

SCHEDULES

SCHEDULE 4

FORM AND CONTENT OF COMPANY ACCOUNTS

PART II

ACCOUNTING PRINCIPLES AND RULES

Section B

Historical Cost Accounting Rules

Fixed assets

Rules for determining particular fixed asset items

- 21 (1) The application of paragraphs 17 to 19 in relation to goodwill (in any case where goodwill is treated as an asset) is subject to the following provisions of this paragraph.
- (2) Subject to sub-paragraph (3) below, the amount of the consideration for any goodwill acquired by a 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 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.