

SCHEDULE 1

NON-IAS INDIVIDUAL ACCOUNTS

PART 2

ACCOUNTING PRINCIPLES AND RULES

SECTION A

ACCOUNTING PRINCIPLES

Preliminary

10.—(1) The amounts to be included in respect of all items shown in an LLP's accounts must be determined in accordance with the principles set out in this Section.

(2) But if it appears to the members of the LLP that there are special reasons for departing from any of those principles in preparing the LLP's accounts in respect of any financial year they may do so, in which case particulars of the departure, the reasons for it and its effect must be given in a note to the accounts.

Accounting principles

11. The LLP is presumed to be carrying on business as a going concern.

12. Accounting policies [^{F1}and measurement bases] must be applied consistently within the same accounts and from one financial year to the next.

Textual Amendments

F1 Words in Sch. 1 Pt. 2 Section A para. 12 inserted (with effect in accordance with reg. 2(2)-(5) of the amending S.I.) by [The Limited Liability Partnerships, Partnerships and Groups \(Accounts and Audit\) Regulations 2016 \(S.I. 2016/575\)](#), regs. 2(1), **37(a)**

13. The amount of any item must be determined on a prudent basis, and in particular—

- (a) only profits realised at the balance sheet date must be included in the profit and loss account, ^{F2}...
- (b) all liabilities which have arisen in respect of the financial year to which the accounts relate or a previous financial year must be taken into account, including those which only become apparent between the balance sheet date and the date on which it is signed on behalf of the members in accordance with section 414 of the 2006 Act (approval and signing of accounts).

[^{F3}(c) all provisions for diminution of value must be recognised, whether the result of the financial year is a profit or a loss,

- (d) at the balance sheet date, a provision must represent the best estimate of the expenses likely to be incurred or, in the case of a liability, of the amount required to meet that liability, and
- (e) provisions must not be used to adjust the values of assets.]

Changes to legislation: There are currently no known outstanding effects for the The Small Limited Liability Partnerships (Accounts) Regulations 2008, PART 2. (See end of Document for details)

Textual Amendments

- F2** Word in Sch. 1 Pt. 2 Section A para. 13(a) omitted (with effect in accordance with reg. 2(2)-(5) of the amending S.I.) by virtue of [The Limited Liability Partnerships, Partnerships and Groups \(Accounts and Audit\) Regulations 2016 \(S.I. 2016/575\)](#), regs. 2(1), **37(b)(i)**
- F3** Sch. 1 Pt. 2 Section A para. 13(c)-(e) inserted (with effect in accordance with reg. 2(2)-(5) of the amending S.I.) by [The Limited Liability Partnerships, Partnerships and Groups \(Accounts and Audit\) Regulations 2016 \(S.I. 2016/575\)](#), regs. 2(1), **37(b)(ii)**

14. All income and charges relating to the financial year to which the accounts relate must be taken into account, without regard to the date of receipt or payment.

15. In determining the aggregate amount of any item, the amount of each individual asset or liability that falls to be taken into account must be determined separately.

[^{F4}**15A.** The opening balance sheet for each financial year must correspond to the closing balance sheet for the preceding financial year.]

Textual Amendments

- F4** Sch. 1 Pt. 2 Section A para. 15A inserted (with effect in accordance with reg. 2(2)-(5) of the amending S.I.) by [The Limited Liability Partnerships, Partnerships and Groups \(Accounts and Audit\) Regulations 2016 \(S.I. 2016/575\)](#), regs. 2(1), **37(c)**

SECTION B

HISTORICAL COST ACCOUNTING RULES

Preliminary

16. Subject to Sections C and D of this Part of this Schedule, the amounts to be included in respect of all items shown in an LLP's accounts must be determined in accordance with the rules set out in this Section.

Fixed assets

General rules

17.—(1) The amount to be included in respect of any fixed asset must be its purchase price or production cost.

(2) This is subject to any provision for depreciation or diminution in value made in accordance with paragraphs 18 to 20.

Rules for depreciation and diminution in value

18. In the case of any fixed asset which has a limited useful economic life, the amount of—

- (a) its purchase price or production cost, or
- (b) where it is estimated that any such asset will have a residual value at the end of the period of its useful economic life, its purchase price or production cost less that estimated residual value,

must be reduced by provisions for depreciation calculated to write off that amount systematically over the period of the asset's useful economic life.

19.—(1) Where a fixed asset investment of a description falling to be included under item A.III of either of the balance sheet formats set out in [F5Section B of] Part 1 of this Schedule has diminished in value, provisions for diminution in value may be made in respect of it and the amount to be included in respect of it may be reduced accordingly.

(2) Provisions for diminution in value must be made in respect of any fixed asset which has diminished in value if the reduction in its value is expected to be permanent (whether its useful economic life is limited or not), and the amount to be included in respect of it must be reduced accordingly.

[F6(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.]

Textual Amendments

- F5** Words in Sch. 1 Pt. 2 Section B para. 19(1) inserted (with effect in accordance with reg. 2(2)-(5) of the amending S.I.) by [The Limited Liability Partnerships, Partnerships and Groups \(Accounts and Audit\) Regulations 2016 \(S.I. 2016/575\)](#), regs. 2(1), **38(a)(i)**
- F6** Sch. 1 Pt. 2 Section B para. 19(3) substituted (with effect in accordance with reg. 2(2)-(5) of the amending S.I.) by [The Limited Liability Partnerships, Partnerships and Groups \(Accounts and Audit\) Regulations 2016 \(S.I. 2016/575\)](#), regs. 2(1), **38(a)(ii)**

20.—(1) Where the reasons for which any provision was made in accordance with paragraph 19 have ceased to apply to any extent, that provision must be written back to the extent that it is no longer necessary.

[F7(1A) But provision made in accordance with paragraph 19(2) in respect of goodwill must not be written back to any extent.]

[F8(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.]

Textual Amendments

- F7** Sch. 1 Pt. 2 Section B para. 20(1A) inserted (with effect in accordance with reg. 2(2)-(5) of the amending S.I.) by [The Limited Liability Partnerships, Partnerships and Groups \(Accounts and Audit\) Regulations 2016 \(S.I. 2016/575\)](#), regs. 2(1), **38(b)(i)**
- F8** Sch. 1 Pt. 2 Section B para. 20(2) substituted (with effect in accordance with reg. 2(2)-(5) of the amending S.I.) by [The Limited Liability Partnerships, Partnerships and Groups \(Accounts and Audit\) Regulations 2016 \(S.I. 2016/575\)](#), regs. 2(1), **38(b)(ii)**

[F9Intangible 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 an LLP’s balance sheet in respect of development costs, the note on accounting policies (see paragraph 44 of this Schedule) must include the following information—

Changes to legislation: There are currently no known outstanding effects for the The Small Limited Liability Partnerships (Accounts) Regulations 2008, PART 2. (See end of Document for details)

- (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.]

Textual Amendments

F9 Sch. 1 Pt. 2 Section B paras. 21, 22 substituted (with effect in accordance with reg. 2(2)-(5) of the amending S.I.) by [The Limited Liability Partnerships, Partnerships and Groups \(Accounts and Audit\) Regulations 2016 \(S.I. 2016/575\)](#), regs. 2(1), **38(c)**

[F922.—(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 members of the LLP.

(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.]

Textual Amendments

F9 Sch. 1 Pt. 2 Section B paras. 21, 22 substituted (with effect in accordance with reg. 2(2)-(5) of the amending S.I.) by [The Limited Liability Partnerships, Partnerships and Groups \(Accounts and Audit\) Regulations 2016 \(S.I. 2016/575\)](#), regs. 2(1), **38(c)**

Textual Amendments

F9 Sch. 1 Pt. 2 Section B paras. 21, 22 substituted (with effect in accordance with reg. 2(2)-(5) of the amending S.I.) by [The Limited Liability Partnerships, Partnerships and Groups \(Accounts and Audit\) Regulations 2016 \(S.I. 2016/575\)](#), regs. 2(1), **38(c)**

Current assets

23. Subject to paragraph 24, the amount to be included in respect of any current asset must be its purchase price or production cost.

24.—(1) If the net realisable value of any current asset is lower than its purchase price or production cost, the amount to be included in respect of that asset must be the net realisable value.

(2) Where the reasons for which any provision for diminution in value was made in accordance with sub-paragraph (1) have ceased to apply to any extent, that provision must be written back to the extent that it is no longer necessary.

Miscellaneous and supplementary provisions

Excess of money owed over value received as an asset item

25.—(1) Where the amount repayable on any debt owed by an LLP is greater than the value of the consideration received in the transaction giving rise to the debt, the amount of the difference may be treated as an asset.

- (2) Where any such amount is so treated—
- (a) it must be written off by reasonable amounts each year and must be completely written off before repayment of the debt, and
 - (b) if the current amount is not shown as a separate item in the LLP's balance sheet, it must be disclosed in a note to the accounts.

Assets included at a fixed amount

26.—^[F10](1) Subject to sub-paragraph (2), the following may be included at a fixed quantity and value in the balance sheet formats set out in Section B of Part 1 of this Schedule—

- (a) assets which fall to be included amongst the fixed assets of an LLP under the item “intangible assets”, and
 - (b) raw materials and consumables within the item “stocks”.]
- (2) Sub-paragraph (1) applies to assets of a kind which are constantly being replaced where—
- (a) their overall value is not material to assessing the LLP's state of affairs, and
 - (b) their quantity, value and composition are not subject to material variation.

Textual Amendments

F10 Sch. 1 Pt. 2 Section B para. 26(1) substituted (with effect in accordance with reg. 2(2)-(5) of the amending S.I.) by [The Limited Liability Partnerships, Partnerships and Groups \(Accounts and Audit\) Regulations 2016 \(S.I. 2016/575\)](#), regs. 2(1), **38(d)**

Determination of purchase price or production cost

27.—(1) The purchase price of an asset is to be determined by adding to the actual price paid any expenses incidental to its acquisition [^{F11}and then subtracting any incidental reductions in the cost of acquisition].

(2) The production cost of an asset is to be determined by adding to the purchase price of the raw materials and consumables used the amount of the costs incurred by the LLP which are directly attributable to the production of that asset.

- (3) In addition, there may be included in the production cost of an asset—
- (a) a reasonable proportion of the costs incurred by the LLP which are only indirectly attributable to the production of that asset, but only to the extent that they relate to the period of production, and
 - (b) interest on capital borrowed to finance the production of that asset, to the extent that it accrues in respect of the period of production,

provided, however, in a case within paragraph (b), that the inclusion of the interest in determining the cost of that asset and the amount of the interest so included is disclosed in a note to the accounts.

- (4) In the case of current assets distribution costs may not be included in production costs.

Textual Amendments

F11 Words in Sch. 1 Pt. 2 Section B para. 27(1) inserted (with effect in accordance with reg. 2(2)-(5) of the amending S.I.) by [The Limited Liability Partnerships, Partnerships and Groups \(Accounts and Audit\) Regulations 2016 \(S.I. 2016/575\)](#), regs. 2(1), **38(e)**

28.—(1) The purchase price or production cost of—

- (a) any assets which [^{F12}, by virtue of regulation 3(1) and Section B of Part 1 of this Schedule,] fall to be included under any item shown in an LLP's balance sheet under the general item “stocks”, and
- (b) any assets which are fungible assets (including investments),

may be determined by the application of any of the methods mentioned in sub-paragraph (2) in relation to any such assets of the same class, provided that the method chosen is one which appears to the members to be appropriate in the circumstances of the LLP.

(2) Those methods are—

- (a) the method known as “first in, first out” (FIFO),
- (b) the method known as “last in, first out” (LIFO),
- (c) a weighted average price, and
- (d) any other method [^{F13}reflecting generally accepted best practice].

(3) For the purposes of this paragraph, assets of any description must be regarded as fungible if assets of that description are substantially indistinguishable one from another.

Textual Amendments

F12 Words in Sch. 1 Pt. 2 Section B para. 28(1)(a) inserted (with effect in accordance with reg. 2(2)-(5) of the amending S.I.) by [The Limited Liability Partnerships, Partnerships and Groups \(Accounts and Audit\) Regulations 2016 \(S.I. 2016/575\)](#), regs. 2(1), **38(f)(i)**

F13 Words in Sch. 1 Pt. 2 Section B para. 28(2)(d) substituted (with effect in accordance with reg. 2(2)-(5) of the amending S.I.) by [The Limited Liability Partnerships, Partnerships and Groups \(Accounts and Audit\) Regulations 2016 \(S.I. 2016/575\)](#), regs. 2(1), **38(f)(ii)**

Substitution of original stated amount where price or cost unknown

29.—(1) This paragraph applies where—

- (a) there is no record of the purchase price or production cost of any asset of an LLP or of any price, expenses or costs relevant for determining its purchase price or production cost in accordance with paragraph 27, or
- (b) any such record cannot be obtained without unreasonable expense or delay.

(2) In such a case, the purchase price or production cost of the asset must be taken, for the purposes of paragraphs 17 to 24, to be the value ascribed to it in the earliest available record of its value made on or after its acquisition or production by the LLP.

[^{F14}Equity method in respect of participating interests

29A. Participating interests may be accounted for using the equity method.]

Textual Amendments

F14 Words in Sch. 1 Pt. 2 Section B para. 29A inserted (with effect in accordance with reg. 2(2)-(5) of the amending S.I.) by [The Limited Liability Partnerships, Partnerships and Groups \(Accounts and Audit\) Regulations 2016 \(S.I. 2016/575\)](#), regs. 2(1), **38(g)**

SECTION C

ALTERNATIVE ACCOUNTING RULES

Preliminary

30.—(1) The rules set out in Section B are referred to below in this Schedule as the historical cost accounting rules.

(2) Those rules, with the omission of paragraphs 16, 22 and 26 to 29, are referred to below in this Part of this Schedule as the depreciation rules; and references below in this Schedule to the historical cost accounting rules do not include the depreciation rules as they apply by virtue of paragraph 33.

31. Subject to paragraphs 33 to 35, the amounts to be included in respect of assets of any description mentioned in paragraph 32 may be determined on any basis so mentioned.

Alternative accounting rules

32.—(1) Intangible fixed assets, other than goodwill, may be included at their current cost.

(2) Tangible fixed assets may be included at a market value determined as at the date of their last valuation or at their current cost.

(3) Investments of any description falling to be included under item A III of either of the balance sheet formats set out Part 1 of this Schedule may be included either—

- (a) at a market value determined as at the date of their last valuation, or
- (b) at a value determined on any basis which appears to the members to be appropriate in the circumstances of the LLP.

But in the latter case particulars of the method of valuation adopted and of the reasons for adopting it must be disclosed in a note to the accounts.

^{F15}(4)

^{F15}(5)

Textual Amendments

F15 Sch. 1 Pt. 2 Section C para. 32(4)(5) omitted (with effect in accordance with reg. 2(2)-(5) of the amending S.I.) by virtue of [The Limited Liability Partnerships, Partnerships and Groups \(Accounts and Audit\) Regulations 2016 \(S.I. 2016/575\)](#), regs. 2(1), **39(a)**

Application of the depreciation rules

33.—(1) Where the value of any asset of an LLP is determined on any basis mentioned in paragraph 32, that value must be, or (as the case may require) be the starting point for determining, the amount to be included in respect of that asset in the LLP's accounts, instead of its purchase price or production cost or any value previously so determined for that asset. The depreciation rules apply accordingly in relation to any such asset with the substitution for any reference to its purchase price or production cost of a reference to the value most recently determined for that asset on any basis mentioned in paragraph 32.

(2) The amount of any provision for depreciation required in the case of any fixed asset by paragraphs 18 to 20 as they apply by virtue of sub-paragraph (1) is referred to below in this paragraph as the adjusted amount, and the amount of any provision which would be required by any of those paragraphs in the case of that asset according to the historical cost accounting rules is referred to as the historical cost amount.

Changes to legislation: There are currently no known outstanding effects for the The Small Limited Liability Partnerships (Accounts) Regulations 2008, PART 2. (See end of Document for details)

(3) Where sub-paragraph (1) applies in the case of any fixed asset the amount of any provision for depreciation in respect of that asset—

- (a) included in any item shown in the profit and loss account in respect of amounts written off assets of the description in question, or
- (b) taken into account in stating any item so shown which is required by note (9) of the notes on the profit and loss account formats set out in Part 1 of this Schedule to be stated after taking into account any necessary provision for depreciation or diminution in value of assets included under it,

may be the historical cost amount instead of the adjusted amount, provided that the amount of any difference between the two is shown separately in the profit and loss account or in a note to the accounts.

Additional information to be provided in case of departure from historical cost accounting rules

34.—(1) This paragraph applies where the amounts to be included in respect of assets covered by any items shown in an LLP's accounts have been determined on any basis mentioned in paragraph 32.

(2) The items affected and the basis of valuation adopted in determining the amounts of the assets in question in the case of each such item must be disclosed in [^{F16}the note on accounting policies (see paragraph 44 of this Schedule)].

[^{F17}(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.]

(4) In sub-paragraph (3), references in relation to any item to the comparable amounts determined as there mentioned are references to—

- (a) the aggregate amount which would be required to be shown in respect of that item if the amounts to be included in respect of all the assets covered by that item were determined according to the historical cost accounting rules, and
- (b) the aggregate amount of the cumulative provisions for depreciation or diminution in value which would be permitted or required in determining those amounts according to those rules.

Textual Amendments

F16 Words in Sch. 1 Pt. 2 Section C para. 34(2) substituted (with effect in accordance with reg. 2(2)-(5) of the amending S.I.) by [The Limited Liability Partnerships, Partnerships and Groups \(Accounts and Audit\) Regulations 2016 \(S.I. 2016/575\)](#), regs. 2(1), **39(b)(i)**

F17 Sch. 1 Pt. 2 Section C para. 34(3) substituted (with effect in accordance with reg. 2(2)-(5) of the amending S.I.) by [The Limited Liability Partnerships, Partnerships and Groups \(Accounts and Audit\) Regulations 2016 \(S.I. 2016/575\)](#), regs. 2(1), **39(b)(ii)**

Revaluation reserve

35.—(1) With respect to any determination of the value of an asset of an LLP on any basis mentioned in paragraph 32, the amount of any profit or loss arising from that determination (after allowing, where appropriate, for any provisions for depreciation or diminution in value made otherwise than by reference to the value so determined and any adjustments of any such provisions made in the light of that determination) must be credited or (as the case may be) debited to a separate reserve (“the revaluation reserve”).

(2) The amount of the revaluation reserve [^{F18}under “Members’ other interests”] must be shown in the LLP’s balance sheet under a separate sub-heading in the position given for the item “revaluation reserve” in Format 1 or 2 of the balance sheet formats set out in Part 1 of this Schedule^{F19}....

(3) The treatment for taxation purposes of amounts credited or debited to the revaluation reserve must be disclosed in a note to the accounts.

Textual Amendments

- F18** Words in Sch. 1 Pt. 2 Section C para. 35(2) inserted (with effect in accordance with reg. 2(2)-(5) of the amending S.I.) by The Limited Liability Partnerships, Partnerships and Groups (Accounts and Audit) Regulations 2016 (S.I. 2016/575), regs. 2(1), **39(c)(i)**
- F19** Words in Sch. 1 Pt. 2 Section C para. 35(2) omitted (with effect in accordance with reg. 2(2)-(5) of the amending S.I.) by virtue of The Limited Liability Partnerships, Partnerships and Groups (Accounts and Audit) Regulations 2016 (S.I. 2016/575), regs. 2(1), **39(c)(ii)**

SECTION D

FAIR VALUE ACCOUNTING

Inclusion of financial instruments at fair value

36.—(1) Subject to sub-paragraphs (2) to (5), financial instruments (including derivatives) may be included at fair value.

(2) Sub-paragraph (1) does not apply to financial instruments that constitute liabilities unless—

- (a) they are held as part of a trading portfolio,
- (b) they are derivatives, or
- (c) they are financial instruments falling within sub-paragraph (4).

(3) Unless they are financial instruments falling within sub-paragraph (4), sub-paragraph (1) does not apply to—

- (a) financial instruments (other than derivatives) held to maturity,
- (b) loans and receivables originated by the LLP and not held for trading purposes,
- (c) interests in subsidiary undertakings, associated undertakings and joint ventures,
- (d) equity instruments issued by the LLP,
- (e) contracts for contingent consideration in a business combination, or
- (f) other financial instruments with such special characteristics that the instruments, according to generally accepted accounting principles or practice, should be accounted for differently from other financial instruments.

[^{F20}(4) Financial instruments which under [^{F21}UK-adopted 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.]

(5) If the fair value of a financial instrument cannot be determined reliably in accordance with paragraph 37, sub-paragraph (1) does not apply to that financial instrument.

(6) In this paragraph—

“associated undertaking” has the meaning given by paragraph 19 of Schedule 4 to these Regulations;

“joint venture” has the meaning given by paragraph 18 of that Schedule.

Textual Amendments

F20 Sch. 1 Pt. 2 Section D para. 36(4) substituted (with effect in accordance with reg. 2(2)-(5) of the amending S.I.) by The Limited Liability Partnerships, Partnerships and Groups (Accounts and Audit) Regulations 2016 (S.I. 2016/575), regs. 2(1), **40(a)**

F21 Words in Sch. 1 para. 36(4) substituted (31.12.2020) by The International Accounting Standards and European Public Limited-Liability Company (Amendment etc.) (EU Exit) Regulations 2019 (S.I. 2019/685), reg. 1(2), **Sch. 1 para. 59(a)** (with reg. 1(3)(4)) (as amended by S.I. 2020/523, regs. 1(2), 22); 2020 c. 1, Sch. 5 para. 1(1)

Determination of fair value

37.—(1) The fair value of a financial instrument is its value determined in accordance with this paragraph.

(2) If a reliable market can readily be identified for the financial instrument, its fair value is to be determined by reference to its market value.

(3) If a reliable market cannot readily be identified for the financial instrument but can be identified for its components or for a similar instrument, its fair value is determined by reference to the market value of its components or of the similar instrument.

(4) If neither sub-paragraph (2) nor (3) applies, the fair value of the financial instrument is a value resulting from generally accepted valuation models and techniques.

(5) Any valuation models and techniques used for the purposes of sub-paragraph (4) must ensure a reasonable approximation of the market value.

Hedged items

38. An LLP may include any assets and liabilities, or identified portions of such assets or liabilities, that qualify as hedged items under a fair value hedge accounting system at the amount required under that system.

Other assets that may be included at fair value

[^{F22}**39.**—(1) This paragraph applies to—

- (a) stocks,
- (b) investment property, and
- (c) living animals and plants.

(2) Stocks, investment property, and living animals and plants may be included at fair value, provided that, as the case may be, 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.]

Textual Amendments

F22 Sch. 1 Pt. 2 Section D para. 39 substituted (with effect in accordance with reg. 2(2)-(5) of the amending S.I.) by The Limited Liability Partnerships, Partnerships and Groups (Accounts and Audit) Regulations 2016 (S.I. 2016/575), regs. 2(1), **40(b)**

Accounting for changes in value

40.—(1) This paragraph applies where a financial instrument is valued in accordance with paragraph 36 or 38 or an asset is valued in accordance with paragraph 39.

(2) Notwithstanding paragraph 13 in this Part of this Schedule, and subject to sub-paragraphs (3) and (4), a change in the value of the financial instrument or of the investment property or living animal or plant must be included in the profit and loss account.

(3) Where—

- (a) the financial instrument accounted for is a hedging instrument under a hedge accounting system that allows some or all of the change in value not to be shown in the profit and loss account, or
- (b) the change in value relates to an exchange difference arising on a monetary item that forms part of an LLP's net investment in a foreign entity,

the amount of the change in value must be credited to or (as the case may be) debited from a separate reserve (“the fair value reserve”).

(4) Where the instrument accounted for—

- (a) is an available for sale financial asset, and
- (b) is not a derivative,

the change in value may be credited to or (as the case may be) debited from the fair value reserve.

The fair value reserve

41.—(1) The fair value reserve must be adjusted to the extent that the amounts shown in it are no longer necessary for the purposes of paragraph 40(3) or (4).

^{F23}(2)

Textual Amendments

F23 Sch. 1 Pt. 2 Section D para. 41(2) omitted (with effect in accordance with reg. 2(2)-(5) of the amending S.I.) by virtue of [The Limited Liability Partnerships, Partnerships and Groups \(Accounts and Audit\) Regulations 2016 \(S.I. 2016/575\)](#), regs. 2(1), **40(c)**

Changes to legislation:

There are currently no known outstanding effects for the The Small Limited Liability Partnerships (Accounts) Regulations 2008, PART 2.