

Registered number:
123456

Micro Company FRS 105 Limited^{1 2}
(audit exempt)³

Financial statements⁴

For the year ended 31 December 2017

¹ CA.2014 Section 280D sets out the requirements to be met for a company to qualify as a micro company, including if it fulfils 2 or more of the following requirements:

- (i) the amount of turnover of the company does not exceed €700,000;
- (ii) the balance sheet total of the company does not exceed €350,000;
- (iii) the average number of employees does not exceed 10.

Micro companies are exempt from the requirement to prepare a Directors' Report. Please note that a condition of this exemption is that the information required by section 328 of the Act is included as either a note or a footnote to the balance sheet. This section provides that, in the event that the company holds, acquires or disposes of its own shares, the following information is required:

- (i) the number and nominal value of such shares so held at the beginning and end of the financial year, together with the consideration paid;
- (ii) a reconciliation of the number and nominal value of such shares from the beginning of the financial year to the end of the financial year showing all changes during the year, in each case showing the value of the consideration paid or received, if any;
- (iii) the reasons for any acquisitions during the year; and
- (iv) the proportion of called-up share capital held by the company at the beginning and end of the financial year.

Similar information is also required to be disclosed in the notes to the financial statements by section 320(4), along with particulars of any restriction on profits available for distribution as a result.

The above information has not been included in this Pro Forma because it was assumed not to arise in relation to the fictitious circumstances of this company.

Other required disclosures

In addition to the disclosures shown in this pro forma, the following disclosures are required, where relevant by the Companies Act 2014. They have not been included in this Pro Forma because they were assumed not to arise in relation to the fictitious circumstances of this company:

- (i) CA.2014 Schedule 3B paragraph 23 requires provisions for impairment to fixed assets and financial fixed assets to be disclosed separately in the notes, if not shown separately in the profit and loss account. Any reversals of impairment must also be disclosed.
- (ii) Where an amount is included in the balance sheet in respect of development costs, Schedule 3B paragraph 24 requires disclosure of the period over which such amount is being written off and the reason for capitalising the costs in question. It should be noted that FRS 105 requires that development costs be recognised as an expense and not as an intangible asset.
- (iii) Schedule 3B paragraph 29(3) requires disclosure of interest on capital borrowed to finance the production of an asset which is included in the production cost of the asset. FRS 105 does not permit capitalisation of borrowing costs.

² The legal reference throughout this document is to the Companies Act 2014 (CA.2014). Reference to the Companies Act 2014 in this document are to the Companies Act 2014 as amended by the Companies (Accounting) Act of 2017 and the Companies (Amendment) Act 2017.

³ The company is availing itself of the exemption provided for by Chapter 15 of Part 6 of the Companies Act 2014. If an Audit Report for a Micro Company is required, please contact CPA.

⁴ CA.2014 Section 325 (1A) states that the directors of a company that qualifies for the micro companies' regime shall be exempt from the requirement to prepare a directors' report under subsection (1) provided that the information required under section 328 of the Act is included as a note or a footnote to the balance sheet.

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Company Information

Directors	Director 1 Director 2 Director 3 (resigned 28 July 2017)
Company secretary	Secretary 1
Registered number	123456
Registered office	24-26 City Quay Dublin 2 D02
Accountants	123 Accounting Company Certified Public Accountants 123 City Quay Dublin 2
Bankers	Allied Irish Bank IFSC Place Dublin 1
Solicitors	A&B Solicitors Pearse Street Dublin 2

Accountants' report to the Board of Directors on the unaudited financial statements of Micro Company 105 Limited

Inclusion of an Accountant's Report is not compulsory but may potentially be agreed as part of the engagement. There is no legal requirement to file one with the Registrar.

Profit and Loss Account

For the Year Ended 31 December 2017

	Note ⁵	2017 €	2016 €
Turnover		431,657	675,586
Other income		10,500	5,542
Costs of raw materials and consumables		(200,000)	(320,000)
Staff costs		(50,000)	(65,000)
Value adjustments and other amounts written off assets ⁶		(4,589)	(4,809)
Other expenses		(111,448)	(201,500)
Tax		(29,165)	(50,000)
Profit		46,955	39,819

These financial statements have been prepared in accordance with the micro companies regime as permitted by section 280D of the Companies Act 2014.

The notes on pages 7 to 12 form part of these financial statements.

⁵ The Profit and Loss Account and Balance Sheet are still required to be presented in accordance with the Companies Act formats. The item headings above are consistent with the formats outlined in Schedule 3B of the Companies Act 2014.

⁶ FRS 105 6B.10 Value adjustments for impairment of fixed assets (and their reversal FRS 105 6B.11) must be disclosed in a note to the financial statements if not disclosed separately in the income statement.

Micro Company FRS 105 Limited

Balance Sheet

As at 31 December 2017

	Note ⁷	2017 €	2016 €
Called up share capital not paid		100	100
Fixed assets		206,453	208,390
		206,553	208,490
Current assets		101,341	82,965
Prepayments and accrued income		10,000	9,000
Creditors: amounts falling due within one year	6.	(246,379)	(278,395)
Net current liabilities		(135,038)	(186,430)
Total assets less current liabilities		71,515	22,060
Creditors: amounts falling due after more than one year	6.	(15,000)	(10,000)
Provisions for liabilities		(2,000)	(5,000)
Accruals and deferred income		(6,000)	(5,500)
Net (liabilities)/assets		48,515	1,560
Capital and reserves		48,515	1,560

These financial statements have been prepared in accordance with the Micro Companies Regime as permitted by section 280D of the Companies Act 2014.

We, as Directors of the Micro Company FRS 105 Limited (the “Company”), state that⁸:

- the company is availing itself of the exemption provided for by Chapter 15 of Part 6 of the Companies Act 2014;
- the company is availing itself of the exemption on the grounds that section 358 is complied with;
- no notice under subsection (1) of section 334 has, in accordance with subsection (2) of that section, been served on the company; and
- the directors acknowledge the obligations of the company, under the Companies Act 2014 to keep adequate accounting records and prepare financial statements which give a true and fair view of the assets, liabilities and financial position of the company at the end of its financial year and of its profit or loss for that financial year, and otherwise comply with the provisions of the Companies Act 2014 relating to financial statements so far as they are applicable to the company.

The financial statements were approved and authorised for issue by the board ⁹:

.....
Director

.....
Director

Date:

Date:

The notes on pages 7 to 12 form part of these financial statements.

⁷ Where an asset or liability relates to more than one of the items listed in the statement of financial position, its relationship to other items shall be disclosed either under the item or in the notes to the financial statements.

⁸ Audit exempt companies only

⁹ CA.2014 s324(1) requires the balance sheet to be signed by 2 directors' (on behalf of the board) if the board of directors has 2 or more members.

Notes to the Financial Statements

For the Year Ended 31 December 2017

1. General information ¹⁰

Micro Company FRS 105 Limited (the “Company”) is a private company limited by shares, and incorporated in Ireland. Its registered office is 123 High Street, Dublin 2.

2. Basis of preparation of financial statements ^{11 12}

The financial statements have been prepared on the going concern basis and in accordance with the historical cost convention. The financial reporting framework that has been applied in their preparation is the Companies Act 2014 and FRS 105 The Financial Reporting Standard applicable to the Micro-entities Regime issued by the Financial Reporting Council (“FRS 105”). The company qualifies as a micro company for the period, as defined by section 280D of the Companies Act 2014, in respect of the financial year and has applied the rules of the ‘micro companies regime’ in accordance with section 280E of the Companies Act 2014 and FRS 105.

The financial statements are presented in Euro (€)¹³ and all amounts have being rounded to the nearest Euro¹⁴.

3. Principal accounting policies ¹⁵

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company’s financial statements.

3.1 Intangible assets ¹⁶

Intangible assets acquired separately from a business, such as patents, are capitalised at cost including any directly attributable cost of preparing the assets for their intended use. They are amortised using the straight-line basis over their useful lives, which in the case of patents, is 5 years.

¹⁰ Companies Act 2014 291 3(A) requires all entities to state the following: (a) the name and legal form of the company; (b) the place of registration of the company and the number under which it is registered; (c) the address of its registered office.

¹¹ CA.2014 Section 291(7) requires a statement as to whether the financial statements have been prepared in accordance with applicable accounting standards, and that any material departure from those standards, the effect of the departure and the reasons for it are noted in the financial statements. (FRS 105 6B.2)

¹² Where an asset or liability relates to more than one of the items listed in the statement of financial position, its relationship to other items shall be disclosed either under the item or in the notes to the financial statements.

¹³ The presentation currency has to be disclosed under FRS 105 3.13 (c).

¹⁴ The level of rounding, if any, used in the financial statements has to be disclosed under FRS 105 3.13(d).

¹⁵ FRS 105 6B.3 A micro entity shall disclose in the notes to its financial statements the accounting policies adopted by the micro-entity in determining the items and amounts in its statement of financial position and its income statement.

FRS 105 8.3: If FRS 105 specifically addresses a transaction, other event or condition, a micro-entity shall apply this FRS. However, the micro-entity need not follow a requirement in this FRS if the effect of doing so would not be material.

CA.2014 Section 321 requires all entities to disclose accounting policies adopted in determining items and amounts included in the Balance sheet and Profit & loss account. Where the company changes an accounting policy and has disclosed such change in the notes, it shall disclose the reason for the change and, to the extent practicable, the impact of the change on the financial statements for the current financial year and the preceding financial years.

CA.2014 Schedule 3B paragraph 19 requires that, where the directors have departed from the accounting principles contained within the Act, particulars of the departure, the reasons for it and its effect on the balance sheet and profit and loss account shall be stated in a note.

¹⁶ FRS 105 13.17: A micro-entity shall disclose the amount of any financial commitments, guarantees and contingencies not recognised in the statement of financial position for the acquisition of separately acquired intangible assets and disclose that amount within the total amount of financial commitments, guarantees and contingencies.

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2017

3. Principal accounting policies (continued)

3.2 Tangible assets

All tangible fixed assets are initially recorded at historic cost. This includes legal fees, stamp duty and other non-refundable purchase taxes, and also any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, which can include the costs of site preparation, initial delivery and handling, installation and assembly, and testing of functionality.

3.3 Depreciation ¹⁷

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset systematically over its expected useful life, on a straight-line basis, as follows:

Fixtures and fittings	10 years
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Where factors indicate that the residual values or useful lives of tangible assets may have changed, a review will be carried out of residual value, depreciation methods and useful lives, and these will be amended if necessary. Changes in depreciation rates arising from this review are accounted for prospectively over the remaining useful lives of the assets.

3.4 Stocks and work in progress ¹⁸

Stocks are stated at the lower of cost and net realisable value using the first in first out method. In the case of finished goods and work in progress, cost is defined as the aggregate cost of raw material, direct labour and the attributable proportion of direct production overheads based on a normal level of capacity. Net realisable value is based on normal selling price, less further costs expected to be incurred to completion and disposal.

At the end of each reporting period, stocks and work in progress are assessed for impairment. If an item (or group of items) is impaired, an impairment loss is recognised.

3.5 Turnover

Turnover is stated net of trade discounts, volume rebates, VAT and similar taxes and derives from the provision of goods and services falling within the company's ordinary activities. Turnover on sale of goods is recognised when the company has transferred the significant risks and rewards of ownership in the goods, which usually takes place when the goods are physically delivered to the buyer. Turnover on supply of services such as restoration and repair of furniture is recognised by reference to the stage of completion of the service at the end of the financial year. The stage of completion is determined primarily on the basis of time costs applied to individual service assignments. Deposits received from customers in advance of completion of sales of goods or in advance of the stage of completion of services at the end of the financial year are not recognised as income and are included in creditors.

¹⁷ Pursuant to FRS 105 12.15 – 12.16, an entity shall disclose their depreciation policy.

¹⁸ FRS 105 10.22: a micro-entity shall disclose an indication of the nature and form of any items of inventory given as security in respect of its commitments, guarantees and contingencies.

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2017

3. Principal accounting policies

3.6 Taxation ¹⁹

Tax is recognised in the Profit and Loss Account, except where it relates to an item recognised in other comprehensive income or equity in which case the related tax is recognised directly in other comprehensive income or equity.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

3.7 Impairment of assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

¹⁹ Section 24.2 of FRS 105 prohibits the recognition of deferred tax which represents the future tax consequences of transactions and events recognised in the financial statements of the current and previous periods.

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2017

4. Directors' transactions ²⁰

A loan was advanced to Director 1 during the year. It is interest free, unsecured and repayable on demand. The loan was advanced to Director 1 for the purposes of and the balance is included in current assets in the Balance Sheet.

The movement on the loan during the period was as follows:

	€
Advanced during the year	100,000
Amounts repaid	(20,000)
Impairment provision	(5,000)
Waived during the year	(10,000)
At 31 December 2017	<u>65,000</u>

The value of the above arrangement with directors, expressed as a percentage of the company's net assets is 134%.

5. Guarantees and other financial commitments ²¹

Operating lease commitments

As at 31 December 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 €	2016 €
Not later than 1 year	12,389	12,389
Later than 1 year and not later than 5 years	49,556	61,945
Total commitment	<u>61,945</u>	<u>74,334</u>

No security has been given in respect of the above financial commitment.

²⁰ Companies qualifying for the micro companies regime are exempt from the requirements of CA.2014 Section 305 (disclosure of directors' remuneration), CA.2014 Section 305A (payments to third parties for services of directors) and CA.2014 Section 309 (other arrangements and transactions in which the directors etc. have material interest). If there were director loans, quasi loans, and credit transactions, disclosures in respect of each Director, including the movements, is required pursuant to CA.2014 Section 307. There are other disclosure requirements in respect of guarantees and security provided by the entity in respect of persons who at any time during the year were directors. (FRS 105 6B.19 – 6B.25)

²¹ FRS 105 15.17 requires a micro-entity to determine the amount of any financial commitments, guarantees and contingencies not recognised in the statement of financial position arising from operating leases and disclose that amount within the total amount of financial commitments, guarantees and contingencies (See FRS 105 6B.12 – 6B.17)

Notes to the Financial Statements (continued)

For the Year Ended 31 December 2017

Capital commitments²²

At the year-end date the company had the following financial commitments:

	2017 €	2016 €
Property plant and equipment	50,000	65,000

6. Creditors

Security given in respect of creditors²³

The aggregate amount of debts included in creditors in respect of which security has been provided is €150,256 (2016: €180,500).

The company's bank borrowings as explained above are secured by a fixed charge over property plant and equipment and a floating charge over the remaining assets of the company.

Creditors relating to more than one balance sheet item ²⁴

The company has a bank loan which is included in the balance sheet as follows:

	2017 €	2016 €
Creditors: amounts falling due within one year	135,256	170,500
Creditors: amounts falling due after more than one year	15,000	10,000
	150,256	180,500

²² FRS 105 12.28 requires a micro entity to determine the amount of any financial commitments not recognised in the statement of financial position for the acquisition of property, plant and equipment and disclose that amount with the total amount of financial commitments, guarantees and contingencies (see FRS 105 6B.12)

²³ FRS 105 15.17 requires a micro-entity to determine the amount of any financial commitments, guarantees and contingencies not recognised in the statement of financial position arising from operating leases and disclose that amount within the total amount of financial commitments, guarantees and contingencies (See FRS 105 6B.12 – 6B.17).

²⁴ CA. 2014 Sch 3B para 4(4) requires that, where an asset or liability relates to more than one of the items in either of the balance sheet formats, its relationship to other items shall be disclosed either under the item where it is shown or in the notes to the financial statements.

Notes to the Financial Statements

For the Year Ended 31 December 2017

7. Appropriation of Profit and Loss Account ²⁵

	<u>2017</u> €	<u>2016</u> €
Profit/(Loss) brought forward at the beginning of the financial year	1,460	(38,359)
(Loss)/Profit for the financial year	46,955	39,819
Dividends paid	-	-
Dividends liable to be paid ²⁶	-	-
(Loss)/Profit carried forward at the end of the financial year²⁷	48,415	1,460

²⁵ FRS 105 6B.18 and CA.2014 Schedule 3B paragraph 33 requires this information to be shown either on the face of the Profit and Loss Account, the Balance Sheet or in the notes.

²⁶ CA.2014 Schedule 3B paragraph 33(b) requires that dividends liable to be paid (other than those for which a liability existed at the immediately preceding year-end) be disclosed separately from those paid. To be recognised as a liability, there must be an obligation to pay the dividends at the year-end, e.g. for equity shares, the dividend must be declared before the year-end.

²⁷ Any transfer between the profit and loss account and other reserves, and any other increase or reduction in the balance on the profit and loss account must also be disclosed.

These template financial statements have been prepared by Grant Thornton on behalf of CPA Ireland.



These template financial statements are based on the activities and results of a particular company/group. The form and content of IFRS/FRS 102/FRS 102 1A/FRS 105 financial statements depend on the activities and transactions of each reporting entity. Our objective in preparing the template financial statements is to illustrate one possible approach to financial reporting by an entity engaging in transactions that are typical across a range of non-specialist sectors. However, as with any template, this illustration does not envisage every possible transaction and therefore cannot be regarded as comprehensive. Management is responsible for the fair presentation of financial statements and therefore may find other approaches more appropriate for its specific circumstances.

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Most importantly, the template financial statements are not to be used as a disclosure checklist as facts and circumstances vary between entities and each entity should assess individually which information to disclose in their financial statements.