

# ACCA Dundalk

## February 2015

Presented by

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### Agenda

- Resources available for the change to FRS 102
- Other technical changes
  - Update on the new accounting standards
  - Charity accounting and regulation
  - Audit monitoring update
  - Personal insolvency events and continuing professional body membership
  - Sundry other technical issues

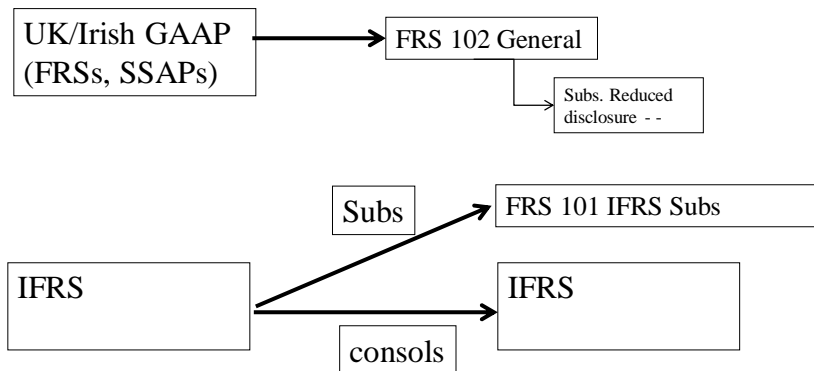
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# Accounting Standards SMP

Pre 2015

Post 2015



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## FRS 102 – Transition date

Accounting periods beginning on or after 1/1/2015  
From first day of comparison period.

31 December year end

First year end 31/12/2015

transition date 1/1/2014

Restate all transactions since 1/1/2014 to FRS 102

30 December year end

First year end 30/12/2016

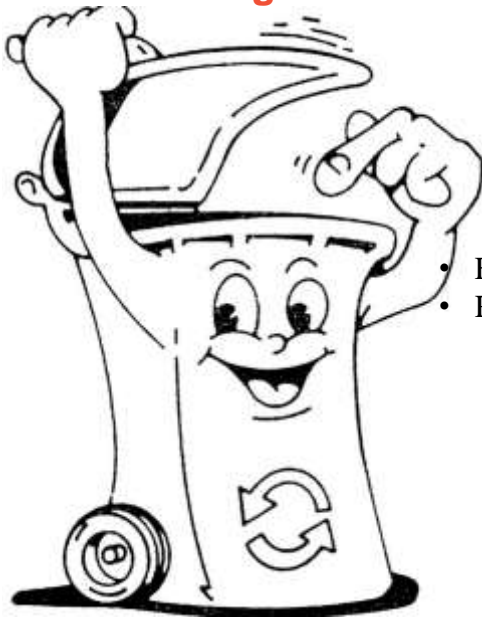
transition date 31/12/2014

Restate all transactions from 31/12/14 to FRS 102

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## Accounting Standards - FRSSE



- FRSSE Being withdrawn
- Replaced with
  - The Financial Reporting Standard for Micro-entities (FRSME)
  - FRS 102 - small entity reduced disclosure chapter

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## FRS 101 IFRS reduced disclosures



- IFRS accounting with reduced disclosures
- IFRS Subsidiaries to use

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<http://www.frc.org.uk/Our-Work/Codes-Standards/Accounting-and-Reporting-Policy/Standards-in-Issue.aspx>

**Standards in issue**

Accounting standards developed by the FRC or, previously, by the ASB are contained in 'Financial Reporting Standards' (FRSs). Soon after it started its activities, the ASB adopted the standards issued by the ASC, so that they also fall within the legal definition of accounting standards. These are designated 'Statements of Standard Accounting Practice' (SSAPs). Whilst some of the SSAPs have been superseded by FRSs, some remain in force.

Financial Reporting Standards in hard copy can be obtained from [www.frcpublications.com](http://www.frcpublications.com).

Please click on the links below to access all Standards currently in issue:


The issue of or amendment to a standard may result in consequential amendments to other standards already in issue. The following documents are of the standards as originally issued and do not incorporate any consequential amendments that may have been made.

[Forward to Accounting Standards](#)

[New UK GAAP](#)


**Latest editions of FRS 101 and FRS 102:**

 [FRS 101: Reduced Disclosure Framework \(August 2014\)](#)

 [FRS 102: The Financial Reporting Standard applicable to the UK and Republic of Ireland \(August 2014\)](#)

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[FRS 100: Application of Financial Reporting Requirements \(November 2012\)](#)  
[FRS 101: Reduced Disclosure Framework \(November 2012\)](#)  
[FRS 102: The Financial Reporting Standard applicable to the UK and Republic of Ireland \(March 2013\)](#)  
[FRS 103: Insurance Contracts \(March 2014\)](#)  
[Amendments to FRS 101 \(2013/14 cycle\) \(July 2014\)](#)  
[Amendments to FRS 102 - Basic: Financial Instruments and Hedge Accounting \(July 2014\)](#)

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## A minority of members can't do consolidations

### Consolidations

2009		2015	
FRS 2			FRS 102
Old IFRS 3	IFRS 3 revised		

P2 Corporate Reporting (INT) – never an auditor, IFRS only, easier exam

P2 Corporate Reporting (ROI) – can be auditor, UK and IFRS, more difficult exam

P7 Advanced Audit and Assurance (ROI) – must do this to be an auditor

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# FRS 102 Financial statements

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# FRS 102 Financial statements

**TECHNICAL RESOURCES**

YOU SEARCHED FOR:  
Category: Any Subject Area   Country: Ireland  
Year: Any Year   Format: Any Format   **FIND RESOURCES**

**FILTER RESULTS**

- FRS 102 for Ireland**  
All existing UK GAAP, all FRSs, IAS, IFRSs and SSAPs listed from the FRSSE and FRS 27, will be replaced by FRS 102.
- Announcements to Directive on shareholder engagement and corporate governance**  
Comments from ACCA Ireland to the Irish Government.
- SME equity finance**  
Comments from ACCA Ireland to the Department of Finance.
- Irish Charity Sector Resource**  
Irish charity sector, fund raising controls, fundraising policies and procedures.

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SUSTAINABLE, RISK AND PERFORMANCE  
ACADEMIC RESEARCH  
ACCA AND SMALL BUSINESS

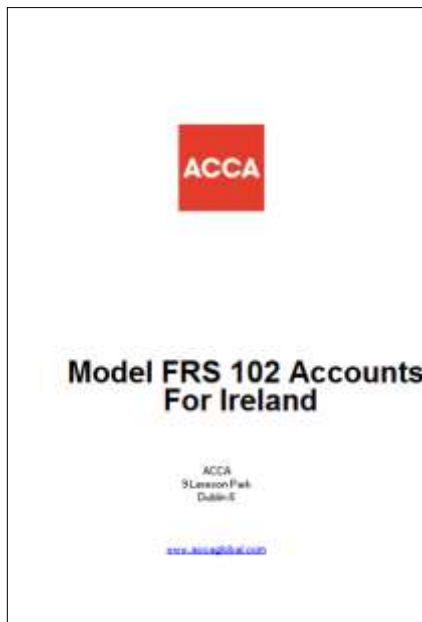
**ACCOUNTING**

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## FRS 102 Financial statements

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### The changes in 2015

- FRS 102 reformatting
- Cash flows for all clients
- Companies Act reference changes

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# FRS 102 Financial statement disclosure

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## FRS 102 - section 3

Complete set of financial statements

1. statement of financial position as at the reporting date
  2. statement of comprehensive income (double or 2 X single)  
If no comprehensive income it may be omitted
  3. statement of changes in equity  
If none merge with comprehensive income
  4. statement of cash flows
- notes, comprising a summary of significant accounting policies and other explanatory information

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Example of a Statement of Comprehensive Income (single statement approach) follows:

	20X1	20X0
	£	£
Turnover	XXX	XXX
Cost of sales	XXX	XXX
<b>Gross profit</b>	XX	XX
Administrative expenses	XX	XX
Other operating income	(X)	(X)
<b>Operating profit</b>	XXX	XXX
Interest receivable and similar income	(XX)	(XX)
Interest payable and similar charges	X	X
<b>Profit on ordinary activities before taxation</b>	XX	XX
Taxation		(X)
<b>Profit on ordinary activities after taxation and Profit for the financial year</b>	XX	XX
<b>Other comprehensive income</b>		
Actuarial losses on defined benefit pension plan		(XX)
Deferred tax movement relating to actuarial losses	X	X
<b>Total comprehensive income for the year</b>	XX	XX

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**TRAVELODGE HOTELS LIMITED**  
**INCOME STATEMENT**  
 Year ended 31 December 2012

	Notes	Year ended 31 December 2012			Year ended 31 December 2011		
		Before exceptional items £m	Exceptional items £m	After exceptional items £m	Before exceptional items £m	Exceptional items £m	After exceptional items £m
Turnover	2	391.4	-	391.4	369.5	-	369.5
Operating Costs	3/4	(217.4)	(85.3)	(302.7)	(192.9)	(174.1)	(367.0)
Rent	3	(144.3)	-	(144.3)	(121.2)	-	(121.2)
<b>EBITDA<sup>1</sup></b>		<b>29.7</b>	<b>(85.3)</b>	<b>(55.6)</b>	<b>55.4</b>	<b>(174.1)</b>	<b>(118.7)</b>
Depreciation and Amortisation	3/11/12	(28.6)	-	(28.6)	(42.3)	-	(42.3)
<b>Operating Profit/(Loss)</b>		<b>1.1</b>	<b>(85.3)</b>	<b>(84.2)</b>	<b>13.1</b>	<b>(174.1)</b>	<b>(161.0)</b>
Interest receivable and other income	8	25.1	-	25.1	27.0	-	27.0
Interest payable and other charges	9	(12.0)	-	(12.0)	(14.1)	-	(14.1)
<b>Profit/(Loss) before Tax</b>		<b>14.2</b>	<b>(85.3)</b>	<b>(71.1)</b>	<b>26.0</b>	<b>(174.1)</b>	<b>(148.1)</b>
Tax on profit on ordinary activities	10	8.0	-	8.0	41.0	-	41.0
<b>Profit/(Loss) for the year</b>		<b>22.2</b>	<b>(85.3)</b>	<b>(63.1)</b>	<b>67.0</b>	<b>(174.1)</b>	<b>(107.1)</b>

All results are derived from continuing operations

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**TRAVELODGE HOTELS LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
For the year ended 31 December 2012

	Year ended 31 December 2012 £m	Year ended 31 December 2011 £m
Loss for the year	(63.1)	(107.1)
Reserves transfer for the 2011 impairment charge	-	120.3
Deferred tax on revaluation reserve	(8.0)	(41.0)
Difference between historical cost depreciation charge and the actual depreciation charge for the year	15.8	15.8
<b>Total comprehensive loss for the year</b>	<b>(55.3)</b>	<b>(12.0)</b>

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**STATEMENT OF CHANGES IN EQUITY**  
For the year ended 31 December 2012

	Share Capital £m	Revaluation Reserve £m	Profit and Loss Account £m	Total £m
<b>Balance as at 1 January 2011</b>	<b>300.0</b>	<b>256.3</b>	<b>242.3</b>	<b>798.6</b>
Loss for the year	-	-	(107.1)	(107.1)
Reserves transfer for the 2011 impairment charge	-	(120.3)	120.3	-
Deferred tax on revaluation reserve	-	41.0	(41.0)	-
Difference between historical cost depreciation charge and the actual depreciation charge for the year	-	(15.8)	15.8	-
<b>Total comprehensive loss</b>	<b>-</b>	<b>(95.1)</b>	<b>(12.0)</b>	<b>(107.1)</b>
<b>Balance at 31 December 2011</b>	<b>300.0</b>	<b>161.2</b>	<b>230.3</b>	<b>691.5</b>
<b>Balance as at 1 January 2012</b>	<b>300.0</b>	<b>161.2</b>	<b>230.3</b>	<b>691.5</b>
Loss for the year	-	-	(63.1)	(63.1)
Deferred tax on revaluation reserve	-	8.0	(8.0)	-
Difference between historical cost depreciation charge and the actual depreciation charge for the year	-	(15.8)	15.8	-
<b>Total comprehensive loss</b>	<b>-</b>	<b>(7.8)</b>	<b>(55.3)</b>	<b>(63.1)</b>
<b>Balance at 31 December 2012</b>	<b>300.0</b>	<b>153.4</b>	<b>175.0</b>	<b>628.4</b>

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**TRAVELODGE HOTELS LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**As at 31 December 2012**

		31 December 2012	31 December 2011
	Note	£m	£m
<b>FIXED ASSETS</b>			
Intangible assets	21	12.0	14.0
Tangible assets	22	338.1	353.7
Investments	23	11.7	11.7
		<u>361.8</u>	<u>379.4</u>
<b>CURRENT ASSETS</b>			
Stocks	24	1.2	1.5
Debtors	25	549.6	597.9
Cash at bank and in hand		29.8	14.3
		<u>580.6</u>	<u>613.7</u>
Creditors: Amounts falling due within one year	26	(181.2)	(199.1)
		<u>399.4</u>	<u>414.6</u>
<b>NET CURRENT ASSETS</b>			
		<u>761.2</u>	<u>794.0</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
Creditors: Amounts falling due after more than one year	27	(29.2)	(30.0)
Provisions for liabilities	28	(103.6)	(72.5)
		<u>628.4</u>	<u>691.5</u>
<b>NET ASSETS</b>			
		<u>628.4</u>	<u>691.5</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	29	300.0	300.0
Revaluation reserve		153.4	161.2
Profit and loss account		175.0	230.3
<b>TOTAL SHAREHOLDERS' FUNDS</b>	20/21	<u>628.4</u>	<u>691.5</u>

**Specimen Company Limited (FRS 102)**

**Statement of cash flows**

**Year Ended 31 December 20XX**

	Notes	20XX £	20YY £
<b>Cash flows from operating activities</b>			
Cash generated from operations		199,552	190,730
- Cash receipts from customers		#####	#####
- Cash payments to suppliers and employees	8	(475)	(405)
Interest paid		#####	(4,257)
Income tax paid		#####	(4,257)
		<u>24,388</u>	<u>25,940</u>
<b>Net cash generated from operating activities</b>			
<b>Cash flows from investment activities</b>			
Purchase of intangible assets		-	#####
Purchase of property, plant and equipment (PPE)	11	#####	(2,480)
Proceeds from sale of PPE	5, 11	1,800	-
Purchases of financial assets	12	#####	-
Purchases of investment property		-	#####
Loans granted to related parties		(500)	(285)
Interest received		65	3
		<u>#####</u>	<u>#####</u>
<b>Net cash used in investing activities</b>			
<b>Cash flows from financing activities</b>			
Payments of finance lease liabilities	16	#####	(2,495)
Repayments of borrowings		#####	(2,530)
Dividends paid to company's shareholders		#####	(2,895)
		<u>#####</u>	<u>(7,920)</u>
<b>Net cash used in financing activities</b>			
<b>Net (decrease)/increase in cash and cash equivalents</b>			
		<u>13,926</u>	<u>#####</u>
<b>Cash, cash equivalents and bank overdrafts at the beginning of year</b>			
	19	#####	100,650
<b>Cash and cash equivalents at end of year</b>			
	19	<u>9,834</u>	<u>(4,092)</u>

# Balance Sheet Line by Line

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## FRS 102 - Investment property

Currently

- Market value every year
- Gains to STRGL
- Losses to STRGL (unless permanent)
- Directors can do valuation

New

- Market value only if reliable – otherwise cost
- Gains to P/L
- Losses to P/L
- Directors can do valuation

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## FRS 102 - Investment property

### Transition

- Market value can be deemed cost (if using cost model)

### Planning points

- No reliable valuation - cost model
- Gains/recovery in value to p/l

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## FRS 102 - Own use property

### Currently

- Choice of cost or market value (existing use)
- Revaluation gains to STRGL
- Revaluation losses to p/l
- Revalue 3+5 years
- Qualified external valuer must do valuation

### New

- Choice of cost or market value (open market value)
- Market value only if reliable
- Revaluation gains to STRGL
- Revaluation losses to p/l
- Directors can do valuation
- Revalue regularly

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## FRS 102 - Own use property

### Transition options

- Market value can be deemed cost on transition
- Restate back to original cost
- Keep at market value

### Planning points

- Don't need qualified valuer
- Chance to return to cost –
  - lower depreciation,
  - bigger gains on sale,
  - easier to audit

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## FRS 102 - Goodwill and intangible

### Currently

- Purchased only
- Amortise over up to 20 years

### New

- Purchased only
- Amortise over up to 5 years (unless you can measure life)

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## FRS 102 - Goodwill and intangible

### Transition

- Use old life and continue to amortise
- Restate to 5 years life

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## FRS 102 - Investments

### Currently

- Cost model allowed
- Fair value model allowed
  - FRS 25 and 26 users
    - Fair value
    - Held to maturity
    - Available for sale

### New

- Amortised cost (simple bonds etc..)
- Market value (quoted investments)
- Cost less impairment: (unquoted investments)
- Fair value: (complex investments)
- Option to full IFRS

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## FRS 102 - Investments

### Differences

- You can't use "held to maturity"
  - Must take impairments
- You can't use fair value for simple investments
  - (must be amortised cost)
- You can't leave investments at cost
  - (unless unquoted company shares)
- Complex financial instruments at market value

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## FRS 102 Financial Instruments - summary

### Old Accounting

Stock market investments  
at cost less impairment

Shares in subsidiary or  
associate at cost less  
impairment

### New Accounting

- Investments at market  
value if quoted
- Unquoted investments  
at cost less impairment

Shares in subsidiary or  
associate:

- Cost less impairment or
- fair value (oci), or
- fair value (p/l).

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## FRS 102 Financial Instruments - summary

### Old Accounting

Simple financial instruments – at cost (which could be nil)

Complex financial instruments – at cost (often nil)

### New Accounting

Simple financial instruments – at amortised cost

Complex financial instruments – at fair value

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## FRS 102 Financial Instruments - summary

### Old Accounting

#### FRS 25 and 26 users

Available for sale

Held to maturity

Amortised Cost

Fair value

### New Accounting

#### Old FRS 25 and 26 users

Available for sale - gone

Held to maturity - gone

Amortised Cost –simple FIs

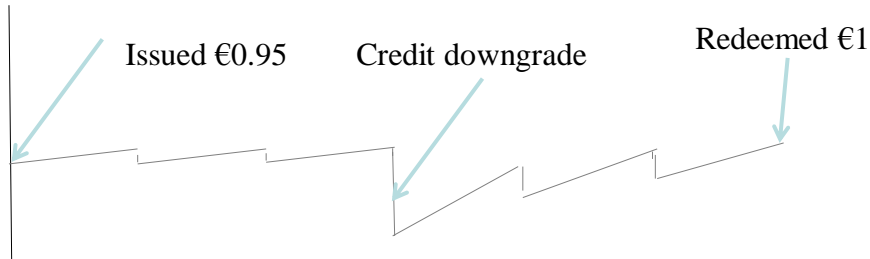
Fair value – complex FIs (with some simple FIs also using FV)

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## Quick note on Held to maturity V's Amortised Cost



- Held to maturity: ignore downgrade – use average yield
- Amortised cost: book downgrade – increased yield in future years

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## FRS 102 Government Bond accounting

Nominal €1,000,000  
 Cost €1,200,000  
 Maturity 18/10/2020  
 Coupon 5%  
 Yield 1%

	Market value	HTM income	Amortised cost Income
Purchased	1.20	12	12
30/9/2015	1.17	11.7	11.7
2016	1.13	11.3	11.3
2017	1.10	11	11
2018	1.07	10.7	10.7
2019	1.03	10.3	10.3
2020	1.00	<u>10</u>	<u>10</u>
Total		<u>77</u>	<u>77</u>

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## FRS 102 Government Bond accounting

Nominal €1,000,000  
 Cost €1,200,000  
 Maturity 18/10/2020  
 Coupon 5%  
 Yield 1%

	Market value	HTM income	Amortised cost Income
Purchased	1.20	12	12
30/9/2015	1.17	11.7	11.7
2016	0.95	11.3	(11.3-220 =) <b>loss 208</b>
2017	0.96	11	64 (yield now 6.7%)
2018	0.98	10.7	65
2019	0.99	10.3	66
2020	1.00	<u>10</u>	<u>67</u>
		77	77

Cash each year in coupon is 50,000

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## FRS 102 Basic Financial Instruments S11

- Amortised cost:
  - Initial cost
  - Less repayments
  - +/- amortisation of discount / premium
  - Less impairment

Effective interest rate = IRR

Details in 11.16

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## FRS 102 - Investments

### Planning

- You need to get market values of all bonds and Government securities
- You can go to full IFRS if you want to use fair value for simple investments
- Investment in subsidiary / associated – can be at market value and not just cost

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## FRS 102 - Intercompany loans

### Currently

- Cost

### New

- Discounted cash flow

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## FRS 102 - Intercompany loans

Intercompany loan example

€100,000 loan from holding company to sub

Repayable in 4 years, no interest charged, cost of money 5%

Year 2

Holding

Dr intercompany 80,000

Dr investment in subsidiary 20,000

Cr Bank 100,000

Subsidiary

Dr bank 100,000

Cr intercompany 80,000

Retained earnings 20,000

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## FRS 102 - Intercompany loans

Intercompany loan example

€100,000 loan from holding company to sub

Repayable in 5 years, no interest charged, cost of money 5%

Year 1-4

Holding

Dr intercompany 5,000

Cr Interest income 5,000

Subsidiary

Cr intercompany 5,000

Dr Interest expense 5,000

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## FRS 102 - Intercompany loans

### Planning

- Discount them
  - Charge discount to capital contribution
- Repayable on demand
- Repayable in one year after audit report is signed and discount not material
- Subordinated to all other liabilities – i.e. equity

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## FRS 102 - Stock

### Currently

- Lower of cost and NRV

### New

- Lower of cost and NRV – called inventory

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## FRS 102 - Debtors

### Currently

- Invoiced amount less bad debt provision

### New

- Invoiced amount less bad debt provision
- No general bad debt provision
- Called amounts receivable

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## FRS 102 - Creditors

### Currently

- Trade plus accruals

### New

- Trade plus accruals
- Accrue for holiday pay
- “...unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date”

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## FRS 102 - Deferred tax

Currently

- Timing differences

New

- Timing differences
- Inherent CGT on revalued property

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## FRS 102 - Equity

Currently

- Share capital and reserves

New

- Share capital and reserves
- Includes items that look like equity
- A lot more disclosure

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## FRS 102 - section 9

### Consolidation

#### Current position

- Consolidate when you control
- Companies Act limits for exemption

#### New position

- Same exemptions
- Consolidation rules in 9.13 et seq.
- 100% subsidiaries do not change
- Slightly different method

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## FRS 102 - section 9

### Consolidation

#### Changes

- Non controlling interest calculation changes
- Broadly similar

#### Planning

- Same size exemptions
- Consolidation rules in 9.13 et seq.
- 100% subsidiaries do not change
- No change to old consolidations

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## FRS 102 - section 9

Single accounts of holding company – no consolidation

Old accounting

“Investment in subsidiary” at cost

Investment in associate and JV – at cost

New accounting

“Investment in subsidiary” associate or JV at

- cost less impairment;
- fair value with changes in fair value recognised in other comprehensive income
- fair value with changes in fair value recognised in profit or loss

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## New Business Combinations and Goodwill

- Purchase method to be used
  - PBE may use other methods
  - Identify an acquirer
  - Goodwill arises with a finite life – should be no more than 5 years
  - Amortise goodwill.
- 
- Group reconstructions may use merger method
  - Merger method gone for commercial companies

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## FRS 102 Section 14/15

### Investments in Joint Ventures

- Jointly controlled operations and Jointly controlled assets
  - include your share of jointly controlled assets and liabilities and income
- Joint controlled entities:
  - Consolidation – equity method
  - Not consolidated - cost or fair value

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## FRS 102

Going concern - Same

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## R&D

- similar accounting to old GAAP – choice to capitalise D if 5 rules met

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## FRS 102 - leases

- No 90% test
- Lease incentives over lease term (not to market rent period)

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## FRS 102 Section 21

Provisions and Contingencies

- Same as UK GAAP

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## FRS 102 Grants

Revenue grants – same

Capital grants – 2 options

Accrual – w/o over time

Performance - write off as performed

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## FRS 102 Incoming Resources from Non-Exchange Transactions

Accrual model – split into revenue or capital

- Revenue – in accordance with cost being incurred
- Cost already incurred – recognise immediately
- Capital – amortise over life of asset

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## FRS 102 Incoming Resources from Non-Exchange Transactions

Performance model – recognise grant when

- No performance-related conditions – when received
- Performance-related conditions – when performed
- Liability until recognised

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## FRS 102 Incoming Resources from Non-Exchange Transactions

Accrual model - match

Performance – perform

Factory to be built and grant for building

Accrual - spread grant out

Performance - recognise once built

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## Impairment of assets

Same – just simpler rules

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## deferred taxation

- Same as old UK GAAP plus:
  - Include DT on revaluations
  - Fair value adjustments on acquisition

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## Post balance sheet events

- No change from existing requirements

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## FRS 102 Section 33

### Related Party Transactions

- Wholly owned group exemption available
- Key management remuneration



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## FRS 102 Section 25

### Borrowing costs

- You may capitalise borrowing costs
- Qualifying assets only



**"Our books are balanced. 50% of our numbers are real and 50% are made up."**

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## Foreign Exchange

### Existing accounting

- Can use forward rate or spot

### New accounting

- Must use spot rate
- Forward contracts are at fair value
- New FX goodwill will be retranslated each year
- No recycling of FX gain or loss on retranslation of FX subsidiary which was sold

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## FRS 102 Section 34

### Specialist activities

- Agriculture
- Extractive Activities
- Service Concession Arrangements
- Financial Institutions
- Retirement Benefit Plans: Financial Statements
- Heritage Assets
- Funding Commitments
- Incoming Resources from Non-Exchange Transactions
- Public Benefit Entity Combinations
- Public Benefit Entity Concessionary Loans

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## FRS 102 Section 35

First time adoption

- Identify the first FRS 102 accounts
- Make explicit and unreserved statement of compliance
- Select policies
- Select transition exemptions
- Restate comparison figures
- Reconcile equity and profit under old and new GAAP

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### 1 ACCOUNTING POLICIES

---

Travelodge Hotels Limited (the Company) is a limited company incorporated and domiciled in the United Kingdom. The address of its registered office and principal place of business are disclosed on page 1. The company provides budget hotel accommodation throughout the United Kingdom.

#### **Basis of accounting**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 (FRS102) with certain exemptions of the reduced disclosure framework applied as detailed below. FRS102 has been early adopted by the Company at 31 December 2012. The date of transition is 1 January 2011. The result of this adoption can be seen in note 20 showing the primary impact being the accounting for lease incentives.

#### **Goodwill**

Goodwill arising on acquisition of a business combination represents the excess of the cost of acquisition over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is amortised over twenty years.

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## **ACCOUNTING POLICIES**

---

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

Under FRS 102, the Company has elected to adopt a 'deemed cost' value at the date of transition. This reflects the value of the tangible assets under the previous revaluation policy under UK GAAP at the date of transition (1 January 2011). The Company will no longer apply the revaluation model under FRS 102 and will hold assets at the deemed cost and depreciate them over their useful economic lives. Revaluations will no longer be performed.

### **Leased assets**

For leases existing prior to the FRS102 transition date of 1 January 2011, the Company has taken the exemption on transition under FRS102 and continues to credit incentives on leases on a straight line basis over the period to the first review date on which rent is adjusted to the prevailing market rates (where this is shorter than the lease term).

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## **20 TRANSITION TO FRS102 - INCOME STATEMENT**

---

FRS102 has been early adopted by the Company at 31 December 2012. The date of transition is 1 January 2011. The result of this adoption can be seen below.

### **Fixed Assets**

Under UK GAAP, the Company previously adopted a policy of revaluing tangible fixed assets.

Under FRS 102, the Company has elected to adopt a 'deemed cost' value at the date of transition. This reflects the value of the tangible assets under the previous revaluation policy under UK GAAP at the date of transition (1 January 2011). The Company will no longer apply the revaluation model under FRS 102 and will hold assets at the deemed cost and depreciated them over their useful economic lives. Revaluations will no longer be performed.

In 2011, the tangible assets suffered an impairment charge of £165.7m. Under the previous revaluation model £120.3m of this impairment was charged to the revaluation reserve and £45.4m was charged to the income statement. Due to the Company adopting FRS102, the impairment charge of £120.3m previously charged to the revaluation reserve has been charged to the income statement in 2011 under FRS 102. This has subsequently been transferred to the revaluation reserve.

Deferred tax has arisen on the revaluation reserve on transition to FRS102.

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## 20 TRANSITION TO FRS102 - INCOME STATEMENT (CONTINUED)

### Lease incentives

The previous accounting policy under UK GAAP required lease incentives to be credited to the income statement on a straight line basis over the lease term or, if shorter the period to the first review date on which rent is adjusted to the prevailing market rate. On transition, under FRS 102, lease incentives are recognised over the lease term. On adoption of FRS 102, the Company has elected to take an exemption to continue the previous UK GAAP treatment for existing leases. However, new lease premiums from the date of transition are recognised over the life of the lease. This change in accounting policy has resulted in a £1.0m debit to the 2011 income statement.

Reconciliation of 2011 loss for the financial year	2011 £m
2011 loss for the financial year (as previously stated)	(26.8)
Rent free reverse premium on leased properties <sup>1</sup>	(1.0)
Impairment previously charged to revaluation reserve <sup>2</sup>	(120.3)
Deferred Tax <sup>3</sup>	41.0
Loss for the financial year (as restated)	<b>(107.1)</b>

1) Under UKGAAP, the previous accounting framework, the company was previously required to account for rent free elements on leased properties by amortising rent free amounts received over the shorter of the lease term or the next rent review period (usually a period of 5 years). Under FRS102, lease premiums on leases signed after the transition date are amortised over the life of the lease of each property, leading to a re-assessment of the lease premium amount held in the balance sheet of £1.0m.

2) In 2011, the tangible assets suffered an impairment charge of £165.7m. Under the previous revaluation model £120.3m of this impairment was charged to the revaluation reserve and £45.4m was charged to the income statement. As the Company no longer applies the revaluation model under FRS 102, the impairment charge of £120.3m previously charged to the revaluation reserve has been charged to the income statement in 2011 under FRS 102.

3) On transition to FRS 102, a deferred tax liability has arisen in relation to the revaluation of fixed assets under the previous GAAP. The impairment charged to the income statement under FRS 102 has resulted in the release of £41.0m of this deferred tax in 2011.

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ACCA

## 21 TRANSITION TO FRS102 - RESERVES

Reconciliation of capital and reserves	As at 1 January 2011 £m	As at 31 December 2011 £m
Capital and reserves (as previously stated)	888.4	741.3
Deferred tax movement on revaluation reserve <sup>1</sup>	(94.8)	(53.8)
Rent free reverse premium on leased properties <sup>2</sup>	-	(1.0)
Prior year adjustment <sup>3</sup>	5.0	5.0
Capital and Reserves (as restated)	<b>798.6</b>	<b>691.5</b>

1) On transition to FRS102, a deferred tax liability of £94.8m has arisen.

2) Under UKGAAP, the previous accounting framework, the company was previously required to account for rent free elements on leased properties by amortising rent free amount received over a period of 5 years. Under FRS102, this period is extended to the life of the lease of each property. Leading to a re-assessment of the rent free amount held in the balance sheet and results in a charge against the reserves.

3) A prior year adjustment of £5.0m was made to the opening retained earnings on 1 January 2011.

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ACCA

## Increasing a controlling interest in a subsidiary

Further worked examples

[http://www.accaglobal.com/content/dam/acca/global/pdf/sa\\_feb09\\_holt.pdf](http://www.accaglobal.com/content/dam/acca/global/pdf/sa_feb09_holt.pdf)



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## IFRS Foundation: Training Material for the IFRS for SMEs

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Modules	Titles	
1	Small and Medium-sized Entities	PDF (228 KB)
2	Concepts and Persuasive Principles	PDF (462 KB)
3	Financial Statement Presentation	PDF (247 KB)
4	Statement of Financial Position	PDF (348 KB)
5	Statement of Comprehensive Income and Income Statement	PDF (236 KB)
6	Statement of Changes in Equity and Statement of Income and Retained Earnings	PDF (221 KB)
7	Statement of Cash Flows	PDF (447KB)
8	Notes to the Financial Statements	PDF (368 KB)
9	Consolidated and Separate Financial Statements	PDF (462 KB)
10	Accounting Policies, Estimates and Errors	PDF (283 KB)
11	Basic Financial Instruments	PDF (302 KB)
12	Investments	PDF (267 KB)
14	Investments in Associates	PDF (224 KB)
15	Investments in Joint Ventures	PDF (227 KB)
16	Investment Property	PDF (274 KB)
17	Property, Plant and Equipment	PDF (262 KB)
18	Intangible Assets Other Than Goodwill	PDF (322 KB)
19	Business Combinations and Goodwill	PDF (378 KB)
20	Leases	PDF (428 KB)
21	Provisions and Contingencies	PDF (202 KB)

<http://www.ifrs.org/ifrs-forms/Pages/training-material.aspx>

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[December 2011 - questions](#)  
 PDF format (736B)

[December 2011 - answers](#)  
 PDF format (818B)

[June 2012 - questions](#)  
 PDF format (109B)

[June 2012 - answers](#)  
 PDF format (1216B)

[December 2012 - questions](#)  
 PDF format (816B)

[December 2012 - answers](#)  
 PDF format (1059B)

[June 2013 - questions](#)  
 PDF format (798B)

[June 2013 - answers](#)  
 PDF format (1168B)

[December 2013 - questions](#)  
 PDF format (1059B)

[December 2013 - answers](#)  
 PDF format (1288B)

DipIFR

<http://www.accaglobal.com/gb/en/student/dipifr/dipifr-resources/past-exam-papers.html>

Paper F7 (Int) simple consolidations  
 Paper P2 (Int) complex consolidations

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## Comparison to full IFRS

- FRS 102 Cost of acquisition to goodwill
- IFRS Cost of acquisition to expense
  
- FRS 102 goodwill amortised
- IFRS goodwill tested for impairment
  
- FRS 102 goodwill not in NCI
- IFRS 2 methods allowed
  - Per FRS 102
  - Include goodwill in NCI
  
- FRS 102 no recycling of FX on foreign subsidiaries
- IFRS Recycle FX on sale of foreign sub

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# Charity Accounting and Regulation

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## Charity regulation

- 8,000 “chy” numbers in total
- Many do not apply for a chy number.
- 10,000 Charites per regulator
  
- 4,000 are governed by company legislation and transparent
- 4,000 Governed by trust law and no compulsion to be transparent

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## Charity Act 2009 commenced 16 October 2014

- New Regulator
- All charities registered
- New fundraising laws
- Proper record keeping (all charities)
- Statement of accounts
- Audit requirement / independent examination
- Report of activities
- Public access to accounts and reports
- Una Ni Dhubhghaill - head of charity commission

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## Accounting Standards FRS 102

### Public Benefit Entities application notes

- Impairment of assets
  - Service potential not cash flow
- Property for social benefit
  - Cannot be investment property
- Consolidations
  - No goodwill on consolidation
  - Merger accounting still allowed
- Check formats in new companies Act

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## Accounting Standards FRS 102

### Public Benefit Entities application notes

- Government grants
  - Donated goods at sale value
  - Timing of recognition of income
  - Donated time is income and expense
- Concessionary Loans
  - Ignore below market rate interest
- Funding commitments
  - “Cannot realistically withdraw”

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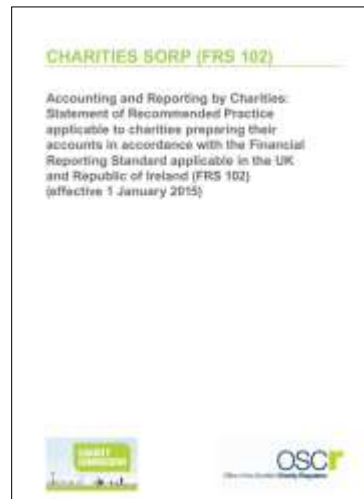
## FRS 102 – Public Benefit Entities

With or without Regulator

- FRS 102

Regulator expected to approve:

- FRS 102 + SORP
- 10,500 charities in Ireland.



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## Accounting Standards New SORP

Headlines

Needs to be approved for use in Ireland

- SoFA (statement of financial activity)
- Salaries from €70k in bands of €10k.
- Better analysis of income by type and function
- Recognition of income changed
  - Probably rather than certain
  - Restriction on use
- More detailed trustees report
- Investment gains and losses separated

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# New IFRS Standards

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## IFRS 9 Financial Instruments (July 2014)

- Effective 2018 – replaces IAS 39
- Measure financial instruments at amortised cost or fair value
- Available for sale and held to maturity now gone
- Loan provisioning based on expected future losses (not incurred losses as currently)
- Hedging - no change (changes coming)

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## **IFRS 9**

### **Financial Instruments - impairments**

Good loans – 12 month expected loss  
Impaired loans – life time expected loss  
Bad debts – life time expected loss on a net basis  
Credit limits

Increased credit risk at 30 days past due.

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## **IFRS 12**

### **Disclosure of Interest in Other Entities**

Disclose interest in:

- subsidiaries
- joint arrangements (joint operations or joint ventures)
- associates
- unconsolidated structured entities

Details disclosed

- Interests in Subsidiaries
  - Interests in joint arrangements and associates
  - Interests in unconsolidated structured entities
- periods beginning on or after 1 January 2013

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## IFRS 13 Fair Value Measurement

- periods beginning on or after 1 January 2013
  - Defines fair value
  - Common framework for measuring fair value
  - Requires disclosures about fair value measurements.
- 
- Anywhere fair value is needed
  - Excludes share based payment and leases

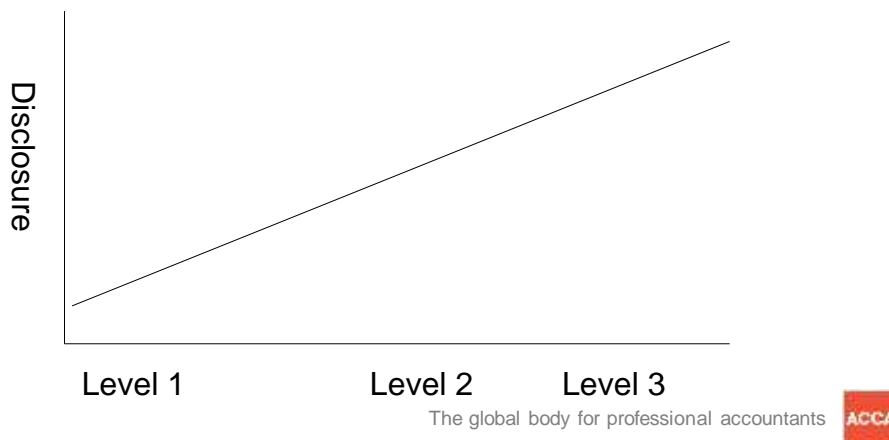
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## IFRS 13 Fair Value Measurement

- 3 levels of fair value calculations
- Level 1 Market
- Level 2 Observable
- Level 3 Unobservable

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## IFRS 13 Fair Value Measurement



## IFRS 15 Revenue from Contracts with Customers

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue when (or as) the entity satisfies a performance obligation.

## **IFRS 15**

### **Revenue from Contracts with Customers**

- Bundled sales will be effected
- Artificial sales will be affected (multi year)
- Systems needed to track sales
- Simple sale contracts unaffected

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## **IFRS 15**

### **Revenue from Contracts with Customers**

- Contract costs
  - Incremental costs are an asset if recoverable
- Application date
  - Beginning on or after 1/1/2017

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# Projects

The objective of the project is to develop a new (draft) Standard that specifies the principles that lessees should apply to report useful information to investors and other users that directly forms and contributes to their financial statements. To meet this objective, a draft project exposure draft (ED) is being developed.

**Project stages**

**Feedback on 2010 ED:**

- Contract when or where?
- Contract when or where?
- Contract when or where?
- Contract when or where?
- Contract when or where?
- Contract when or where?

**Key of Definitions:**

- Board discussion document
- Consultation
- Accounting framework
- Capital markets oriented
- IFRS Accounting system
- Accounting framework

**Issued documents:**

- Project charter (Leases)
- Project charter (Leases)
- Project charter (Leases)

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# IFRS Enforcement.

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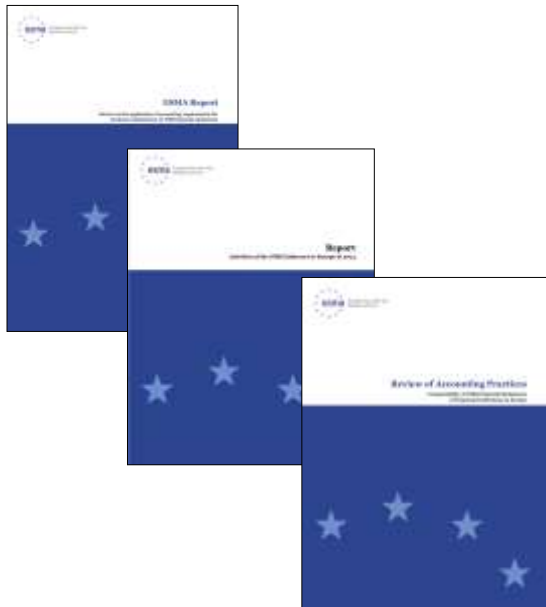




# Enforcement decisions.

<http://www.esma.europa.eu/it/page/IFRS-Enforcement-0>

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+ many more

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List of decisions published in the Extracts from the EECS's Database of Enforcement (updated April 2014)

Number	Package Number	Decision reference	Financial standard	Name of the Decision	Standard involved
1	1	0407-01	31-Dec-05	Identification of the acquirer in a business combination	IFRS 3
2	1	0407-02	31-Dec-05	Control of a subsidiary when the holding is passive	IAS 27
3	1	0407-03	31-Dec-05	Capitalisation of borrowing costs relating to a construction pending approval	IAS 23
4	1	0407-04	31-Dec-05	Restructuring plans	IAS 37
5	1	0407-05	30-Sep-05	Carrying value of a trade receivable	IAS 39
6	1	0407-06	31-Dec-05	Individual assessment of impairment of loans	IAS 39
7	1	0407-07	31-Dec-05	Individual assessment of impairment of loans	IAS 39
8	1	0407-08	31-Dec-05	Individual assessment of impairment of loans	IAS 39
9	1	0407-09	31-Dec-05	Individual assessment of impairment of loans	IAS 39
10	1	0407-10	31-Dec-05	Individual assessment of impairment of loans	IAS 39
11	1	0407-11	31-Dec-05	Accounting for biological assets	IAS 41
12	1	0407-12	30-Sep-05	Business combinations	IFRS 3
13	1	0407-13	30-Sep-05	Recognition of costs related to an acquisition and an issue of equity instruments	IFRS 3, IAS 32
14	1	0407-14	31-Dec-05	Forward purchases and sales of non-financial assets to be settled through physical delivery	IAS 2, IAS 39
15	1	0407-15	31-Dec-05	Reclassification of a foreign currency loan	IAS 21
16	1	0407-16	31-Dec-05	Accounting treatment of a written puttable instrument on a minority interest	IAS 52
17	2	1207-01	31-Dec-05	Amortisation of intangible assets with finite useful lives included in goodwill	IFRS 1, IAS 36, IAS 38
18	2	1207-02	31-Dec-05	Excise tax on fuel	IAS 1, IAS 2, IAS 18
19	2	1207-03	31-Dec-05	Recognition of negative goodwill	IFRS 3
20	2	1207-04	30-Sep-05	Deferred tax asset	IAS 12
21	2	1207-05	31-Jan-05	Valuation of off-balance sheet at the transition date	IFRS 1, IAS 36, IAS 38
22	2	1207-06	30-Sep-05	Use of the Fair Value option	IAS 39
23	2	1207-07	31-Dec-06	Segment reporting	IAS 18
24	2	1207-08	31-Dec-05	Method of measuring intangible assets	IAS 38
25	2	1207-09	31-Dec-06	Change in accounting for employee benefits	IAS 19
26	2	1207-10	31-Dec-05	Identification of the acquirer in a business combination	IFRS 3
27	2	1207-11	30-Sep-05	Real estate program	IAS 11

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[www.iasplus.com/standard/standard.htm](http://www.iasplus.com/standard/standard.htm)

Year	Date Issued	Effective Date
IFRS 1 – First-time Adopter of International Financial Reporting Standards	24 Nov 2008	01 Jul 2009
IFRS 2 – Share-based Payment	18 Feb 2004	01 Jan 2005
IFRS 3 – Business Combinations	18 Jan 2008	01 Jul 2009
IFRS 4 – Insurance Contracts	31 Mar 2004	01 Jan 2005
IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations	31 Mar 2004	01 Jan 2005
IFRS 6 – Exploration for and Evaluation of Mineral Resources	09 Dec 2006	01 Jan 2006
IFRS 7 – Financial Instruments: Disclosure	18 Aug 2005	01 Jan 2007
IFRS 8 – Operating Segments	18 Nov 2006	01 Jan 2009
IFRS 9 – Financial Instruments	24 Jul 2014	01 Jan 2016
IFRS 10 – Consolidated Financial Statements	12 May 2013	01 Jan 2013
IFRS 11 – Joint Arrangements	12 May 2011	01 Jan 2013
IFRS 12 – Disclosure of Interests in Other Entities	12 May 2013	01 Jan 2013

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http://www.ifrs.org/Updates/Podcast-summaries/Pages/Podcast-summaries.aspx

**Podcast summaries**

We provide summaries of board meeting, project updates and other valuable information in the form of audio-visual recordings—Podcasts. Podcasts are designed for desktop or mobile listening, and are intended to provide a high-level overview of the issues being discussed.

**Accessing Podcasts**

You can subscribe to our podcasts using either:

- YouTube
- iTunes

**Recent Podcasts**

Date	Type	Topics covered	Link
September 2011	Board meeting	Insurance contracts, Revenue recognition, Leases, Financial Instruments	<a href="#">Link</a>
July 2011	IFRSB meeting	Lease accounting, impairment, Effective dates (FRS 9 and revenue recognition), Agenda Consultation and other matters (hedge accounting, insurance, disclosures)	<a href="#">Link</a>
June 2011	Project	Insurance, Leases, Impairment, Revenue recognition and Offsetting	<a href="#">Link</a>
31 May - 2 June	IFRSB meeting	Insurance, Leases, Hedge accounting and Offsetting	<a href="#">Link</a>
May 2011	IFRSB meeting	Insurance, Leases, Revenue recognition, Financial Instruments, future activities	<a href="#">Link</a>
27 April, 11 & 12 May	IFRSB meeting	Insurance, Hedge accounting, education sessions on Leases and Revenue recognition	<a href="#">Link</a>
April 2011	IFRSB meeting	Insurance, Leases, Revenue recognition, Hedge accounting, impairment, future activities	<a href="#">Link</a>
21-23 March 2011	IFRSB meeting	Insurance, Leases, Revenue recognition, future activities	<a href="#">Link</a>
March 2011	IFRSB meeting	Insurance, Leases, Revenue recognition, future activities	<a href="#">Link</a>
1 and 2 March 2011	IFRSB meeting	Revenue recognition, Insurance, Leases, Financial Statement Presentation, Effective dates consultation, coming events	<a href="#">Link</a>
February 2011	IFRSB meeting	Cross-cutting issues, Insurance contracts, Revenue Recognition, Leases, Post-employment Benefits and Financial Instruments: impairment	<a href="#">Link</a>
February 1 & 2 2011	IFRSB meeting	Revenue recognition, cross-cutting issues, Insurance, Leases, Post-employment benefits	<a href="#">Link</a>
January 2011	IFRSB meeting	Revenue recognition, Leases, comment letter database, Post-employment benefits, Insurance	<a href="#">Link</a>

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**Board Podcasts**

These podcasts are recorded shortly after each Board meeting and provide a short (approximately 30 minutes) summary of the main topics and projects discussed.

Download individual mp3 files

Board meeting	Topics covered	Link
September 2011	Financial Instruments, Leases and Insurance	<a href="#">Link</a>
28 July 2011	Effective date of IFRS 9, Hedge accounting, risk components and disclosures	<a href="#">Link</a>
July 2011	Lease accounting, impairment, Effective dates (FRS 9 and revenue recognition), Agenda Consultation and other matters (hedge accounting, insurance, disclosures)	<a href="#">Link</a>
June 2011	Insurance, Leases, impairment, Revenue recognition and Offsetting	<a href="#">Link</a>
31 May - 2 June	Insurance, Leases, Hedge accounting and Offsetting	<a href="#">Link</a>
May 2011	Insurance, Leases, Revenue recognition, Financial Instruments, future activities	<a href="#">Link</a>
27 April, 11 & 12 May	Insurance, Hedge accounting, education sessions on Leases and Revenue recognition	<a href="#">Link</a>
April 2011	Insurance, Leases, Revenue recognition, Hedge accounting, impairment, future activities	<a href="#">Link</a>
21-23 March 2011	Insurance, Leases, Revenue recognition, future activities	<a href="#">Link</a>
March 2011	Insurance, Leases, Revenue recognition, future activities	<a href="#">Link</a>
1 and 2 March 2011	Revenue recognition, Insurance, Leases, Financial Statement Presentation, Effective dates consultation, coming events	<a href="#">Link</a>
February 2011	Cross-cutting issues, Insurance contracts, Revenue Recognition, Leases, Post-employment Benefits and Financial Instruments: impairment	<a href="#">Link</a>
February 1 & 2 2011	Revenue recognition, cross-cutting issues, Insurance, Leases, Post-employment benefits	<a href="#">Link</a>
January 2011	Revenue recognition, Leases, comment letter database, Post-employment benefits, Insurance	<a href="#">Link</a>

Learning on the go

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# Audit Directive and Regulation

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## Audit Directive and Regulation

- Audit rotation 10+10 (14 if joint)
  - Banned non audit services
  - 70% cap on non audit services
  - 15% cap on audit fee for auditor
  - Audit committee heavily involved with auditors
- 
- If a US parent company has subsidiaries in the EU the US parent company does not have to rotate. However, if any of its EU subsidiaries fall within the definition of a PIE in the MS they are located, they will have to comply with this MS rotation requirement

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## New wording in audit report

“...the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements **and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit.** In addition, we read all the financial and non-financial information...”

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## Anti-Money Laundering

### Customer DD Summary

#### Old clients

- Risk working paper
- address document
- Renew annually

#### New low risk clients

- Risk working paper
- address document
- photo ID document
- Renew annually

#### New risky clients

- Risk working paper
- address document X2
- Photo ID X2
- Raison d'etre
- Renew annually

#### Designated clients

- Risk working paper
- Proof designated

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## Anti-Money Laundering

### Professional Body Monitoring issues

- Understand requirements
- Train all staff
- Non reporting
- Risk assessment
- CDD for all clients including long standing clients

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## Current issues in audit monitoring

### Audit Programmes

- Using pre-completed audit programmes without making amendments
- Not doing any audit work outside of the tests set out in audit programme

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## Current issues in audit monitoring

### Not doing an audit

- Referral for misconduct
- Not fit and proper

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## Current issues in audit monitoring

### Hot file reviews

- Referral for misconduct to RA
- Publication locally

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Soon to be

## ▲ Current issues in audit monitoring

### Audit exemption

- Regulated by CBI
- European Communities (Insurance Mediation) Regulations, 2005

The screenshot shows the 'Financial Service Provider Profile' for 'Swiss Post Centre Limited'. The header includes the Central Bank of Ireland logo and the text 'Basic Constraints on Information - Central Bank of Ireland'. Below the header, there is a table with the following information:

Name	Reference No.
Swiss Post Centre Limited	04162


Below the table, there is a section for 'Entity Type' and 'Description'. The 'Entity Type' is 'Insurance / Insurance Intermediary'. The 'Description' is 'Registered as an Insurance Intermediary under the European Communities (Insurance Mediation) Regulations, 2005 (as amended)'.

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**Central Bank of Ireland**  
Eurosystems


**Welcome to the Central Bank of Ireland's Registers**

The Central Bank of Ireland's Registers contains individual registers for all financial service providers and collective investment schemes (CIS) regulated by the Central Bank of Ireland. It also includes details of other types of financial service providers which we are required to disclose on our registers but are [not regulated by us](#).


Whether you are a consumer, part of the financial services industry or any other interested party, this website should help you find the information you need on all regulated financial service providers and collective investment schemes operating in Ireland.

The website allows you to search for a financial service provider or collective investment scheme in two ways.

**By name of Financial Service Provider or CIS**  
Allows all Central Bank registers to be searched interactively




**By Register**  
Browse through all Central Bank registers to locate a particular financial service provider or CIS




Please see our [Search Tips](#) section for further tips on how to refine your search.

If you cannot find or are unsure about the authorised status of a particular financial service provider or collective investment scheme please [contact us](#).



Visit CentralBank.ie



Warnings - Unauthorised Firms

# Personal Insolvency and Debt Management

# Personal Insolvency schemes

## Informal schemes

The Mortgage Arrears Resolution Process (MARP)

MABS

Long term mortgage Forbearance

## Formal Schemes

Debt Relief Certificate

Debt Settlement Arrangement

Personal insolvency Arrangement

Bankruptcy

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## Personal Insolvency

### Becoming a PIP

- Open to accountants, solicitors, Barristers and QFA's
- Regulated by insolvency service

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## Personal Insolvency

### Becoming a PIP

- Application fee €1,500 Renewal €1,000
- PII
- Client money audit
- Bookkeeping systems and IT systems
- All costs upfront
- 6 years of bookkeeping
- 10-15% of recoveries as fee (retail)
- Upfront fee for “personal examinership”

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# Debt Management Agent

**Bank Ceannais na hÉireann**  
Central Bank of Ireland  
Enywea

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## Introduction to Debt Management Firms

Under Part V of the Central Bank Act 1997 (as amended) (the "Act") a "debt management firm" is defined as meaning:

"a person who for remuneration provides debt management services to one or more consumers, other than an accepted person<sup>(1)</sup>."

The Act defines "debt management services" as meaning:

(a) giving advice about the discharge of debts (in whole or in part) including advice about budgeting in connection with the discharge of debts;

(b) negotiating with a person's creditors for the discharge of the person's debts (in whole or in part); or

(c) any similar activity associated with the discharge of debts."

Under the Act, a person who meets the definition of a debt management firm is required to obtain authorisation from the Central Bank in order to provide these services. Please also note the Act identifies a number of "accepted persons".

Please also note that the definition of a debt management firm identifies that it is remunerated for these services. The term "remuneration" is also defined in the Act.

Any person who provides services in relation to debt management should consider, in conjunction with their legal advisors, if they act/act fall within the scope of the Act and whether they require to be authorised by the Central Bank.

Please note that a firm authorised as a debt management firm will not be authorised to hold client funds except where it holds another appropriate authorisation such as an authorisation as a payment institution and / or a money transmission business pursuant to the European Communities (Payment Services) Regulations 2009 or Part V of the Act respectively.

(1) As defined in Section 29 of the Act.

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Bank Ceannais na hÉireann  
Central Bank of Ireland  
Enywea

October 2013

## APPLICATION FOR AUTHORISATION AS A DEBT MANAGEMENT FIRM

Under Part V of the Central Bank Act, 1997 (As amended) (the "Act")

## Incidental exemption

- 20% of income for accountants and PIPs

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# Professional Bodies and Insolvency

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## Personal insolvency of member

### Undischarged judgement debt

Notify ACCA

- Very little precedent on ACCA action
- Inability to pay is not an excuse
- It is a disciplinary matter
  
- CPA: liable to disciplinary action
- CAI: liable to disciplinary action

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## Personal insolvency of member

### **PIA, DSA, arrangement with creditors**

Notify ACCA, but

- “it is unlikely any further action will be taken, and membership is unlikely to be affected by this event taken in isolation. ”
- CPA: liable to disciplinary action
- CAI: liable to disciplinary action

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## Personal insolvency of member

### **Bankruptcy**

- Notify ACCA
- Failure to notify: membership ceases
- Make application to continued membership
- Committee decide
- CPA: automatic ejection
- CAI: liable to disciplinary action

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## Personal insolvency of member

### **Bankruptcy: Application to A&L to continue membership**

- explained fully how your bankruptcy arose,
- including any mistakes you now see you made,
- what you have learned from this for conducting your financial affairs in future; and
- you should also explain the benefits to you of ACCA membership

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## Personal insolvency of member

### **Bankruptcy**

#### **Committee decide based on:**

- Background and circumstance
- Whether situation might be repeated
- Conduct and cooperation during bankruptcy
- Bankrupts appreciation of seriousness
- Reasons for remaining a member
- Past conduct
- Character and suitability
- References

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## Personal insolvency of member

### Practicing Certificates

- Committee may “withdraw, suspend or impose conditions”
- Not reckless, outside the practice
- S183 of 1963 Act: bankrupt can not be an auditor or director
- UK: bankrupt may be an auditor

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## Personal insolvency of member

### Case Study 1 (real case)

- Family gift which turned into a loan after a divorce
- Debt enforced (in vengeance)
- Member bankrupted
- ACCA allowed member continue membership and UK audit registration

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## Personal insolvency of member

### Case Study 2 (real case)

- Personal guarantee given for business debts of company external to practice
- Allowed debts of company to grow to become reckless
- Personal guarantee called in
- Member excluded.

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## Personal insolvency of ACCA member

### Conclusion – Arrangement with Creditors

- Reasonable excuse and stick to arrangement: no action
- Break agreement: disciplinary action
- Non-reporting: if caught then more serious
  - Exclusion possible

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## Personal insolvency of ACCA member

### Conclusion – Judgement debt

- Two months to discharge: not an issue
- Reasonable excuse : no action
- Break agreement: disciplinary action
- Non-reporting: if caught then more serious
  - Exclusion possible

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## Personal insolvency of ACCA member

### Conclusion - Bankruptcy

- Mad property investment - exclusion
- Property investment that was reasonable at the time it was made: continue membership and PC (but not audit PC)
- Non-reporting: automatic exclusion

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## Personal insolvency of member



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