

Minutes of the Accountants Forum / CRO Link meeting  
Wednesday 24<sup>th</sup> February 2016  
Companies Registration Office, Parnell House.

**Present:**

**CRO:** Maureen O'Sullivan, Harry Lester, Claudine Forrest, Eileen O'Carroll, Gerry Doyle, David McFadden, Aine de Bairtiseil, Mark Donoghue (Secretary).

**Members:** John Carolan (CIMA), Dearbhla Kelly (ICSA), George Allen (ICSA), Emer Kelly (CPA), Kathryn Maybury (SFA), Andrew Lambe (CBI), Deirdre Mooney (WF-ICSA), Conor Sweeney (CCS-ICSA), Salvador Nash (KPMG), Ruari Cosgrove PWC), Ray Hunt (MCannFitzgerald), Eamonn Leahy CCAB-I)

**Apologies:** Dermot Madden (CRO), Oliver Holt (CAI), Anne Sykes (CAI).

**1. Minutes of the previous meeting.**

The Registrar welcomed the group, and introduced Ms Aine de Bairtiseil who will be joining the CRO in a couple of weeks' time in place of Harry Lester who will be leaving to return to the Department. The Registrar took this opportunity to thank Harry for the "enormous contribution" he made to the CRO with particular reference made to his part in the implementation of the Companies Act 2014. Both on Maureen's own behalf and on behalf of the Fora members she then thanked Harry for his significant contribution and wished him best wishes for the future. (*The assembled members then gave Harry a round of applause.*)

Discussion then turned to the minutes of the previous meeting and under "matters arising". CRO's Legal Advisor, David McFadden raised the issue of presenters filing the "same set" of financial statements with more than one annual return.

David said that a considerable amount of time had been spent considering this matter and, as it is clearly contrary to the provisions of the Companies Act 2014, it will be discontinued from 31<sup>st</sup> March 2016.

Gerry Doyle elaborated on the point by quoting section 347(4)(b) of the Act which states that every document annexed to an annual return shall cover the period since the end of the period covered by the financial statements annexed to the preceding annual return. Each set of financial statements that are attached to an annual return therefore has to start on the first day after the period that was covered by the financial statements filed with the last return.

Gerry reminded the group that the 2014 Act provides various methods for moving an ARD date and for aligning ARDs and financial year ends. These include the following:

- under section 346(1), a company may file early and tick the box on the Form B1 to change its ARD to the earlier date,
- under section 346(2), a company may (once in every 5 years) move its ARD date forward by up to 6 months by filing a Form B73 with an on-time Form B1,
- under section 356(5), a company that is a member of a group may file a Form B78A to align its ARD with its holding company or other subsidiaries, with no 5 year restriction,
- under section 288(4), a company may, once in every 5 years, file a Form B83 to alter its financial year end, as long as the financial year does not exceed 18 months. The 5 year rule does not apply where the company is a subsidiary or holding undertaking of another EEA undertaking.

Gerry acknowledged that there are situations where a company will have to wait five years and file a second Form B73 in order to obtain its desired ARD.

Some discussion took place about this situation but David McFadden said that this was a requirement of the Companies Act which could not be ignored.

Conor Sweeney commented that it was confusing to the “layman“ to say that it was not possible to file two annual returns in a year when this was not strictly correct. David acknowledged that there are situations where it is possible under the Act to file two annual returns in the same year and emphasised that the change now being implemented by the CRO relates to the *filing two annual returns with the same set of financial statements* which is clearly prohibited by the Act. The discussion then concluded.

## **2. Merging of Fora**

The Registrar said that this was the first meeting in which the CRO had merged the Fora and she acknowledged the views that had been expressed when this idea was first presented, explaining that in the CRO’s experience the two Fora were very similar and it was considered that it may be of value to have the views of all stakeholders raised at a single forum.

It was agreed that if there were any technical issues raised these could be addressed at the end of a meeting, and that the new format will be kept under review over time.

If it was felt that the new format was not working, it can be re-visited again and that if anyone has any comments about this matter they are invited to contact the Registrar.

## **3. Development of E-Filing**

The Registrar said that e-filing had been increasing year on year, for 2015 seventy percent (70%) of documents had been electronically filed, but that the “pool” of documents that could have been electronically filed was eighty percent (80%).

The CRO is looking at moving further forms on-line but we will have to take account of forms that are very rare as there may not be value for money in putting those on-line.

Harry Lester will be discussing a CRO project for this year which intends to add a number of other documents to the on-line offering.

As well as making more documents available we wish to make more people use those documents that are currently available and we have had a practice of having a discount or sometimes even free filing for on-line forms.

In the case of the B1 and the Annual Returns over eighty five (85%) are filed on-line but very few of the accounts are uploaded electronically.

It may be necessary to re-examine what e-filing means in a CRO context, it should perhaps cover the uploading of accounts and the electronic payment as well.

This is a matter that would have to be raised with the Department to make a decision on.

We are also considering making the filing of the B1 form mandatory, but not at the present time.

At the moment if a presenter files a B1 electronically and deals with the rest of the filing manually this is considered electronic filing, but we are considering re-defining e-filing for the purposes of qualifying for the lower filing fee of €20 (as opposed to €40) to include making an electronic payment and the subsequent electronic uploading of a PDF file. There are no plans at the moment to remove the extra 28 days where the B1 is submitted electronically.

Ruairi Cosgrove asked if there was any plan to support the implementation of I-XBRL accounts.

Harry Lester replied by saying that the CRO has been working closely with Revenue on this issue, but that their focus was currently on large companies, if this was mandated for all sizes of companies we would certainly consider this option and concluded by saying we could not justify imposing the burden of I-XBRL accounts on companies at this time.

The CRO may follow the market trend at a later time if the take up of I-XBRL accounts increases.

## **4. E-Day**

The Registrar then mentioned E-day which she reminded the group was an initiative that took place in September 2014 in which Government Agencies were tasked with encouraging people to stop using cheques and instead use electronic payment methods, as cheques are intended to be phased out.

The CRO got a derogation as we had such a large volume of cheque payments coming in, but there is an understanding that we will drastically reduce the number of cheques coming in by year end.

We do have other alternatives including customer accounts and debit and credit cards, but we need to

continue to make progress on this initiative as the amount of money coming in by electronic payment is increasing year on year.

A satisfactory take-up in terms of e-filing would take a lot of cheques out of the system, but we do wish to encourage customers to make the maximum use of the electronic methods we have.

The CRO will as part of Government policy, have to become less receptive to cheque payments.

## **5. IT Developments**

The Registrar invited Harry Lester to update the group on current IT developments and he began his update by saying that he would hand over to Claudine Forrest to deal with the IT Development projects, as it was an area in which she had been doing a lot of work.

Three projects are under consideration:

### **Digital Certs Rollout:**

Harry said we finally have a “go live” date for the Digital Certificate mortgage which issued when a C1 filing is registered and we are hoping to go live on the 4<sup>th</sup> April with this cert.

This will be followed by Digital Certificates for business name registration by the end of June 2016 which will give time for the smaller stakeholder group to get used to digital certs.

Finally, we will have digital certs for Company incorporations launched by end of September 2016.

This should provide us with two months for those certificates to “bed in” before the automated process at the end of the transition period where we will be issuing a lot of certificates of incorporation following the automated conversion and name changes at the end of November.

This would be the “go live” schedule for this development.

### **Java Script:**

The CRO is changing from the Java system we operate at present which uses an applet and Java technology to a browser based Java solution currently implemented by Revenue.

This is a more straight forward approach which we had hoped to go live with in January, but there were some teething difficulties associated with its implementation.

We have now resolved this and intend to test this extensively before rollout, and our “tentative” go live date is 4<sup>th</sup> April 2016.

This should appear seamless to users as even if they have a ROS cert stored in their hard drive it should also be in their browser if they have downloaded their certs in Revenue’s proscribed manner.

As a precaution the CRO will be putting up a “splash” page on our website ([www.cro.ie](http://www.cro.ie)) which will link you to a guidance page if you are experiencing any problems, this is due on 4<sup>th</sup> April 2016.

### **IT Development Projects 2016:**

Harry said we are looking at a number of development projects this year including e-forms, integrating the Registry of Friendly Societies into our Companies database which has a lot more functionality, extending automated reminders into our Solvency area in order to increase compliance.

Harry concluded his update, handing over to Claudine Forrest.

Claudine said we have three project’s planned which will have to be separately procured.

The first project is concerned with extending the range of electronic forms which are currently available, included will be some solvency forms, residual mortgage forms, share forms B5 and B7 and this should assist the CRO in processing these forms in a more efficient way.

The enforcement forms H1 and H15 will also be made available electronically.

It is estimated that we will go to tender at the beginning of next quarter and in tandem with that we may go to tender to upgrade our backend RFS server.

The final project we may do “in house” is to extend the procedures for Solvency.

This concluded Claudine’s update and the Registrar thanked her.

## **6. Update from the Assistant Registrars**

The Registrar then invited Gerry Doyle to update the group on any developments within in his area

Gerry said that the Companies Act 2014 places the responsibility on the company itself for ensuring prompt delivery of annual returns to the Registrar. Where a document is delivered to the CRO after its filing deadline as a result of being lost or delayed in the postal system, the law leaves the CRO with no option but to treat it as being late.

In this regard, Gerry said it is important that companies are aware of the difference between Registered Post and Express Post. He said the key thing to note is that Express Post offers a guaranteed next day delivery service whereas *Registered Post does not guarantee next day delivery*.

If a document is sent to the CRO by Registered Post and is delivered after the filing deadline, CRO has no option but to treat it as being late. Gerry pointed out that the administrative Waiver Scheme ceased on 1 June 2015, and under the Act, companies who miss their filing deadline can apply to the District Court for an Order extending the time to file their annual return.

If an annual return is sent to the CRO by Express Post the day before a company's filing deadline and it is not delivered the next day, CRO will consider an application for a concession in those circumstances. CRO will require supporting evidence from the company and will take account of its internal systems for recording the contents of envelopes delivered by Registered and Express Post.

Gerry said that to-date, the CRO has taken a flexible approach to the requirements of the 2014 Act in relation to the length of the financial year. CRO has permitted companies to file their first annual return after commencement of the Act with financial years of more or less than twelve months in order to allow them to bring their financial year into line with the requirements of the Act.

After 1 March, companies will be filing annual returns in respect of financial years which ended on or after 1 June 2015. Therefore, from 31 March, CRO will begin strictly enforcing the requirements of the Act that financial years must not exceed 18 months for the first financial year and 12 months (give or take 7 days) for subsequent financial years (unless the company files a B83 form to alter its financial year end).

Similarly, the requirements in the new Act for small audit exempt companies to file a Balance Sheet, extract from the Director's Report and Notes to the financial statements must be complied with from now on. CRO will provide further information on these matters in our next e-Zine.

A situation arose in previous Leap Years which caused concern for companies with an ARD of 28<sup>th</sup> February. This meant that their 28 day filing deadline fell on 27<sup>th</sup> rather than 28<sup>th</sup> March. Gerry reassured members that this does not arise in 2016 as 27<sup>th</sup> March is Easter Sunday and the filing deadline automatically moves on to the next working day which is Tuesday, 29<sup>th</sup> March.

In relation to the new District Court process, Gerry stated that CRO has been put on Notice of more applications to the Court in 2016 (181) than in the last seven months of 2015 (174). So far, all applications to the Court have been successful. Gerry pointed out that the process is not available to dissolved companies or companies which have already filed their annual return. He drew attention to a common error where applicants enter the wrong date at Part 3 of the 93B.1 Application Form – this date should be the new extended date for filing the annual return that the company is applying for.

Gerry finished by reminding members that CRO Information Leaflet No. 23 deals with all matters relating to annual returns and financial statements and Information Leaflet No. 39 deals with the District Court process.

Conor Sweeney asked for clarification in relation to the operation of the CRO Strike-off process.

Eileen O'Carroll outlined the procedure as follows:

A company on the Strike-off list goes into Iris Oifigiuil and has 28 days before they are struck-off but the strike-off may not actually happen on the 28 day for a variety of reasons.

Therefore if someone calls Enforcement unit to ask when they will be struck-off they will not be given a date.

The CRO wishes to avoid striking-off companies, as we would much prefer to assist companies in filing their annual returns so we send them out a reminder first in advance of their Annual Return date, then we send a letter saying that the Annual Return date has passed and there will be late filing fees and that the Directors could be possibly subject to sanctions.

We then send out a ten week warning letter and then we have a strike-off warning notice.

That indicates that after 28 days they will be advertised in the Gazette and the Registrar has the intention to strike-off and this will happen a further 28 days after that.

It is worth noting that the Strike-off process can be halted through volume of work within the CRO. A strike-off can occur later than the 28<sup>th</sup> day but will never occur earlier than this time.

The Registrar then invited Eileen O'Carroll to give an update on any developments within her area. Eileen said that in 2015 there has been a large increase in the number of Non-EEA Branches which she directly attributes to the requirement to remove "places of business" from the Register.

In relation to the incorporation of companies in 2015 the CRO incorporated over 19000 companies, which averages over 1600 per month or 80 a day, a significant increase.

Eileen commended her staff for achieving the relevant customer service targets.

Eileen took this opportunity to mention that she or her colleague Pat Daly can be contacted if you have urgent companies on a deadline.

This concluded Eileen's update and the Registrar thanked her.

The Registrar was asked if she was satisfied with the level of conversions made to date and she indicated that she felt the volume was quite low, particularly in relation to DAC's.

The CRO would be concerned that if a large volume of companies wait until the end of the transition period to convert we may have a resource issue to process this number in a reasonable time. It is suggested that presenters should ensure that anyone who does want to convert to a DAC does not leave it until the last moment to do so, as CRO might not be able to deal with it by the 30<sup>th</sup> and they would then become an LTD.

This matter was discussed at some length, and several Forum members suggested that the CRO considers imposing a deadline for acceptance of applications to become a DAC and referred to the fact that the resolution to convert to a DAC has to be made by 31<sup>st</sup> August 2016 and then presenters have 15 days in which to file.

It was agreed that the CRO would give this matter serious consideration, but in any event we will publish full details of how customers should manage this process in the E-Zine.

## **7. AOB.**

The next meeting of the Fora is scheduled for 22<sup>nd</sup> June 2016 and will be confirmed well in advance of this date. There was nothing else that was required to be raised under AOB so the Registrar thanked everyone for attending and then concluded the meeting.

Regards,

Mark Donoghue

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