fellow subsidiary undertaking; or
- (b) any subsidiary undertaking of the company;

shall be stated separately from the other commitments within that subparagraph, and commitments within *clause (a)* shall also be stated separately from those within *clause (b)*.

97. (1) Subject to *subparagraph (2)*, where the company is a holding undertaking, 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.

98. (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 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 can be obtained.

Provisions of general application

99. (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 deal with 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 excluded from 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 dealt with 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.

100. 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 dealt with 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 ending or the earliest and latest of those dates.

101. References in this Part to shares held by a company shall be construed as being held or not being held by that company in accordance with the rules set out in *section 7* of the Principal Act.

PART VI

INTERPRETATION OF CERTAIN EXPRESSIONS IN THIS SCHEDULE

General

102. The following definitions apply for the purposes of this Schedule and its interpretation:

“banking transactions” means transactions entered into in the normal course of a deposit taking business within the meaning of the Central Bank Act 1989;

“Capital Requirements Directive” means Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC⁴;

“EBA” means European Banking Authority, established pursuant to Regulation

(EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/78/EC⁵;

⁴OJ No. L 176, 27.06.2013, p. 338

⁵OJ No. L 331, 15.12.2010, p. 12

"fellow subsidiary undertaking" shall have the same meaning as in *section 275* of the Principal Act;

"financial fixed assets" means loans and advances and securities held as fixed assets; participating interests and shareholdings in group undertakings shall be regarded as financial fixed assets;

"fungible assets" means assets of any description which are substantially indistinguishable one from another;

"group" means a holding undertaking and its subsidiary undertakings;

"group undertaking" has the meaning assigned to it by *section 275* of the Principal Act;

"lease" includes an agreement for a lease;

"long lease" means a lease in the case of which the portion of the term for which it was granted remaining unexpired at the end of the financial year is not less than 50 years;

"repayable on demand", in connection with deposits, loans or advances, means those amounts which can at any time be withdrawn or demanded without notice or for which a maturity or period of notice of not more than 24 hours or one working day has been agreed;

"sale and repurchase transaction" means a transaction which involves the transfer by a credit institution or customer ("the transferor") to another credit institution or customer ("the transferee") of assets subject to an agreement that the same assets, or (in the case of fungible assets) equivalent assets, will subsequently be transferred back to the transferor at a specified price on a date specified or to be specified by the transferor; but the following shall not be regarded as sale and repurchase transactions: forward exchange transactions, options, transactions involving the issue of debt securities with a commitment to repurchase all or part of the issue before maturity or any similar transactions;

"sale and option to resell transaction" means a transaction which involves the transfer by a credit institution or customer ("the transferor") to another credit institution or customer ("the transferee") of assets subject to an agreement that the transferee is entitled to require the subsequent transfer of the same assets, or (in the case of fungible assets) equivalent assets, back to the transferor at the purchase price or another price agreed in advance on a date specified or to be specified; and

"short lease" means a lease which is not a long lease.

Assets: fixed or current

103. 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

104. 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

105. In this Schedule “investment property” means land or buildings (or both) held to earn rentals or for capital appreciation (or both).

Listed investments

106. 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

107. 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

108. Amounts which in the particular context of any provision of this Schedule are not material may be disregarded for the purposes of that provision.

Provisions

109. (1) References in this Schedule to provisions 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 provision for depreciation or diminution in value of assets of that description.

110. 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

111. 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

ACCOUNTING PRINCIPLES, FORM AND CONTENT OF GROUP
FINANCIAL STATEMENTS

PART I

CONSTRUCTION OF REFERENCES TO PROVISIONS OF THIS
SCHEDULE

1. Without prejudice to the generality of section 9 of the Interpretation Act 2005 and its application to the body of these Regulations

- (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 1 as if the undertakings included in the consolidation (the “group”) were a single company.

(2) In particular, for the purposes of paragraph 13 of *Schedule 1* of the Balance Sheet Format and *paragraphs 79, 95 and 96* of *Schedule 1* (dealings with or interests in group undertakings) 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; or
- (b) from interim financial statements drawn up by the subsidiary undertaking as at the end of the holding company's financial year.

AMENDMENTS TO FORMATS IN SCHEDULE 1

Minority interest

4. (1) In applying the Balance Sheet Formats set out in *Part II* of *Schedule 1* to group financial statements a separate item under the heading "Minority Interest" shall be shown—

- (a) either between "Liabilities" *items 7* and *8*, or
- (b) after "Liabilities" *item 12*.

(2) The amount to be shown under the heading "Minority Interest" 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 1* to group financial statements a separate item under the heading “Minority Interest” shall be shown—

(a) in *Format 1*, between *items 17* and *18*; and

(b) in *Format 2*, between *items A11* and *A12* or between *items B9* and *B10*.

(2) The amount to be shown under the heading “Minority Interest” in accordance with *subparagraph (1)* shall be the amount of any profit or loss for the year on ordinary activities 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.

(3) In the Profit and Loss Account *Formats* a further item headed “Minority interests” shall be added—

(a) in *Format 1*, between *items 22* and *23*, and

(b) in *Format 2*, between *items A14* and *A15* or between *items B11* and *B12*;

(4) The amount to be shown under the heading “Minority interests” in accordance with *subparagraph (3)* shall be the amount of any profit or loss for the year on extraordinary activities attributable to shares in subsidiary undertakings included in the consolidation held by or on behalf of persons other than the holding company and its subsidiary undertakings.

6. For the purposes of *paragraph 4(3)* of *Schedule 1* (power to combine items) the additional items required by the provisions of *paragraphs 4* and *5* shall be treated as items to which an Arabic number is assigned.

Other changes

7. (1) The formats in *Schedule 1* shall have effect in relation to group financial statements with the following modifications.

(2) In the balance sheet format *Assets item 7* (Participating Interests) shall be replaced by two items headed “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) *Format 1, item 3 (b)*, (Income from participating interests), and

(b) *Format 2, item B2 (b)* (Income from participating interests),

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

8. In determining the amounts to be included in the group financial statements, the accounting principles and valuation rules contained in *Part III* of *Schedule 1* shall apply and shall be applied consistently within those group financial statements.

9. (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.

(2) *Subparagraph (1)* shall not apply where, in the opinion of the directors, a departure from that subparagraph 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.

10. (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.

11. Amounts which in the particular context of any provision of this Schedule are not material may be disregarded for the purposes of that provision.

12. Any differences of accounting rules as between a holding undertaking's entity financial statements for a financial year and its group financial statements shall be disclosed in a note to the latter financial statements and the reasons for the difference given.

Preparing the consolidation

13. (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;
 - (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;

but *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.

14. (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

15. (1) *Paragraphs 16 to 19* 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 shall be read accordingly.

16. 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 18* are satisfied and the merger method of accounting is adopted.

17. (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) In *subparagraph (2)* “identifiable assets or liabilities” means the assets or liabilities which are capable of being disposed of or discharged separately, without disposing of a business of the undertaking.

(4) The income and expenditure of the undertaking acquired shall be brought into the group financial statements only as from the date of acquisition.

(5) 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.

(6) 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.

(7) The resulting amount, if positive, shall be treated as goodwill and the provisions of *Schedule 1* in relation to goodwill shall apply.

(8) The resulting amount, if negative, shall be treated as a negative consolidation difference.

18. The conditions for accounting for an acquisition as a merger are—

- (a) that at least 90 per cent of the nominal value of the equity shares in the undertaking acquired is held by or on behalf of the undertakings consolidated in the group financial statements,
- (b) that the proportion referred to in *clause (a)* was attained pursuant to the arrangement providing for the issue of equity shares by the undertakings consolidated in the group financial statements,
- (c) that the fair value of any consideration other than the issue of equity shares given pursuant to the arrangement by the undertakings consolidated in the group financial statements did not exceed 10 per cent of the nominal value of the equity shares issued.

19. (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 shares issued by the undertakings consolidated in the group financial statements as part of the arrangement referred to in *paragraph 18(b)* 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.

20. (1) Where a group is acquired, *paragraphs 15 to 19* 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

21. 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 must include information which makes the comparison of successive sets of group financial statements meaningful.

Differences in tax treatments

22. Account shall be taken in the group financial statements of any difference arising on consolidation between the tax chargeable for the financial year and for preceding financial years and the amount of tax paid or payable in respect of those years, provided that it is probable that an actual charge to tax will arise

within the foreseeable future for one of the undertakings dealt with in the group financial statements.

Foreign currency translations

23. Any difference between—

- (a) the amount included in the consolidated financial statements for the previous financial year with respect to any undertaking included in the consolidation or the group's interest in any associated undertaking (within the meaning of *paragraph 27*), together with the amount of any transactions undertaken to cover any such interest, and
- (b) the opening amount for the financial year in respect of those undertakings and in respect of any such transactions, arising as a result of the application of *paragraph 49 of Schedule 1 (Assets and Liabilities Denominated in Foreign Currencies)* may be credited to (where (a) is less than (b)), or deducted from (where (a) is greater than (b)), (as the case may be) consolidated reserves.

24. Any income and expenditure of undertakings included in the consolidation and associated undertakings (within the meaning of *paragraph 27*) in a foreign currency may be translated for the purposes of the consolidated financial statements at the average rates of exchange prevailing during the financial year.

Information as to Undertaking in which Shares are Held as a Result of a Financial Assistance

25. (1) The following provisions apply where the holding company of a banking group has a subsidiary undertaking which:

- (a) is a credit institution of which shares are held as a result of a financial assistance operation with a view to its reorganisation or rescue; and
- (b) is excluded from consolidation under *section 303(3)(c)* of the Principal Act (interest held with a view to resale).

(2) Information as to the nature and terms of the operations shall be given in a note to the group financial statements and there shall be appended to the copy of the group financial statements annexed to the annual return of the holding company a copy of the undertaking's latest entity financial statements and, if it is a parent undertaking, its latest group financial statements.

If the financial statements appended are required by law to be audited, a copy of the auditors' report shall also be appended.

(3) If any document required to be appended is in a language other than Irish or English, the directors shall annex a translation of it into Irish or English, certified to be a correct translation.

(4) The above requirements are subject to the following qualifications:

- (a) an undertaking is not required to prepare for the purposes of this paragraph financial statements which would not otherwise be required to be prepared, and if no financial statements satisfying the above requirements are prepared none need be appended;
- (b) the financial statements of an undertaking need not be appended if they would not otherwise be required to be published, or made available for public inspection, anywhere in the world, but in that case the reason for not appending the financial statements shall be stated in a note to the consolidated financial statements.

(5) Where a copy of an undertaking's financial statements is required to be appended to the copy of the group financial statements annexed to the annual return, that fact shall be stated in a note to the group financial statements.

ACCOUNTING FOR JOINT VENTURES AND ASSOCIATES IN GROUP FINANCIAL STATEMENTS

Joint ventures

26. (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) a body corporate; or
- (b) 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

27. (1) In *paragraph 28* “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 26*.

(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)* of the Principal Act 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.

28. (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 28 to 30 and 32 of Schedule 1*.

(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

29. (1) In *paragraph 27* 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 1*, “participating interest” does not include an interest in a group undertaking.

PART IV

INFORMATION REQUIRED BY WAY OF NOTES TO GROUP FINANCIAL STATEMENTS

30. Without prejudice to *paragraph 2*, the notes to the group financial statements shall, in addition to providing the information required by *Schedule 1*, also state the information required by *paragraphs 31 to 35*.

31. 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.

32. 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 *paragraphs 73 and 74 of Schedule 1* as if references in that paragraph to a company were to the company and its subsidiary undertakings taken as a whole.

33. In relation to each joint venture proportionately consolidated, there shall be stated the nature of the joint management arrangement and the factors on which the joint management of the undertaking is based.

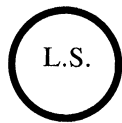
34. (1) In relation to the resulting amounts referred to in *paragraphs 17(7) and (8) and 19(6)*, there shall be stated in a note to the group financial statements the methods used in calculating those amounts and the reasons for any significant difference between those amounts for the financial year to which the group financial statements refer and the preceding financial year.

(2) 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 a group was acquired, the name and registered office of the holding undertaking of that group; and
- (b) whether the acquisition has been accounted for by the acquisition method or the merger method of accounting.

35. *Paragraph 93* (related party transactions) of *Schedule 1* 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.



Given under my Official Seal,
24 June 2015.

MICHAEL NOONAN,
Minister for Finance.

EXPLANATORY NOTE

(This note is not part of the Instrument and does not purport to be a legal interpretation).

These Regulations revoke the European Communities (Credit Institutions: Accounts) Regulations, 1992 (S.I. No. 294 of 1992) and may be cited as the European Communities (Credit Institutions: Financial Statements) Regulations 2015.g

These Regulations provide that a similar structure to Part 6 of the Companies Act 2014 will be adopted in respect of accounting requirements for credit institutions.

These Regulations require credit institutions to prepare and to publish annually accounts (balance sheet, profit and loss account and notes), in accordance with the provisions of these Regulations. They contain provisions relating to the accounting treatment and disclosure requirements of subsidiaries, associated undertakings and joint ventures and the material to be contained in the report of the directors and the auditors.

The Regulations contain provisions governing the preparation of accounts, including group accounts, the content of those accounts, their format and the valuation of items to be included. They specify information to be included in the notes to the accounts.

BAILE ÁTHA CLIATH
ARNA FHOILSIÚ AG OIFIG AN tSOLÁTHAIR
Le ceannach díreach ó
FOILSEACHÁIN RIALTAIS,
52 FAICHE STIABHNA, BAILE ÁTHA CLIATH 2
(Teil: 01 - 6476834 nó 1890 213434; Fax: 01 - 6476843)
nó trí aon díoltóir leabhar.

DUBLIN
PUBLISHED BY THE STATIONERY OFFICE
To be purchased from
GOVERNMENT PUBLICATIONS,
52 ST. STEPHEN'S GREEN, DUBLIN 2.
(Tel: 01 - 6476834 or 1890 213434; Fax: 01 - 6476843)
or through any bookseller.

€12.95



Wt. (B31337). 285. 6/15. Clondalkin. Gr 30-15.