

SCHEDULE 1

[SCHEDULE 8 TO THE COMPANIES ACT 1985] FORM AND CONTENT OF ACCOUNTS PREPARED BY SMALL COMPANIES

PART III

NOTES TO THE ACCOUNTS

Preliminary

35. Any information required in the case of any small company by the following provisions of this Part of this Schedule shall (if not given in the company's accounts) be given by way of a note to those accounts.

Disclosure of accounting policies

36. The accounting policies adopted by the company in determining the amounts to be included in respect of items shown in the balance sheet and in determining the profit or loss of the company shall be stated (including such policies with respect to the depreciation and diminution in value of assets).

Information supplementing the balance sheet

37. Paragraphs 38 to 47 require information which either supplements the information given with respect to any particular items shown in the balance sheet or is otherwise relevant to assessing the company's state of affairs in the light of the information so given.

Share capital and debentures

38.—(1) The following information shall be given with respect to the company's share capital—

- (a) the authorised share capital; and
- (b) where shares of more than one class have been allotted, the number and aggregate nominal value of shares of each class allotted.

(2) In the case of any part of the allotted share capital that consists of redeemable shares, the following information shall be given—

- (a) the earliest and latest dates on which the company has power to redeem those shares;
- (b) whether those shares must be redeemed in any event or are liable to be redeemed at the option of the company or of the shareholder; and
- (c) whether any (and, if so, what) premium is payable on redemption.

39. If the company has allotted any shares during the financial year, the following information shall be given—

- (a) the classes of shares allotted; and
- (b) as respects each class of shares, the number allotted, their aggregate nominal value, and the consideration received by the company for the allotment.

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Fixed assets

40.—(1) In respect of each item which is or would but for paragraph 3(4)(b) be shown under the general item “fixed assets” in the company’s balance sheet the following information shall be given—

- (a) the appropriate amounts in respect of that item as at the date of the beginning of the financial year and as at the balance sheet date respectively;
- (b) the effect on any amount shown in the balance sheet in respect of that item of—
 - (i) any revision of the amount in respect of any assets included under that item made during that year on any basis mentioned in paragraph 31;
 - (ii) acquisitions during that year of any assets;
 - (iii) disposals during that year of any assets; and
 - (iv) any transfers of assets of the company to and from that item during that year.

(2) The reference in sub-paragraph (1)(a) to the appropriate amounts in respect of any item as at any date there mentioned is a reference to amounts representing the aggregate amounts determined, as at that date, in respect of assets falling to be included under that item on either of the following bases, that is to say—

- (a) on the basis of purchase price or production cost (determined in accordance with paragraphs 26 and 27); or
- (b) on any basis mentioned in paragraph 31,

(leaving out of account in either case any provisions for depreciation or diminution in value).

(3) In respect of each item within sub-paragraph (1)—

- (a) the cumulative amount of provisions for depreciation or diminution in value of assets included under that item as at each date mentioned in sub-paragraph (1)(a);
- (b) the amount of any such provisions made in respect of the financial year;
- (c) the amount of any adjustments made in respect of any such provisions during that year in consequence of the disposal of any assets; and
- (d) the amount of any other adjustments made in respect of any such provisions during that year;

shall also be stated.

41. Where any fixed assets of the company (other than listed investments) are included under any item shown in the company’s balance sheet at an amount determined on any basis mentioned in paragraph 31, the following information shall be given—

- (a) the years (so far as they are known to the directors) in which the assets were severally valued and the several values; and
- (b) in the case of assets that have been valued during the financial year, the names of the persons who valued them or particulars of their qualifications for doing so and (whichever is stated) the bases of valuation used by them.

Investments

42.—(1) In respect of the amount of each item which is or would but for paragraph 3(4)(b) be shown in the company’s balance sheet under the general item “investments” (whether as fixed assets or as current assets) there shall be stated how much of that amount is ascribable to listed investments.

(2) Where the amount of any listed investments is stated for any item in accordance with sub-paragraph (1), the following amounts shall also be stated—

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- (a) the aggregate market value of those investments where it differs from the amount so stated; and
- (b) both the market value and the stock exchange value of any investments of which the former value is, for the purposes of the accounts, taken as being higher than the latter.

Reserves and provisions

43.—(1) Where any amount is transferred—

- (a) to or from any reserves; or
- (b) to any provisions for liabilities and charges; or
- (c) from any provision for liabilities and charges otherwise than for the purpose for which the provision was established;

and the reserves or provisions are or would but for paragraph 3(4)(b) be shown as separate items in the company's balance sheet, the information mentioned in the following sub-paragraph shall be given in respect of the aggregate of reserves or provisions included in the same item.

(2) That information is—

- (a) the amount of the reserves or provisions as at the date of the beginning of the financial year and as at the balance sheet date respectively;
- (b) any amounts transferred to or from the reserves or provisions during that year; and
- (c) the source and application respectively of any amounts so transferred.

(3) Particulars shall be given of each provision included in the item "other provisions" in the company's balance sheet in any case where the amount of that provision is material.

Details of indebtedness

44.—(1) For the aggregate of all items shown under "creditors" in the company's balance sheet there shall be stated the aggregate of the following amounts, that is to say—

- (a) the amount of any debts included under "creditors" which are payable or repayable otherwise than by instalments and fall due for payment or repayment after the end of the period of five years beginning with the day next following the end of the financial year; and
- (b) in the case of any debts so included which are payable or repayable by instalments, the amount of any instalments which fall due for payment after the end of that period.

(2) In respect of each item shown under "creditors" in the company's balance sheet there shall be stated the aggregate amount of any debts included under that item in respect of which any security has been given by the company.

(3) References above in this paragraph to an item shown under "creditors" in the company's balance sheet include references, where amounts falling due to creditors within one year and after more than one year are distinguished in the balance sheet—

- (a) in a case within sub-paragraph (1), to an item shown under the latter of those categories; and
- (b) in a case within sub-paragraph (2), to an item shown under either of those categories;

and references to items shown under "creditors" include references to items which would but for paragraph 3(4)(b) be shown under that heading.

45. If any fixed cumulative dividends on the company's shares are in arrear, there shall be stated—

- (a) the amount of the arrears; and

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- (b) the period for which the dividends or, if there is more than one class, each class of them are in arrear.

Guarantees and other financial commitments

46.—(1) Particulars shall be given of any charge on the assets of the company to secure the liabilities of any other person, including, where practicable, the amount secured.

(2) The following information shall be given with respect to any other contingent liability not provided for—

- (a) the amount or estimated amount of that liability;
- (b) its legal nature; and
- (c) whether any valuable security has been provided by the company in connection with that liability and if so, what.

(3) There shall be stated, where practicable, the aggregate amount or estimated amount of contracts for capital expenditure, so far as not provided for.

(4) Particulars shall be given of—

- (a) any pension commitments included under any provision shown in the company's balance sheet; and
- (b) any such commitments for which no provision has been made;

and where any such commitment relates wholly or partly to pensions payable to past directors of the company separate particulars shall be given of that commitment so far as it relates to such pensions.

(5) Particulars shall also be given of any other financial commitments which—

- (a) have not been provided for; and
- (b) are relevant to assessing the company's state of affairs.

(6) Commitments within any of sub-paragraphs (1) to (5) which are undertaken on behalf of or for the benefit of—

- (a) any parent undertaking or fellow subsidiary undertaking, or
- (b) any subsidiary undertaking of the company,

shall be stated separately from the other commitments within that sub-paragraph, and commitments within paragraph (a) shall also be stated separately from those within paragraph (b).

Miscellaneous matters

47. Particulars shall be given of any case where the purchase price or production cost of any asset is for the first time determined under paragraph 28.

Information supplementing the profit and loss account

48. Paragraphs 49 and 50 require information which either supplements the information given with respect to any particular items shown in the profit and loss account or otherwise provides particulars of income or expenditure of the company or of circumstances affecting the items shown in the profit and loss account.

Particulars of turnover

49.—(1) If the company has supplied geographical markets outside the United Kingdom during the financial year in question, there shall be stated the percentage of its turnover that, in the opinion of the directors, is attributable to those markets.

(2) In analysing for the purposes of this paragraph the source of turnover, the directors of the company shall have regard to the manner in which the company's activities are organised.

Miscellaneous matters

50.—(1) Where any amount relating to any preceding financial year is included in any item in the profit and loss account, the effect shall be stated.

(2) Particulars shall be given of any extraordinary income or charges arising in the financial year.

(3) The effect shall be stated of any transactions that are exceptional by virtue of size or incidence though they fall within the ordinary activities of the company.

General

51.—(1) Where sums originally denominated in foreign currencies have been brought into account under any items shown in the balance sheet or profit and loss account, the basis on which those sums have been translated into sterling shall be stated.

(2) Subject to the following sub-paragraph, in respect of every item stated in a note to the accounts the corresponding amount for the financial year immediately preceding that to which the accounts relate shall also be stated and where the corresponding amount is not comparable, it shall be adjusted and particulars of the adjustment and the reasons for it shall be given.

(3) Sub-paragraph (2) does not apply in relation to any amounts stated by virtue of any of the following provisions of this Act—

- (a) paragraph 13 of Schedule 4A (details of accounting treatment of acquisitions),
- (b) paragraphs 2, 8(3), 16, 21(1)(d), 22(4) and (5), 24(3) and (4) and 27(3) and (4) of Schedule 5 (shareholdings in other undertakings),
- (c) Parts II and III of Schedule 6 (loans and other dealings in favour of directors and others), and
- (d) paragraphs 40 and 43 above (fixed assets and reserves and provisions).