
STATUTORY INSTRUMENTS

2015 No. 980

The Companies, Partnerships and Groups
(Accounts and Reports) Regulations 2015

PART 3

Amendment of the Small Companies Accounts Regulations

Amendment of Part 2 (accounting principles and rules) of Schedule 1 to the Small Companies Accounts Regulations

17.—(1) Part 2 of Schedule 1 to the Small Companies Accounts Regulations is amended as follows.

(2) In Section A (accounting principles)—

(a) at paragraph 12, after the word “policies”, insert “ and measurement bases ”,

(b) at paragraph 13—

(i) omit the word “and” at the end of sub-paragraph (a),

(ii) insert the word “ and ” at the end of sub-paragraph (b), and

(iii) insert the following sub-paragraph after sub-paragraph (b)—

“(c) all provisions for diminution of value must be recognised, whether the result of the financial year is a profit or a loss.”, and

(c) after paragraph 15, insert—

“15A. The opening balance sheet for each financial year shall correspond to the closing balance sheet for the preceding financial year.”.

(3) In Section B (historical cost accounting rules)—

(a) for paragraph 19(3), substitute—

“(3) Provisions made under sub-paragraph (1) or (2) must be charged to the profit and loss account and disclosed separately in a note to the accounts if not shown separately in the profit and loss account.”,

(b) for paragraph 20(2), substitute—

“(2) Any amounts written back under sub-paragraph (1) must be recognised in the profit and loss account and disclosed separately in a note to the accounts if not shown separately in the profit and loss account.”,

(c) for paragraphs 21 and 22, substitute—

“Intangible Assets

21.—(1) Where this is in accordance with generally accepted accounting principles or practice, development costs may be included in “other intangible assets” under “fixed assets” in the balance sheet formats set out in Section B of Part 1 of this Schedule.

(2) If any amount is included in a company's balance sheet in respect of development costs, the note on accounting policies (see paragraph 44 of this Schedule) must include the following information—

- (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.

22.—(1) Intangible assets must be written off over the useful economic life of the intangible asset.

(2) Where in exceptional cases the useful life of intangible assets cannot be reliably estimated, such assets must be written off over a period chosen by the directors of the company.

(3) The period referred to in sub-paragraph (2) must not exceed ten years.

(4) There must be disclosed in a note to the accounts the period referred to in sub-paragraph (2) and the reasons for choosing that period.”,

- (d) at the end of paragraph 27(1), add the words “ and then subtracting any incidental reductions in the cost of acquisition ”,
- (e) for the words “similar to any of the methods mentioned above” in sub-paragraph (2)(d) of paragraph 28 (determination of purchase price or production cost), substitute “ reflecting generally accepted best practice ”, and
- (f) after paragraph 29, insert—

“Equity method in respect of participating interests

29A.—(1) Participating interests may be accounted for using the equity method.

(2) If participating interests are accounted for using the equity method—

- (a) the proportion of profit or loss attributable to a participating interest and recognised in the profit and loss account may be that proportion which corresponds to the amount of any dividends, and
- (b) where the profit attributable to a participating interest and recognised in the profit and loss account exceeds the amount of any dividends, the difference must be placed in a reserve which cannot be distributed to shareholders.

(3) The reference to “dividends” in sub-paragraph (2) includes dividends already paid and those whose payment can be claimed.”.

(4) In Section C (alternative accounting rules)—

- (a) omit sub-paragraphs (4) and (5) of paragraph 32,
- (b) in paragraph 34(2), for the words “a note to the accounts” substitute “ the note on accounting policies (see paragraph 44 of this Schedule) ”,
- (c) for paragraph 34(3), substitute—

- “(3) In the case of each balance sheet item affected, the comparable amounts determined according to the historical cost accounting rules must be shown in a note to the accounts.” and
- (d) in sub-paragraph (2) of paragraph 35 (revaluation reserve)—
- (i) before the words “in Format 1 or 2”, insert the words “ under “Capital and reserves””, and
- (ii) omit the words “but need not be shown under that name”.
- (5) In Section D (fair value accounting)—
- (a) for sub-paragraph (4) of paragraph 36, substitute—
- “(4) Financial instruments which under international accounting standards may be included in accounts at fair value, may be so included, provided that the disclosures required by such accounting standards are made.”,
- (b) for paragraph 39, substitute—

“Other assets that may be included at fair value

- 39.**—(1) This paragraph applies to—
- (a) stocks
- (b) investment property, and
- (c) living animals and plants.
- (2) Such stocks, investment property, and living animals and plants may be included at fair value, provided that, as the case maybe, all such stocks, investment property, and living animals and plants are so included where their fair value can reliably be determined.
- (3) In this paragraph, “fair value” means fair value determined in accordance with generally accepted accounting principles or practice.”, and
- (c) omit sub-paragraph (2) of paragraph 41.

Changes to legislation:

There are currently no known outstanding effects for the The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015, Section 17.