

COMPLETION OF THE BOP40 FORM

Profit & Loss Account

Services

This part of the form captures data relating to the sale or purchase of services by the Irish part of your group. It is important to ensure that items which might not be thought of as “services” (e.g. recharges from a parent or head office) are included. The services should be recorded under the appropriate headings, by country of the counterpart.

The totals are automatically carried over to the Profit and Loss Account of the Irish Part of the group (Section 2a).

Below are detailed instructions for completing the services tabs (**green**) of the BOP 40 form.

INSTRUCTIONS FOR COMPLETING SERVICES SECTION OF BOP40 FORM

1. Coverage and Combined Returns

- (a) **For companies incorporated in Ireland** A single form is required covering a group or company resident in Ireland. All Irish subsidiaries of a group should be included in this form. If, for some reason, subsidiaries are excluded, please supply details of these subsidiaries so that arrangements can be made for the completion and return of separate forms.
- (b) **For branches of foreign companies** The Irish branch of a foreign company is required to complete this return. If the company has two or more branches in Ireland (in different locations and/or engaged in different activities), a single return covering all the branches must be submitted. All branches covered should be listed in the Register worksheet of the form.

The highest level Irish company (the Irish parent) or the Irish Head Office (in the case of branches) is responsible for making a combined return. Subsidiaries or branches receiving the survey form should forward it with these instructions to the parent or Head Office to have the form completed. The CSO should be informed of these arrangements where applicable.

2. Scope

- (a) The questionnaire relates to transactions in Services between the Irish part of your group and **all counterparts**, both resident and non-resident. **Such transactions should be classified to the appropriate service category and analysed by counterpart country.**
- (b) Non resident counterparts include your overseas affiliates (parent, Head Office, subsidiary, branch, associated company, etc.).

- (c) Transactions between Irish-based affiliates covered by the form may be regarded as cancelling and therefore should not be reported.
- (d) Transactions between your overseas branches/subsidiaries and third parties should not be reported.
- (e) **Category 16: *Management Fees between Related Companies*** should only be used for transactions which cannot be otherwise classified.

3. Services Associated with Goods Transactions

The Services part of the BOP40 survey is intended to complement the statistics compiled from Customs surveys. To avoid double-counting, therefore, please exclude from this report the value of any services already included in Customs surveys.

- Computer software, if it has been included in Customs surveys, should not be reported. All software installed in hardware (computers) or imported/exported in the form of discs or storage devices should be excluded from the Services section of the BOP 40 form, but included in Customs declarations.
- Repairs and processing work should only be reported to the extent that the service provided has not been reflected in the value of the goods concerned as shown on Customs declarations.

If in doubt, please give full details and values in Category 17: *Miscellaneous Services* or contact a member of the CSO Balance of Payments staff on:

00353 1 4984061, 4984352, or 4984071

4. Exclusions

Certain services are covered elsewhere in the Balance of Payments compilations and are not to be included in this survey. Specific exclusions are:

- Construction and installation services
- Air or sea transport of passengers or freight
- Services provided to foreign visitors (other than educational or health services)
- Services (accommodation, etc.) provided abroad to staff of your enterprise

If you are in doubt as to whether a service should be covered, include it in Category 17: *Miscellaneous Services* and give a description.

5. Merchanting/Drop Shipping

This primarily relates to goods purchased abroad and then sold abroad without them having ever been present in Ireland, and without them having been further processed while in the ownership of your company. However, this concept can equally apply to services that are sourced and then sold abroad. **Respondents are required to report the gross values of goods and services purchased and sold under merchanting.**

6. Services Rendered in Situ

Under *Sales*, do not include such services provided by your foreign-based affiliates. Include as “Foreign Services” those provided by your Irish-based employees who travel abroad for the purpose. Similarly, under *Purchases*, include services provided to you by foreigners who travel to Ireland.

7. Classification

If you cannot classify a service to one of the headings given, include it in Category 17: *Miscellaneous Services* and provide a description.

Alternatively, please contact a member of the CSO Balance of Payments staff for guidance.

8. Period Covered

Ideally, reports should relate to the calendar quarter or year specified. If your accounting period is not a calendar period and cannot readily be adjusted to one, you should report for your accounting period ending closest to that specified and indicate this clearly on your return. Please give details in a separate note of any major transactions or events which would cause differences between the reported data and data for the specified calendar period.

9. Combination of Services

If you cannot give separate values for some individual services, enter the combined value in the heading which you think accounts for the larger part and indicate which other services are covered.

10. Basis of Recording

Record services on an accruals basis – whether or not settled in the period.

11. Country Breakdown

Best estimates of trade in services broken down by counterpart country are required.

12. Currency and Conversion Rates

Report in millions of your functional currency. **Please ensure that you clearly mark the currency used in the *Register* worksheet of the form and complete all sections in the same currency.**

13. Foreign Bank Accounts

All purchases and sales of the specified services are to be recorded, including those where payment has been or is to be made into or out of a foreign bank account.

14. Declaration

After completing the form, please sign it by typing your name in the declaration and return the form as an email attachment in its original, Excel format.

If you have any questions regarding the form, please contact a member of the CSO Balance of Payments staff on: 00353 1 4984061, 4984004, or 4984071.

Section 2a

Section 2A captures details of all Profit and Loss items of the **Irish part** of your company or group. It therefore excludes trading details relating to your foreign subsidiaries or branches, if any. The Irish part of the group will include the top Irish company, all Irish subsidiaries beneath this and could also possibly include Irish resident branches of foreign companies.

In completing Section 2A, please take care to exclude service items which should be identified in the Services tabs. Also, please ensure that any exceptional items are excluded and shown in Section 2B below.

It can sometimes be difficult to establish what is an “Irish” company. For example, a company can be registered in Ireland but be resident abroad for tax purposes. If you have any doubt, please contact us. (Tel. 00353 1 4984061, 4984004, 4984071)

Section 2B

This section shows **consolidated profits and dividends paid**. It also links profit after dividends to the change in consolidated revenue reserves. All companies must complete this section. If you have no foreign subsidiaries or branches then the profit in Section 2A should appear also in Section 2B.

If you have foreign subsidiaries, the profit in Section 2A combined with the profits in Section 4 should equal the consolidated profit in Section 2B.

Balance Sheet Items

General

The general rule is that every item on the balance sheet should be recorded in Sections 2C to 5.

In Sections 2C to 5 we look for the opening balance, the closing balance and the related movement in the period, analysed into its main components and all analysed by the country of the counterpart. Careful estimates are acceptable.

Section 2C

In Section 2C we look for the value of the Irish group. Quoted companies should use market capitalisation to value the company. In most other cases the best approximation to “value” is consolidated shareholders funds (i.e. net assets). This figure should reflect the capital injected, retained earnings, property valuation surpluses, etc.

Sections 3 and 5

These sections only relate to the **Irish part** of the company or group. Section 3 captures credit balances (payables, loan liabilities, finance leases, etc.) and related transactions while Section 5 collects similar information in relation to debit balances such as receivables, loan assets, fixed assets and inventories. Items such as sundry prepayments, accruals, tax due etc. should be shown as other assets or liabilities, as appropriate.

Within each subsection of the form there are four parts:

- ◆ The first is used to record balances and transactions with your immediate parent. If you are completing the form on behalf of the top company in a group then this part is not applicable.
- ◆ The second records balances and transactions with your direct or indirect subsidiaries or branches. If you have no such affiliates then this part should not be completed.
- ◆ The third part records balances and transactions with other group companies.
- ◆ The last part records balances and transactions with third parties.

Section 4

If an Irish company has foreign subsidiaries or branches (or Irish subsidiaries / branches which are not included in sections 3 and 5) we need to show such investments at an approximation to the current valuation. The amount invested is not sufficient. As a minimum we need the amount invested plus profits retained, less any impairment provision. Some companies with foreign subsidiaries find it convenient to complete the form showing only the book value of the foreign investment in the accounts of the Irish parent **and** to provide us with **additional information** (net assets and profits of the foreign investments). This approach is acceptable as we can amend the data on the form with the additional information.

Section 6

Section 6 acts as a check to ensure that the balance sheet credits (Section 2C: Shareholders Funds and Section 3: Liabilities) equal the debits (Section 4: Foreign Investments and Section 5: Other Assets).

Quoted companies should complete Section 2C by reference to their market capitalisation. While this provides a better method of valuing the equity liability, it does mean that Section 6 will not balance.