

SCHEDULE 1

Regulation 2(2)

[Schedule 8 to the Companies (Northern Ireland) Order 1986]
Form and Content of Accounts prepared by small Companies

Part I

General Rules and Formats

Section A

General Rules

1.—(1) Subject to the following provisions of this Schedule—

- (a) every balance sheet of a small company shall show the items listed in either of the balance sheet formats set out in section B; and
- (b) every profit and loss account of a small company shall show the items listed in any one of the profit and loss account formats so set out;

in either case in the order and under the headings and sub-headings given in the format adopted.

(2) Sub-paragraph (1) is not to be read as requiring the heading or sub-heading for any item to be distinguished by any letter or number assigned to that item in the format adopted.

2.—(1) Where in accordance with paragraph 1 a small company's balance sheet or profit and loss account for any financial year has been prepared by reference to one of the formats set out in section B, the directors of the company shall adopt the same format in preparing their accounts for subsequent financial years of the company unless in their opinion there are special reasons for a change.

(2) Particulars of any change in the format adopted in preparing a small company's balance sheet or profit and loss account in accordance with paragraph 1 shall be disclosed, and the reasons for the change shall be explained, in a note to the accounts in which the new format is first adopted.

3.—(1) Any item required in accordance with paragraph 1 to be shown in a small company's balance sheet or profit and loss account may be shown in greater detail than required by the format adopted.

(2) A small company's balance sheet or profit and loss account may include an item representing or covering the amount of any asset or liability, income or expenditure not otherwise covered by any of the items listed in the format adopted, but the following shall not be treated as assets in any small company's balance sheet—

- (a) preliminary expenses;
- (b) expenses of and commission on any issue of shares or debentures; and
- (c) costs or research.

(3) In preparing a small company's balance sheet or profit and loss account the directors of the company shall adapt the arrangement and headings and sub-headings otherwise required by paragraph 1 in respect of items to which an Arabic number is assigned in the format adopted, in any case where the special nature of the company's business requires such adaptation.

(4) Items to which Arabic numbers are assigned in any of the formats set out in Section B may be combined in a small company's accounts for any financial year if either—

- (a) their individual amounts are not material to assessing the state of affairs or profit or loss of the company for that year; or

(b) the combination facilitates that assessment;

but in a case with head (b) the individual amounts of any items so combined shall be disclosed in a note to the accounts.

(5) Subject to paragraph 4(3), a heading or sub-heading corresponding to an item listed in the format adopted in preparing a small company's balance sheet or profit and loss account shall not be included if there is no amount to be shown for that item in respect of the financial year to which the balance sheet or profit and loss account relates.

(6) Every profit and loss account of a small company shall show the amount of the company's profit or loss on ordinary activities before taxation.

(7) Every profit and loss account of a small company shall show separately as additional items—

(a) any amount set aside or proposed to be set aside to, or withdrawn or proposed to be withdrawn from, reserves;

(b) the aggregate amount of any dividends paid and proposed.

4.—(1) In respect of every item shown in a small company's balance sheet or profit and loss account the corresponding amount for the financial year immediately preceding that to which the balance sheet or profit and loss account relates shall also be shown.

(2) Where that corresponding amount is not comparable with the amount to be shown for the item in question in respect of the financial year to which the balance sheet or profit and loss account relates, the former amount shall be adjusted and particulars of the adjustment and the reasons for it shall be disclosed in a note to the accounts.

(3) Paragraph 3(5) does not apply in any case where an amount can be shown for the item in question in respect of the financial year immediately preceding that to which the balance sheet or profit and loss account relates, and that amount shall be shown under the heading or sub-heading required by paragraph 1 for that item.

5. Amounts in respect of items representing assets or income may not be set off against amounts in respect of items representing liabilities or expenditure (as the case may be), or vice versa.

Section B

The required Formats for Accounts

Preliminary

6. References in this Part to the items listed in any of the formats set out below are to those items read together with any of the notes following the formats which apply to any of those items, and the requirement imposed by paragraph 1 to show the items listed in any such format in the order adopted in the format is subject to any provision in those notes for alternative positions for any particular items.

7. A number in brackets following any item in any of the formats set out below is a reference to the note of that number in the notes following formats.

8. In the notes following the formats—

(a) the heading of each note gives the required heading or sub-heading for the item to which it applies and a reference to any letters and numbers assigned to that item in the formats set out below (taking a reference in the case of Format 2 of the balance sheet formats to the item listed under "Assets" or under "Liabilities" as the case may require); and

(b) references to a numbered format are to the balance sheet format or (as the case may require) to the profit and loss account format of that number set out below.

Balance Sheet Formats

Format 1

- A. Called up share capital not paid (1)
- B. Fixed assets
 - (I) Intangible assets
 - (1) Goodwill (2)
 - (2) Other intangible assets (3)
 - (II) Tangible assets
 - (1) Land and Buildings
 - (2) Plant and machinery etc.
 - (III) Investments
 - (1) Shares in group undertakings and participating interests
 - (2) Loans to group undertakings and undertakings in which the company has a participating interest
 - (3) Other investments other than loans
 - (4) Other investments (4)
- C. Current assets
 - (I) Stocks
 - (1) Stocks
 - (2) Payments on account
 - (II) Debtors (5)
 - (1) Trade debtors
 - (2) Amounts owed by group undertakings and undertakings in which the company has a participating interest
 - (3) Other debtors
 - (III) Investments
 - (1) Shares in group undertakings
 - (2) Other investments
 - (IV) Cash at bank and in hand
- D. Prepayments and accrued income (6)
- E. Creditors: amounts falling due within one year
 - (1) Bank loans and overdrafts
 - (2) Trade creditors
 - (3) Amounts owed to group undertakings and undertakings in which the company has a participating interest
 - (4) Other creditors (7)
- F. Net current assets (liabilities) (8)
- G. Total assets less current liabilities
- H. Creditors: amounts falling due after more than one year
 - (1) Bank loans and overdrafts

- (2) Trade creditors
- (3) Amounts owed to group undertakings and undertakings in which the company has a participating interest
- (4) Other creditors (7)
- I. Provisions for liabilities and charges
- J. Accruals and deferred income (7)
- K. Capital and reserves
 - (I) Called up share capital (9)
 - (II) Share premium account
 - (III) Revaluation reserve
 - (IV) Other reserves
 - (V) Profit and loss account

Balance Sheet Formats

Format 2

ASSETS>

- A. Called up share capital not paid (1)
- B. Fixed assets
 - (I) Intangible assets
 - (1) Goodwill (2)
 - (2) Other intangible assets (3)
 - (II) Tangible assets
 - (1) Land and buildings
 - (2) Plant and machinery etc.
 - (III) Investments
 - (1) Shares in group undertakings and participating interests
 - (2) Loans to group undertakings and undertakings in which the company has a participating interest
 - (3) Other investments other than loans
 - (4) Other investments (4)
- C. Current assets
 - (I) Stocks
 - (1) Stocks
 - (2) Payments on account
 - (II) Debtors (5)
 - (1) Trade debtors
 - (2) Amounts owed by group undertakings and undertakings in which the company has a participating interest
 - (3) Other debtors

- (III) Investments
 - (1) Shares in group undertakings
 - (2) Other investments
- (IV) Cash at bank and in hand
- D. Prepayments and accrued income (6)

LIABILITIES

- A. Capital and reserves
 - (I) Called up share capital (9)
 - (II) Share premium account
 - (III) Revaluation reserve
 - (IV) Other reserves
 - (V) Profit and loss account
- B. Provisions for liabilities and charges
- C. Creditors (10)
 - (1) Bank loans and overdrafts
 - (2) Trade creditors
 - (3) Amounts owed to group undertakings in which the company has a participating interest
 - (4) Other creditors (7)
- D. Accruals and deferred income (7)

Notes on the balance sheet formats

Called up share capital not paid

- (1) (Formats 1 and 2, items A and C.II.3.)

This item may either be shown at item A or included under item C.II.3 in Format 1 or 2.

Goodwill

- (2) (Formats 1 and 2, item B.I.1.)

Amounts representing goodwill shall only be included to the extent that the goodwill was acquired for valuable consideration.

Other intangible assets

- (3) (Formats 1 and 2, item B.I.2.)

Amounts in respect of concessions, patents, licences, trade marks and similar rights and assets shall only be included in a company's balance sheet under this item if either—

- (a) the assets were acquired for valuable consideration and are not required to be shown under goodwill; or
- (b) the assets in question were created by the company itself.

Others: Other investments

- (4) (Formats 1 and 2, items B.III.4 and C.III.2.)

Where amounts in respect of own shares held are included under either of these items, the nominal value of such shares shall be shown separately.

Debtors

(5) (Formats 1 and 2, items C.II.1 to 3.)

The amount falling due after more than one year shall be shown separately for each item included under debtors unless the aggregate amount of debtors falling due after more than one year is disclosed in the notes to the accounts.

Prepayments and accrued income

(6) (Formats 1 and 2, item D.)

This item may alternatively be included under item C.II.3 in Format 1 or 2.

Other creditors

(7) (Format 1, items E.4, H.4 and J and Format 2, items C. 4 and D.)

There shall be shown separately—

- (a) the amount of any convertible loans, and
- (b) the amount for creditors in respect of taxation and social security.

Payments received on account of orders shall be included in so far as they are not shown as deductions from stocks.

In Format 1, accruals and deferred income may be shown under item J or included under Item E.4 of H.4 or both (as the case may require). In Format 2, accruals and deferred income may be shown under item D or within item C.4 under Liabilities.

Net current assets (liabilities)

(8) (Format 1, item F.)

In determining the amount to be shown under this item any prepayments and accrued income shall be taken into account wherever shown.

Called up share capital

(9) (Format 1, item K.I and Format 2, item A.I.)

The amount of allotted share capital and the amount of called up share capital which has been paid up shall be shown separately.

(10) *Creditors*

(Format 2, items C.1 to 4.)

Amounts falling due within one year and after one year shall be shown separately for each of these items and for the aggregate of all of these items unless the aggregate amount of creditors falling due within one year and the aggregate amount of creditors falling due after more than one year is disclosed in the notes to the accounts.

Profit and loss account formats

Format 1 (see note (14) below)

1. Turnover
2. Cost of sales (II)
3. Gross profit or loss

4. Distribution costs (11)
5. Administrative expenses (11)
6. Other operating income
7. Income from shares in group undertakings
8. Income from participating interests
9. Income from other fixed asset investments (12)
10. Other interest receivable and similar income (12)
11. Amounts written off in investments
12. Interest payable and similar charges (13)
13. Tax on profit or loss on ordinary activities
14. Profit or loss on ordinary activities after taxation
15. Extraordinary income
16. Extraordinary charges
17. Extraordinary profit or loss
18. Tax on extraordinary profit or loss
19. Other taxes not shown under the above items
20. Profit or loss for the financial year.

Profit and loss account formats

Format 2

1. Turnover
2. Change in stocks of finished goods and in work in progress
3. Own work capitalised
4. Other operating income
 - (a) (a) Raw materials and consumables
 - (b) other external charges
6. Staff costs
 - (a) wages and salaries
 - (b) social security costs
 - (c) other pension costs
 - (a) (a) Depreciation and other amounts written off tangible and intangible fixed assets
 - (b) Exceptional amounts written off current assets
8. Other operating charges
9. Income from shares in group undertakings
10. Income from participating interests
11. Income from other fixed asset investments (12)
12. Other interest receivable and similar income (12)

13. Amounts written off investments
14. Interest payable and similar charges (13)
15. Tax on profit or loss on ordinary activities
16. Profit or loss on ordinary activities after taxation
17. Extraordinary income
18. Extraordinary charges
19. Extraordinary profit or loss
20. Tax on extraordinary profit or loss
21. Other taxes not shown under the above items
22. Profit or loss for the financial year

Profit and loss account formats

Format 3(see note (14) below)

A. Charges

1. Cost of sales (11)
2. Distribution costs (11)
3. Administrative expenses (11)
4. Amounts written off investments
5. Interest payable and similar charges (13)
6. Tax on profit or loss on ordinary activities
7. Profit or loss on ordinary activities after taxation
8. Extraordinary charges
9. Tax on extraordinary profit or loss
10. Other taxes not shown under the above items
11. Profit or loss for the financial year.

B. Income

1. Turnover
2. Other operating income
3. Income from shares in group undertakings
4. Income from participating interests
5. Income from other fixed asset investments (12)
6. Other interest receivable and similar income (12)
7. Profit or loss on ordinary activities after taxation
8. Extraordinary income
9. Profit or loss for the financial year

Profit and loss account formats

Format 4

A. Charges

1. Reduction in stock of finished goods and in work in progress.
 - (a) Raw materials and consumables
 - (b) Other external charges
3. Staff costs
 - (a) wages and salaries
 - (b) social security costs
 - (c) other pension costs
 - (a) (a) Depreciation and other amounts written off tangible and intangible fixed assets
 - (b) Exceptional amounts written off current assets
5. Other operating charges
6. Amounts written off investments
7. Interest payable and similar charges (13)
8. Tax on profit or loss on ordinary activities
9. Profit or loss on ordinary activities after taxation
10. Extraordinary charges
11. Tax on extraordinary profit or loss
12. Other taxed not shown under the above items
13. Profit or loss for the financial year.

B. Income

1. Turnover
2. Increase in stocks of finished goods and in work in progress
3. Own work capitalised
4. Other operating income
5. Income from shares in group undertakings
6. Income from participating interests
7. Income from other fixed asset investments (12)
8. Other interest receivable and similar income (12)
9. Profit or loss on ordinary activities after taxation.
10. Extraordinary income.
11. Profit or loss for the financial year

Notes on the profit and loss account formats

Cost of sales: distribution costs: administrative expenses

(11) (Format 1, items 2, 4 and 5 and Format 3, items A.1, 2 and 3.)

These items shall be stated after taking into account any necessary provisions for depreciation or diminution in value of assets.

Income from other fixed asset investments: other interest receivable and similar income

(12) (Format 1, items 9 and 10: Format 2, items 11 and 12: Format 3, items B.5 and 6: Format 4, items B.7 and 8.)

Income and interest derived from group undertakings shall be shown separately from income and interest derived from other sources.

Interest payable and similar charges

(13) (Format 1, item 12: Format 2, item 14: Format 3, item A.5: format 4, item A.7.)

The amount payable to group undertakings shall be shown separately.

Formats 1 and 3

(14) The amount of any provisions for depreciation and diminution in value of tangible and intangible fixed assets falling to be shown under items 7(a) and A.4(a) respectively in Formats 2 and 4 shall be disclosed in a note to the accounts in any case where the profit and loss account in prepared by reference to Format 1 or Format 3.

Part II

Accounting Principles and Rules

Section A

Accounting principles

Preliminary

9. Subject to paragraph 15, the amounts to be included in respect of all items shown in a small company's accounts shall be determined in accordance with the principles set out in paragraphs 10 to 14.

Accounting principles

10. The company shall be presumed to be carrying on business as a going concern.

11. Accounting policies shall be applied consistently within the same accounts and from one financial year to the next.

12. The amount of any item shall be determined on a prudent basis, and in particular—

- (a) only profits realised at the balance sheet date shall be included in the profit and loss account; and
- (b) all liabilities and losses which have arisen or are likely to arise in respect of the financial year to which the accounts relate or a previous financial year shall be taken into account, including those which only become apparent between the balance sheet date and the date on which it is signed on behalf of the board of directors in pursuance of Article 241.

13. All income and charges relating to the financial year to which the accounts relate shall be taken into account, without regard to the date of receipt or payment.

14. In determining the aggregate amount of any item the amount of each individual asset or liability that falls to be taken into account shall be determined separately.

Departure from the accounting principles

15. If it appears to the directors of a small company that there are special reasons for departing from any of the principles stated above in preparing the company's accounts in respect of any financial year they may do so, but particulars of the departure, the reasons for it and its effect shall be given in a note to the accounts.

Section B

Historical Cost Accounting Rules

Preliminary

16. Subject to section C, the amounts to be included in respect of all items shown in a small company's accounts shall be determined in accordance with the rules set out in paragraphs 17 to 28.

Fixed assets

General rules

17. Subject to any provision of depreciation or diminution in value made in accordance with paragraph 18 or 19 or the amount to be included in respect of any fixed asset shall be its purchase price or production cost.

18. In the case of any fixed asset which has a limited useful economic life, the amount of—

- (a) its purchase price or production cost; or
- (b) where it is estimated that any such asset will have a residual value at the end of the period of its useful economic life, its purchase price or production cost less that estimated residual value;

shall be reduced by provisions for depreciation calculated to write off that amount systematically over the period of the asset's useful economic life.

19.—(1) Where a fixed asset investment of a description falling to be included under item B.III of either of the balance sheet formats set out in Part I has diminished in value provisions for diminution in value may be made in respect of it and the amount to be included in respect of it may be reduced accordingly; and any such provisions which are not shown in the profit and loss account shall be disclosed (either separately or in aggregate) in a note to the accounts.

(2) Provisions for diminution in value shall be made in respect of any fixed asset which has diminished in value if the reduction in its value is expected to be permanent (whether its useful economic life is limited or not), and the amount to be included in respect of it shall be reduced accordingly; and any such provisions which are not shown in the profit and loss account shall be disclosed (either separately or in aggregate) in a note to the accounts.

(3) Where the reasons for which any provision was made in accordance with sub-paragraph (1) or (2) have ceased to apply to any extent, that provision shall be written back to the extent that it is no longer necessary; and any amounts written back in accordance with this sub-paragraph which are not shown in the profit and loss account shall be disclosed (either separately or in aggregate) in a note to the accounts.

Rules for determining particular fixed asset items

20.—(1) Notwithstanding that an item in respect of “development costs” is included under “fixed assets” in the balance sheet formats set out in Part I, an amount may only be included in a small company’s balance sheet in respect of development costs in special circumstances.

(2) If any amount is included in a small company’s balance sheet in respect of development costs the following information shall be given in a note to the accounts—

- (a) the period over which the amount of those costs originally capitalised is being or is to be written off; and
- (b) the reasons for capitalising the development costs in question.

21.—(1) The application of paragraphs 17 to 19 in relation to goodwill (if any case where goodwill is treated as an asset) is subject to the following provisions of this paragraph.

(2) Subject to sub-paragraph (3), the amount of the consideration for any goodwill acquired by a small company shall be reduced by provisions for depreciation calculated to write off that amount systematically over a period chosen by the directors of the company.

(3) The period chosen shall not exceed the useful economic life of the goodwill in question.

(4) In any case where any goodwill acquired by a small company is shown or included as an asset in the company’s balance sheet the period chosen for writing off the consideration for that goodwill and the reasons for choosing that period shall be disclosed in a note to the accounts.

Current assets

22. Subject to paragraph 23, the amount to be included in respect of any current asset shall be its purchase price or production cost.

23.—(1) If the net realisable value of any current asset is lower than its purchase price or production cost the amount to be included in respect of that asset shall be the net realisable value.

(2) Where the reasons for which any provision for diminution in value was made in accordance with sub-paragraph (1) have ceased to apply to any extent, that provision shall be written back to the extent that it is no longer necessary.

Miscellaneous and supplementary provisions

Excess of money owed over value received as an asset item

24.—(1) Where the amount repayable on any debt owed by a small company is greater than the value of the consideration received in the transaction giving rise to the debt, the amount of the difference may be treated as an asset.

(2) Where any such amount is so treated—

- (a) it shall be written off by reasonable amounts each year and must be completely written off before repayment of the debt; and
- (b) if the current amount is not shown as a separate item in the company’s balance sheet it must be disclosed in a note to the accounts.

Assets included at a fixed amount

25.—(1) Subject to the following sub-paragraph, assets which fall to be included—

- (a) amongst the fixed assets of a small company under the item “tangible assets”; or

- (b) amongst the current assets of a small company under the item “raw materials and consumables”;
- may be included at a fixed quantity and value.
- (2) Sub-paragraph (1) applies to assets of a kind which are constantly being replaced, where—
 - (a) their overall value is not material to assessing the company’s state of affairs; and
 - (b) their quantity, value and composition are not subject to material variation.

Determination of purchase price or production cost

26.—(1) The purchase price of an asset shall be determined by adding to the actual price paid any expenses incidental to its acquisition.

(2) The production costs of an asset shall be determined by adding to the purchase price of the raw materials and consumables used the amount of the costs incurred by the company which are directly attributable to the production of that asset.

- (3) In addition, there may be included in the production cost of an asset—
 - (a) a reasonable proportion of the costs incurred by the company which are only indirectly attributable to the production of that asset, but only to the extent that they relate to the period of production; and
 - (b) interest on capital borrowed to finance the production of that asset, to the extent that it accrues in respect of the period of production;

provided, however, in a case within head (b), that the inclusion of the interest in determining the cost of that asset and the amount of the interest so included is disclosed in a note to the accounts.

- (4) In the case of current assets distribution costs may not be included in production costs.

27.—(1) Subject to the qualification mentioned below, the purchase price or production cost of—

- (a) any assets which fall to be included under any item shown in a small company’s balance sheet under the general item “stocks”; and
- (b) any assets which are fungible assets (including investments);

may be determined by the application of any of the methods mentioned in sub-paragraph (2) in relation to any such assets of the same class. The method chosen must be one which appears to the directors to be appropriate in the circumstances of the company.

- (2) Those methods are—
 - (a) the method known as “first in, first out” (FIFO);
 - (b) the method known as “last in, first out” (LIFO);
 - (c) a weighted average price; and
 - (d) any other method similar to any of the methods mentioned above.

(3) For the purposes of this paragraph, assets of any description shall be regarded as fungible if assets of that description are substantially indistinguishable one from another.

Substitution of original stated amount where price or cost unknown

28. Where there is no need of the purchase price or production cost of any asset of a small company or of any price, expenses or costs relevant for determining its purchase price or production cost in accordance with paragraph 26, or any such record cannot be obtained without unreasonable expense or delay, its purchase price or production cost shall be taken for the purposes of paragraphs 17 to 23 to be the value ascribed to it in the earliest available record of its value made on or after its acquisition or production by the company.

Section C

Alternative Accounting Rules

Preliminary

29.—(1) The rules set out in section B are referred to in this Schedule as the historical cost accounting rules.

(2) These rules, with the omission of paragraphs 16, 21 and 25 to 28, are referred to in this Part as the depreciation rules; and references in this Schedule to the historical cost accounting rules do not include the depreciation rules as they apply by virtue of paragraph 32.

30. Subject to paragraphs 32 to 34, the amounts to be included in respect of assets of any description mentioned in paragraph 31 may be determined on any basis so mentioned.

Alternative accounting rules

31.—(1) Intangible fixed assets, other than goodwill, may be included at their current cost.

(2) Tangible fixed assets may be included at a market value determined as at the date of their last valuation or at their current cost.

(3) Investments of any description falling to be included under item B.III of either of the balance sheet formats set out in Part 1 may be included either—

- (a) at a market value determined as at the date of their last valuation; or
- (b) at a value determined on any basis which appears to the directors to be appropriate in the circumstances of the company;

but in the latter case particulars of the method of valuation adopted and of the reasons for adopting it shall be disclosed in a note to the accounts.

(4) Investments of any description falling to be included under item C.III of either of the balance sheet formats set out in Part 1 may be included at their current cost.

(5) Stocks may be included at their current cost.

Application of the depreciation rules

32.—(1) Where the value of any asset of a small company is determined on any basis mentioned in paragraph 31, that value shall be, or (as the case may require) be the starting point for determining, the amount to be included in respect of that asset in the company's accounts, instead of its purchase price or production cost or any value previously so determined for that asset; and the depreciation rules shall apply accordingly in relation to any such asset with the substitution for any reference to its purchase price or production cost of a reference to the value most recently determined for that asset on any basis mentioned in paragraph 31.

(2) The amount of any provision for depreciation required in the case of any fixed asset by paragraph 18 or 19 as it applies by virtue of sub-paragraph (1) is referred to in this paragraph as the adjusted amount, and the amount of any provision which would be required by that paragraph in the case of that asset according to the historical cost accounting rules is referred to as the historical cost amount.

(3) Where sub-paragraph (1) applies in the case of any fixed asset the amount of any provision for depreciation in respect of that asset—

- (a) included in any item shown in the profit and loss account in respect of amounts written off assets of the description in question; or

(b) taken into account in stating any item so shown which is required by note (11) of the notes on the profit and loss account formats set out in Part I to be stated after taking into account any necessary provision for depreciation or diminution in value of assets included under it; may be the historical cost amount instead of the adjusted amount, provided that the amount of any difference between the two is shown separately in the profit and loss account or in a note to the accounts.

Additional information to be provided in case of departure from historical cost accounting rules

33.—(1) This paragraph applies where the amounts to be included in respect of assets covered by any items shown in a small company's accounts have been determined on any basis mentioned in paragraph 31.

(2) The items affected and the basis of valuation adopted in determining the amounts of the assets in question in the case of each such item shall be disclosed in a note to the accounts.

(3) In the case of each balance sheet item affected (except stocks) either—

- (a) the comparable amounts determined according to the historical cost accounting rules; or
- (b) the differences between those amounts and the corresponding amounts actually shown in the balance sheet in respect of that item;

shall be shown separately in the balance sheet or in a note to the accounts.

(4) In sub-paragraph (3), references in relation to any item to the comparable amounts determined as there mentioned are references to—

- (a) the aggregate amount which would be required to be shown in respect of that item if the amounts to be included in respect of all the assets covered by that item were determined according to this historical cost accounting rules; and
- (b) the aggregate amount of the cumulative provisions for depreciation or diminution in value which would be permitted or required in determining those amounts according to those rules.

Revaluation reserve

34.—(1) With respect to any determination of the value of an asset of a small company on any basis mentioned in paragraph 31, the amount of any profit or loss arising from that determination (after allowing, where appropriate, for any provisions for depreciation or diminution in value made otherwise than by reference to the value so determined and any adjustments of any such provisions made in the light of that determination) shall be credited or (as the case may be) debited to a separate reserve ("the revaluation reserve").

(2) The amount of the revaluation reserve shall be shown in the company's balance sheet under a separate sub-heading in the position given for the item "revaluation reserve" in Format 1 or 2 of the balance sheet formats set out in Part I, but need not be shown under that name.

(3) An amount may be transferred—

- (a) from the revaluation reserve—
 - (i) to the profit and loss account, if the amount was previously charged to that account or represents realised profit, or
 - (ii) on capitalisation,
- (b) to or from the revaluation reserve in respect of the taxation relating to any profit or loss credited or debited to the reserve;

and the revaluation reserve shall be reduced to the extent that the amounts transferred to it are no longer necessary for the purposes of the valuation method used.

(4) In sub-paragraph (3)(a)(ii) “capitalisation”, in relation to an amount standing to the credit of the revaluation reserve, means applying it in wholly or partly paying up unissued shares in the company to be allotted to members of the company as fully or partly paid shares.

(5) The revaluation reserve shall not be reduced except as mentioned in this paragraph.

(6) The treatment for taxation purposes of amounts credited or debited to the revaluation reserve shall be disclosed in a note to the accounts.

Part III

Notes to the Accounts

Preliminary

35. Any information required in the case of any small company by the following provisions of this Part shall (if not given in the company’s accounts) be given by way of a note to those accounts.

Disclosure of account policies

36. The accounting policies adopted by the company in determining the amounts to be included in respect of items shown in the balance sheet and in determining the profit or loss of the company shall be stated (including such policies with respect to the depreciation and diminution in value of assets).

Information supplementing the balance sheet

37. Paragraphs 38 to 47 require information which either supplements the information given with respect to any particular items shown in the balance sheet or is otherwise relevant to assessing the company’s state of affairs in the light of the information so given.

Share capital and debentures

38.—(1) The following information shall be given with respect to the company’s share capital—

- (a) the authorised share capital; and
- (b) where shares of more than one class have been allotted, the number and aggregate nominal value of shares of each class allotted.

(2) In the case of any part of the allotted share capital that consists of redeemable shares, the following information shall be given—

- (a) the earliest and latest dates on which the company has power to redeem those shares;
- (b) whether those shares must be redeemed in any event or are liable to be redeemed at the option of the company or of the shareholder; and
- (c) whether any (and, if so, what) premium is payable on redemption.

39. If the company has allotted any shares during the financial year, the following information shall be given—

- (a) the classes of shares allotted; and
- (b) as respects each class of shares, the number allotted, their aggregate nominal value, and the consideration received by the company for the allotment.

Fixed assets

40.—(1) In respect of each item which is or would but for paragraph 3(4)(b) be shown under the general item “fixed assets” in the company’s balance sheet the following information shall be given—

- (a) the appropriate amounts in respect of that item as at the date of the beginning of the financial year and as at the balance sheet date respectively;
- (b) the effect on any amount shown in the balance sheet in respect of that item of—
 - (i) any revision of the amount in respect of any assets included under that item made during that year on any basis mentioned in paragraph 31;
 - (ii) acquisitions during that year of any assets;
 - (iii) disposals during that year of any assets; and
 - (iv) any transfers of assets of the company to and from that item during that year.

(2) The reference in sub-paragraph (1)(a) to the appropriate amounts in respect of any item as at any date there mentioned is a reference to amounts representing the aggregate amounts determined, as at that date, in respect of assets falling to be included under that item on either of the following basis, that is to say—

- (a) on the basis of purchase price or production cost (determined in accordance with paragraphs 26 and 27); or
- (b) on any basis mentioned in paragraph 31,

(leaving out of account in either case any provisions for depreciation or diminution in value).

(3) In respect of each item within sub-paragraph (1)—

- (a) the cumulative amount of provisions for depreciation or diminution in value of assets included under that item as at each date mentioned in sub-paragraph (1)(a);
- (b) the amount of any such provisions made in respect of the financial year;
- (c) the amount of any adjustments made in respect of any such provisions during that year in consequence of the disposal of any assets; and
- (d) the amount of any other adjustments made in respect of any such provisions during that year;

shall also be stated.

41. Where any fixed assets of the company (other than listed investments) are included under any item shown in the company’s balance sheet at an amount determined on any basis mentioned in paragraph 31, the following information shall be given—

- (a) the years (so far as they are known to the directors) in which the assets were severally valued and the several values; and
- (b) in the case of assets that have been valued during the financial year, the names of the persons who valued them or particulars of their qualifications for doing so and (whichever is stated) the basis of valuation used by them.

Investments

42.—(1) In respect of the amount of each item which is or would but for paragraph 3(4)(b) be shown in the company’s balance sheet under the general item “investments” (whether as fixed assets or as current assets) there shall be stated how much of that amount is ascribable to listed investments.

(2) Where the amount of any listed investments is stated for any item in accordance with sub-paragraph (1), the following amounts shall also be stated—

- (a) the aggregate market value of those investments where it differs from the amount so stated; and
- (b) both the market value and the stock exchange value of any investments of which the former value is, for the purpose of the accounts, taken as being higher than the latter.

Reserves and provisions

43.—(1) Where any amount is transferred—

- (a) to or from any reserves; or
- (b) to any provisions for liabilities and charges; or
- (c) from any provision for liabilities and charges otherwise than for the purpose for which the provision was established;

and the reserves or provisions are or would but for paragraph 3(4)(b) be shown as separate items in the company's balance sheet, the information mentioned in sub-paragraph (2) shall be given in respect of the aggregate of reserves or provisions included in the same item.

(2) That information is—

- (a) the amount of the reserves or provisions as at the date of the beginning of the financial year and as at the balance sheet date respectively;
- (b) any amounts transferred to or from the reserves or provisions during that year; and
- (c) the source and application respectively of any amounts so transferred.

(3) Particulars shall be given of each provision included in the item "other provisions" in the company's balance sheet in any case where the amount of that provision is material.

Details of indebtedness

44.—(1) For the aggregate of all items shown under "creditors" in the company's balance sheet there shall be stated the aggregate of the following amounts, that is to say—

- (a) the amount of any debts included under "creditors" which are payable or repayable otherwise than by instalments and fall due for payment or repayment after the end of the period of five years beginning with the day next following the end of the financial year; and
- (b) in the case of any debts so included which are payable or repayable by instalments, the amount of any instalments which fall due for payment after the end of that period.

(2) In respect of each item shown under "creditors" in the company's balance sheet there shall be stated the aggregate amount of any debts included under that item in respect of which any security has been given by the company.

(3) References above in this paragraph to an item shown under "creditors" in the company's balance sheet include references, where amounts falling due to creditors within one year and after more than one year are distinguished in the balance sheet—

- (a) in a case within sub-paragraph (1), to an item shown under the latter of those categories; and
- (b) in a case within sub-paragraph (2), to an item shown under either of those categories;

and references to items shown under "creditors" include references to items which would but for paragraph 3(4)(b) be shown under that heading.

45. If any fixed cumulative dividends on the company's shares are in arrear, there shall be stated —

- (a) the amount of the arrears; and

- (b) the period for which the dividends or, if there is more than one class, each class of them are in arrear.

Guarantees and other financial commitments

46.—(1) Particulars shall be given of any charge on the assets of the company to secure the liabilities of any other person, including, where practicable, the amount secured.

(2) The following information shall be given with respect to any other contingent liability not provided for—

- (a) the amount or estimated amount of that liability;
- (b) its legal nature; and
- (c) whether any valuable security has been provided by the company in connection with that liability and if so, what.

(3) There shall be stated, where practicable, the aggregate amount or estimated amount of contracts for capital expenditure, so far as not provided for.

(4) Particulars shall be given of—

- (a) any pension commitments included under any provision shown in the company's balance sheet; and
- (b) any such commitments for which no provision has been made;

and where any such commitment relates wholly or partly to pensions payable to past directors of the company separate particulars shall be given of that commitment so far as it relates to such pensions.

(5) Particulars shall also be given of any other financial commitments which—

- (a) have not been provided for; and
- (b) are relevant to assessing the company's state of affairs.

(6) Commitments within any of sub-paragraphs (1) to (5) which are undertaken on behalf of or for the benefit of—

- (a) any parent undertaking or fellow subsidiary undertaking, or
- (b) any subsidiary undertaking of the company,

shall be stated separately from the other commitments within that sub-paragraph, and commitments within head (a) shall also be stated separately from those within head (b).

Miscellaneous matters

47. Particulars shall be given of any case where the purchase price or production cost of any asset is for the first time determined under paragraph 28.

Information supplementing the profit and loss account

48. Paragraphs 49 and 50 require information which either supplements the information given with respect to any particular items shown in the profit and loss account or otherwise provides particulars of income or expenditure of the company or of circumstances affecting the items shown in the profit and loss account.

Particulars of turnover

49.—(1) If the company has supplied geographical markets outside the United Kingdom during the financial year in question, there shall be stated the percentage of its turnover that, in the opinion of the directors, is attributable to those markets.

(2) In analysing for the purposes of this paragraph the source of turnover, the directors of the company shall have regard to the manner in which the company's activities are organised.

Miscellaneous matters

50.—(1) Where any amount relating to any preceding financial year is included in any item in the profit and loss account, the effect shall be stated.

(2) Particulars shall be given of any extraordinary income or charges arising in the financial year.

(3) The effect shall be stated of any transactions that are exceptional by virtue of size or incidence though they fall within the ordinary activities of the company.

General

51.—(1) Where sums originally denominated in foreign currencies have been brought into account under any items shown in the balance sheet or profit and loss account, the basis on which those sums have been translated into sterling shall be stated.

(2) Subject to sub-paragraph (3), in respect of every item stated in a note to the accounts the corresponding amount for the financial year immediately preceding that to which the accounts relate shall also be stated and where the corresponding amount is not comparable, it shall be adjusted and particulars of the adjustment and the reasons for it shall be given.

(3) Sub-paragraph (2) does not apply in relation to any amounts stated by virtue of any of the following provisions of this Order—

- (a) paragraph 13 of Schedule 4A (details of accounting treatment of acquisitions),
- (b) paragraphs 2, 8(3), 16, 21(1)(d), 22(4) and (5), 24(3) and (4) and 27(3) and (4) of Schedule 5 (shareholdings in other undertakings),
- (c) Parts II and III of Schedule 6 (loans and other dealings in favour of directors and others), and
- (d) paragraphs 40 and 43 (fixed assets and reserves and provisions).

Part IV

Interpretation of Schedule

52. The following paragraphs apply for the purposes of this Schedule and its interpretation.

Historical cost accounting rules

53. References to the historical cost accounting rules shall be read in accordance with paragraph 29.

Listed investments

54. "Listed investment" means an investment as respect which there has been granted a listing on a recognised investment exchange other than an overseas investment exchange within the meaning of the Financial Services Act 1986 or on any stock exchange of repute outside Northern Ireland.

Loans

55. A loan is treated as falling due for repayment, and an instalment of a loan is treated as falling due for payment, on the earliest date on which the lender could require repayment or (as the case may be) payment, if he exercised all options and rights available to him.

Materiality

56. Amounts which in the particular context of any provision of this Schedule are not material may be disregarded for the purposes of that provision.

Provisions

57.—(1) References to provisions for depreciation or diminution in value of assets are to any amount written off by way of providing for depreciation or diminution in value of assets.

(2) Any reference in the profit and loss account formats set out in Part 1 to the depreciation of, or amounts written off, assets of any description is to any provision for depreciation or diminution in value of assets of that description.

58. References to provisions for liabilities or charges are to any amount retained as reasonably necessary for the purpose of providing for any liability or loss which is either likely to be incurred, or certain to be incurred but uncertain as to amount or as to the date on which it will arise.

Staff costs

59.—(1) “Social security costs” means any contributions by the company to any state social security or pension scheme, fund or arrangement.

(2) “Pension costs” includes any costs incurred by the company in respect of any pension scheme established for the purpose of providing pensions for persons currently or formerly employed by the company, any sums set aside for the future payment of pensions directly by the company to current or former employees and any pensions paid directly to such persons without having first been set aside.

(3) Any amount stated in respect of the item “social security costs” or in respect of the item “wages and salaries” in the company’s profit and loss account shall be determined by reference to payments made or costs incurred in respect of all persons employed by the company during the financial year under contracts of service.