

**Status:** Point in time view as at 06/01/1997. This version of this part contains provisions that are not valid for this point in time.

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## SCHEDULES

### SCHEDULE 4

#### FORM AND CONTENT OF COMPANY ACCOUNTS

##### Modifications etc. (not altering text)

- C1** Sch. 4 applied with modifications by S.I. 1985/680, regs. 4–6, **Sch.** and **Income and Corporation Taxes Act 1988 (c. 1, SIF 63:1)**, s. 176(9), **Sch. 8 para. 19(3)(4)(5)**
- C1** Sch. 4 applied by **Finance (No. 2) Act 1987 (c. 51, SIF 63:1)**, s. 7, **Sch. 1 para. 19(3)(4)(5)**

### PART VII

#### INTERPRETATION OF SCHEDULE

- 76 The following paragraphs apply for the purposes of this Schedule and its interpretation.

VALID FROM 12/11/2004

##### *Financial instruments*

- 76A References to “derivatives” include commodity-based contracts that give either contracting party the right to settle in cash or in some other financial instrument, except when such contracts—
- were entered into for the purpose of, and continue to meet, the company’s expected purchase, sale or usage requirements,
  - were designated for such purpose at their inception, and
  - are expected to be settled by delivery of the commodity.

VALID FROM 12/11/2004

- 76B (1) The expressions listed in sub-paragraph (2) have the same meaning as they have in Council Directive [78/660/EEC](#) on the annual accounts of certain types of companies, as amended. <sup>F1</sup>
- (2) Those expressions are “available for sale financial asset”, “business combination”, “commodity-based contracts”, “derivative”, “equity instrument”, “exchange difference”, “fair value hedge accounting system”, “financial fixed asset”, “financial instrument”, “foreign entity”, “hedge accounting”, “hedge accounting

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system”, “hedged items”, “hedging instrument”, “held for trading purposes”, “held to maturity”, “monetary item”, “receivables”, “reliable market” and “trading portfolio”.

#### Textual Amendments

**F1** O.J. L222 of 14.8.1978, page 11, as amended in particular by Directive 2001/65/EEC (O.J. L238 of 27.12.2001, page 28).

*F2*

.....

77—81.

#### Textual Amendments

**F2** Sch. 4 Pt. VII paras. 77–81 repealed (subject to the transitional and saving provisions mentioned in S.I. 1990/355, art. 5) by Companies Act 1989 (c. 40, SIF 27), ss. 212, 213(2), Sch. 24

### *Historical cost accounting rules*

82 References to the historical cost accounting rules shall be read in accordance with paragraph 29.

VALID FROM 12/11/2004

#### *Investment property*

82A “Investment property” means land held to earn rent or for capital appreciation.

### *Leases*

83 (1) “Long lease” means a lease in the case of which the portion of the term for which it was granted remaining unexpired at the end of the financial year is not less than 50 years.

(2) “Short lease” means a lease which is not a long lease.

(3) “Lease” includes an agreement for a lease.

### *Listed investments*

84 “Listed investment” means an investment as respects which there has been granted a listing [<sup>F3</sup>on a recognised investment exchange other than an overseas investment exchange within the meaning of the Financial Services Act 1986 or on any stock exchange of repute outside Great Britain].

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**Textual Amendments**

**F3** Words substituted by [Financial Services Act 1986 \(c. 60, SIF 69\)](#), s. 212(2), [Sch. 16 para. 23\(b\)](#)

*Loans*

85 A loan is treated as falling due for repayment, and an instalment of a loan is treated as falling due for payment, on the earliest date on which the lender could require repayment or (as the case may be) payment, if he exercised all options and rights available to him.

*Materiality*

86 Amounts which in the particular context of any provision of this Schedule are not material may be disregarded for the purposes of that provision.

**F4** .....

87

**Textual Amendments**

**F4** [Sch. 4 Pt. VII paras. 87, 90–92, 95](#) repealed (subject to the transitional and saving provisions mentioned in [S.I. 1990/355](#), [art. 5](#)) by [Companies Act 1989 \(c. 40, SIF 27\)](#), ss. 212, 213(2), [Sch. 24](#)

*Provisions*

88 (1) References to provisions for depreciation or diminution in value of assets are to any amount written off by way of providing for depreciation or diminution in value of assets.

(2) Any reference in the profit and loss account formats set out in Part I of this Schedule to the depreciation of, or amounts written off, assets of any description is to any provision for depreciation or diminution in value of assets of that description.

89 References to provisions for liabilities or charges are to any amount retained as reasonably necessary for the purposes of providing for any liability or loss which is either likely to be incurred, or certain to be incurred but uncertain as to amount or as to the date on which it will arise.

**F5** .....

90–92.

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#### Textual Amendments

- F5** Sch. 4 Pt. VII paras. 87, 90–92, 95 repealed (subject to the transitional and saving provisions mentioned in S.I. 1990/355, **art. 5**) by Companies Act 1989 (c. 40, SIF 27), ss. 212, 213(2), **Sch. 24**

#### Scots land tenure

- 93 In the application of this Schedule to Scotland, “land of freehold tenure” means land in respect of which the company is the proprietor of the *dominium utile* or, in the case of land not held on feudal tenure, is the owner; “land of leasehold tenure” means land of which the company is the tenant under a lease; and the reference to ground-rents, rates and other outgoings includes feu-duty and ground annual.

#### Staff costs

- 94 (1) “Social security costs” means any contributions by the company to any state social security or pension scheme, fund or arrangement.
- [<sup>F6</sup>(2) “Pension costs” includes any costs incurred by the company in respect of any pension scheme established for the purpose of providing pensions for persons currently or formerly employed by the company, any sums set aside for the future payment of pensions directly by the company to current or former employees and any pensions paid directly to such persons without having first been set aside.]
- (3) Any amount stated in respect of [<sup>F7</sup>the item “social security costs”] or in respect of the item “wages and salaries” in the company’s profit and loss account shall be determined by reference to payments made or costs incurred in respect of all persons employed by the company during the financial year who are taken into account in determining the relevant annual number for the purposes of paragraph 56(1)(a).

#### Textual Amendments

- F6** Sch. 4 para. 94(2) substituted (2.2.1996) by S.I. 1996/189, reg. 14(1), **Sch. 1 para. 16(2)**
- F7** Words in Sch. 4 para. 94(3) substituted (2.2.1996) by S.I. 1996/189, reg. 14(1), **Sch. 1 para. 16(3)**

<sup>F8</sup> .....

95

#### Textual Amendments

- F8** Sch. 4 Pt. VII paras. 87, 90–92, 95 repealed (subject to the transitional and saving provisions mentioned in S.I. 1990/355, **art. 5**) by Companies Act 1989 (c. 40, SIF 27), ss. 212, 213(2), **Sch. 24**

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