

Registered number:  
123456

**Section 1A Small Company  
(an FRS 102 Section 1A Small Company<sup>1</sup>)  
(subject to audit)**

**Directors' report and financial statements<sup>2</sup>**

**For the year ended 31 December 2017**

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<sup>1</sup> CA.2014 Section 280A(3) The qualifying conditions for a small company are satisfied by a company if, in relation to a financial year, it fulfils 2 or more of the following requirements:

- (a) the amount of turnover of the company does not exceed €12 million;
- (b) the balance sheet total of the company does not exceed €6 million;
- (c) the average number of employees does not exceed 50.

<sup>2</sup> The legal reference throughout this document is to the Companies Act 2014 ("CA.2014"). References to the Companies Act 2014 in this document are to the Companies Act 2014, as amended by the Companies (Accounting) Act 2017 and the Companies (Amendment) Act 2017.

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<sup>3</sup> CA.2014 s291 outlines the required contents of Companies Act financial statements and schedule 3A outlines the formats to be used in the primary statements as well as any additional disclosures required

## Company Information

<b>Directors</b>	Director 1 Director 2 Director 3 (resigned 28 July 2017)
<b>Company secretary</b>	Secretary 1
<b>Registered number</b>	123456
<b>Registered office</b>	24-26 City Quay Dublin 2 D02
<b>Independent auditors</b>	123 Accounting Company Certified Public Accountants 123 City Quay Dublin 2
<b>Bankers<sup>4</sup></b>	Allied Irish Bank IFSC Place Dublin 1
<b>Solicitors<sup>5</sup></b>	A&B Solicitors Pearse Street Dublin 2

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<sup>4</sup> No specific legal requirement to include this information

<sup>5</sup> No specific legal requirement to include this information

# Directors' Report

**For the Year Ended 31 December 2017**

The directors present their annual report and the audited financial statements for the year ended 31 December 2017. This report has been prepared in accordance with the small companies regime.<sup>6,7</sup>

## **Directors' responsibilities statement<sup>8</sup>**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with Irish law and regulations.

Irish company law requires the directors to prepare the financial statements for each financial year giving a true and fair view of the state of affairs of the Company. Under the law, the directors have elected to prepare the financial statements in accordance with Irish Generally Accepted Accounting Practice in Ireland, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the Republic of Ireland' and Irish law.

Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Company as at the financial year end date, of the profit or loss of the Company for that financial year and otherwise comply with the Companies Act 2014.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; 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 ensuring that the Company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the Company, enable at any time the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy, enable them to ensure that the financial statements and Directors' Report comply with the Companies Act 2014 and enable the financial statements to be audited. 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 Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.<sup>9</sup>

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<sup>6</sup> CA.2014 Section 325: The directors' of a company for each financial year shall prepare a report (directors' report) detailing:

(a) general matters in relation to the company and the directors as specified in section 326;  
(b) a business review in accordance with section 327 (exemption for small companies);  
(c) information on the acquisition or disposal of own shares as specified in section 328;  
(d) information on interests in shares or debentures as specified in section 329;  
(e) statement on relevant audit information as specified in section 330.

<sup>7</sup> CA.2014 Section 327(1)(b): The directors' report is required to contain a description of the principal risks and uncertainties facing the company, however, CA 2014 Section 327(1A) states that a company that qualifies for the small companies regime is exempt from the requirements in this section.

<sup>8</sup> It is considered best practice to include a directors' responsibility statement, either as a separate statement or within the directors' report.

<sup>9</sup> Only include if applicable

## Section 1A Small Company

# Directors' Report

For the Year Ended 31 December 2017

### Principal activity <sup>10,11</sup>

The principal activity of the Company during the year was .....

### Results and dividends <sup>12</sup>

The loss for the year, after taxation, amounted to €6,377,646 (2016: loss €1,009,314). The directors do not recommend payment of a dividend in 2017 (2016: €Nil).

### Directors and their interests <sup>13,14</sup>

The directors who served at any time during the financial year, except as noted, were as follows:

Director 1  
Director 2  
Director 3 (resigned 28 July 2017)

The directors remain in office in accordance with the Articles of Association.

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<sup>10</sup> CA.2014 Section 326(1)(b): The directors' report for a financial year shall state the principal activities of the company during the course of the year.

<sup>11</sup> CA.2014 Section 325(1A): The directors' of a company that qualifies for the small company regime shall not be required to include in the directors' report, a business review as referred to in Section 325(1)(b).

<sup>12</sup> CA.2014 Section 326 (1)(d): The directors' report for a financial year shall state the amount of any interim dividends paid by the directors during the year and the amount, if any, that the directors recommend should be paid by way of final dividend.

<sup>13</sup> CA.2014 Section 326(1)(a): The directors' report for a financial year shall state the names of the persons who, at any time during the financial year, were directors of the Company.

<sup>14</sup> Disclosures of directors' interests should include interests of any shadow and defacto directors and also should include the interests held by the directors' spouse, civil partner, or child.

CA.2014 Section 329(4), which sets out the disclosure requirements for directors' interest, refers to all interests required to be recorded in the register of interests under CA.2014 Section 267. CA.2014 Section 267(3) then refers to information received by virtue of CA.2014 Section 261, which sets out the cases in which a duty arises to disclose interests, which includes interests held by the person's spouse or civil partner or child.

Any information with respect to directors is also required to be given in respect of the person who was secretary of the company at the end of the financial year concerned. CA.2014 Section 260 outlines that where the director or secretary together with their spouse/civil partner/sibling hold 1% or less of the nominal value of a particular class of shares, then no disclosure is required in respect of that particular class.

If there are no interests held by the directors or the secretary, this fact should be stated. No disclosure is required in case of non-voting shares.

CA.2014 Section 329 requires the directors' and secretary's interests to be stated in the directors' report (rather than the notes to the financial statements). The disclosure of interests in shares or debentures should include any such interests in the company or any other group company including the holding company.

## Section 1A Small Company

# Directors' Report

For the Year Ended 31 December 2017

In accordance with Section 329<sup>15</sup> of the Companies Act 2014, the directors' (and secretary's if applicable) shareholdings and the movements therein during the year ended 31 December 2017 were as follows:

	Ordinary Shares of €1 each	
	31/12/17	1/1/17
Director 1	2,000	2,000
Director 2	100	100
	<u>2,100</u>	<u>2,100</u>

### Acquisition and disposal of own share <sup>16</sup>

#### Political contributions <sup>17</sup>

The Company made no political contributions during the year ended 31 December 2017 (2016: €Nil).

#### Research and development <sup>18</sup>

During the period, the Company expensed research and development costs of €58,463 (2016: €67,159).

#### Branches outside of the state <sup>19</sup>

The Company does not have any branches outside of Ireland.

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<sup>15</sup> S329 only requires this information in respect of each person who, at the end of the year, was a director of the company.

<sup>16</sup> CA.2014 Section 328: where, at any time during a financial year of a company, shares in the company:

- (a) are held or acquired by the company, including by forfeiture or surrender in lieu of forfeiture; or
- (b) are held or acquired by any subsidiary undertaking of the company,

The directors' report with respect to that financial year of the company shall state:

- (a) the number and nominal value of any shares of the company held by the company or any subsidiary undertaking at the beginning and end of the financial year together with the consideration paid for such shares; and
- (b) 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 including further acquisitions, disposals and cancellations, in each case showing the value of the consideration paid or received, if any.

<sup>17</sup> CA.2014 Section 326(2)(d): the directors' report shall outline details of any political donations made during the year in excess of the limit as laid out in the Electoral Act, 1997. Donations in money or money's worth of €200 or over are to be disclosed.

<sup>18</sup> CA.2014 Section 326 (2)(b): provide an indication of the activities, if any, of the company in the field of research and development.

<sup>19</sup> CA.2014 Section 326 (2)(c): 'The directors' report should disclose the existence of any branches that operate outside of Ireland and the country where situated. Where none, the directors' report could disclose the following however it is not a requirement: 'There are no branches of the company outside the State.'

## Section 1A Small Company

# Directors' Report

For the Year Ended 31 December 2017

### Events since the end of the year <sup>20</sup>

There have been no events since the end of the year that would have a material impact on the financial statements as presented.

### Accounting records <sup>21</sup>

The measures taken by the directors to ensure compliance with the requirements of Sections 281 to 285 of the Companies Act 2014 with regard to the keeping of accounting records, are the employment of appropriately qualified accounting personnel and the maintenance of computerised accounting systems. The Company's accounting records are maintained at 123 High Street, Dublin 2, Ireland and are copied to the Company's registered office at regular intervals.

### Statement on relevant audit information <sup>22</sup>

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### Auditors

The auditors, 123 Accounting Company, continue in office in accordance with Section 383(2) of the Companies Act 2014.

This report was approved by the board and signed on its behalf. <sup>23</sup>

.....  
Director

Date:

.....  
Director

Date:

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<sup>20</sup> CA.2014 Section 326(2)(a): the report needs to include any important events affecting the company which have occurred since the end of the year if applicable. If none, state this fact.

<sup>21</sup> CA.2014 Section 326(1)(c): The directors' report for a financial year shall include a statement of the measures taken by the directors to secure compliance with the requirements of sections 281 to 285, with regard to the keeping of accounting records and the exact location of those records.

<sup>22</sup> CA.2014 Section 330(1): The directors' report in relation to a company shall contain a statement to the effect that, in the case of each of the persons who are directors at the time the report is approved in accordance with Section 332(1) so far as the director is aware, there is no relevant audit information of which the company's statutory auditors are unaware, and (b) the director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's statutory auditors are aware of that information.

<sup>23</sup> CA.2014 Section 332(1) requires the directors' report to be approved and signed by 2 directors' if the board of directors has 2 or more members.

# Independent auditors' report to the shareholders of Section 1A Small Company



# Profit and Loss Account <sup>24</sup>

For the Year Ended 31 December 2017

	Note	2017 €	2016 €
Turnover		6,257,657	8,750,586
Cost of sales		(582,696)	(172,693)
<b>Gross profit</b>		<b>5,674,961</b>	<b>8,577,893</b>
Selling and distribution expenses		(1,520,712)	(1,212,540)
Administrative expenses		(10,501,196)	(8,136,920)
<b>Operating loss</b>	5	<b>(6,346,947)</b>	<b>(771,567)</b>
Interest payable and similar charges		(1,534)	(1,992)
<b>Loss on ordinary activities before taxation</b>		<b>(6,348,481)</b>	<b>(773,559)</b>
Tax charge on loss on ordinary activities	8	(29,165)	(235,755)
<b>Loss for the financial year</b>		<b><u>(6,377,646)</u></b>	<b><u>(1,009,314)</u></b>

There were no recognised gains and losses for the years ended 2017 or 2016 other than those included in the Profit and Loss Account. <sup>25</sup>

The loss for the year was transferred to the Balance sheet, profit and loss account. <sup>26</sup>

The notes on pages 11 to 23 form part of these financial statements.

<sup>24</sup> The Profit and loss account and Balance sheet are still required to be presented in accordance with the Companies Act formats (Schedule 3A for companies qualifying for the small companies regime). The description "Income and Expenditure Account" may be used for not for profit entities.

When a small company has transactions with equity holders it is encouraged to present a Statement of changes in equity or a Statement of income and retained earnings (FRS 102 1A.9(b)).

<sup>25</sup> Where a small entity recognises gains or losses in other comprehensive income it is encouraged to present a statement of total comprehensive income. Where there were no other recognised gains/losses, this statement must be included.

<sup>26</sup> The appropriation of profit as required by CA.2014 Schedule 3A-53, may be given on the face of the profit and loss account (CA.2014 Schedule 3A, Notes on the profit and loss account formats -12) or on the face of the balance sheet (CA.2014 Schedule 3A, Notes on the balance sheet formats -8).

# Balance Sheet

As at 31 December 2017

	Note	2017 €	2016 €
<b>Fixed assets</b>			
Intangible assets	9	-	6,000
Tangible assets	10	305,497	291,548
Deferred tax asset	15	29,165	-
<b>Total fixed assets</b>		<u>334,662</u>	<u>297,548</u>
<b>Current assets</b>			
Stocks	11	205,541	347,124
Debtors	12	8,795,645	9,986,244
Cash at bank and in hand		2,530,990	4,012,459
<b>Total current assets</b>		<u>11,532,176</u>	<u>14,345,827</u>
Creditors: amounts falling due within one year	13	(9,716,885)	(6,148,599)
<b>Net current assets</b>		<u>1,815,291</u>	<u>8,197,228</u>
<b>Total assets less current liabilities</b>		<u>2,149,953</u>	<u>8,494,776</u>
Creditors: amounts falling due after more than one year	14	(150,811)	(150,811)
<b>Net assets</b>		<u><u>1,999,142</u></u>	<u><u>8,343,965</u></u>
<b>Capital and reserves</b>			
Called up share capital presented as equity		2,085,933	2,085,933
Share premium account		46,937,140	46,904,317
Profit and loss account		(47,023,931)	(40,646,285)
<b>Shareholders' funds</b>		<u><u>1,999,142</u></u>	<u><u>8,343,965</u></u>

## Section 1A Small Company

These financial statements have been prepared in accordance with the specified provisions relating to companies subject to the small companies regime within the Companies Act 2014 and in accordance with the provisions of FRS 102 Section 1A, *Small entities*.<sup>27</sup>

The financial statements were approved and authorised for issue by the board:<sup>28</sup>

.....  
Director

.....  
Director

Date:

Date:

The notes on pages 11 to 23 form part of these financial statements.

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<sup>27</sup> Companies Act 2014 Section 324(4A) states that for financial statements of companies that qualify for and are prepared in accordance with the small companies regime, the balance sheet shall contain in a prominent position above the signature, a statement that the financial statements have been so prepared in accordance with the small companies regime.

<sup>28</sup> CA.2014 Section 324(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; just the Director to sign if it is a sole director company.

## Section 1A Small Company

### Statement of Changes in Equity<sup>29,30</sup> For the Year Ended 31 December 2017

	Called up share capital	Share premium account	Profit and loss account	Total equity
	€	€	€	€
At 1 January 2017	2,085,933	46,904,317	(40,646,285)	8,343,965
Loss for the year	-	-	(6,377,646)	(6,377,646)
Shares issued during the year	2,128	30,695	-	32,823
<b>At 31 December 2017</b>	<b><u>2,088,061</u></b>	<b><u>46,935,012</u></b>	<b><u>(47,023,931)</u></b>	<b><u>1,999,142</u></b>

	Called up share capital	Share premium account	Profit and loss account	Total equity
	€	€	€	€
At 1 January 2016	2,085,016	46,903,034	(39,636,971)	9,351,079
Loss for the year	-	-	(1,009,314)	(1,009,314)
Shares issued during the year	917	1,283	-	2,200
<b>At 31 December 2016</b>	<b><u>2,085,933</u></b>	<b><u>46,904,317</u></b>	<b><u>(40,646,285)</u></b>	<b><u>8,343,965</u></b>

The notes on pages 11 to 23 form part of these financial statements.

<sup>29</sup> FRS 102 1A.9(b): The inclusion of a statement of changes in equity is not required for entities reporting under the small companies regime however, as it is recommended for fair and true presentation, an example has been included.

<sup>30</sup> CA.2014 Schedule 3A paragraph 48: if the company chooses not to present a statement of changes in equity, a separate note stating the following would be required:

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

# Notes to the Financial Statements

For the Year Ended 31 December 2017

## 1. General information <sup>31</sup>

Small FRS 102 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<sup>32</sup>

The financial statements have been prepared in accordance with Section 1A of Financial Reporting Standard 102 (“FRS 102”), the Financial Reporting Standard applicable in the Republic of Ireland and Irish statute comprising the Companies Act 2014.

The Company qualifies as a small company as defined by Section 280A of the Act, in respect of the financial year and has applied the rules of the ‘Small Companies Regime’ in accordance with section 280C of the Act and section 1A of FRS 102.

The financial statements are presented in Euro (€) and all amounts have been rounded to the nearest euro.

## 3. Significant judgements and estimates <sup>33</sup>

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies.

[Examples of Judgments could include, lease classification, whether the substance of some sales of goods are financing arrangements, and therefore do not give rise to revenue; whether revenue should be recognised for sales of goods when additional services need to be provided or certain rectification work is required]

[Examples of estimates in applying accounting policies could include, recoverability of debtors, the recoverable amounts and depreciation rates of classes of property, plant and equipment, provisions for liabilities that are the subject of litigation, and the recoverability of deferred tax assets.]

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<sup>31</sup> FRS 102 1AD.52 and CA.2014 s291(3A): The name and legal form of the entity, its registration number, its country of incorporation and the address of its registered office are required to be disclosed in the financial statements. Where the company is being wound up, the information required by s595 must be disclosed.

<sup>32</sup> The Company has availed of the exemption in FRS 102 7.1B from including a cash flow statement in the financial statements on the grounds that the Company is small.

<sup>33</sup> The items in the financial statements where judgements and estimates have been made include:

An entity shall disclose the judgements, apart from those involving estimations, that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

An entity shall disclose in the notes information about the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. In respect of those assets and liabilities, the notes shall include details of:

- (a) their nature; and
- (b) their carrying amount as at the end of the reporting period.

# Notes to the Financial Statements

For the Year Ended 31 December 2017

## 4. Principal accounting policies <sup>34</sup>

### 4.1 Turnover <sup>35</sup>

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

#### Sale of goods

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

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

#### Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

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<sup>34</sup> FRS 102 1A.4: The accounting policies adopted by the small entity in determining the amounts to be included in respect of items shown in the statement of financial position and in determining the profit or loss of the small entity must be stated.

A small entity is not required to comply with the disclosure requirements of FRS 102 Section 3 (to the extent set out in FRS 102 1A.7) and Sections 8 to 35. However, because those disclosures are usually considered relevant to giving a true and fair view, a small entity is encouraged to consider and provide any of those disclosures that are relevant to material transactions, other events or considerations of the small entity (FRS102 1A.17). The directors should consider on a case by case basis what disclosures are required in order for the accounts to give a true and fair view.

CA. 2014 Schedule 3A 11 – 19 outlines what accounting principles need to be disclosed.

<sup>35</sup> FRS 102 23.30: The accounting policies adopted for the recognition of revenue are required to be disclosed along with the amount of each category of revenue recognised during the reporting period.

## Notes to the Financial Statements

For the Year Ended 31 December 2017

### 4. Principal accounting policies (continued)

#### 4.2 Intangible assets <sup>36</sup>

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Amortisation expense is included in administrative expenses in the Profit and Loss Account

#### 4.3 Tangible fixed assets <sup>37</sup>

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is 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.

At each reporting date the Company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised immediately in profit or loss where the carrying amount exceeds the recoverable amount.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The expense is included within administrative expenses,

The estimated useful lives range as follows:

Fixtures and fittings	10 years
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Profit and Loss Account.

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 carry 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

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<sup>36</sup> FRS 102 1AD.7 require, in respect of Goodwill, the amortisation method to be disclosed along with the useful lives or the amortisation rates used and the reasons for choosing those periods. FRS 102 1AD5 requires in respect of development costs, the period over which the costs are being amortised, the reasons for capitalising the costs in question, and if not treated as a realised loss, the circumstances justifying this treatment (AD6). FRS 102 18.27(d) requires the line item in the Statement of comprehensive income in which any amortisation of intangible assets is included to be noted in the accounting policies.

<sup>37</sup> FRS 102 1AD.4 The accounting policies adopted must be stated including such policies with respect to the depreciation and impairment.

## Notes to the Financial Statements

For the Year Ended 31 December 2017

### **4. Principal accounting policies (continued)**

#### **4.3 Tangible fixed assets (continued)**

impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

#### **4.4 Operating leases**

Rentals paid under operating leases are charged to the Profit and Loss Account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

#### **4.5 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is calculated using the first in, first out method. Finished goods and goods for resale include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

#### **4.6 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

#### **4.7 Cash at bank and in hand <sup>38</sup>**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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<sup>38</sup> If there are cash and cash equivalents on the balance sheet other than cash at bank and in hand, these should be identified separately (FRS 102 1AA.3).



# Notes to the Financial Statements

For the Year Ended 31 December 2017

## **4. Principal accounting policies (continued)**

### **4.8 Financial instruments <sup>39</sup>**

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and loss account.

### **4.9 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

### **4.10 Taxation**

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.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Company can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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<sup>39</sup> Include this accounting policy note only if relevant and adapt to the circumstances of the reporting entity.

## Notes to the Financial Statements

For the Year Ended 31 December 2017

### 4. Principal accounting policies (continued)

#### 4.11 Research and development <sup>40</sup>

All research and development costs are expensed as incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured in line with requirements of FRS 102 18.18H. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

During the period, the Company expensed research and development costs of €58,463 (2016: €67,159).

#### 4.12 Going concern <sup>41</sup>

After reviewing the Company's forecasts and projections, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

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<sup>40</sup> FRS 102 1A.16 A small entity shall present sufficient information in the notes to the financial statements to give a true and fair view . FRS 102 18.29: Entities need to disclose the aggregate amount of research and development expenditure recognised as an expense during the period.

<sup>41</sup> FRS 102 3.8: when preparing financial statements, the management of an entity using this FRS 102 shall make an assessment of the entity's ability to continue as a going concern. An entity is a going concern unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the date when the financial statements are authorised for issue.

# Notes to the Financial Statements

For the Year Ended 31 December 2017

## 5. Loss on ordinary activities before taxation <sup>42 43</sup>

The operating loss is stated after charging:

	2017 €	2016 €
Research & development charged as an expense <sup>44</sup>	58,463	67,159
Operating lease expense <sup>45</sup>	12,685	12,654
Depreciation of tangible fixed assets <sup>46</sup>	164,088	154,411
Amortisation of intangible assets, including goodwill <sup>47</sup>	<u>6,000</u>	<u>1,240</u>

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<sup>42</sup> CA.2014 Section 322 requires a number of disclosures to be made regarding services provided by auditors and fees related to such services; however, pursuant to CA.2014 Section 322 (5)(a), companies that qualify for the small companies regime are exempt from the requirements in this section.

<sup>43</sup> FRS 102 1AD.36 The income statement or the notes to the financial statements shall disclose information on the nature, amount and effect of individual items of income and expenditure that are exceptional by virtue of size or incidence. (Schedule 3A, paragraph 53). FRS 102 5.9A addresses a similar requirement in relation to material items.

<sup>44</sup> FRS 102 1A.16 A small entity shall present sufficient information in the notes to the financial statements to give a true and fair view. FRS 102 18.29: an entity shall disclose the aggregate amount of research and development expenditure recognised as an expense during the period (ie the amount of expenditure incurred internally on research and development that has not been capitalised as an intangible asset or as part of the cost of another asset that meets the recognition criteria in this FRS).

<sup>45</sup> FRS 102 1A.16 A small entity shall present sufficient information in the notes to the financial statements to give a true and fair view. FRS 102 20.16: a lessee shall make the following disclosures for operating leases:  
(b) lease payments recognised as an expense.

<sup>46</sup> FRS 102 1AD.13: An entity shall disclose the following for each class of property, plant and equipment the gross carrying amount and the accumulated depreciation (aggregated with accumulated impairment losses) at the beginning and end of the reporting period.  
Also CA.2014 Schedule 3A Profit and Loss Account Formats (13) and Schedule 3 (22).

<sup>47</sup> FRS 102 1AD.13: an entity shall disclose the following for each class of intangible assets the gross carrying amount and any accumulated amortisation (aggregated with accumulated impairment losses) at the beginning and end of the reporting period.

# Notes to the Financial Statements

For the Year Ended 31 December 2017

## 6. Employees <sup>48</sup>

The average monthly number of employees, including the directors, during the year was 10 (2016: 10).

## 7. Directors' remuneration <sup>49</sup>

	2017 €	2016 €
Directors' emoluments	823,682	695,770
Compensation for loss of office	-	520,749
	<u>823,682</u>	<u>1,216,519</u>

<sup>48</sup> CA.2014 Section 317(1)(a) requires the notes to include the average number of persons employed by the company in the financial year concerned.

<sup>49</sup> Section 305 (1) of the Companies Act 2014 requires directors remuneration disclosures to include the aggregate amount of the gains on the exercise of share options. This however will only be applicable for financial years beginning on or after 1 June 2015 and hence it will not be required for financial statements where the period begins on or before 31 May 2015.

Other disclosures required regarding directors' remuneration include:

- Aggregate amount of emoluments in respect of 'qualifying services';
- Aggregate amount of emoluments in respect of share options
- Aggregate amount (excluding share options) paid under long term incentive schemes;
- Aggregate amount of contributions paid to a retirement benefit scheme (identifying DB and DC schemes separately); and
- Aggregate amount of compensation paid with respect to loss of office or other terminations.

Section 305(1)(d) in relation to the disclosure of amounts of any contributions paid also requires the disclosure showing the number of directors, if any, to whom retirement benefits are accruing under such schemes in respect of qualifying services.

Any amounts paid to past directors of the company or past directors of its holding company in respect of retirement benefits and compensation for loss of office or other termination benefits should also be disclosed. "Qualifying services", in relation to any person, means his or her services as a director of the company and his or her services, while director of the company, as director of any of its subsidiary undertakings or otherwise in connection with the management of the affairs of the company or any of its subsidiary undertakings.

The term 'director' includes shadow and defacto directors plus persons connected to directors, shadow or defacto directors

### Transactions with directors

CA 2014, s307(1) to 308 requires disclosure of any transactions or arrangements with directors in the entity Financial Statements of a company and the group Financial Statements of a holding company including:

- Loans;
- Guarantees;
- Quasi-loans;
- Credit transactions;
- Any other transaction or arrangement in which a person, who was a director at any time during the period, had, directly or indirectly, a material interest in that transaction.

The requirements of s307(1) to (8) to an individual director and persons connected with him or her need not be disclosed if the aggregate value of all agreements, transactions and arrangements did not, at any time during the financial period, exceed €7,500.

# Notes to the Financial Statements

For the Year Ended 31 December 2017

## 8. Taxation

	2017 €	2016 €
<b>Total current tax</b>	-	-
<b>Deferred tax</b>		
Origination and reversal of timing differences	27,156	215,986
Changes to tax rates	2,009	19,769
<b>Total deferred tax</b>	<u>29,165</u>	<u>235,755</u>
<b>Taxation on profit on ordinary activities</b>	<u>29,165</u>	<u>235,755</u>

# Notes to the Financial Statements

For the Year Ended 31 December 2017

## 9. Intangible assets <sup>50</sup>

	Software licence €
<b>Cost</b>	
At 1 January 2017	632,722
At 31 December 2017	<u>632,722</u>
<b>Amortisation</b>	
At 1 January 2017	626,722
Charge for the year	6,000
At 31 December 2017	<u>632,722</u>
<b>Net book value</b>	
At 31 December 2017	<u>-</u>
At 31 December 2016	<u>6,000</u>

<sup>50</sup> Pursuant to FRS 102 1AD.13 and 1AD.14 an entity should disclose the gross carrying amount and the accumulated amortisation at the beginning and end of the reporting period and also a reconciliation of the carrying amount at the beginning and end of the reporting period showing the components of movement separately. The reconciliation need not be presented for the comparative period.

# Notes to the Financial Statements

For the Year Ended 31 December 2017

## 10. Tangible fixed assets <sup>51</sup>

	Fixtures and fittings €
<b>Cost or valuation</b>	
At 1 January 2017	3,131,996
Additions	178,037
At 31 December 2017	<u>3,310,033</u>
<b>Depreciation</b>	
At 1 January 2017	2,840,448
Charge for the year	164,088
At 31 December 2017	<u>3,004,536</u>
<b>Net book value</b>	
At 31 December 2017	<u><u>305,497</u></u>
At 31 December 2016	<u><u>291,548</u></u>

## 11. Stocks

	2017 €	2016 €
Raw materials and consumables	75,698	98,503
Finished goods and goods for resale	129,843	248,621
	<u>205,541</u>	<u>347,124</u>

There are no material differences between the replacement cost of stock and the balance sheet amounts.

<sup>51</sup> Pursuant to FRS 102 1AD.13 and 1AD.14 an entity should disclose the gross carrying amount and the accumulated amortisation at the beginning and end of the reporting period and also a reconciliation of the carrying amount at the beginning and end of the reporting period showing the components of movement separately. The reconciliation need not be presented for the comparative period. CA.2014 schedule 3A (45) also outlines required disclosures in respect of fixed assets.

# Notes to the Financial Statements

For the Year Ended 31 December 2017

## 12. Debtors

	2017 €	2016 €
<b>Due after more than one year</b>		
Deferred tax asset	29,165	-
	<u>29,165</u>	<u>-</u>
<b>Due within one year</b>		
Trade debtors	8,795,645	9,986,244
	<u>8,824,810</u>	<u>9,986,244</u>

An impairment loss of €35,012 (2016: €48,632) was recognised against trade debtors. <sup>52</sup>

## 13. Creditors: Amounts falling due within one year

	2017 €	2016 €
Trade creditors	3,569,373	2,517,595
Corporation tax	-	14,931
Taxation and social insurance	182,344	204,466
Accruals	1,620,216	1,084,487
Deferred income	4,344,952	2,327,120
	<u>9,716,885</u>	<u>6,148,599</u>

## 14. Creditors: Amounts falling due after more than one year

	2017 €	2016 €
Amounts owed to affiliates	150,811	150,811
	<u>150,811</u>	<u>150,811</u>

## 15. Deferred taxation

	2017 €
Charged to profit or loss	29,165
<b>At end of year</b>	<u>29,165</u>

<sup>52</sup> FRS 102 1A.16 A small entity shall present sufficient information in the notes to the financial statements to give a true and fair view.



# Notes to the Financial Statements

For the Year Ended 31 December 2017

## 15. Deferred taxation (continued)

The deferred tax asset is made up as follows:

	2017 €
Accelerated capital allowance	29,165
At end of year	<u>29,165</u>

## 16. Commitments under operating leases <sup>53</sup>

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
	<u>61,945</u>	<u>74,334</u>

During the years 31 December 2017 and 2016, total lease payments of €12,685 and €12,654 were made. At 31 December 2017, the Company did not have any assets held under finance lease arrangements.

<sup>53</sup> FRS 102 1AD.29 and CA.2014 Schedule 3A (51) requires particulars of the total amount in respect of any financial commitment, guarantee or contingency not provided in the balance sheet to be disclosed. To meet this requirement disclosure in respect of commitment under operating leases have been included.

Under FRS 102 20.16, a lessee needs to disclose the total future minimum lease payments under non-cancellable operating leases and lease payments recognised as an expense in the reporting period for operating leases.

# Notes to the Financial Statements

For the Year Ended 31 December 2017

**17. Post balance sheet events <sup>54</sup>**

**18. Controlling party <sup>55</sup>**

**19. Transactions with related parties <sup>56</sup>**

**20. Approval of financial statements**

The board of directors approved these financial statements for issue on [DATE]. <sup>57</sup>

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<sup>54</sup> FRS 102 1AD.54 requires disclosure in the notes to the financial statements of the particulars and financial impact of material events that have occurred after the end of the reporting period (CA. 2014 Schedule 3 (56)).

<sup>55</sup> CA.2014 Schedule 3A Part V 58. (1) Where a company is a subsidiary undertaking, the information specified in subparagraphs (2) and (3) shall be stated with respect to the holding undertaking of the smallest group of undertakings for which group financial statements are drawn up and of which the company is a member.

(2) The name of the holding undertaking shall be stated.

(3) There shall be stated—

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

FRS 102.33.5 Relationships between a parent and its subsidiaries shall be disclosed irrespective of whether there have been related party transactions. An entity shall disclose the name of its parent and, if different, the ultimate controlling party. If neither the entity's parent nor the ultimate controlling party produces financial statements available for public use, the name of the next most senior parent that does so (if any) shall also be disclosed.

<sup>56</sup> In accordance with FRS 102 33.1A the entity may claim exemption from disclosure of transactions entered into between two or more members of a group provided any subsidiary which is a party to the transaction is wholly owned within the group. A group is defined in the standard as its parent and subsidiaries. If there are any transactions with other related parties, these must be disclosed.

<sup>57</sup> FRS 102 Section 32.9 requires that an entity disclose the date when the financial statements were authorised.

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