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Release Highlights

This master pack for CCH Accounts Production caters for the generation of FRS 105 Accounts, also known as “Micro Entities”.

You are able to convert your existing old UK GAAP or IE GAAP jobs onto the new FRS 105 master pack. This can be done during the Year End process, and will convert the Trial Balance and the relevant entries from the Statutory Database, to minimise the amount of re-keying required to process the first FRS 105 set of accounts. This is explained in more detail on page 6.

The conversion process is the same as for Limited FRS 102 and is described fully in the FRS 102 Limited Company User Guide.

Sample accounts

Sample FRS 105 accounts (PDF) for filing and also those for members are available to download from the CCH Accounts Production 2017.4 release page on the Support website.

Prerequisites

The features and capability described in this User Guide are only available to sites running AP 2017.2 or above.
FRS 105 Master Pack Background

Overview

FRS 105 “THE FINANCIAL REPORTING STANDARD APPLICABLE TO THE MICRO-ENTITIES REGIME” is a financial reporting standard for companies eligible to apply the Micro-entities Regime set out in UK Company Law. It is based on FRS 102 - The Financial Reporting Standard applicable in the UK and Republic of Ireland but the Financial Reporting Council has adapted it significantly to satisfy the legal requirements and to reflect the simpler nature and smaller size of micro-entities.

Some of the most significant differences between FRS 105 and FRS 102 are:

- Micro-entities are only required to prepare a balance sheet and profit and loss account and not any of the other primary statements required for larger companies.
- No assets can be measured at fair value or a revalued amount.
- No deferred tax or equity-settled share-based payments are recognised
- All of the accounting policy choices set out in FRS 102 are removed.
- Micro-entities’ accounts are only required to provide very limited disclosures and are presumed to give a true and fair view by doing so.

Eligibility Criteria

Different criteria apply in the UK and the Republic of Ireland as set out below:

United Kingdom

FRS 105 may be applied by companies that satisfy at least two of the following three requirements in relation to a financial year:

- Turnover: Not more than £632,000 (pro-rated appropriately where a company’s year is shorter or longer than a calendar year);
- Balance sheet total (i.e. gross assets): Not more than £316,000; and
- Average number of employees: Not more than 10.

A company must meet at least two of these limits in two consecutive years to qualify as a micro-entity and, once qualified, must exceed at least two of these limits for two consecutive years to cease to qualify.

Certain types of company, such as charitable companies and parent companies that are required or choose to prepare consolidated financial statements, are excluded from the micro-entity regime and therefore cannot apply FRS 105.

A subsidiary of an FRS 102 Parent Company may not use FRS 105.

Effective Date

FRS 105 is effective for periods beginning on or after 1 January 2016. Early adoption is permitted.
Republic of Ireland
The size thresholds are the maximum amounts provided for under Directive 2013/34/EU. A micro company must satisfy 2 out of 3 conditions:-
- The amount of turnover of the company does not exceed €700,000
- The balance sheet total does not exceed €350,000
- The average number of employees of the company does not exceed 10

A company must meet at least two of these limits in two consecutive years to qualify as a micro-entity and, once qualified, must exceed at least two of these limits for two consecutive years to cease to qualify.

Certain types of company, such as charitable companies and parent companies that are required or choose to prepare consolidated financial statements, are excluded from the micro-entity regime and therefore cannot apply FRS 105.

A subsidiary of an FRS 102 Parent Company may not use FRS 105.

Effective Date

The Companies (Accounting) Act 2017 applies to financial years commencing on or after 1 January 2017, but it allows qualifying companies to adopt the new accounting provisions for financial years commencing on or after 1 January 2015.
**iXBRL Tagging**

Since Master Pack 4.00, the FRS 105 pack has been enhanced for iXBRL tagging and once the accounts are loaded into CCH Review & Tag, you should not need to apply any additional manual tagging.

Please note that if you choose not to file the Directors’ Report at Companies House, when using CCH Review & Tag a validation error will be displayed. Simple steps to resolving this are:

*Missing mandatory tag Description of Principal Activities*:

1. Double click the error message to open the Taxonomy panel
2. Untick “minimum tagging list” to reveal the specific tag you need to apply
3. Click the Other Data option in the Ribbon to display the Other Data panel
4. Left click and drag the tag from the Taxonomy panel onto the Other Data panel, and drop the tag to add a row to the grid
5. Fill in the Value as required

**Republic of Ireland**

Tagging in Ireland for FRS 105 is not supported.

**Tax Link**

This pack contains the link to share balances with CCH Corporation Tax, via the Tax Link screen.
Creating an FRS 105 accounting period

There are 4 ways to create an FRS 105 accounting period;

- Create a new client in CCH Central.
- Add an accounting period to an existing Client.
- Convert an existing UK GAAP period to FRS 105 during the year end process.
- Convert an existing FRS 102 period to FRS 105 during the year end process.

Create new client in CCH Central

When setting up an FRS 105 Client, in the Create Client Wizard Main Details tab, the **Contact Type** is **Limited**.

In the Accounts tab, the options to choose are under **Type**, select **Company** and under **Entity** please select **Limited (FRS 105)**.

Create FRS 105 accounting period for an existing client

Open the Client and select the Accounts Production tab, click in the grid to create a new accounting period:

Type: select "Company".
Entity: select "Limited (FRS 105)".
Set other fields as required and click OK.
Double click the accounting period row on the grid to load the accounts production screen.

Convert an existing UK GAAP or IE GAAP job to FRS 105
If you have an existing accounting period using the UK GAAP or IE GAAP limited company master pack, during the year end process you can convert this to use the FRS 105 master pack.

- In step 1 Select the option to “Adopt FRS 102/105/IFRS now”.
- In step 2 Select the row for FRS 105:
  - In step 3 verify the nominal code mapping and make any adjustments necessary.
- Click Finish.

The new accounting period created will use FRS 105.

You can convert any existing job to FRS 105, the job does not have to have “Micro-entity” selected already.

You will need to ensure the job is eligible to apply FRS 105 (see criteria on page 2).

You have the ability to convert from FRS 105 to FRS 102 and vice versa, for occasions when the company moves above/below the micro thresholds.
Transition adjustments on the first application of FRS 105

There may (rarely) be transitional changes when moving to FRS 105.

The transition date will normally be the opening day of the prior year.

The effects of the changes do not need to be disclosed in the financial statements or the notes and there is no reconciliation to the previous balances. The financial statements are produced as if the new accounting basis had always applied.

Where transition adjustments are required, the user should do this by entering ordinary journals as required in the current, comparative and pre-comparative periods to restate:

- the closing balances of the pre-comparative period;
- the opening balances of the comparative;
- the closing balances of the comparative;
- the opening balances of the current year.

Note that there may be tax restatements arising from the changes, and the tax computations will need to be revisited.
Features of the FRS 105 Master Pack

This FRS 105 master pack is largely based on the standard FRS 102 limited company pack providing users with the same look and feel and familiarity. The structure of the chart of accounts, statutory database and formats are similar.

If you have not read the standard FRS 102 Limited user guide, we recommend you read this and use it in conjunction with this specialist master pack guide.

Nominal Ledger

The nominal ledger structure used for FRS 105 differs from that used for IE GAAP or UK GAAP Micro-entities. The nominal ledger for FRS 105 is based on the 4 digit FRS 102 chart of accounts.

Nominal Ledger Coding Structure

The nominal ledger coding structure adopted in these formats has been designed to cater for the requirements of FRS 105.

The nominal chart has the following key identifiers:

- Code ranges that group similar items together
- Descriptions that enable the user to understand the posting
- Category information which identifies where a posting will end up in the financial statements

The nominal chart is searchable both by browsing through codes and by entering text, and displays the 3 identifiers above, in data entry and information screens. Therefore, the entry of information is normally straightforward.
Statutory Database

The statutory database has been simplified for the FRS 105 Master Pack:

UK Version

Within the General parent node, the following information is shown:

- General Information
  - Employees – This field is used as part of the size calculation but also used to disclosure average employees as a note as an optional disclosure (#cd999567) under MP 10.00. This is to become a legislative disclosure once FRED 67 is passed which we expect to happen sometime in December 2017.
  - Size and audit – The node is a guide to give an indication of the size of the data. This node is for information purposes only, it will not affect any of the data settings or selections.
Client Preferences:

- Submitting these accounts via iXBRL? – Additional information field for electronic filing at HMRC
- Companies Limited by Guarantee (CLGs) – Option to tailor the client to become a CLG and use the appropriate terminology etc.
- Single shareholder? – Option to tailor accounts and refer to member/shareholder where appropriate.
- Exempt from Audit? – Option to trigger an audit for the client if required.
- Alternative Headings – This allows users to enter alternative headings for the ‘Profit and Loss Account’ and ‘Balance Sheet’
- Directors Report Options (UK Only) – This allows users to specify if they wish to include the directors’ report.

The requirement for a micro entity to prepare a directors’ report is removed for periods commencing on or after 1 January 2016 (early application permitted for periods commencing on or after 1 January 2015).

The directors’ report of a micro entity is not required to be filed with the Registrar.

ROI Only: This is not applicable and therefore not visible within the statutory database.

- File Profit and Loss Account and Audit Report – This allows users to specify if they wish to file these formats.

The profit and loss account and Audit Report for a micro entity are not required to be filed with the Registrar.

- File Company Information Page – This allows users to specify if they wish to include the Company Information page in the filing copy.
- File Contents Page – similar to above option, do you wish to include this page in the filing copy.
General

Within the General parent node, the following information is shown:

- General Information
  - Employees – This field is used as part of the size calculation.
  - Size and audit – The node is a guide to give an indication of the size of the data. This node is for information purposes only, it will not affect any of the data settings or selections.

- Client Preferences:
  - Notes Included before Signature – Option to show notes before/after signature.
  - Late Filing Annual Return – Prompt to remind users they need to perform an audit if late filing the annual return
  - Companies Limited by Guarantee (CLGs) – Option to tailor the client to become a CLG and use the appropriate terminology etc.
  - Single shareholder? – Option to tailor accounts and refer to member/shareholder where appropriate.
  - Exempt from Audit? – Option to trigger an audit for the client if required. Or required if late filing annual return.
  - Alternative Headings – This allows users to enter alternative headings for the ‘Profit and Loss Account’ and ‘Balance Sheet’
- File Profit and Loss Account – This allows users to specify if they wish to file the Profit and Loss Account.

_The profit and loss account for a micro entity is not required to be filed with the Registrar._

- File Company Information Page – This allows users to specify if they wish to include the Company Information page in the filing copy.

- File Contents Page – similar to above option, do you wish to include this page in the filing copy.
Directors’ Report (UK Only)

Within the Directors’ Report parent node, there is minimal disclosure required. Additional potential disclosures required within the directors’ report include:

- Policies on disabled employees (where average number of employees exceeds 250)
- Political donations and expenditure (where donations/expenditure exceed £2,000)
- Third party indemnity provisions.

ROI Only: A director’s report is not required in the accounts, and therefore this section cannot be seen within the Statutory Database.

Accountants Report

As per FRS 102.

Auditors Report 2016

We only support the Audit Report 2016 Regulations in this pack. This option has been added primarily for our Republic of Ireland users, as under ROI legislation they are required to perform an audit for two years if they are late filing the company’s annual return.

Although an audit on FRS 105 will be considered extremely rare for our UK users, there are some scenarios where either the members of the company request an audit or legislation permits this option.

Balance Sheet

Within the Balance Sheet parent node the following information is shown:

- Prior Period Errors – This allows users to specify if prior period adjustments were made and if so it will trigger the message ‘as restated’ above the prior period figures.
- Company information paragraph
- Audit Exemption statement
- Audit Exemption Dormant statement
- Directors’ Responsibilities statement
- Small Companies Abridged statement (ROI Only)
- Preparation statement

Accounting Policies (ROI Only)

As per FRS 102.

Notes to the Financial Statements (UK Only)

Within the Notes to the Financial Statements parent node, the following information is shown:

- Directors’ Benefits: Advances, Credits and Guarantees
Guarantees and Other Financial Commitments

Other Notes

The notes to the accounts are required to be included at the foot of the balance sheet. Information required is information on directors’ benefits: advances, credit and guarantee requirements for the Companies Act 2006 s. 413 and information on guarantees and other financial commitments as outlined in paragraph 57 of Part 3 of Schedule 1 to SI 2008/409.

Where the accounts contain an item of information additional to the micro entity minimum accounting items, regard must be had to any provision of an accounting standard which relates to that item.

Notes to the Financial Statements (ROI Only)

Within the Notes to the Financial Statements parent node, the following information is shown:

- Departure from Accounting Principles
- Prior Year Adjustment
- Directors’ Benefits: Advances/Loans, Credits and Guarantees
- Guarantees, Contingencies and Other Financial Commitments
- Goodwill Amortisation
- Impairment of Financial Assets, Tangible, Intangible Fixed Assets
- Holding of Own Shares/Holding Company Shares
- Movement on Profit and Loss Reserve
- Other Notes

The Companies (Accounting) Act 2017 is more specific about the information required for guarantees and commitments, and this is therefore split out in the notes:

- Secured Creditors
- Other Charges on Assets
- Guarantees and Other Financial Commitments
- Retirement Benefits Commitments
- Amounts Relating to Group Companies
- Capital Commitments

Disclosure guidance notes related to the above are included in the statutory database, with extracts from the relevant regulations.

The notes to the accounts are required to be included at the foot of the balance sheet. Where the accounts contain an item of information additional to the micro entity minimum accounting items, regard must be had to any provision of an accounting standard which relates to that item.
**Signing Dates**

As per FRS 102.

**Lead Schedules**

Incorporated within FRS 105 is the ability to produce lead schedules as per FRS 102.
Financial Statements

Notes are included below only where the formats are significantly different from those found in standard limited financial statements.

"Accounts" vs "Financial statements": The default description used in this pack is "financial statements" and this has been used in the formats. However, the wording can be changed throughout by changing the default for "aw3" in the system "Maintenance" menu, within "Word items".

The ‘Full’ micro entity accounts for members can be filed with the Registrar. As with small companies there is an option to exclude the Directors’ Report and/or Profit and Loss Account from the filed accounts. This may be referred to as the ‘filing copy’ and can be obtained in AP by selecting ‘Filing Copy’ within the Print Selection drop down on the Financial Statements screen:

Note that the accounts produced will not contain any reference to ‘Abbreviated’.

Profit and Loss Account

The Profit and Loss account follows a similar layout to the Profit and Loss format 2 and has been simplified by grouping amounts and omitting subtotals.

Balance Sheet

The FRS 105 master pack uses the ‘format 1’ Balance Sheet presentation. The ‘net assets’ line is not technically included within the company law formats, however, has been inserted for clarity. As previously stated the notes to the accounts are required to be included at the foot of the Balance Sheet.
Management Collection

A new Detailed Profit and Loss format, based on the micro entity layout, and the Exception Report have been included in the management collection. The standard Detailed Profit and Loss format and analysis reports are still present in the management collection.

Lead Schedules

A set of Lead Schedule formats have been included in the lead schedule collection.
Appendix A – Farm FRS 105 Companies

Master Pack 5.00 and above includes support for Farm FRS 105 limited companies. Farm accounts can be produced using the additional features within the normal FRS105 Limited master pack. (Farms are no longer a separate entity like they were under old ukgaap).

The Farm option is available by default within the FRS105 pack, if you wish to hide it (to prevent accidental usage for example), you may do so by setting the Configuration Key shown below to a value of 0;

  AccountsShowLimitedFarmFRS105Entity

The focus of this release is to provide compliant FRS 105 farm statutory accounts. CCH Accounts Production does not yet have the functionality to produce detailed farm specific management accounts. This is something we are looking to support in a future release.

Conversion

Existing UK Limited Farm jobs (old ukgaap) can adopt the new FRS 105 master pack. This can be done during the Year End process, and will convert the Trial Balance and the relevant entries from the Statutory Database, to minimise the amount of re-keying required to process the first FRS 105 Farm set of accounts.

Prerequisites

The Farm FRS 105 master pack is only available to sites running AP 2016.3 Service Pack 2 or above and those using master pack 5.00 or later.

Limitations

The following items are not yet supported;

- Management Accounts such as harvest accounts
- Detailed Profit & Loss
- Formatted Trial Balance
- In a future release the ability to convert from farm FRS 102 to farm FRS 105 and vice versa will be provided, for occasions when the company moves above/below the micro thresholds.
Create new farm client in CCH Central

When setting up a Farm FRS 105 Client, in the Create Client Wizard Main Details tab, the Contact Type is Limited, same as standard limited company.

In the Accounts tab, the options to choose are under Type, select Company and under Entity please select Limited (FRS 105) and under Chart select Limited Farm (FRS 105).

Note: There is a pop up warning message circled in red below to remind users to choose the farm chart of accounts.
Create FRS 105 farm accounting period for an existing client

Open the Client and select the Accounts Production tab, click in the grid to create a new accounting period:

- **Type**: select "Company".
- **Entity**: select "Limited (FRS 105)".
- **Chart**: select "Limited Farm (FRS 105)" (Note: tooltip message appears to remind user to choose the farm chart).

Set other fields as required and click OK.

Double click the accounting period row on the grid to load the accounts production screen.

Convert an existing UK GAAP Farm job to Farm FRS 105

If you have an existing accounting period using the UK GAAP limited farm company master pack, during the year end process you can convert this to use the FRS 105 master pack.

- In step 1 Select the option to “Adopt FRS 102/105/IFRS now”.
- In step 2 Select the row for FRS 105:

  ![Step 2 of 4 Entity Conversion Mapping]

In step 3 verify the nominal code mapping and make any adjustments necessary.

- Click Finish.

The new accounting period created will use FRS 105.
Additional features for farm clients

Farm specific requirements have been incorporated within the existing FRS 105 standard limited pack to enable the production of compliant FRS 105 Limited Farm accounts.

By selecting the farm chart of accounts on accounting period creation you are activating a hidden flag called #farm1, we use this flag in various places to trigger rows, formats or statutory database items to appearing if the Client is a farm.

Nominal Ledger

The chart of accounts for Farms FRS 105 is completely new and does not resemble the old UK GAAP 3 or 4 digit Farm charts. It has been based on the existing limited FRS 105 Chart of Accounts but it has been substantially revised to incorporate the disclosures required for farming.

Broadly speaking we have made use of sub-codes to enhance the chart to provide the detail required for recording farm specific transactions. The main changes have been applied to the following sections:

- Revenue (0010 to 0499)
- Cost of sales (0500 to 0499)
- Biological assets (FRS 105 6650 to 6669/FRS 102 6650 to 6679)
- Stocks/Inventories (7000 to 7099)

For example Revenue has been divided into groupings with sub-coded further analysis:

- Revenue - sales of livestock (main code 0010)
  - Livestock – Dairy (subcode – 01)
  - Livestock – Beef (subcode – 02)
  - Livestock – Sheep (subcode – 03)
  - Etc
- Revenue - agricultural harvested produce (main code 0015)
  - Milk (subcode – 01)
  - Etc
- Revenue - arable (main code 0020)
  - Wheat (subcode – 01)
  - Etc
- Revenue – food crops (main code 0030)
  - Potatoes
  - Etc
- Revenue – feed crops (main code 0040)
To review the new Farm chart of accounts in more detail you may prefer to export to Excel. Once you have created a Farm FRS 105 accounting period, navigate to Chart of Accounts and click on the Export to Excel option.

---

Note: No chart design can be perfect for all possible farm businesses. In some cases you may find it more efficient to amend the default Farm chart descriptions to provide a better fit for your individual clients.

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**Nominal Mappings**

For those users converting existing accounting periods from UK GAAP “UK Limited Farm” to FRS105 farms, a nominal mapping has been provided. This minimises the need to re-key any Trial Balance data.

A copy of this nominal mapping may be viewed from the Maintenance menu within CCH Accounts Production. Navigate to Maintenance > Accounts > Import/Export Definition then choose Nominal Mappings. Then perform the following steps:

1. Select - Entity Limited (FRS105)
2. Select - Chart – Limited Farm (FRS105)
3. Select - Edit System Mapping file (radio button at top of screen)
4. Mapping name – click in drop down menu and choose 3 digit/4 digit chart
5. Click on Export.

If needed, the default nominal mapping can be amended. You may wish to do this if it makes converting existing farm jobs more efficient.
**Rounding Account**

As we have new farm chart of accounts and the main revenue accounts have been sub-coded, this could have an impact on the profit and loss account in terms of rounding.

The default rounding account for our Farm chart has been changed to:

001001 – Revenue – sales of livestock - Livestock Dairy

---

**Important**

We strongly recommend you change this rounding account to another more appropriate “Revenue” account, if the farm’s main business is not dairy farming.

This is typically the nominal account where you post your main source of income, but you may decide to write off any differences on profit and loss rounding to say sundry expenses e.g. 3890.

To change the P&L Rounding Account:

1. select Chart of Accounts
2. select Rounding and Suspense
3. select P&L Rounding Account

Change the nominal code by typing the account code or using the dropdown selection.

---

**Warning**

Take care NOT to change the P&L Close Off account, as this is the account where all the profit and loss nominal accounts close off to at year end. This should remain as 9900 Retained Profit for most users and should only be changed if you have a completely bespoke chart of accounts that you have created yourself.
Quantities

As mentioned in the beginning of this appendix, this initial master pack for farms does not support detailed management information. It is our intention to provide more comprehensive analysis in a future release and we will look to enhance the product with some statutory database grids to support recording of top level quantity/yield information.

It is possible to record quantity balances as part of the journal entry process in CCH Accounts Production. The quantity data can then be viewed in the trial balance screen, on reports and presented on the face of formats if required. However our standard formats do not contain the formula to present this information, the user would be required to edit the format and add the commands as shown below:

=APQTY("a,001001")

This will display the current accounting period quantity balance for nominal code 001001 Revenue-Livestock - Dairy.

=APQTY("[a,*TOTREV]")

This will display the current accounting period quantity balance for name range TOTREV.

=APQTYCODE("[TOTREV],S,a,-1,0,ab")

This will display a list of all the current year quantity balances for nominal codes within name range TOTREV, which have activity in the current or comparative periods. By deleting the "S" parameter, individual sub code balances will be combined into their parent nominal code.

Quantity data is also available from a Saved Trial Balance, using the above commands but substituting the period reference “a” for the specific User Defined Reference (g to z) assigned to the Saved Trial Balance.

For more detail on Support for “Quantity data” please see item 57234 in the 2014.1 release notes.

Statutory Database

As FRS 105 has no requirement for notes, there are no farm changes required for this pack.
We will enhance this area in future pack to enable more detailed management information.

Formats

The full accounts format collection is not new or unique to farms, it is the same collection used for FRS 105 Limited entities. There are no specific farm disclosures required for FRS 105 to be compliant for farms.
There are new biological asset lead schedules in this release, together with support schedules.
Appendix B – Audit reporting for FRS 105

This option has been primarily added for our Republic of Ireland customers, but it can be used by all if required.

Similar to FRS 102, in order to trigger the audit option the user must select Exempt for Audit (\#cd22) **Non-exempt – Audit Report**. Alternatively you can type \#cd22 in the Statutory Database Search field and select this option.

<table>
<thead>
<tr>
<th>Statutory Database</th>
<th>Note Details</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>In the company exempt from the requirement to have an Audit?</td>
</tr>
<tr>
<td></td>
<td>- Non Exempt - Audit Report</td>
</tr>
<tr>
<td></td>
<td>- Fully Exempt - Exclude Accountants Report from financial statements</td>
</tr>
<tr>
<td></td>
<td>- Fully Exempt - Accountants Report</td>
</tr>
</tbody>
</table>

**Note:** By default on client creation an FRS 105 client will default to Accountants Report

**Republic or Ireland users**

If your country of registration is Republic or Ireland, Ireland or Eire a “Late Filing Annual Return” (\#cd195) question is shown under Client Preferences.

If you are late filing the Annual return you are required to perform an Audit for the next 2 years. Users MUST select **Non-Exempt Audit** (as shown above) or else a Warning will be shown in the Home page Errors and Exceptions.
Filing options

UK customers affected by audit

Under UK legislation if the profit and loss account is not filed at Companies House, then an Audit Report does not need to be filed. If you select No to the File P&L and Audit Report? (#micro2), then a note on the balance sheet regarding the audit information and opinion must be disclosed.

ROI customers

ROI users have an Abridged Audit Report, with separate fields in the Statutory Database similar to the FRS 102 ROI Abridged Audit Report.
Appendix C – Companies limited by guarantee (CLGs)

Introduction

A Company Limited by Guarantee (CLG) is a private company that does not have shareholders or share capital. It has members, called guarantors. The guarantors give an undertaking to contribute a nominal amount (typically very small) towards the winding up of the company in the event of a shortfall upon cessation of business. It cannot distribute its profits and these are generally reinvested back into the company. Because of this CLGs may apply for charitable status.

Common uses of guarantee companies include clubs, membership organisations, including student unions, sports associations, workers’ co-operatives, other social enterprises, non-governmental organisations (NGOs), charities and property management companies.

Key Points

The key differences between a Company Limited by Guarantee and a normal Limited Company are as follows:

- Most companies that are guaranteed do not trade for profit; therefore you refer to the Income and Expenditure Account rather than Profit and Loss Account.
- Terms such as surplus/deficit are used rather than profit or loss.
- No share capital will appear on the Balance Sheet or within the notes.
- Since the company has no shareholders, the reconciliation of movements in shareholders’ funds is not required.
- A Members’ liability note is disclosed.
- CLG’s are both applicable to the UK and Republic of Ireland.
- The application does not support CLG’s for Charities.

Statutory Database

Implementing Companies Limited by Guarantee

To implement CLGs, within the statutory database access, there is an option to select whether the accounting period is a company limited by guarantee (CLG).

To implement CLGs (Statutory Database Item #clg1), within the statutory database access;

General>Client Preferences>Companies Limited by Guarantee (CLGs):
We have updated the Contents, Profit and Loss and Balance sheet formats to refer to CLG terminology i.e. ‘Income and Expenditure’ rather than Profit and loss and ‘Reserves’ rather than Capital and Reserves.

In addition we have edited various paragraphs to refer to Income and Expenditure, Companies Limited by Guarantee and used new statutory database items #profit and #loss to automatically refer to surplus and deficit rather than profit and loss.

Additional disclosures for Republic of Ireland

Republic of Ireland users have to produce notes to their FRS 105 accounts, so we have implemented some changes to support CLG, mostly wording changes to accounting policies.

Conversion of existing CLG jobs in CCH Accounts Production (VAP)

Sites in Ireland may already have CLG jobs set up in VAP. These may be converted into CCH Accounts Production in the normal way, but after converting you must remember to go into the Statutory Database and re-select the CLG option, as described above.

Note: CLG will be visible to all users for FRS 105. However for FSR 102 this option is separately licensed and if you wish to use it you should ensure your current license agreement permits you to use them. If you are unsure, or if you have not purchased these master packs, please contact your Account Manager prior to using them. If you create an accounting period using a master pack for which you are not licensed, a message similar to that shown below will be displayed:

![Error message](image.png)