

SCHEDULE 3

INSURANCE COMPANIES: COMPANIES ACT INDIVIDUAL ACCOUNTS

PART 1

GENERAL RULES AND FORMATS

SECTION A

GENERAL RULES

- 1.—(1) Subject to the following provisions of this Schedule—
- (a) every balance sheet of a company must show the items listed in the balance sheet format in Section B of this Part, and
 - (b) every profit and loss account must show the items listed in the profit and loss account format in Section B.
- (2) References in this Schedule to the items listed in any of the formats in Section B are to those items read together with any of the notes following the formats which apply to those items.
- (3) The items must be shown in the order and under the headings and sub-headings given in the particular format, but—
- (a) the notes to the formats may permit alternative positions for any particular items, and
 - (b) the heading or sub-heading for any item does not have to be distinguished by any letter or number assigned to that item in the format used.
- 2.—(1) Any item required to be shown in a company's balance sheet or profit and loss account may be shown in greater detail than required by the particular format.
- (2) The 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 specifically covered by any of the items listed in the formats set out in Section B, save that none of the following may be treated as assets in any balance sheet—
- (a) preliminary expenses,
 - (b) expenses of, and commission on, any issue of shares or debentures, and
 - (c) costs of research.
- 3.—(1) The directors may combine items to which Arabic numbers are given in the balance sheet format set out in Section B (except for items concerning technical provisions and the reinsurers' share of technical provisions), and items to which lower case letters in parentheses are given in the profit and loss account format so set out (except for items within items I.1 and 4 and II.1, 5 and 6) if—
- (a) their individual amounts are not material for the purpose of giving a true and fair view, or
 - (b) the combination facilitates the assessment of the state of affairs or profit or loss of the company for the financial year in question.
- (2) Where sub-paragraph (1)(b) applies—
- (a) the individual amounts of any items which have been combined must be disclosed in a note to the accounts, and
 - (b) any notes required by this Schedule to the items so combined must, notwithstanding the combination, be given.

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

4.—(1) Subject to sub-paragraph (2), the directors must not include a heading or sub-heading corresponding to an item in the balance sheet or profit and loss account format used if there is no amount to be shown for that item for the financial year to which the balance sheet or profit and loss account relates.

(2) Where an amount can be shown for the item in question for the immediately preceding financial year that amount must be shown under the heading or sub-heading required by the format for that item.

5.—(1) For every item shown in the balance sheet or profit and loss account the corresponding amount for the immediately preceding financial year must 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 may be adjusted, and particulars of the non-comparability and of any adjustment must be disclosed in a note to the accounts.

6. Subject to the provisions of this Schedule, 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.

7.—(1) The provisions of this Schedule which relate to long-term business apply, with necessary modifications, to business which consists of effecting or carrying out relevant contracts of general insurance which—

- (a) is transacted exclusively or principally according to the technical principles of long-term business, and
- (b) is a significant amount of the business of the company.

(2) For the purposes of paragraph (1), a contract of general insurance is a relevant contract if the risk insured against relates to—

- (a) accident, or
- (b) sickness.

(3) Sub-paragraph (2) must be read with—

- (a) section 22 of the Financial Services and Markets Act 2000⁽¹⁾,
- (b) the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001⁽²⁾, and
- (c) Schedule 2 to that Act.

8. The company's directors must, in determining how amounts are presented within items in the profit and loss account and balance sheet, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting principles or practice.

(1) 2000 c.8.

(2) S.I. 2001/544, as amended by S.I. 2001/3544, S.I. 2002/682, S.I. 2002/1310, S.I. 2002/1776, S.I. 2002/1777, S.I. 2003/1475, S.I. 2003/1476, S.I. 2003/2822, S.I. 2004/1610, S.I. 2004/2737, S.I. 2004/3379, S.I. 2005/593, S.I. 2005/1518, S.I. 2005/2114 and S.I. 2006/1969.