

**STATUTORY INSTRUMENTS**

**S.I. No. 116 of 2005**

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**European Communities (International Financial Reporting Standards and  
Miscellaneous Amendments) Regulations 2005**

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## **S.I. No. 116 of 2005**

### **European Communities (International Financial Reporting Standards and Miscellaneous Amendments) Regulations 2005**

I, Micheál Martin, Minister for Enterprise, Trade and Employment, in exercise of the powers conferred on me by section 3 of the European Communities Act 1972 (No. 27 of 1972) and for the purpose of giving full effect to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002<sup>1</sup>, for the purpose of giving further effect to the Fourth Council Directive 78/660/EEC of 25 July 1978<sup>2</sup>, the Seventh Council Directive 83/349/EEC of 13 June 1983<sup>3</sup>, Council Directive 86/635/EEC of 8 December 1986<sup>4</sup> and Council Directive 91/674/EEC<sup>5</sup> of 19 December 1991 and for the purpose of giving effect to Directive 2003/51/EC of the European Parliament and of the Council of 18 June 2003<sup>6</sup>, hereby make the following regulations:

#### **PART I**

##### **PRELIMINARY AND GENERAL**

###### **Citation and construction.**

1. (1) These Regulations may be cited as the European Communities (International Financial Reporting Standards and Miscellaneous Amendments) Regulations 2005.

<sup>1</sup> OJ No. L243, 11.9.2002, p.1

<sup>2</sup> OJ No. L222, 14.8.1978, p.11

<sup>3</sup> OJ No. L193, 18.7.1983, p.1

<sup>4</sup> OJ No. L372, 31.12.1986, p.1

<sup>5</sup> OJ No. L374, 31.12.1991, p.7

<sup>6</sup> OJ No. L178, 17.7.2003, p.16

(2) These Regulations are to be read as one with the Companies Acts 1963 to 2003.

**Application.**

2. (1) These Regulations apply to the preparation of annual accounts in the case of a company or undertaking the financial year of which commences on or after 1 January 2005.

(2) In the case of a company or undertaking that prepares its first annual accounts for a period ending after 1 January 2005, it may prepare IFRS accounts (within the meaning of section 2 the Principal Act) even though its date of incorporation or formation, as the case may be, is before 1 January 2005.

**Interpretation.**

3. (1) In these Regulations -

“Credit Institutions Regulations” means the European Communities (Credit Institutions: Accounts) Regulations 1992 (S.I. No. 294 of 1992);

“Fair Value Regulations” means the European Communities (Fair Value Accounting) Regulations 2004 (S.I. No. 765 of 2004);

“Insurance Undertakings Regulations” means the European Communities (Insurance Undertakings: Accounts) Regulations 1996 (S.I. No. 23 of 1996);

“Principal Act” means the Companies Act 1963 (No. 33 of 1963).

(2) A word or expression that is used in these Regulations (including provisions inserted by these Regulations into the Principal Act, the Companies (Amendment) Act 1983 (No. 13 of 1983), the Companies (Amendment) Act 1986 (No. 25 of 1986), the Companies Act 1990 (No. 27 of 1990), the Companies (Auditing and Accounting) Act 2003 (No. 44 of 2003), the European Communities (Companies: Group Accounts) Regulations 1992 (S.I. No. 201 of 1992), the Credit Institutions Regulations, the European Communities (Accounts) Regulations 1993 (S.I. No. 396 of 1993) or the Insurance Undertakings Regulations) and is also used in Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002, the Fourth Council Directive 78/660/EEC of 25 July 1978, the Seventh Council Directive 83/349/EEC of 13 June 1983, Council Directive 86/635/EEC of 8 December 1986, Council Directive 91/674/EEC of 19 December 1991 and Directive 2003/51/EC of the European Parliament and of the Council of 18 June 2003 has, unless the contrary is indicated, the same meaning in these Regulations as it has in that Regulation and those Directives.

## **PART 2**

### **PREPARATION OF INDIVIDUAL AND GROUP ACCOUNTS**

#### **Preparation of individual and group accounts.**

4. The Principal Act is amended by substituting the following for sections 148 to 151 –

“Duty to prepare individual accounts.

148.\_\_(1) The directors of every company shall on a date not later than 18 months after the incorporation of the company and subsequently once at least in every calendar year prepare accounts for the company for each financial year (to be known and in this Act referred to as ‘individual accounts’).

(2) Subject to subsections (3) to (11), a company’s individual accounts shall be prepared -

(a) in accordance with section 149 (to be known and in this Act referred to as ‘Companies Act individual accounts’), or

(b) in accordance with international financial reporting standards and section 149A (to be known and in this Act referred to as ‘IFRS individual accounts’).

(3) Companies Act individual accounts shall be prepared by a company-

(a) not trading for the acquisition of gain by the members,  
or

(b) to which section 128(4)(c) applies, or

(c) in respect of which an order under section 128(5) is in force.

(4) After the first financial year in which the directors of a company prepare IFRS individual accounts (in this section referred to as ‘the first IFRS year’), all subsequent individual accounts of the company shall be prepared in accordance with international financial reporting standards unless there is a relevant change of circumstances as referred to in subsection (5).

(5) There is a relevant change of circumstances where at any time during or after the first IFRS year -

- (a) the company becomes a subsidiary undertaking of another undertaking that does not prepare IFRS individual accounts,
- (b) the company ceases to be a company with securities admitted to trading on a regulated market, or
- (c) a parent undertaking of the company ceases to be an undertaking with securities admitted to trading on a regulated market.

(6) Where, following a relevant change of circumstances, Companies Act individual accounts are prepared, the directors may subsequently prepare IFRS individual accounts for the company and subsections (4) and (5) apply as if that financial year for which such IFRS individual accounts are subsequently prepared was the first IFRS year.

(7) The directors of the company shall lay the individual accounts before the annual general meeting of the company within 9 months of the balance sheet date.

(8) Subsection (7) shall not apply to the profit and loss account or income statement of a company where -

- (a) the company is a parent company,
- (b) the company prepares group accounts in accordance with section 150, and
- (c) the notes to the company's individual balance sheet show the company's profit or loss for the financial year determined in accordance with section 149 or 149A, as appropriate.



(9) Where, in the case of a company, advantage is taken of subsection (8), that fact shall be disclosed -

- (a) in the notes on the company's individual accounts, and
- (b) in the notes on the group accounts referred to in subsection (8)(b).

(10) For the purposes of this Act unless the contrary intention appears -

- (a) a reference to a balance sheet or profit and loss account or income statement shall include any notes thereon or document annexed thereto giving information required by this Act and allowed by this Act to be so given, and
- (b) a reference to a profit and loss account shall be read, in the case of a company not trading for profit, as referring to its income and expenditure account, and references to profit or to loss and, if the company has subsidiaries, references to a consolidated profit and loss account shall be read accordingly.

(11) Where any person being a director of a company fails to take all reasonable steps to comply with this section, the person is, in respect of each offence, liable on summary conviction to imprisonment for a term not exceeding 6 months or to a fine not exceeding €635 or to both, so, however that -

- (a) in any proceedings against a person in respect of an offence under this section, it shall be a defence to prove that the person had reasonable ground to believe and did believe that a competent and reliable person was charged with the duty of seeing that this section was complied with and was in a position to discharge that duty, and
- (b) a person shall not be sentenced to imprisonment for such an offence unless, in the opinion of the court dealing with the case, the offence was committed wilfully.

Companies Act individual accounts.

149.\_\_(1) Companies Act individual accounts shall comprise -

- (a) a balance sheet as at the last day of the financial year,  
and

(b) a profit and loss account.

(2) The balance sheet shall give a true and fair view of the state of affairs of the company as at the end of the financial year and the profit and loss account shall give a true and fair view of the profit or loss of the company for the financial year.

(3) Companies Act individual accounts shall -

(a) in the case of an undertaking to which the Act of 1986 applies, comply with that Act,

(b) in the case of an undertaking to which the 1993 Regulations apply, comply with those Regulations and the Act of 1986,

(c) in the case of an undertaking to which the Credit Institutions Regulations apply, comply with those Regulations,

(d) in the case of an undertaking to which the Insurance Undertakings Regulations apply, comply with those Regulations, and

(e) in all other cases comply with the provisions of the Sixth Schedule in so far as that Schedule applies to Companies Act individual accounts.

(4) Save as expressly provided in subsections (5) and (6) or in Part III of the Sixth Schedule, the requirements of subsection (3)(e) and of the Sixth Schedule shall be without prejudice either to the general requirements of subsection (2) or to any other requirements of this Act.

(5) The profits or losses attributable to any shares in a subsidiary for the time being held by a holding company or any other of its subsidiaries shall not, for any purpose, be treated in the holding company's accounts as revenue profits or losses so far as they are profits or losses for the period before the date on or as from which the shares were acquired by the company or any of its subsidiaries, and for the purpose of determining whether any profits or losses are to be treated as profits or losses for the said period the profit or loss for any financial year of the subsidiary may, if it is not practicable to apportion it with reasonable accuracy by reference to the facts, be treated as accruing from day to day during that year and be apportioned accordingly. Provided however that where the directors and the auditors are satisfied and so certify that it would be fair and reasonable and would not prejudice the rights and interests of any person, the profits or losses attributable to any shares in a subsidiary may be treated in a manner otherwise than in accordance with this subsection.

(6) Where, in relation to any accounts laid before the annual general meeting of a company, any person being a director of a company fails to take all reasonable steps to secure compliance with this section and with the other requirements of this Act as to the matters to be stated in accounts, the person is, in respect of each offence, liable on summary conviction to imprisonment for a term not exceeding 6 months or to a fine not exceeding €635 or to both, so, however, that -

- (a) in any proceedings against a person in respect of an offence under this section, it shall be a defence to prove that the person had reasonable ground to believe and did believe that a competent and reliable person was charged with the duty of seeing that this section or those other requirements, as the case may be, were complied with and was in a position to discharge that duty, and
- (b) a person shall not be sentenced to imprisonment for any such offence unless, in the opinion of the court dealing with the case, the offence was committed wilfully.

IFRS individual accounts.

149A.\_(1) Where the directors of a company prepare IFRS individual accounts -

- (a) they shall state in the notes to those accounts that the accounts have been prepared in accordance with international financial reporting standards, and
  
- (b) shall ensure that those notes contain the information required by -
  - (i) section 191 and paragraph 39(6) of the Schedule to the Act of 1986 (details of directors' remuneration),
  
  - (ii) sections 41 to 45 of the Act of 1990 to be disclosed in individual accounts (transactions with directors),
  
  - (iii) section 63 of the Act of 1990 unless it is disclosed in the directors' report (interests in shares and debentures),
  
  - (iv) sections 16 and 16A (inserted by Regulation 23 of the 1993 Regulations) of the Act of 1986 (details on group undertakings),
  
  - (v) paragraphs 26 to 28 of the Schedule to the Act of 1986 (details of share capital and debentures),

- (vi) paragraph 32A (inserted by section 233 of the Act of 1990) of the Schedule to the Act of 1986 (restriction on distributability of profits),
- (vii) paragraph 36 of the Schedule to the Act of 1986 (guarantees and other financial commitments),
- (viii) paragraph 37(2) of the Schedule to the Act of 1986 (financial assistance for the purchase of own shares),
- (ix) paragraph 42 of the Schedule to the Act of 1986 (details of staff numbers and remuneration),
- (x) paragraph 46 of the Schedule to the Act of 1986 (shares and debentures held by subsidiary undertakings), and
- (xi) paragraph 39(5) of the Schedule to the Act of 1986 and section 205D (inserted by section 44 of the Act of 2003) of the Act of 1990 (remuneration of auditors).

Duty to prepare group accounts.

150.\_\_(1) Where at the end of its financial year a company is a parent company, the directors, as well as preparing individual accounts for the year, shall prepare consolidated accounts (to be known and in this Act referred to as ‘group accounts’) for the group for that year.

(2) (a) Subject to paragraph (b), companies are obliged for financial years commencing on or after 1 January 2005 to prepare their group accounts in accordance with international financial reporting standards (to be known and in this Act referred to as ‘IFRS group accounts’) if, at their balance sheet date their securities are admitted to trading on a regulated market of any EEA State.

(b) The requirements referred to in paragraph (a) shall only apply for each financial year starting on or after 1 January 2007 to those companies whose debt securities only have been admitted to trading on a regulated market of any EEA State.

(3) Subject to subsections (4) to (11), other companies which are required to prepare group accounts shall prepare -



(a) group accounts in accordance with section 150A (to be known and in this Act referred to as ‘Companies Act group accounts’), or

(b) IFRS group accounts.

(4) Companies Act group accounts shall be prepared by a parent company -

(a) not trading for the acquisition of gain by the members,  
or

(b) to which section 128(4)(c) applies, or

(c) in respect of which an order under section 128(5) is in force.

(5) After the first financial year in which the directors of a parent company prepare IFRS group accounts (in this section referred to as ‘the first IFRS year’), all subsequent group accounts of the company shall be prepared in accordance with international financial reporting standards unless there is a relevant change of circumstances as referred to in subsection (6).

(6) There is a relevant change of circumstances where at any time during or after the first IFRS year -

- (a) the company becomes a subsidiary undertaking of another undertaking that does not prepare IFRS group accounts,
- (b) the company ceases to be a company with securities admitted to trading on a regulated market, or
- (c) a parent undertaking of the company ceases to be an undertaking with securities admitted to trading on a regulated market.

(7) Where, following a relevant change of circumstances, Companies Act group accounts are prepared, the directors may subsequently prepare IFRS group accounts for the company and subsections (5) and (6) apply as if that financial year for which such IFRS group accounts are subsequently prepared was the first IFRS year.

(8) In the case of a company to which the Group Accounts Regulations, the Credit Institutions Regulations or the Insurance Undertakings Regulations apply, this section is subject to the exemptions from the preparation of group accounts provided by those Regulations as applicable to the company concerned and set out in -

- (a) Regulations 7, 8, 8A and 9 of the Group Accounts Regulations,
- (b) Regulations 7, 8, 8A and 9 of the Credit Institutions Regulations, and
- (c) Regulations 10, 12 and 12A of the Insurance Undertakings Regulations.

(9) The directors of the company shall lay any group accounts prepared in accordance with subsection (1) before the annual general meeting of the company when the individual accounts are so laid.

- (10) (a) Where the group accounts do not deal with a subsidiary of the company, any member of the company shall be entitled to be furnished without charge within 14 days after the member has made a request in that behalf to the company with a copy of the latest balance sheet of that subsidiary which has been sent to the members of the subsidiary together with a copy of every document required by law to be annexed thereto and a copy of the directors' and auditors' reports.
- (b) Where any copy required under paragraph (a) is not sent within the period specified in that paragraph, the

company and every officer of the company who is in default is liable, in respect of each offence, to a fine not exceeding €635 unless it is proved that the member has already made a demand for and been furnished with a copy and in the case of any default under this subsection the court may direct that the copies required shall be sent to the member requiring them.

(11) Where, in relation to a company, any person being a director of a company fails to take all reasonable steps to secure compliance with this section the person is, in respect of each offence, liable on summary conviction to imprisonment for a term not exceeding 6 months or to a fine not exceeding €635 or to both, so, however, that -

- (a) in any proceedings against a person in respect of an offence under this section, it shall be a defence to prove that the person had reasonable ground to believe and did believe that a competent and reliable person was charged with the duty of seeing that the requirements of this section were complied with and was in a position to discharge that duty, and
- (b) a person shall not be sentenced to imprisonment for an offence under this section unless, in the opinion of the

court dealing with the case, the offence was committed wilfully.

Companies Act group accounts.

150A.\_\_(1) Without prejudice to section 151, Companies Act group accounts shall comprise -

- (a) a consolidated balance sheet dealing with the state of affairs of the parent company and its subsidiary undertakings (including those in liquidation), and
- (b) a consolidated profit and loss account dealing with the profit or loss of the parent company and its subsidiary undertakings (including those in liquidation).

(2) The Companies Act group accounts shall give a true and fair view of the state of affairs as at the end of the financial year, and the profit or loss for the financial year, of the undertakings included in the consolidation as a whole, so far as concerns members of the company.

(3) Companies Act group accounts shall -

- (a) in the case of an undertaking to which the Group Accounts Regulations apply, comply with those

Regulations,

- (b) in the case of an undertaking to which the 1993 Regulations apply, comply with those Regulations and the Group Accounts Regulations,
- (c) in the case of an undertaking to which the Credit Institutions Regulations apply, comply with those Regulations,
- (d) in the case of an undertaking to which the Insurance Undertakings Regulations apply, comply with those Regulations, and
- (e) in all other cases comply with this section and sections 151 to 155.

IFRS group accounts.

150B.\_\_(1) Where the directors of a parent company prepare IFRS group accounts, they shall state in the notes to those accounts that the accounts have been prepared in accordance with international financial reporting standards.

(2) Where the directors of a parent company prepare IFRS group accounts in compliance with section 150(2)(a) or under section 150(3)(b), they

shall ensure that the notes to those group accounts include the information required by -

- (a) section 191 and paragraph 16 of the Schedule to the Group Accounts Regulations (details of directors' remuneration),
- (b) sections 41 to 45 of the Act of 1990 to be disclosed in group accounts by virtue of paragraph 17 of the Schedule to the Group Accounts Regulations (transactions with directors),
- (c) section 63 of the Act of 1990 unless it is disclosed in the directors' report (interests in shares and debentures),
- (d) subject to Regulation 36 of the Group Accounts Regulations, paragraphs 18 to 22 of the Schedule to those Regulations (details of group undertakings),
- (e) paragraph 15 of the Schedule to the Group Accounts Regulations (details of staff numbers and remuneration),
- (f) paragraphs 26 to 28 of the Schedule to the Act of 1986 (details of share capital and debentures),

- (g) paragraph 32A of the Schedule to the Act of 1986  
(restriction on distributability of profits),
- (h) paragraph 36 of the Schedule to the Act of 1986  
(guarantees and other financial commitments),
- (i) paragraph 37(2) of the Schedule to the Act of 1986  
(financial assistance for the purchase of own shares),
- (j) paragraph 46 of the Schedule to the Act of 1986 (shares  
and debentures held by subsidiary undertakings), and
- (k) paragraph 39(5) of the Schedule to the Act of 1986 and  
section 205D of the Act of 1990 (remuneration of  
auditors).

Consistency of accounts.

150C.\_\_(1) The directors of a parent company shall ensure that the individual  
accounts of -

- (a) the parent company, and



(b) each of the subsidiary undertakings of the parent company,

are all prepared using the same financial reporting framework, except to the extent that in their opinion there are good reasons for not doing so, and those reasons are disclosed in the individual accounts of the parent company.

(2) Subsection (1) only applies to accounts of subsidiary undertakings that are required to be prepared under this Act.

(3) Subsection (1) does not apply:

(a) where the directors do not prepare group accounts for the parent company;

(b) to the accounts of undertakings to which section 148(3) applies.

(4) Subsection (1)(a) does not apply where the directors of a parent company prepare IFRS group accounts and IFRS individual accounts for the parent.

Form of group accounts.

151.\_\_(1) Subject to subsections (2) and (3), Companies Act group accounts prepared in accordance with sections 151 to 155 shall be group accounts comprising -

- (a) a consolidated balance sheet dealing with the state of affairs of the parent company and all the subsidiaries to be dealt with in group accounts, and
- (b) a consolidated profit and loss account dealing with the profit or loss of the parent company and those subsidiaries.

(2) Notwithstanding anything in section 150 or 150A, Companies Act group accounts prepared in accordance with this section -

- (a) shall not be required where the company is, at the end of its financial year, the wholly owned subsidiary of another body corporate incorporated in the State, and
- (b) need not deal with a subsidiary of the company where the company's directors are of the opinion that -
  - (i) it is impracticable, or would be of no real value to members of the company, in view of the

insignificant amounts involved, or would involve expenses or delay out of proportion to the value to members of the company, or

(ii) the result would be misleading,

and if the directors are of such an opinion about each of the company's subsidiaries, group accounts shall not be required.

(3) If the company's directors are of the opinion that it is better for the purpose -

(a) of presenting the same or equivalent information about the state of affairs and profit or loss of the company and those subsidiaries, and

(b) of so presenting that information that it may be readily appreciated by the company's members,

the group accounts may be prepared in a form other than that required by subsection (1) and, in particular, may consist of -

(i) more than one set of consolidated accounts dealing respectively with the company and one

group of subsidiaries and with other groups of subsidiaries, or

- (ii) individual accounts dealing with each of the subsidiaries, or
- (iii) statements expanding the information about the subsidiaries in the company's own accounts, or
- (iv) any combination of those forms.

(4) The group accounts may be wholly or partly incorporated in the company's own balance sheet and profit and loss account.

(5) For the purposes of this section, a body corporate shall be deemed to be the wholly owned subsidiary of another if it has no members except that other and that other's wholly owned subsidiaries and its or their nominees.'.

## **PART 3**

### **MISCELLANEOUS AMENDMENTS TO PROVISIONS RELATING TO ACCOUNTS**

#### **Chapter 1**

#### **Amendments to Companies (Amendment) Act 1986**

5. The Companies (Amendment) Act 1986 is amended as follows:-
- (a) in section 3 -
    - (i) in subsection (1), by substituting the following for all the words from “Subject to subsection (2) of this section,” down to and including “any such balance sheet or profit and loss account:”:

“Companies Act individual accounts, including a balance sheet and profit and loss account, prepared in accordance with section 149 of the Principal Act shall comply with the following requirements:”,
    - and
    - (ii) by deleting subsections (2) and (3),

(b) in section 4 -

(i) in subsection (1), by substituting “Where the directors of a company prepare Companies Act individual accounts and subject to this section,” for “Subject to the provisions of this section,” , and

(ii) by substituting the following for subsection (15):

“(15) The notes to the profit and loss account of a company shall show -

(a) dividends paid (other than dividends for which a liability existed at the immediately preceding balance sheet date) or which the company is liable to pay,

(b) separately, any transfers between the profit and loss account and other reserves,

(c) any increase or reduction in the balance on the profit and loss

account since the immediately preceding financial year,

(d) the profit or loss brought forward at the beginning of the financial year, and

(e) the profit or loss carried forward at the end of the financial year.

(16) There shall be shown in the notes to the accounts the aggregate amount of any dividends proposed before the date of approval of the accounts which have not been shown in the notes to the profit and loss account in accordance with subsection (15) of this section.”,

(c) in section 5 -

(i) in paragraph (c)(ii), by substituting “all liabilities which have arisen” for “all liabilities and losses which have arisen or are likely to arise”,

(ii) in paragraph (d), by substituting “payment,” for “payment, and”,

(iii) in paragraph (e), by substituting “separately, and” for “separately.”, and

(iv) by inserting the following after paragraph (e):

“(f) in determining how amounts are presented within items in the profit and loss account and balance sheet, the directors of a company shall have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting principles or practice.”,

(d) in section 7 -

(i) in subsection (1)(a), by substituting the following for subparagraphs (i), (ii) and (iii) and all the words from “and a copy of the report” down to and including “for that year, and”:

“(i) in the case of a company other than a company to which section 2(2) or (3) of this Act applies, a copy of the company’s individual accounts which shall be either IFRS individual accounts



or Companies Act individual accounts prepared in accordance with sections 3, 4 and 5 of, and the Schedule to, this Act,

(ii) in the case of a company to which section 2(2) of this Act applies, a copy of the company's individual accounts which shall be either IFRS individual accounts or Companies Act individual accounts prepared in accordance with the Credit Institutions Regulations,

(iii) in the case of an undertaking to which section 2(3) of this Act applies, a copy of the undertaking's individual accounts which shall be either IFRS individual accounts or Companies Act individual accounts prepared in accordance with the Insurance Undertakings Regulations,

and a copy of the report of the auditors on, and the report of the directors accompanying, each such individual accounts, and each such copy shall be certified both by a director, and the secretary of the company, to be a true copy of such individual accounts, or report, as the case may be, laid or to be laid before the annual general meeting of the company for that

year, and”,

and

- (ii) by inserting the following after subsection (1) and by renumbering subsection (1A) (inserted by section 64 of the Company Law Enforcement Act 2001) as subsection (1C) -

“(1A) Subsection (1) of this section shall not apply to the profit and loss account or income statement of a company where -

- (a) the company is a parent undertaking,
- (b) the company prepares group accounts in accordance with section 150 of the Principal Act, and
- (c) the notes to the company’s individual

balance sheet show the  
company's profit or loss  
for the financial year  
determined in accordance  
with this Act or section  
149A of the Principal Act,  
as appropriate.

(1B) Where, in the case of a company,  
advantage is taken of subsection (1A) of this  
section, that fact shall be disclosed -

(a) in the notes on the  
company's individual  
accounts, and

(b) in the notes on the group  
accounts referred to in  
subsection (1A)(b) of this  
section.”,

(e) in section 8(4) -

(i) in paragraph (a), by deleting “and”,

(ii) in paragraph (b), by substituting “under ‘Assets’, and”  
for “under ‘Assets’.”, and

(iii) by inserting the following after paragraph (b):

“(c) where the company prepares IFRS individual  
accounts, the aggregate of the amounts shown as  
assets in the balance sheet.”,

(f) by substituting the following for sections 10, 11 and 12 -

“Exemption for small companies from certain provisions of  
sections 3 and 7.

10.\_\_(1) A company treated as a small company pursuant  
to section 8(1) of this Act may, in lieu of complying with the  
requirements in that behalf in section 7 of this Act, annex to the  
annual return in relation to the company referred to in the said  
section 7 a copy of the abridged balance sheet of the company  
drawn up in accordance with subsection (2) of this section in  
respect of the period to which the return refers and,  
notwithstanding section 7 of this Act, the company shall not be  
required to annex to the return a copy of the profit and loss  
account of the company or the report of the directors  
accompanying the balance sheet of the company.

- (2) (a) Where the directors of a company prepare IFRS individual accounts and the company is to be treated as a small company pursuant to section (8)(1) of this Act, the abridged balance sheet referred to in subsection (1) of this section shall comprise the full balance sheet included in the IFRS individual accounts.
- (b) Where the directors of a company prepare Companies Act individual accounts and the company is to be treated as a small company pursuant to section (8)(1) of this Act, the directors may extract from the balance sheet of the company prepared in accordance with section 3(1) of this Act an abridged balance sheet showing only those items preceded by letters or roman numerals in Formats 1 and 2 of the balance sheet formats set out in the Schedule to this Act but the total amounts falling due within one year and after one year shall

be shown separately for item B. II in Format 1 and items B. II under 'Assets' and C under 'Liabilities' in Format 2 of the balance sheet formats in relation to debtors and creditors.

Exemption for medium-sized companies from certain provisions of sections 3 and 7.

11.\_ (1) A company treated as a medium-sized company pursuant to section 8(1) of this Act may, in lieu of complying with the requirements in that behalf in section 7 of this Act, annex to the annual return in relation to the company referred to in the said section 7 a copy of the abridged balance sheet of the company drawn up in accordance with subsection (2) of this section and an abridged profit and loss account or abridged income statement of the company drawn up in accordance with subsection (3) of this section in respect of the period to which the return refers.

(2) (a) Where the directors of a company prepare IFRS individual accounts and the company is to be treated as a medium-sized company pursuant to section 8(1)

of this Act, the abridged balance sheet referred to in subsection (1) of this section shall comprise the full balance sheet included in the IFRS individual accounts.

- (b) (i) Subject to subparagraph (ii) of this paragraph, where the directors of a company prepare Companies Act individual accounts and the company is to be treated as a medium-sized company pursuant to section 8(1) of this Act, the directors may extract from the balance sheet of the company prepared in accordance with section 3(1) of this Act an abridged balance sheet showing only those items preceded by letters or roman numerals in Formats 1 and 2 of the balance sheet formats set out in the Schedule to this Act but the amounts in respect of the following items shall be

disclosed separately either in the balance sheet of the company or in the notes to the accounts of the company-

(I) in Format 1 of the balance sheet formats, items A. I. 3, A. II. 1, 2, 3 and 4, A. III. 1, 2, 3, 4 and 7, B.II.2, 3 and 6, B.III.1 and 2, C. 1, 2, 6, 7, 8 and 9 and F. 1, 2, 6, 7, 8 and 9, and

(II) in Format 2 of the balance sheet formats, under 'Assets', items A. I. 3, A. II. 1, 2, 3 and 4, A. III. 1, 2, 3, 4 and 7, B.II.2, 3 and 6 and B.III.1 and 2 and under 'Liabilities', items C.1, 2, 6, 7, 8 and 9.

(ii) The balance sheet of the company shall show separately -



- (I) the amounts falling due within one year and after one year in respect of items B. II in the said Format 1 in total and in respect, individually, of items B. II. 2 and 3 in the said Format 1, and
  
- (II) the amounts falling due in a similar manner in respect of the total of the amounts in respect of the following items, that is to say, in the said Format 2 under 'Assets' item B. II and under 'Liabilities' item C and in respect, individually, of the following items, that is to say, in the said Format 2 under 'Assets' items B. II. 2 and 3 and under 'Liabilities' items C. 1, 2, 6 and 7.

- (3) (a) Where the directors of a company prepare IFRS individual accounts and the company is to be treated as a medium-sized company pursuant to section 8(1) of this Act, the directors may extract from the income statement, prepared in accordance with international financial reporting standards and section 149A (inserted by the European Communities (International Financial Reporting Standards and Miscellaneous Amendments) Regulations 2005) of the Principal Act, an abridged income statement which combines as one item the company's revenue and certain expenses for the period.
- (b) The expenses that may be combined as one item with the revenue of the company are -
- (i) where expenses are classified by function, only those expenses classified as 'cost of sales' may

be so combined, and

- (ii) where expenses are classified by nature, only changes in finished goods and work-in-progress and raw materials and consumables used may be so combined.

- (c) Where the directors of a company prepare Companies Act individual accounts and the company is to be treated as a medium-sized company pursuant to section 8(1) of this Act, the directors may extract from the profit and loss account of the company prepared in accordance with section 3 (1) of this Act an abridged profit and loss account which combines as one item under the heading 'gross profit or loss' the following items:

- (i) items 1, 2, 3 and 6 in Format 1 of the profit and loss account formats set out in the Schedule to this Act;

- (ii) items 1 to 5 in Format 2 of the said profit and loss account formats;
- (iii) items A.1, B.1 and B.2 in Format 3 of the said profit and loss account formats;
- (iv) items A.1, A.2 and B.1 to B.4 in Format 4 of the said profit and loss account formats.

Exemptions in relation to notes to accounts for small companies and medium-sized companies.

- 12.\_ (1) (a) Where the directors of a company prepare IFRS individual accounts and the company is to be treated as a small company in accordance with section 8(1) of this Act, the following notes shall be extracted from those accounts and included with the abridged balance sheet annexed to the annual return pursuant to section 10(1) of this Act:

- (i) accounting policies applied in the preparation of the accounts;
  - (ii) information in relation to the maturity of non-current liabilities and any security given in respect of those liabilities;
  - (iii) disclosures made in accordance with section 149A(2)(a) to (k) of the Principal Act.
- (b) Where the directors of a company prepare Companies Act individual accounts and the company is to be treated as a small company in accordance with section 8(1) of this Act, any notes resulting from the provisions of the Schedule to this Act (other than paragraphs 24, 26, 27, 31B, 31C, 33, 34 and 44) may be excluded from the abridged balance sheet annexed to the annual return pursuant to section 11(1) of this Act;

- (2) (a) Where the directors of a company prepare IFRS individual accounts and the company is to be treated as a medium-sized company in accordance with section 8(1) of this Act, all notes forming part of those accounts shall be included with the abridged balance sheet and abridged income statement annexed to the annual return pursuant to section 11(1) of this Act, except that items that are combined on the face of the income statement need not be separately identified in the notes.
- (b) Where the directors of a company prepare Companies Act individual accounts and the company is to be treated as a medium-sized company in accordance with section 8(1) of this Act, all notes forming part of those accounts shall be included with the abridged balance sheet and abridged profit and loss account annexed to the annual return pursuant to section 11(1) of this Act,

except that the information required by paragraph 41 of the Schedule to this Act need not be given.”,

(g) in section 13 -

(i) by substituting the following for paragraph (a):

“(a) a fair review of the development and performance of the company’s business and of its position and, in relation to its subsidiary undertakings, if any, of the development and performance of their business and of their position, during the financial year ending with the relevant balance sheet date together with a description of the principal risks and uncertainties that they face, which review -

(i) shall be a balanced and comprehensive analysis of the development and performance of the company’s business and of its position and, in relation to its subsidiary undertakings, if any, of the development and performance of their business and of their position, consistent

with the size and complexity of the business, and

- (ii) to the extent necessary for an understanding of the company's development, performance or position, and that of its subsidiary undertakings, if any, shall include an analysis of financial, and, where appropriate, non-financial key performance indicators relevant to the particular business, including information relevant to environmental and employee matters,

and, where appropriate, the report shall include additional explanations of amounts included in the annual accounts;”

and

- (ii) by renumbering the existing provision as subsection (1) of that section and inserting the following:

“(2) Where a company is to be treated as a small or medium sized company pursuant to section



8(1) of this Act, the directors shall be exempt from the requirement to include in the report of the directors the information required by subsection (1)(a)(ii) and (f) of this section.”,

- (h) in section 15, by substituting “section 193 of the Companies Act 1990” for “section 163 of the Principal Act”,
- (i) in section 16(2), by substituting the following for paragraph (a):

“(a) in respect of a subsidiary undertaking of a company, if the company prepares Companies Acts group accounts in accordance with section 150 of the Principal Act, and either -

- (i) the subsidiary undertaking is dealt with in the group accounts prepared by the company or where the company avails of the exemption in Regulation 8, 9 or 9A of the Group Accounts Regulations, the group accounts referred to in Regulation 8(3)(a) or 9A(2)(a) of those Regulations, or
- (ii) the qualifying capital interest of the company in the subsidiary undertaking is included in or in a

note to the company's accounts by way of the equity method of valuation,

or

(aa) in respect of a subsidiary undertaking of a company, where the company prepares IFRS group accounts in accordance with section 150 of the Principal Act, and either -

(i) the subsidiary undertaking is dealt with in the IFRS group accounts prepared by the company, or

(ii) where the company is exempt from preparing IFRS group accounts, the subsidiary undertaking is dealt with in IFRS group accounts prepared by a parent undertaking of the company,”

(j) in section 17(1) -

(i) by substituting the following for paragraph (b):

“(b) there is in force in respect of the whole of that financial year an irrevocable guarantee by the

parent undertaking of -

- (i) the liabilities of the company referred to in section 5(c) of this Act in respect of that financial year, in a case where the company prepares Companies Act individual accounts, or
- (ii) all liabilities in respect of that financial year, in a case where the company prepares IFRS individual accounts,

and the company has notified in writing every person referred to in paragraph (a) of this subsection of the guarantee,”

and

- (ii) by substituting the following for paragraph (e):

“(e) the group accounts of the parent undertaking are drawn up in accordance with the requirements of the Seventh Council Directive 83/349/EEC of 13 June 1983 or in accordance with international

financial reporting standards, and”,

(k) in section 18 -

(i) by substituting the following for subsection (1):

“(1) Abridged accounts (within the meaning of section 19 of this Act) annexed to the annual return required by the Principal Act to be made by the company to the registrar of companies shall be signed as required by section 156 of the Principal Act and the abridged balance sheet so annexed shall contain the statement required by subsection (2) of this section in a position immediately above the signatures appended pursuant to the said section 156 and shall be accompanied by a copy of the report of the auditors of the company in relation to the abridged accounts of the company under subsection (3) of this section.”,

(ii) in subsection (2), by substituting “An abridged balance sheet” for “A copy of a balance sheet”,

(iii) by substituting the following for subsection (3):

“(3) Abridged accounts delivered to the registrar of companies need not be accompanied by the report of the auditors under section 193 of the Companies Act 1990 on the company’s individual accounts, but shall be accompanied by a special report of the auditors containing -

(a) a copy of the report made by the auditors of the company under subsection (4) of this section on those abridged accounts, and

(b) a copy of the report of the auditors under section 193 of the Companies Act 1990 on the company’s individual accounts.”

and

(iv) in subsection (4), by substituting “abridged accounts” for “accounts” wherever it occurs,

(l) in section 19 -

(i) by substituting the following for subsection (1):

“(1) Where a company publishes its full individual accounts, it shall also publish with those accounts any report of the auditors made in accordance with section 193 of the Companies Act 1990.

(1A) Where a company publishes its abridged accounts, it shall also publish with those accounts any report in relation to those accounts specified in subsection (3) of section 18 of this Act and, if the auditors of the company have refused to provide the directors of the company with a report under subsection (4) of that section, an indication of the refusal.”,

(ii) in subsection (2), by substituting the following for paragraph (d):

“(d) whether any matters referred to in the auditors’ report were qualified or unqualified, or whether the auditors’ report included a reference to any matters to which the auditors drew attention by way of emphasis without qualifying the report.”,

and

(iii) in subsection (4) -

(I) by inserting the following after the definition of “abbreviated accounts:

“ ‘abridged accounts’, in relation to a company, means accounts of the company prepared in accordance with sections 10 to 12 of this Act and, except in the case of a company which is exempt by virtue of section 10 of this Act from annexing a copy of such a report to the annual return, the report of the directors of the company specified in section 158(1) of the Principal Act;”

and

(II) by substituting the following for the definition of “full accounts”:

“ ‘full individual accounts’, in relation to a company, means the accounts of the company prepared in accordance with section 148 of the Principal Act;”

and

(m) in the Schedule -

(i) in Part 1, in the Balance Sheet Formats-

(I) in Format 1, Item G, by substituting “Provisions for liabilities” for “provisions for liabilities and charges”, and

(II) in Format 2, Item B under the heading “LIABILITIES”, by substituting “Provisions for liabilities” for “Provisions for liabilities and charges”,

(ii) by inserting the following after paragraph 22C (inserted by Regulation 3 of the Fair Value Regulations):

*“Other assets that may be included at fair value*

22CA. (1) This paragraph applies to -

(a) investment property, and

(b) living animals and plants,



that, under relevant international financial reporting standards, may be included in accounts at fair value.

(2) Investment property and living animals and plants may be included at fair value, provided that all such investment property or, as the case may be, all such living animals and plants are so included where their fair value can reliably be determined.

(3) In this paragraph, ‘fair value’ means fair value determined in accordance with relevant international financial reporting standards.”,

(iii) in paragraph 22D (inserted by Regulation 3 of the Fair Value Regulations) -

(I) in subparagraph (1), by inserting “or where the fair value at which an asset is included in accordance with paragraph 22CA of this Schedule” after “Schedule” and

(II) in subparagraph (2), by inserting “of the financial instrument or of the investment property or living animals or plants” after

“difference in value”,

- (iv) by substituting the following for paragraph 31C (inserted by the Fair Value Regulations):

“31C. (1) Subparagraph (2) of this paragraph applies where -

- (a) the company has financial fixed assets that could be included at fair value by virtue of paragraph 22A of this Schedule,
- (b) the amount at which those assets are included under any item in the company’s accounts is in excess of their fair value, and
- (c) the company has not made provision for the diminution in value of those assets in accordance with paragraph 7 (1) of this Schedule.

- (2) There shall be stated -

- (a) the amount at which either the individual assets or appropriate groupings of those assets is stated in the company's accounts,
  - (b) the fair value of those assets or groupings, and
  - (c) the reasons for not making a provision for diminution in value of those assets, including the nature of the evidence that provides the basis for the belief that the book value will be recovered.”,
- (v) by inserting the following after paragraph 31C:

*“Information where investment property and living animals and plants included at fair value*

31D. (1) This paragraph applies where the amounts to be included in a company's accounts in respect of investment property or living animals and

plants have been determined in accordance with paragraph 22CA of this Schedule.

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

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

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

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

(4) In subparagraph (3) of this paragraph, references in relation to any item to the comparable amounts determined in accordance with that subparagraph are references to –

(a) the aggregate amount which would be required to be shown in respect of that item if the amounts to be included in respect of all the assets covered by that item were determined according to the historical cost accounting rules, and

(b) the aggregate amount of the cumulative provisions for depreciation or diminution in value which would be permitted or required in determining those amounts according to those rules.”,

(vi) in paragraph 32 -

(I) in subparagraph (1)(b), by substituting

“provisions for liabilities” for “provisions for liabilities and charges” , and

(II) in subparagraph (1)(c), by substituting “provision for liabilities” for “provision for liabilities and charges” ,

(vii) in paragraph 57 by renumbering the existing provision as subparagraph (1) and inserting the following:

“(2) In this paragraph ‘net assets’ means the aggregate of the company’s assets less the aggregate of its liabilities, and ‘liabilities’ includes -

(a) any provision for liabilities within the meaning of paragraph 70 of this Schedule that is made in Companies Act individual accounts, and

(b) any provision that is made in IFRS individual accounts.”,

(viii) by inserting the following after paragraph 65:

*“Investment property*

65A. In this Schedule ‘investment property’ means land or buildings (or both) held to earn rentals or for capital appreciation (or both).”,

and

(ix) in paragraph 70 -

(I) by deleting “or charges”, and

(II) by substituting “the nature of which is clearly defined and” for “or loss”.

## **Chapter 2**

### **Amendments to European Communities (Companies: Group Accounts)**

#### **Regulations 1992**

6. The European Communities (Companies: Group Accounts) Regulations 1992 are amended -

(a) in Regulation 2, by substituting “Companies Act group accounts” for “group accounts” ,

- (b) in Regulation 3, by substituting the following for the definition of “group accounts”:

“ ‘Companies Act group accounts’ shall be read in accordance with Regulation 13;”,

- (c) in Regulation 4(1), by substituting the following for paragraph (c):

“(c) that other has the power to exercise, or actually exercises, dominant influence or control over it, or

(ca) that other and the subsidiary undertaking are managed on a unified basis, or”,

- (d) in Regulation 5 -

- (i) by substituting the following for paragraph (1):

“(1) Where at the end of its financial year, the directors of a parent undertaking prepare Companies Act group accounts, those group accounts shall be prepared in accordance with these Regulations and shall



be laid before the annual general meeting at the same time as the undertaking's individual accounts are so laid.”,

(ii) in paragraph (2), by substituting “Regulations 10 and 11” for “Regulations 10, 11 and 12”, and

(iii) in paragraph (4), by substituting “Companies Act group accounts” for “group accounts” wherever those words occur,

(e) in Regulation 7(8), by substituting the following for paragraph

(a):

“(a) any shares, debentures or other debt securities of the parent undertaking or of one of its subsidiary undertakings have been admitted to trading on a regulated market of any EEA State.”,

(f) in Regulation 8 -

(i) in paragraph (1), by substituting “an EEA State” for “a Member State,

(ii) in paragraph (3)(a) -

- (I) by substituting “Regulations 10 and 11” for “Regulations 10, 11 and 12”, and
  - (II) by substituting “EEA State” for “Member State”,
- (iii) in paragraph (3)(b) -
- (I) by substituting “EEA State” for “Member State”, and
  - (II) by inserting “or in accordance with international financial reporting standards” after “with the Directive”,
- and
- (iv) by substituting the following for paragraph (4):

“(4) Paragraph (1) shall not apply to a parent undertaking any of whose shares, debentures or other debt securities have been admitted to trading on a regulated market of any EEA State.”,

(g) in Regulation 9 -

(i) in paragraph (1), by substituting “an EEA State” for “a Member State”, and

(ii) by substituting the following for paragraph (3):

“(3) Paragraph (1) shall not apply to a parent undertaking any of whose shares, debentures or other debt securities have been admitted to trading on a regulated market of any EEA State.”,

(h) by inserting the following after Regulation 9:

“Exemption for parent undertakings included in non-EEA group accounts.

9A. (1) A parent undertaking (the ‘exempted parent’) is exempt from the requirement in Regulation 5 to prepare group accounts where that undertaking is itself a subsidiary undertaking and its parent undertaking (‘that other parent undertaking’) is not established under the law of an EEA State where -

- (a) the exempted parent is a wholly-owned subsidiary of that other parent undertaking;
- (b) that other parent undertaking holds more than 50 per cent of the shares in the exempted parent and notice requesting the preparation of group accounts has not been served in accordance with paragraph (2) on the exempted parent by shareholders holding in aggregate -
  - (i) more than half of the remaining shares in the company, or
  - (ii) 5 per cent of the total shares in the company.

(2) The notice referred to in paragraph (1)(b) must be served not later than 6 months after the end of the financial year before that to which it relates.

(3) Exemption under this Regulation is conditional upon compliance with all of the following conditions -

- (a) that the exempted parent and all of its subsidiary undertakings are included in consolidated accounts for a larger group drawn up to the same date, or to an earlier date in the same financial year by that other parent undertaking,
  
- (b) that those accounts and, where appropriate, the group's annual report, are drawn up in accordance with the provisions of the Seventh Council Directive 83/349/EEC of 13 June 1983 (where applicable, as modified by Council Directive 86/635/EEC of 8 December 1986 or Council Directive 91/674/EEC of 23 December 1991), or in a manner equivalent to consolidated accounts and consolidated annual reports so drawn up,
  
- (c) that the consolidated accounts are audited by one or more persons authorised to audit accounts under the

law under which that other parent undertaking which draws them up is established,

(d) that the exempted parent discloses in its individual accounts that it is exempt from the obligation to prepare and deliver group accounts,

(e) that the exempted parent states in its individual accounts the name of that other parent undertaking which draws up the group accounts referred to in subparagraph (d) and -

(i) where that other parent undertaking is incorporated outside the State, the country in which it is incorporated, or

(ii) where that other parent undertaking is unincorporated, the address of its principal place of business,

- (f) that the exempted parent delivers to the registrar, within the period allowed for delivering its individual accounts, copies of that other parent's group accounts and, where appropriate, of the consolidated annual report, together with the auditors' report on them, and
- (g) where any document comprised in accounts and reports delivered in accordance with paragraph (f) is in a language other than the English language or the Irish language, there is annexed to the copy of that document delivered a translation of it into the English language or the Irish language, certified in the prescribed manner to be a correct translation.

(4) The exemption under this Regulation does not apply to a parent undertaking any of whose securities are admitted to trading on a regulated market of any EEA State.

(5) Shares held by directors of a company for the

purpose of complying with any share qualification requirement shall be disregarded in determining for the purposes of paragraph (1)(a) whether the company is a wholly-owned subsidiary.

(6) For the purpose of paragraph (1)(b), shares held by a wholly-owned subsidiary of that other parent undertaking, or held on behalf of that other parent undertaking or a wholly-owned subsidiary, shall be attributed to that other parent undertaking.

(7) In paragraph (4) 'securities' includes -

- (a) shares and stock,
- (b) debentures, including debenture stock, loan stock, bonds, certificates of deposit and other instruments creating or acknowledging indebtedness,
- (c) warrants or other instruments entitling the holder to subscribe for securities falling within subparagraph (a) or (b), and



(d) certificates or other instruments which confer -

(i) property rights in respect of a security falling within subparagraph (a), (b) or (c),

(ii) any right to acquire, dispose of, underwrite or convert a security, being a right to which the holder would be entitled if the holder held any such security to which the certificate or other instrument relates, or

(iii) a contractual right (other than an option) to acquire any such security otherwise than by subscription.”,

(i) by deleting Regulation 12,

(j) in Regulation 29 -

(i) in paragraph (1), by substituting “individual accounts” for “annual accounts”, and

(ii) by substituting the following for paragraph (2):

“(2) Subject to Regulation 28, paragraph (1) shall not apply where, in the opinion of the directors, a departure from the provisions of that paragraph is necessary for the purposes of Regulation 14(1) or, where in accordance with section 150(2)(a) or (3)(b) of the Principal Act, the parent company prepares IFRS group accounts.”.

(k) in Regulation 35, by deleting paragraph (6),

(l) in Regulation 37, by substituting the following for paragraph

(a):

“(a) a fair review of the development and performance of the parent undertaking and of the development and performance of its subsidiary undertakings and of the position of the group as a whole, together with a description of the principal risks and uncertainties that they face, which review -

(i) shall be a balanced and comprehensive analysis of the development and performance of the business and of the position of the undertakings included in the group taken as a whole, consistent with the size and complexity of the business, and

(ii) to the extent necessary for an understanding of such development, performance or position, shall include an analysis of financial, and, where appropriate, non-financial key performance indicators relevant to the particular business, including information relevant to environmental and employee matters,

and, where appropriate, the report shall include additional explanations of amounts included in the group accounts.”,

(m) in Regulation 40(2), by substituting the following for paragraph

(d):

“(d) whether any matters referred to in the auditors’ report were qualified or unqualified, or whether the auditors’ report included a reference to any matters to which the auditors drew

attention by way of emphasis without qualifying the report.”,

- (n) in Part 2 of the Schedule, by substituting the following for paragraph 16C (inserted by Regulation 4 of the Fair Value Regulations):

“16C. (1) Sub-paragraph (2) applies where -

- (a) a parent undertaking and its subsidiary undertakings taken as a group has financial fixed assets that could be included at fair value by virtue of paragraph 22A (inserted by the European Communities (Fair Value Accounting) Regulations 2004) of the Schedule to the Act of 1986,
- (b) the amount at which those assets are included under any item in the accounts of the parent undertaking and the subsidiary undertakings taken as a group is in excess of their fair value, and
- (c) the parent undertaking and its subsidiary undertakings taken as a group has not

made provision for the diminution in value of those assets in accordance with paragraph 7(1) of the Schedule to the Act of 1986.

(2) There shall be stated -

- (a) the amount at which either the individual assets or appropriate groupings of those assets is stated in the company's group accounts,
- (b) the fair value of those assets or groupings, and
- (c) the reasons for not making a provision for diminution in value of those assets, including the nature of the evidence that provides the basis for the belief that the book value will be recovered.”.

(o) by inserting the following after paragraph 16C:

“16D. (1) This paragraph applies where the amounts to be included in a company's group accounts in respect of investment

property or living animals and plants have been determined in accordance with paragraph 22CA (inserted by the European Communities (International Financial Reporting Standards and Miscellaneous Amendments) Regulations 2005) of the Schedule to the Act of 1986.

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

(3) In the case of investment property, for each balance sheet item affected there shall be shown, either separately in the consolidated balance sheet or in a note to the group accounts -

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

(4) In subparagraph (3), references in relation to any item to the comparable amounts determined in accordance with that subparagraph are references to -

- (a) the aggregate amount which would be required to be shown in respect of that item if the amounts to be included in respect of all the assets covered by that item were determined according to the historical cost accounting rules, and
- (b) the aggregate amount of the cumulative provisions for depreciation or diminution in value which would be permitted or required in determining those amounts according to those rules.”.

### **Chapter 3**

#### **Amendments to European Communities (Accounts) Regulations 1993**

- 7. The European Communities (Accounts) Regulations 1993 are amended -
  - (a) by inserting the following after paragraph 7(3):

“(4) Notwithstanding paragraphs (1), (2) and (3), an undertaking to which this Part applies shall prepare its annual individual accounts in accordance with -

(a) section 149 of the Companies Act 1963 (in these Regulations referred to as ‘Companies Act individual accounts’), or

(b) international financial reporting standards (in these Regulations referred to as ‘IFRS individual accounts’) and section 149A of the Companies Act 1963,

and in either case shall comply with section 150C of the Companies Act 1963.”,

(b) by inserting the following after paragraph 9(3):

“(4) Notwithstanding paragraphs (1), (2) and (3), an undertaking to which this Part applies shall prepare its annual group accounts in accordance with -

(a) section 150A of the Companies Act 1963 (in these Regulations referred to as ‘Companies Act group accounts’), or



(b) international financial reporting standards (in these Regulations referred to as ‘IFRS group accounts’) and section 150B of the Companies Act 1963,

and in either case shall comply with section 150C of the Companies Act 1963.”,

(c) in Regulation 12, by substituting the following for paragraph (3):

“(3) In the case of such partnerships the reference in section 3 of the 1986 Act to Companies Act individual accounts shall be read as a reference to balance sheets and profit and loss accounts drawn up pursuant to this Regulation, which, in accordance with Regulation 7(4), may be Companies Act individual accounts or IFRS individual accounts.”,

(d) in Regulation 14 (1), by substituting the following for paragraph (a):

“(a) a fair review of the development and performance of the business of the partnership and of the development and performance of its subsidiary undertakings, if any,

together with a description of the principal risks and uncertainties that they face, which review -

- (i) shall be a balanced and comprehensive analysis of the development and performance of the business of the partnership and of its subsidiary undertakings, if any, consistent with the size and complexity of the business, and
- (ii) to the extent necessary for an understanding of the partnership's development, performance or position, and that of its subsidiary undertakings, if any, shall include an analysis of financial, and, where appropriate, non-financial key performance indicators relevant to the particular business, including information relevant to environmental and employee matters,

and, where appropriate, the report shall include additional explanations of amounts included in the annual accounts;”

and

- (e) in Regulation 16 (2), by substituting the following for

paragraph (d)(iv):

“(iv) the group accounts of the parent undertaking prepared in accordance with the Seventh Council Directive or international financial reporting standards and audited in accordance with Article 37 of the Seventh Council Directive.”.

#### **Chapter 4**

#### **Amendment to the Companies Act 1990**

**8.** The Companies Act 1990 is amended in section 193 by substituting the following for subsection (4):

“(4) The auditors’ report shall include -

(a) an introduction identifying the individual accounts, and where appropriate, the group accounts, that are the subject of the audit and the financial reporting framework that has been applied in their preparation, and

- (b) a description of the scope of the audit identifying the auditing standards in accordance with which the audit was conducted.
- (4A) (a) Except in the case of a company that has taken advantage of any of the provisions of Part III of the Sixth Schedule to the Principal Act, the auditors' report shall state clearly whether in the auditors' opinion the annual accounts have been properly prepared in accordance with the requirements of the Companies Acts (and, where applicable, Article 4 of the IAS Regulation).
- (b) In the case of a company that has taken advantage of any of the provisions of Part III of the Sixth Schedule to the Principal Act, the auditors' report shall state whether, in their opinion, the annual accounts and, where it is a holding company submitting group accounts, the group accounts have been properly prepared in accordance with the Companies Acts (and, where applicable, Article 4 of the IAS Regulation) and give a true and fair view of the matters referred to in subsection (4B)(e)(i) and (ii) and, where appropriate, subsection (4B)(e)(iii) subject to the non-disclosure of any matters (to be indicated in the report) which by

virtue of the said Part III are not required to be disclosed.

(4B) The auditors' report shall also state -

- (a) whether they have obtained all the information and explanations which, to the best of their knowledge and belief, are necessary for the purposes of their audit,
- (b) whether, in their opinion, proper books of account have been kept by the company,
- (c) whether, in their opinion, proper returns adequate for their audit have been received from branches of the company not visited by them, and
- (d) whether the company's balance sheet and (unless it is framed as a consolidated profit and loss account) profit and loss account are in agreement with the books of account and returns.

(4C) The auditor's report shall state, in particular -

(i) whether the annual accounts give a true and fair view in accordance with the relevant financial reporting framework—

(I) in the case of an individual balance sheet, of the state of affairs of the company as at the end of the financial year,

(II) in the case of an individual profit and loss account, of the profit or loss of the company for the financial year,

(III) in the case of group accounts, of the state of affairs as at the end of the financial year and of the profit or loss for the financial year of the undertakings included in the consolidation as a whole, so far as concerns members of the company,

and

(ii) whether, in their opinion, there existed at the balance sheet date a financial situation which

under section 40(1) of the Companies  
(Amendment) Act 1983 would require the  
convening of an extraordinary general meeting  
of the company.

(4D) The auditors' report -

- (a) shall be signed and dated by the statutory auditors,
- (b) shall, in relation to each matter referred to in subsections (4A), (4B) and (4C) contain a statement or opinion, as the case may be, which shall be either -

- (i) unqualified, or

- (ii) qualified,

and

- (c) shall include a reference to any matters to which the auditors wish to draw attention by way of emphasis without qualifying the report.

(4E) For the purposes of subsection (4D)(b)(ii), a statement or opinion may be qualified, including to the extent of an adverse opinion or a

disclaimer of opinion, where there is a disagreement or limitation in scope of work.

(4F) Where the individual accounts of a parent undertaking are attached to the group accounts, the auditors' report on the group accounts may be combined with the report on the individual accounts.”.

## **PART 4**

### **CONSEQUENTIAL AND MINOR AMENDMENTS**

#### **Amendments to Companies Acts 1963 to 2003.**

9. The Acts specified in Schedule 1 are amended as indicated in that Schedule.

#### **Amendments to Credit Institutions Regulations.**

10. The Credit Institutions Regulations are amended as indicated in Schedule 2.

#### **Amendments to Insurance Undertakings Regulations.**

11. The Insurance Undertakings Regulations are amended as indicated in Schedule 3.



## SCHEDULE 1

### AMENDMENTS TO COMPANIES ACTS 1963 TO 2003

#### PART 1

##### AMENDMENTS TO PRINCIPAL ACT

Item No.	Section affected	Amendment
1.	Section 2	<p>(a) In subsection (1) -</p> <p style="padding-left: 40px;">(i) substitute the following for the definition of “accounts”:</p> <p style="padding-left: 80px;">“ ‘annual accounts’ or ‘accounts’ means -</p> <p style="padding-left: 120px;">(a) individual accounts required by section 148, and</p> <p style="padding-left: 120px;">(b) group accounts required by section 150;</p> <p style="padding-left: 80px;">‘Act of 1986’ means the Companies (Amendment) Act 1986;</p> <p style="padding-left: 80px;">‘Act of 1990’ means the Companies Act 1990;</p> <p style="padding-left: 80px;">‘Act of 2003’ means the Companies (Auditing and Accounting) Act 2003;”</p>
		<p style="padding-left: 40px;">(ii) insert the following after the definition of “books and paper”:</p> <p style="padding-left: 80px;">“ ‘Companies Act accounts’ means Companies Act individual accounts (within the meaning of section 148) or Companies Act group accounts (within the meaning of section 150);</p> <p style="padding-left: 80px;">‘Companies Act group accounts’ shall be read in accordance with section 150;</p>
		<p style="padding-left: 80px;">‘Companies Act individual accounts’ shall be read in accordance with section 148;”</p> <p style="padding-left: 40px;">(iii) insert the following after the definition of “the Court”</p>

		<p>(inserted by section 235 of the Act of 1990):</p> <p>“ ‘1993 Regulations’ means the European Communities (Accounts) Regulations 1993 (S.I. No. 396 of 1993);</p> <p>‘Credit Institutions Regulations’ means the European Communities (Credit Institutions: Accounts) Regulations 1992 (S. I. No. 294 of 1992);”</p> <p>(iv) insert the following after the definition of “document”:</p>
		<p>‘EEA state’ means a state, including the State, which is a Contracting Party to the EEA Agreement;</p> <p>‘EEA Agreement’ means the Agreement on the European Economic Area signed at Oporto on 2 May 1992, as adjusted by the Protocol signed at Brussels on 17 March 1993;”</p> <p>(v) insert the following after the definition of “group accounts”:</p> <p>“ ‘Group Accounts Regulations’ means the European Communities (Companies: Group Accounts) Regulations 1992 (S. I. No. 201 of 1992);</p> <p>‘IAS Regulation’ means Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002;</p> <p>‘income statement’ means a financial statement prepared in accordance with international financial reporting standards and is equivalent to a profit and loss account;</p> <p>‘individual accounts’ shall be read in accordance with section 148;</p>
		<p>‘IFRS accounts’ means IFRS individual accounts (within the meaning of section 148) or IFRS group accounts (within the meaning of section 150);</p> <p>‘IFRS group accounts’ shall be read in accordance with section 150;</p>

		<p>‘IFRS individual accounts’ shall be read in accordance with section 148;”,</p> <p>(vi) insert the following after the definition of “Insolvency Regulation” (inserted by Regulation 3(a) of the European Communities (Corporate Insolvency) Regulations 2002 (S.I. No. 333 of 2002):</p> <p>“ ‘Insurance Undertakings Regulations’ means the European Communities (Insurance Undertakings: Accounts) Regulations 1996 (S.I. No. 23 of 1996);</p> <p>‘international financial reporting standards’ means the international financial reporting standards, within the meaning of the IAS Regulation, adopted from time to time by the European Commission in accordance with the IAS Regulation;”,</p>
		<p>(vii) insert the following after the definition of “private company”:</p> <p>“ ‘profit and loss account’, in relation to a company which prepares IFRS accounts, includes an income statement required to be prepared by international financial reporting standards;”,</p> <p>(viii) in the definition of “financial year” insert “subject to subsection (1A),” after “means;”,</p> <p>(ix) insert the following after the definition of ‘officer’:</p> <p>“ ‘parent company’ or ‘parent undertaking’, means a company that has one or more subsidiary undertakings within the meaning of in the Group Accounts Regulations;”,</p> <p>(x) insert the following after the definition of the “registrar of companies”:</p>
		<p>“regulated market” has the same meaning as in Article 1(13) of Council Directive 93/22/EEC of 10 May 1993 on investment services in the securities field<sup>7</sup>;”,</p> <p>and</p> <p>(xi) insert the following after the definition of “the time of the opening of the subscription lists”:</p>

<sup>7</sup> OJ No. L141, 11.6.1993, p.27

		<p>“ ‘undertaking’, means a body corporate, a partnership, or an unincorporated body of persons engaged for gain in the production, supply or distribution of goods, the provision of a service or the making or holding of investments;”.</p> <p>(b) Insert the following after subsection (1):</p> <p>“(1A) The first financial year of a company commences on its date of incorporation and each subsequent financial year commences on the day after the end of the previous financial year.</p> <p>(1B) References in this Act to annual accounts giving a ‘true and fair view’ are references -</p> <p>(a) in the case of Companies Act individual accounts, to the requirement under section 149A that those accounts give a true and fair view,</p>
		<p>(b) in the case of Companies Act group accounts, to the requirement under section 150A that those accounts give a true and fair view, and</p> <p>(c) in the case of IFRS accounts, to the equivalent requirement under international financial reporting standards.”.</p>
2.	Section 60	<p>Substitute the following for subsection (15C) (inserted by the Companies (Amendment) Act 1983):</p> <p>“(15C) In this section ‘net assets’ means the aggregate of the company’s assets less the aggregate of its liabilities, and ‘liabilities’ includes -</p> <p>(a) any provision (within the meaning of the Sixth Schedule) that is made in Companies Act individual accounts except to the extent that that provision is taken into account in calculating the value of any asset to the company,</p> <p>(b) any provision for liabilities within the meaning of paragraph 70 of the Schedule to the Act of 1986 that is made in Companies Act individual accounts, and</p>

		(c) any provision that is made in IFRS individual accounts.”.
3.	Section 152	<p>(a) In subsection (1), substitute “Companies Act group accounts prepared in accordance with sections 151 to 155 of this Act” for “The group accounts”.</p> <p>(b) In subsections (2) and (3), substitute “the group accounts referred to in subsection (1)” for “group accounts” in each place where it occurs.</p>
4.	Section 156	<p>Substitute the following for subsections (1) and (2):</p> <p>“(1) (a) Where the directors of a company prepare Companies Act individual accounts, every balance sheet and profit and loss account of the company shall be signed on behalf of the directors by 2 of the directors of the company.</p> <p>(b) Where the directors of a company prepare IFRS individual accounts, every balance sheet and income statement of a company shall be signed on behalf of the directors by 2 of the directors of the company.</p> <p>(2) In the case of a banking company registered after 15 August 1879, the balance sheet and profit and loss account, or, where the directors of a company prepare IFRS accounts, the income statement, must be signed by the secretary and where there are more than 3 directors of the company by at least 3 of those directors, and where there are not more than 3 directors by all the directors.”.</p>

## PART 2

### AMENDMENTS TO COMPANIES (AMENDMENT) ACT 1983

Item No.	Section affected	Amendment
1.	Section 2	<p>In subsection (4) -</p> <p>(a) in paragraph (a), insert “or by international financial</p>

		<p>reporting standards” after “Companies Acts”, and</p> <p>(b) substitute the following for subsection (c) and for all the words from “and in paragraph (c)” down to and including “of the company”:</p> <p style="padding-left: 40px;">“(c) the net assets of a company are the aggregate of its assets less the aggregate of its liabilities;</p> <p style="padding-left: 40px;">and in paragraph (c) ‘liabilities’ includes -</p> <p style="padding-left: 80px;">(i) any provision (within the meaning of the Sixth Schedule to the Principal Act) that is made in Companies Act individual accounts except to the extent that that provision is taken into account in calculating the value of any asset to the company,</p> <p style="padding-left: 80px;">(ii) any provision for liabilities within the meaning of paragraph 70 of the Schedule to the Companies (Amendment) Act 1986 that is made in Companies Act individual accounts, and</p> <p style="padding-left: 80px;">(iii) any provision that is made in IFRS individual accounts.”.</p>
2.	Section 9	<p>In subsection (13), in the definition of “unqualified report”, substitute the following for paragraph (a):</p> <p style="padding-left: 40px;">“(a) that in the opinion of the person making the report, the balance sheet complies with the requirements of section 148 and either section 149 or 149A of the Principal Act, where applicable and with section 156 of the Principal Act;”.</p>
3.	Section 45	<p>Substitute the following for subsection (4) -</p> <p style="padding-left: 40px;">“(4) For the purposes of subsections (2) and (3) -</p> <p style="padding-left: 80px;">“(a) where the company prepares Companies Act individual accounts, any provision (within the meaning of</p>

		<p>the Sixth Schedule to the Principal Act or paragraph 70 of the Schedule to the Companies (Amendment) Act 1986), other than one in respect of any diminution in value of a fixed asset appearing on a revaluation of all the fixed assets or of all the fixed assets other than goodwill of the company, shall be treated as a realised loss, and</p> <p>(b) where the company prepares IFRS individual accounts, a provision of any kind shall be treated as a realised loss.”.</p>
4.	Section 45A (inserted by section 20 of the Companies (Amendment) Act 1986)	<p>In subsection (3), substitute the following for paragraph (b):</p> <p>“(b) it is stated -</p> <p>(i) where the company prepares Companies Act individual accounts, in the note to the accounts required by paragraph 8(2) of the Schedule to the Companies (Amendment) Act 1986, or</p> <p>(ii) where the company prepares IFRS individual accounts, in any note to the accounts,</p> <p>that that amount is not to be so treated, and the note explains the circumstances relied upon to justify the decision of the directors to that effect.”.</p>
5.	Section 47	<p>Substitute the following for subsection (2):</p> <p>“(2) In subsection (1) ‘liabilities’ includes -</p> <p>(a) any provision (within the meaning of the Sixth Schedule to the Principal Act) that is made in Companies Act individual accounts except to the extent that that provision is taken into account in calculating the value of any asset to the company,</p> <p>(b) any provision within the meaning of paragraph 70 of the Schedule to the Companies (Amendment) Act 1986</p>

		<p>that is made in Companies Act individual accounts, and</p> <p>(c) any provision that is made in IFRS individual accounts,</p> <p>and subsection (4) of section 46 shall apply for those purposes as it applies for the purposes of that section.”.</p>
6.	Section 49	<p>(a) In subsection (2)(a), insert “(and, where applicable, in accordance with the requirements of Article 4 of the IAS Regulation)” after “Principal Act”.</p> <p>(b) In subsection (9) -</p> <p>(i) in the definition of “properly prepared”, substitute the following for paragraphs (a) and (b):</p> <p>“(a) in the case of annual individual accounts, that they have been properly prepared in accordance with the Principal Act,</p> <p>(b) in the case of interim or initial accounts that they comply with the requirements of section 148 and either section 149 or 149A (inserted by the European Communities (International Financial Reporting Standards and Miscellaneous Amendments) Regulations 2005)) of the Principal Act , where applicable, and any balance sheet comprised in those accounts has been signed in accordance with section 156 of the Principal Act; and”,</p> <p>and</p> <p>(ii) substitute the following for the definition of “relevant item”:</p> <p>“ ‘relevant item’ means the following amounts as dealt with in the company’s relevant accounts -</p> <p>(a) profits, losses, assets and liabilities,</p> <p>(b) where the company prepares Companies Act individual accounts, any provisions mentioned in the Companies (Amendment) Act 1986 or</p>



		<p>any provisions mentioned in the Sixth Schedule to the Principal Act (depreciation, diminution in value of assets, retention to meet liabilities, etc.),</p> <p>(c) where the company prepares IFRS individual accounts, provisions of any kind, and</p> <p>(d) share capital and reserves;”.</p> <p>(c) In subsection (10), substitute “section 148 and either section 149 or 149A of the Principal Act, where applicable, of” for “section 149 of”.</p>
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### PART 3

#### AMENDMENT TO THE COMPANIES (AMENDMENT) ACT 1986

Item No.	Section affected	Amendment
1.	Section 1	<p>In subsection (1), before the definition of “company” insert the following:</p> <p>“ ‘abridged accounts’ has the meaning given to it by section 19 of the Principal Act;”.</p>

### PART 4

#### AMENDMENT TO COMPANIES ACT 1990

Item No.	Section affected	Amendment
1.	Section 29	<p>In subsection (9), substitute the following for paragraph (c):</p> <p>“(c) ‘net assets’, in relation to a company, means the aggregate of the company’s assets less the aggregate of its liabilities, and for this purpose ‘liabilities’ includes -</p> <p>(i) any provision (within the meaning of the Sixth Schedule to the Principal Act) that is made in Companies Act</p>

		<p>individual accounts except to the extent that that provision is taken into account in calculating the value of any asset to the company,</p> <p>(ii) any provision for liabilities within the meaning of paragraph 70 of the Schedule to the Companies (Amendment) Act 1986 that is made in Companies Act individual accounts, and</p> <p>(iii) any provision that is made in IFRS individual accounts.”.</p>
2.	Section 41	In subsection (4), substitute “sections 151 (2) and 154” for “sections 150 (2) and 154”.
3.	Section 43	In subsection (8), substitute “sections 151 (2) and 154” for “sections 150(2) and 154”.
4.	Section 63	In subsection (2), substitute “section 10 (1)” for “section 10 (2)”.
5.	Section 193	<p>Substitute the following for subsection (1):</p> <p>“(1) The auditors of a company shall make a report to the members on the individual accounts examined by them, and on every balance sheet and profit and loss account or income statement, and all group accounts, laid before the company in general meeting during their tenure of office.”.</p>
6.	Section 202	<p>(a) In subsection (1) -</p> <p>(i) substitute the following for paragraph (c):</p> <p>“(c) will enable the directors to ensure that any annual accounts of the company comply with the requirements of the Companies Acts and, where applicable, Article 4 of the IAS Regulations, and”,</p> <p>and</p> <p>(ii) in paragraph (d), substitute “annual accounts” for “accounts”.</p> <p>(b) In subsection (6), substitute the following for “the</p>

		<p>company's balance sheet, its profit and loss account or income and expenditure account and document annexed to any of those documents":</p> <p>“(and, where applicable, Article 4 of the IAS Regulation) the company's accounts and any document annexed to those accounts”.</p>
7.	Section 205A (inserted by section 41 of the Companies (Auditing and Accounting) Act 2003)	Substitute “individual accounts” for “annual accounts” wherever occurring in that section.
8.	Section 205B (inserted by section 42 the Companies (Auditing and Accounting) Act 2003)	<p>In subsection (2) -</p> <p>(a) in paragraphs (a), (b) and (d), substitute “individual accounts” for “annual accounts” wherever occurring, and</p> <p>(b) substitute the following for paragraph (b)(ii):</p> <p>“(ii) the profit or loss of the company, even if, by virtue of section 7(1A) of the Companies (Amendment) Act 1986 or section 148(8) of the Act of 1963, it is not laid before the members in annual general meeting;”.</p>
9.	Section 251	<p>In subsection (2), substitute the following for paragraph (a):</p> <p>“(a) sections 139, 140, 148, 149 or 149A, 203 and 204, and”.</p>

## PART 5

### AMENDMENTS TO COMPANIES (AUDITING AND ACCOUNTING) ACT 2003

Item No.	Section affected	Amendment
1.	Sections 8(1)(c), 9(2)(l), and 26(3)(b),	Insert “and, where applicable, Article 4 of the IAS Regulation” after “Companies Acts” wherever

	(4)(a) and (b), (6), (8) and (10)(a).	occurring in those provisions.
2	Section 26	In subsection (8)(a), insert “and, where applicable, Article 4 of the IAS Regulation” after “those Acts”.

## SCHEDULE 2

### AMENDMENTS TO CREDIT INSTITUTIONS REGULATIONS

Item No.	Provision affected	Amendment
1.	Regulation 2	<p>(a) In paragraph (1), insert the following after the definition of “individual accounts”:</p> <p style="padding-left: 40px;">“ ‘investment property’ means land or buildings (or both) held to earn rentals or for capital appreciation (or both);”.</p> <p>(b) Insert the following after paragraph (1):</p> <p style="padding-left: 40px;">“(1A) References in these Regulations to annual accounts giving a ‘true and fair view’ are references -</p> <p style="padding-left: 80px;">(a) in the case of Companies Act individual accounts, to the requirement under Regulation 5 that those accounts give a true and fair view,</p> <p style="padding-left: 80px;">(b) in the case of Companies Act group accounts, to the requirement under Regulation 7 that those accounts give a true and fair view, and</p> <p style="padding-left: 80px;">(c) in the case of IFRS accounts, to the equivalent requirement under international financial reporting standards.”.</p> <p>(c) In paragraph (4), substitute “these Regulations, or international financial reporting standards” for “or these Regulations”.</p>

2.	Regulation 5	<p>Substitute the following for paragraphs (1) and (2):</p> <p>“(1) Subject to paragraph (2), every balance sheet and profit and loss account of a section 2 (2) company laid before the annual general meeting of the company, pursuant to section 148 of the Principal Act shall be prepared in accordance with:</p> <ul style="list-style-type: none"> <li>(a) section 149 of the Principal Act as modified by these Regulations, or</li> <li>(b) international financial reporting standards (in these Regulations referred to as “IFRS individual accounts”) and section 149A of the Principal Act as modified by these Regulations,</li> </ul> <p>and in either case shall comply with section 150C of the Principal Act.</p> <p>(1A) Companies Act individual accounts of a section 2 (2) company prepared in accordance with section 149 of the Principal Act shall comply with the following requirements and section 149 (other than subsection (5) and, insofar as it relates to (5), subsection (7)) of that Act shall not apply to any such balance sheet or profit and loss account:</p> <ul style="list-style-type: none"> <li>(a) every such balance sheet and profit and loss account shall comply with the Schedule to these Regulations;</li> <li>(b) every such balance sheet of a company shall give a true and fair view of the state of affairs of the company as at the end of its financial year and every such profit and</li> </ul>
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		<p>loss account of a company shall give a true and fair view of the profit and loss of the company for the financial year;</p> <p>(c) where a balance sheet or profit and loss account drawn up in accordance with subparagraph (a) would not provide sufficient information to comply with subparagraph (b), any necessary additional information shall be provided in that balance sheet or profit and loss account or in a note to the accounts;</p> <p>(d) where owing to special circumstances, the preparation of individual accounts of a company in compliance with subparagraph (a) would prevent those accounts from complying with subparagraph (b) (even if additional information were provided under subparagraph (c)) the directors of a company shall depart from the requirements of the Schedule to these Regulations in preparing those accounts insofar as is necessary in order to comply with that subparagraph;</p> <p>(e) where the directors of a company depart from the requirements of this Regulation, they shall attach a note to the individual accounts of</p>
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		<p>the company giving details of the particular departures made, the reasons therefor and the effect of those departures on the accounts,</p> <p>and, accordingly, in the Companies Acts 1963 to 2003, in relation to a company to which these Regulations apply -</p> <ul style="list-style-type: none"> <li>(i) references to the said section 149 shall be read as references to that section as modified by the provisions of these Regulations, and</li> <li>(ii) references to the Sixth Schedule of the Principal Act shall be read as references to the corresponding provisions of these Regulations.</li> </ul> <p>(1B) Where the directors of a section 2 (2) company prepare IFRS individual accounts in accordance with international financial reporting standards and section 149A of the Principal Act they shall ensure that instead of making the disclosures specified in section 149A(2) the notes to the accounts include the information required by -</p> <ul style="list-style-type: none"> <li>(a) paragraph 74 (4) of Part I of the Schedule to these Regulations (details of directors' remuneration),</li> <li>(b) sections 41 to 45 of the Companies Act 1990 to be disclosed in</li> </ul>
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		<p>individual accounts (transactions with directors),</p> <p>(c) section 63 of the Companies Act 1990 unless it is disclosed in the directors' report (interests in shares and debentures),</p> <p>(d) Regulation 10 of these Regulations (details of group undertakings),</p> <p>(e) paragraph 77 of Part I of the Schedule to these Regulations (details of staff numbers and remuneration),</p> <p>(f) paragraphs 51 to 54 of Part I of the Schedule to these Regulations (details of share capital and debentures),</p> <p>(g) paragraph 73 (4) of Part I of the Schedule to these Regulations (restriction on distributability of profits),</p> <p>(h) paragraph 66 of Part I of the Schedule to these Regulations (guarantees and other financial commitments),</p> <p>(i) paragraph 73 (2) of Part I of the Schedule to these Regulations (financial assistance for the purchase of own shares),</p> <p>(j) paragraph 6 of Part III of the Schedule to these Regulations (shares and debentures held by subsidiary undertakings),</p>
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		<p>and</p> <p>(k) paragraph 74 (3) of Part I of the Schedule to these Regulations and section 205D (inserted by section 44 of the Companies (Auditing and Accounting) Act 2003) of the Companies Act 1990 (auditors' remuneration).</p> <p>(2) The references in paragraph (1) to the profit and loss account of a company being laid before the annual general meeting of a company shall not apply to the profit and loss account of a company if the company prepares Companies Acts individual accounts and -</p> <p>(a) the company is a parent undertaking, and</p> <p>(b) the company is required to prepare and does prepare Companies Acts group accounts in accordance with these Regulations, and</p> <p>(c) the notes to the company's individual balance sheet show the company's profit and loss for the financial year determined in accordance with these Regulations."</p>
3.	Regulation 6	<p>Substitute the following for paragraph (2)(d):</p> <p>“(d) whether any matters referred to in the auditors' report were qualified or unqualified, or whether the auditors' report included a reference to any matters to which the auditors drew attention by way of emphasis without qualifying the report.”.</p>
4.	Regulation 7	<p>Substitute the following for Regulation 7:</p>

		<p>“7. (1) This Regulation applies to a parent company which is a section 2 (2) company (in these Regulations referred to as a ‘section 2 (2) parent company’) whether or not it is itself a subsidiary of another undertaking.</p> <p>(2) A parent company to which this Regulation applies shall not be entitled to take advantage of section 154 of the Principal Act in relation to the preparation of group accounts or of section 151(1A), (2) and (3) of the Principal Act in relation to the form of group accounts.</p> <p>(3) Every parent company to which this Regulation applies shall, in accordance with section 150 of the Principal Act, prepare group accounts at the end of its financial year dealing with the state of affairs and profit or loss of the company and its subsidiaries (including those in liquidation and those with registered offices outside the State) and those group accounts shall be laid before the next annual general meeting of the company at the same time as the individual accounts of the company are so laid and shall be annexed to the annual return of the company.</p> <p>(4) The report of the auditors on the group accounts laid before the annual general meeting shall be annexed to the annual return referred to in paragraph (3).</p> <p>(5) Where, in accordance with section 150 (2) or (3)(b) of the Principal Act, the directors of a section 2 (2) parent company prepare IFRS group accounts, they shall ensure that instead of making the disclosures specified in section 150B (2) (inserted by the European Communities (International Financial Reporting Standards and Miscellaneous Amendments) Regulations 2005) the notes to those group accounts include the information required by -</p> <p>(a) paragraph 4 of Part IV of the Schedule to these Regulations (details of directors’ remuneration,</p>
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			<ul style="list-style-type: none"> <li>(b) sections 41 to 45 of the Companies Act 1990 to be disclosed in group accounts (transactions with directors),</li> <li>(c) section 63 of the Companies Act 1990 unless it is disclosed in the directors' report (interests in shares and debentures),</li> <li>(d) Regulation 10 of these Regulations (details of group undertakings),</li> <li>(e) paragraph 77 of Part I of the Schedule to these Regulations (details of staff numbers and remuneration),</li> <li>(f) paragraphs 51 to 54 of Part I of the Schedule to these Regulations (details of share capital and debentures),</li> <li>(g) paragraph 73 (4) of Part I of the Schedule to these Regulations (restriction on distributability of profits),</li> <li>(h) paragraph 66 of Part I of the Schedule to these Regulations (guarantees and other financial commitments),</li> <li>(i) paragraph 73 (2) of Part I of the Schedule to these Regulations (financial assistance for the purchase of own shares),</li> <li>(j) paragraph 6 of Part III of the Schedule to these Regulations (shares and</li> </ul>
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		<p>debentures held by subsidiary undertakings),</p> <p>(k) paragraph 74 (3) of Part I of the Schedule to these Regulations and section 205D (inserted by section 44 of the Companies (Auditing and Accounting) Act 2003) of the Companies Act 1990 (auditors' remuneration).</p> <p>(6) Where in accordance with section 150(3)(a) of the Principal Act, the directors of a section 2 (2) parent company prepare Companies Acts group accounts they shall, subject to paragraph (7), be prepared in accordance with Part 1 of the Schedule to these Regulations, as modified by Part II of the Schedule</p> <p>(7) (a) The Companies Act group accounts laid before the annual general meeting of a company shall give a true and fair view of the state of affairs and profit or loss of the company and subsidiaries dealt with thereby as a whole, so far as concerns members of the company.</p> <p>(b) The Companies Act group accounts shall comprise the consolidated balance sheet dealing with the state of affairs of the parent and its subsidiaries as a whole, the consolidated profit and loss account dealing with the profit and loss of the parent and its subsidiaries as a whole and the notes on the</p>
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		<p>accounts giving the information required by these Regulations or otherwise provided by the company.</p> <p>(c) Where Companies Act group accounts drawn up in accordance with paragraph (6) would not provide sufficient information to comply with subparagraph (a), any necessary additional information shall be given in the group accounts or in a note to the accounts.</p> <p>(d) Where, owing to special circumstances, the preparation of Companies Act group accounts in compliance with paragraph (6) would prevent those accounts from complying with subparagraph (a) (even if additional information were given under subparagraph (c)), the directors of the parent company shall depart from the requirements of Parts I and II (other than paragraph 2 of Part II) of the Schedule to these Regulations in preparing those accounts insofar as it is necessary to comply with that paragraph.</p> <p>(e) Where the directors of a parent company depart from the requirements of these Regulations in compliance with subparagraph (d), they shall attach a note to the</p>
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		<p>Companies Act group accounts of the company giving details of the particular departures made, the reasons therefor and the effect of those departures on the accounts.</p> <p>(8) Where a document annexed to the annual return under this Regulation or Regulation 8, 8A, 9, 10 or 11 is in a language other than English or Irish, there shall be annexed to any such document a translation in the English or Irish language certified in the prescribed manner to be a correct translation.</p> <p>(9) The individual and group accounts, if any, of a subsidiary undertaking excluded from group accounts by virtue of the application of paragraph 2 of Part II of the Schedule to these Regulations shall be attached to the group accounts, or annexed to the annual return, of the parent company.</p> <p>(10) Paragraph (9) shall not apply where the subsidiary undertaking has otherwise annexed the relevant accounts referred to in that paragraph to its annual return.”.</p>
5.	Regulation 8	<p>(a) In paragraph (1), substitute “established in an EEA State” for “established in a Member State of the Community”.</p> <p>(b) In paragraph (3)(b), insert “or prepared in accordance with international financial reporting standards and audited in accordance with either such Directive, as applicable,” after “1983,”.</p> <p>(c) Substitute the following for paragraph (4):</p> <p>“(4) The exemption does not apply to a company any of whose securities are admitted to trading on a regulated market of any EEA State.”.</p>

		<p>(d) In paragraph (6), substitute “established in an EEA State” for “established in a Member State of the Community”.</p>
6.	Regulation 8A	<p>Insert the following after Regulation 8:</p> <p>“Exemption for parent undertakings included in non-EEA group accounts.</p> <p>8A. (1) A section 2 (2) parent undertaking (the ‘exempted parent’) is exempt from the requirement in Regulation 7(3) to prepare group accounts where that undertaking is itself a subsidiary undertaking and its parent undertaking (‘that other parent undertaking’) is not established under the law of an EEA State where:</p> <ul style="list-style-type: none"> <li>(a) the exempted parent is a wholly-owned subsidiary of that other parent undertaking;</li> <li>(b) that other parent undertaking holds more than 50 per cent of the shares in the exempted parent and notice requesting the preparation of group accounts has not been served in accordance with paragraph (2) on the exempted parent by shareholders holding in aggregate – <ul style="list-style-type: none"> <li>(i) more than half of the remaining shares in the company, or</li> <li>(ii) 5 per cent of the total shares in the company.</li> </ul> </li> </ul> <p>(2) The notice referred to in</p>



		<p>paragraph (1)(b) must be served not later than 6 months after the end of the financial year before that to which it relates.</p> <p>(3) Exemption under this Regulation is conditional upon compliance with all of the following conditions -</p> <ul style="list-style-type: none"> <li>(a) that the exempted parent and all of its subsidiary undertakings are included in consolidated accounts for a larger group drawn up to the same date, or to an earlier date in the same financial year by that other parent undertaking,</li> <li>(b) that those accounts and, where appropriate, the group's annual report, are drawn up in accordance with the provisions of the Seventh Council Directive 83/349/EEC of 13 June 1983 (where applicable as modified by the Directive or Council Directive No.91/674/EEC of 23 December 1991), or in a manner equivalent to consolidated accounts and consolidated annual reports so drawn up,</li> <li>(c) that the consolidated accounts are audited by one or more persons authorised to audit accounts under the law under which that other parent undertaking which draws them up is established,</li> </ul>
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		<p>(d) that the exempted parent discloses in its individual accounts that it is exempt from the obligation to prepare and deliver group accounts;</p> <p>(e) that the exempted parent states in its individual accounts the name of that other parent undertaking which draws up the group accounts referred to in subparagraph (d) and -</p> <p>(i) where that other parent undertaking is incorporated outside the State, the country in which it is incorporated, or</p> <p>(ii) where that other parent undertaking is unincorporated, the address of its principal place of business,</p> <p>(f) that the exempted parent delivers to the registrar, within the period allowed for delivering its individual accounts, copies of that other parent's group accounts and, where appropriate, of the consolidated annual report, together with the auditors' report on them, and</p> <p>(g) where any document comprised in accounts and reports delivered in</p>
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		<p>accordance with paragraph (f) is in a language other than the English language or the Irish language, there is annexed to the copy of that document delivered a translation of it into the English language or the Irish language, certified in the prescribed manner to be a correct translation.</p> <p>(4) The exemption under this Regulation does not apply to a parent undertaking any of whose securities are admitted to trading on a regulated market of any EEA State.</p> <p>(5) The Minister may, after consultation with the Bank, require that additional information shall be provided in the consolidated accounts of that other parent undertaking or of the individual accounts of the section 2 (2) parent referred to in paragraph (1).</p> <p>(6) Shares held by directors of a company for the purpose of complying with any share qualification requirement shall be disregarded in determining for the purposes of paragraph 1(a) whether the company is a wholly-owned subsidiary.</p> <p>(7) For the purpose of paragraph (1)(b), shares held by a wholly-owned subsidiary of that other parent undertaking, or held on behalf of that other parent undertaking or a wholly-owned subsidiary, are attributed to that other parent undertaking.</p> <p>(8) In paragraph (3) ‘securities’ includes -</p> <ul style="list-style-type: none"> <li>(a) shares and stock,</li> <li>(b) debentures, including debenture stock, loan stock, bonds, certificates of deposit and other</li> </ul>
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		<p>instruments creating or acknowledging indebtedness,</p> <p>(c) warrants or other instruments entitling the holder to subscribe for securities falling within subparagraph (a) or (b), and</p> <p>(d) certificates or other instruments which confer -</p> <p>(i) property rights in respect of a security falling within subparagraph (a), (b) or (c),</p> <p>(ii) any right to acquire, dispose of, underwrite or convert a security, being a right to which the holder would be entitled if the holder held any such security to which the certificate or other instrument relates, or</p> <p>(iii) a contractual right (other than an option) to acquire any such security otherwise than by subscription.”.</p>
7.	Regulation 10	In paragraph (1), substitute “its individual accounts” for “its accounts”.
8.	Regulation 11	Substitute the following for paragraph (a):

		<p>“(a) a fair review of the development and performance of the company’s business and of its position and, in relation to its subsidiary undertakings, if any, of the development and performance of their business and of their position, during the financial year ending with the relevant balance sheet date together with a description of the principal risks and uncertainties that they face, which review -</p> <p>(i) shall be a balanced and comprehensive analysis of the development and performance of the company’s business and of its position and, in relation to its subsidiary undertakings, if any, of the development and performance of their business and of their position, consistent with the size and complexity of the business, and</p> <p>(ii) to the extent necessary for an understanding of the company’s development, performance or position, and that of its subsidiary undertakings, if any, shall include an analysis of financial, and, where appropriate, non-financial key performance indicators relevant to the particular business, including information relevant to environmental and employee matters,</p> <p>and, where appropriate, the report shall include additional explanations of amounts included in the annual accounts;”.</p>
9.	Regulation 12	<p>Substitute the following for Regulation 12:</p> <p>“12. Sections 151, 152, 158 (4), (5) and (6) and 191 of the Principal Act shall not apply to a company to which Regulation 7 applies.”.</p>

10.	Regulation 13	In paragraph (1), substitute “section 193(4A)(b)(inserted by the European Communities (International Financial Reporting Standards and Miscellaneous Amendments) Regulations 2005)” for “subsection (4)(f) of section 193”.
11.	Part I of Schedule	<p>(a) In paragraph 1(1), substitute “Where the directors of a company prepare Companies Act individual accounts and subject to the following provisions of this Part:”.</p> <p>(b) Substitute the following for paragraph 8:</p> <p>“8. (1) The notes to the profit and loss account shall show -</p> <ul style="list-style-type: none"> <li>(a) dividends paid (other than dividends for which a liability existed at the immediately preceding balance sheet date) or which the company is liable to pay,</li> <li>(b) separately, any transfers between the profit and loss account and other reserves,</li> <li>(c) any increase or reduction in the balance on the profit and loss account since the immediately preceding financial year,</li> <li>(d) the profit or loss brought forward at the beginning of the financial year, and</li> <li>(e) the profit or loss carried forward at the end of the financial year.</li> </ul> <p>(2) There shall be shown in the notes to the accounts the aggregate amount of any dividends proposed before the date of approval of the accounts which have not been shown in the notes to the profit and loss account in accordance with subparagraph (1).”.</p>

		<p>(c) In Section B at item number 6 under the heading “LIABILITIES”, substitute “provisions for liabilities” for “provisions for liabilities and charges”.</p> <p>(d) In paragraph 16, substitute “Companies Act individual accounts” for “a company’s accounts”.</p> <p>(e) In paragraph 19(b), substitute “all liabilities which have arisen” for “all liabilities and losses which have arisen or are likely to arise”.</p> <p>(f) Insert the following after paragraph 20 :</p> <p style="padding-left: 40px;">“20A. The directors of a company shall, in determining how amounts are presented within items in the profit and loss account and balance sheet, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting principles or practice.”.</p> <p>(g) In paragraph 23, substitute “Companies Act individual accounts” for “a company’s accounts”.</p> <p>(h) In paragraph 59(1)(b) and (c), delete “and charges” wherever occurring.</p> <p>(i) Insert the following after paragraph 46B (inserted by the European Communities (Credit Institutions) (Fair Value Accounting) Regulations 2004 (S.I. No. 720 of 2004)):</p> <p style="padding-left: 40px;"><i>“Other assets that may be included at fair value</i></p> <p>46BA. (1) This paragraph applies to -</p> <p style="padding-left: 80px;">(a) investment property, and</p> <p style="padding-left: 80px;">(b) living animals and plants,</p> <p style="padding-left: 40px;">that, under relevant international financial reporting standards, may be included in accounts at fair value.</p> <p style="padding-left: 80px;">(2) Investment property and living</p>
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		<p>animals and plants referred to in subparagraph (1), may be included at fair value, provided that all such investment property or, living animals and plants, as the case may be, are so included where their fair value can reliably be determined.</p> <p>(3) In this paragraph, ‘fair value’ means fair value determined in accordance with relevant international financial reporting standards.”.</p> <p>(j) Substitute the following for paragraph 46C(1) (inserted by the European Communities (Credit Institution) (Fair Value Accounting) Regulations 2004).</p> <p>“46C. (1) Notwithstanding paragraph 19(a), where a financial instrument is valued in accordance with paragraph 46B or an asset is valued in accordance with paragraph 46BA, a change in the value shall be included in the profit and loss account. However, such a change shall be included directly in equity, in a fair value reserve, where -</p> <p>(a) the financial instrument accounted for is a hedging instrument under a system of hedge accounting that allows some or all of the change in value not to be shown in the profit and loss account, or</p> <p>(b) the change in value relates to an exchange difference arising on a monetary item that form part of a company’s net investment in a foreign entity.”.</p> <p>(k) Insert the following after paragraph 46D (inserted by the European Communities (Credit Institution) (Fair Value Accounting) Regulations 2004).</p> <p><i>“Information where investment property and living animals and plants are included at fair value</i></p>
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		<p>46E. (1) This paragraph applies where the amounts to be included in a company's accounts in respect of investment property or living animals and plants have been determined in accordance with paragraph 46BA of this Schedule.</p> <p>(2) The balance sheet items affected and the basis of valuation adopted in determining the amounts of the net assets concerned in the case of each such item shall be disclosed in a note to the accounts.</p> <p>(3) In the case of investment property, for each balance sheet item affected there shall be shown, either separately in the balance sheet or in a note to the accounts -</p> <ul style="list-style-type: none"> <li>(a) the comparable amounts determined according to the historical cost accounting rules, or</li> <li>(b) the differences between those amounts and the corresponding amounts actually shown in the balance sheet in respect of that item.</li> </ul> <p>(4) In subparagraph (3), references in relation to any item to the comparable amounts determined in accordance with that subparagraph are references to -</p> <ul style="list-style-type: none"> <li>(a) the aggregate amount which would be required to be shown in respect of that item if the amounts to be included in respect of all the assets covered by that item were determined according to the historical cost accounting rules, and</li> <li>(b) the aggregate amount of the cumulative provisions for depreciation or</li> </ul>
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		<p>diminution in value which would be permitted or required in determining those amounts according to those rules.”.</p> <p>(l) In paragraph 72A, (inserted by the European Communities (Credit Institution) (Fair Value Accounting) Regulations 2004 (S.I. No. 720 of 2004)) substitute “46A to 46E” for “46A to 46D”.</p> <p>(m) In paragraph 75(2) (as amended by the European Communities (Credit Institution) (Fair Value Accounting) Regulations 2004 ) substitute -</p> <p>“This includes the extent to which the calculation of the profit or loss is affected by the fair valuation of financial instruments and separately the extent to which it is affected by the fair valuation of other assets in accordance with paragraph 46BA.”</p> <p>for</p> <p>“This includes the extent to which the calculation of the profit or loss is affected by the fair valuation of financial instruments.”.</p>
(1)	Part II of Schedule	<p>(a) In paragraph 1 (1), substitute “Where the directors of a company prepare Companies Act group accounts, those group accounts” for “Accounts”.</p> <p>(b) In paragraph 2, delete subparagraphs (4), (5), (6) and (7).</p>
13.	Part III of Schedule	In paragraphs 3(2), 5(2)(a) and 9(2)(a), insert “or 8A” after “Regulation 8”, where it occurs in each of those provisions.
14.	Part IV of Schedule	In paragraph 5(c) - (a) delete “or charges”, and

		(b) substitute “the nature of which is clearly defined and” for “or loss”.
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### SCHEDULE 3

#### AMENDMENTS TO INSURANCE UNDERTAKINGS REGULATIONS

Item No.	Provision affected	Amendment
1.	Regulation 2	<p>(a) In paragraph (1), insert the following after the definition of “individual accounts”:</p> <p style="padding-left: 40px;">“ ‘investment property’ means land or buildings (or both) held to earn rentals or for capital appreciation (or both);”.</p> <p>(b) Insert the following after paragraph (1):</p> <p style="padding-left: 40px;">“(1A) References in these Regulations to annual accounts giving a ‘true and fair view’ are references -</p> <p style="padding-left: 80px;">(a) in the case of Companies Act individual accounts, to the requirement under Regulation 5 that those accounts give a true and fair view,</p> <p style="padding-left: 80px;">(b) in the case of Companies Act group accounts, to the requirement under Regulation 10 that those accounts give a true and fair view, and</p> <p style="padding-left: 80px;">(c) in the case of IFRS accounts, to the equivalent requirement under international financial reporting standards.”.</p> <p>(c) In paragraph (2), substitute “these Regulations or international financial reporting standards” for “or these Regulations”.</p>
2.	Regulation 5	<p>Substitute the following for paragraphs (1) and (2):</p> <p style="padding-left: 40px;">“(1) Subject to paragraph (2), every balance sheet and profit and loss account of an undertaking laid before the annual general meeting of the undertaking, pursuant to section 148 of the Principal Act shall be prepared in accordance with -</p>

		<p>(a) section 149 of the Principal Act as modified by these Regulations, or</p> <p>(b) international financial reporting standards (in these Regulations referred to as ‘IFRS individual accounts’) and section 149A (inserted by the European Communities (International Financial Reporting Standards and Miscellaneous Amendments) Regulations 2005)) of the Principal Act as modified by these Regulations,</p> <p>and in either case shall comply with section 150C (inserted by the European Communities (International Financial Reporting Standards and Miscellaneous Amendments) Regulations 2005) of the Principal Act.</p> <p>(1A) Companies Act individual accounts of an undertaking prepared in accordance with section 149 of the Principal Act shall comply with the following requirements and section 149 (other than subsection (5) and, insofar as it relates to the said subsection (5), subsection (7)) of that Act shall not apply to any such balance sheet or profit and loss account:</p> <p>(a) every such balance sheet and profit and loss account shall comply with the Schedule,</p> <p>(b) every such balance sheet of an undertaking shall give a true and fair view of the state of affairs of the undertaking as at the end of its financial year and every such profit and loss account of an undertaking shall give a true and fair view of the profit and loss of the undertaking for the financial year,</p> <p>(c) where a balance sheet or profit and loss account drawn up in</p>
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		<p>accordance with subparagraph (a) would not provide sufficient information to comply with subparagraph (b), any necessary additional information shall be provided in that balance sheet or profit and loss account or in a note to the accounts,</p> <p>(d) where owing to special circumstances, the preparation of individual accounts of an undertaking in compliance with subparagraph (a) would prevent those accounts from complying with subparagraph (b) (even if additional information were provided under subparagraph (c)) the directors of an undertaking shall depart from the requirements of the Schedule in preparing those accounts insofar as is necessary in order to comply with that subparagraph,</p> <p>(e) where the directors of a company depart from the requirements of this Regulation, they shall attach a note to the individual accounts of the undertaking giving details of the particular departures made, the reasons therefor and the effect of those departures on the accounts,</p> <p>and, accordingly, in the Companies Acts 1963 to 2003, in relation to a undertaking -</p> <p>(i) references to the said section 149 shall be read as references to that section as modified by the provisions of these Regulations, and</p> <p>(ii) references to the Sixth Schedule of the Principal Act shall be read as</p>
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		<p style="text-align: right;">references to the corresponding provisions of these Regulations.</p> <p>(1B) Where the directors of an undertaking prepare IFRS individual accounts in accordance with international financial reporting standards and section 149A of the Principal Act they shall ensure that instead of making the disclosures specified in section 149A (2) the notes to the accounts include the information required by -</p> <ul style="list-style-type: none"> <li>(a) paragraph 21 (e) of Part III of the Schedule (details of directors' remuneration),</li> <li>(b) sections 41 to 45 of the Act of 1990 to be disclosed in individual accounts and paragraph 31 (2) of Part IV of the (transactions with directors),</li> <li>(c) section 63 of the Act of 1990 unless it is disclosed in the directors' report (interests in shares and debentures),</li> <li>(d) paragraphs 32 to 36 of Part IV of the Schedule (details of group undertakings),</li> <li>(e) paragraph 27 of Part III of the Schedule (details of staff numbers and remuneration),</li> <li>(f) paragraphs 6 to 9 of Part III of the Schedule (details of share capital and debentures),</li> <li>(g) paragraph 20 (4) of Part III of the Schedule (restriction on distributability of profits),</li> <li>(h) paragraph 18 of Part III of the Schedule (guarantees and other financial commitments),</li> <li>(i) paragraph 20 (2) of Part III of the Schedule (financial assistance for purchase of own</li> </ul>
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		<p>shares), and</p> <p>(j) paragraph 21 (d) of Part III of the Schedule and by section 205D (inserted by section 44 of the Companies (Auditing and Accounting) Act 2003) of the Act of 1990 (auditors' remuneration).</p> <p>(2) The references in paragraph (1) to the profit and loss account of an undertaking being laid before the annual general meeting of an undertaking shall not apply to the profit and loss account of an undertaking if the undertaking prepares Companies Acts individual accounts and -</p> <p>(a) the undertaking is a parent undertaking,</p> <p>(b) the undertaking is required to prepare and does prepare Companies Acts group accounts in accordance with these Regulations, and</p> <p>(c) the notes to the undertaking's individual balance sheet show the undertaking's profit and loss for the financial year determined in accordance with these Regulations.”.</p>
3.	Regulation 6	In paragraph (1), substitute “Where the directors of an undertaking prepare Companies Act individual accounts and subject to these Regulations - ” for “Subject to the provisions of this Regulation - ”.
4.	Regulation 7	<p>(a) Substitute “Companies Act accounts” for “accounts” where it first occurs in that Regulation.</p> <p>(b) In paragraph (c)(ii), substitute “all liabilities which have arisen” for “all liabilities and losses which have arisen or are likely to arise”.</p> <p>(c) In paragraph (d), delete “and”.</p>



		<p>(d) In paragraph (e), substitute “separately, and” for “separately.”.</p> <p>(e) Insert the following after paragraph (e):</p> <p>“(f) The directors of a company shall, in determining how amounts are presented within items in the profit and loss account and balance sheet, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting principles or practice.”.</p>
5.	Regulation 8	Insert “when preparing Companies Act accounts” after “Regulation 7”.
6.	Regulation 9	<p>Substitute the following for paragraph (2)(d):</p> <p>“(d) whether any matters referred to in the auditors’ report were qualified or unqualified, or whether the auditors’ report included a reference to any matters to which the auditors drew attention by way of emphasis without qualifying the report.”.</p>
7.	Regulation 10	<p>Substitute the following for Regulation 10:</p> <p>“10. (1) This Regulation applies to a parent undertaking whether or not it is itself a subsidiary of another undertaking.</p> <p>(2) A parent undertaking to which this Regulation applies shall not be entitled to take advantage of section 154 of the Principal Act in relation to the preparation of group accounts or of section 151 (2) and (3) of the Principal Act in relation to the form of group accounts.</p> <p>(3) Every parent undertaking to which this Regulation applies shall, in accordance with section 150 of the Principal Act, prepare group accounts at the end of its financial year dealing with the state of affairs and profit or loss of the company and its subsidiaries (including those in liquidation and those with registered offices outside the State) and those group accounts shall be laid before the next annual general meeting of the company at the same time as the individual accounts of the company are so laid and</p>

		<p>shall be annexed to the annual return of the company.</p> <p>(4) The report of the auditors on the group accounts laid before the annual general meeting shall be annexed to the annual return referred to in paragraph (3).</p> <p>(5) Where, in accordance with section 150 (2) or (3)(b) of the Principal Act, the directors of an undertaking prepare IFRS group accounts, they shall ensure that instead of making the disclosures specified in section 150B (2) (inserted by the European Communities (International Financial Reporting Standards and Miscellaneous Amendments) Regulations 2005) the notes to those group accounts include the information required by –</p> <ul style="list-style-type: none"> <li>(a) paragraph 30 (1) of Part IV of the Schedule (details of directors' remuneration),</li> <li>(b) sections 41 to 45 of the Act of 1990 to be disclosed in individual accounts and the information required by paragraph 31 (2) of Part IV of the Schedule (transactions with directors),</li> <li>(c) section 63 of the Act of 1990 unless it is disclosed in the directors' report (interests in shares and debentures),</li> <li>(d) paragraphs 32 to 36 of Part IV of the Schedule (details of group undertakings),</li> <li>(e) paragraph 29 of Part IV of the Schedule (details of staff numbers and remuneration),</li> <li>(f) paragraphs 6 to 9 of Part III of the Schedule (details of share capital and debentures),</li> <li>(g) paragraph 20 (4) of Part III of</li> </ul>
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		<p>the Schedule (restriction on distributibility of profits),</p> <p>(h) paragraph 18 of Part III of the Schedule (guarantees and other financial commitments),</p> <p>(i) paragraph 20 (2) of Part III of the Schedule (financial assistance for purchase of own shares),</p> <p>(j) paragraph 21 (d) of Part III of the Schedule and by section 205D of the Act of 1990 (auditors' remuneration).</p> <p>(6) Where in accordance with section 150(3)(a) of the Principal Act, the directors of an undertaking to which this regulation applies prepare Companies Acts group accounts they shall, subject to paragraph (7), be prepared in accordance with the provisions of Part I to Part III of the Schedule, as modified by Part IV of the Schedule.</p> <p>(7) (a) The Companies Act group accounts laid before the annual general meeting of an undertaking shall give a true and fair view of the state of affairs and profit or loss of the undertaking and subsidiaries dealt with thereby as a whole, so far as concerns members of the undertaking.</p> <p>(b) The Companies Act group accounts shall comprise the consolidated balance sheet dealing with the state of affairs of the parent and its subsidiaries as a whole, the consolidated profit and loss account dealing with the profit and loss of the parent and its subsidiaries as a whole and the notes on the accounts giving the information required by these Regulations or otherwise provided by the undertaking.</p>
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		<p>(c) Where Companies Act group accounts drawn up in accordance with paragraph (6) would not provide sufficient information to comply with subparagraph (a), any necessary additional information shall be given in the group accounts or in a note to the accounts.</p> <p>(d) Where, owing to special circumstances, the preparation of Companies Act group accounts in compliance with paragraph (5) would prevent those accounts from complying with subparagraph (a) (even if additional information were given under subparagraph (c)), the directors of the parent undertaking shall depart from the requirements of Parts I, II, III and IV (other than paragraph 2 of Part IV) of the Schedule in preparing those accounts insofar as it is necessary to comply with that paragraph.</p> <p>(e) Where the directors of a parent undertaking depart from the requirements of these Regulations in compliance with subparagraph (d), they shall attach a note to the Companies Act group accounts of the undertaking giving details of the particular departures made, the reasons therefor and the effect of those departures on the accounts.</p> <p>(8) Where a document annexed to the annual return under this Regulation or Regulation 11, 12, 12A or 13 is in a language other than English or Irish, there shall be annexed to any such document a translation in the English or Irish language certified in the prescribed manner to be a correct translation.</p> <p>(9) The individual and group accounts, if</p>
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		<p>any, of a subsidiary undertaking excluded from group accounts by virtue of the application of paragraph 2 of Part IV of the Schedule shall be attached to the group accounts, or annexed to the annual return, of the parent undertaking.</p> <p>(10) Paragraph (9) shall not apply where the subsidiary undertaking has otherwise annexed the relevant accounts referred to in that paragraph to its annual return.”,</p>
8.	Regulation 11	<p>Substitute the following for paragraph (1)(c):</p> <p>“(c) that other has the power to exercise, or actually exercises, dominant influence or control over it, or</p> <p>(ca) that other and the subsidiary undertaking are managed on a unified basis; or”.</p>
9.	Regulation 12	<p>(a) In paragraph (1), substitute “established in an EEA State” for “established in a Member State of the European Union”.</p> <p>(b) In paragraph (3)(b), insert “or prepared in accordance with international financial reporting standards and audited in accordance with either such Directive, as applicable,” after “1983,”.</p> <p>(c) Substitute the following for paragraph (4):</p> <p>“(4) The exemption does not apply to a company any of whose securities are admitted to trading on a regulated market of any EEA State.”.</p> <p>(d) In paragraph (6)(a), substitute “established in an EEA State” for “established in a Member State of the European Union”.</p>
9.	Regulation 12A	<p>Insert the following after Regulation 12:</p> <p>“Exemption for parent undertakings included in non-EEA group accounts.</p> <p>12A. (1) A parent undertaking (the ‘exempted parent’) is exempt from the requirement in Regulation</p>

		<p>10(3) to prepare group accounts where that undertaking is itself a subsidiary undertaking and its parent undertaking ('that other parent undertaking') is not established under the law of an EEA State where -</p> <ul style="list-style-type: none"> <li>(a) the exempted parent is a wholly-owned subsidiary of that other parent undertaking;</li> <li>(b) that other parent undertaking holds more than 50 per cent of the shares in the exempted parent and notice requesting the preparation of group accounts has not been served in accordance with paragraph (2) on the exempted parent by shareholders holding in aggregate – <ul style="list-style-type: none"> <li>(i) more than half of the remaining shares in the company, or</li> <li>(ii) 5 per cent of the total shares in the company.</li> </ul> </li> </ul> <p>(2) The notice referred to in paragraph (1)(b) must be served not later than 6 months after the end of the financial year before that to which it relates.</p> <p>(3) Exemption under this Regulation is conditional upon compliance with all of the following conditions -</p> <ul style="list-style-type: none"> <li>(a) that the exempted parent and all of its subsidiary undertakings are included in consolidated accounts for a larger group drawn up to the same date, or to an earlier date in the same financial year by that other parent undertaking,</li> </ul>
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		<p>(b) that those accounts and, where appropriate, the group's annual report, are drawn up in accordance with the provisions of the Seventh Council Directive 83/349/EEC of 13 June 1983 (where applicable as modified by Council Directive 86/635/EEC of 8 December 1986 or the Directive), or in a manner equivalent to consolidated accounts and consolidated annual reports so drawn up,</p> <p>(c) that the consolidated accounts are audited by one or more persons authorised to audit accounts under the law under which that other parent undertaking which draws them up is established,</p> <p>(d) that the exempted parent discloses in its individual accounts that it is exempt from the obligation to prepare and deliver group accounts,</p> <p>(e) that the exempted parent states in its individual accounts the name of that other parent undertaking which draws up the group accounts referred to in subparagraph (d) and -</p> <p>(i) where that other undertaking is incorporated outside the State, the country in which it is incorporated, or</p> <p>(ii) where that other undertaking is unincorporated, the address of its principal place of business;</p> <p>(f) that the exempted parent</p>
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		<p>delivers to the registrar, within the period allowed for delivering its individual accounts, copies of that other parent's group accounts and, where appropriate, of the consolidated annual report, together with the auditors' report on them, and</p> <p>(g) where any document comprised in accounts and reports delivered in accordance with paragraph (f) is in a language other than the English language or the Irish language, there is annexed to the copy of that document delivered a translation of it into the English language or the Irish language, certified in the prescribed manner to be a correct translation.</p> <p>(3) The exemption under this Regulation does not apply to a parent undertaking any of whose securities are admitted to trading on a regulated market of any EEA State.</p> <p>(4) The Minister may require that additional information shall be provided in the consolidated accounts of that other parent undertaking or of the individual accounts of the section 2 (3) parent referred to in paragraph (1).</p> <p>(5) Shares held by directors of a company for the purpose of complying with any share qualification requirement are disregarded in determining for the purposes of paragraph 1(a) whether the company is a wholly-owned subsidiary.</p> <p>(6) For the purpose of paragraph (1)(b), shares held by a wholly-owned subsidiary of that other parent undertaking, or held on behalf of that other parent undertaking or a wholly-owned subsidiary, are attributed to that other parent undertaking.</p> <p>(7) In paragraph (3) 'securities' includes -</p> <p>(a) shares and stock,</p>
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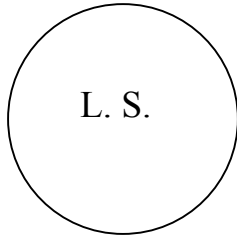


		<ul style="list-style-type: none"> <li>(b) debentures, including debenture stock, loan stock, bonds, certificates of deposit and other instruments creating or acknowledging indebtedness,</li> <li>(c) warrants or other instruments entitling the holder to subscribe for securities falling within subparagraph (a) or (b), and</li> <li>(d) certificates or other instruments which confer - <ul style="list-style-type: none"> <li>(i) property rights in respect of a security falling within subparagraph (a), (b) or (c),</li> <li>(ii) any right to acquire, dispose of, underwrite or convert a security, being a right to which the holder would be entitled if the holder held any such security to which the certificate or other instrument relates, or</li> <li>(iii) a contractual right (other than an option) to acquire any such security otherwise than by subscription.”.</li> </ul> </li> </ul>
10.	Regulation 14	<p>Substitute the following for paragraph (a):</p> <p>“(a) a fair review of the development and performance of the undertaking’s business and of its position and, in relation to its subsidiaries, if any, of the development and performance of their business and of their position, during the financial year ending with the relevant balance sheet date together with a description of the principal risks and uncertainties that they face, which review -</p> <ul style="list-style-type: none"> <li>(i) shall be a balanced and comprehensive</li> </ul>

		<p>analysis of the development and performance of the undertaking's business and of its position and, in relation to its subsidiaries, if any, of the development and performance of their business and of their position, consistent with the size and complexity of the business;</p> <p>(ii) to the extent necessary for an understanding of the undertaking's development, performance or position, and that of its subsidiaries, if any, shall include an analysis of financial, and, where appropriate, non-financial key performance indicators relevant to the particular business, including information relevant to environmental and employee matters,</p> <p>and, where appropriate, the report shall include additional explanations of amounts included in the annual accounts;”.</p>
11.	Regulation 15	<p>Substitute the following for Regulation 15 :</p> <p>“15 Sections 151, 152, 158 (4) and (5) and 191 of the Principal Act shall not apply to a company to which Regulation 10 applies.”.</p>
12.	Regulation 18	<p>Substitute the following for paragraph 2(d):</p> <p>“(d) whether any matters referred to in the auditors' report were qualified or unqualified, or whether the auditors' report included a reference to any matters to which the auditors drew attention by way of emphasis without qualifying the report.”.</p>
13.	Part I of Schedule	<p>(a) Substitute the following for paragraph 6 (1):</p> <p>“(1) The notes to the profit and loss account shall show -</p> <p>(a) dividends paid (other than dividends for which a liability existed at the immediately preceding balance sheet date) or</p>

		<p>which the company is liable to pay,</p> <p>(b) separately, any transfers between the profit and loss account and other reserves,</p> <p>(c) any increase or reduction in the balance on the profit and loss account since the immediately preceding financial year,</p> <p>(d) the profit or loss brought forward at the beginning of the financial year, and</p> <p>(e) the profit or loss carried forward at the end of the financial year.</p> <p>(1A) There shall be shown in the notes to the accounts the aggregate amount of any dividends proposed before the date of approval of the accounts which have not been shown in the notes to the profit and loss account in accordance with subparagraph (1).”.</p> <p>(b) In Section A of Chapter 2 at item E under the heading “LIABILITIES”, substitute “provisions for other risks” for “provisions for other risks and charges”.</p>
13.	Part II of Schedule	In paragraph 1, substitute “Companies Act individual accounts” for “accounts”.
14.	Part III of Schedule	<p>(a) In paragraph 1, substitute “Companies Act accounts” for “accounts”.</p> <p>(b) In paragraph 14(1)(b) and (c), substitute “provision for other risks” for “provisions for liabilities and charges” in each place where it occurs.</p>
14.	Part IV of Schedule	<p>(a) In paragraph 1(1), substitute “Where the directors of an undertaking prepare Companies Act group accounts, those group accounts” for “Accounts”.</p> <p>(b) In paragraph 2, delete subparagraphs (4), (5) and (6).</p>

Given under my Official Seal  
this 24th day of February 2005



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Micheál Martin  
Minister for Enterprise, Trade and  
Employment

## **EXPLANATORY NOTE**

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

These Regulations give full effect to Regulation 1606/2002 of the European Parliament and of the Council of 19 July 2002 and give effect to Directive 2003/51/EC of the European Parliament and of the Council of 18 June 2003.

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