Deloitte.

Example FRS 101 financial statements.

(Reflecting the Companies Acts, 1963 to 2012)

October 2013

Leading business advisers

FRS 101 – Example financial statements

The background

Developing a replacement for existing Irish and UK GAAP has long been an objective of the Financial Reporting Council. With the publication of FRS 100, FRS 101, and FRS 102, this project is now nearing completion with FRS 103 to address insurance accounting yet to be finalised. For periods beginning on or after 1 January 2015, three new Financial Reporting Standards (FRS 100, 101 and 102) come into force, bringing with them a number of new options for all Irish entities and groups. Early adoption is permitted and in the case of FRS 102 this is for periods beginning on or after 31 December 2012.

FRS 100 "Application of Financial Reporting Requirements" sets out rules and guidance on how to select the appropriate accounting framework for a particular entity or group.

FRS 101 "Reduced Disclosure Framework" introduces a new reduced disclosure framework enabling most subsidiaries and parents to use the recognition and measurement bases of IFRSs in their individual entity financial statements, while being exempt from a number of disclosures required by full IFRSs.

FRS 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland" is the 'main' standard which replaces current Irish and UK GAAP. It also includes disclosure exemptions for certain qualifying entities.

The focus of these example financial statements is FRS 101, the reduced disclosure regime for companies following the recognition and measurement principles of IFRSs. Under FRS 101, qualifying entities may prepare individual financial statements using IFRS measurement and recognition bases, but may take exemptions from a number of disclosure requirements in their individual financial statements.

What is a qualifying entity?

A qualifying entity is a member of a group where the parent of that group prepares publicly available consolidated financial statements which give a true and fair view and in which that entity is included via full consolidation (the definition does not explicitly state that the group accounts must be prepared under IFRSs).

A qualifying entity need not be a subsidiary; a parent company preparing separate financial statements (which may be presented alongside the consolidated financial statements) may also be eligible for the reduced disclosure framework in respect of those separate financial statements.

The example financial statements

These example financial statements reflecting the Companies Acts, 1963 to 2012 are designed to demonstrate the potential benefits and pitfalls which may be experienced when adopting FRS 101.

A glance at the statements will show that although there are significant disclosure savings (particularly in areas relating to financial instruments), there are also some complexities which will need to be considered.

What are the key considerations when preparing FRS 101 financial statements?

1. Requirement to use Companies Acts formats

Under Irish company law, financial statements can be prepared either in accordance with full EU-adopted IFRSs ("IFRS individual accounts") or in accordance with the requirements set out in law ("Companies Act individual accounts"). Accounts prepared under FRS 101 do not constitute "IFRS individual accounts" as they are not prepared in accordance with full EU-adopted IFRS. They therefore must constitute "Companies Act individual accounts". The Application Guidance to FRS 101 makes clear that FRS 101 financial statements are subject to and must comply with the requirements of company law. This means that amongst other things, the primary statements (i.e. profit and loss account and balance sheet) are required to comply with the Companies Acts formats.

2. Changes to IFRS measurement & recognition requirements to comply with company *law*

Because FRS 101 accounts are "Companies Act individual accounts" (for the reasons described above), certain disclosures and accounting requirements for such accounts are enshrined in law. Full IFRS accounts are not so restricted, but this means that some of the recognition and measurement principles in full IFRSs are not permitted under company law.

FRS 101 therefore includes some departures from the requirements of IFRSs as applied in 'IFRS individual accounts' to bring them in line with company law requirements. However, materiality should be considered when deciding whether or not these amendments are necessary. In practice, such changes would be expected to be relatively rare.

3. Legal restriction on changing accounting framework

Until very recently, Irish company law provided a 'one way street' from Companies Act individual accounts to IFRS individual accounts. The only way that a change back to Companies Act individual accounts could happen was if there were to be a "relevant change of circumstance", which is narrowly defined in law.

However, for periods ending on or after 13 December 2012 the law has changed such that companies are now able to change from full EU-IFRSs to Companies Act accounts for any reason once every five years. In addition, the "change of relevant circumstance" option remains in place.

Transitioning to the new standards

The new standards will be effective for accounting periods beginning on or after 1 January 2015 (comparatives beginning on or after 1 January 2014), with early adoption permitted. FRS 101 has been issued and therefore can be applied now, if desired, without restriction.

Note on the preparation of the example financial statements

These example financial statements prepared in September 2013 illustrate the typical disclosures which would be required of a subsidiary of a group reporting under Financial Reporting Standard 101 (FRS 101) 'Reduced Disclosure Framework' in its company accounts, otherwise applying the recognition and measurement bases of EU-adopted IFRSs effective for periods commencing on or after 1 January 2013.

In many cases the wording used in these financial statements is purely illustrative and in practice will need to be modified to reflect the circumstances of the company. Certain disclosure reductions under FRS 101 are only available provided that equivalent disclosures are made in the group accounts into which the entity is consolidated.

Certain disclosure requirements under FRS 101 are not considered in the example financial statements as they relate to areas of accounting treatment which are not directly relevant for FRS 101 Subco (Ireland) Limited. These include the following:

- FRS 101 Subco (Ireland) Limited is not a financial institution and is therefore able to take advantage of exemption from all requirements of IFRS 7 'Financial Instruments: Disclosure'; and
- FRS 101 Subco (Ireland) Limited has adopted IAS 19 (Revised 2011) and has taken advantage of the disclosure reductions available where it participates in a group defined benefit scheme. There is no stated policy or contractual agreement for allocation of the net defined benefit cost and therefore FRS 101 Subco (Ireland) Limited accounts only for its contributions payable in the year.

Changes to the law or accounting standards subsequent to September 2013 are not reflected in these example financial statements. In addition, the interpretation of IFRSs continue to evolve over time.

This document reflects financial statements only – directors' and auditors' reports are outside of scope.

Text in italics references to FRS 101 or IFRSs as appropriate. Italicised text in shaded boxes is for further guidance and to highlight some of the disclosures added in order to comply with law when moving from the IFRSs to the companies Acts' accounting framework.

FRS 101 Subco (Ireland) Limited

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FRS 101 Subco (Ireland) Limited - Directors' Report

The directors present their annual report on the affairs of the Company, together with the financial statements and auditors' report, for the year ended 31 December 20XX.

Principal activities

The principal activities of the Company comprise *[describe]*.

The subsidiary and associated undertakings principally affecting the profits or net assets of the Company in the year are listed in notes 18 & 19 to the financial statements.

Business review

[Describe, for example, results for the period, major changes in the business, development of new products or markets, acquired or discontinued operations and other factors materially affecting the business.]

[All companies, other than those qualifying as small, must prepare and include a business review in their directors' report. The disclosure requirements are outlined in section 158 of the Companies Act, 1963 and section 13 and section 14 of the Companies (Amendment) Act, 1986 as amended by S.I.No. 496 of 2009 (amended by S.I. No. 83 of 2010). It is not practical to illustrate a model business review for a company and companies should ensure that the requirements of company law are met reflecting the circumstances, size and complexity of the company and its business.

The review should cover the following:

a) a fair review of the company's business; and

b) a description of the principal risks and uncertainties facing the company.

The review required is a balanced and comprehensive analysis of:

a) the development and performance of the company's business during the financial year; and

b) the company's position at the end of that year, consistent with the size and complexity of the business.

The review must, to the extent necessary for an understanding of the development, performance or position of the business, include:

a) analysis using financial key performance indicators; and

b) where appropriate, analysis using other key performance indicators, including information relating to environmental matters and employee matters(small and medium sized companies are exempt).

The directors expect the general level of activity to *[comment on expected future developments]*.

The Company continues to invest in research and development. This has resulted in a number of new products being launched recently which are expected to make significant contributions to the growth of the business. The directors regard investment in this area as a prerequisite for success in the medium to long-term future.

[Indicate the existence of branches of the Company outside Ireland, if relevant.]

Details of significant events since the balance sheet date are contained in note 43 to the financial statements.

Going Concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

Further details regarding the adoption of the going concern basis can be found in the Statement of accounting policies in the financial statements.

Financial risk management objectives and policies

[In practice, a more extensive description than that illustrated below should be given, of the Company's financial risk management objectives and policies including the policy for hedging each major type of forecasted transaction for which hedge accounting is used, dealing with the Company's particular circumstances. This should include a description of the Company's exposure to price risk, credit risk, liquidity risk and cash flow risk.

Notwithstanding that FRS 101 Subco(Ireland) Limited, not being a financial institution within the meaning of FRS 101, and hence under the reduced disclosure regime is not required to include IFRS 7, IFRS 13 and IAS 1 (Capital management) disclosures, it is still required by law to give the statutory financial risk management disclosures in its directors' repot.]

The Company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The use of financial derivatives is governed by the Company's policies approved by the board of directors, which provide written principles on the use of financial derivatives to manage these risks. The Company does not use derivative financial instruments for speculative purposes.

FRS 101 Subco (Ireland) Limited - Directors' Report (continued)

Cash flow risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Company uses foreign exchange forward contracts and interest rate swap contracts to hedge these exposures.

Interest bearing assets and liabilities are held at fixed rate to ensure certainty of cash flows.

Credit risk

The Company's principal financial assets are bank balances and cash, trade and other receivables, and investments.

The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company uses a mixture of long-term and short-term debt finance.

Further details regarding liquidity risk can be found in the statement of accounting policies in the financial statements.

Dividends

The directors recommend a final dividend of €__ (__ c per ordinary share) to be paid on *[date]* to ordinary shareholders on the register on *[date]* which, together with the interim dividend of €__ (__ c per ordinary share) paid on *[date]*, makes a total of €__ for the year (20YY - €__). The dividend on the __ per cent redeemable preference shares, amounting to €__ (__ c per share), was paid on *[date]*.

Directors

The directors, who served throughout the year except as noted, were as follows:

[Include full list of directors]

Political contributions

Political donations were made by *[name of subsidiary company]* to *[name of political organisation]* amounting to €__ during the year.

Auditors

In accordance with section 160(2) of the Companies Act, 1963 the Auditors', Deloitte & Touche will continue in office.

Approved by the Board and signed on its behalf by:

[Signature] ______________________ [Signature] ______________________

[Director] ______________________ [Director] ______________________

[Date] [______________________

FRS 101 Subco (Ireland) Limited - Directors' Report (continued)

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of company and of the profit of the company for that period. Under that law the directors have elected to prepare the financial statements in accordance with Irish Generally Accepted Accounting Practice (Accounting Standards promulgated by Chartered Accountants Ireland and applicable law). In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper books of accounts which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Acts, 1963 to 2012. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Independent auditors' report to the members of Frs 101 Subco (Ireland) limited

We have audited the financial statements of FRS 101 Subco (Ireland) Limited for the year ended 31 December 20XX which comprise the profit and loss account, statement of comprehensive income, balance sheet, statement of changes in equity and the related notes 1 to 45. The financial reporting framework that has been applied in their preparation is Irish law and accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland, including FRS 101 "Reduced Disclosure Framework" (Generally Accepted Accounting Practice in Ireland).

This report is made solely to the company's members, as a body, in accordance with Section 193 of the Companies Act, 1990. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements giving a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of the company's affairs as at 31 December 20XX and of its profit for the year then ended;
- have been properly prepared in accordance with the requirements of the Companies Acts, 1963 to 2012.

Matters on which we are required to report by the Companies Acts, 1963 to 2012

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion proper books of accounts have been kept by the company.
- The company financial statements are in agreement with the books of account.
- In our opinion the information given in the directors' report is consistent with the financial statements.
- The net assets of the company, as stated in the balance sheet are more than half of the amount of its called up share capital and, in our opinion, on that basis there did not exist at 31 December 20XX a financial situation which under Section 40 (1) of the Companies (Amendment) Act, 1983 would require the convening of an extraordinary general meeting of the company.

Matters on which we are required to report by exception

We have nothing to report in respect of the provisions in the Companies Acts, 1963 to 2012 which require us to report to you if, in our opinion the disclosures of directors' remuneration and transactions specified by law are not made.

[Space for audit partner's signature]

[Print of Audit Partner's name]

For and on behalf of *[Deloitte & Touche]*

Chartered Accountants and Statutory Audit Firm

[City]

[Date]

FRS 101 Subco (Ireland) Limited
Profit and loss account

For the year ended 31 December 20XX

	Note	Continuing operations 20XX €	Discontinued operations 20XX €	Total 20XX €	Continuing operations 20YY €	Discontinued operations 20YY €	Total 20YY €
Turnover	4						
Cost of sales							
Gross profit							
Distribution costs							
Administrative expenses							
Other operating income							
Other operating expenses							
Restructuring costs	5						
Operating profit							
Income from shares in group undertakings							
Interest receivable and similar income	9						
Other gains and losses	10						
Interest payable and similar charges	11						
Profit on ordinary activities before tax							
Tax on profit on ordinary activities	12						
Profit for the financial year	6						

The financial statements were approved by the board of directors and authorised for issue on *[date]*. They were signed on its behalf by:

[Signature] ____________________ [Signature] ____________________

Director ____________________ Director ____________________

FRS 101: Appendix 2 Table 1 states that the analysis of the results of discontinued operations must be presented on the face of the statement of comprehensive income in a columnar format. These example financial statements follow the presentation given in the Appendix to Section 5 of FRS 102.

FRS 101 Subco (Ireland) Limited
Statement of comprehensive income

For the year ended 31 December 20XX

	Year ended 20XX		Year ended 20YY	
	€	€	€	€
Profit for the year				
Items that will not be reclassified subsequently to profit or loss:				
Gains / (losses) on property revaluation				
Income tax relating to items not reclassified				
Items that may be reclassified subsequently to profit or loss:				
Available for sale financial assets				
Gains / (losses) arising during the period				
Less: reclassification adjustments for gains / (losses) included in profit				
Cash flow hedges:				
Gains / (losses) arising during the period				
Less: reclassification adjustments for gains / (losses) included in profit				
Income tax relating to items that may be reclassified				
Other Comprehensive income for the period net of tax				
Total Comprehensive income for the period				
Total comprehensive income attributable to:				
Owners of the Company				

FRS 101 Subco (Ireland) Limited
Balance sheet

As at 31 December 20XX

	Note	20XX €	20YY €
Fixed assets			
Intangible assets	15		
Tangible assets			
Property, plant and equipment	16		
Investment property	17		
Financial assets			
Investments in subsidiaries	18		
Interests in associates	19		
Other investments	20		
Current assets			
Stocks	21		
Other investments	20		
Finance lease receivables	23		
Debtors	24		
- due within one year - due after one year			
Cash at bank and in hand			
Deferred tax asset	30		
Derivative financial instruments	28		
Assets classified as held for sale	13		
Total assets			
Creditors: Amounts falling due within one year:			
Trade and other payables	25		
Current tax liabilities			
Obligations under finance leases	27		
Borrowings	26		
Derivative financial instruments	28		
Deferred revenue	40		
Liabilities directly associated with assets classified as held for sale	13		
Net current assets			

FRS 101 Subco (Ireland) Limited
Balance sheet - (continued)

As at 31 December 20XX

	Note	20XX €	20YY €
Total assets less current liabilities			
Creditors: Amounts falling due after more than one year:			
Borrowings	26		
Deferred revenue	40		
Obligations under finance leases	27		
Liability for share based payments	38		
Provisions for liabilities	29		
Total liabilities			
Net assets			
Capital and reserves			
Called up share capital	31		
Share premium account	32		
Revaluation reserves	33		
Hedging reserve	34		
Profit and loss account	35		
Total shareholders' funds			

The financial statements were approved by the board of directors and authorised for issue on *[date]*. They were signed on its behalf by:

[Signature] ______________________ [Signature] ______________________

Director Director

FRS 101: Appendix A2.9 notes that IAS 1 is predicated on the basis of a 'current/non-current' distinction, which will not always be consistent with the 'fixed/current/due within/after one year' presentation set out in company law. Qualifying entities will therefore need to exercise care around the presentation of long term debtors, deferred tax and provisions to ensure compliance with company law.

IFRS 5: 38 requires presentation of assets and liabilities held for sale separately from other items in the statement of financial position. FRS 101 contains no amendment to the requirements of IFRS 5 in this respect and therefore this requirement of IFRS 5 has been applied.

FRS 101 Subco (Ireland) Limited
Statement of changes in equity

	Share Capital €	Share Premium Account €	Revaluation Reserves €	Hedging reserve €	Profit and loss account €	Total €
Balance at 1 January 20YY						
Profit for the period						
Other comprehensive income for the period						
Total comprehensive income for the period						
Issue of share capital						
Dividends						
Capital contribution for equity-settled share based payments						
Deferred tax on share-based payment transactions						
Balance at 31 December 20YY						
Profit for the period						
Other comprehensive income for the period						
Total comprehensive income for the period						
Issue of share capital						
Dividends						
Capital contribution for equity-settled share based payments						
Deferred tax on share-based payment transactions						
Balance at 31 December 20XX						

Share Premium Account represents the excess of the issue price over the par value on shares issued less transaction costs arising on issue.

Revaluation Reserve comprises of the Properties Revaluation Reserve and the Investments Revaluation Reserve. The properties revaluation comprises the surplus or deficit arising on the revaluation of land and buildings. The investments revaluation reserve represents the cumulative gains and losses arising on the revaluation of available-for-sale financial assets that have been recognised in other comprehensive income, net of amounts reclassified to profit or loss when those assets have been disposed of or are determined to be impaired.

Hedging Reserve represents the cumulative amount of gains and losses on hedging instruments deemed effective in cash flow hedges.

Profit and loss account reserve represents accumulated retained earnings.

The Statement of Changes in Equity meets the requirement in company law to present movements on reserves, reconciling beginning and end of year figures

Note that if there is a change in accounting policy, a note explaining the impact and including the relevant disclosures should be included as required by IAS 8

FRS 101: 8(h) allows qualifying entities to take exemption from the requirements of IAS 7 'Statement of Cash Flows' in its entirety. Accordingly, no cash flow statement is required

FRS 101 Subco (Ireland) Limited
Notes to the financial statements

For the year ended 31 December 20XX

1. General information

FRS 101 Subco (Ireland) Limited is a company incorporated in Ireland under the Companies Acts 1963 to 2012. The address of the registered office is given on page __. The nature of the company's operations and its principal activities are set out in the business review on pages __ to __.

These financial statements are presented in €uro because that is the currency of the primary economic environment in which the company operates.

These financial statements are separate financial statements. The company is exempt from the preparation of consolidated financial statements, because it is included in the group accounts of *[company name]*. The group accounts of *[company name]* are available to the public and can be obtained as set out in note 45.

2. Significant accounting policies

New and revised IFRSs affecting amounts reported and/or disclosures in the financial statements

In the current year, the company has applied a number of new and revised IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2013.

Amendments to IFRS 7 Disclosures - Offsetting Financial Assets and Financial liabilities

The company has applied the amendments to IFRS 7 Disclosures - Offsetting Financial Assets and Financial liabilities for the first time in the current year. The amendments to IFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments have been applied retrospectively. As the company does not have any offsetting arrangements in place, the application of the amendments has had no material impact on the disclosures or on the amounts recognised in the consolidated financial statements. Furthermore, FRS 101:8 (d) exempts qualifying entities that are not financial institutions from the requirements of IFRS 7 Financial Instruments: Disclosures as long as equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated, which is the case for the company.

IFRS 13 Fair Value Measurement

The company has applied IFRS 13 for the first time in the current year. IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of IFRS 13 is broad; the fair value measurement requirements of IFRS 13 apply to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of IFRS 2 Share-based Payment, leasing transactions that are within the scope of IAS 17 Leases, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under IFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, IFRS 13 includes extensive disclosure requirements.

2. Significant accounting policies (continued)

IFRS 13 requires prospective application from 1 January 2013. The application of IFRS 13 has not had any material impact on the amounts recognised in the financial statements. FRS 101:8(e) exempts qualifying entities that are not financial institutions from the disclosure requirements of IFRS 13 as long as equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated, which is the case for the company.

Amendments to IAS 1 Presentation of Items of Other Comprehensive Income

The company has applied the amendments to IAS 1 Presentation of Items of Other Comprehensive Income for the first time in the current year. The amendments introduce new terminology, whose use is not mandatory, for the statement of comprehensive income and income statement. Under the amendments to IAS 1, the 'statement of comprehensive income' is renamed as the 'statement of profit or loss and other comprehensive income' *[and the 'income statement' is renamed as the 'statement of profit or loss']*. The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis - the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to IAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income. As the use of new terminology is not mandatory and given the application of FRS 101 the company has adopted Companies Acts' terminology in these financial statements.

Amendments to IAS 1 Presentation of Financial Statements

(as part of the Annual Improvements to IFRSs 2009 - 2011 Cycle issued in May 2012)

The Annual Improvements to IFRSs 2009- 2011 have made a number of amendments to IFRSs. The amendments that are relevant to the company are the amendments to IAS 1 regarding when a statement of financial position as at the beginning of the preceding period (third statement of financial position) and the related notes are required to be presented. The amendments specify that a third statement of financial position is required when a) an entity applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items in its financial statements, and b) the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position. The amendments specify that related notes are not required to accompany the third statement of financial position.

In the current year, the company has applied a number of new and revised IFRSs, which has resulted in material effects on the information in the statement of financial position as at 1 January 2012. In accordance with the amendments to IAS 1, the company is required to present a third statement of financial position as at 1 January 2012 without the related notes except for the disclosure requirements of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

FRS 101:8(g) exempts the company from having to prepare a third balance sheet and accordingly a third balance sheet is not presented in these financial statements.

IAS 19 Employee Benefits (as revised in 2011)

In the current year, the company has applied IAS 19 Employee Benefits (as revised in 2011) and the related consequential amendments for the first time.

IAS 19 (as revised in 2011) changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. All actuarial gains and losses are recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used In the previous version of IAS 19 are replaced with a 'net interest' amount under IAS 19 (as revised in 2011), which is calculated by applying the discount rate to the net defined benefit liability or asset. In addition, IAS 19 (as revised in 2011) introduces certain changes in the presentation of the defined benefit cost including more extensive disclosures.

2. Significant accounting policies (continued)

As the company is not the sponsoring employer of the plan and there is no stated policy or contractual agreement for the allocation of the net defined benefit costs, the adoption of IAS 19 (Revised 2011) has not had any impact on the financial statements and the company continues to account only for its contributions payable during the year.

Basis of accounting

The company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, in the year ended 31 December 20XX the company has undergone transition from reporting under IFRSs adopted by the European Union to FRS 101 as issued by the Financial Reporting Council. The financial statements have therefore been prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council. This transition is not considered to have had a material effect on the financial statements.

If FRS 101 is applied for a period beginning before 1 January 2015, FRS 101:11 requires disclosure of that fact.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to business combinations, share-based payment, non-current assets held for sale, financial instruments, fair value measurements, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, impairment of assets and related party transactions *[insert brief description of any other disclosure exemptions taken under FRS 101 as relevant]*.

Where relevant, equivalent disclosures have been given in the group accounts of *[insert name of parent]*. The group accounts of *[company name]* are available to the public and can be obtained as set out in note 45.

FRS 100: 12 requires that, where an entity applied EU-adopted IFRS prior to transition and there is no material effect on the financial statements, it must disclose:

a) That it has undergone transition; and

b) A brief narrative of the disclosure exemptions adopted for all periods presented.

Where there is a material effect as a result of transition, the entity must additionally describe material changes in accounting policy and provide reconciliations for equity and profit or loss, as specified by FRS 100:12(b).

Where first-time adopters move to FRS 101 from any GAAP other than EU-adopted IFRSs, FRS 100: 11(b) states that they shall apply paragraphs 6-33 of IFRS 1 as adopted by the EU.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain properties and financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. The principal accounting policies adopted are set out below.

Going concern

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Business Review section of the Directors' Report on pages X to Y.

The company is expected to continue to generate positive cash flows on its own account for the foreseeable future. The company participates in the group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries.

The directors, having assessed the responses of the directors of the company's parent *[name of parent]* to their enquiries have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the *[name of group]* group to continue as a going concern or its ability to continue with the current banking arrangements.

On the basis of their assessment of the company's financial position and of the enquiries made of the directors of *[name of parent]*, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2. Significant accounting policies (continued)

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less, where appropriate, allowances for impairment.

Investments in associates

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Investments in associates are accounted for at cost less, where appropriate, allowances for impairment.

Non-current assets held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Sales of goods that result in award credits for customers, under the Company's customer loyalty points scheme, are accounted for as multiple element revenue transactions and the fair value of the consideration received or receivable is allocated between the goods supplied and the award credits granted. The consideration allocated to the award credits is measured by reference to their fair value – the amount for which the award credits could be sold separately. Such consideration is not recognised as revenue at the time of the initial sale transaction – but is deferred and recognised as revenue when the award credits are redeemed and the Company's obligations have been fulfilled.

Rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. The stage of completion of the contract is determined as follows:

- installation fees are recognised by reference to the stage of completion of the installation, determined as the proportion of the total time expected to install that has elapsed at the balance sheet date;
- servicing fees included in the price of products sold are recognised by reference to the proportion of the total cost of providing the service for the product sold, taking into account historical trends in the number of services actually provided on past goods sold; and
- revenue from time and material contracts is recognised at the contractual rates as labour hours are delivered and direct expenses incurred.

The Company's policy for recognition of revenue from construction contracts is described below.

Royalties

Royalty revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably). Royalties determined on a time basis are recognised on a straight-line basis over the period of the agreement. Royalty arrangements that are based on production, sales and other measures are recognised by reference to the underlying arrangement.

Dividend and interest revenue

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably).

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts

2. Significant accounting policies (continued)

estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Rental income

The Company's policy for recognition of revenue from operating leases is described below.

Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date. This is normally measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable they will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The company as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the company's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The company as lessee

Assets held under finance leases are recognised as assets of the company at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the company's general policy on borrowing costs (see below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Foreign currencies

The financial statements are presented in €uro, which is the currency of the primary economic environment in which the Company operates (its functional currency).

Transactions in currencies other than the company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings; and

2. Significant accounting policies (continued)

- exchange differences on transactions entered into to hedge certain foreign currency risks (see below under financial instruments / hedge accounting).

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

To the extent that variable rate borrowings are used to finance a qualifying asset and are hedged in an effective cash flow hedge of interest rate risk, the effective portion of the derivative is recognised in other comprehensive income and released to profit or loss when the qualifying asset impacts profit or loss. To the extent that fixed rate borrowings are used to finance a qualifying asset and are hedged in an effective fair value hedge of interest rate risk, the capitalised borrowing costs reflect the hedged interest rate.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and that the grants will be received.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

Government grants towards staff re-training costs are recognised as income over the periods necessary to match them with the related costs and are presented as a credit in the statement of comprehensive income within 'other operating income'.

Government grants relating to property, plant and equipment are treated as deferred income and released to profit or loss over the expected useful lives of the assets concerned.

[EU-adopted IFRSs permit grants related to income to be deducted in reporting the expense to which they relate.

To comply with company law, FRS 101 amends IAS 20 such that any grant relating to income must be presented as a credit (i.e. the netting off against the related expense is not permitted.) Further in terms of balance sheet, the only permissible approach in law for capital grants is to set up the grant as deferred income – netting off against the asset is not permitted.]

Operating profit

Operating profit is stated after charging restructuring costs but before investment income and finance costs.

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. Payments made to group retirement benefit schemes are dealt with as payments to defined contribution schemes where the company's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

The Company participates in a group defined benefit scheme which is the legal responsibility of the ultimate parent as the sponsoring employer. There is no contractual agreement or stated policy for charging the net defined benefit cost In accordance with IAS 19 (Revised 2011), the Company recognises a cost equal to its contribution payable for the period, which is presented within administrative expenses in the income statement.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference

2. Significant accounting policies (continued)

arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date.

Any revaluation increase arising on the revaluation of such land and buildings is credited to the properties revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to the income statement to the extent of the decrease previously expensed. A decrease in carrying amount arising on the revaluation of such land and buildings is charged as an expense to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is charged to the profit and loss account. On the subsequent sale or scrappage of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings.

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the company’s accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land is not depreciated.

Fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is recognised so as to write off the cost or valuation of assets (other than land and properties under construction) less their residual values over their useful lives, using the straight-line method, on the following bases:

Buildings	4%
Fixtures and equipment	10% — 30%

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease.

The gain or loss arising on the disposal or scrappage of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

Provide additional explanation if the company has elected to use fair value or a previous revaluation as deemed cost on transition to IFRS measurement and recognition principles.

Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation (including property under construction for such purposes), is stated at its fair value at the balance sheet date. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

A company that elects to use the cost model for investment property (not illustrated in these model financial statements) should disclose an appropriate policy and make reference, if relevant, to the use of the elections to use fair value or previous revaluations as deemed cost on transition.

2. Significant accounting policies (continued)

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from the company's *[specify]* development is recognised only if all of the following conditions are met:

- an asset is created that can be identified (such as software and new processes);
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably.

Internally-generated intangible assets are amortised on a straight-line basis over their useful lives. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

Patents and trademarks

Patents and trademarks are measured initially at purchase cost and are amortised on a straight-line basis over their estimated useful lives.

Impairment of tangible and intangible assets

At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Paragraph 31A(2) of the schedule to the companies (Amendment) Act, 1986 requires disclosure of the methods and assumptions applied in determining fair values of each class of financial assets or financial liabilities.

Paragraph 24 of the schedule to the companies (Amendment) Act, 1986 also requires disclosure of the accounting policies adopted by the company in determining the amounts to be included in respect of items shown in the balance sheet and in determining the profit or loss of the company.

Therefore although FRS 101 exempts qualifying entities that are not financial institutions from the disclosure requirements of IFRS 7, because FRS 101 accounts are Companies Act individual accounts, the disclosures required by the Companies Acts, 1963 to 2012 are still required

Financial Assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

2. Significant accounting policies (continued)

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the income statement. Fair value is determined in the manner described in note 41.

Held-to-maturity investments

Bills of exchange and debentures with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment, with revenue recognised on an effective yield basis.

Available for sale financial assets

Listed shares and listed redeemable notes held by the Company that are traded in an active market are classified as being AFS and are stated at fair value. The Company also has investments in unlisted shares that are not traded in an active market but that are classified as AFS financial assets and stated at fair value (because the directors consider that fair value can be reliably measured). Fair value is determined in the manner described in note 41. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investments revaluation reserve is reclassified to profit or loss.

Dividends on AFS equity instruments are recognised in profit or loss when the Company's right to receive the dividends is established.

The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the balance sheet date. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

2. Significant accounting policies (continued)

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For listed and unlisted equity investments classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, including redeemable notes classified as AFS and finance lease receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the differences between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

2. Significant accounting policies (continued)

Financial guarantee contract liabilities

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of the obligation under the contract, as determined in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies set out above.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the income statement. Fair value is determined in the manner described in note 41.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts, interest rate swaps and cross currency swaps. Further details of derivative financial instruments are disclosed in note 41.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Company designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges), hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges).

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a current asset due after one year or a creditor due after more than one year if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

2. Significant accounting policies (continued)

Embedded derivatives

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

An embedded derivative is presented as a current asset due after one year or a creditor due after more than one year if the remaining maturity of the hybrid instrument to which the embedded derivative relates is more than 12 months and is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge accounting

The Company designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges or cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Note 41 sets out details of the fair values of the derivative instruments used for hedging purposes.

Movements in the hedging reserve in equity are detailed in note 34.

Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in the line of the income statement relating to the hedged item.

Hedge accounting is discontinued when the Company revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the income statement as the recognised hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the Company revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income at that time is accumulated in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2. Significant accounting policies (continued)

Restructurings

A restructuring provision is recognised when the Company has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

Warranties

Provisions for the expected cost of warranty obligations under local sale of goods legislation are recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Company's obligation.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

Share-based payments

Where the Company's parent company has granted rights to its equity instruments to employees of the Company, such arrangements are accounted for as equity-settled share-based payment arrangements. In such instances a capital contribution is recognised to the extent that the Company is not recharged by its parent.

Where the Company grants to its employees rights to equity instruments of its parent, the Company accounts for such arrangements as cash-settled share-based payment arrangements.

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non market-based vesting conditions.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest. At each balance sheet date, the Company revises its estimate of the number of equity instruments expected to vest as a result of the effect of non market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

SAYE share options granted to employees are treated as cancelled when employees cease to contribute to the scheme. This results in accelerated recognition of the expenses that would have arisen over the remainder of the original vesting period.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At each balance sheet date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the company's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Revenue recognition

Note 5 describes the expenditure required in the year for rectification work carried out on goods supplied to one of the Company's major customers. These goods were delivered to the customer in the months of __ to __ 20XX, and shortly thereafter the defects were identified by the customer. Following negotiations, a schedule of works was agreed, which will involve expenditure by the Company until 20WW. In the light of the problems identified, management was required to consider whether it was appropriate to recognise the revenue from these transactions of €__ million in the current period, in line with the Company's general policy of recognising revenue when goods are delivered, or whether it was more appropriate to defer recognition until the rectification work was complete.

In making its judgement, management considered the detailed criteria for the recognition of revenue from the sale of goods set out in IAS 18 Revenue and, in particular, whether the Company had transferred to the buyer the significant risks and rewards of ownership of the goods. Following the detailed quantification of the Company's liability in respect of rectification work, and the agreed limitation on the customer's ability to require further work or to require replacement of the goods, the directors are satisfied that the significant risks and rewards have been transferred and that recognition of the revenue in the current year is appropriate, in conjunction with recognition of an appropriate provision for the rectification costs.

Capitalisation of borrowing costs

As described in note 2, the Company capitalises borrowing costs directly attributable to the acquisition, construction or production of qualifying assets. Capitalisation of the borrowing costs relating to construction of the Company's premises in A Land was suspended in 20YY, while the development was delayed as management reconsidered its detailed plans. Capitalisation of borrowing costs recommenced in 20XX – following the finalisation of revised plans, and the resumption of the activities necessary to prepare the asset for its intended use. Although construction of the premises was not restarted until May 20XX, borrowing costs have been capitalised from February 20XX, at which time the technical and administrative work associated with the project recommenced.

Held-to-maturity financial assets

The directors have reviewed the Company's held-to-maturity financial assets in the light of its capital maintenance and liquidity requirements and have confirmed the Company's positive intention and ability to hold those assets to maturity. The carrying amount of the held-to-maturity financial assets is €__ million (20YY: €__ million). Details of these assets are set out in notes 20 and 41.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Recoverability of internally-generated intangible asset

During the year, management reconsidered the recoverability of its internally-generated intangible asset which is included in its balance sheet at €__ million. The project continues to progress in a very satisfactory manner, and customer reaction has reconfirmed management's previous estimates of anticipated revenues from the project.

However, increased competitor activity has caused management to reconsider its assumptions regarding future market shares and anticipated margins on these products. Detailed sensitivity analysis has been carried out and management is confident that the carrying amount of the asset will be recovered in full, even if returns are reduced. This situation will be closely monitored, and adjustments made in future periods if future market activity indicates that such adjustments are appropriate.

Impairment of investments in subsidiaries

Determining whether the company's investments in subsidiaries have been impaired requires estimations of the investments' values in use. The value in use calculations require the entity to estimate the future cash flows expected to arise from the investments and suitable discount rates in order to calculate present values. The carrying amount of investments in subsidiaries at the balance sheet date was €__ million with no impairment loss recognised in 20XX or 20YY.

4. Turnover

	Year ended 20XX €	Year ended 20YY €
Continuing operations		
Sales of goods		
Revenue from construction contracts		
Equipment leasing income		
Property rental income		
[This sub-total is the "turnover" line on the income statement.]		
Other operating income		
Interest receivable and similar income (note 9)		
Discontinued operations		
Sales (see note 13)		
[This is the total revenue as defined in IAS 18.]		

Turnover:	20XX €	20YY €
Business class X		
Business class Y		

Turnover:	20XX €	20YY €
Geographical market X		
Geographical market Y		

Paragraph 41 of the schedule to the companies (Amendment) Act, 1986 requires all companies preparing Companies Act individual Accounts to analyse their turnover by class of business and geographical market. Note – if the disclosure of such information 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.

5. Restructuring costs

In *[month]* 20XX, the company disposed of *[name of operation]* (see note 13). Certain of the non-core assets of the [____] division were retained by the company. In addition, the [________] operations of the [____] division were segregated from the manufacturing operations and retained by the company. The assets retained were scrapped, and an impairment loss recognised in respect of their previous carrying amount. To the extent that employees could not be redeployed, redundancy terms were agreed.

	Year ended 20XX €
Impairment loss recognised in respect of assets	
Redundancy costs	

6. Profit for the financial year

Profit for the financial year has been arrived at after charging/(crediting):

	Continuing operations		Discontinued operations		Total	
	Year ended 20XX €	Year ended 20YY €	Year ended 20XX €	Year ended 20YY €	Year ended 20XX €	Year ended 20YY €
Net foreign exchange losses/(gains)						
Research and development costs						
Government grants towards training costs						
Depreciation of tangible fixed assets						
Impairment of tangible fixed assets						
Gain/(loss) on disposal of property, plant and equipment						
Amortisation of internally-generated intangible assets included in other operating expenses						
(Increase)/decrease in fair value of investment property						
Cost of stock recognised as expense						
Write downs of stock recognised as an expense						
Reversal of write downs of stock recognised in the period						
Staff costs (see note 8)						
Impairment loss recognised on debtors						
Impairment loss recognised on available for sale equity investments						
Impairment loss recognised on available for sale debt investments						
Impairment loss recognised on held to maturity investments						
Impairment loss recognised on loans receivable carried at amortised cost						
Reversal of impairment losses recognised on debtors (see note 24)						

Costs of €_____ have been recognised during the year in respect of rectification work to be carried out on goods supplied to one of the Company's major customers, which have been included in *[specify caption]*.

Describe circumstances or events that led to any reversal of any write-down of inventories.

Where relevant, IAS 20:39(c) also requires disclosure of any unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

7. Auditors' remuneration

Auditors' remuneration for work carried out for the company in respect of the financial year is as follows:	Year ended 20XX €	Year ended 20YY €
Audit of individual company accounts		
Other assurance services		
Tax advisory services		
Other non-audit services		

There is an exemption from the above disclosure for subsidiaries in regulation 120(5)(c) of S.I. No. 210 of 2010 provided certain conditions are met (the subsidiary is included in group accounts prepared under the Group Accounts or the Credit Institutions or the Insurance Undertakings Regulations and equivalent disclosure is made in the notes to the group accounts). In the case of Subco the ultimate parent's group financial statements are prepared under UK law with a sub-consolidation at New Zealand level and accordingly the conditions for exemption from this disclosure are not met.

8. Staff costs

The average monthly number of employees (including executive directors) was:

	20XX Number	20YY Number
[Specify categories]		

Their aggregate remuneration comprised:	Year ended 20XX €	Year ended 20YY €
Wages and salaries		
Social security costs		
Other pension costs (see note 39)		

9. Interest receivable and similar income

	Continuing operations	
	Year ended 20XX €	Year ended 20YY €
Interest receivable:		
Bank deposits		
Available-for-sale debt investments		
Other loans and receivables		
Held-to-maturity financial assets		
Impaired financial assets		
Total interest receivable		
Dividends received (excluding group undertakings)		

10. Other gains and losses

	Continuing operations	
	Year ended 20XX €	Year ended 20YY €
Loss on disposal of trading investments		
Profit on disposal of available-for-sale investments		
Gain on revaluation of investment property		
Change in the fair value of trading investments held at year end		
Change in the fair value of derivative liabilities outstanding at year end and classified as held for trading		
Hedge ineffectiveness on the cash flow hedges		

No other gains or losses have been recognised in respect of loans and receivables or held-to-maturity investments, other than as disclosed in notes 9 and 11 and impairment losses recognised / reversed in respect of trade receivables (see notes 6 and 24). No gains or losses have been recognised on financial liabilities measured at amortised cost other than as disclosed in notes 9 and 11.

11. Interest payable and similar charges

	Continuing operations		Discontinued operations		Total	
	Year ended 20XX €	Year ended 20YY €	Year ended 20XX €	Year ended 20YY €	Year ended 20XX €	Year ended 20YY €
In respect of borrowing wholly repayable within five years:						
Interest payable on bank overdrafts and loans						
Interest payable on other loans						
Dividends on redeemable cumulative preference shares classified as financial liabilities (note 26)						
Interest on obligations under finance leases						
Total interest payable						
Less: amounts included in the cost of qualifying assets						
Loss/(gain) arising on derivatives in a designated fair value hedge accounting relationship						
(Gain)/loss arising on adjustment for the hedged item in a designated fair value hedge accounting relationship						
Fair value gains on interest rate swaps reclassified from equity for cash flow hedges of floating rate debt						
Unwinding of discount on provisions						
(Gain)/loss on debt for equity swap						

Borrowing costs included in the cost of qualifying assets during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of __ per cent to expenditure on such assets.

FRS 101:8(d) exempts qualifying entities that are not financial institutions from the requirements of IFRS 7'Financial Instruments: Disclosures' as long as equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.

12. Tax

	Continuing operations		Discontinued operations		Total	
	Year ended 20XX €	Year ended 20YY €	Year ended 20XX €	Year ended 20YY €	Year ended 20XX €	Year ended 20YY €
Based on profit on ordinary activities:						
Corporation tax:						
Irish corporation tax						
Double tax relief						
Foreign tax						
Adjustments in respect of prior years						
- Irish corporation tax						
- Foreign tax						
Deferred tax (note 30)						

Corporation tax is calculated at __ per cent (20YY: __ per cent) of the estimated taxable profit for the year.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

Of the charge to current tax, approximately €__ million (20YY: €__ million) related to profits arising in the [___] division, which was disposed of during the year. No tax charge or credit arose on the disposal of the relevant operation.

The charge for the year can be reconciled to the profit in the income statement as follows:

	Year ended 20XX €	Year ended 20YY €
Profit before tax on continuing operations		
Tax at the Irish corporation tax rate of __ % (20YY: __ %)		
Tax effect of expenses that are not deductible in determining taxable profit		
Tax effect of income not taxable in determining taxable profit		
Tax effect of utilisation of tax losses not previously recognised		
Change in unrecognised deferred tax assets		
Effect of different tax rates of operations in other jurisdictions		
Tax expense for the year		

12. Tax (continued)

In addition to the amount charged to the income statement, the following amounts relating to tax have been recognised in other comprehensive income:

	Year ended 20XX		Year ended 20YY	
	€	€	€	€
Current tax				
[describe items and split between those items that will not be reclassified subsequently to profit or loss and those items that may be reclassified subsequently reclassified to profit or loss]				
Deferred tax:				
Items that will not be reclassified subsequently to profit or loss:				
Gains / (losses) on property revaluation				
Remeasurement of net defined benefit liability				
Items that may be reclassified subsequently to profit or loss:				
Available for sale financial assets				
Gains / (losses) arising during the period				
Less: reclassification adjustments for gains/ (losses) included in profit				
Cash flow hedges:				
Gains / (losses) arising during the period				
Less: reclassification adjustments for gains / (losses) included in profit				
Total income tax recognised in other comprehensive income				

In addition to the amount charged to the income statement and other comprehensive income, the following amounts relating to tax have been recognised directly in equity:

	Year ended 20XX €	Year ended 20YY €
Current tax		
Excess tax deductions related to share-based payments on exercised options		
Deferred tax		
Arising on transactions with equity participants:		
Change in estimated excess tax deductions related to share-based payments		
Total income tax recognised directly in equity		

13. Discontinued operations

a. Assets and liabilities held for sale

On *[date]* the board resolved to dispose of the company's *[specify]* operations and negotiations with several interested parties have subsequently taken place. These operations, which are expected to be sold within 12 months, have been classified as a disposal group held for sale and presented separately in the balance sheet. The proceeds of disposal are expected to substantially exceed the book value of the related net assets and accordingly no impairment losses have been recognised on the classification of these operations as held for sale.

The major classes of assets and liabilities comprising the operations classified as held for sale are as follows:

	Year ended 20XX €
Property, plant and equipment	
Inventories	
Trade and other receivables	
Cash and bank balances	
Total assets classified as held for sale	
Trade and other payables	
Tax liabilities	
Bank overdrafts and loans	
Total liabilities associated with assets classified as held for sale	
Net assets of disposal group	

IFRS 5: 33(a) and (b)(i),(ii) and (iv) are satisfied by the presentation adopted in the income statement, as required by FRS 101: Appendix 2 Table 1. Accordingly detailed profit and loss information is not also required to be presented in a note, since it is shown on the face of the income statement.

FRS 101:8(c) exempts qualifying entities from the disclosure requirements of paragraphs 33(c) of IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations', providing that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.

13. Discontinued operations (continued)

b. Disposal of operation

On *[date]* 20XX, the company entered into a sale agreement to dispose of *[name of operation]*, which carried out all of the company's [___] operations. The disposal was effected in order to generate cash flow for the expansion of the company's other businesses. The disposal was completed on *[date]* 20XX, on which date control of *[name of operation]* passed to the acquirer.

This line satisfies the requirement of IFRS 5: 33(b)(iii) to disclose the gain or loss recognised on the measurement to fair value less costs to sell on the disposal of the assets or disposal group(s) constituting the discontinued operation.

The net assets of *[name of operation]* at the date of disposal and at 31 December 20YY were as follows:

	[date] €	20YY €
Property, plant and equipment		
Inventories		
Trade receivables		
Bank balances and cash		
Retirement benefit obligation		
Deferred tax liability		
Current tax liability		
Trade payables		
Bank overdraft		
Gain on disposal		
Total consideration		
Satisfied by:		
Cash and cash equivalents		
Deferred consideration		

There were no disposals of operations made in 20YY.

The impact of *[name of operation]* on the company's results in the current and prior periods is shown on the face of the profit and loss account.

14. Dividends

	Year ended 20XX €	Year ended 20YY €
Amounts recognised as distributions to equity holders in the period:		
Final dividend for the year ended 31 December 20YY (equivalent to __c, 20YY: __c per share).		
Interim dividend for the year ended 31 December 20XX (equivalent to __c, 20YY: __c per share).		
Proposed final dividend for the year ended 31 December 20XX (equivalent to __c, 20YY: __c per share).		

The proposed final dividend is subject to approval by shareholders passing a written resolution and accordingly has not been included as a liability in these financial statements.

Section 4 (15) (a) of the companies (Amendments) Act, 1986 requires distributions made in the year to be analysed between:

a) The aggregate amount of dividends paid in the year; and
b) The aggregate amount of dividends that the company is liable to pay at the balance sheet date.

In these financial statements it is assumed that there are no accrued dividends at the year-end.

15. Intangible assets

	Development costs €	Patents and trademarks €	Total €
Cost			
At 1 January 20XX			
Additions			
Disposals			
At 31 December 20XX			
Amortisation			
At 1 January 20XX			
Charge for the year			
At 31 December 20XX			
Carrying amount			
At 31 December 20XX			
At 1 January 20XX			

The amortisation period for development costs incurred on the company's *[specify]* development is *[number]* years.

Patents and trademarks are amortised over their estimated useful lives, which is on average *[number]* years.

In accordance with section 45A of the Companies (Amendment) Act, 1983, to avoid capitalised development costs being treated as a realised loss, this statement should be included:

Development costs have been capitalised in accordance with IAS 38 Intangible Assets and are therefore not treated, for dividend purposes, as a realised loss.

FRS 101: 8(f)(iii) exempts qualifying entities from presenting comparative information in respect of the intangible assets reconciliation.

16. Property, plant and equipment

	Land and buildings €	Plant and machinery €	Fixtures and fittings €	Total €
Cost or valuation				
At 1 January 20XX				
Additions				
Reclassified as held for sale				
Revaluation increase				
Transferred to investment property				
At 31 December 20XX				
Comprising:				
At cost				
At valuation 20XX				
xxx				
Accumulated depreciation and impairment				
At 1 January 20XX				
Charge for the year				
Impairment loss				
On assets reclassified as held for sale				
Eliminated on revaluation				
Transferred to investment property				
At 31 December 20XX				
Carrying amount				
At 31 December 20XX				
At 1 January 20XX				

FRS 101: 8(f)(ii) exempts qualifying entities from presenting comparative information in respect of the property, plant and equipment reconciliation.

16. Property, plant and equipment (continued)

The impairment loss on fixtures and equipment arose in connection with the restructuring following the disposal of *[specify / provide cross-reference]*.

All land and buildings are held on a freehold basis. Freehold land and buildings with a carrying amount of €__ million (20YY: €__ million) have been pledged to secure borrowings of the Company (see note 26). The Company is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

In addition, the Company's obligations under finance leases (see note 27) are secured by the lessors' title to the leased assets, which have a carrying amount of €__ million (20YY: €__ million).

Land and buildings were revalued at 31 December 20XX by *[Name of valuers]*, independent valuers not connected with the company, on the basis of market value. The valuation conforms to International Valuation Standards and was based on recent market transactions on arm's length terms for similar properties.

At 31 December 20XX, had the land and buildings other than investment property of the company been carried at historical cost less accumulated depreciation and accumulated impairment losses, their carrying amount would have been approximately €__ million (20YY: €__ million).

Cumulative borrowing costs capitalised included in the cost of property, plant and equipment amount to €___ (20YY: €___) for the company.

At 31 December 20XX, the company had entered into contractual commitments for the acquisition of property, plant and equipment amounting to €__ million (20YY: €__ million).

FRS 101:8(g) contains a number of exemptions from the requirements of IAS 1, as follows:

For IAS 1 (effective 1 Jan 2013), exemptions are available from the requirements of paragraphs 10(d), 10(f), 16, 38A-D, 40A-D, 111 and 134-136.

For IAS 1 (effective 1 January 2009) paragraphs 38A-D and 40A-D should be replaced with paragraphs 39 and 40.

These exemptions include removing the requirement to present a third balance sheet or related figures in the notes when changing accounting policy retrospectively or making a retrospective restatement or reclassification.

Paragraph 36 (i) of the schedule to the companies (Amendment) Act, 1986 requires disclosure of charges on the assets of the company, including, where practicable, the amount secured.

Paragraph 30 (b) of the schedule to the companies (Amendment) Act, 1986 requires disclosure, for fixed assets (other than listed investments) held at valuation and which were valued in the year, of:

a) The names of the persons who valued them or particulars of their qualifications for doing so; and

b) The bases of valuation used by them.

Paragraph 14 (3) of the schedule to the companies (Amendment) Act, 1986 requires disclosure of the cumulative amount of borrowing costs capitalised.

FRS 101: 8(f)(iv) exempts qualifying entities from presenting comparative information in respect of the investment property reconciliation, regardless of whether the cost or fair value model is adopted.

17. Investment property

	€
Fair value	
At 1 January 20XX	
Increase in fair value during the year	
Transferred from property, plant and equipment	
At 31 December 20XX	

The fair value of the company's investment property at 31 December 20XX has been arrived at on the basis of a valuation carried out at that date by *[Name of valuers]*, independent valuers not connected with the company. The valuation, which conforms to International Valuation Standards, was arrived at by reference to market evidence of transaction prices for similar properties.

The company has pledged all of its investment property to secure general banking facilities granted to the company.

The property rental income earned by the company from its investment property, all of which is leased out under operating leases, amounted to €__ million (20YY: €__ million). Direct operating expenses arising on the investment property, all of which generated rental income in the period, amounted to €__ million (20YY: €__ million).

The company has entered into a contract for the maintenance of its investment property for the next five years, which will give rise to an annual charge of €__ million.

The comparable cost of investment property determined under historical cost is €___ million (20YY: €___ million).

Paragraph 30 (b) of the schedule to the companies (Amendment) Act, 1986 requires disclosure, for fixed assets (other than listed investments) held at valuation and which were valued in the year, of:

a) The names of the persons who valued them or particulars of their qualifications for doing so; and
b) The bases of valuation used by them.

Paragraph 21 (3) of the schedule to the companies (Amendment) Act, 1986 requires, where the entity includes investment property at fair value, disclosure of either:

a) The comparable amounts determined under historical cost; or
b) The difference between the carrying value of investment properties and their historical cost.

18. Investments in Subsidiaries

Details of the Company's subsidiaries at 31 December 20XX are as follows:

	€
Cost	
At 1 January 20XX	
Additions	
Disposals	
At 31 December 20XX	
Allowances for impairment	
At 1 January 20XX	
Written off	
Written back	
Disposals	
At 31 December 20XX	
Net book value	

Name	Place of incorporation (or registration) and operation	Nature of business	Proportion of ownership interest %	Proportion of voting power held %
[Names]				

The investments in subsidiaries are all stated at cost less allowance for impairment.

Paragraph 29 (i) of the schedule to the companies (Amendment) Act, 1986 requires that for each class of fixed asset investments, a reconciliation of the opening and closing figures for cost, showing additions, disposals, transfers, revaluations and amounts written off should be provided.

19. Interests in Associates

	€
Cost	
At 1 January 20XX	
Additions	
Disposals	
At 31 December 20XX	
Allowances for impairment	
At 1 January 20XX	
Written off	
Written back	
Disposals	
At 31 December 20XX	
Net book value	

Paragraph 29 (i) of the schedule to the companies (Amendment) Act, 1986 requires that for each class of fixed asset investments, a reconciliation of the opening and closing figures for cost, showing additions, disposals, transfers, revaluations and amounts written off should be provided.

Details of the Company's associates at 31 December 20XX are as follows:

Name	Place of incorporation (or registration) and operation	Nature of business	Proportion of ownership interest %	Proportion of voting power held %
[Names]				

The investments in associates are all stated at cost less allowance for impairment

20. Other investments

	Current assets		Fixed assets	
	20XX €	20YY €	20XX €	20YY €
Available-for-sale investments carried at fair value				
Shares				
Redeemable notes				
Trading investments carried at fair value				
Shares				
Held-to-maturity investments carried at amortised cost				
Bills of exchange				
Debentures				
Loans receivable carried at amortised cost				
Loans to related parties				
Loans to other entities				
Total Investments				

The shares included within trading investments above represent investments in listed equity securities amounting to €___ that present the company with opportunity for return through dividend income and trading gains. The Company holds a strategic non-controlling interest of _ per cent in *[name]* entity amounting to €___. These shares are not held for trading and accordingly are classified as available for sale. The fair values of all equity securities are based on quoted market prices. The cost of the shares on acquisition was €X.

Where there have been additions, disposals, transfers, revaluations or allowances for impairment in respect of fixed asset investments in the current or previous year, provide a reconciliation by class.

20. Other investments (continued)

Other than as disclosed above, the shares included within available-for-sale investments above represent investments in unlisted equities. For such investments, fair value is estimated using a discounted cash flow model, which includes some assumptions that are not supportable by observable market prices or rates. Further detail on these assumptions is included in note 41.

Paragraph 29 (i) of the schedule to the companies (Amendment) Act, 1986 requires that for each class of fixed asset investments, a reconciliation of the opening and closing figures for cost, showing additions, disposals, transfers, revaluations and amounts written off should be provided.

Paragraph 31 (i) of the schedule to the companies (Amendment) Act, 1986 requires that, where items are shown under "Investments" in the company's balance sheet, there must be stated how much of that amount is ascribable to listed investments.

Paragraph 29 (g) of the schedule to the companies (Amendment) Act, 1986 requires that where fixed asset investments are carried at a valuation rather than cost, a description of the basis for valuation, together with comparable historical cost information, must be given.

21. Stocks

	20XX €	20YY €
Raw materials		
Work-in-progress		
Finished goods		
Add: Stocks classified as part of a disposal group held for sale (see note 13)		

Stocks with a carrying amount of €__ million (20YY: €__ million) have been pledged as security for certain of the company's bank overdrafts.

The replacement cost of stocks exceeded the balance sheet amount by approximately €_million (20YY: €_million).

Paragraph 15 (3) of the schedule to the companies (Amendment) Act, 1986 requires disclosure of a material difference between the balance sheet value of stocks and their replacement cost as at the balance sheet date or the most recent actual purchase price or production cost before the balance sheet date (whichever the directors consider the most appropriate). Company law does not explicitly require a negative statement to be made if there is no material difference.

22. Construction contracts

	20XX €	20YY €
Contracts in progress at the balance sheet date:		
Amounts due from contract customers included in trade and other receivables		
Amounts due to contract customers included in trade and other payables		
	[Total A]	[Total B]
Contract costs incurred plus recognised profits less recognised losses to date		
Less: progress billings		
	[Total A]	[Total B]

At 31 December 20XX, retentions held by customers for contract work amounted to €__ million (20YY: €__ million). Advances received from customers for contract work amounted to €__ million (20YY: €__ million).

At 31 December 20XX, amounts of €__ million (20YY: €__ million) included in trade and other receivables and arising from construction contracts are due for settlement after more than 12 months.

23. Finance lease receivables

	Minimum lease payments	
	20XX €	20YY €
Amounts receivable under finance leases:		
Within one year		
In the second to fifth years inclusive		
After five years		
Less: unearned finance income		
Present value of minimum lease payments receivable	[Total A]	[Total B]

	Present value of minimum lease payments	
	20XX €	20YY €
Amounts receivable under finance leases:		
Within one year		
In the second to fifth years inclusive		
After five years		
Present value of minimum lease payments receivable	[Total A]	[Total B]

The company enters into finance leasing arrangements for certain of its electronic equipment. The average term of finance leases entered into is __ years.

Unguaranteed residual values of assets leased under finance leases at the balance sheet date are estimated at €__ million (20YY: €__ million).

The interest rate inherent in the leases is fixed at the contract date for all of the lease term. The average effective interest rate contracted approximates __ per cent (20YY: __ per cent) per annum.

24. Debtors

	20XX €	20YY €
Amounts falling due within one year:		
Amount receivable for the sale of goods		
Allowance for doubtful debts		
Amounts owed by group undertakings		
Amounts due from construction contract customers (note 22)		
Other debtors		
Prepayments and accrued income		

	20XX €	20YY €
Amounts falling due after more than one year:		
Amount receivable for the sale of goods		
Allowance for doubtful debts		
Amounts owed by group undertakings		
Amounts due from construction contract customers (note 22)		
Other debtors		
Total debtors		

Trade debtors disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

Total trade debtors (net of allowances) held by the Company at 31 December 20XX amounted to €__ million (20YY: €__ million), comprising the amount presented above of €__ million (20YY: €__ million) and trade debtors classified as held for sale of €__ million (20YY: €__ million).

25. Trade and other payables

	20XX €	20YY €
Trade creditors and accruals		
Amounts owed to group undertakings		
Amounts due to construction contract customers (note 22)		
Financial guarantee contracts		

26. Borrowings

	20XX €	20YY €
Unsecured borrowing at amortised cost		
Bank overdrafts		
Bills of exchange		
Loans from related parties		
Loans from government		
Redeemable cumulative preference shares		
Perpetual notes		
Secured borrowing at amortised cost		
Bank overdrafts		
Bank loans		
Finance lease liabilities (note 27)		
Total borrowings		
Amount due for settlement within 12 months		
Amount due for settlement after 12 months		
Amount due for settlement after 5 years		

26. Borrowings (continued)

The other principal features of the company's borrowings are as follows.

(i) Bank overdrafts are repayable on demand. Overdrafts of €__ million (20YY: €__ million) have been secured by a charge over certain debentures held by the company dated *[date]*. In line with the minimum required security, the carrying value of these debentures is €__ million (20YY: €__ million.).

(ii) The company has two principal bank loans:

(a) a loan of €__ million (20YY: €__ million). The loan was taken out on *[date]*. Repayments commenced on *[date]* and will continue until *[date]*. The loan is secured by a floating charge over certain of the company's trade receivables dated *[date]*, whose carrying value is €__ million (20YY: €__ million). The company is required to maintain trade receivables that are neither past due nor impaired with carrying value of €__ million as security for the loan. The loan carries interest rate at __ per cent above 3 months EURIBOR.

(b) an unsecured loan of €__ million (20YY: €__ million). This loan was advanced on *[date]* and is due for repayment in full on *[date]*. The bank loan carries fixed interest rate at __ per cent (20YY: __ per cent) per annum. The Company hedges a portion of the loan for interest rate risk using an interest rate swap exchanging fixed rate interest for variable rate interest. The outstanding balance is adjusted for fair value movements in the hedged risk, being movements in the 3 months EURIBOR rate.

(iii) Bills of exchange with a variable interest rate were issued on *[date]*. The current weighted average effective interest rate on the bills is __ per cent (20YY: __ per cent) per annum.

(iv) Amounts repayable to related parties of the Company carry interest of __ per cent to __ per cent (20YY: __ per cent to __ per cent) per annum charged on the outstanding loan balances.

(v) Redeemable cumulative preference shares of €__ million were issued on *[date]* at an issue price of €__ per share. The shares carry __ per cent interest and are redeemable at the option of the holder on *[date]* at €__ per share.

(vi) Perpetual notes of €__ million carrying interest of __ per cent were issued on *[date]* at principal value. Issue costs of €__ million were incurred.

(vii) On *[date]*, the Company received an interest-free loan of €__ million from the government of *[country]* to finance *[description of what loan is for]*. The loan is repayable in full at the end of a two-year period. Using prevailing market interest rates for an equivalent loan of __ per cent, the fair value of the loan is estimated at €__ million. The difference of €__ between the gross proceeds and the fair value of the loan is the benefit derived from the interest-free loan and is recognised as deferred revenue (see note 40). Interest charges will be recognised on this loan in 20WW (€__) and 20VV (€__).

(viii) Finance lease liabilities are secured by the assets leased. The borrowings are a mix of variable and fixed interest rate debt with repayment periods not exceeding five years.

(ix) *[Describe the unamortised amount of discount or premium on debts where this is not shown separately in the balance sheet]*

Paragraph 26 (2) of the schedule to the companies (Amendment) Act, 1986 requires disclosure, in respect of redeemable shares issued, of:

a) The earliest and latest dates on which the company has power to redeem the shares;

b) Whether those shares must be redeemed in any event or are liable to be redeemed at the option of the company or the shareholder; and

c) Whether any premium is payable on redemption (and if so, what)

27. Obligations under finance leases

	20XX €	20YY €
Amounts payable under finance leases:		
Within one year		
In the second to fifth years inclusive		
After five years		
Less: future finance charges		
Present value of lease obligations	[Total A]	[Total B]

	20XX €	20YY €
Amounts payable under finance leases:		
Within one year		
In the second to fifth years inclusive		
After five years		
Present value of lease obligations	[Total A]	[Total B]
Analysed as:		
Amounts due for settlement within 12 months (shown under current liabilities)		
Amounts due for settlement after 12 months		

It is the company's policy to lease certain of its fixtures and equipment under finance leases. The average lease term is *[number]* years. For the year ended 31 December 20XX, the average effective borrowing rate was _ per cent (20YY: _ per cent). Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

All lease obligations are denominated in €uro.

The fair value of the company's lease obligations is approximately equal to their carrying amount.

The company's obligations under finance leases are secured by the lessors' rights over the leased assets disclosed in note 16.

28. Derivative financial instruments

	20XX €	20YY €
Derivatives that are designated and effective as hedging instruments carried at fair value		
Forward foreign currency contracts		
Interest rate swaps		
Financial assets carried at fair value through profit or loss (FVTPL)		
Held for trading derivatives that are not designated in hedge accounting relationships:		
Foreign currency options		

Further details of derivative financial instruments are provided in note 41.

29. Provisions for liabilities

			20XX €	20YY €
Warranty provision				
Restructuring provision				
Deferred tax (see note 30)				
Other				

	Warranty provision €	Restructuring provision €	Deferred tax €	Total €
At 1 January 20XX				
Additional provision in the year				
Utilisation of provision				
Unwinding of discount				
Adjustment for change in discount rate				
Exchange difference				
At 31 December 20XX				

The warranty provision represents management's best estimate of the company's liability under 12-month warranties granted on electrical products, based on past experience and industry averages for defective products.

The restructuring provision relates to redundancy costs incurred on the disposal of *[name of operation]* (see note 13). As at 31 December 20XX, approximately 50 per cent of the affected employees had left the company's employment, with the remainder departing in January 20WW.

30. Deferred tax

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting period.

	Accelerated tax depreciation €	Deferred development costs €	Revaluation of building €	Revaluation of financial assets €	Retirement benefit obligations €	Share based payments €	Tax losses €	Total €
At 1 January 20YY								
Charge to profit or loss								
Charge to other comprehensive income								
Charge direct to equity								
Exchange differences								
At 1 January 20XX								
Charge/(credit) to profit or loss								
Charge to other comprehensive income								
Charge direct to equity								
Disposal of operation								
Exchange differences								
Effect of change in tax rate								
–income statement								
–equity								
At 31 December 20XX								

Deferred tax assets and liabilities are offset where the Company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

30. Deferred tax (continued)

	20XX €	20YY €
Deferred tax liabilities		
Deferred tax assets		

At the balance sheet date, the company has unused tax losses of €__ million (20YY: €__ million) available for offset against future profits. A deferred tax asset has been recognised in respect of €__ million (20YY: €__ million; 20ZZ) of such losses. No deferred tax asset has been recognised in respect of the remaining €__ million (20YY: €__ million) as it is not considered probable that there will be future taxable profits available. Included in unrecognised tax losses are losses of €__ million (20YY: €__ million) that will expire in *[year]*. Other losses may be carried forward indefinitely.

31. Share capital

	20XX €	20YY €
Authorised:		
__ million ordinary shares of €__ each		
Issued and fully paid:		
__ million ordinary shares of €__ each		

[Give details of changes in share capital during the period.]

The Company has one class of ordinary shares which carries no right to fixed income.

Additionally the Company has authorised, issued and fully paid __ million redeemable cumulative preference shares of €__ each classified as liabilities. These shares do not carry voting rights. Further details are provided in note 26.
Options have been granted under the *[describe share option schemes]* to subscribe for ordinary shares of the Company as follows:

Number of shares under option	Subscription price per share	Exercise period

Paragraph 27 of the schedule to the companies (Amendment) Act, 1986 requires, for shares allotted during the financial year, disclosure of:

a) The reasons for making the allotment
b) The classes of shares allotted; and
c) For each class, the number of shares allotted, their aggregate nominal value and the consideration received.

If any changes occurred in the year, IAS 1: 79(a)(iv) requires a reconciliation of shares outstanding at the beginning and end of the year. FRS 101 provides an exemption from presenting comparatives in respect of this.

32. Share premium account

	Share premium €
Balance at 1 January and 31 December 20YY	
Premium arising on issue of equity shares	
Expenses of issue of equity shares	
Balance at 31 December 20XX	

33. Revaluation reserves

	Properties revaluation reserve €	Investments revaluation reserve €	Total €
Balance at 1 January 20YY			
Revaluation decrease on land and buildings			
Reversal of deferred tax liability on revaluation of land and buildings			
Increase/(decrease) in fair value of available-for-sale investments			
Cumulative (gain)/ loss transferred to the income statement on sale of available-for-sale investments			
Related income tax on the fair value movements of available-for-sale investments			
Balance at 1 January 20XX			
Revaluation increase on land and buildings			
Deferred tax liability arising on revaluation of land and buildings			
Effect of change in tax rate			
Increase in fair value of available-for-sale investments			
Cumulative (gain)/ loss transferred to the income statement on sale of available-for-sale investments			
Related income tax on the fair value movements of available-for-sale investments			
Balance at 31 December 20XX			

Paragraph 31 (2)(b) of the schedule to the companies (Amendment) Act, 1986 requires disclosure of the changes in value of financial instruments held at fair value which are credited to or debited from a fair value reserve.

34. Hedging reserve

	Total €
Balance at 1 January 20YY	
Gain/(loss) recognised on cash flow hedges:	
Foreign currency forward contracts	
Interest rate swaps	
Income tax related to gains/(losses) recognised in other comprehensive income	
Transfer to income	
Foreign currency forward contracts	
Interest rate swaps	
Income tax related to gains/(losses) transferred to income	
Transferred to stocks	
Foreign currency forward contracts	
Income tax related to gains/(losses) transferred to stocks	
Balance at 1 January 20XX	
Gain/(loss) recognised on cash flow hedges:	
Foreign currency forward contracts	
Interest rate swaps	
Income tax related to gains/(losses) recognised in other comprehensive income	
Transfer to income	
Foreign currency forward contracts	
Interest rate swaps	
Income tax related to gains/(losses) transferred to income	
Transfer to stocks	
Foreign currency forward contracts	
Income tax related to gains/(losses) transferred to stocks	
Balance at 31 December 20XX	

Hedging reserve

The hedging reserve represents the cumulative amount of gains and losses on hedging instruments deemed effective in cash flow hedges. The cumulative deferred gain or loss on the hedging instrument is recognised in profit or loss only when the hedged transaction impacts the profit or loss, or is included as a basis adjustment to the non-financial hedged item, consistent with the applicable accounting policy.

Gains and losses transferred from the hedging reserve into profit or loss during the period are included in the following line items in the income statement:

34. Hedging reserve (continued)

	20XX €	20YY €
Turnover		
Other income		
Finance costs		
Other expenses		
Income tax		
Other [describe]		

35. Profit and loss account

	€
Balance at 1 January 20YY	
Dividends paid	
Net profit for the year	
Capital contribution for equity-settled share-based payments	
Balance at 1 January 20XX	
Dividends paid	
Net profit for the year	
Capital contribution for equity-settled share-based payments	
Balance at 31 December 20XX	

Included within the profit and loss account is an amount of €___ (20YY: €___) that represents unrealised profits arising on revaluation of the company's investment properties.

36. Contingent liabilities

During the reporting period, a customer of the company instigated proceedings against it for alleged defects in an electronic product which, it is claimed, were the cause of a major fire in the customer's premises on *[date]*. Total losses to the customer have been estimated at €__ million and this amount is being claimed from the company.

The company's lawyers have advised that they do not consider that the claim has merit, and they have recommended that it be contested. No provision has been made in these financial statements as the company's management do not consider that there is any probable loss.

Paragraph 36 (2) of the schedule to the companies (Amendment) Act, 1986 requires disclosure of:

a) The amount or estimated amount of that liability;

b) Its legal nature; and

c) Whether any valuable security has been provided in connection with the liability and, if so, what.

37. Operating lease arrangements

The company as lessee

	20XX €	20YY €
Lease payments under operating leases recognised as an expense in the year		

At the balance sheet date, the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	20XX €	20YY €
Within one year		
In the second to fifth years inclusive		
After five years		

Operating lease payments represent rentals payable by the company for certain of its office properties. Leases are negotiated for an average term of *[number]* years and rentals are fixed for an average of *[number]* years with an option to extend for a further *[number]* years at the then prevailing market rate.

The company as lessor

As set out in note 17, property rental income earned during the year was €__ million (20YY: €__ million). Certain of the company's properties held for rental purposes, with a carrying amount of €__ million, have been disposed of since the balance sheet date. The remaining properties are expected to generate rental yields of __ per cent on an ongoing basis. All of the properties held have committed tenants for the next *[number]* years. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

At the balance sheet date, the company had contracted with tenants for the following future minimum lease payments:

	20XX €	20YY €
Within one year		
In the second to fifth years inclusive		
After five years		

[Note that where relevant, IAS 17:56(b) also requires disclosure of total contingent rents recognised as income in the period]

38. Share based payments

Equity-settled share option scheme

The Company has a share option scheme for purchasing shares in its parent, which is open to all employees of the Company. Options are exercisable at a price equal to the average quoted market price of the parent's shares on the date of grant. The vesting period is three years. If the options remain unexercised after a period of five years from the date of grant the options expire. Options are forfeited if the employee leaves the Company before the options vest.

The weighted average share price at the date of exercise for share options exercised during the period was __. The options outstanding at 31 December 20XX had a weighted average exercise price of __, and a weighted average remaining contractual life of __ years. In 20XX, options were granted on [dates]. The aggregate of the estimated fair values of the options granted on those dates is €__ million. In 20YY, options were granted on [dates]. The aggregate of the estimated fair values of the options granted on those dates is €__ million.

The disclosure requirement for an LTIP scheme are the same as a share option scheme and should be inserted here if relevant.

[FRS 101: 8(a) exempts qualifying entities from the requirement of IFRS 2:45(b) and 46 to 52, providing that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.

FRS 101: 8(a) exempts qualifying entities from the requirement of IFRS 2:45(b) and 46 to 52, providing that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.

This exemption is only available provided that for a qualifying entity that is:

a) A subsidiary, the share-based payment arrangement concerns equity instruments of another group entity.

b) An ultimate parent, the share-based payment arrangement concerns its own equity instruments and its separate financial statements are presented alongside the consolidated financial statements of the group.

IFRS 2:45(d) requires disclosure of the range of exercise prices and their weighted average contractual life.

Cash-settled share-based payments

The company issues to certain employees share appreciation rights (SARs), determined by reference to the company's parent's shares, that require the company to pay the intrinsic value of the SAR to the employee at the date of exercise. The company has recorded liabilities of €__ and €__ in 20XX and 20YY. The company recorded total expenses of €__ and €__ in 20XX and 20YY, respectively. The total intrinsic value at 31 December 20XX and 20YY was €__ and €__, respectively.

39. Retirement benefit schemes

Defined contribution schemes

The Company operates defined contribution retirement benefit schemes for all qualifying employees of its construction and leasing divisions. The assets of the schemes are held separately from those of the company in funds under the control of trustees. Where there are employees who leave the schemes prior to vesting fully in the contributions, the contributions payable by the company are reduced by the amount of forfeited contributions.

The total cost charged to income of €__ million (20YY: €__ million) represents contributions payable to these schemes by the company at rates specified in the rules of the plans. As at 31 December 20XX, contributions of €__ million (20YY: €__ million) due in respect of the current reporting period had not been paid over to the schemes.

Defined benefit schemes

The company participates in a group defined benefit scheme for qualifying employees. Under the scheme, the employees are entitled to retirement benefits varying between __ and __ per cent of final salary on attainment of a retirement age of __.

There is no contractual agreement or stated policy for charging the net defined benefit cost. In accordance with IAS 19 (Revised 2011), the Company recognises a cost equal to its contribution payable for the period, which in the year ended 31 December 20XX was €___ (year ended 31 December 20YY: €___).

Further details of the Group defined benefit scheme are disclosed on pages XX-XX of the Group consolidated financial statements, which are available as disclosed in note 45 below.

Note that there is no exemption in FRS 101 for disclosures around retirement benefit schemes. However, FRS 101 makes the assumption that companies are already applying IAS 19(Revised 2011), which includes some disclosure concessions. IAS 19(Revised 2011) is applicable from 1 January 2013

IAS 19(R):149 states:

"If an entity participates in a defined benefit plan that shares risks between entities under common control, it shall disclose: a. the contractual agreement or stated policy for charging the net defined benefit cost or the fact that there is no such policy. b. the policy for determining the contribution to be paid by the entity. c. if the entity accounts for an allocation of the net defined benefit cost as noted in paragraph 41, all the information about the plan as a whole required by paragraphs 135–147. d. if the entity accounts for the contribution payable for the period as noted in paragraph 41, the information about the plan as a whole required by paragraphs 135–137, 139, 142–*144 and 147(a) and (b).*"

IAS 19(R):150 further states:

"The information required by paragraph 149(c) and (d) can be disclosed by cross-reference to disclosures in another group entity's financial statements if: a. that group entity's financial statements separately identify and disclose the information required about the plan; and b. that group entity's financial statements are available to users of the financial statements on the same terms as the financial statements of the entity and at the same time as, or earlier than, the financial statements of the entity."

Here it is assumed that the DB scheme is under common control and that the relevant requirements above have been met.

40. Deferred revenue

	20XX €	20YY €
Arising from customer loyalty programme (i)		
Arising from government grant (ii)		
Current		
Non-current		

(i) The deferred revenue arises in respect of the Company's obligations in respect of its Maxi-Points Scheme.

(ii) The deferred revenue arises as a result of the benefit received from an interest-free government loan received on *[date]* (see note 26). The revenue will be offset against training costs to be incurred in 20WW (€__) and 20VV (€__).

41. Financial Instruments

Categories of financial instruments held at fair value

	20XX €	20YY €
Financial assets at fair value		
Fair value through profit and loss (FVTPL)		
Held for trading		
Designated as FVTPL		
Available-for-sale financial assets		
Financial liabilities at fair value		
Fair value through profit and loss (FVTPL)		
Held for trading		
Designated as FVTPL		

Changes in value of financial instruments at fair value
Profit for the year has been arrived at after charging/(crediting):

	Year ended 20XX €	Year ended 20YY €
Financial assets at fair value		
Fair value through profit and loss (FVTPL)		
Held for trading		
Designated as FVTPL		
Financial liabilities at fair value		
Fair value through profit and loss (FVTPL)		
Held for trading		
Designated as FVTPL		

Changes in fair value recognised in a revaluation reserve in respect of financial instruments classified as available for sale are presented in note 33.

41. Financial Instruments (continued)

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of financial assets and financial liabilities are determined as follows.

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes listed redeemable notes, bills of exchange, debentures and perpetual notes).
- The fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.
- The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts. Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

Significant assumptions used in determining fair value of financial assets and liabilities

Redeemable cumulative preference shares

The interest rate used to discount cash flows was __ per cent based on the quoted swap rate for an 18 months loan of __ per cent and holding credit risk margin constant.

Unlisted shares

The financial statements include holdings in unlisted shares which are measured at fair value (note 20). Fair value is estimated using a discounted cash flow model, which includes some assumptions that are not supportable by observable market prices or rates. In determining the fair value, an earnings growth factor of __ per cent (31 December 20YY: __ per cent) and a risk adjusted discount factor of __ per cent (31 December 20YY: __ per cent) are used. If these inputs to the valuation model were __ per cent

higher/lower while all the other variables were held constant, the carrying amount of the shares would decrease/increase by €__ (31 December 20YY: decrease/increase by €__).

Asset backed securities

The financial statements include securities backed by underlying pools of residential mortgage loans which are measured at fair value. The fair value of the asset backed securities is determined using valuation techniques based on the calculation of the present value of expected future cash flows of the assets. Inputs to these valuation techniques include some assumptions relating to both these securities and the underlying loans to which they are collateralised that are not supportable by observable market prices or rates (e.g. prepayment speeds and default rates of the underlying loans and loss severity based on collateral type).

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts and interest rate swaps.

It is the policy of the Company to enter into forward foreign exchange contracts to cover specific foreign currency payments and receipts within __ per cent to __ per cent of the exposure generated. The Company also enters into forward foreign exchange contracts to manage the risk associated with anticipated sales and purchase transactions out to __ months within __ per cent to __ per cent of the exposure generated. Basis adjustments are made to the carrying amounts of non-financial hedged items when the anticipated sale or purchase transaction takes place.

Under interest rate swap contracts, the Company agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Company to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt held and the cash flow exposures on the issued variable rate debt held. The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using the curves at the reporting date and the credit risk inherent in the contract. The average interest rate is based on the outstanding balances at the end of the financial year.

[FRS 101: 8(d) exempts qualifying entities that are not financial institutions from the requirements of IFRS 7 'Financial Instruments: Disclosures', as long as equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.

However, company law requires some disclosure around financial instruments which are held at fair value. This would usually be considered to have been covered by the disclosures required by IFRS 7, but since the disclosure exemption from IFRS 7 is being taken, this requirement must be considered.

41. Financial Instruments (continued)

The Paragraph 31 A of the schedule to the companies (Amendment) Act, 1986 require disclosure of the following:

(a) the significant assumptions underlying the valuation models and techniques used where the fair value of the instruments has been determined in accordance with company law,

(b) for each category of financial instrument, the fair value of the instruments in that category and the changes in value:

i. included in the profit and loss account, or

ii. credited to or (as the case may be) debited from the fair value reserve, in respect of those instruments, and

(c) for each class of derivatives, the extent and nature of the instruments, including significant terms and conditions that may affect the amount, timing and certainty of future cash flows.

Where any amount is transferred to or from the fair value reserve during the financial year, there must be stated in tabular form:

(a) the amount of the reserve as at the date of the beginning of the financial year and as at the balance sheet date respectively,

(b) the amount transferred to or from the reserve during that year, and the source and application respectively of the amounts so transferred

FRS 101:8(g) exempts qualifying entities that are not financial institutions from the capital management disclosures required by IAS 1:134-136.

The Paragraph 31 B of the schedule to the companies (Amendment) Act, 1986 requires disclosure of the extent and nature of derivative instruments, including significant terms and conditions that may affect the amount, timing and certainty of future cash flows. The level of detail required to satisfy this requirement will vary from company to company depending on its activities

Company law requires the disclosure of:

a) the financial risk management objectives and policies of the company (including the policy for hedging each major type of forecasted transaction for which hedge accounting is used);and

b) the exposure of the company to:

- price risk

- credit risk

- liquidity risk

- cash flow risk

These are required to be presented in the directors' report. If a company presents IFRS 7 disclosures in the financial statements, it is permitted to include a cross-reference in the directors' report to those disclosures.

Here it is assumed that a company adopting FRS 101 would present a simplified description of its financial risk management objectives and policies and would therefore remove all such disclosure from its financial statements.

42. Contracts for capital expenditure

	20XX €	20YY €
Contracted for but not provided for		
Authorised by the Directors but not contracted for		

The Paragraph 36 (3) of the schedule to the companies (Amendment) Act, 1986 Capital expenditure contracted for but not provided may be analysed over the following subheadings:

- finance leases entered into

- tangible fixed assets

- intangible fixed assets

- other

The Paragraph 36 (b) of the schedule to the companies (Amendment) Act, 1986 requires particulars of unprovided financial commitments which are relevant to assessing the group's state of affairs. Particulars should also be given of any other financial commitments that have not been provided for eg signed finance lease not yet commenced.

Note also that paragraph 43(4) to the Schedule to the Companies (Amendment) Act, 1986 requires disclosure of any commitment in respect of future research and development costs.

43. Events after the balance sheet date

On *[date]* the premises in [*location]* were seriously damaged by fire. Insurance claims have been put in hand but the cost of refurbishment is currently expected to exceed these by € .

44. Related party transactions

Trading transactions

During the year, the company entered into the following trading transactions with related parties:

	Sale of goods		Purchase of goods	
	20XX €	20YY €	20XX €	20YY €
X Holdings				
Associates				

The following amounts were outstanding at the balance sheet date:

	Amounts owed by related parties		Amounts owed to related parties	
	20XX €	20YY €	20XX €	20YY €
X Holdings				
Associates				

X Holdings is a related party of the company because *[give reasons]*.

Sales of goods to related parties were made at the company's usual list prices, less average discounts of __ per cent. Purchases were made at market price discounted to reflect the quantity of goods purchased and the relationships between the parties.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

Amounts repayable to X Holdings carry interest of __ per cent to __ per cent (20YY: __ per cent to __ per cent; 20ZZ: __ per cent to __ per cent) per annum charged on the outstanding loan balances (see note 26).

[FRS 101: 8(k) exempts qualifying entities from disclosing related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by a member of that group.

Note that this exemption does not include balances outstanding with related parties at the year-end, which must still be disclosed (although may be disclosed in aggregate). These are shown in the debtors/creditors notes nor does it grant exemption from any disclosure required by S.I. No.450 of 2009 (as amended by S.I. No. 83 of 2010)

FRS 101: 8(j) exempts qualifying entities from disclosure of remuneration of key management personnel as required by IAS 24:17

44. Related party transactions (continued)

The directors' salaries and payments analysed under the headings required by company law are set out below:

	20XX	20YY
	€	€
Directors' remuneration		
Emoluments		
• for services as director		
• for other services		
Pensions		
• for services as director		
• for other services		
Compensation for loss of office		
• for services as director, paid by or receivable from		
• the company		
• the company's subsidiaries		
• any other person		
for other services, paid by or receivable from		
• the company		
• the company's subsidiaries		
• any other person		

Pensions above refer to pensions paid by the company via its payroll to past directors (as opposed to those paid by a pension fund); employer pensions contributions paid by the company for serving directors are included within emoluments.

Directors' transactions

[Provide details of any advances, credits or guarantees with directors (or other key management personnel) to meet the requirements of s41 et seq Companies Acts 1990 and IAS 24.]

Loans to related parties

	20XX €	20YY €
Loans to associates:		
X Limited		
Y Limited		

44. Related party transactions (continued)

The Company has provided its associates with short-term loans at rates comparable to the average commercial rate of interest (see note 26).

The carrying amount of these assets approximates their fair value. There are no past due or impaired receivable balances (20YY: nil).

45. Controlling party

In the opinion of the directors, the company's ultimate parent company and ultimate controlling party is [name of company], a company incorporated in Great Britain. The parent undertaking of the largest group, which includes the company and for which group accounts are prepared, is *[name of company]*, a company incorporated in Great Britain. The parent undertaking of the smallest such group is *[name of company]*, a company incorporated in New Zealand. Copies of the group financial statements of *[name of company preparing largest consolidated accounts]* are available from The Registrar of Companies, Parnell House, Dublin 1. Copies of the group financial statements of [name of company preparing smallest consolidated accounts] are available from The Registrar of Companies, Companies House, Wellington, New Zealand. The company's immediate controlling party is *[name of company]*.

46. Off balance-sheet arrangements

Paragraph 36A to Part IV of the Schedule to the Companies (Amendment) Act 1986, Paragraph 66A of the Schedule to the Credit Institutions Regulations paragraph 19A of the Schedule to Insurance Undertakings Regulations require disclosure of off balance sheet arrangements as follows:

"Information on arrangements not included in balance sheet

36A. The nature and business purpose of the arrangements of the company that are not included in its balance sheet and the financial impact on the company of those arrangements shall be provided in the notes to the accounts of the company if the risks or benefits arising from such arrangements are material and in so far as the disclosure of such risks or benefits is necessary for assessing the financial position of the company."

Compliance with accounting standards should usually be sufficient to comply with this requirement of the law.

In practice, this requirement of company law is usually covered adequately by other IFRS disclosures.

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