



Medium & Large Companies

**Guidance notes arising from 2017
revisions to Irish Company Law**

June 2017

Revisions to Irish company law arising from the implementation of the Companies (Accounting) Act 2017

Guidance Notes For Medium / Large Companies

This document outlines the key differences impacting financial statements introduced into the Companies Act 2014 by the Companies (Accounting) Act 2017 in respect of the statutory financial statements of a company not qualifying for either the micro or the small companies regimes (i.e. medium / large companies) as a result of the transposition into Irish Law of the EU Accounting Directive 2013/34/EU and some other minor amendments. Where appropriate, the relevant sections of both Acts have been noted for information purposes.

This document published in June 2017, is based on our interpretation of the Companies (Accounting) Act 2017. It frequently paraphrases the source document and thus, although it seeks to be comprehensive, reference must be made to the source document on any point of doubt or difficulty, and also to put the requirements in their proper context. The information contained in this document is general in nature and is not intended to address the circumstances of any particular entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future.

Contents

| | | |
|----|---------------------------------------------------------------------------------------------------------------|----|
| 1. | Introduction..... | 4 |
| 2. | Commencement..... | 5 |
| 3. | Qualification of a company as a medium or large individual company, including defining a medium group..... | 6 |
| 4. | Distinction between medium and large companies | 7 |
| 5. | Updated requirements for statutory financial statements of medium and large companies / groups | 8 |
| 6. | Changes to filing requirements in respect of statutory financial statements | 9 |
| 7. | Other changes | 10 |
| 8. | New report on payments to governments..... | 11 |
| 9. | Companies (Amendment) Bill 2017 - US GAAP..... | 11 |

Appendix

| | | |
|-----|------------------------------------------------------------------------------|----|
| 1 | Principal financial statement changes for medium and large companies: | |
| (A) | provisions that are mandatory (where the relevant circumstances arise) | 12 |
| (B) | provisions that provide flexibility | 15 |
| (C) | disclosure items no longer required | 15 |

1. Introduction

The Companies (Accounting) Act 2017 ('Act of 2017') was signed into Irish law on 17 May 2017. Its main purpose was to transpose the EU Accounting Directive 2013/34/EU ('the Accounting Directive') into Irish Law. It amends Part 6 of the Companies Act 2014 ('Act of 2014') to give effect to the provisions in the Accounting Directive relating to the statutory financial statements and related reports of companies, including the introduction of optional simplified regimes for micro and small companies. The Act of 2017 also incorporates some other miscellaneous amendments to amend and clarify provisions in the Act of 2014.

The Act generally will take effect from 9 June 2017, however, there are certain exemptions. Section 2 below outlines the commencement provisions of the Act in detail.

This document sets out the key impacts of the Act of 2017 on statutory financial statements, related reports and audit requirements for companies not qualifying for the micro or small companies regimes (i.e. medium and large companies). Separate guidance notes are available for the micro and small companies regimes. An overview of the principal changes in respect of financial statements and related reports for medium and large companies are outlined in Sections 4 to 8 of this document.

For medium sized groups, (as higher thresholds now apply), the relief from the preparation of consolidated financial statements has been removed. That relief is now only available to small groups where the holding company qualifies for the small companies regime. As the size thresholds for small groups have increased, certain medium groups (under the previous Act of 2014) will still qualify for the consolidation relief.

The change in the definition of a 'company' for the purposes of an Irish company acquiring a non-Irish company through a share for share transaction (as outlined in Section 7.1 of this document) will extend the application of Section 72 'merger relief' to the acquisition of body corporates established in any jurisdiction (rather than just in the State) for all companies.

There is a new requirement for certain Designated Unlimited Companies, Part 24 Investment Companies, Irish UCITS PLC corporates and certain external companies with Irish branches to file financial statements (see Section 6 of this document).

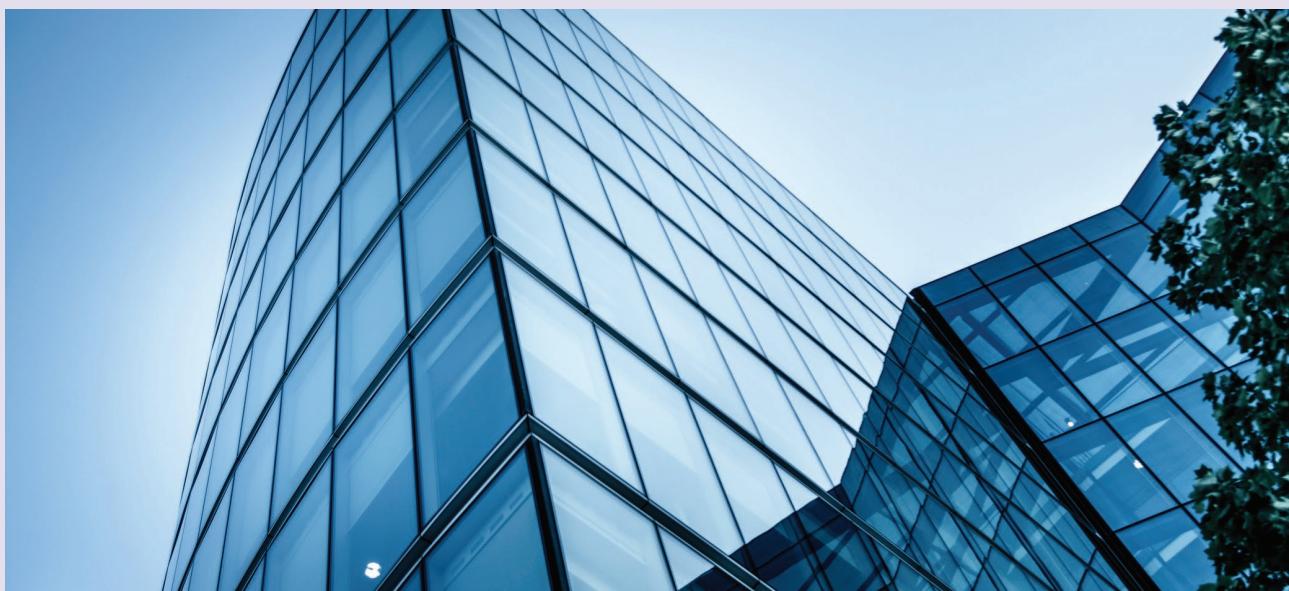
Also certain large and publicly listed entities will have to prepare and file a 'Report on payments to governments' if they are engaged in mining, oil and gas or primary logging activities (see Section 8 of this document).



2. Commencement

The legislation giving effect to the commencement of the Act of 2017 is set out in S.I. No. 246 of 2017 'Companies (Accounting) Act 2017 (Commencement) Order 2017', amended by S.I. No. 250 of 2017 'Companies (Accounting) Act 2017 (Commencement) (NO. 2) Order 2017'. The provisions of the Act of 2017 have different effective dates as follows:

| Elements of the Act | Effective date |
|-------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Filing of financial statements of Designated Unlimited Companies | Mandatory for financial statements of financial years beginning on or after 1 January 2017 (except for one element that is deferred until financial years beginning on or after 1 January 2022). |
| Amendment to definition of EEA company and non-EEA company | The commencement of s80 of the Act of 2017 has been deferred. It is expected that a further Commencement Order will be issued for this section. |
| Micro and small company regimes | Available for early adoption in financial statements relating to financial years beginning on or after 1 January 2015 (although in practice most 2015 financial statements will already have been filed but the regimes will be available for most 2016 year ends as those financial statements may not yet have been approved). Effective for financial statements of financial years beginning on or after 1 January 2017. |
| Requirement for investment companies and UCITS plc corporates to file financial statements with the Companies Registration Office ('CRO') | Mandatory for financial statements of financial years beginning on or after 1 January 2017. |
| Miscellaneous amendments amending and clarifying provisions of the Act of 2014 | Come into effect from the date of commencement of the legislation, which is 9 June 2017. |
| Report on payments to governments | Mandatory for financial statements of financial years beginning on or after 1 January 2017. |



3. Qualification of a company as a medium or large individual company, including defining a medium group

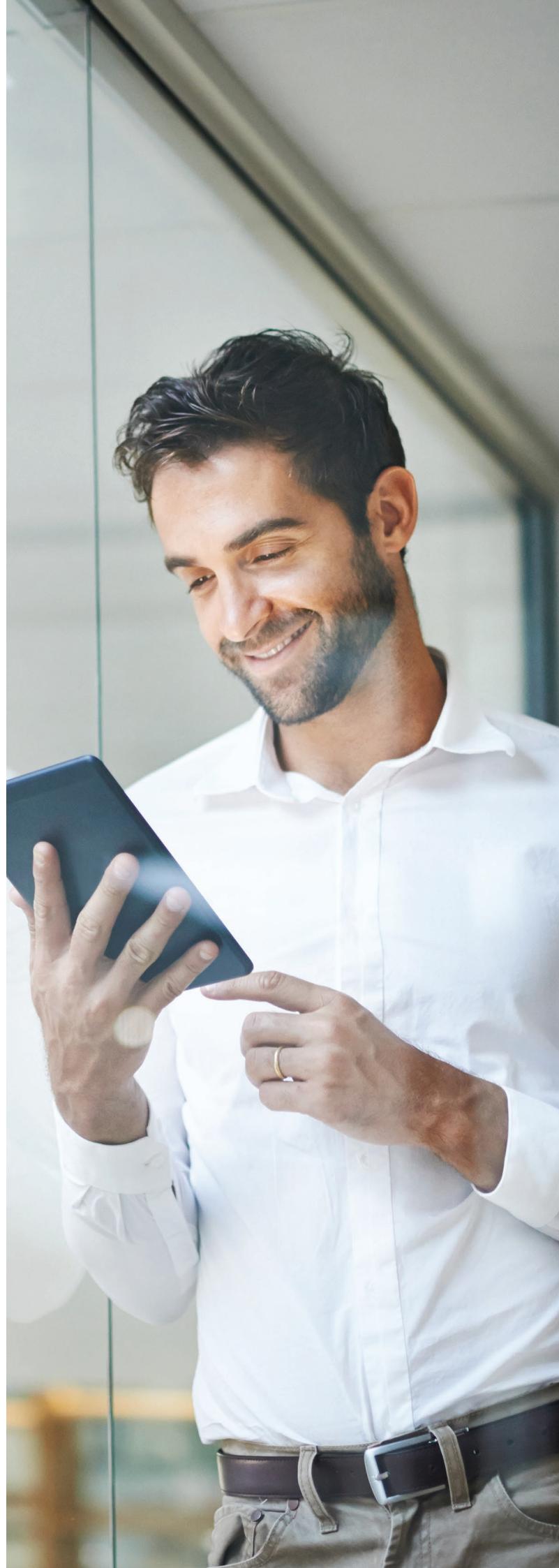
3.1 Medium individual company / medium holding company qualifying conditions – size test

Subject to (i) the various criteria set out below and (ii) the exclusions set out in Section 3.2, a private company (or holding company of a private group) can qualify as a medium company in relation to a financial year in which it fulfils **two or more** of the qualifying conditions set out in the table below, generally for at least two consecutive years:

| | Qualifying condition Medium company ^(a) | Qualifying condition Medium Group ^{(a)(d)} |
|--------------------------------------------------|-------------------------------------------------------|----------------------------------------------------------|
| Turnover^{(b)(c)} | </= €40m | Aggregate </= €40m net (€48m gross) ^(d) |
| Balance sheet total^(b) | </= €20m | Aggregate </= €20m net (€24m gross) ^(d) |
| Average number of employees^(b) | </= 250 | Aggregate </= 250 |

- (a) A holding company is medium only if the group it heads up is a medium group
- (b) Turnover, balance sheet total and the average number of employees are determined by aggregating the equivalent figures for each member of the group.
- (c) The turnover criterion is adjusted proportionally if the financial year is less than or greater than 12 months
- (d) 'Net' means after set offs and other adjustments made to eliminate group transactions. 'Gross' means without those set-offs and other adjustments. The qualifying conditions must be met on either a net or a gross basis.

The previous thresholds for a medium company under the Act of 2014 were €20m for turnover and €10m for balance sheet total, while the average number of employees was the same at 250.



First financial year

A private individual company qualifies to be treated as a medium company in relation to its first financial year if the qualifying conditions are satisfied in respect of that year. Similarly, a group qualifies to be treated as a medium group in relation to the first financial year of the holding company if the qualifying conditions are satisfied in respect of that year. A private holding company is medium only if the group it heads up is a medium group.

Subsequent financial year

A private company / group qualifies to be treated as a medium company / group in relation to a subsequent financial year if:

- (a) The qualifying conditions are satisfied in respect of that year and the preceding financial year
- (b) The qualifying conditions are satisfied in respect of that year and the company / group qualified as a medium company / group in relation to the preceding financial year
- (c) The qualifying conditions were satisfied in the preceding financial year and the company / group qualified as a medium company / group in relation to that preceding year.

In summary, where a company / group does not meet two of the qualifying conditions in the current financial year, but was under the thresholds in the prior year it can still qualify as medium. However, where a company / group fails to meet two of the criteria for two consecutive years, it will not qualify in the second of those financial years.

3.2 Specific exclusions from qualification as a medium individual company / group

Medium individual company

Despite meeting the size test criteria in 3.1 above, 'ineligible entities' cannot be medium companies. Also, a small company cannot be a medium company.

'Ineligible entities' include undertakings that:

- (a) Have transferable securities admitted to trading on any EU regulated market
- (b) Are credit institutions (see below)
- (c) Are insurance undertakings
- (d) Are various other undertakings, most of which are regulated by the Central Bank of Ireland⁽¹⁾, and
- (e) Are other undertakings that are designated as public interest entities (PIEs) either in Ireland or in another EU member state.

The Act of 2017 amends the definition of a 'credit institution' to state that a credit institution means an undertaking the business of which is to take deposits or other repayable funds **from the public** and to grant credits for its own account. The Act of 2014 did not restrict the definition of a credit institution to taking deposits 'from the public' and therefore may have been interpreted too broadly such that a group company taking deposits from other group entities may have been considered a credit institution.

Medium holding company

A holding company of a group cannot qualify as medium if any member of the group is an 'ineligible entity'.

3.3 Qualification of a company as a large company

A company is considered to be a large company if it fails to qualify as a micro, small or medium company due to its size, but also due to it being an 'ineligible entity'.

4. Distinction between medium and large companies

4.1 Medium individual company / medium holding company - key impacts on the statutory financial statements

There are now very few differences between the financial reporting requirements for medium companies when compared to large companies. The key impacts of the Act of 2017 on medium companies are as follows:

- Due to the significant increase in the size thresholds to qualify as a medium company, the consolidation exemption on grounds of size is no longer available to them. Only a holding company of a small group qualifying for the new small companies regime (see separate publication) may take this exemption
- Certain medium companies⁽²⁾ must provide a Directors' Compliance Statement as part of their directors' report
- A medium company must now give information in its directors' report on the use of financial instruments and provide an analysis of key performance indicators, both financial and non-financial, during the financial year (as provided for under Section 351 of the Act of 2014); the previous exemption has been repealed
- The only disclosure exemption now available to a medium company is in respect of the disclosure of remuneration for audit, audit-related and non-audit work (as required by Section 322 of the Act of 2014)
- Abridgement of financial statements for filing purposes is no longer available to a medium company.

(1) These regulated undertakings are set out in detail in Schedule 5 of the Act of 2014.

(2) The requirement applies to all Public Limited Companies (PLCs) (i.e. including UCITS plc's but excluding Part 24 Investment Companies), Section 110 companies and certain private companies where their balance sheet total exceeds €12.5m and turnover exceeds €25m in respect of its financial year. However the requirement is not applicable to unlimited companies or external companies with Irish branches.

5. Updated requirements for the preparation of statutory financial statements of medium and large companies / groups

5.1 Accounting principles, formats and disclosure requirements applicable to medium and large companies / groups

The accounting principles, formats and disclosures required in the Companies Acts statutory financial statements of a medium or large company / group are outlined in:

- Schedule 3 of the Act of 2014 (inserted by the Act of 2017), for medium / large companies preparing individual financial statements; and
- Schedule 4 of the Act of 2014 (inserted by the Act of 2017), for medium / large holding companies preparing group financial statements.

Some of the key changes to the accounting principles and disclosure requirements introduced by the Act of 2017 include:

- Appropriation of profit note required either at the foot of the profit and loss account, the face of the balance sheet or as a note to the financial statements
- Where the useful life of goodwill acquired, development costs or other intangible assets cannot be reliably estimated, the period chosen must not exceed more than 10 years
- No reversals of impairment adjustments on goodwill permitted
- Equity accounting permitted in individual entity financial statements for participating interests in associates
- Financial instruments may be accounted for at fair value to the extent they qualify for fair value accounting under **current** EU IFRS; previously the legislation referred to the relevant IFRS standard as endorsed in 2006

- Directors' remuneration disclosures expanded to capture payments to third parties for services of directors
- Requirement for disclosure of holdings of own shares or shares in holding undertakings expanded to capture where 'a person acting in their own name but on behalf of the company' holds shares or an interest in shares in the company or its holding undertaking and additional disclosures required for all holdings
- Definition of subsidiary amended to state that in determining whether a company is a subsidiary of another company, any shares held or power exercisable by any person acting in that person's own name but on behalf of that other company, should be treated as being held or exercisable by that other company
- Conditions for use of merger accounting have been revised to be based on the concept of common control transactions
- Some terminology and other minor amendments within the formats.

A summary of the key financial statement disclosure changes arising from the commencement of the Act of 2017 are outlined in Appendix 1. However, it should be noted that the provisions of Schedules 3 and 4, inserted by the Act of 2017, need not be complied with where the amounts are not material for the purpose of giving a true and fair view.

All the changes will impact Companies Acts statutory financial statements of medium / large companies, and some will also impact EU IFRS⁽³⁾ statutory financial statements. EU IFRS statutory financial statements do not need to comply with the provisions of the Schedules in the Act of 2014 (as inserted by the Act of 2017)⁽⁴⁾. The particular items in Appendix 1 that are also applicable to companies reporting under EU IFRS have been marked with an asterisk (*) in Appendix 1.



(3) International financial reporting standards ('IFRS') as endorsed by the EU ('EU IFRS').

(4) Note: EU IFRS financial statements must still comply with EU IFRS and therefore while a provision within the Schedules may not be legally required, the disclosure requirements of EU IFRS may contain similar requirements.

5.2 Statutory auditors' report

Audit opinion on directors' report

Regulation 9(b) of the Statutory (Audits) Regulations 2016⁽⁵⁾ extended the requirements of Section 366 of the Act of 2014 by requiring that the auditors give opinions as to whether:

- The directors' report / group directors' report has been prepared in accordance with applicable legal requirements, and
- Based on their knowledge and understanding of the company / group and its environment obtained during the course of the audit, the auditors have identified any material misstatements in the directors' report / group directors' report and if so to provide an indication of the nature of such misstatements.

Audit opinion on corporate governance statement - Traded companies⁽⁶⁾

Section 82 of the Act of 2017 amends Section 1373 of the Act of 2014 to expand the requirements in respect of the audit opinion on corporate governance statements (where applicable) to align it with the opinion given in relation to directors' reports. The opinion should state, whether, based on their knowledge and understanding of the company / group and its environment obtained during the course of the audit, the auditors have identified material misstatements in the information given, and if so, they are required to give an indication of the nature of such misstatements.

6 Changes to filing requirements in respect of statutory financial statements

6.1 Filing of statutory financial statements – designated unlimited companies ('designated ULCs')

In the Act of 2014 and prior legislation, certain corporate groups involving Irish unlimited companies and various limited and unlimited companies incorporated both inside and outside of the EU, were able to qualify for an exemption from filing their financial statements with the CRO.

The Act of 2017 changes the Act of 2014 to expand considerably the definition of 'designated ULCs' to include more Irish unlimited companies. The revision establishes filing obligations where there is a limited company anywhere in the overall group structure (whether as parent or subsidiary of the Irish unlimited company). Also, as a general principle, any Irish body corporate 'whose ultimate beneficial owners enjoy the protection of limited liability' will fall into scope for filing. Any ULC that is a credit institution or an insurance undertaking (or a holding company of a

credit institution or insurance undertaking) will also fall into the designed ULC definition.

There is a narrow scope deferral available to certain companies in respect of the commencement of this provision to financial years commencing on or after 1 January 2022. The deferral only applies to an unlimited company where that company is the top company in the holding chain. It defers its obligation to file financial statements merely because it has one or more limited liability subsidiaries. If an unlimited company has a limited liability parent anywhere in the world it cannot benefit from the deferral and that unlimited company will have to file financial statements within the mandatory timeframe, being for financial years commencing on or after 1 January 2017.

6.2 Filing of statutory financial statements – Part 24 investment companies and Irish UCITS plc corporates

Section 86 of the Act of 2017 amends Section 1401 of the Act of 2014 by inserting a new section 1401A requiring that Part 24 investment companies annually file with the CRO their statutory financial statements, directors' report and statutory auditor's report for the financial year.

Similarly, section 100 of the Act of 2017 amends the European Communities (Undertakings for Collective Transferable Securities) Regulations 2011 to insert a new section 42A to impose a similar requirement on Irish UCITS plc corporates.

6.3 Filing of statutory financial statements – external companies with Irish branches

Under the legislation as currently framed, only EEA and Non-EEA external limited companies have filing obligations in respect of their Irish branches because an 'EEA company' and a 'non-EEA company' as defined in section 1300 of the Act of 2014 is confined to a "body corporate whose members' liability is limited".

Section 80 of the Act of 2017 revises these definitions to include unlimited EEA or Non-EEA companies that are unlimited themselves but are a subsidiary undertaking of a limited body corporate. Therefore, under the new definition, the filing requirements for EEA and Non-EEA companies with an Irish branch is extended to include situations where the Irish branch is:

- A branch of an EEA or Non-EEA limited company, or
- A branch of an EEA or Non-EEA unlimited subsidiary of an EEA or Non-EEA limited company.

Commencement of this section has been deferred.

(5) S.I. 312 of 2016 - European Union (Statutory Audits) (Directive 2006/43/EC, as amended by Directive 2014/56/EU, and Regulation (EU) No 537/2014) Regulations 2016 is applicable to financial statements for financial years commencing on or after 17th June 2016.

(6) Section 1372 of the Act of 2014 defines a 'traded company' as meaning:

- (a) A public limited company (PLC)
- (b) A designated activity company (DAC)
- (c) A company limited by guarantee (CLG)
- (d) A public unlimited company (PUC) or a public unlimited company that has no share capital (PULC), that in the case of a PLC, has shares or debentures, or in the case of any of the other company types listed in (b), (c), or (d) above, has debentures, admitted to trading on a regulated market in an EEA state.

7. Other changes

7.1 Share for share acquisitions – Section 72 merger relief

Previously, an Irish company acquiring an Irish company through a share for share transaction was subject to Section 72 'merger relief' under the Companies Act 2014 which required it to not record any share premium on the transaction. The Act of 2017 extends this Section to now refer to the acquisition of 'body corporates' which means it covers the acquisition of companies established in any jurisdiction. Therefore, although the issuing company must be Irish to fall into scope of Section 72 'merger relief' in the first instance, the company it is acquiring on a share for share transaction basis, will no longer have to be an Irish entity.

7.2 Group reorganisations

The legal ability to apply merger accounting has changed and now permits its use in the case of 'common control' transactions. Previously, the legal ability to use merger accounting was restricted to essentially share for share transactions (i.e. the cash consideration had to be less than 10% of the nominal value of the shares issued). The new provisions will now permit merger accounting in cases where the consideration is cash or intercompany balances, provided the other criteria are met.

7.3 Prior year comparatives in financial statement notes

The exemption in relation to providing comparative amounts for movements in tangible assets, intangible assets, financial assets and provisions has been reinstated to be consistent with what was in the legislation prior to the Act of 2014.

7.4 Not for profit companies – format of profit and loss account

There is a new clarification in respect of 'Not for profit' companies acknowledging their ability to prepare an 'income & expenditure account' instead of a 'profit and loss account' (Section 274 of the Act of 2014, amended by Section 11 of the Act of 2017).



8. New report on payments to Governments

Section 87 of the Act 2017, inserts a new Part 26 into the Act of 2014 and imposes a requirement on certain large and publicly listed entities (see Section 8.1 below) to prepare and file a 'Report on payments to governments' if they are engaged in mining, oil and gas or primary logging activities. Irish registered companies caught by the obligation to report will be required annually to disclose the payments they make to governments on a country-by-country basis, in respect of the countries in which they undertake those activities.

8.1 Obligation to prepare company level report on payments to governments

Subject to the relevant exemptions outlined in section 8.3 below, the directors of a company that is:

- (a) Engaged in the activity of mining, oil and gas or primary logging, and
- (b) Is a 'large' company or a relevant company (see definitions below)

must prepare and make available to the public each year a report on payments made to governments for each financial year.

A 'large company' is any company that does not fall to be a micro, small or medium company (see Section 3.3 of this document).

A 'relevant company' includes a Traded company (see footnote 6) on page 9 of this document), a credit institution, an insurance undertaking, a company falling under any provision of Schedule 5 of the Act of 2014 (generally other regulated companies) or any company that has been designated as a PIE either in Ireland or in another EU state.

8.2 Obligation to prepare group level report on payments to governments

Subject to the relevant exemptions outlined in Section 8.3, the directors of a holding company that is a 'large' company or a 'relevant' company, must prepare and make available to the public each year a consolidated report on payments made to governments for each financial year of the holding company if:

- (a) The holding company is obliged to prepare group financial statements, and
- (b) It, or any of its subsidiary undertakings, is / are engaged in the activity of mining, oil and gas or primary logging.

8.3 Exemptions/dis-applications from preparation of report on payments to governments

Certain companies are exempt from the requirement to prepare a report on payments to governments. For example, there is a relief available to subsidiary companies from the requirement to prepare a company level report where they are included in the consolidated report of a higher EU parent undertaking.

Further details of the applicable exemptions and disapplications from the preparation of the report on payments to Governments are outlined in Part 26 of the Act of 2014.

8.4 Content of report on payments to governments

The report is required to include detailed information on payments made to each government (in the countries in which the activity of mining, oil and gas and primary logging activities takes place) and includes disclosures such as:

- (a) The total amount of payments made to each government
- (b) The total amount per type of payment made to each government
- (c) Where payments have been attributed to a specific project, the total amount per type made for each project and the total amount of payments for each project.

The content required in the report on payments to governments is outlined in more detail in the new Part 26 of the Act of 2014, inserted by the Act of 2017.

8.5 Approval and filing of report on payments to governments

The report on payments to governments must be filed annually with the CRO. It can be filed separately or it may be included as part of the statutory financial statements.

Details of the approval and filing requirements of the report on payments to governments are outlined in Part 26 of the Act of 2014.

9. Companies (Amendment) Bill 2017 - US GAAP

Section 279 of the Act of 2014 permits Irish-incorporated holding companies whose securities are registered with the Securities and Exchange Commission and who have not previously filed non-US GAAP accounts with the Companies Registration Office in Dublin to prepare their consolidated financial statements under US GAAP. Section 279 currently applies to financial statements prepared for financial years ending not later than 31 December 2020.

The Companies (Amendment) Bill 2017 seeks to extend the ability to use US GAAP for such companies up to 31 December 2030. This is subject to the same conditions as those previously existing under the Act of 2014, with an additional stipulation that the company must have been incorporated in the State prior to the commencement of the Companies (Amendment) Act 2017.

Appendix 1: Principal financial statement changes for medium and large companies

EU IFRS financial statements are not required to comply with the provisions of the Schedules to the Act of 2014 (as amended by the Act of 2017). They do however need to comply with provisions in the main body of the Act. However, they must still comply with EU IFRS and, therefore, while a provision within the Schedules may not be legally required, the disclosure requirements of EU IFRS may contain similar requirements.

For the purposes of this Appendix, Items marked with an asterix (*) are mandatorily required by company law for EU IFRS preparers (for non-Schedule provisions).

Section A - Provisions that are mandatory (where the relevant circumstances arise):

The Act references below are to the relevant Sections of, and Schedules to, the Act of 2014, as amended by the Act of 2017 in square brackets and in italics, unless otherwise indicated. Where a section of the Act of 2014 has been newly inserted or amended by the Act of 2017, the section of the Act of 2017 giving rise to the change has been provided. The Act of 2017 introduces a full new set of Schedules into the Act of 2014, with Schedules 3 and 4 detailing the accounting principles, form and content of entity and group financial statements, respectively, for medium and large companies/groups. The Schedule references provided are to Schedules 3 and 4 of the Act of 2014, as inserted by the Act of 2017.

| A1 General financial statement items | | Act References |
|--------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|
| A1.1* | Particulars in respect of the company / holding company <ul style="list-style-type: none"> Particulars in respect of the company, (or holding company in the case of groups), notably (i) name and legal form, (ii) place of registration and registered number, (iii) address of registered office, and (iv) where company is being wound up, information in respect of notification of liquidation. | s291(3A) [s17(b) Act of 2017] s292(2A) [s18(b) Act of 2017] s294(3A) [s20(c) Act of 2017] s295(2A) [s21(b) Act of 2017] |
| A1.2* | Subsidiary definition <ul style="list-style-type: none"> Definition of subsidiary amended to state that in determining whether a company is a subsidiary of another company, any shares held or power exercisable by any person acting in that person's own name but on behalf of that other company, should be treated as being held or exercisable by that other company. | s7(5)(b) [s4 Act of 2017] |
| A1.3* | Exemption from filing – Section 357 guarantees <ul style="list-style-type: none"> Expanded to state that the commitments (not just the liabilities) of the company must also be guaranteed for a subsidiary company to avail of the exemption from filing. | s357 [s55 Act of 2017] |
| A1.4 | Particulars of higher holding undertakings – largest and smallest group <ul style="list-style-type: none"> Where the holding undertaking is incorporated outside the state, the address provided should be the registered office of the holding undertaking in the country in which it is incorporated. | Sch 3-70(3) |
| A1.5 | Subsidiary of immediate holding undertaking – statement <ul style="list-style-type: none"> In group financial statements, provide a statement with respect to each subsidiary undertaking of the holding company, identifying under which of the criteria specified in section 7(2) of the Act of 2014 the undertaking qualifies to be a subsidiary of its immediate holding undertaking (subject to certain exemptions). | Sch 4-30(1)(b) Sch 4-30(2) |
| A1.6 | Subsidiary undertaking – different financial years <ul style="list-style-type: none"> Where group financial statements are drawn up from entity financial statements of a subsidiary undertaking with a different financial year end to that of the holding company, account shall be taken, and where appropriate, disclosure should be made of important events concerning assets and liabilities, the financial position and the profit or loss of the subsidiary undertaking between the subsidiary undertaking's financial year end date and that of the holding company. | Sch 4-3(3) |

| A2 Directors' report content | | Act References |
|--------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------|
| A2.1* | Directors' report – Acquisition or disposal of own shares <ul style="list-style-type: none"> Disclose reasons for any acquisitions made during the financial year and the proportion of called up share capital held at the beginning and end of the financial year. | s328(iii),(iv) [s44(c) Act of 2017] |
| A3 Accounting policies, profit and loss account and balance sheet | | Act References |
| A3.1 (*s321(3) only) | Accounting principles and policies and changes to accounting policies <ul style="list-style-type: none"> Some minor amendments to accounting principles and disclosures required where changes to accounting policies are adopted and different valuation methods used in drawing up the group financial statements compared with the entity financial statements. | Sch 3-13 Sch 3-18 Sch 4-8(1) s321(3) [s37 Act of 2017]* |
| A3.2 | Profit and loss account – formats and terminology <ul style="list-style-type: none"> Previous 4 formats now reduced to the most commonly used 2 formats and some minor wording and terminology amendments. Concept of extraordinary items no longer exists. | Sch 3-10 Sch 4-5(1) Sch 3-60(a) |
| A3.3 | Profit and loss account – appropriation of profit <ul style="list-style-type: none"> Appropriation of profit required by Schedule 3-53 to be included either at the foot of the profit and loss account, the face of the balance sheet or in a note. | Sch 3-10 (note 14), Sch 3-53 |
| A3.4 | Profit and loss account – changes in fair value <ul style="list-style-type: none"> Financial Instruments may be accounted for at fair value to the extent they qualify for fair value accounting under current EU IFRS (provided that the equivalent disclosures to those in IFRS are provided). | Sch 3-38(1) |
| A3.5 | Profit and loss account - other <ul style="list-style-type: none"> No reversal of value adjustment on goodwill permitted. More specific disclosure requirements in relation to exceptional items Instances where set off of revenue and expenses is permitted are clarified. | Sch 3-25(5) Sch 3-63(2) Sch 3-7 |
| A3.6 | Balance sheet – formats and terminology <ul style="list-style-type: none"> Disclosure of relationship of an asset or liability to other items where an asset or liability relates to more than one item (either under the items where it is shown or in the notes). Some minor wording and terminology amendments. | Sch 3-4(7) Sch 3-10, Sch 4-4(1) |
| A3.7 | Balance sheet – other <ul style="list-style-type: none"> Where in exceptional circumstances, the useful life of acquired goodwill, development costs or other intangible assets cannot be reliably estimated, the period chosen for depreciation must not exceed 10 years. There are no longer alternative accounting rules for stocks. Instances where set off of assets and liabilities is permitted are clarified. | Sch 3-25(3) Sch 3-33 Sch 3-7 |
| A4 Acquisition and mergers | | Act References |
| A4.1 | Merger accounting – conditions <ul style="list-style-type: none"> Conditions for accounting for a merger have been amended to be based on common control transactions. | Sch 4-15 |
| A4.2 | Merger accounting – disclosures <ul style="list-style-type: none"> Name and address of registered office (in the case of corporates) of the ultimate controlling party, in the country in which it was incorporated, must be disclosed. Address of registered office of the acquired undertaking in the country in which it was incorporated. | Sch 4-17(b),(c) Sch 4-17(a) |
| A4.3 | Acquisition accounting – disclosures <ul style="list-style-type: none"> Address of registered office of the acquired undertaking (or group) in the country in which it was incorporated should be provided. | Sch 4-29(a),(b) |

| A5 Directors' remuneration | | Act References |
|---------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|
| A5.1* | Definition of share options <ul style="list-style-type: none"> Clarified to include shares that are puttable in cash. | s305(6) [<i>s26(c) Act of 2017</i>] |
| A5.2* | Payments to third parties for services of directors <ul style="list-style-type: none"> New disclosures required in respect of any consideration paid to, or receivable by, third parties for making available the services of any person who is either a director of the company or any of its subsidiary undertakings, or otherwise in connection with the management of the company's affairs, or the affairs of its subsidiary undertakings. | s305A(1),(2) [<i>s27 Act of 2017</i>] |
| A6 Directors' and officers' transactions | | Act References |
| A6.1* | Particulars of disclosure <ul style="list-style-type: none"> For disclosure of particulars of arrangements or agreements comprising loans, quasi-loans, credit transactions and guarantees, the 'Maximum amount outstanding under the arrangements' is replaced with a new requirement to instead disclose 'Amounts outstanding under the arrangements waived'. | s307(3)(f) [<i>s29 Act of 2017</i>] |
| A7 Other notes to the financial statements | | Act References |
| A7.1 | Presentation of notes to the financial statements <ul style="list-style-type: none"> The notes should be presented in the order in which, where relevant, the items to which they relate are presented in the balance sheet and profit and loss account. | Sch 3-43(2) |
| A7.2 | Commitments <ul style="list-style-type: none"> Expanded disclosures to include details of significant assumptions underlying valuation models for retirement benefit obligations. Separate disclosure required of the aggregate amount of any commitments, guarantees or contingencies undertaken on behalf of, or for the benefit of, any undertaking in which the company has a participating interest. | Sch 3-58(5) Sch 3-58(7)(c) |
| A7.3* | Holding of own shares or shares in holding undertaking <ul style="list-style-type: none"> Requirement for disclosure expanded to capture situations where a 'person acting in their own name but on behalf of the company' holds shares or an interest in shares in the company or its holding undertaking. Additional disclosures are required, including a reconciliation of movements during the year. | s320(1),(2),(3) [<i>s36(a),(b),(c) Act of 2017</i>] s320(4) [<i>s36(d) Act of 2017</i>] |
| A7.4 | Particulars of staff <ul style="list-style-type: none"> Present separately all disclosures in relation to particulars of staff for the average number of persons employed by undertakings that are proportionally consolidated. | Sch 4-28 |
| A7.5 | Events after the end of the financial year <ul style="list-style-type: none"> Provide particulars and financial impact of material events that have happened after the end of the financial year. | Sch 3-67 |

Section B - Provisions that provide flexibility

| B1 Profit and loss account and balance sheet | | Act References |
|-----------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|
| B1.1 | Profit and loss account – adaptation of formats <ul style="list-style-type: none"> Option to prepare a statement of performance instead of a profit and loss account permitting an adaptation to formats, provided the necessary disclosures are made. Profit and loss account may include subtotals where their inclusion facilitates the assessment of profit or loss. | Sch 3-2(3) Sch 3-4(3) |
| B1.2 | Balance sheet – adaptation of formats <ul style="list-style-type: none"> Option to adapt balance sheet formats to distinguish between current and non-current items, provided the necessary disclosures are made. Balance sheet may include subtotals where their inclusion facilitates the assessment of the financial position. | Sch 3-2(2) Sch 3-4(3) |
| B1.3 | Balance sheet – Fixed assets: comparatives <ul style="list-style-type: none"> Exemption in relation to providing comparative amounts for movements in tangible, intangible, financial assets and provisions has been reinstated. | Sch 3-5(2) |
| B2 Associated undertakings | | Act References |
| B2.1 | Associated undertakings – equity method in entity financial statements <ul style="list-style-type: none"> Associated undertakings may be accounted for by way of the equity method of accounting in entity financial statements. Where this is the case, any goodwill arising should be dealt with in accordance with the normal accounting for goodwill rules under company law. Where the cumulative profit attributable to participating interests recognised in the profit or loss account exceeds the cumulative amount of dividends received, the difference should be shown in a separate non-distributable reserve. | Sch 3-33(4) Sch 3-37(1) Sch 3-37(3) |

Section C - Disclosure items no longer required (unless necessary for giving a true and fair view)

All Schedule references in this Section are to the previous provisions that existed in the Act of 2014.

| C1 Profit and loss account and balance sheet | | Act References |
|-----------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| C1.1 | Profit and loss account – extraordinary items <ul style="list-style-type: none"> Concept of extraordinary activities no longer exists. | Sch 3-64(4), 66(2) |
| C1.2 | Balance sheet – creditors <ul style="list-style-type: none"> Analysis of is no longer required of the amount of debts payable or repayable by instalments separately from those not by instalments. | Sch 3-58(1) |
| C1.3 | Commitments <ul style="list-style-type: none"> Quantitative disclosure of the aggregate amount or estimated amount of capital expenditure authorised by the directors which has not yet been contracted for no longer required. | Sch 3-60(3)(b) |



© 2017 KPMG, an Irish partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved. Printed in Ireland.

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

The KPMG name and logo are registered trademarks of KPMG International Cooperative ("KPMG International"), a Swiss entity.

If you've received this communication directly from KPMG, it is because we hold your name and company details for the purpose of keeping you informed on a range of business issues and the services we provide. If you would like us to delete this information from our records and would prefer not to receive any further updates from us please contact leona.crean@kpmg.ie or phone +353 1 700 4868.

Produced by: KPMG's Creative Services. Publication Date: May 2017 (2711)