

SCHEDULES

SCHEDULE 4

FORM AND CONTENT OF COMPANY ACCOUNTS

PART VII

INTERPRETATION OF SCHEDULE

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

Assets: fixed or current

- 77 Assets of a company are taken to be fixed assets if they are intended for use on a continuing basis in the company's activities, and any assets not intended for such use shall be taken to be current assets.

Balance sheet date

- 78 "Balance sheet date", in relation to a balance sheet, means the date as at which the balance sheet was prepared.

Capitalisation

- 79 References to capitalising any work or costs are to treating that work or those costs as a fixed asset.

Fellow subsidiary

- 80 A body corporate is treated as a fellow subsidiary of another body corporate if both are subsidiaries of the same body corporate but neither is the other's.

Group companies

- 81 "Group company", in relation to any company, means any body corporate which is that company's subsidiary or holding company, or a subsidiary of that company's holding company.

Historical cost accounting rules

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

Status: This is the original version (as it was originally enacted).

Leases

- 83 (1) "Long lease" means a lease in the case of which the portion of the term for which it was granted remaining unexpired at the end of the financial year is not less than 50 years.
- (2) " Short lease " means a lease which is not a long lease.
- (3) " Lease " includes an agreement for a lease.

Listed investments

- 84 " Listed investment" means an investment as respects which there has been granted a listing on a recognised stock exchange, or on any stock exchange of repute (other than a recognised stock exchange) outside Great Britain.

Loans

- 85 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

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

Notes to the accounts

- 87 Notes to a company's accounts may be contained in the accounts or in a separate document annexed to the accounts.

Provisions

- 88 (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 I of this Schedule 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.
- 89 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.

Purchase price

- 90 References (however expressed) to the purchase price of any asset of a company or of any raw materials or consumables used in the production of any such asset include any consideration (whether in cash or otherwise) given by the company in respect of that asset or in respect of those materials or consumables (as the case may require).

Realised profits

- 91 Without prejudice to—
- (a) the construction of any other expression (where appropriate) by reference to accepted accounting principles or practice, or
 - (b) any specific provision for the treatment of profits of any description as realised,

it is hereby declared for the avoidance of doubt that references in this Schedule to realised profits, in relation to a company's accounts, are to such profits of the company as fall to be treated as realised profits for the purposes of those accounts in accordance with principles generally accepted with respect to the determination for accounting purposes of realised profits at the time when those accounts are prepared.

Related companies

- 92 (1) " Related company ", in relation to any company, means any body corporate (other than one which is a group company in relation to that company) in which that company holds on a long-term basis a qualifying capital interest for the purpose of securing a contribution to that company's own activities by the exercise of any control or influence arising from that interest.
- (2) In this paragraph " qualifying capital interest" means, in relation to any body corporate, an interest in shares comprised in the equity share capital of that body corporate of a class carrying rights to vote in all circumstances at general meetings of that body corporate.
- (3) Where—
- (a) a company holds a qualifying capital interest in a body corporate; and
 - (b) the nominal value of any relevant shares in that body corporate held by that company is equal to twenty per cent, or more of the nominal value of all relevant shares in that body corporate ;

it shall be presumed to hold that interest on the basis and for the purpose mentioned in sub-paragraph (1), unless the contrary is shown.

In this sub-paragraph " relevant shares" means, in relation to any body corporate, any such shares in that body corporate as are mentioned in sub-paragraph (2).

Scots land tenure

- 93 In the application of this Schedule to Scotland, " land of freehold tenure" means land in respect of which the company is the proprietor of the dominium utile or, in the case of land not held on feudal tenure, is the owner ; " land of leasehold tenure " means land of which the company is the tenant under a lease ; and the reference to ground-rents, rates and other outgoings includes feu-duty and ground annual.

Staff costs

- 94 (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 other contributions by the company for the purposes of any pension scheme established for the purpose of providing pensions for persons

Status: This is the original version (as it was originally enacted).

employed by the company, any sums set aside for that purpose and any amounts paid by the company in respect of pensions without first being so set aside.

- (3) Any amount stated in respect of either of the above items 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 who are taken into account in determining the relevant annual number for the purposes of paragraph 56(1)(a).

Turnover

95 "Turnover", in relation to a company, means the amounts derived from the provision of goods and services falling within the company's ordinary activities, after deduction of—

- (a) trade discounts,
- (b) value added tax, and
- (c) any other taxes based on the amounts so derived.