Assurance

Simplifying complexity for our clients

EY Ireland

Financial reporting update

January 2020

EY

Building a better working world

Contents

Foreword

At EY, we strive to simplify complex accounting and reporting requirements for our clients. With that in mind, this publication brings together the significant changes in accounting standards, legal and regulatory requirements, as well as key enablers, to help you respond to the changing landscape.

In this edition, we discuss recent IFRS updates including, among other things:

- Emerging IFRS matters relevant to 2019 year-end;
- Regulatory findings on selected financial reporting issues;
- The finalisation of Phase 1 of IBOR Reform;
- The IFRS Interpretations Committee (IFRS IC) agenda decision in June 2019 on cryptocurrencies;
- New EY Good Group illustrative financial statements for 31 December 2019 year ends.

From an Irish GAAP perspective, we also provide some reminders on the key amendments to FRS 102 arising from the FRC's December 2017 Triennial Review, which are effective for accounting periods beginning on or after 1 January 2019.

If you have any questions, or would like to discuss how your company is impacted by any of the topics in this publication, please get in touch with your EY contact, who will be supported by the individuals below.

George Deegan
Partner, Assurance, EY Ireland
+353 1 221 2635
george.deegan@ie.ey.com

Derarca Dennis
Partner, Financial Accounting Advisory Services, EY Ireland
+353 1 221 1675
derarca.dennis@ie.ey.com

Mark Kelly
Director, Financial Reporting Group, EY Ireland
+353 1 221 2761
mark.kelly@ie.ey.com

Afeez Awowole
Senior Manager, Financial Reporting Group, EY Ireland
+353 1 221 2450
afeez.awowole@ie.ey.com

Section 1: International Financial Reporting Standards (IFRS)

Emerging IFRS matters relevant to 2019 year-end

This section highlights accounting matters that are particularly relevant to the 2019 year-end financial statements. For further information on new and amended standards, and recent IFRS Interpretations Committee (IFRS IC) decisions, refer to our **IFRS Update (September 2019)**.

IAASA and the FRC have also highlighted their specific focus on the application of new standards (see section 3). As a result, entities may continue to receive questions or comments from regulators related to the application of IFRS 9 *Financial instruments*, IFRS 15 *Revenue from Contracts with Customers,* and on the first-time application of IFRS 16 *Leases* in their 2019 financial statements.

Reporting entities should also be mindful of political and economic uncertainties that exist and how these may impact financial reporting.

Leases

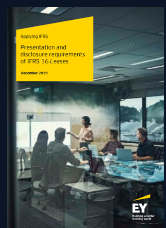
IFRS 16 *Leases* came into effect for annual periods beginning on or after 1 January 2019 and represents a significant change for lessees. IFRS 16 requires lessees to recognise assets and liabilities for most leases. Lessees will now apply a single accounting model for all leases, with certain exemptions. Lessor accounting is substantially unchanged from the accounting under IAS 17 *Leases*.

IFRS 16's transition provisions permit lessees to use either a full retrospective or a modified retrospective approach for leases existing at the date of initial application of the standard, with options to use certain transition reliefs. Entities will need to disclose the new accounting policies required by IFRS 16, in addition to other specific disclosures on initial application to help users understand the effect of IFRS 16 compared to IAS 17 *Leases*.

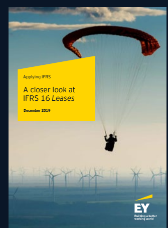
During 2019, the IFRS IC discussed several issues related to IFRS 16. In March 2019, the IFRS IC issued an agenda decision on liabilities in relation to a joint operator's interest in a joint operation, clarifying that the liabilities a joint operator recognises include those for which it has primary responsibility. This may have a significant impact on the way a lead operator in a joint operation recognises lease liabilities. The agenda decision is further discussed in our publication.; **Applying IFRS: Accounting for leases relating to a joint operation.**

The IFRS IC also issued agenda decisions on the identification of a lease in a contract granting subsurface rights (June 2019), lessee's incremental borrowing rate (September 2019). Reporting entities may need to consider whether these decisions are relevant to their accounting for leases. Further information on these agenda decisions can be found in our **IFRS Update (June 2019)** and **IFRS Update (September 2019)** publications. The IFRS IC is expected to discuss several issues on or related to IFRS 16 in future meetings, which could impact lease accounting.

Further information on IFRS 16 can be found in these EY publications:



Applying IFRS: Presentation and disclosure requirements of IFRS 16 Leases



Applying IFRS: A closer look at IFRS 16 Leases

Applying IFRS: Impairment considerations when applying the new leasing standard (IFRS 16)

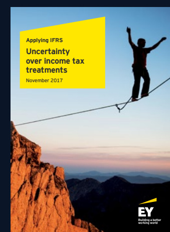
Lease term and useful life of leasehold improvements

Subsurface rights (IFRS 16 – Leases)

Uncertain tax positions

IFRIC Interpretation 23 *Uncertainty over Income Tax Treatments* came into effect for annual periods beginning on or after 1 January 2019. Applying the interpretation could be challenging for some entities, particularly those that operate in more complex multinational tax environments.

Further information on IFRIC 23 can be found in our publication:



Applying IFRS: Uncertainty over income tax treatments

Revenue

While entities adopted IFRS 15 *Revenue* in their 2018 financial statements, IFRS 15 continues to be an area of focus for regulators, especially disclosure of the significant assumptions and judgments taken by entities in applying the standard. Refer to section 3 of this publication for relevant regulatory observations.

Over the course of 2019, the IFRS IC issued agenda decisions related to the interaction between IFRS 15 and other standards, including IAS 23 *Borrowing Costs* and IFRS 11 *Joint Arrangements*, and distinguishing between promises an entity makes to a customer and the activities it performs at or near contract inception. An agenda decision was also made with respect to compensation for delays or cancellations, and a tentative agenda decision for training costs to fulfil a contract.

Entities adopting IFRS 16 may also need to be aware of certain of the requirements in IFRS 15 that apply to lease contracts – for example, allocating consideration between lease and non-lease components.

Given the continued regulatory focus on the ongoing application of new IFRS requirements (see section 3), in the second year of application for IFRS 15, entities have an opportunity to consider improvements to their IFRS 15 disclosures in the financial statements, which will no longer include detailed transition disclosures. As opposed to one year ago, entities may benefit from being able to observe developing industry practices and, which again may inform an entity's own disclosure practices.

Further information on IFRS 15 can be found in these EY publications:

Applying IFRS: A closer look at IFRS 15, the revenue recognition standard

Applying IFRS: Presentation and disclosure requirements of IFRS 15

Survey of 2018 revenue disclosures

Financial Instruments

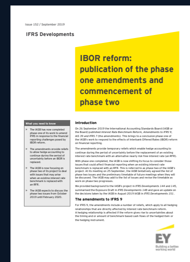
IFRS 9 *Financial Instruments* was effective for annual periods beginning on or after 1 January 2018. As entities refine their processes and policies under IFRS 9, accounting estimates or policies may have to be changed. Should this occur, entities will need to prepare appropriate disclosures about the nature and effect of such changes.

In October 2017, the International Accounting Standards Board (IASB) issued *Prepayment Features with Negative Compensation - Amendments to IFRS 9*. This amendment relates to the SPPI test for prepayable debt instruments, mostly mortgage loan assets held by banks, and is effective for annual periods beginning on or after 1 January 2019. Refer to **IFRS Update (September 2019)** for further details.

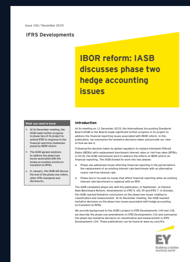
In September 2019, the IASB issued amendments to IFRS 9, IAS 39 and IFRS 7, which concludes phase one of its work to respond to the effects of Interbank Offered Rates (IBOR) reform on financial reporting. The amendments (effective for annual periods beginning on or after 1 January 2020, and expected to be EU-endorsed in January 2020) provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate. Phase two discussions by the IASB on IBOR and its effect on financial reporting are ongoing.

Further information on the IBOR reforms can be found in these EY publications:

IBOR reform: IASB discusses phase two classification and measurement issues



IBOR reform: publication of the phase 1 amendments and commencement of phase 2



IBOR reform: IASB discusses phase two hedge accounting issues

Other new standard setting requirements

In addition to the changes highlighted above, there are additional amendments to IFRS which are applicable to accounting periods beginning on or after 1 January 2019. These are:

- *Long-term Interests in Associates and Joint Ventures* - Amendments to IAS 28
- *Plan Amendment, Curtailment or Settlement* - Amendments to IAS 19
- AIP* IFRS 3 *Previously held Interests in a joint operation*
- AIP* IFRS 11 *Previously held Interests in a joint operation*
- AIP* IAS 12 *Income tax consequences of payments on financial instruments classified as equity*
- AIP* IAS 23 *Borrowing costs eligible for capitalization*

Details of all the amendments are contained in our **IFRS Update (September 2019).**

Brexit

Depending on the eventual nature of the UK's exit from the EU, a company's ability to conduct business on prevailing terms may be disrupted. Consequently, reporting entities are expected to evaluate the likely impacts of Brexit, including financial implications, and disclose the related risks and uncertainties in their annual reports as required by Regulation 5(4)(c)(ii) of the Transparency Regulations and section 327 (b) of the Companies Act 2014.

A decision after the reporting period clarifying whether the UK will exit with a deal is likely to be a non-adjusting event because it reflects new information after the reporting date. Entities will need to consider the specific guidance in relevant standards, for example IAS 12 and IAS 36 contain guidance on the revision of estimates. The going concern assessment, however, will always need to reflect subsequent events and information.

**AIP: Annual IFRS Improvements Process*

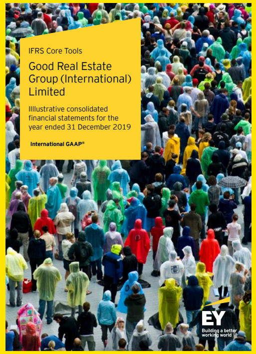
EY IFRS illustrative financial statements

EY publishes a series of illustrative financial statements to assist reporting entities in the preparation of their own financial statements. The illustrative financial statements are intended to reflect transactions, events and circumstances that we consider to be most common for a broad range of companies across a wide variety of industries. Certain disclosures are included in these financial statements merely for illustrative purposes, even though they may be regarded as items or transactions that are not material for Good Group; a fictitious, large publicly listed manufacturing company.

Commentaries are also provided to explain the basis for the disclosure or to address alternative disclosures not included in the illustrative financial statements. For a more comprehensive list of disclosure requirements, do refer to **EY's Online International GAAP® Disclosure Checklist.**

Good Group illustrative financial statements (December 2019)

Good Bank (International) Limited (December 2019)



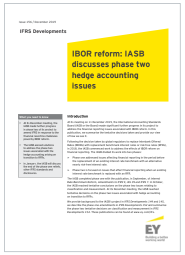
Good Real Estate Illustrative Financial Statements 2019

Supplement to Good Group (International) Limited 2019 - Agriculture

Other publications from EY's series IFRS Developments

The EY publications listed below discuss other IFRS developments based on recent IFRS IC agenda decisions and other IASB projects in 2019.

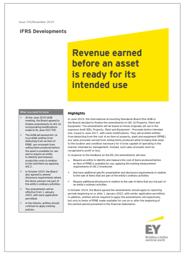
IBOR reform: IASB discusses phase two hedge accounting issues


IFRS Developments

IBOR reform: IASB discusses phase two hedge accounting issues

In December 2019, the IASB made significant further progress in its project to address the financial reporting issues associated with IBOR reform. In this publication, we summarize the tentative decisions taken and provide our view of how we see it.

Revenue earned before an asset is ready for its intended use

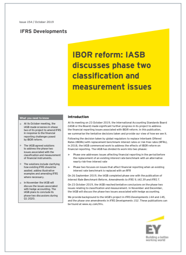

IFRS Developments

Revenue earned before an asset is ready for its intended use

During the process of bringing an asset to the location and condition necessary for it to be capable of operating in the manner intended by management, revenue may be earned by an entity. This is common in the mining and oil and gas sectors. The amendments to IAS 16 will prohibit entities from deducting from the cost of an item of property, plant and equipment (PP&E), any sales proceeds earned before the asset is ready for its intended use.

The amendments also require an entity to identify and measure the cost of items produced before an item of PP&E is available for use, applying the existing measurement requirements of IAS 2 Inventories. The amendments apply to reporting periods beginning on or after 1 January 2022, with earlier application permitted.

IBOR reform - phase two classification and measurement issues


IFRS Developments

IBOR reform: IASB discusses phase two classification and measurement issues

In October 2019, the IASB progressed phase two of its work to amend IFRS in response to the financial reporting challenges of IBOR reform. The IASB agreed a number of solutions to address issues with the classification and measurement of financial instruments. The solutions include clarifying how existing IFRS should be applied, adding illustrative examples and amending IFRS where necessary.

Presentation of liabilities or assets related to uncertain tax treatments

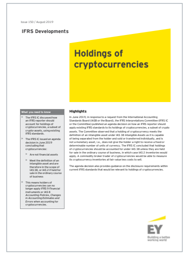

IFRS Developments

Presentation of liabilities or assets related to uncertain tax treatments

In September 2019, an IFRS IC agenda decision on presentation of liabilities or assets related to uncertain tax treatments stated that an entity must present uncertain tax liabilities as current or deferred tax liabilities, and uncertain tax assets as current or deferred tax assets.

The agenda decision does not have an effective date, but entities are entitled to 'sufficient time to implement changes in accounting policy that result from an agenda decision', which is generally interpreted as a matter of months rather than years. Refer to our publication for further information on the agenda decision.

Holdings of Cryptocurrencies


IFRS Developments

Holdings of cryptocurrencies

The IFRS IC discussed how an IFRS reporter should account for holdings of cryptocurrencies, a subset of crypto-assets, using existing IFRS standards. The IFRS IC issued an agenda decision in June 2019 concluding that cryptocurrencies:

- Are not financial assets;
- Meet the definition of an intangible asset and are therefore in the scope of IAS 38, or IAS 2 if held for sale in the ordinary course of business;

This means holders of cryptocurrencies can no longer apply IFRS 9 *Financial Instruments* or IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* when accounting for cryptocurrencies.

Sale of output by a joint operator


IFRS Developments

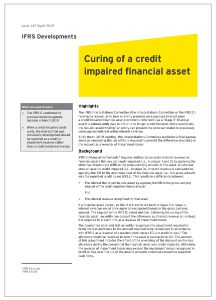
Sale of output by a joint operator

In March 2019, the IFRS IC issued an agenda decision concluding that, in the fact pattern described, the joint operator recognises revenue only to the extent that it depicts the transfer of output to its customers in each reporting period (i.e., revenue recognised applying IFRS 15).

This means the joint operator only recognises revenue for the output that it has sold to the customer, regardless of what output the joint operator is entitled to.

The Committee concluded that the principles and requirements in International Financial Reporting Standards (IFRS) provide an adequate basis for a joint operator to determine its revenue from the sale of output from a joint operation as described in the request. Consequently, the Committee decided not to add this matter to its standard-setting agenda.

Curing of a credit impaired financial asset


IFRS Developments

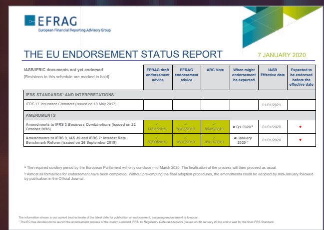
Curing of a credit impaired financial asset

The IFRS IC published a final agenda decision confirming that reversals of impairment losses related to previously unrecognised interest on credit-impaired financial assets must be presented as reversals of impairment.

Latest European Financial Reporting Advisory Group (EFRAG) endorsement status report

The latest EFRAG endorsement status report provides an overview of IFRS Standards and IFRS interpretations pending endorsement. It includes mention of the IASB effective date, an indication of when the various decisions, including final endorsement, are expected to be made and of whether the time-table is compatible with the IASB effective date.

The report further contains a list of all IFRS, amendments to IFRS and IFRS Interpretations endorsed in the EU, providing for each of them the date when it became effective in the EU, the date the endorsement decision was made and the date when it was published in the Official Journal of the European Union.


EFRAG

THE EU ENDORSEMENT STATUS REPORT

7 JANUARY 2020

EFRAG Endorsement Status Report (January 2020)

Section 2: Irish Generally Accepted Accounting Practice (GAAP)

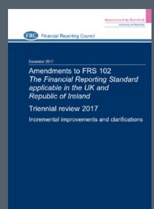
A reminder: Amendments to FRS 102

Triennial Review 2017 – Incremental improvements and clarifications

In December 2017, the Financial Reporting Council ('FRC') published Amendments to FRS 102 – Triennial Review 2017 - Incremental improvements and clarifications. The amendments are effective for accounting periods beginning on or after 1 January 2019 include various incremental improvements and clarifications arising from the 2017 Triennial Review. Note that the December 2017 amendments do not introduce major changes to IFRSs into FRS 102. Any amendments to reflect IFRS 9, IFRS 15 and IFRS 16 will be considered as part of a later phase, and will not be effective before 1 January 2022.

There are a large number of amendments to FRS 102, most being clarifications of existing practice, or wording changes without substantive effect. Some of the key changes to FRS 102 concern the following:

- Changes to the accounting for intragroup investment properties. Entities will be allowed a policy choice of measuring investment property rented to another group entity (a) within PP&E at cost, or (b) at fair value through profit or loss.
- Requiring fewer intangible assets to be recognised from goodwill in a business combination. Currently, intangible assets are recognised in a business combination if they (a) meet the recognition criteria and either (b) arise from contractual or legal rights, or (c) are separable. Once the amendments are effective, for all prospective business combinations, all three criteria (i.e., (a), (b) and (c)) must be met. However, an entity may, as a matter of accounting policy, still choose to separately recognise additional intangible assets based on the previous requirement.
- Introducing a narrower definition of financial institution. Fewer entities will be classed as financial institutions (and therefore no longer subject to the additional disclosures in Section 34 and be able to benefit from more disclosure exemptions under the reduced disclosure framework) by removing the reference to 'generating wealth' and 'managing risk' in the final 'catch all' paragraph of the definition of a 'financial institution'. Judgement will still be required.
- Debt instruments meeting a principles-based description will be considered 'basic financial instruments' and measured at amortised cost. This should mean more debt instruments qualify to be measured at amortised cost.
- Simplifying the accounting by small entities for directors' loans. Small entities will be permitted to initially measure loans from a person within a director's group of close family members that includes at least one shareholder in the entity at transaction price rather than fair value. Subsequently the effective interest rate for a loan accounted at transaction price is that implicit in the contract, which may be zero. This provides relief from the normal requirements which would require a loan to be recognised initially at the present value of the future payments discounted at a market rate of interest for a similar debt instrument as determined at initial recognition.

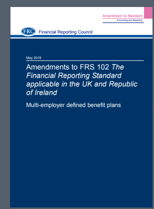


Amendments to FRS 102 –
Triennial Review 2017 –
Incremental improvements and clarifications

Narrow scope amendments to FRS 102 – Multi-employer defined benefit plans

In May 2019, the FRC issued narrow scope amendments to FRS 102 – Multi-employer defined benefit plans. These amendments are in response to an issue regarding where to present the impact of an employer's transition from defined contribution accounting to defined benefit accounting. The transition is required by FRS 102 when sufficient information about the multi-employer defined benefit plan becomes available for the employer to apply defined benefit accounting for the first time. The amendments do not affect the requirement to recognise the relevant liability (or asset) in relation to the plan.

The amendments are effective for accounting periods beginning on or after 1 January 2020.



May 2019, Amendments to FRS 102
The Financial Reporting Standard
applicable in the UK and Republic
of Ireland

Section 3: Regulatory developments and related topics

The Central Register of Beneficial Ownership

The Minister of Finance on 22 March 2019 signed into law S.I. No. 110 of 2019 - otherwise known as the European Union (Anti-Money Laundering: Beneficial Ownership of Corporate Entities) Regulations 2019 (the "2019 Regulations"), thereby transposing Directive (EU) 2018/843 (5MLD) (the "Directive") into Irish law.

The 2019 Regulations established the Central Register of Beneficial Ownership of Companies and Industrial and Provident Societies (the "Central Register" or "RBO") to be maintained by a Registrar. Relevant entities in the scope of the 2019 Regulations thus have an obligation (effective 22 June 2019) to file beneficial ownership information, including all relevant changes thereon (the 'follow up obligation'), in the Central Register. Any change to the entity's own list of beneficial owners must be notified to the RBO within 14 days of the change.

A relevant entity in existence before 22 June 2019 must have delivered to the Registrar, no later than 25 November 2019 and through an on-line portal only, the information specified in Regulation 21 (of the 2019 Regulations). Any relevant entity incorporated post 22 June 2019 shall, within 5 months of incorporation, deliver the required information to the Registrar.

Regulation 25(5) of the 2019 Regulations allows for the beneficial ownership details in the RBO to be exempt from access by designated persons and the general public where the beneficial owner is a minor. This is the only general exemption to access beneficial ownership information. Other than this, there is restricted access to some (not all) information for members of the public and designated persons, and an unrestricted access by certain prescribed government authorities.

The 2019 Regulations includes sanctions for non-compliance; a class A fine, or a fine of up to €500,000 for any such relevant entity or natural person guilty of an offence under the 2019 Regulations. In the case of an individual, the sanctions may also include imprisonment for a term not more than 12 months.

The new website for the Registry of Beneficial Ownership: **https://rbo.gov.ie/**

Smaller Listed and AIM Quoted Companies – A Practical Guide for Audit Committees on Improving Financial Reporting

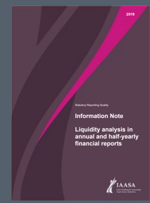
Smaller Listed and AIM Quoted Companies - A Practical Guide for Audit Committees on Improving Financial Reporting

A guide to help smaller listed and AIM quoted companies improve their financial reporting has been published by the FRC and ICAEW. 'Smaller Listed and AIM Quoted Companies – A Practical Guide for Audit Committees on Improving Financial Reporting' offers practical, cost-effective suggestions on how smaller quoted companies can improve the quality of their financial reporting. In addition, it includes suggested questions for audit committees to ask themselves and those associated with the financial reporting process, including the Board, Chief Financial Officer, finance team and external auditors. These questions are designed to encourage the smaller quoted companies to reflect on current practices and consider areas for improvement.

IAASA

Liquidity analysis

In September 2019, IAASA issued an information note titled "Liquidity analysis in annual and half-yearly financial reports", calling on companies to provide meaningful liquidity risk analyses in their financial statements. The information note seeks "to remind management and those charged with governance of the requirements in IFRS to disclose higher quality liquidity risk analysis in annual and half-yearly financial reports".



Liquidity analysis in annual and half-yearly financial reports

IAASA, in recent evaluation of compliance by issuers, found varied level of compliance with these disclosure requirements. These include "recurring errors and non-compliance linked to the liquidity analysis", the most common of which are:

- Liabilities are not presented by the earliest contractual maturity date in which the entity can be required to pay;
- Omission of selected non-derivative financial liabilities from the liquidity tables;
- Inappropriate aggregation of time bands that limits the usefulness of the liquidity analysis;
- Inconsistent time bands for financial liabilities maturities presented in the liquidity risk analysis when compared with the cash flow patterns observed in the Statement of Cash Flows;
- Material restatement of comparative amounts in liquidity analysis tables without the explanation and disclosure required by IAS 1.41 and IAS 8.49; and
- Omission of, or boilerplate description as to, how the entity manages the liquidity risks.

EY produces a number of publications notably EY's International® GAAP Book, and EY's Good Group (International) Limited which can assist preparers in ensuring that their liquidity analysis is both robust and in accordance with the requirements of IFRS.

EY International® GAAP 2020

IFRS 16

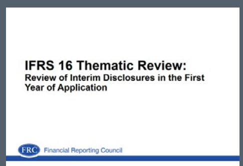
IAASA has performed a review of some of the entities that have applied IFRS 16 in their interim financial statements to assess the nature and extent of those entities' compliance with the transition and disclosure requirements of the standard. This review also includes a comparison of the actual impact of IFRS 16 as disclosed in the half-yearly financial statements with the estimated impact disclosed by the issuers in their prior year annual financial statements.

Using a sample of 20 issuers, IAASA found that all of the issuers sampled adopted IFRS 16 by applying the modified retrospective approach. This further allowed issuers to apply to the full extent permitted, the practical expedients under IFRS 16. While there is evidence of good quality disclosures, the following were identified by IAASA as areas in need of improvements:

- disclosure of key judgements applied e.g. in the determination of the lease term, the discount rate and measurement of the right-of-use assets and lease liabilities;
- disclosure of the impact of IFRS 16 on net debt and other alternative performance measures.

In addition, where the final impact reflected in the 2019 financial statements differs materially from the expected impact in the 2018 annual financial statements, entities must consider if additional disclosures explaining the differences are required.

Refer to the IAASA publication for further details of the observations.



The FRC has also published its observation from initial application of IFRS 16.

Regulatory findings on other selected financial reporting issues

Further to the IAASA separate publications on IFRS 16 and liquidity analysis, IAASA, as part of its examination in 2019 of the financial statements of certain IFRS (EU) reporters on the Euronext Dublin Main Market, published its Observations on selected financial reporting issues – years ending on or after 31 December 2019 from those reviews conducted, together with its expectations of issuers regarding their 2019 year-end financial statements.

The observations serve a purpose of guidance to management and those charged with governance in the preparation of financial statements such that they would be in full compliance with the relevant accounting pronouncements. IAASA's observation and the key considerations for reporting entities to consider therefrom, include (but are not limited to) the following:

- Application and implementation deficiencies on IFRS 9 and IFRS 15;
- Inadequate disaggregation of revenue;
- Where IFRS 8 is applied, insufficient information to enable users of financial statements to understand the relationship between the disaggregated revenue and segment revenue;
- Inappropriate use of the simplified approach by non-financial institutions for ECL determination of transactions outside the scope of IFRS 15;
- Lack of disclosure of forward-looking information and how it has been considered in the estimation of the ECL;
- Lack of disclosures on the significant judgments applied to the approximation of the residual lifetime probability of default expectations;
- Lack of transparent, entity specific disclosures of accounting policies regarding the recognition, measurement, presentation and disclosure of uncertain tax positions;
- Non-disclosure of the basis of recognition of deferred tax assets attributable to unused tax losses where the issuer has a history of (recent) trading losses;
- Lack of evidence or disclosure of impairment testing despite apparent indicators of impairment for non-financial assets;
- Failure to identify a related party where that entity's parent or subsidiary provides key management services to the issuer, and inadequate disclosure of the information required by IAS 24.18 (a) – (d);
- Lack of specified disclosures regarding movements on provision and changes on discounted amounts (attributable to passage of time and unwinding of discounts);
- Ambiguity on the judgments regarding restricted cash balances and what constitutes cash and cash equivalents, and the accounting policy applied;
- Lack of an accounting policy regarding supply chain financing (where applicable), including the basis on which the associated receivables or payables are recognised and derecognised;
- Lack of clarity as to the terms, risks and uncertainties connected with supply chain financing.

Issuers are also expected to evaluate the likely impacts of Brexit, including financial implications, on the reporting entity, and disclose the related risks and uncertainties in their annual reports. Furthermore, issuers are advised to carefully consider the applicability of the ESMA's Guidelines on Alternative Performance Measures (the "Guidelines") and related disclosures for purposes of compliance with the Guidelines.

Refer to the IAASA publication for further details of the observations. The FRC's findings on related financial reporting thematic reviews are available here.

EY | Assurance | Tax | Transactions | Advisory

About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organisation and may refer to one or more of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organisation, please visit ey.com.

111799.indd 01/20.

Produced by Creative (Ireland)

The Irish firm Ernst & Young is a member practice of Ernst & Young Global Limited. It is authorised by the Institute of Chartered Accountants in Ireland to carry on investment business in the Republic of Ireland.

Ernst & Young, Harcourt Centre, Harcourt Street, Dublin 2, Ireland.

ey.com

Contact us

If you have any questions, or would like to discuss how your company is impacted by any of the topics in this publication, please get in touch with your EY contact, who will be supported by the individuals below:

George Deegan
Partner, Assurance, EY Ireland
+353 1 221 2635
george.deegan@ie.ey.com

Derarca Dennis
Partner, Financial Accounting Advisory Services, EY Ireland
+353 1 221 1675
derarca.dennis@ie.ey.com

Mark Kelly
Director, Financial Reporting Group, EY Ireland
+353 1 221 2761
mark.kelly@ie.ey.com

Afeez Awowole
Senior Manager, Financial Reporting Group, EY Ireland
+353 1 221 2450
afeez.awowole@ie.ey.com