

SCHEDULE

Regulation 4(3)

MODIFICATIONS OF SCHEDULE 8

Reorganisation of the Schedule

1.—(1) Parts I, II and III of Schedule 8 shall become, respectively, Section A, Section B and Section C of Part III of Schedule 8.

(2) Paragraphs 1 to 10 of Schedule 8, as modified by paragraph 4 below, shall be renumbered as paragraphs 17 to 26 of Schedule 8.

(3) The provisions set out in paragraph 2 below shall be inserted in Schedule 8 as a new Part I.

(4) The provisions set out in paragraph 3 below shall be inserted in Schedule 8 as a new Part II.

(5) The following shall be inserted in Schedule 8, immediately after the new Part II—

“PART III

EXEMPTIONS WITH RESPECT TO DELIVERY OF ACCOUNTS

16. In this Part of this Schedule—

Section A relates to small companies,

Section B relates to medium-sized companies, and

Section C contains supplementary provisions.”.

The new Part I

2. The following shall be inserted in Schedule 8, immediately after the heading, as Part I of that Schedule—

“PART I

EXEMPTIONS WITH RESPECT TO PREPARATION OF ANNUAL ACCOUNTS OF SMALL COMPANIES

SECTION A

INDIVIDUAL ACCOUNTS

1. The following provisions of this Section of this Part of this Schedule apply to the individual accounts of a small company.

Balance sheet

2.—(1) In preparing its balance sheet according to the balance sheet formats set out in Section B of Part I of Schedule 4, a small company may apply all or any of the modifications permitted by paragraphs 3 and 4 below.

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(2) Where any such modifications are applied by a small company, Schedule 4 shall be read as if the balance sheet formats were the formats as modified and references to the formats and the items in them shall be construed accordingly.

(3) Subject to paragraph 5 below, the notes on the balance sheet formats shall continue to apply to items which have been renumbered or combined into other items by the modifications under paragraphs 3 or 4 below.

(4) For the purposes of paragraph 3(3) and (4) of Schedule 4 (power to adapt or combine items), any new item which may be included in a balance sheet by virtue of paragraphs 3 or 4 below shall be treated as one to which an Arabic number is assigned.

Format 1

3.—(1) Format 1 may be modified as follows.

(2) Of the items (development costs etc.) required to be shown as sub-items of item B.I (intangible assets) there need only be shown the item “goodwill” and the other items may be combined in a new item “other intangible assets”, to be shown after “goodwill”.

(3) Of the items (land and buildings etc.) required to be shown as sub-items of item B.II (tangible assets) there need only be shown the item “land and buildings” and the other items may be combined in a new item “plant and machinery etc.”, to be shown after “land and buildings”.

(4) The following items (required to be shown as sub-items of item B.III (investments)) may be combined as follows—

- (a) item B.III.1 (shares in group undertakings) may be combined with item B.III.3 (participating interests) in a new item under the heading “shares in group undertakings and participating interests”, to be shown as the first item under the heading “investments”,
- (b) item B.III.2 (loans to group undertakings) may be combined with item B.III.4 (loans to undertakings in which the company has a participating interest) in a new item under the heading “loans to group undertakings and undertakings in which the company has a participating interest”, to be shown after the new item mentioned in paragraph (a), and
- (c) item B.III.6 (other loans) may be combined with item B.III.7 (own shares) in a new item under the heading “others”, to be shown after item B.III.5 (other investments other than loans).

(5) Of the items (raw materials and consumables etc.) required to be shown as sub-items of item C.I (stocks) there need only be shown the item “payments on account” and the other items may be combined in a new item “stocks”, to be shown before “payments on account”.

(6) The following items (required to be shown as sub-items of item C.II (debtors)) may be combined as follows—

- (a) item C.II.2 (amounts owed by group undertakings) may be combined with item C.II.3 (amounts owed by undertakings in which the company has a participating interest) in a new item under the heading “amounts owed by group undertakings and undertakings in which the company has a participating interest”, to be shown after item C.II.1 (trade debtors),
- (b) item C.II.4 (other debtors) may be combined together with item C.II.5 (called up share capital not paid) and item C.II.6 (prepayments and accrued income) in a new item under the heading “others”, to be shown after the new item mentioned in paragraph (a).

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(7) Of the items (shares in group undertakings etc.) required to be shown as sub-items of item C.III (investments) there need only be shown the item “shares in group undertakings” and the other items may be combined in a new item “other investments”, to be shown after “shares in group undertakings”.

(8) The following items (required to be shown as sub-items of item E (creditors: amounts falling due within one year)) may be combined as follows—

- (a) item E.6 (amounts owed to group undertakings) may be combined with item E.7 (amounts owed to undertakings in which the company has a participating interest) in a new item under the heading “amounts owed to group undertakings and undertakings in which the company has a participating interest”, to be shown after item E.2 (bank loans and overdrafts) and item E.4 (trade creditors), and
- (b) item E.1 (debenture loans), item E.3 (payments received on account), item E.5 (bills of exchange payable), item E.8 (other creditors including taxation and social security) and item E.9 (accruals and deferred income) may be combined in a new item under the heading “other creditors”, to be shown after the new item mentioned in paragraph (a).

(9) The following items (required to be shown as sub-items of item H (creditors: amounts falling due after more than one year)) may be combined as follows—

- (a) item H.6 (amounts owed to group undertakings) may be combined with item H.7 (amounts owed to undertakings in which the company has a participating interest) in a new item under the heading “amounts owed to group undertakings and undertakings in which the company has a participating interest”, to be shown after item H.2 (bank loans and overdrafts) and item H.4 (trade creditors), and
- (b) item H.1 (debenture loans), item H.3 (payments received on account), item H.5 (bills of exchange payable), item H.8 (other creditors including taxation and social security) and item H.9 (accruals and deferred income) may be combined in a new item under the heading “other creditors”, to be shown after the new item mentioned in paragraph (a).

(10) The items (pensions and similar obligations etc.) required to be shown as sub-items of item I (provisions for liabilities and charges) and the items (capital redemption reserve etc.) required to be shown as sub-items of item K.IV (other reserves) need not be shown.

Format 2

4.—(1) Format 2 may be modified as follows.

(2) Of the items (development costs etc.) required to be shown as sub-items of item B.I (intangible assets) under the general heading “ASSETS” there need only be shown the item “goodwill” and the other items may be combined in a new item “other intangible assets”, to be shown after “goodwill”.

(3) Of the items (land and buildings etc.) required to be shown as sub-items of item B.II (tangible assets) under the general heading “ASSETS” there need only be shown the item “land and buildings” and the other items may be combined in a new item “plant and machinery etc.”, to be shown after “land and buildings”.

(4) The following items (required to be shown as sub-items of item B.III (investments) under the general heading “ASSETS”) may be combined as follows—

- (a) item B.III.1 (shares in group undertakings) may be combined with item B.III.3 (participating interests) in a new item under the heading “shares in group undertakings and participating interests”, to be shown as the first item under the heading “investments”,

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- (b) item B.III.2 (loans to group undertakings) may be combined with item B.III.4 (loans to undertakings in which the company has a participating interest) in a new item under the heading “loans to group undertakings and undertakings in which the company has a participating interest”, to be shown after the new item mentioned in paragraph (a), and
 - (c) item B.III.6 (other loans) may be combined with item B.III.7 (own shares) in a new item under the heading “others”, to be shown after item B.III.5 (other investments other than loans).
- (5) Of the items (raw materials and consumables etc.) required to be shown as sub-items of item C.I (stocks) under the general heading “ASSETS” there need only be shown the item “payments on account” and the other items may be combined in a new item “stocks”, to be shown before “payments on account”.
- (6) The following items (required to be shown as sub-items of item C.II (debtors) under the general heading “ASSETS”) may be combined as follows—
- (a) item C.II.2 (amounts owed by group undertakings) may be combined with item C.II.3 (amounts owed by undertakings in which the company has a participating interest) in a new item under the heading “amounts owed by group undertakings and undertakings in which the company has a participating interest”, to be shown after item C.II.1 (trade debtors),
 - (b) item C.II.4 (other debtors) may be combined together with item C.II.5 (called up share capital not paid) and item C.II.6 (prepayments and accrued income) in a new item under the heading “others”, to be shown after the new item mentioned in paragraph (a).
- (7) Of the items (shares in group undertakings etc.) required to be shown as sub-items of item C.III (investments) under the general heading “ASSETS” there need only be shown the item “shares in group undertakings” and the other items may be combined in a new item “other investments”, to be shown after “shares in group undertakings”.
- (8) The following items (required to be shown as sub-items of item C (creditors) under the general heading “LIABILITIES”) may be combined as follows—
- (a) item C.6 (amounts owed to group undertakings) may be combined with item C.7 (amounts owed to undertakings in which the company has a participating interest) in a new item under the heading “amounts owed to group undertakings and undertakings in which the company has a participating interest”, to be shown after the items for “bank loans and overdrafts” and “trade creditors”, and
 - (b) item C.1 (debenture loans), item C.3 (payments received on account), item C.5 (bills of exchange payable), item C.8 (other creditors including taxation and social security) and item C.9 (accruals and deferred income) may be combined in a new item under the heading “other creditors”, to be shown after the new item mentioned in paragraph (a).
- (9) The items (pensions and similar obligations etc.) required to be shown as sub-items of item B (provisions for liabilities and charges) under the general heading “LIABILITIES” and the items (capital redemption reserve etc.) required to be shown as sub-items of item A.IV (other reserves) under the general heading “LIABILITIES” need not be shown.

The notes on the balance sheet formats

5. With regard to the notes on the balance sheet formats set out in Section B of Part I to Schedule 4, a small company—

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- (a) in the case both of Format 1 and of Format 2, need not comply with the requirements of note (5) if it discloses in the notes to its accounts the aggregate amount included under “debtors” (item C.II in Format 1 and item C.II under the general heading “ASSETS” in Format 2) falling due after more than one year, and
- (b) in the case of Format 2, need not comply with the requirements of note (13) if it discloses in the notes to its accounts the aggregate amount included under “creditors” (item C under the general heading “LIABILITIES”) falling due within one year and the aggregate amount falling due after one year.

The notes to the accounts

6. A small company need not set out in the notes to its accounts any information required by the following paragraphs of Schedule 4—

- 40 (contingent right to allotment of shares),
- 41 (debentures),
- 44 (land and buildings),
- 47 (provision for taxation),
- 48(2) (particulars of debts),
- 48(4)(b) (nature of security given for debts),
- 51(2) (loans provided by way of financial assistance for purchase of own shares),
- 51(3) (dividend),
- 53 (separate statement of certain items of income and expenditure),
- 54 (particulars of tax),
- 56 (particulars of staff).

7. Where any assets are included in the accounts of a small company at a value determined by the application of a method permitted by paragraph 27 of Schedule 4, the notes to the accounts need not disclose any information required by paragraph 27(3).

8. A small company may comply with paragraph 48(1) of Schedule 4 (disclosure of debts repayable in more than 5 years) as if that paragraph stated that the information required by it was to be given in aggregate for all items shown under “creditors” in the company’s balance sheet rather than in respect of each such item.

9.—(1) Subject to sub-paragraph (2) below, a small company need not give the information required by paragraph 55 of Schedule 4 (particulars of turnover).

(2) If the company has supplied geographical markets outside the United Kingdom during the financial year in question, the notes to the accounts shall state the percentage of its turnover that, in the opinion of the company’s directors, is attributable to those markets.

(3) Paragraph 55(3) of Schedule 4 shall apply for the purposes of sub-paragraph (2) above.

10. A small company need not comply with paragraph 59 of Schedule 4 (dealings with or interests in group undertakings).

11. A small company need not give the information required by paragraph 4 (financial years of subsidiary undertakings) or paragraph 5(2) (valuation of investment in subsidiary undertakings by equity method) of Schedule 5.

12. A small company need not give the information required by paragraph 1(3) (breakdown of aggregate amount of directors’ emoluments), paragraphs 2 to 5 (details

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of chairman's and directors' emoluments) or paragraph 7 (pensions of directors and past directors) of Schedule 6.

SECTION B GROUP ACCOUNTS

13.—(1) Subject to sub-paragraph (2), where a small company—

- (a) has prepared individual accounts for a financial year in accordance with any exemptions set out in Section A of this Part of this Schedule, and
- (b) is preparing group accounts in respect of the same year,

it may prepare those group accounts in accordance with the exemptions set out in Section A of this Part of this Schedule.

(2) In preparing the consolidated balance sheet the company—

- (a) when using either balance sheet format set out in Section B of Part I of Schedule 4, shall not combine item B.III.1 (shares in group undertakings) with item B.III.3 (participating interests), and
- (b) when applying the exemptions set out in paragraphs 3(4)(b) and 4(4)(b) of Section A of this Part of this Schedule, shall read the reference in each paragraph to the new item mentioned in paragraph (a) as a reference to the two items which will in each case replace item B.III.3 by virtue of paragraph 21 of Schedule 4A.

(3) Paragraph 1(1) of Schedule 4A shall have effect subject to the exemptions in question.

SECTION C SUPPLEMENTARY PROVISIONS

14.—(1) This paragraph applies where a small company has prepared annual accounts in accordance with any exemptions set out in this Part of this Schedule.

(2) The annual accounts of the company shall not be deemed, by reason only of the fact that advantage has been taken of any exemptions set out in this Part of this Schedule, not to give a true and fair view as required by this Act.

(3) Where a company is entitled to, and has taken advantage of, any exemptions set out in this Part of this Schedule, section 235(2) only requires the auditors to state whether in their opinion the annual accounts have been properly prepared in accordance with the provisions of this Act applicable to small companies.”.

The new Part II

3. The following shall be inserted in Schedule 8 as Part II immediately after the Part inserted by paragraph 2 above:—

“PART II

EXEMPTIONS WITH RESPECT TO DIRECTORS' REPORT

15. The directors' report of a small company need not give any of the information required by or under the following provisions:—

- (a) section 234(1)(a) and (b) (fair review of business, amount to be paid as dividend and amount to be carried to reserves),
- (b) paragraph 1 of Schedule 7 (asset values),
- (c) paragraph 5A of Schedule 7 (insurance effected for officers or auditors),
- (d) paragraph 6 of Schedule 7 (miscellaneous disclosures),
- (e) paragraph 10 of Schedule 7 (health, safety and welfare at work of company's employees),
- (f) paragraph 11 of Schedule 7 (employee involvement).”.

The modifications referred to in paragraph 1(2)

4.—(1) Paragraphs 1 to 10 of Schedule 8 shall be modified as follows.

(2) In paragraph 3(1) for the words “paragraph 48(1) and (4)” there shall be substituted the words “paragraph 48(1) and (4)(a)”.

(3) After paragraph 3(3) there shall be inserted the following sub-paragraph—

“(4) The information required by section 390A(3) (amount of auditors' remuneration) need not be given.”.

(4) In paragraphs 7(1), 8(1) and 10(1), for the words “Part I or II” there shall be substituted in each case the words “Section A or Section B of this Part”.

(5) In paragraph 7(1)(a), for the words “Part I or, as the case may be, Part II” there shall be substituted the words “Section A or, as the case may be, Section B of this Part”.

(6) In paragraph 7(2), there shall be inserted at the end “or, where section 246(1A) applies, immediately above the statements required by that section”.

(7) In paragraph 9, for the words “Paragraphs 7 and 8” there shall be substituted the words “Paragraphs 23 and 24”.

(8) In paragraph 10(2) and (3), for the words “this Schedule”, wherever they occur, there shall be substituted the words “this Part of this Schedule”.