

SCHEDULES

SCHEDULE 1

Article 21

PARTICULARS OF DIRECTORS, ETC. TO BE CONTAINED IN STATEMENT UNDER ARTICLE 21

Directors

1. Subject to paragraph 2, the statement under Article 21(2) shall contain the following particulars with respect to each person named as director—
 - (a) in the case of an individual, his present^[F1] name], any former^[F1] name], his usual residential address, his nationality, his business occupation (if any), particulars of any other directorships held by him, or which have been held by him^[F1] and his date of birth]; and
 - (b) in the case of a corporation^[F1] or Scottish firm], its corporate^[F1] or firm] name and registered or principal office, and particulars of any other directorships held by it or which have been held by it.

F1 1990 NI 10

- 2.—(1) It is not necessary for the statement to contain particulars of a directorship—
 - (a) which has not been held by a director at any time during the 5 years preceding the date on which the statement is delivered to the registrar,
 - (b) which is held by a director in a company which—
 - (i) is dormant or grouped with the company delivering the statement, and
 - (ii) if he also held that directorship for any period during those 5 years, was for the whole of that period either dormant or so grouped,
 - (c) which was held by a director for any period during those 5 years in a company which for the whole of that period was either dormant or grouped with the company delivering the statement.
- (2) For these purposes, “company” includes any body corporate incorporated in Northern Ireland; and—
 - (a) ^[F2]Article 257AA(4)] applies as regards whether and when a company is or has been “dormant”, and
 - (b) a company is treated as being or having been at any time grouped with another company if at that time it is or was a company of which that other is or was a wholly-owned subsidiary, or if it is or was a wholly-owned subsidiary of the other or of another company of which that other is or was a wholly-owned subsidiary.

F2 SR 2001/153

Status: Point in time view as at 01/10/2007.

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Secretaries

3.—(1) The statement shall contain the following particulars with respect to the person named as secretary or, where there are to be joint secretaries, with respect to each person named as one of them—

- (a) in the case of an individual, his present^[F3] name] and surname, any former^[F3] name] and his usual residential address,
- (b) in the case of a body corporate or a Scottish firm, its corporate or firm name and registered or principal office.

(2) However, if all the partners in the firm are joint secretaries, the name and principal office of the firm may be stated instead of the particulars otherwise required by this paragraph.

F3 1990 NI 10

Interpretation

4. In paragraphs 1(a) and 3(1)(a)—

- (a) “name” means a person's Christian name (or other forename) and surname, except that in the case of a peer, or an individual usually known by a title, the title may be stated instead of his Christian name (or other forename) and surname or in addition to either or both of them; and
- (b) the reference to a former name does not include—
 - (i) in the case of a peer, or an individual normally known by a British title, the name by which he was known previous to the adoption of or succession to the title, or
 - (ii) in the case of any person, a former name which was changed or disused before he attained the age of 18 years or which has been changed or disused for 20 years or more, or
 - (iii) in the case of a married woman, the name by which she was known previous to the marriage.

SCHEDULE 2

Articles 33, 155, 156, 158

INTERPRETATION OF REFERENCES TO “BENEFICIAL INTEREST”

[^{F4}PART I]

[^{F4}REFERENCES IN ARTICLES 33, 155, 156 AND 158]

F4 1990 NI 5

Status: Point in time view as at 01/10/2007.

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Residual interests under pension and employees' share schemes

1.—(1) Where shares in a company are held on trust for the purposes of a pension scheme or an employees' share scheme, there is to be disregarded any residual interest which has not vested in possession, being an interest of the company or,^{F5} as this paragraph applies for the purposes of Article 33(2),^{F6} . . . of any subsidiary of the company.

(2) In this paragraph, “a residual interest” means a right of the company or subsidiary in question (“the residual beneficiary”) to receive any of the trust property in the event of—

- (a) all the liabilities arising under the scheme having been satisfied or provided for, or
- (b) the residual beneficiary ceasing to participate in the scheme, or
- (c) the trust property at any time exceeding what is necessary for satisfying the liabilities arising or expected to arise under the scheme.

(3) In sub-paragraph (2), references to a right include a right dependent on the exercise of a discretion vested by the scheme in the trustee or any other person; and references to liabilities arising under a scheme include liabilities that have resulted or may result from the exercise of any such discretion.

(4) For the purposes of this paragraph, a residual interest vests in possession—

- (a) in a case within head (a) of sub-paragraph (2), on the occurrence of the event there mentioned, whether or not the amount of the property receivable pursuant to the right mentioned in that sub-paragraph is then ascertained; and
- (b) in a case within head (b) or (c) of that sub-paragraph, when the residual beneficiary becomes entitled to require the trustee to transfer to that beneficiary any of the property receivable pursuant to that right.

Sub-para. (5) rep. by 1990 NI 5

F5 1990 NI 10
F6 1990 NI 5

2.—(1) This paragraph has effect as regards the operation of Articles^{F7} . . . 154, 155, 156 and 158 in cases where a residual interest vests in possession.

Sub-para. (2) rep. by 1990 NI 5

(3) Where by virtue of paragraph 1 any shares are exempt from Article 154 or 155 at the time when they are issued or acquired but the residual interest in question vests in possession before they are disposed of or fully paid up, those Articles apply to the shares as if they had been issued or acquired on the date on which that interest vests in possession.

(4) Where by virtue of paragraph 1 any shares are exempt from Articles 156 to 159 at the time when they are acquired but the residual interest in question vests in possession before they are disposed of, those Articles apply to the shares as if they had been acquired on the date on which that interest vests in possession.

(5) Sub-paragraphs (1) to (4) apply irrespective of the date on which the residual interest vests or vested in possession; but where the date on which it vested was before 3rd August 1983 (the date on which the Order of 1983 came into operation), they have effect as if the vesting had occurred on that date.

F7 1990 NI 5

Status: Point in time view as at 01/10/2007.

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Employer's charges and other rights of recovery

- 3.—(1) Where shares in a company are held on trust, there are to be disregarded—
- (a) if the trust is for the purposes of a pension scheme, any such rights as are mentioned in sub-paragraph (2), and
 - (b) if the trust is for the purposes of an employees' share scheme, any such rights as are mentioned in sub-paragraph (2)(a),

being rights of the company or,^{F8} as this paragraph applies for the purposes of Article 33(2)]^{F9}. . . of any subsidiary of the company.

- (2) The rights referred to in sub-paragraph (1) are—
- (a) any charge or lien on, or set-off against any benefit or other right or interest under the scheme for the purpose of enabling the employer or former employer of a member of the scheme to obtain the discharge of a monetary obligation due to him from the member, and
 - (b) any right to receive from the trustee of the scheme, or as trustee of the scheme to retain, an amount that can be recovered or retained under^{F10} section 57 of the Pension Schemes (Northern Ireland) Act 1993 (deduction of contributions equivalent premium from refund of scheme contributions)] or otherwise as reimbursement or partial reimbursement for any^{F11} contributions equivalent] premium paid in connection with the scheme under^{F10} Chapter III of Part III of that Act].

Sub-para. (3) rep. by 1990 NI 5

F8	1990 NI 10
F9	1990 NI 5
F10	1993 c. 49
F11	1995 NI 22

Trustee's right to expenses, remuneration, indemnity, etc.

4.—(1) Where a company is a trustee^{F12}. . . , there are to be disregarded any rights which the company has in its capacity as trustee including, in particular, any right to recover its expenses or be remunerated out of the trust property and any right to be indemnified out of that property for any liability incurred by reason of any act or omission of the company in the performance of its duties as trustee.

(2) [^{F13}As this paragraph applies for the purposes of Article 33(2)],^{F12}. . . , sub-paragraph (1) has effect as if references to a company included any body corporate which is a subsidiary of a company.

[^{F12}(3) As respects Articles 155, 156 and 158, sub-paragraph (1) applies where a company is a personal representative as it applies where a company is a trustee.]

F12	1990 NI 5
F13	1990 NI 10

Supplementary

5.—(1) This paragraph applies for the interpretation of^{F14} this Part of this Schedule].

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(2) “Pension scheme” means any scheme for the provision of benefits consisting of or including relevant benefits for or in respect of employees or former employees; and “relevant benefits” means any pension, lump sum, gratuity or other like benefit given or to be given on retirement or on death or in anticipation of retirement or, in connection with past service, after retirement or death.

(3) In sub-paragraph (2) and in paragraph 3(2)(a), “employer” and “employee” are to be read as if a director of a company were employed by it.

F14 1990 NI 5

PART II

REFERENCES IN SCHEDULE 5

Residual interests under pension and employees' share schemes

6.—(1) Where shares in an undertaking are held on trust for the purposes of a pension scheme or an employees' share scheme, there shall be disregarded any residual interest which has not vested in possession, being an interest of the undertaking or any of its subsidiary undertakings.

(2) In this paragraph a “residual interest” means a right of the undertaking in question (the “residual beneficiary”) to receive any of the trust property in the event of—

- (a) all the liabilities arising under the scheme having been satisfied or provided for, or
- (b) the residual beneficiary ceasing to participate in the scheme, or
- (c) the trust property at any time exceeding what is necessary for satisfying the liabilities arising or expected to arise under the scheme.

(3) In sub#paragraph (2) references to a right include a right dependent on the exercise of a discretion vested by the scheme in the trustee or any other person; and references to liabilities arising under a scheme include liabilities that have resulted or may result from the exercise of any such discretion.

(4) For the purposes of this paragraph a residual interest vests in possession—

- (a) in a case within sub#paragraph (2)(a), on the occurrence of the event there mentioned, whether or not the amount of the property receivable pursuant to the right mentioned in that sub#paragraph is then ascertained;
- (b) in a case within sub#paragraph (2)(b) or (c), when the residual beneficiary becomes entitled to require the trustee to transfer to that beneficiary any of the property receivable pursuant to that right.

Employer's charges and other rights of recovery

7.—(1) Where shares in an undertaking are held on trust, there shall be disregarded—

- (a) if the trust is for the purposes of a pension scheme, any such rights as are mentioned in sub#paragraph (2);
- (b) if the trust is for the purposes of an employees' share scheme, any such rights as are mentioned in head (a) of that sub#paragraph,

being rights of the undertaking or any of its subsidiary undertakings.

Status: Point in time view as at 01/10/2007.

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(2) The rights referred to are—

- (a) any charge or lien on, or set#o# against, any benefit or other right or interest under the scheme for the purpose of enabling the employer or former employer of a member of the scheme to obtain the discharge of a monetary obligation due to him from the member, and
- (b) any right to receive from the trustee of the scheme, or as trustee of the scheme to retain, an amount that can be recovered or retained under^{F15} section 57 of the Pension Schemes (Northern Ireland) Act 1993 (deduction of contributions equivalent premium from refund of scheme contributions)] or otherwise as reimbursement or partial reimbursement for any^{F16} contributions equivalent] premium paid in connection with the scheme under^{F15} Chapter III of Part III of that Act].

F15 1993 c. 49

F16 1995 NI 22

Trustee's right to expenses, remuneration, indemnity, &c.

8. Where an undertaking is a trustee, there shall be disregarded any rights which the undertaking has in its capacity as trustee including, in particular, any right to recover its expenses or be remunerated out of the trust property and any right to be indemnified out of that property for any liability incurred by reason of any act or omission of the undertaking in the performance of its duties as trustee.

Supplementary

9.—(1) The following applies for the interpretation of this Part of this Schedule.

(2) “Undertaking”, and “shares” in relation to an undertaking, have the same meaning as in Part VIII of this Order.

(3) This Part of this Schedule applies in relation to debentures as it applies in relation to shares.

(4) “Pension scheme” means any scheme for the provision of benefits consisting of or including relevant benefits for or in respect of employees or former employees; and “relevant benefits” means any pension, lump sum, gratuity or other like benefit given or to be given on retirement or on death or in anticipation of retirement or, in connection with past service, after retirement or death.

(5) In sub#paragraph (4) and in paragraph 7(2) “employee” and “employer” shall be read as if a director of an undertaking were employed by it.

^{F17}SCHEDULE 3

Article 67, et passium in Part IV

MANDATORY CONTENTS OF PROSPECTUS

F17 prosp. in part rep. by 1986 c. 60

Status: Point in time view as at 01/10/2007.

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PART I

MATTERS TO BE STATED

The company's proprietorship, management and its capital requirement

1.—(1) The prospectus must state—

- (a) the number of founders or management or deferred shares (if any) and the nature and extent of the interest of the holders in the property and profits of the company;
- (b) the number of shares (if any) fixed by the company's articles as the qualification of a director, and any provision in its articles as to the remuneration of directors; and
- (c) the names, descriptions and addresses of the directors or proposed directors.

(2) As this paragraph applies for the purposes of Article 82(3), sub-paragraph (1)(b) is to be read with the substitution for the reference to the company's articles of a reference to its constitution.

(3) Sub-paragraphs (1)(b) and (1)(c) do not apply in the case of a prospectus issued more than 2 years after the date at which the company is entitled to commence business.

2. Where shares are offered to the public for subscription, the prospectus must give particulars as to—

- (a) the minimum amount which, in the opinion of the directors, must be raised by the issue of those shares in order to provide the sums (or, if any part of them is to be defrayed in any other manner, the balance of the sums) required to be provided in respect of each of the following—
 - (i) the purchase price of any property purchased or to be purchased which is to be defrayed in whole or in part out of the proceeds of the issue,
 - (ii) any preliminary expenses payable by the company, and any commission so payable to any person in consideration of his agreeing to subscribe for, or of his procuring or agreeing to procure subscriptions for, any shares in the company,
 - (iii) the repayment of any money borrowed by the company in respect of any of the foregoing matters,
 - (iv) working capital, and
- (b) the amounts to be provided in respect of the matters mentioned in sub-paragraph (a) otherwise than out of the proceeds of the issue and the sources of which those amounts are to be provided.

Details relating to the offer

3.—(1) The prospectus must state—

- (a) the time of the opening of the subscription lists; and
- (b) the amount payable on application and allotment on each share (including the amount, if any, payable by way of premium).

(2) In the case of a second or subsequent offer of shares, there must also be stated the amount offered for subscription on each previous allotment made within the 2 preceding years, the amount actually allotted and the amount (if any) paid on the shares so allotted, including the amount (if any) paid by way of premium.

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4.—(1) There must be stated the number, description and amount of any shares in or debentures of the company for which any person has, or is entitled to be given, an option to subscribe.

(2) The following particulars of the option must be given—

- (a) the period during which it is exercisable;
- (b) the price to be paid for shares or debentures subscribed for under it;
- (c) the consideration (if any) given or to be given for it or the right to it;
- (d) the names and addresses of the persons to whom it or the right to it was given or, if given to existing shareholders or debenture holders as such, the relevant shares or debentures.

(3) References in this paragraph to subscribing for shares or debentures include acquiring them from a person to whom they have been allotted or agreed to be allotted with a view to his offering them for sale.

5. The prospectus must state the number and amount of shares and debentures which within the 2 preceding years have been issued, or agreed to be issued, as fully or partly paid up otherwise than in cash; and—

- (a) in the latter case the extent to which they are so paid up; and
- (b) in either case the consideration for which those shares or debentures have been issued or are proposed or intended to be issued.

Property acquired or to be acquired by the company

6.—(1) For the purposes of paragraphs 7 and 8, “relevant property” is property purchased or acquired by the company, or proposed so to be purchased or acquired,

- (a) which is to be paid for wholly or partly out of the proceeds of the issue offered for subscription by the prospectus; or
- (b) the purchase or acquisition of which has not been completed at the date of the issue of the prospectus.

(2) But those two paragraphs do not apply to property—

- (a) the contract for whose purchase or acquisition was entered into in the ordinary course of the company's business, the contract not being made in contemplation of the issue nor the issue in consequence of the contract; or
- (b) as respects which the amount of the purchase money is not material.

7. As respects any relevant property, the prospectus must state—

- (a) the names and addresses of the vendors;
- (b) the amount payable in cash, shares or debentures to the vendor and, where there is more than one separate vendor, or the company is a sub-purchaser, the amount so payable to each vendor;
- (c) short particulars of any transaction relating to the property completed within the 2 preceding years in which any vendor of the property to the company or any person who is, or was at the time of the transaction, a promoter or a director or proposed director of the company had any interest direct or indirect.

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8. There must be stated the amount (if any) paid or payable as purchase money in cash, shares or debentures for any relevant property, specifying the amount (if any) payable for goodwill.

9.—(1) This paragraph applies for the interpretation of paragraphs 6, 7 and 8.

(2) Every person is deemed a vendor who has entered into any contract (absolute or conditional) for the sale or purchase, or for any option of purchase, of any property to be acquired by the company, in any case where—

- (a) the purchase money is not fully paid at the date of the issue of the prospectus;
- (b) the purchase money is to be paid or satisfied wholly or in part out of the proceeds of the issue offered for subscription by the prospectus;
- (c) the contract depends for its validity or fulfilment on the result of that issue.

(3) Where any property to be acquired by the company is to be taken on lease, paragraphs 6, 7 and 8 apply as if “vendor” included the lessor, “purchase money” included the consideration for the lease, and “sub-purchaser” included a sub-lessee.

(4) For the purposes of paragraph 7, where the vendors or any of them are a firm, the members of the firm are not to be treated as separate vendors.

Commissions, preliminary expenses, etc.

10.—(1) The prospectus must state—

- (a) the amount (if any) paid within the 2 preceding years, or payable, as commission (but not including commission to sub-underwriters) for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any shares in or debentures of the company, or the rate of any such commission;
- (b) the amount or estimated amount of any preliminary expenses and the persons by whom any of those expenses have been paid or are payable, and the amount or estimated amount of the expenses of the issue and the persons by whom any of those expenses have been paid or are payable;
- (c) any amount or benefit paid or given within the 2 preceding years or intended to be paid or given to any promoter, and the consideration for the payment or the giving of the benefit.

(2) Sub-paragraph (1)(b), so far as it relates to preliminary expenses, does not apply in the case of a prospectus issued more than 2 years after the date at which the company is entitled to commence business.

Contracts

11.—(1) The prospectus must give the dates of, parties to and general nature of every material contract.

(2) This does not apply to a contract entered into in the ordinary course of the business carried on or intended to be carried on by the company, or a contract entered into more than 2 years before the date of issue of the prospectus.

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Auditors

12. The prospectus must state the names and addresses of the company's auditors (if any).

Interests of directors

13.—(1) The prospectus must give full particulars of—

- (a) the nature and extent of the interest (if any) of every director in the promotion of, or in the property proposed to be acquired by, the company; or
- (b) where the interest of such a director consists in being a partner in a firm, the nature and extent of the interest of the firm.

(2) With the particulars under sub-paragraph (1)(b) must be provided a statement of all sums paid or agreed to be paid to the director or the firm in cash or shares or otherwise by any person either to induce him to become, or to qualify him as, a director, or otherwise for services rendered by him or the firm in connection with the promotion or formation of the company.

(3) This paragraph does not apply in the case of a prospectus issued more than 2 years after the date at which the company is entitled to commence business.

Other matters

14. If the prospectus invites the public to subscribe for shares in the company and the company's share capital is divided into different classes of shares, the prospectus must state the right of voting at meetings of the company conferred by, and the rights in respect of capital and dividends attached to, the several classes of shares respectively.

15. In the case of a company which has been carrying on business, or of a business which has been carried on for less than 3 years, the prospectus must state the length of time during which the business of the company (or the business to be acquired, as the case may be) has been carried on.

PART II

AUDITORS' AND ACCOUNTANTS' REPORTS TO BE SET OUT IN PROSPECTUS

Auditors' report

16.—(1) The prospectus shall set out a report by the company's auditors with respect to—

- (a) profits and losses and assets and liabilities, in accordance with sub-paragraphs (2) and (3), as the case requires, and
- (b) the rates of the dividends (if any) paid by the company in respect of each class of shares in respect of each of the 5 financial years immediately preceding the issue of the prospectus, giving particulars of each such class of shares on which such dividends have been paid and particulars of the cases in which no dividends have been paid in respect of any class of shares in respect of any of those years.

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If no accounts have been made up in respect of any part of the 5 years ending on a date 3 months before the issue of the prospectus, the report shall contain a statement of that fact.

- 16.—(2) If the company has no^{F18} subsidiary undertakings], the report shall—
- (a) deal with profits and losses of the company in respect of each of the 5 financial years immediately preceding the issue of the prospectus; and
 - (b) deal with the assets and liabilities of the company at the last date to which the company's accounts were made up.

- ^{F18}(3) If the company has subsidiary undertakings, the report shall—
- (a) deal separately with the company's profits and losses as provided by sub#paragraph (2), and in addition deal either—
 - (i) as a whole with the combined profits or losses of its subsidiary undertakings, so far as they concern members of the company, or
 - (ii) individually with the profits or losses of each of its subsidiary undertakings, so far as they concern members of the company,or, instead of dealing separately with the company's profits or losses, deal as a whole with the profits or losses of the company and (so far as they concern members of the company) with the combined profits and losses of its subsidiary undertakings; and
 - (b) deal separately with the company's assets and liabilities as provided by sub#paragraph (2), and in addition deal either—
 - (i) as a whole with the combined assets and liabilities of its subsidiary undertakings, with or without the company's assets and liabilities, or
 - (ii) individually with the assets and liabilities of each of its subsidiary undertakings, indicating, as respects the assets and liabilities of its subsidiary undertakings, the allowance to be made for persons other than members of the company.]

F18 1990 NI 5

Accountants' reports

17. If the proceeds of the issue of the shares or debentures are to be applied directly or indirectly in the purchase of any business, or any part of the proceeds of the issue is to be so applied, there shall be set out in the prospectus a report made by accountants upon—

- (a) the profits or losses of the business in respect of each of the 5 financial years immediately preceding the issue of the prospectus, and
- (b) the assets and liabilities of the business at the last date to which the accounts of the business were made up.

18.—(1) The following provisions apply if—

- (a) the proceeds of the issue are to be applied directly or indirectly in any manner resulting in the acquisition by the company of shares in any other undertaking, or any part of the proceeds is to be so applied, and
- (b) by reason of that acquisition or anything to be done in consequence of or in connection with it, that undertaking will become a subsidiary undertaking of the company.

(2) There shall be set out in the prospectus a report made by accountants upon—

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- (a) the profits or losses of the other undertaking in respect of each of the 5 financial years immediately preceding the issue of the prospectus, and
 - (b) the assets and liabilities of the other undertaking at the last date to which its accounts were made up.
- (3) The report shall—
- (a) indicate how the profits or losses of the other undertaking would in respect of the shares to be acquired have concerned members of the company and what allowance would have fallen to be made, in relation to assets and liabilities so dealt with, for holders of other shares, if the company had at all material times held the shares to be acquired, and
 - (b) where the other undertaking is a parent undertaking, deal with the profits or losses and the assets and liabilities of the undertaking and its subsidiary undertakings in the manner provided by paragraph 16(3) in relation to the company and its subsidiary undertakings.
- (4) In this paragraph “undertaking” and “shares”, in relation to an undertaking, have the same meaning as in Part VIII of this Order.

Provisions interpreting preceding paragraphs, and modifying them in certain cases

19. If in the case of a company which has been carrying on business, or of a business which has been carried on for less than 5 years, the accounts of the company or business have only been made up in respect of 4 years, 3 years, 2 years or one year, the preceding paragraphs of this Part have effect as if references to 4 years, 3 years, 2 years or one year (as the case may be) were substituted for references to 5 years.

20. “Financial year” in this Part means the year in respect of which the accounts of the company or of the business (as the case may be) are made up; and where by reason of any alteration of the date on which the financial year of the company or business terminates the accounts have been made up for a period greater or less than one year, that greater or less period is for the purposes of this Part deemed to be a financial year.

21. Any report required by this Part shall either indicate by way of note any adjustments as respects the figures of any profits or losses or assets and liabilities dealt with by the report which appear to the persons making the report necessary, or shall make those adjustments and indicate that adjustments have been made.

22.—(1) A report required by paragraph 17 or 18 shall be made by accountants qualified under this Order for appointment as auditors of a company.

[^{F19}(2) Such a report shall not be made by an accountant who is an officer or servant, or a partner of or in the employment of an officer or servant, of—

- (a) the company or any of its subsidiary undertakings,
- (b) a parent undertaking of the company or any subsidiary undertaking of such an undertaking.]

In this paragraph, “officer” includes a proposed director, but not an auditor.

(3) The accountants making any report required for the purposes of paragraph 17 or 18 shall be named in the prospectus.

F19 1990 NI 5

SCHEDULE 4 ^{F20}

Articles 236, 238

FORM AND CONTENT OF COMPANY ACCOUNTS

F20 mod. SR 1986/305

PART I

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 shall show the items listed in either of the balance sheet formats set out in section B; and
- (b) every profit and loss account of a company shall show the items listed in any one of the profit and loss account formats so set out,

in either case in the order and under the headings and sub-headings given in the format adopted.

(2) Sub-paragraph (1) is not to be read as requiring the heading or sub-heading for any item to be distinguished by any letter or number assigned to that item in the format adopted.

2.—(1) Where in accordance with paragraph 1 a company's balance sheet or profit and loss account for any financial year has been prepared by reference to one of the formats set out in section B, the directors of the company shall adopt the same format in preparing the accounts for subsequent financial years of the company unless in their opinion there are special reasons for a change.

(2) Particulars of any change in the format adopted in preparing a company's balance sheet or profit and loss account in accordance with paragraph 1 shall be disclosed, and the reasons for the change shall be explained, in a note to the accounts in which the new format is first adopted.

3.—(1) Any item required in accordance with paragraph 1 to be shown in a company's balance sheet or profit and loss account may be shown in greater detail than required by the format adopted.

(2) A company's 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 otherwise covered by any of the items listed in the format adopted, but the following shall not be treated as assets in any company's balance sheet—

- (a) preliminary expenses;
- (b) expenses of and commission on any issue of shares or debentures; and
- (c) costs of research.

Status: Point in time view as at 01/10/2007.

Changes to legislation: The Companies (Northern Ireland) Order 1986 (revoked) is up to date with all changes known to be in force on or before 01 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

(3) In preparing a company's balance sheet or profit and loss account the directors of the company shall adapt the arrangement and headings and sub-headings otherwise required by paragraph 1 in respect of items to which an Arabic number is assigned in the format adopted, in any case where the special nature of the company's business requires such adaptation.

(4) Items to which Arabic numbers are assigned in any of the formats set out in section B may be combined in a company's accounts for any financial year if either—

- (a) their individual amounts are not material to assessing the state of affairs or profit or loss of the company for that year; or
- (b) the combination facilitates that assessment,

but in a case within head (b) the individual amounts of any items so combined shall be disclosed in a note to the accounts.

(5) Subject to paragraph 4(3), a heading or sub-heading corresponding to an item listed in the format adopted in preparing a company's balance sheet or profit and loss account shall not be included if there is no amount to be shown for that item in respect of the financial year to which the balance sheet or profit and loss account relates.

(6) Every profit and loss account of a company shall show the amount of the company's profit or loss on ordinary activities before taxation.

Sub#para. (7) rep. by SR 2004/496

4.—(1) In respect of every item shown in a company's balance sheet or profit and loss account the corresponding amount for the financial year immediately preceding that to which the balance sheet or profit and loss account relates shall 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 [^{F21}may be adjusted] and [^{F22}particulars of the non-comparability and of any adjustment] shall be disclosed in a note to the accounts.

(3) Paragraph 3(5) does not apply in any case where an amount can be shown for the item in question in respect of the financial year immediately preceding that to which the balance sheet or profit and loss account relates, and that amount shall be shown under the heading or sub-heading required by paragraph 1 for that item.

F21 Words in Sch. 4 para. 4(2) substituted (1.4.2006) by Companies (1986 Order) (Investment Companies and Accounting and Audit Amendments) Regulations (Northern Ireland) 2006 (S.R. 2006/137), **reg. 3(a)**

F22 Words in Sch. 4 para. 4(2) substituted (1.4.2006) by Companies (1986 Order) (Investment Companies and Accounting and Audit Amendments) Regulations (Northern Ireland) 2006 (S.R. 2006/137), **reg. 3(b)**

5. 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.

5A. The directors of a company 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.

SECTION B

THE REQUIRED FORMATS FOR ACCOUNTS

Preliminary

6. References in this Part to the items listed in any of the formats set out below are to those items read together with any of the notes following the formats which apply to any of those items, and the requirement imposed by paragraph 1 to show the items listed in any such format in the order adopted in the format is subject to any provision in those notes for alternative positions for any particular items.

7. A number in brackets following any item in any of the formats set out below is a reference to the note of that number in the notes following the formats.

8. In the notes following the formats—

- (a) the heading of each note gives the required heading or sub-heading for the item to which it applies and a reference to any letters and numbers assigned to that item in the formats set out below (taking a reference in the case of Format 2 of the balance sheet formats to the item listed under “Assets” or under “Liabilities” as the case may require); and
- (b) references to a numbered format are references to the balance sheet format or (as the case may require) to the profit and loss account format of that number set out below.

Balance Sheet Formats

Format 1^{F23}

F23 mod. by 1994 c. 26

A. Called-up share capital not paid (1)

B. Fixed assets

(I) Intangible assets

- (1) Development costs
- (2) Concessions, patents, licences, trade marks and similar rights and assets (2)
- (3) Goodwill (3)
- (4) Payments on account

(II) Tangible assets

- (1) Land and buildings
- (2) Plant and machinery
- (3) Fixtures, fittings, tools and equipment
- (4) Payments on account and assets in course of construction

(III) Investments

- (1) Shares in^{F24} group undertakings]

Status: Point in time view as at 01/10/2007.

Changes to legislation: The Companies (Northern Ireland) Order 1986 (revoked) is up to date with all changes known to be in force on or before 01 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (2) Loans to^[F24] group undertakings]
- (3) [^{F24}Participating interests]
- (4) Loans to^[F24] undertakings in which the company has a participating interest]
- (5) Other investments other than loans
- (6) Other loans
- (7) Own shares (4)

F24 1990 NI 5

C. Current assets

(I) Stocks

- (1) Raw materials and consumables
- (2) Work in progress
- (3) Finished goods and goods for resale
- (4) Payments on account

(II) Debtors (5)

- (1) Trade debtors
- (2) Amounts owed by^[F25] group undertakings]
- (3) Amounts owed by^[F25] undertakings in which the company has a participating interest]
- (4) Other debtors
- (5) Called-up share capital not paid (1)
- (6) Prepayments and accrued income (6)

(III) Investments

- (1) Shares in^[F25] group undertakings]
- (2) Own shares (4)
- (3) Other investments

(IV) Cash at bank and in hand

F25 1990 NI 5

D. Prepayments and accrued income (6)

E. Creditors: amounts falling due within one year

- (1) Debenture loans (7)
- (2) Bank loans and overdrafts
- (3) Payments received on account (8)
- (4) Trade creditors
- (5) Bills of exchange payable

Status: Point in time view as at 01/10/2007.

Changes to legislation: The Companies (Northern Ireland) Order 1986 (revoked) is up to date with all changes known to be in force on or before 01 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (6) Amounts owed to^{F26} group undertakings]
- (7) Amounts owed to^{F26} undertakings in which the company has a participating interest]
- (8) Other creditors including taxation and social security (9)
- (9) Accruals and deferred income (10)

F26 1990 NI 5

F. Net current assets (liabilities) (11)

G. Total assets less current liabilities

H. Creditors: amounts falling due after more than one year

- (1) Debenture loans (7)
- (2) Bank loans and overdrafts
- (3) Payments received on account (8)
- (4) Trade creditors
- (5) Bills of exchange payable
- (6) Amounts owed to^{F27} group undertakings]
- (7) Amounts owed to^{F27} undertakings in which the company has a participating interest]
- (8) Other creditors including taxation and social security (9)
- (9) Accruals and deferred income (10)

F27 1990 NI 5

I. [^{F28}Provisions for liabilities]

- (1) Pensions and similar obligations
- (2) Taxation, including deferred taxation
- (3) Other provisions

F28 SR 2004/496

J. Accruals and deferred income (10)

K. Capital and reserves

- (I) Called-up share capital (12)
- (II ^{F29} Share premium account
- (III) Revaluation reserve
- (IV) Other reserves

Status: Point in time view as at 01/10/2007.

Changes to legislation: The Companies (Northern Ireland) Order 1986 (revoked) is up to date with all changes known to be in force on or before 01 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (1) Capital redemption reserve
- (2) Reserve for own shares
- (3) Reserved provided for by the articles of association
- (4) Other reserves
- (V) Profit and loss account

F29 mod. by SR 1986/305

Balance Sheet Formats

Format 2^{F30}

F30 mod. by 1994 c. 26

ASSETS

- A. Called-up share capital not paid (1)
- B. Fixed assets
 - (I) Intangible assets
 - (1) Development costs
 - (2) Concessions, patents, licences, trade marks and similar rights and assets (2)
 - (3) Goodwill (3)
 - (4) Payments on account
 - (II) Tangible assets
 - (1) Land and buildings
 - (2) Plant and machinery
 - (3) Fixtures, fittings, tools and equipment
 - (4) Payments on account and assets in course of construction
 - (III) Investments
 - (1) Shares in^{F31} group undertakings]
 - (2) Loans to^{F31} group undertakings]
 - (3) [^{F31}Participating interests]
 - (4) Loans to^{F31} undertakings in which the company has a participating interest]
 - (5) Other investments other than loans
 - (6) Other loans
 - (7) Own shares (4)

F31 1990 NI 5

- C. Current assets

Changes to legislation: The Companies (Northern Ireland) Order 1986 (revoked) is up to date with all changes known to be in force on or before 01 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

(I) Stocks

- (1) Raw materials and consumables
- (2) Work in progress
- (3) Finished goods and goods for resale
- (4) Payments on account

(II) Debtors (5)

- (1) Trade debtors
- (2) Amounts owed by^{F32} group undertakings]
- (3) Amounts owed by^{F32} undertakings in which the company has a participating interest]
- (4) Other debtors
- (5) Called-up share capital not paid (1)
- (6) Prepayments and accrued income (6)

(III) Investments

- (1) Shares in^{F32} group undertakings]
- (2) Own shares (4)
- (3) Other investments

(IV) Cash at bank and in hand

F32 1990 NI 5

D. Prepayments and accrued income (6)

LIABILITIES

A. Capital and reserves

- (I) Called-up share capital (12)
- (II) Share premium account
- ^{F33}(III) Revaluation reserve
- (IV) Other reserves
 - (1) Capital redemption reserve
 - (2) Reserve for own shares
 - (3) Reserves provided for by the articles of association
 - (4) Other reserves
- (V) Profit and loss account

F33 mod. by SR 1986/305

B. [^{F34}Provisions for liabilities]

- (1) Pensions and similar obligations
- (2) Taxation including deferred taxation

Status: Point in time view as at 01/10/2007.

Changes to legislation: The Companies (Northern Ireland) Order 1986 (revoked) is up to date with all changes known to be in force on or before 01 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

(3) Other provisions

F34 SR 2004/496

C. Creditors (13)

- (1) Debenture loans (7)
- (2) Bank loans and overdrafts
- (3) Payments received on account (8)
- (4) Trade creditors
- (5) Bills of exchange payable
- (6) Amounts owed to^{F35} group undertakings]
- (7) Amounts owed to^{F35} undertakings in which the company has a participating interest]
- (8) Other creditors including taxation and social security (9)
- (9) Accruals and deferred income (10)

F35 1990 NI 5

D. Accruals and deferred income (10)

Notes on the balance sheet formats

(1) *Called-up share capital not paid*

(Formats 1 and 2, items A and C.II.5.)

This item may be shown in either of the two positions given in Formats 1 and 2.

(2) ^{F36}*Concessions, patents, licences, trade marks and similar rights and assets*

(Formats 1 and 2, item B.I.2.)

Amounts in respect of assets shall only be included in a company's balance sheet under this item if either—

- (a) the assets were acquired for valuable consideration and are not required to be shown under goodwill; or
- (b) the assets in question were created by the company itself.

(3) *Goodwill*

(Formats 1 and 2, item B.I.3.)

Amounts representing goodwill shall only be included to the extent that the goodwill was acquired for valuable consideration.

(4) *Own shares*

(Formats 1 and 2, items B.III.7 and C.III.2.)

The nominal value of the shares held shall be shown separately.

(5) *Debtors*

(Formats 1 and 2, items C.II.1 to 6.)

The amount falling due after more than one year shall be shown separately for each item included under debtors.

(6) *Prepayments and accrued income*

(Formats 1 and 2, items C.II.6 and D.)

This item may be shown in either of the two positions given in Formats 1 and 2.

Status: Point in time view as at 01/10/2007.

Changes to legislation: The Companies (Northern Ireland) Order 1986 (revoked) is up to date with all changes known to be in force on or before 01 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

(7) *Debenture loans*

(Format 1, items E.1 and H.1 and Format 2, item C.1.)

The amount of any convertible loans shall be shown separately.

(8) *Payments received on account*

(Format 1, items E.3 and H.3 and Format 2, item C.3.)

Payments received on account of orders shall be shown for each of these items in so far as they are not shown as deductions from stocks.

(9) *Other creditors including taxation and social security*

(Format 1, items E.8 and H.8 and Format 2, item C.8.)

The amount for creditors in respect of taxation and social security shall be shown separately from the amount for other creditors.

(10) *Accruals and deferred income*

(Format 1, items E.9, H.9 and J and Format 2, items C.9 and D.)

The two positions given for this item in Format 1 at E.9 and H.9 are an alternative to the position at J, but if the item is not shown in a position corresponding to that at J it may be shown in either or both of the other two positions (as the case may require).

The two positions given for this item in Format 2 are alternatives.

(11) *Net current assets (liabilities)*

(Format 1, item F.)

In determining the amount to be shown for this item any amounts shown under “prepayments and accrued income” shall be taken into account wherever shown.

(12) *Called-up share capital*

(Format 1, item K.I and Format 2, item A.I.)

The amount of allotted share capital and the amount of called-up share capital which has been paid up shall be shown separately.

(13) *Creditors*

(Format 2, items C.1 to 9.)

Amounts falling due within one year and after one year shall be shown separately for each of these items^{F37} and for the aggregate of all these items].

F36 mod. by 1994 c. 26

F37 SR 1997/314

Profit and loss account formats

Format 1

(see note (17) below)

1. Turnover
2. Cost of sales (14)
3. Gross profit or loss
4. Distribution costs (14)
5. Administrative expenses (14)
6. Other operating income
7. Income from shares in^{F38} group undertakings]
8. Income from^{F38} participating interests]
9. Income from other fixed asset investments (15)
10. Other interest receivable and similar income (15)

Status: Point in time view as at 01/10/2007.

Changes to legislation: The Companies (Northern Ireland) Order 1986 (revoked) is up to date with all changes known to be in force on or before 01 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

11. Amounts written off investments
12. Interest payable and similar charges (16)
13. Tax on profit or loss on ordinary activities
14. Profit or loss on ordinary activities after taxation
15. Extraordinary income
16. Extraordinary charges
17. Extraordinary profit or loss
18. Tax on extraordinary profit or loss
19. Other taxes not shown under the above items
20. Profit or loss for the financial year

F38 1990 NI 5

Profit and loss account formats

Format 2

1. Turnover
2. Change in stocks of finished goods and in work in progress
3. Own work capitalised
4. Other operating income
5. (a) Raw materials and consumables
(b) Other external charges
6. Staff costs:
 - (a) wages and salaries
 - (b) social security costs
 - (c) other pension costs
7. (a) Depreciation and other amounts written off tangible and intangible fixed assets
(b) Exceptional amounts written off current assets
8. Other operating charges
9. Income from shares in^{F39} group undertakings]
10. Income from^{F39} participating interests]
11. Income from other fixed asset investments (15)
12. Other interest receivable and similar income (15)
13. Amounts written off investments
14. Interest payable and similar charges (16)
15. Tax on profit or loss on ordinary activities
16. Profit or loss on ordinary activities after taxation
17. Extraordinary income
18. Extraordinary charges
19. Extraordinary profit or loss
20. Tax on extraordinary profit or loss

Status: Point in time view as at 01/10/2007.

Changes to legislation: The Companies (Northern Ireland) Order 1986 (revoked) is up to date with all changes known to be in force on or before 01 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

21. Other taxes not shown under the above items
22. Profit or loss for the financial year

F39 1990 NI 5

Profit and loss account formats

Format 3

(see note (17) below)

A. Charges

- (1) Cost of sales (14)
- (2) Distribution costs (14)
- (3) Administrative expenses (14)
- (4) Amounts written off investments
- (5) Interest payable and similar charges (16)
- (6) Tax on profit or loss on ordinary activities
- (7) Profit or loss on ordinary activities after taxation
- (8) Extraordinary charges
- (9) Tax on extraordinary profit or loss
- (10) Other taxes not shown under the above items
- (11) Profit or loss for the financial year

B. Income

- (1) Turnover
- (2) Other operating income
- (3) Income from shares in^{F40} group undertakings]
- (4) Income from^{F40} participating interests]
- (5) Income from other fixed asset investments (15)
- (6) Other interest receivable and similar income (15)
- (7) Profit or loss on ordinary activities after taxation
- (8) Extraordinary income
- (9) Profit or loss for the financial year

F40 1990 NI 5

Profit and loss account formats

Format 4

A. Charges

- (1) Reduction in stocks of finished goods and in work in progress
- (2) (a) Raw materials and consumables

Status: Point in time view as at 01/10/2007.

Changes to legislation: The Companies (Northern Ireland) Order 1986 (revoked) is up to date with all changes known to be in force on or before 01 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (b) Other external charges
- (3) Staff costs:
 - (a) wages and salaries
 - (b) social security costs
 - (c) other pension costs
- (4) (a) Depreciation and other amounts written off tangible and intangible fixed assets
 - (b) Exceptional amounts written off current assets
- (5) Other operating charges
- (6) Amounts written off investments
- (7) Interest payable and similar charges (16)
- (8) Tax on profit or loss on ordinary activities
- (9) Profit or loss on ordinary activities after taxation
- (10) Extraordinary charges
- (11) Tax on extraordinary profit or loss
- (12) Other taxes not shown under the above items
- (13) Profit or loss for the financial year

B. Income

- (1) Turnover
- (2) Increase in stocks of finished goods and in work in progress
- (3) Own work capitalised
- (4) Other operating income
- (5) Income from shares in^[F41] group undertakings]
- (6) Income from^[F41] participating interests]
- (7) Income from other fixed asset investments (15)
- (8) Other interest receivable and similar income (15)
- (9) Profit or loss on ordinary activities after taxation
- (10) Extraordinary income
- (11) Profit or loss for the financial year

F41 1990 NI 5

Notes on the profit and loss account formats

(14) *Cost of sales: distribution costs: administrative expenses*

(Format 1, items 2, 4 and 5 and Format 3, items A.1, 2 and 3.)

These items shall be stated after taking into account any necessary provisions for depreciation or diminution in value of assets.

(15) *Income from other fixed asset investments: other interest receivable and similar income*

(Format 1, items 9 and 10: Format 2, items 11 and 12: Format 3, items B.5 and 6: Format 4, items B.7 and 8.)

Income and interest derived from^[F42] group undertakings] shall be shown separately from income and interest derived from other sources.

Status: Point in time view as at 01/10/2007.

Changes to legislation: The Companies (Northern Ireland) Order 1986 (revoked) is up to date with all changes known to be in force on or before 01 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

(16) *Interest payable and similar charges*

(Format 1, item 12: Format 2, item 14: Format 3, item A.5: Format 4, item A.7.)

The amount payable to^{F42} group undertakings] shall be shown separately.

(17) *Formats 1 and 3*

The amount of any provisions for depreciation and diminution in value of tangible and intangible fixed assets falling to be shown under items 7(a) and A.4(a) respectively in Formats 2 and 4 shall be disclosed in a note to the accounts in any case where the profit and loss account is prepared by reference to Format 1 or Format 3.

F42 1990 NI 5

PART II
ACCOUNTING PRINCIPLES AND RULES
SECTION A
ACCOUNTING PRINCIPLES

Preliminary

9. Subject to paragraph 15, the amounts to be included in respect of all items shown in a company's accounts shall be determined in accordance with the principles set out in paragraphs 10 to 14.

Accounting principles

10. The company shall be presumed to be carrying on business as a going concern.

11. Accounting policies shall be applied consistently within the same accounts and from one financial year to the next.

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

- (a) only profits realised at the balance sheet date shall be included in the profit and loss account; and
- (b) all liabilities^{F43} . . . which have arisen^{F43} . . . in respect of the financial year to which the accounts relate or a previous financial year shall 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 board of directors in pursuance of^{F44} Article 241].

F43 SR 2004/496

F44 1990 NI 5

Status: Point in time view as at 01/10/2007.

Changes to legislation: The Companies (Northern Ireland) Order 1986 (revoked) is up to date with all changes known to be in force on or before 01 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

13. All income and charges relating to the financial year to which the accounts relate shall be taken into account, with regard to the date of receipt or payment.

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

Departure from the accounting principles

15. If it appears to the directors of a company that there are special reasons for departing from any of the principles stated above in preparing the company's accounts in respect of any financial year they may do so, but particulars of the departure, the reasons for it and its effect shall be given in a note to the accounts.

SECTION B

HISTORICAL COST ACCOUNTING RULES

Preliminary

16. [^{F45}Subject to sections C and D], the amounts to be included in respect of all items shown in a company's accounts shall be determined in accordance with the rules set out in paragraphs 17 to 28.

F45 SR 2004/496

Fixed assets

General rules

17. Subject to any provision for depreciation or diminution in value made in accordance with paragraph 18 or 19, the amount to be included in respect of any fixed asset shall be its purchase price or production cost.

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,

shall 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 B.III of either of the balance sheet formats set out in Part I 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; and any such provisions which are not shown in the profit and loss account shall be disclosed (either separately or in aggregate) in a note to the accounts.

Status: Point in time view as at 01/10/2007.

Changes to legislation: The Companies (Northern Ireland) Order 1986 (revoked) is up to date with all changes known to be in force on or before 01 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

(2) Provisions for diminution in value shall 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 shall be reduced accordingly; and any such provisions which are not shown in the profit and loss account shall be disclosed (either separately or in aggregate) in a note to the accounts.

(3) Where the reasons for which any provision was made in accordance with sub-paragraph (1) or (2) have ceased to apply to any extent, that provision shall be written back to the extent that it is no longer necessary; and any amounts written back in accordance with this sub-paragraph which are not shown in the profit and loss account shall be disclosed (either separately or in aggregate) in a note to the accounts.

Rules for determining particular fixed asset items

20.—(1) Notwithstanding that an item in respect of “development costs” is included under “fixed assets” in the balance sheet formats set out in Part I, an amount may only be included in a company's balance sheet in respect of development costs in special circumstances.

(2) If any amount is included in a company's balance sheet in respect of development costs the following information shall be given in a note to the accounts—

- (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.

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), 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.

Current assets

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

23.—(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 shall 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 shall be written back to the extent that it is no longer necessary.

Status: Point in time view as at 01/10/2007.

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Miscellaneous and supplementary provisions

Excess of money owed over value received as an asset item

24.—(1) Where the amount repayable on any debt owed by a company 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 shall 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 company's balance sheet it must be disclosed in a note to the accounts.

Assets included at a fixed amount

25.—(1) Subject to sub-paragraph (2), assets which fall to be included—

- (a) amongst the fixed assets of a company under the item “tangible assets”; or
- (b) amongst the current assets of a company under the item “raw materials and consumables”,

may be included at a fixed quantity and value.

(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 company's state of affairs; and
- (b) their quantity, value and composition are not subject to material variation.

Determination of purchase price or production cost

26.—(1) The purchase price of an asset shall be determined by adding to the actual price paid any expenses incidental to its acquisition.

(2) The production cost of an asset shall be determined by adding to the purchase price of the raw materials and consumables used the amount of the costs incurred by the company 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 company 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,

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

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

27.—(1) Subject to the qualification mentioned below, the purchase price or production cost of—

- (a) any assets which fall to be included under any item shown in a company'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.

Status: Point in time view as at 01/10/2007.

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The method chosen must be one which appears to the directors to be appropriate in the circumstances of the company.

- (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 similar to any of the methods mentioned above.
- (3) Where in the case of any company—
 - (a) the purchase price or production cost of assets falling to be included under any item shown in the company's balance sheet has been determined by the application of any method permitted by this paragraph; and
 - (b) the amount shown in respect of that item differs materially from the relevant alternative amount given below in this paragraph,

the amount of that difference shall be disclosed in a note to the accounts.

(4) Subject to sub-paragraph (5), for the purposes of sub-paragraph (3)(b), the relevant alternative amount, in relation to any item shown in a company's balance sheet, is the amount which would have been shown in respect of that item if assets of any class included under that item at an amount determined by any method permitted by this paragraph had instead been included at their replacement cost as at the balance sheet date.

(5) The relevant alternative amount may be determined by reference to the most recent actual purchase price or production cost before the balance sheet date of assets of any class included under the item in question instead of by reference to their replacement cost as at that date, but only if the former appears to the directors of the company to constitute the more appropriate standard of comparison in the case of assets of that class.

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

Substitution of original stated amount where price or cost unknown

28. Where there is no record of the purchase price or production cost of any asset of a company or of any price, expenses or costs relevant for determining its purchase price or production cost in accordance with paragraph 26, or any such record cannot be obtained without unreasonable expense or delay, its purchase price or production cost shall be taken for the purposes of paragraphs 17 to 23 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 company.

SECTION C

ALTERNATIVE ACCOUNTING RULES

Preliminary

29.—(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, 21 and 25 to 28, are referred to below in this Part 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 32.

Status: Point in time view as at 01/10/2007.

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30. Subject to paragraphs 32 to 34, the amounts to be included in respect of assets of any description mentioned in paragraph 31 may be determined on any basis so mentioned.

Alternative accounting rules

31.—(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 B.III of either of the balance sheet formats set out in Part I 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 directors to be appropriate in the circumstances of the company,

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

(4) Investments of any description falling to be included under item C.III of either of the balance sheet formats set out in Part I may be included at their current cost.

(5) Stocks may be included at their current cost.

Application of the depreciation rules

32.—(1) Where the value of any asset of a company is determined on any basis mentioned in paragraph 31, that value shall 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 company's accounts, instead of its purchase price or production cost or any value previously so determined for that asset; and the depreciation rules shall 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 31.

(2) The amount of any provision for depreciation required in the case of any fixed asset by paragraph 18 or 19 as it applies by virtue of sub-paragraph (1) is referred to in this paragraph as the adjusted amount, and the amount of any provision which would be required by that paragraph in the case of that asset according to the historical cost accounting rules is referred to as the historical cost amount.

(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 (14) of the notes on the profit and loss account formats set out in Part I to be stated after taking into account any necessary provisions for depreciation or diminution in value of assets included under it,

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

Status: Point in time view as at 01/10/2007.

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

33.—(1) This paragraph applies where the amounts to be included in respect of assets covered by any items shown in a company's accounts have been determined on any basis mentioned in paragraph 31.

(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 shall be disclosed in a note to the accounts.

(3) In the case of each balance sheet item affected (except stocks) either—

- (a) the comparable amounts determined according to the historical cost accounting rules; or
- (b) the differences between those amounts and the corresponding amounts actually shown in the balance sheet in respect of that item,

shall be shown separately in the balance sheet or 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.

Revaluation reserve

34.—(1) With respect to any determination of the value of an asset of a company on any basis mentioned in paragraph 31, 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) shall be credited or (as the case may be) debited to a separate reserve (“the revaluation reserve”).

(2) The amount of the revaluation reserve shall be shown in the company'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 I, but need not be shown under that name.

[^{F46}(3) An amount may be transferred

[from the revaluation reserve—

- ^{F47}(a) (i) to the profit and loss account, if the amount was previously charged to that account or represents realised profit, or
- (ii) on capitalisation,
- (b) to or from the revaluation reserve in respect of the taxation relating to any profit or loss credited or debited to the reserve;]

and the revaluation reserve shall be reduced to the extent that the amounts transferred to it are no longer necessary for the purposes of the valuation method used.

(3A) In [^{F47} sub-paragraph (3)(a)(ii)] “capitalisation”, in relation to an amount standing to the credit of the revaluation reserve, means applying it in wholly or partly paying up unissued shares in the company to be allotted to members of the company as fully or partly paid shares.

(3B) The revaluation reserve shall not be reduced except as mentioned in this paragraph.]

Status: Point in time view as at 01/10/2007.

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

F46 1990 NI 5
F47 SR 1997/314

SECTION D

FAIR VALUE ACCOUNTING

Inclusion of financial instruments at fair value

34A.—(1) Subject to sub-paragraphs (2) to (4), financial instruments (including derivatives) may be included at fair value.

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

- (a) they are held as part of a trading portfolio, or
- (b) they are derivatives.

(3) Sub-paragraph (1) does not apply to—

- (a) financial instruments (other than derivatives) held to maturity;
- (b) loans and receivables originated by the company and not held for trading purposes;
- (c) interests in subsidiary undertakings, associated undertakings and joint ventures;
- (d) equity instruments issued by the company;
- (e) contracts for contingent consideration in a business combination;
- (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.

(4) If the fair value of a financial instrument cannot be determined reliably in accordance with paragraph 34B, sub-paragraph (1) does not apply to that financial instrument.

(5) In this paragraph—

- “associated undertaking” has the meaning given by paragraph 20 of Schedule 4A; and
- “joint venture” has the meaning given by paragraph 19 of that Schedule.

Determination of fair value

34B.—(1) The fair value of a financial instrument is determined in accordance with this paragraph.

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

Status: Point in time view as at 01/10/2007.

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

Inclusion of hedged items at fair value

34C. A company may include any assets and liabilities that qualify as hedged items under a fair value hedge accounting system, or identified portions of such assets or liabilities, at the amount required under that system.

Other assets that may be included at fair value

34D.—(1) This paragraph applies to—

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

that, under international accounting standards, may be included in accounts at fair value.

(2) Such investment property and such living animals and plants may be included at fair value, provided that all such investment property or, as the case may be, all such 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 relevant international accounting standards.

Accounting for changes in value

34E.—(1) This paragraph applies where a financial instrument is valued in accordance with paragraph 34A or 34C or an asset is valued in accordance with paragraph 34D.

(2) Notwithstanding paragraph 12 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 a company'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.

Status: Point in time view as at 01/10/2007.

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The fair value reserve

34F.—(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 34E(3) or (4).

(2) The treatment for taxation purposes of amounts credited to or debited from the fair value reserve must be disclosed in a note to the accounts.

PART III

NOTES TO THE ACCOUNTS

Preliminary

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

Reserves and dividends

35A. There must be stated—

- (a) any amount set aside or proposed to be set aside to, or withdrawn or proposed to be withdrawn from, reserves,
- (b) the aggregate amount of dividends paid in the financial year (other than those for which a liability existed at the immediately preceding balance sheet date),
- (c) the aggregate amount of dividends that the company is liable to pay at the balance sheet date, and
- (d) the aggregate amount of dividends that are proposed before the date of approval of the accounts, and not otherwise disclosed under sub-paragraph (b) or (c).

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).

36A. It shall be stated whether the accounts have been prepared in accordance with applicable accounting standards and particulars of any material departure from those standards and the reasons for it shall be given.

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Information supplementing the balance sheet

37. Paragraphs 38 to 51 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.

F48

F48 Modification of Part VIII of the 1986 Order with the insertion of para. 37A by SR 2004/307

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;^{F49} . . .
- (b) where shares of more than one class have been allotted, the number and aggregate nominal value of shares of each class allotted^{F49}; and]
- ^{F49}(c) where shares are held as treasury shares, the number and aggregate nominal value of the treasury shares and, where shares of more than one class have been allotted, the number and aggregate nominal value of the shares of each class held as treasury shares.]

(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.

F49 SR 2004/275

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

Sub-para. (a) rep. by SR 1997/314

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

40.—(1) With respect to any contingent right to the allotment of shares in the company the following particulars shall be given—

- (a) the number, description and amount of the shares in relation to which the right is exercisable;
- (b) the period during which it is exercisable; and
- (c) the price to be paid for the shares allotted.

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(2) In sub-paragraph (1) “contingent right to the allotment of shares” means any option to subscribe for shares and any other right to require the allotment of shares to any person whether arising on the conversion into shares of securities of any other description or otherwise.

41.—(1) If the company has issued any debentures during the financial year to which the accounts relate, the following information shall be given—

Head (a) rep. by SR 1997/314

- (b) the classes of debentures issued; and
- (c) as respects each class of debentures, the amount issued and the consideration received by the company for the issue.

Sub-para. (2) rep. by SR 1997/314

(3) Where any of the company's debentures are held by a nominee of or trustee for the company, the nominal amount of the debentures and the amount at which they are stated in the accounting records kept by the company in accordance with Article 229 shall be stated.

Fixed assets

42.—(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.

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43. 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.

44. In relation to any amount which is or would but for paragraph 3(4)(b) be shown in respect of the item “land and buildings” in the company's balance sheet there shall be stated—

- (a) how much of that amount is ascribable to land of freehold tenure and how much to land of leasehold tenure; and
- (b) how much of the amount ascribable to land of leasehold tenure is ascribable to land held on long lease and how much to land held on short lease.

Investments

45.—(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—

- (a) how much of that amount is ascribable to listed investments;^{F50} . . .

Head (b) rep. by SR 1997/314

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

- (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.

F50 SR 1997/314

Information about fair value of assets and liabilities

45A.—(1) This paragraph applies where financial instruments have been valued in accordance with paragraph 34A or 34C.

(2) There must be stated—

- (a) where the fair value of the instruments has been determined in accordance with paragraph 34B(4), the significant assumptions underlying the valuation models and techniques used,
- (b) for each category of financial instruments, the fair value of the instruments in that category and the changes in value—
 - (i) included in the profit and loss account, or
 - (ii) credited to or (as the case may be) debited from the fair value reserve,in respect of those instruments, and
- (c) for each class of derivatives, the extent and nature of the instruments, including significant terms and conditions that may affect the amount, timing and certainty of future cash flows.

Status: Point in time view as at 01/10/2007.

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(3) Where any amount is transferred to or from the fair value reserve during the financial year, there must be stated in tabular form—

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

45B. Where the company has derivatives that it has not included at fair value, there must be stated for each class of such derivatives—

- (a) the fair value of the derivatives in that class, if such a value can be determined in accordance with paragraph 34B, and
- (b) the extent and nature of the derivatives.

45C.—(1) Sub-paragraph (2) applies if—

- (a) the company has financial fixed assets that could be included at fair value by virtue of paragraph 34A,
- (b) the amount at which those assets are included under any item in the company's accounts is in excess of their fair value, and
- (c) the company has not made provision for diminution in value of those assets in accordance with paragraph 19(1).

(2) There must be stated—

- (a) the amount at which either the individual assets or appropriate groupings of those individual assets are included in the company's accounts,
- (b) the fair value of those assets or groupings, and
- (c) the reasons for not making a provision for diminution in value of those assets, including the nature of the evidence that provides the basis for the belief that the amount at which they are stated in the accounts will be recovered.

Information where investment property and living animals and plants included at fair value

45D.—(1) This paragraph applies where the amounts to be included in a company's accounts in respect of investment property or living animals and plants have been determined in accordance with paragraph 34D.

(2) The balance sheet 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 a note to the accounts.

(3) In the case of investment property, for each balance sheet item affected there must be shown, either separately in the balance sheet or in a note to the accounts—

- (a) the comparable amounts determined according to the historical cost accounting rules; or
- (b) the differences between those amounts and the corresponding amounts actually shown in the balance sheet in respect of that item.

(4) In sub-paragraph (3), references in relation to any item to the comparable amounts determined in accordance with that sub-paragraph are references to—

Status: Point in time view as at 01/10/2007.

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- (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.

Reserves and provisions

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

- (a) to or from any reserves; or
- (b) to any^{F51} provisions for liabilities]; or
- (c) from any^{F51} provision for liabilities] 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 sub-paragraph (2) 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.

F51 SR 2004/496

Provision for taxation

^{F52}47]. ^{F52}The amount of any provision for deferred taxation shall be stated separately from the amount of any provision for other taxation.]

F52 1990 NI 5

Details of indebtedness

48.—^{F53}(1) In respect of each item 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 that item 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

[in the case of any debts so included which are payable or repayable by instalments, the ^{F54}(b) amount of any instalments which fall due for payment after the end of that period.]]

(2) Subject to sub-paragraph (3), in relation to each debt falling to be taken into account under sub-paragraph (1), the terms of payment or repayment and the rate of any interest payable on the debt shall be stated.

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(3) If the number of debts is such that, in the opinion of the directors, compliance with sub-paragraph (2) would result in a statement of excessive length, it shall be sufficient to give a general indication of the terms of payment or repayment and the rates of any interest payable on the debts.

(4) In respect of each item shown under “creditors” in the company's balance sheet there shall be stated—

- (a) the aggregate amount of any debts included under that item in respect of which any security has been given by the company; and
- (b) an indication of the nature of the securities so given.

(5) 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 (4), 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.

F53 SR 1997/314

F54 SR 1997/436

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

- (a) the amount of the arrears; and
- (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

50.—(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—

- (a) the aggregate amount or estimated amount of contracts for capital expenditure, so far as not provided for;^{F55} . . .

Head (b) rep. by SR 1997/314

(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.

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(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.

Sub-para. (6) rep. by 1990 NI 5

F55 SR 1997/314

Miscellaneous matters

51.—(1) 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.

(2 ^{F56} Where any outstanding loans made under the authority of Article 163(4)(b)[^{F57}, (bb)] or (c) (loans to employees for acquisition of company's shares) or 165 (private companies) are included under any item shown in the company's balance sheet, the aggregate amount of those loans shall be disclosed for each item in question.

Sub-para. (3) rep. by SR 1997/314

F56 mod. by SR 1986/305

F57 1990 NI 5

Information supplementing the profit and loss account

52. Paragraphs 53 to 57 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.

Separate statement of certain items of income and expenditure

53.—(1) Subject to the following provisions of this paragraph, each of the amounts mentioned below shall be stated.

(2) The amount of the interest on or any similar charges in respect of—

(a) bank loans and overdrafts, ^{F58} . . . and

(b) loans of any other kind made to the company.

This sub-paragraph does not apply to interest or charges on loans to the company from [^{F59} group undertakings], but, with that exception, it applies to interest or charges on all loans, whether made on the security of debentures or not.

Sub-paras. (3)#(6) rep. by SR 1997/314

Sub-para. (7) rep. by 1990 NI 10

F58 SR 1997/314

F59 1990 NI 5

Particulars of tax

Sub-para. (1) rep. by SR 1997/314

Status: Point in time view as at 01/10/2007.

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(2) Particulars shall be given of any special circumstances which affect liability in respect of taxation of profits, income or capital gains for the financial year or liability in respect of taxation of profits, income or capital gains for succeeding financial years.

(3) The following amounts shall be stated—

- (a) the amount of the charge for United Kingdom corporation tax;
- (b) if that amount would have been greater but for relief from double taxation, the amount which it would have been but for such relief;
- (c) the amount of the charge for United Kingdom income tax; and
- (d) the amount of the charge for taxation imposed outside the United Kingdom of profits, income and (so far as charged to revenue) capital gains.

These amounts shall be stated separately in respect of each of the amounts which is or would be but for paragraph 3(4)(b) be shown under the following items in the profit and loss account, that is to say “tax on profit or loss on ordinary activities” and “tax on extraordinary profit or loss”.

Particulars of turnover

55.—(1) If in the course of the financial year the company has carried on business of two or more classes that, in the opinion of the directors, differ substantially from each other, there shall be stated in respect of each class (describing it)—

- (a) the amount of the turnover attributable to that class;^{F60} . . .

Head (b) rep. by SR 1997/314

(2) If in the course of the financial year the company has supplied markets that, in the opinion of the directors, differ substantially from each other, the amount of the turnover attributable to each such market shall also be stated.

In this paragraph “market” means a market delimited by geographical bounds.

(3) In analysing for the purposes of this paragraph the source (in terms of business or in terms of market) of turnover^{F60} . . . , the directors of the company shall have regard to the manner in which the company's activities are organised.

(4) For the purposes of this paragraph—

- (a) classes of business which, in the opinion of the directors, do not differ substantially from each other shall be treated as one class; and
- (b) markets which, in the opinion of the directors, do not differ substantially from each other shall be treated as one market,

and any amounts properly attributable to one class of business or (as the case may be) to one market which are not material may be included in the amount stated in respect of another.

(5) Where in the opinion of the directors the disclosure of any information required by this paragraph would be seriously prejudicial to the interests of the company, that information need not be disclosed, but the fact that any such information has not been disclosed must be stated.

F60 SR 1997/314

Para. 56 rep. by SR 2004/496

Miscellaneous matters

57.—(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.

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(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

58.—(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) ^{F61}

(3) ^{F61}

F61 Sch. 4 para. 58(2)(3) omitted (1.4.2006) by virtue of Companies (1986 Order) (Investment Companies and Accounting and Audit Amendments) Regulations (Northern Ireland) 2006 (S.R. 2006/137), reg. 4

Dormant companies acting as agents

58A. Where the directors of a company take advantage of the exemption conferred by Article 257AA, and the company has during the financial year in question acted as an agent for any person, the fact that it has so acted must be stated.

[^{F62}PART IV]

[^{F62}SPECIAL PROVISIONS WHERE COMPANY IS A PARENT COMPANY OR SUBSIDIARY UNDERTAKING]

F62 1990 NI 5

Company's own accounts

Para. 59 rep. by SR 1997/314

Guarantees and other financial commitments in favour of group undertakings

59A. Commitments within any of sub#paragraphs (1) to (5) of paragraph 50 (guarantees and other financial commitments) 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 head (a) shall also be stated separately from those within head (b).

Paras. 60#70 rep. by 1990 NI 5

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PART V

SPECIAL PROVISIONS WHERE THE COMPANY IS AN INVESTMENT COMPANY

71^{F63}.—(1) Paragraph 34 does not apply to the amount of any profit or loss arising from a determination of the value of any investments of an investment company on any basis mentioned in paragraph 31(3).

(2) Any provisions made by virtue of paragraph 19(1) or (2) in the case on an investment company in respect of any fixed asset investments need not be charged to the company's profit and loss account if they are either—

- (a) charged against any reserve account to which any amount excluded by sub-paragraph (1) from the requirements of paragraph 34 has been credited; or
- (b) shown as a separate item in the company's balance sheet under the sub-heading “other reserves”.

(3) For the purposes of this paragraph, as it applies in relation to any company, “fixed asset investment” means any asset falling to be included under any item shown in the company's balance sheet under the subdivision “investments” under the general item “fixed assets”.

F63 mod. by SR 1986/305

72^{F64}.—(1) Any distribution made by an investment company which reduces the amount of its net assets to less than the aggregate of its called-up share capital and undistributable reserves shall be disclosed in a note to the company's accounts.

(2) For the purposes of this paragraph, a company's net assets are the aggregate of its assets less the aggregate of its liabilities (including any^{F65} provision for liabilities] within paragraph 88^{F65} that is made in Companies Order accounts and any provision that is made in IAS accounts]); and “undistributable reserves” has the meaning given by Article 272(3).

F64 mod. by SR 1986/305

F65 SR 2004/496

73^{F66}. A company shall be treated as an investment company for the purposes of this Part in relation to any financial year of the company if—

- (a) during the whole of that year it was an investment company as defined by Article 274, and
- (b) it was not at any time during that year prohibited under Article 273(4) (no distribution where capital profits have been distributed, etc.) from making a distribution by virtue of that Article.

F66 mod. by SR 1986/305

Para. 74 rep. by 1990 NI 5

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PART VI

SPECIAL PROVISIONS WHERE THE COMPANY HAS ENTERED INTO ARRANGEMENTS SUBJECT TO MERGER RELIEF

Para. 75 rep. by 1990 NI 5

PART VII

INTERPRETATION OF SCHEDULE

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

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—

- (a) were entered into for the purpose of, and continue to meet, the company's expected purchase, sale or usage requirements,
- (b) were designed for such purpose at their inception, and
- (c) are expected to be settled by delivery of the commodity.

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.

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

Paras. 77#80 rep. by 1990 NI 5

Historical cost accounting rules

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

Investment property

81A. “Investment property” means land held to earn rent or for capital appreciation.

Leases

82.—(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.

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Listed investments

[^{F67}83].—[^{F67}F67(1) “Listed investment” means an investment as respects which there has been granted a listing on—

- (a) a recognised investment exchange other than an overseas investment exchange; or
- (b) a stock exchange of repute outside Northern Ireland.

(2) “Recognised investment exchange” and “overseas investment exchange” have the meaning given in Part 18 of the Financial Services and Markets Act 2000.]

F67 SI 2001/3649

Loans

84. 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

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

Para. 86 rep. by 1990 NI 5

Provisions

87.—(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 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.

88. References to [^{F68}provisions for liabilities] are to any amount retained as reasonably necessary for the purpose of providing for any liability [^{F68}the nature of which is clearly defined and] 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.

F68 SR 2004/496

Paras. 89#91 rep. by 1990 NI 5

Staff costs

92.—(1) “Social security costs” means any contributions by the company to any state social security or pension scheme, fund or arrangement.

[^{F69}(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.]

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(3) Any amount stated in respect of^[F69] 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^[F70] Article 239A(1)(a)].

F69 SR 1997/314
F70 SR 2004/496

Para. 93 rep. by 1990 NI 5

[^{F71}SCHEDULE 4A

FORM AND CONTENT OF GROUP ACCOUNTS]

F71 1990 NI 5

General rules

1.—(1) Group accounts shall comply so far as practicable with the^[F72] provisions of^[F73] Article 398A(3) (amount of auditors' remuneration) and Schedule 4 (form and content of company accounts)] as if the undertakings included in the consolidation (“the group”) were a single company. *Sub-para. (2) rep. by SR 1997/436*

(3) Where the parent company is treated as an investment company for the purposes of Part V of that Schedule (special provisions for investment companies) the group shall be similarly treated.

F72 SR 1997/314
F73 prosp. rep. by 2005 NI 17 (which amendment repealed (6.4.2008) by Companies Act 2006 (c. 46), s. 1295, **Sch. 16**; S.I. 2007/3495, art. 8(a), **Sch. 2 Pt. 2**)

2.—(1) The consolidated balance sheet and profit and loss account shall incorporate in full the information contained in the individual accounts of the undertakings included in the consolidation, subject to the adjustments authorised or required by the following provisions of this Schedule and to such other adjustments (if any) as may be appropriate in accordance with generally accepted accounting principles or practice.

(2) If the financial year of a subsidiary undertaking included in the consolidation^[F74] does not end with that of the parent company], the group accounts shall be made up—

- (a) from the accounts of the subsidiary undertaking for its financial year last ending before the end of the parent company's financial year, provided that year ended no more than 3 months before that of the parent company, or
- (b) from interim accounts prepared by the subsidiary undertaking as at the end of the parent company's financial year.

F74 SR 1997/314

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3.—(1) Where assets and liabilities to be included in the group accounts have been valued or otherwise determined by undertakings according to accounting rules differing from those used for the group accounts, the values or amounts shall be adjusted so as to accord with the rules used for the group accounts.

(2) If it appears to the directors of the parent company that there are special reasons for departing from sub#paragraph (1) they may do so, but particulars of any such departure, the reasons for it and its effect shall be given in a note to the accounts.

(3) The adjustments referred to in this paragraph need not be made if they are not material for the purpose of giving a true and fair view.

4. Any differences of accounting rules as between a parent company's individual accounts for a financial year and its group accounts shall be disclosed in a note to the latter accounts and the reasons for the difference given.

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

Elimination of group transactions

6.—(1) Debts and claims between undertakings included in the consolidation, and income and expenditure relating to transactions between such undertakings, shall be eliminated in preparing the group accounts.

(2) Where profits and losses resulting from transactions between undertakings included in the consolidation are included in the book value of assets, they shall be eliminated in preparing the group accounts.

(3) The elimination required by sub#paragraph (2) may be effected in proportion to the group's interest in the shares of the undertakings.

(4) Sub#paragraphs (1) and (2) need not be complied with if the amounts concerned are not material for the purpose of giving a true and fair view.

Acquisition and merger accounting

7.—(1) The following provisions apply where an undertaking becomes a subsidiary undertaking of the parent company.

(2) That event is referred to in those provisions as an “acquisition”, and references to the “undertaking acquired” shall be construed accordingly.

8. An acquisition shall be accounted for by the acquisition method of accounting unless the conditions for accounting for it as a merger are met and the merger method of accounting is adopted.

9.—(1) The acquisition method of accounting is as follows.

(2) The identifiable assets and liabilities of the undertaking acquired shall be included in the consolidated balance sheet at their fair values as at the date of acquisition.

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In this paragraph the “identifiable” assets or liabilities of the undertaking acquired means the assets or liabilities which are capable of being disposed of or discharged separately, without disposing of a business of the undertaking.

(3) The income and expenditure of the undertaking acquired shall be brought into the group accounts only as from the date of the acquisition.

(4) There shall be set o# against the acquisition cost of the interest in the shares of the undertaking held by the parent company and its subsidiary undertakings the interest of the parent company and its subsidiary undertakings in the adjusted capital and reserves of the undertaking acquired.

For this purpose—

“the acquisition cost” means the amount of any cash consideration and the fair value of any other consideration, together with such amount (if any) in respect of fees and other expenses of the acquisition as the company may determine, and

“the adjusted capital and reserves” of the undertaking acquired means its capital and reserves at the date of the acquisition after adjusting the identifiable assets and liabilities of the undertaking to fair values as at that date.

(5) The resulting amount if positive shall be treated as goodwill, and if negative as a negative consolidation di#erence.

10.—(1) The conditions for accounting for an acquisition as a merger are—

(a) that at least 90 per cent. of the nominal value of the relevant shares in the undertaking acquired^{F75} (excluding any shares in the undertaking held as treasury shares)] is held by or on behalf of the parent company and its subsidiary undertakings,

(b) that the proportion referred to in head (a) was attained pursuant to an arrangement providing for the issue of equity shares by the parent company or one or more of its subsidiary undertakings,

(c) that the fair value of any consideration other than the issue of equity shares given pursuant to the arrangement by the parent company and its subsidiary undertakings did not exceed 10 per cent. of the nominal value of the equity shares issued, and

(d) that adoption of the merger method of accounting accords with generally accepted accounting principles or practice.

(2) The reference in sub#paragraph (1)(a) to the “relevant shares” in an undertaking acquired is to those carrying unrestricted rights to participate both in distributions and in the assets of the undertaking upon liquidation.

F75 SR 2004/275

11.—(1) The merger method of accounting is as follows.

(2) The assets and liabilities of the undertaking acquired shall be brought into the group accounts at the figures at which they stand in the undertaking's accounts, subject to any adjustment authorised or required by this Schedule.

(3) The income and expenditure of the undertaking acquired shall be included in the group accounts for the entire financial year, including the period before the acquisition.

(4) The group accounts shall show corresponding amounts relating to the previous financial year as if the undertaking acquired had been included in the consolidation throughout that year.

(5) There shall be set o# against the aggregate of—

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(a) the appropriate amount in respect of qualifying shares issued by the parent company or its subsidiary undertakings in consideration for the acquisition of shares in the undertaking acquired, and

(b) the fair value of any other consideration for the acquisition of shares in the undertaking acquired, determined as at the date when those shares were acquired,

the nominal value of the issued share capital of the undertaking acquired held by the parent company and its subsidiary undertakings.

(6) The resulting amount shall be shown as an adjustment to the consolidated reserves.

(7) In sub#paragraph (5)(a) “qualifying shares” means—

- (a) shares in relation to which Article 141 (merger relief) applies, in respect of which the appropriate amount is the nominal value; or
- (b) shares in relation to which Article 142 (relief in respect of group reconstructions) applies, in respect of which the appropriate amount is the nominal value together with any minimum premium value within the meaning of that Article.

12.—(1) Where a group is acquired, paragraphs 9 to 11 apply with the following adaptations.

(2) References to shares of the undertaking acquired shall be construed as references to shares of the parent undertaking of the group.

(3) Other references to the undertaking acquired shall be construed as references to the group; and references to the assets and liabilities, income and expenditure and capital and reserves of the undertaking acquired shall be construed as references to the assets and liabilities, income and expenditure and capital and reserves of the group after making the set#o#s and other adjustments required by this Schedule in the case of group accounts.

13.—(1) The following information with respect to acquisitions taking place in the financial year shall be given in a note to the accounts.

(2) There shall be stated—

- (a) the name of the undertaking acquired or, where a group was acquired, the name of the parent undertaking of that group, and
- (b) whether the acquisition has been accounted for by the acquisition or the merger method of accounting;

and in relation to an acquisition which significantly a#ffects the figures shown in the group accounts, the following further information shall be given.

(3) The composition and fair value of the consideration for the acquisition given by the parent company and its subsidiary undertakings shall be stated.

Sub-para. (4) rep. by SR 1997/314

(5) Where the acquisition method of accounting has been adopted, the book values immediately prior to the acquisition, and the fair values at the date of acquisition, of each class of assets and liabilities of the undertaking or group acquired shall be stated in tabular form, including a statement of the amount of any goodwill or negative consolidation di#ference arising on the acquisition, together with an explanation of any significant adjustments made.

(6) Where the merger method of accounting has been adopted, an explanation shall be given of any significant adjustments made in relation to the amounts of the assets and liabilities of the undertaking or group acquired, together with a statement of any resulting adjustment to the consolidated reserves (including the restatement of opening consolidated reserves).

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(7) In ascertaining for the purposes of sub#paragraph^{F76} . . . (5) or (6) the profit or loss of a group, the book values and fair values of assets and liabilities of a group or the amount of the assets and liabilities of a group, the set#o#s and other adjustments required by this Schedule in the case of group accounts shall be made.

F76 SR 1997/314

14.—(1) There shall also be stated in a note to the accounts the cumulative amount of goodwill resulting from acquisitions in that and earlier financial years which has been written o#[^{F77} otherwise than in the consolidated profit and loss account for that or any earlier financial year].

(2) That figure shall be shown net of any goodwill attributable to subsidiary undertakings or businesses disposed of prior to the balance sheet date.

F77 SR 1997/314

15. Where during the financial year there has been a disposal of an undertaking or group which significantly a#ffects the figures shown in the group accounts, there shall be stated in a note to the accounts—

- (a) the name of that undertaking or, as the case may be, of the parent undertaking of that group, and
- (b) the extent to which the profit or loss shown in the group accounts is attributable to profit or loss of that undertaking or group.

16. The information required by paragraph 13, 14 or 15 need not be disclosed with respect to an undertaking which—

- (a) is established under the law of a country outside the United Kingdom, or
- (b) carries on business outside the United Kingdom,

if in the opinion of the directors of the parent company the disclosure would be seriously prejudicial to the business of that undertaking or to the business of the parent company or any of its subsidiary undertakings and the Department agrees that the information should not be disclosed.

Minority interests

17.—(1) The formats set out in Schedule 4 have e#ffect in relation to group accounts with the following additions.

(2) In the Balance Sheet Formats a further item headed “ Minority interests ” shall be added—

- (a) in Format 1, either after item J or at the end (after item K), and
- (b) in Format 2, under the general heading “LIABILITIES”, between items A and B;

and under that item shall be shown the amount of capital and reserves attributable to shares in subsidiary undertakings included in the consolidation held by or on behalf of persons other than the parent company and its subsidiary undertakings.

(3) In the Profit and Loss Account Formats a further item headed “ Minority interests ” shall be added—

Status: Point in time view as at 01/10/2007.

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- (a) in Format 1, between items 14 and 15,
- (b) in Format 2, between items 16 and 17,
- (c) in Format 3, between items 7 and 8 in both sections A and B, and
- (d) in Format 4, between items 9 and 10 in both sections A and B;

and under that item shall be shown the amount of any profit or loss on ordinary activities attributable to shares in subsidiary undertakings included in the consolidation held by or on behalf of persons other than the parent company and its subsidiary undertakings.

(4) In the Profit and Loss Account Formats a further item headed “ Minority interests ” shall be added—

- (a) in Format 1, between items 18 and 19,
- (b) in Format 2, between items 20 and 21,
- (c) in Format 3, between items 9 and 10 in section A and between items 8 and 9 in section B, and
- (d) in Format 4, between items 11 and 12 in section A and between items 10 and 11 in section B;

and under that item shall be shown the amount of any profit or loss on extraordinary activities attributable to shares in subsidiary undertakings included in the consolidation held by or on behalf of persons other than the parent company and its subsidiary undertakings.

(5) For the purposes of paragraph 3(3) and (4) of Schedule 4 (power to adapt or combine items)—

- (a) the additional item required by sub#paragraph (2) shall be treated as one to which a letter is assigned, and
- (b) the additional items required by sub#paragraphs (3) and (4) shall be treated as ones to which an Arabic number is assigned.

Para. 18 rep. by SR 2004/496

Joint ventures

19.—(1) Where an undertaking included in the consolidation manages another undertaking jointly with one or more undertakings not included in the consolidation, that other undertaking (“the joint venture”) may, if it is not—

- (a) a body corporate, or
- (b) a subsidiary undertaking of the parent company,

be dealt with in the group accounts by the method of proportional consolidation.

(2) The provisions of^{F78} this Schedule] relating to the preparation of consolidated accounts apply, with any necessary modifications, to proportional consolidation under this paragraph.

F78 SR 1997/436

Associated undertakings

20.—(1) An “associated undertaking” means an undertaking in which an undertaking included in the consolidation has a participating interest and over whose operating and financial policy it exercises a significant influence, and which is not—

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- (a) a subsidiary undertaking of the parent company, or
 - (b) a joint venture dealt with in accordance with paragraph 19.
- (2) Where an undertaking holds 20 per cent. or more of the voting rights in another undertaking, it shall be presumed to exercise such an influence over it unless the contrary is shown.
- (3) The voting rights in an undertaking means the rights conferred on shareholders in respect of their shares or, in the case of an undertaking not having a share capital, on members, to vote at general meetings of the undertaking on all, or substantially all, matters.
- (4) The provisions of paragraphs 5 to 11 of Schedule 10A (rights to be taken into account and attribution of rights) apply in determining for the purposes of this paragraph whether an undertaking holds 20 per cent. or more of the voting rights in another undertaking.

21.—(1) The formats set out in Schedule 4 have effect in relation to group accounts with the following modifications.

(2) In the Balance Sheet Formats the items headed “Participating interests”, that is—

- (a) in Format 1, item B.III.3, and
- (b) in Format 2, item B.III.3 under the heading “ASSETS”,

shall be replaced by two items, “Interests in associated undertakings” and “Other participating interests”.

(3) In the Profit and Loss Account Formats, the items headed “Income from participating interests”, that is—

- (a) in Format 1, item 8,
- (b) in Format 2, item 10,
- (c) in Format 3, item B.4, and
- (d) in Format 4, item B.6,

shall be replaced by two items, “Income from interests in associated undertakings” and “Income from other participating interests”.

22.—(1) The interest of an undertaking in an associated undertaking, and the amount of profit or loss attributable to such an interest, shall be shown by the equity method of accounting (including dealing with any goodwill arising in accordance with paragraphs 17 to 19 and 21 of Schedule 4).

(2) Where the associated undertaking is itself a parent undertaking, the net assets and profits or losses to be taken into account are those of the parent and its subsidiary undertakings (after making any consolidation adjustments).

(3) The equity method of accounting need not be applied if the amounts in question are not material for the purpose of giving a true and fair view.

[^{F79}SCHEDULE 5

DISCLOSURE OF INFORMATION: RELATED UNDERTAKINGS]

F79 1990 NI 5

Status: Point in time view as at 01/10/2007.

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PART I

COMPANIES NOT REQUIRED TO PREPARE GROUP ACCOUNTS

Subsidiary undertakings

1.—(1) The following information shall be given where at the end of the financial year the company has subsidiary undertakings.

- (2) The name of each subsidiary undertaking shall be stated.
- (3) There shall be stated with respect to each subsidiary undertaking—
 - (a) if it is incorporated outside Northern Ireland, the country in which it is incorporated;
 - (b) if it is unincorporated, the address of its principal place of business.
- (4) The reason why the company is not required to prepare group accounts shall be stated.

(5) If the reason is that all the subsidiary undertakings of the company fall within the exclusions provided for in Article 237, it shall be stated with respect to each subsidiary undertaking which of those exclusions applies.

Holdings in subsidiary undertakings

2.—(1) There shall be stated in relation to shares of each class held by the company in a subsidiary undertaking—

- (a) the identity of the class, and
- (b) the proportion of the nominal value of the shares of that class represented by those shares.

(2) The shares held by or on behalf of the company itself shall be distinguished from those attributed to the company which are held by or on behalf of a subsidiary undertaking.

Financial information about subsidiary undertakings

3.—(1) There shall be disclosed with respect to each subsidiary undertaking—

- (a) the aggregate amount of its capital and reserves as at the end of its relevant financial year, and
- (b) its profit or loss for that year.

(2) That information need not be given if the company is exempt by virtue of Article 236 from the requirement to prepare group accounts (parent company included in accounts of larger group).

[^{F80}(2A) That information need not be given if the company's investment in the subsidiary undertaking is included in the company's accounts by way of the equity method of valuation.]

(3) That information need not be given if—

- (a) the subsidiary undertaking is not required by any provision of this Order to deliver a copy of its balance sheet for its relevant financial year and does not otherwise publish that balance sheet in Northern Ireland or elsewhere, and
- (b) the company's holding is less than 50 per cent. of the nominal value of the shares in the undertaking.

(4) Information otherwise required by this paragraph need not be given if it is not material.

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(5) For the purposes of this paragraph the “relevant financial year” of a subsidiary undertaking is—

- (a) if its financial year ends with that of the company, that year, and
- (b) if not, its financial year ending last before the end of the company's financial year.

F80 SR 1997/314

Financial years subsidiary undertakings

4. Where—

- (a) disclosure is made under paragraph 3(1) with respect to a subsidiary undertaking, and
- (b) that undertaking's financial year does not end with that of the company,

there shall be stated in relation to that undertaking the date on which its last financial year ended (last before the end of the company's financial year).

Para. 5 rep. by SR 1997/314

Shares and debentures of company held by subsidiary undertakings

6.—(1) The number, description and amount of the shares in^{F81} . . . the company held by or on behalf of its subsidiary undertakings shall be disclosed.

(2) Sub#paragraph (1) does not apply in relation to shares^{F81} . . . in the case of which the subsidiary undertaking is concerned as personal representative or, subject as follows, as trustee.

(3) The exception for shares^{F81} . . . in relation to which the subsidiary undertaking is concerned as trustee does not apply if the company, or any subsidiary undertaking of the company, is beneficially interested under the trust, otherwise than by way of security only for the purposes of a transaction entered into by it in the ordinary course of a business which includes the lending of money.

(4) Schedule 2 has e#ffect for the interpretation of the reference in sub#paragraph (3) to a beneficial interest under a trust.

F81 SR 1997/314

Significant holdings in undertakings other than subsidiary undertakings

7.—(1) The information required by paragraphs 8 and 9 shall be given where at the end of the financial year the company has a significant holding in an undertaking which is not a subsidiary undertaking of the company.

(2) A holding is significant for this purpose if—

- (a) it amounts to^{F82} 20 per cent.] or more of the nominal value of any class of shares in the undertaking, or
- (b) the amount of the holding (as stated or included in the company's accounts) exceeds^{F82} [one#fifth] of the amount (as so stated) of the company's assets.

Status: Point in time view as at 01/10/2007.

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F82 SR 1997/314

- 8.**—(1) The name of the undertaking shall be stated.
- (2) There shall be stated—
- (a) if the undertaking is incorporated outside Northern Ireland, the country in which it is incorporated;
 - (b) if it is unincorporated, the address of its principal place of business.
- (3) There shall also be stated—
- (a) the identity of each class of shares in the undertaking held by the company, and
 - (b) the proportion of the nominal value of the shares of that class represented by those shares.
- 9.**—(1) ^{F83} . . . , there shall also be stated—
- (a) the aggregate amount of the capital and reserves of the undertaking as at the end of its relevant financial year, and
 - (b) its profit or loss for that year.
- (2) That information need not be given if—
- (a) the company is exempt by virtue of Article 236 from the requirement to prepare group accounts (parent company included in accounts of larger group), and
 - (b) the investment of the company in all undertakings in which it has such a holding as is mentioned in sub#paragraph (1) is shown, in aggregate, in the notes to the accounts by way of the equity method of valuation.
- (3) That information need not be given in respect of an undertaking if—
- (a) the undertaking is not required by any provision of this Order to deliver a copy of its balance sheet for its relevant financial year and does not otherwise publish that balance sheet in Northern Ireland or elsewhere, and
 - (b) the company's holding is less than 50 per cent. of the nominal value of the shares in the undertaking.
- (4) Information otherwise required by this paragraph need not be given if it is not material.
- (5) For the purposes of this paragraph the “relevant financial year” of an undertaking is—
- (a) if its financial year ends with that of the company, that year, and
 - (b) if not, its financial year ending last before the end of the company's financial year.

F83 SR 1997/314

Membership of certain undertakings

9A.—(1) The information required by this paragraph shall be given where at the end of the financial year the company is a member of a qualifying undertaking.

- (2) There shall be stated—
- (a) the name and legal form of the undertaking, and

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- (b) the address of the undertaking's registered office (whether in or outside Northern Ireland) or, if it does not have such an office, its head office (whether in or outside Northern Ireland).
- (3) Information otherwise required by sub-paragraph (2) need not be given if it is not material.
- (4) In this paragraph—
 - “member”, “qualifying company” and “qualifying partnership” have the same meanings as in the Partnerships and Unlimited Companies (Accounts) Regulations (Northern Ireland) 1994.
 - “qualifying undertaking” means a qualifying partnership or a qualifying company.

Para. 10 rep. by SR 1997/314

Parent undertaking drawing up accounts for larger group

11.—(1) Where the company is a subsidiary undertaking, the following information shall be given with respect to the parent undertaking of—

- (a) the largest group of undertakings for which group accounts are drawn up and of which the company is a member, and
- (b) the smallest such group of undertakings.
- (2) The name of the parent undertaking shall be stated.
- (3) There shall be stated—
 - (a) if the undertaking is incorporated outside Northern Ireland, the country in which it is incorporated;
 - (b) if it is unincorporated, the address of its principal place of business.
- (4) If copies of the group accounts referred to in sub#paragraph (1) are available to the public, there shall also be stated the addresses from which copies of the accounts can be obtained.

Identification of ultimate parent company

12.—(1) Where the company is a subsidiary undertaking, the following information shall be given with respect to the company (if any) regarded by the directors as being the company's ultimate parent company.

- (2) The name of that company shall be stated.
- (3) If known to the directors, there shall be stated, if that company is incorporated outside Northern Ireland, the country in which it is incorporated.
- (4) In this paragraph “company” includes any body corporate.

Constructions of references to shares held by company

13.—(1) References in this Part to shares held by a company shall be construed as follows.

- (2) For the purposes of [F84 paragraphs 2 to 4] (information about subsidiary undertakings)—
 - (a) there shall be attributed to the company any shares held by a subsidiary undertaking, or by a person acting on behalf of the company or a subsidiary undertaking; but

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- (b) there shall be treated as not held by the company any shares held on behalf of a person other than the company or a subsidiary undertaking.
- (3) For the purposes of paragraphs 7 to 9 (information about undertakings other than subsidiary undertakings)—
 - (a) there shall be attributed to the company shares held on its behalf by any person; but
 - (b) there shall be treated as not held by a company shares held on behalf of a person other than the company.
- (4) For the purposes of any of those provisions, shares held by way of security shall be treated as held by the person providing the security—
 - (a) where apart from the right to exercise them for the purpose of preserving the value of the security, or of realising it, the rights attached to the shares are exercisable only in accordance with his instructions, and
 - (b) where the shares are held in connection with the granting of loans as part of normal business activities and apart from the right to exercise them for the purpose of preserving the value of the security, or of realising it, the rights attached to the shares are exercisable only in his interests.

F84 SR 1997/314

PART II

COMPANIES REQUIRED TO PREPARE GROUP ACCOUNTS

Introductory

14. In this Part “the group” means the group consisting of the parent company and its subsidiary undertakings.

Subsidiary undertakings

15.—(1) The following information shall be given with respect to the undertakings which are subsidiary undertakings of the parent company at the end of the financial year.

- (2) The name of each undertaking shall be stated.
- (3) There shall be stated—
 - (a) if the undertaking is incorporated outside Northern Ireland, the country in which it is incorporated;
 - (b) if it is unincorporated, the address of its principal place of business.
- (4) It shall also be stated whether the subsidiary undertaking is included in the consolidation and, if it is not, the reasons for excluding it from consolidation shall be given.
- (5) It shall be stated with respect to each subsidiary undertaking by virtue of which of the conditions specified in Article 266(2) or (4) it is a subsidiary undertaking of its immediate parent undertaking.

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That information need not be given if the relevant condition is that specified in paragraph (2)(a) of that Article (holding of a majority of the voting rights) and the immediate parent undertaking holds the same proportion of the shares in the undertaking as it holds voting rights.

Holdings in subsidiary undertakings

16.—(1) The following information shall be given with respect to the shares of a subsidiary undertaking held—

- (a) by the parent company, and
- (b) by the group;

and the information under heads (a) and (b) shall (if different) be shown separately.

(2) There shall be stated—

- (a) the identity of each class of shares held, and
- (b) the proportion of the nominal value of the shares of that class represented by those shares.

Financial information about subsidiary undertakings not included in the consolidation

17.—(1) There shall be shown with respect to each subsidiary undertaking not included in the consolidation—

- (a) the aggregate amount of its capital and reserves as at the end of its relevant financial year, and
- (b) its profit or loss for that year.

(2) That information need not be given if the group's investment in the undertaking is included in the accounts by way of the equity method of valuation or if—

- (a) the undertaking is not required by any provision of this Order to deliver a copy of its balance sheet for its relevant financial year and does not otherwise publish that balance sheet in Northern Ireland or elsewhere, and
- (b) the holding of the group is less than 50 per cent. of the nominal value of the shares in the undertaking.

(3) Information otherwise required by this paragraph need not be given if it is not material.

(4) For the purposes of this paragraph the “relevant financial year” of a subsidiary undertaking is—

- (a) if its financial year ends with that of the company, that year, and
- (b) if not, its financial year ending last before the end of the company's financial year.

Paras. 18, 19 rep. by SR 1997/314

Shares and debentures of company held by subsidiary undertakings

20.—(1) The number, description and amount of the shares in^{F85} . . . the company held by or on behalf of its subsidiary undertakings shall be disclosed.

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(2) Sub#paragraph (1) does not apply in relation to shares^{F85} . . . in the case of which the subsidiary undertaking is concerned as personal representative or, subject as follows, as trustee.

(3) The exception for shares^{F85} . . . in relation to which the subsidiary undertaking is concerned as trustee does not apply if the company or any of its subsidiary undertakings is beneficially interested under the trust, otherwise than by way of security only for the purposes of a transaction entered into by it in the ordinary course of a business which includes the lending of money.

(4) Schedule 2 has e#ffect for the interpretation of the reference in sub#paragraph (3) to a beneficial interest under a trust.

F85 SR 1997/314

Joint ventures

21.—(1) The following information shall be given where an undertaking is dealt with in the consolidated accounts by the method of proportional consolidation in accordance with paragraph 19 of Schedule 4A (joint ventures)—

- (a) the name of the undertaking;
- (b) the address of the principal place of business of the undertaking;
- (c) the factors on which joint management of the undertaking is based; and
- (d) the proportion of the capital of the undertaking held by undertakings included in the consolidation.

(2) Where the financial year of the undertaking did not end with that of the company, there shall be stated the date on which a financial year of the undertaking last ended before that date.

Associated undertakings

22.—(1) The following information shall be given where an undertaking included in the consolidation has an interest in an associated undertaking.

- (2) The name of the associated undertaking shall be stated.
- (3) There shall be stated—
 - (a) if the undertaking is incorporated outside Northern Ireland, the country in which it is incorporated;
 - (b) if it is unincorporated, the address of its principal place of business.
- (4) The following information shall be given with respect to the shares of the undertaking held—
 - (a) by the parent company, and
 - (b) by the group;

and the information under heads (a) and (b) shall be shown separately.

- (5) There shall be stated—
 - (a) the identity of each class of shares held, and
 - (b) the proportion of the nominal value of the shares of that class represented by those shares.

(6) In this paragraph “associated undertaking” has the meaning given by paragraph 20 of Schedule 4A; and the information required by this paragraph shall be given notwithstanding that paragraph 22(3) of that Schedule (materiality) applies in relation to the accounts themselves.

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Other significant holdings of parent company or group

23.—(1) The information required by paragraphs 24 and 25 shall be given where at the end of the financial year the parent company has a significant holding in an undertaking which is not one of its subsidiary undertakings and does not fall within paragraph 21 (joint ventures) or paragraph 22 (associated undertakings).

(2) A holding is significant for this purpose if—

- (a) it amounts to^{F86} 20 per cent.] or more of the nominal value of any class of shares in the undertaking, or
- (b) the amount of the holding (as stated or included in the company's individual accounts) exceeds^{F86} one#fifth] of the amount of its assets (as so stated).

F86 SR 1997/314

24.—(1) The name of the undertaking shall be stated.

(2) There shall be stated—

- (a) if the undertaking is incorporated outside Northern Ireland, the country in which it is incorporated;
- (b) if it is unincorporated, the address of its principal place of business.

(3) The following information shall be given with respect to the shares of the undertaking held by the parent company.

(4) There shall be stated—

- (a) the identity of each class of shares held, and
- (b) the proportion of the nominal value of the shares of that class represented by those shares.

25.—(1) ^{F87} . . . there shall also be stated—

- (a) the aggregate amount of the capital and reserves of the undertaking as at the end of its relevant financial year, and
- (b) its profit or loss for that year.

(2) That information need not be given in respect of an undertaking if—

- (a) the undertaking is not required by any provision of this Order to deliver a copy of its balance sheet for its relevant financial year and does not otherwise publish that balance sheet in Northern Ireland or elsewhere, and
- (b) the company's holding is less than 50 per cent. of the nominal value of the shares in the undertaking.

(3) Information otherwise required by this paragraph need not be given if it is not material.

(4) For the purposes of this paragraph the “relevant financial year” of an undertaking is—

- (a) if its financial year ends with that of the company, that year, and
- (b) if not, its financial year ending last before the end of the company's financial year.

F87 SR 1997/314

Status: Point in time view as at 01/10/2007.

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26.—(1) The information required by paragraphs 27 and 28 shall be given where at the end of the financial year the group has a significant holding in an undertaking which is not a subsidiary undertaking of the parent company and does not fall within paragraph 21 (joint ventures) or paragraph 22 (associated undertakings).

(2) A holding is significant for this purpose if—

- (a) it amounts to^{F88} 20 per cent.] or more of the nominal value of any class of shares in the undertaking, or
- (b) the amount of the holding (as stated or included in the group accounts) exceeds^{F88} one# fifth] of the amount of the group's assets (as so stated).

F88 SR 1997/314

27.—(1) The name of the undertaking shall be stated.

(2) There shall be stated—

- (a) if the undertaking is incorporated outside Northern Ireland, the country in which it is incorporated;
- (b) if it is unincorporated, the address of its principal place of business.

(3) The following information shall be given with respect to the shares of the undertaking held by the group.

(4) There shall be stated—

- (a) the identity of each class of shares held, and
- (b) the proportion of the nominal value of the shares of that class represented by those shares.

28.—(1) ^{F89} . . . there shall also be stated—

- (a) the aggregate amount of the capital and reserves of the undertaking as at the end of its relevant financial year, and
- (b) its profit or loss for that year.

(2) That information need not be given if—

- (a) the undertaking is not required by any provision of this Order to deliver a copy of its balance sheet for its relevant financial year and does not otherwise publish that balance sheet in Northern Ireland or elsewhere, and
- (b) the holding of the group is less than 50 per cent. of the nominal value of the shares in the undertaking.

(3) Information otherwise required by this paragraph need not be given if it is not material.

(4) For the purposes of this paragraph the “relevant financial year” of an undertaking is—

- (a) if its financial year ends with that of the parent company, that year, and
- (b) if not, its financial year ending last before the end of the parent company's financial year.

F89 SR 1997/314

Status: Point in time view as at 01/10/2007.

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Parent company's or group's membership of certain undertakings

28A.—(1) The information required by this paragraph shall be given where at the end of the financial year the parent company or group is a member of a qualifying undertaking.

(2) There shall be stated—

- (a) the name and legal form of the undertaking, and
- (b) the address of the undertaking's registered office (whether in or outside Northern Ireland) or, if it does not have such an office, its head office (whether in or outside Northern Ireland).

(3) Information otherwise required by sub#paragraph (2) need not be given if it is not material.

(4) In this paragraph—

“member”, “qualifying company” and “qualifying partnership” have the same meanings as in the Partnerships and Unlimited Companies (Accounts) Regulations (Northern Ireland) 1994.

“qualifying undertaking” means a qualifying partnership or a qualifying company.

Para. 29 rep. by SR 1997/314

Parent undertaking drawing up accounts for larger group

30.—(1) Where the parent company is itself a subsidiary undertaking, the following information shall be given with respect to that parent undertaking of the company which heads—

- (a) the largest group of undertakings for which group accounts are drawn up and of which that company is a member, and
- (b) the smallest such group of undertakings.

(2) The name of the parent undertaking shall be stated.

(3) There shall be stated—

- (a) if the undertaking is incorporated outside Northern Ireland, the country in which it is incorporated;
- (b) if it is unincorporated, the address of its principal place of business.

(4) If copies of the group accounts referred to in sub#paragraph (1) are available to the public, there shall also be stated the addresses from which copies of the accounts can be obtained.

Identification of ultimate parent company

31.—(1) Where the parent company is itself a subsidiary undertaking, the following information shall be given with respect to the company (if any) regarded by the directors as being that company's ultimate parent company.

(2) The name of that company shall be stated.

(3) If known to the directors, there shall be stated, if that company is incorporated outside Northern Ireland, the country in which it is incorporated.

(4) In this paragraph “company” includes any body corporate.

Status: Point in time view as at 01/10/2007.

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Construction of references to shares held by parent company or group

32.—(1) References in this Part to shares held by the parent company or the group shall be construed as follows.

(2) For the purposes of paragraphs 16, 22(4) and (5) and 23 to 25 (information about holdings in subsidiary and other undertakings)—

- (a) there shall be attributed to the parent company shares held on its behalf by any person; but
- (b) there shall be treated as not held by the parent company shares held on behalf of a person other than the company.

(3) References to shares held by the group are to any shares held by or on behalf of the parent company or any of its subsidiary undertakings; but there shall be treated as not held by the group any shares held on behalf of a person other than the parent company or any of its subsidiary undertakings.

(4) Shares held by way of security shall be treated as held by the person providing the security—

- (a) where apart from the right to exercise them for the purpose of preserving the value of the security, or of realising it, the rights attached to the shares are exercisable only in accordance with his instructions, and
- (b) where the shares are held in connection with the granting of loans as part of normal business activities and apart from the right to exercise them for the purpose of preserving the value of the security, or of realising it, the rights attached to the shares are exercisable only in his interests.

SCHEDULE 6

Articles 240, 241, 242

[^{F90}DISCLOSURE OF INFORMATION: EMOLUMENTS AND OTHER BENEFITS OF DIRECTORS AND OTHERS]

F90 1990 NI 5

[^{F91}PART I]

[^{F91}CHAIRMAN'S AND DIRECTORS' EMOLUMENTS, PENSIONS AND COMPENSATION FOR LOSS OF OFFICE]

F91 1990 NI 5

[^{F92}CHAPTER 1]

[^{F92}PROVISIONS APPLYING TO QUOTED AND UNQUOTED COMPANIES]

F92 SR 2005/56

Status: Point in time view as at 01/10/2007.

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Aggregate amount of directors' emoluments etc.

1.—(1) Subject to sub-paragraph (2), the following shall be shown, namely—

- (a) the aggregate amount of emoluments paid to or receivable by directors in respect of qualifying services;
- (b) the aggregate of the amount of gains made by directors on the exercise of share options;
- (c) the aggregate of the following, namely—
 - (i) the amount of money paid to or receivable by directors under long term incentive schemes in respect of qualifying services; and
 - (ii) the net value of assets (other than money and share options) received or receivable by directors under such schemes in respect of such services;
- (d) the aggregate value of any company contributions paid, or treated as paid, to a pension scheme in respect of directors' qualifying services, being contributions by reference to which the rate or amount of any money purchase benefits that may become payable will be calculated; and
- (e) in the case of each of the following, namely—
 - (i) money purchase schemes; and
 - (ii) defined benefit schemes,

the number of directors (if any) to whom retirement benefits are accruing under such schemes in respect of qualifying services.

(2) [F93] In the case of a company which is not a quoted company and whose equity share capital is not listed on the market known as AIM]

- (a) sub-paragraph (1) shall have effect as if head (b) were omitted and, in head (c)(ii), “assets” did not include shares; and
- (b) the number of each of the following (if any) shall be shown, namely—
 - (i) the directors who exercised share options; and
 - (ii) the directors in respect of whose qualifying services shares were received or receivable under long term incentive schemes.

(3) In this paragraph “emoluments” of a director—

- (a) includes salary, fees and bonuses, sums paid by way of expenses allowances (so far as they are chargeable to United Kingdom income tax) and, subject to head (b), the estimated money value of any other benefits received by him otherwise than in cash; but
- (b) does not include any of the following, namely—
 - (i) the value of any share options granted to him or the amount of any gains made on the exercise of any such options;
 - (ii) any company contributions paid, or treated as paid, in respect of him under any pension scheme or any benefits to which he is entitled under any such scheme; or
 - (iii) any money or other assets paid to or received or receivable by him under any long term incentive scheme.

(4) In this paragraph “long term incentive scheme” means any agreement or arrangement under which money or other assets may become receivable by a director and which includes one or more qualifying conditions with respect to service or performance which cannot be fulfilled within a single financial year; and for this purpose the following shall be disregarded, namely—

- (a) bonuses the amount of which falls to be determined by reference to service or performance within a single financial year;

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- (b) compensation for loss of office, payments for breach of contract and other termination payments; and
- (c) retirement benefits.

(5) In this paragraph—

“amount”, in relation to a gain made on the exercise of a share option, means the difference between—

- (a) the market price of the shares on the day on which the option was exercised; and
- (b) the price actually paid for the shares;

“company contributions”, in relation to a pension scheme and a director, means any payments (including insurance premiums) made, or treated as made, to the scheme in respect of the director by a person other than the director;

“defined benefits” means retirement benefits payable under a pension scheme which are not money purchase benefits;

“defined benefit scheme”, in relation to a director, means a pension scheme which is not a money purchase scheme;

Definition rep. by SR 2005/56

“money purchase benefits”, in relation to a director, means retirement benefits payable under a pension scheme the rate or amount of which is calculated by reference to payments made, or treated as made, by the director or by any other person in respect of the director and which are not average salary benefits;

“money purchase scheme”, in relation to a director, means a pension scheme under which all of the benefits that may become payable to or in respect of the director are money purchase benefits;

“net value”, in relation to any assets received or receivable by a director, means value after deducting any money paid or other value given by the director in respect of those assets;

[^{F94}“the official list” has the meaning given in section 103(1) of the Financial Services and Markets Act 2000;]

“qualifying services”, in relation to any person, means his services as a director of the company, and his services while director of the company—

- (a) as director of any of its subsidiary undertakings; or
- (b) otherwise in connection with the management of the affairs of the company or any of its subsidiary undertakings;

[^{F94}“recognised investment exchange” has the same meaning as in the Financial Services and Markets Act 2000;]

“shares” means shares (whether allotted or not) in the company, or any undertaking which is a group undertaking in relation to the company, and includes a share warrant as defined by Article 198(1);

“share option” means a right to acquire shares;

“value”, in relation to shares received or receivable by a director on any day, means the market price of the shares on that day.

(6) For the purposes of this paragraph—

- (a) any information, other than the aggregate amount of gains made by directors on the exercise of share options, shall be treated as shown if it is capable of being readily ascertained from other information which is shown; and

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- (b) emoluments paid or receivable or share options granted in respect of a person's accepting office as a director shall be treated as emoluments paid or receivable or share options granted in respect of his services as a director.

(7) Where a pension scheme provides for any benefits that may become payable to or in respect of any director to be whichever are the greater of—

- (a) money purchase benefits as determined by or under the scheme; and
- (b) defined benefits as so determined;

the company may assume for the purposes of this paragraph that those benefits will be money purchase benefits, or defined benefits, according to whichever appears more likely at the end of the financial year.

(8) For the purpose of determining whether a pension scheme is a money purchase or defined benefit scheme, any death in service benefits provided for by the scheme shall be disregarded.

F93 SR 2005/56
F94 SI 2001/3649

[^{F95}CHAPTER III]

[^{F95}PROVISIONS APPLYING ONLY TO UNQUOTED COMPANIES]

F95 SR 2005/56

Details of highest paid director's emoluments etc.

2.—(1) Where the aggregates shown under paragraph 1(1)(a), (b) and (c) total $\text{€}200,000$ or more, the following shall be shown, namely—

- (a) so much of the total of those aggregates as is attributable to the highest paid director; and
- (b) so much of the aggregate mentioned in paragraph 1(1)(d) as is so attributable.

(2) Where sub-paragraph (1) applies and the highest paid director has performed qualifying services during the financial year by reference to which the rate or amount of any defined benefits that may become payable will be calculated, there shall also be shown—

- (a) the amount at the end of the year of his accrued pension; and
- (b) where applicable, the amount at the end of the year of his accrued lump sum.

(3) Subject to sub-paragraph (4), where sub-paragraph (1) applies in the case of a company which is not a listed company, there shall also be shown—

- (a) whether the highest paid director exercised any share options; and
- (b) whether any shares were received or receivable by that director in respect of qualifying services under a long term incentive scheme.

(4) Where the highest paid director has not been involved in any of the transactions specified in sub-paragraph (3), that fact need not be stated.

(5) In this paragraph—

“accrued pension” and “accrued lump sum”, in relation to any pension scheme and any director, mean respectively the amount of the annual pension, and the amount of the lump sum, which would be payable under the scheme on his attaining normal pension age if—

- (a) he had left the company's services at the end of the financial year;

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- (b) there were no increase in the general level of prices in Northern Ireland during the period beginning with the end of that year and ending with his attaining that age;
- (c) no question arose of any commutation of the pension or inverse commutation of the lump sum; and
- (d) any amounts attributable to voluntary contributions paid by the director to the scheme, and any money purchase benefits which would be payable under the scheme, were disregarded;

“the highest paid director” means the director to whom is attributable the greatest part of the total of the aggregates shown under paragraph 1(1)(a), (b) and (c);

“normal pension age”, in relation to any pension scheme and any director, means the age at which the director will first become entitled to receive a full pension on retirement of an amount determined without reduction to take account of its payment before a later age (but disregarding any entitlement to pension upon retirement in the event of illness, incapacity or redundancy).

(6) Sub-paragraphs (4) to (8) of paragraph 1 apply for the purposes of this paragraph as they apply for the purpose of that paragraph.

Excess retirement benefits of directors and past directors

7.—(1) Subject to sub-paragraph (2) there shall be shown the aggregate amount of—

- (a) so much of retirement benefits paid to or receivable by directors under pension schemes; and
- (b) so much of retirement benefits paid to or receivable by past directors under such schemes,

as (in each case) is in excess of the retirement benefits to which they were respectively entitled on the date on which the benefits first became payable or 16th February 1998, whichever is the later.

(2) Amounts paid or receivable under a pension scheme need not be included in the aggregate amount if—

- (a) the funding of the scheme was such that the amounts were or, as the case may be, could have been paid without recourse to additional contributions; and
- (b) amounts were paid to or receivable by all pensioner members of the scheme on the same basis;

and in this sub-paragraph “pensioner member”, in relation to a pension scheme, means any person who is entitled to the present payment of retirement benefits under the scheme.

(3) In this paragraph—

- (a) references to retirement benefits include benefits otherwise than in cash; and
- (b) in relation to so much of retirement benefits as consists of a benefit otherwise than in cash, references to their amount are to the estimated money value of the benefit;

and the nature of any such benefit shall also be disclosed.

Compensation to directors for loss of office

8.—(1) There shall be shown the aggregate amount of any compensation to directors or past directors in respect of loss of office.

(2) This amount includes compensation received or receivable by a director or past director for—

- (a) loss of office as director of the company, or
- (b) loss, while director of the company or on or in connection with his ceasing to be a director of it, of—

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- (i) any other office in connection with the management of the company's affairs, or
- (ii) any office as director or otherwise in connection with the management of the affairs of any subsidiary undertaking of the company;

F96 . . .

(3) References to compensation include benefits otherwise than in cash; and in relation to such compensation references to its amount are to the estimated money value of the benefit. The nature of any such compensation shall be disclosed.

[^{F96}(4) In this paragraph, references to compensation for loss of office include the following, namely—

- (a) compensation in consideration for, or in connection with, a person's retirement from office; and
- (b) where such a retirement is occasioned by a breach of the person's contract with the company or with a subsidiary undertaking of the company—
 - (i) payments made by way of damages for the breach; or
 - (ii) payments made by way of settlement or compromise of any claim in respect of the breach.

(5) Sub-paragraph (6)(a) of paragraph 1 applies for the purposes of this paragraph as it applies for the purposes of that paragraph.]

F96 SR 1997/545

Sums paid to third parties in respect of directors' services

9.—(1) There shall be shown the aggregate amount of any consideration paid to or receivable by third parties for making available the services of any person—

- (a) as a director of the company, or
- (b) while director of the company—
 - (i) as director of any of its subsidiary undertakings, or
 - (ii) otherwise in connection with the management of the affairs of the company or any of its subsidiary undertakings.

(2) The reference to consideration includes benefits otherwise than in cash; and in relation to such consideration the reference to its amount is to the estimated money value of the benefit. The nature of any such consideration shall be disclosed.

(3) The reference to third parties is to persons other than—

- (a) the director himself or a person connected with him or body corporate controlled by him, and
- (b) the company or any of its subsidiary undertakings.

Supplementary

10.—(1) The following applies with respect to the amounts to be shown under [^{F97} this Part].

(2) The amount in each case includes all relevant sums paid by or receivable from—

- (a) the company; and
- (b) the company's subsidiary undertakings; and
- (c) any other person,

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except sums to be accounted for to the company or any of its subsidiary undertakings or, by virtue of Articles 322 and 323 (duty of directors to make disclosure on company takeover; consequence of non-compliance), to past or present members of the company or any of its subsidiaries or any class of those members.

Sub-para. (3) rep. by SR 1997/545

(4) References to amounts paid to or receivable by a person include amounts paid to or receivable by a person connected with him or a body corporate controlled by him (but not so as to require an amount to be counted twice).

F97 SR 1997/545

11.—(1) The amounts to be shown for any financial year under^{F98} this Part] are the sums receivable in respect of that year (whenever paid) or, in the case of sums not receivable in respect of a period, the sums paid during that year.

(2) But where—

- (a) any sums are not shown in a note to the accounts for the relevant financial year on the ground that the person receiving them is liable to account for them as mentioned in paragraph 10(2), but the liability is thereafter wholly or partly released or is not enforced within a period of 2 years; or
- (b) any sums paid by way of expenses allowance are charged to United Kingdom income tax after the end of the relevant financial year,

those sums shall, to the extent to which the liability is released or not enforced or they are charged as mentioned above (as the case may be), be shown in a note to the first accounts in which it is practicable to show them and shall be distinguished from the amounts to be shown apart from this provision.

F98 SR 1997/545

12. Where it is necessary to do so for the purpose of making any distinction required by the preceding paragraphs in an amount to be shown in compliance with this Part, the directors may apportion any payments between the matters in respect of which these have been paid or are receivable in such manner as they think appropriate.

Interpretation

13.—(1) The following applies for the interpretation of this Part.

(2) A reference to a subsidiary undertaking of the company—

- (a) in relation to a person who is or was, while a director of the company, a director also, by virtue of the company's nomination (direct or indirect) of any other undertaking, includes (subject to the following head) that undertaking, whether or not it is or was in fact a subsidiary undertaking of the company, and
- (b) for the purposes of paragraphs 1 to 7^{F99}. . . is to an undertaking which is a subsidiary undertaking at the time the services were rendered, and for the purposes of paragraph 8 to a subsidiary undertaking immediately before the loss of office as director.

^{F99}(3) The following definitions apply—

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- (a) “pension scheme” has the meaning assigned to “retirement benefits scheme” by section 611 of the Income and Corporation Taxes Act 1988;
 - (b) “retirement benefits” has the meaning assigned to “relevant benefits” by section 612(1) of that Act.]
- (4) References in this Part to a person being “connected” with a director, and to a director “controlling” a body corporate, shall be construed in accordance with Article 354.

F99 SR 1997/545

Supplementary

14. This Part requires information to be given only so far as it is contained in the company's books and papers or the company has the right to obtain it from the persons concerned.

[^{F100}PART II]

[^{F100}LOANS, QUASI#LOANS AND OTHER DEALINGS IN FAVOUR OF DIRECTORS]

F100 1990 NI 5

[^{F101}15]. [^{F101}The group accounts of a holding company, or if it is not required to prepare group accounts its individual accounts,] shall contain the particulars required by this Schedule of—

- (a) any transaction or arrangement of a kind described in [^{F102}section 197, 198, 200, 201 or 203 of the Companies Act 2006] entered into by the company or by a subsidiary of the company for a person who at any time during the financial year was a director of the company or its holding company, or was connected with such a director;
- (b) an agreement by the company or by a subsidiary of the company to enter into any such transaction or arrangement for a person who was at any time during the financial year a director of the company or its holding company, or was connected with such a director; and
- (c) any other transaction or arrangement with the company or a subsidiary of it in which a person who at any time during the financial year was a director of the company or its holding company had, directly or indirectly, a material interest.

F101 1990 NI 5

F102 Words in Sch. 6 para. 15(a) substituted (1.10.2007 with effect as mentioned in Sch. 4 para. 22(11) of the amending S.I.) by Companies Act 2006 (Commencement No. 3, Consequential Amendments, Transitional Provisions and Savings) Order 2007 (S.I. 2007/2194), arts. 1(3), 10(1), Sch. 4 para. 22(2) (with art. 12)

[^{F103}16]. The accounts prepared by a company other than a holding company shall contain the particulars required by this Schedule of—

- (a) any transaction or arrangement of a kind described in [^{F104}section 197, 198, 200, 201 or 203 of the Companies Act 2006] entered into by the company for a person who at any time

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during the financial year was a director of it or of its holding company, or was connected with such a director;

- (b) an agreement by the company to enter into any such transaction or arrangement for a person who at any time during the financial year was a director of the company or its holding company or was connected with such a director; and
- (c) any other transaction or arrangement with the company in which a person who at any time during the financial year was a director of the company or its holding company had, directly or indirectly, a material interest.

F103 1990 NI 5

F104 Words in [Sch. 6 para. 16\(a\)](#) substituted (1.10.2007 with effect as mentioned in [Sch. 4 para. 22\(11\)](#) of the amending S.I.) by [Companies Act 2006 \(Commencement No. 3, Consequential Amendments, Transitional Provisions and Savings\) Order 2007 \(S.I. 2007/2194\)](#), arts. 1(3), 10(1), [Sch. 4 para. 22\(2\)](#) (with art. 12)

[^{F105}17].—(1) For the purposes of paragraphs^[^{F105} 15(c)] and^[^{F105} 16(c)], a transaction or arrangement between a company and a director of it or of its holding company, or a person connected with such a director, is to be treated (if it would not otherwise be so) as a transaction, arrangement or agreement in which that director is interested.

(2) An interest in such a transaction or arrangement is not “material” for the purposes of paragraphs^[^{F105} 15(c)] and^[^{F105} 16(c)] if in the board's opinion it is not so; but this is without prejudice to the question whether or not such an interest is material in a case where the board have not considered the matter.

“This board” here means the directors of the company preparing the accounts, or a majority of those directors, but excluding in either case the director whose interest it is.

F105 1990 NI 5

[^{F106}18]. Paragraphs^[^{F106} 15] and^[^{F106} 16] do not apply in relation to the following transactions, arrangements and agreements—

- (a) a transaction, arrangement or agreement between one company and another in which a director of the former or of its subsidiary or holding company is interested only by virtue of his being a director of the latter;
- (b) a contract of service between a company and one of its directors or a director of its holding company, or between a director of a company and any of that company's subsidiaries;
- (c) a transaction, arrangement or agreement which was not entered into during the financial year and which did not subsist at any time during that year.

F106 1990 NI 5

[^{F107}19]. Paragraphs^[^{F107} 15] and^[^{F107} 16] apply whether or not—

- (a) the transaction or arrangement ^{[^{F108}was one in respect of which approval was required under section 197, 198, 200, 201 or 203 of the Companies Act 2006];}
- (b) the person for whom it was made was a director of the company or was connected with a director of it at the time it was made;

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- (c) in the case of a transaction or arrangement made by a company which at any time during a financial year is a subsidiary of another company, it was a subsidiary of that other company at the time the transaction or arrangement was made.

F107 1990 NI 5

F108 Words in Sch. 6 para. 19(a) substituted (1.10.2007 with effect as mentioned in Sch. 4 para. 22(11) of the amending S.I.) by Companies Act 2006 (Commencement No. 3, Consequential Amendments, Transitional Provisions and Savings) Order 2007 (S.I. 2007/2194), arts. 1(3), 10(1), Sch. 4 para. 22(3) (with art. 12)

[^{F109}20]. Neither paragraph[^{F109} 15(c)] nor paragraph[^{F109} 16(c)] applies in relation to any transaction or arrangement if—

- (a) each party to the transaction or arrangement which is a member of the same group of companies (meaning a holding company and its subsidiaries) as the company entered into the transaction or arrangement in the ordinary course of business, and
- (b) the terms of the transaction or arrangement are not less favourable to any such party than it would be reasonable to expect if the interest mentioned in either of those paragraphs had not been an interest of a person who was a director of the company or of its company.

F109 1990 NI 5

[^{F110}21]. Neither paragraph[^{F110} 15(c)] nor paragraph[^{F110} 16(c)] applies in relation to any transaction or arrangement if—

- (a) the company is a member of a group of companies (meaning a holding company and its subsidiaries), and
- (b) either the company is a wholly-owned subsidiary or no body corporate (other than the company or a subsidiary of the company) which is a member of the group of companies which includes the company's ultimate holding company was a party to the transaction or arrangement, and
- (c) the director in question was at some time during the relevant period associated with the company, and
- (d) the material interest of the director in question in the transaction or arrangement would not have arisen if he had not been associated with the company at any time during the relevant period.

F110 1990 NI 5

[^{F111}The particulars required by this Part]

[^{F111}22].—(1) Subject to paragraph[^{F111} 23], the particulars by this Part are those of the principal terms of the transaction, arrangement or agreement.

(2) Without prejudice to the generality of sub-paragraph (1), the following particulars are required—

- (a) a statement of the fact either that the transaction, arrangement or agreement was made or subsisted (as the case may be) during the financial year;

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- (b) the name of the person for whom it was made and where that person is or was connected with a director of the company or of its holding company, the name of that director;
- (c) in a case where paragraph^[F111] 15(c) nor paragraph^[F111] 16(c) applies, the name of the director with the material interest and the nature of that interest;
- (d) in the case of a loan or an agreement for a loan or an arrangement within ^[F112]section 203 of the Companies Act 2006 relating to a loan—
 - (i) the amount of the liability of the person to whom the loan was or was agreed to be made, in respect of principal and interest, at the beginning and at the end to the financial year;
 - (ii) the maximum amount of that liability during that year;
 - (iii) the amount of any interest which, having fallen due, has not been paid; and
 - (iv) the amount of any provision (within the meaning of Schedule 4) made in respect of any failure or anticipated failure by the borrower to repay the whole or part of the loan or to pay the whole or part of any interest on it;
- (e) in the case of a guarantee or security or an arrangement within ^[F113]section 203(1)(b) of the Companies Act 2006 relating to a guarantee or security—
 - (i) the amount for which the company (or its subsidiary) was liable under the guarantee or in respect of the security both at the beginning and at the end of the financial year;
 - (ii) the maximum amount for which the company (or its subsidiary) may become so liable; and
 - (iii) any amount paid and any liability incurred by the company (or its subsidiary) for the purpose of fulfilling the guarantee or discharging the security (including any loss incurred by reason of the enforcement of the guarantee or security); and
- (f) in the case of any transaction, arrangement or agreement, other than those mentioned in heads (d) and (e) the value of the transaction or arrangement or (as the case may be) the value of the transaction or arrangement to which the agreement relates.

F111 1990 NI 5

F112 Words in Sch. 6 para. 22(2)(d) substituted (1.10.2007 with effect as mentioned in Sch. 4 para. 22(11) of the amending S.I.) by Companies Act 2006 (Commencement No. 3, Consequential Amendments, Transitional Provisions and Savings) Order 2007 (S.I. 2007/2194), arts. 1(3), 10(1), Sch. 4 para. 22(4) (a) (with art. 12)

F113 Words in Sch. 6 para. 22(2)(e) substituted (1.10.2007 with effect as mentioned in Sch. 4 para. 22(11) of the amending S.I.) by Companies Act 2006 (Commencement No. 3, Consequential Amendments, Transitional Provisions and Savings) Order 2007 (S.I. 2007/2194), arts. 1(3), 10(1), Sch. 4 para. 22(4) (b) (with art. 12)

^[F114]23]. In paragraph^[F114] 22(2)], heads (c) to (f) do not apply in the case of a loan or quasi-loan made or agreed to be made by a company to or for a body corporate which is either—

- (a) a body corporate of which that company is a wholly-owned subsidiary, or
- (b) a wholly-owned subsidiary of a body corporate of which that company is a wholly-owned subsidiary, or
- (c) a wholly-owned subsidiary of that company,

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if particulars of that loan, quasi-loan or agreement for it would not have been required to be included in that company's annual accounts if the first-mentioned body corporate had not been associated with a director of that company at any time during the relevant period.

F114 1990 NI 5

[^{F115}Excluded transactions]

[^{F115}24].—(1) In relation to a company's accounts for a financial year, compliance with this Part is not required in the case of transactions of a kind mentioned in sub-paragraph (2) which are made by the company or a subsidiary of it for a person who at any time during that financial year was a director of the company or of its holding company, or was connected with such a director, if the aggregate of the values of each transaction, arrangement or agreement so made for that director or any person connected with him, less the amount (if any) by which the liabilities of the person for whom the transaction or arrangement was made has been reduced, did not at any time during the financial year exceed £5,000.

(2) The transactions in question are—

- (a) credit transactions,
- (b) guarantees provided or securities entered into in connection with credit transactions,
- (c) arrangements within [^{F116}section 203 of the Companies Act 2006] relating to credit transactions, and
- (d) agreements to enter into credit transactions.

F115 1990 NI 5

F116 Words in Sch. 6 para. 24(2)(c) substituted (1.10.2007 with effect as mentioned in Sch. 4 para. 22(11) of the amending S.I.) by Companies Act 2006 (Commencement No. 3, Consequential Amendments, Transitional Provisions and Savings) Order 2007 (S.I. 2007/2194), arts. 1(3), 10(1), Sch. 4 para. 22(5) (with art. 12)

[^{F117}25]. In relation to a company's accounts for a financial year, compliance with this Part is not required by virtue of paragraph [^{F117} 15(c)] or [^{F117} 16(c)] in the case of any transaction or arrangement with a company or any of its subsidiaries in which a director of the company or its holding company had, directly or indirectly, a material interest if—

- (a) the value of each transaction or arrangement within paragraph [^{F117} 15(c)] or [^{F117} 16(c)] (as the case may be) in which that director had (directly or indirectly) a material interest and which was made after the commencement of the financial year with the company or any of its subsidiaries, and
- (b) the value of each transaction or arrangement which was made before the commencement of the financial year less the amount (if any) by which the liabilities of the person for whom the transaction or arrangement was made have been reduced,

did not at any time during the financial year exceed in the aggregate £1,000 or, if more, did not exceed £5,000 or one per cent. of the value of the net assets of the company preparing the accounts in question as at the end of the financial year, whichever is the less.

F117 1990 NI 5

Status: Point in time view as at 01/10/2007.

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For this purpose a company's net assets are the aggregate of its assets less the aggregate of its liabilities (“liabilities” to include any^[F118] provision for liabilities] within paragraph 88 of Schedule 4^[F118] that is made in Companies Order accounts and any provision that is made in IAS accounts.]).

F118 SR 2004/496

^[F119]26]. ^[F120]Section 258 of the Companies Act 2006 (power to increase financial limits)] applies as if the money sums specified in paragraph^[F119] 24] or^[F119] 25] were specified in ^[F121]Part 10 of that Act].

F119 1990 NI 5

F120 Words in Sch. 6 para. 26 substituted (1.10.2007 with effect as mentioned in Sch. 4 para. 22(11)) of the amending S.I.) by Companies Act 2006 (Commencement No. 3, Consequential Amendments, Transitional Provisions and Savings) Order 2007 (S.I. 2007/2194), arts. 1(3), 10(1), Sch. 4 para. 22(6) (a) (with art. 12)

F121 Words in Sch. 6 para. 26 substituted (1.10.2007 with effect as mentioned in Sch. 4 para. 22(11)) of the amending S.I.) by Companies Act 2006 (Commencement No. 3, Consequential Amendments, Transitional Provisions and Savings) Order 2007 (S.I. 2007/2194), arts. 1(3), 10(1), Sch. 4 para. 22(6) (b) (with art. 12)

Interpretation

^[F122]27].—^[F123](1) The following provisions of the Companies Act 2006 apply for the purposes of this Part—

- (a) section 202 (meaning of “credit transaction”);
- (b) section 211 (value of transactions and arrangements);
- (c) section 212 (person for whom a transaction or arrangement is entered into);
- (d) sections 252 to 255 and Schedule 1 (persons connected with a director).]

^[F122](2) In this Part “director” includes a shadow director.]

F122 1990 NI 5

F123 Sch. 6 para. 27(1) substituted (1.10.2007 with effect as mentioned in Sch. 4 para. 22(11)) of the amending S.I.) by Companies Act 2006 (Commencement No. 3, Consequential Amendments, Transitional Provisions and Savings) Order 2007 (S.I. 2007/2194), arts. 1(3), 10(1), Sch. 4 para. 22(7) (with art. 12)

^[F124]PART III

^[F124]OTHER TRANSACTIONS, ARRANGEMENTS AND AGREEMENTS]

F124 1990 NI 5

^[F125]28]. This Part applies in relation to the following classes of transactions, arrangements and agreements—

Status: Point in time view as at 01/10/2007.

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- (a) loans, guarantees and securities relating to loans, arrangements of a kind described in [F126section 203 of the Companies Act 2006] relating to loans and agreements to enter into any of the foregoing transactions and arrangements;
- (b) quasi-loans, guarantees and securities relating to quasi-loans, arrangements of a kind described in [F127that section] relating to quasi-loans and agreements to enter into any of the foregoing transactions and arrangements;
- (c) credit transactions, guarantees and securities relating to credit transactions, arrangements of a kind described in [F127that section] relating to credit transactions and agreements to enter into any of the foregoing transactions and arrangements.

F125 1990 NI 5

F126 Words in Sch. 6 para. 28(a) substituted (1.10.2007 with effect as mentioned in Sch. 4 para. 22(11) of the amending S.I.) by Companies Act 2006 (Commencement No. 3, Consequential Amendments, Transitional Provisions and Savings) Order 2007 (S.I. 2007/2194), arts. 1(3), 10(1), Sch. 4 para. 22(8) (a) (with art. 12)

F127 Words in Sch. 6 para. 28(b)(c) substituted (1.10.2007 with effect as mentioned in Sch. 4 para. 22(11) of the amending S.I.) by Companies Act 2006 (Commencement No. 3, Consequential Amendments, Transitional Provisions and Savings) Order 2007 (S.I. 2007/2194), arts. 1(3), 10(1), Sch. 4 para. 22(8) (b) (with art. 12)

[F12829].—(1) To comply with this Part, the accounts must contain a statement, in relation to transactions, arrangements and agreements[F128 made by the company or a subsidiary of it for persons who at any time during the financial year were officers of the company (but not directors or shadow directors)], of—

- (a) the aggregate amounts outstanding at the end of the financial year under transactions, arrangements and agreements within sub-paragraphs (a), (b) and (c) respectively of paragraph[F128 28], and
- (b) the numbers of officers for whom the transactions, arrangements and agreements falling within each of those sub-paragraphs were made.

(2) This paragraph does not apply to transactions, arrangements and agreements made by the company or any of its subsidiaries for an officer of the company if the aggregate amount outstanding at the end of the financial year under the transactions, arrangements and agreements so made for that officer does not exceed £2,500.

(3) [F129Section 258 of the Companies Act 2006 (power to increase financial limits)] applies as if the money sum specified in this paragraph were specified in [F130Part 10 of that Act].

F128 1990 NI 5

F129 Words in Sch. 6 para. 29(3) substituted (1.10.2007 with effect as mentioned in Sch. 4 para. 22(11) of the amending S.I.) by Companies Act 2006 (Commencement No. 3, Consequential Amendments, Transitional Provisions and Savings) Order 2007 (S.I. 2007/2194), arts. 1(3), 10(1), Sch. 4 para. 22(9) (a) (with art. 12)

F130 Words in Sch. 6 para. 29(3) substituted (1.10.2007 with effect as mentioned in Sch. 4 para. 22(11) of the amending S.I.) by Companies Act 2006 (Commencement No. 3, Consequential Amendments, Transitional Provisions and Savings) Order 2007 (S.I. 2007/2194), arts. 1(3), 10(1), Sch. 4 para. 22(9) (b) (with art. 12)

Status: Point in time view as at 01/10/2007.

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[^{F131}30]. The following provisions[^{F132} of the Companies Act 2006 apply for the purposes of this Part—

- (a) section 199 (meaning of “quasi-loan”),
- (b) section 202 (meaning of “credit transaction”), and]

and “amount outstanding” means the amount of the outstanding liabilities of the person for whom the transaction, arrangement or agreement was made or, in the case of a guarantee or security, the amount guaranteed or secured.

F131 1990 NI 5
F132 Words in Sch. 6 para. 30 substituted (1.10.2007 with effect as mentioned in Sch. 4 para. 22(11) of the amending S.I.) by Companies Act 2006 (Commencement No. 3, Consequential Amendments, Transitional Provisions and Savings) Order 2007 (S.I. 2007/2194), arts. 1(3), 10(1), Sch. 4 para. 22(10) (with art. 12)

SCHEDULE 7

Article 243

MATTERS TO BE DEALT WITH IN DIRECTORS' REPORT

PART I

MATTERS OF A GENERAL NATURE

Asset values

Sub-para. (1) rep. by SR 1997/314

(2) If, in the case of [^{F133} such of the fixed assets of the company^{F134} . . .] as consist in interests in land, their market value (as at the end of the financial year) differs substantially from the amount at which they are included in the balance sheet, and the difference is, in the director's opinion, of such significance as to require that the attention of members of the company or of holders of its debentures should be drawn to it, the report shall indicate the difference with such degree of precision as is practicable.

[^{F134}(3) In relation to a group directors' report sub#paragraph (2) has effect as if the reference to the fixed assets of the company was a reference to the fixed assets of the company and its subsidiary undertakings included in the consolidation.]

F133 SR 1997/314
F134 SR 2005/61

Directors' interests

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2. ^{F135}

Status: Point in time view as at 01/10/2007.

Changes to legislation: The Companies (Northern Ireland) Order 1986 (revoked) is up to date with all changes known to be in force on or before 01 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

F135 Sch. 7 para. 2 repealed (6.4.2007) by Companies Act 2006 (c. 46), ss. 1284(2), 1295, 1300(2), **Sch. 16**; S.I. 2007/1093, arts. 1(3), **5**, Sch. 2 Pt. 2 (with arts. 8, 11(1), Sch. 6 para. 5)

.....
2A. ^{F136}

F136 Sch. 7 para. 2A repealed (6.4.2007) by Companies Act 2006 (c. 46), ss. 1284(2), 1295, 1300(2), **Sch. 16**; S.I. 2007/1093, arts. 1(3), **5**, Sch. 2 Pt. 2 (with arts. 8, 11(1), Sch. 6 para. 5)

.....
2B. ^{F137}

F137 Sch. 7 para. 2B repealed (6.4.2007) by Companies Act 2006 (c. 46), ss. 1284(2), 1295, 1300(2), **Sch. 16**; S.I. 2007/1093, arts. 1(3), **5**, Sch. 2 Pt. 2 (with arts. 8, 11(1), Sch. 6 para. 5)

Political and charitable gifts

3.—(1) The following applies if the company (not being the wholly-owned subsidiary of a company incorporated in Northern Ireland) has in the financial year given money for political purposes or charitable purposes or both.

(2) If the money given exceeded £200 in amount, there shall be contained in the directors' report for the year—

- (a) in the case of each of the purposes for which money has been given, a statement of the amount of money given for that purpose, and
- (b) in the case of political purposes for which money has been given, the following particulars (so far as applicable)—
 - (i) the name of each person to whom money has been given for those purposes exceeding £200 in amount and the amount of money given,
 - (ii) if money exceeding £200 in amount has been given by way of donation or subscription to a political party, the identity of the party and the amount of money given.

4.—(1) Paragraph 3 does not apply to a company which, at the end of the financial year, has subsidiaries which have, in that year, given money as mentioned in that paragraph, but is not itself the wholly-owned subsidiary of a company incorporated in Northern Ireland.

(2) But in such a case there shall (if the amount of money so given in that year by the company and the subsidiaries between them exceeds £200) be contained in the director's report for the year—

- (a) in the case of each of the purposes for which money has been given by the company and the subsidiaries between them, a statement of the amount of money given for that purpose, and
- (b) in the case of political purposes for which money has been given, the like particulars (so far as applicable) as are required by paragraph 3.

5.—(1) This paragraph applies for the interpretation of paragraphs 3 and 4.

Status: Point in time view as at 01/10/2007.

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- (2) A company is to be treated as giving money for political purpose if, directly or indirectly—
- (a) it gives a donation or subscription to a political party of the United Kingdom or any part of it; or
 - (b) it give a donation or subscription to a person who, to the company's knowledge, is carrying on, or proposing to carry on, any activities which can, at the time at which the donation or subscription was given, reasonably be regarded as likely to affect public support for such a political party as is mentioned in head (a).
- (3) Money given for charitable purposes to a person who, when it was given, was ordinarily resident outside the United Kingdom is to be left out of account.
- (4) “Charitable purposes” means purposes which are exclusively charitable.

Para. 5A rep. by SR 1997/314

Miscellaneous

- 6.—^{F138}(1) The directors' report shall contain—
- (a) particulars of any important event affecting the company^{F138} . . . which have occurred since the end of the financial year,
 - (b) an indication of likely future developments in the business of the company^{F138} . . . ,^{F139} . . .
 - (c) an indication of the activities (if any) of the company^{F138} . . . in the field of research and development^{F139} and]
- ^{F139}(d) (unless the company is an unlimited company) an indication of the existence of branches (as defined in Article 648(2)) of the company outside the United Kingdom.]

^{F138}(2) In relation to a group directors' report heads (a), (b) and (c) of sub#paragraph (1) have effect as if the references to the company were references to the company and its subsidiary undertakings included in the consolidation.]

F138 SR 2005/61

F139 SR 1993/199

PART II

DISCLOSURE REQUIRED BY COMPANY ACQUIRING ITS OWN SHARES, ETC.

7. This Part applies where shares in a company—
- (a) are purchased by the company or are acquired by it by forfeiture or surrender in lieu of forfeiture, or in pursuance of Article 153(3) (acquisition of own shares by limited company),
 - (b) are acquired by another person in circumstances where Article 156(1) (c) or (d) applies (acquisition by company's nominee, or by another with company financial assistance, the company having a beneficial interest), or

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- (c) are made subject to a lien or other charge taken (whether expressly or otherwise) by the company and permitted by Article 160(2) or (4), or Article 8(3) of the Consequential Provisions Order (exceptions from general rule against a company having a lien or charge on its own shares).
8. The directors' report with respect to a financial year shall state—
- (a) the number and nominal value of the shares so purchased, the aggregate amount of the consideration paid by the company for such shares and the reasons for their purchase;
 - (b) the number and nominal value of the shares so acquired by the company, acquired by another person in such circumstances and so charged respectively during the financial year;
 - (c) the maximum number and nominal value of shares which, having been so acquired by the company, acquired by another person in such circumstances or so charged (whether or not during that year) are held at any time by the company or that other person during that year;
 - (d) the number and nominal value of the shares so acquired by the company, acquired by another person in such circumstances or so charged (whether or not during that year) which are disposed of by the company or that other person or cancelled by the company during that year;
 - (e) where the number and nominal value of the shares of any particular description are stated in pursuance of any of the preceding sub-paragraphs, the percentage of the called-up share capital which shares of that description represent;
 - (f) where any of the shares have been so charged, the amount of the charge in each case; and
 - (g) where any of the shares have been disposed of by the company or the person who acquired them in such circumstances for money or money's worth, the amount or value of the consideration in each case.

PART III

DISCLOSURE CONCERNING EMPLOYMENT, ETC. OF DISABLED PERSONS

9.—(1) This Part applies to the directors' report where the average number of persons employed by the company in each week during the financial year exceeded 250.

(2) That average number is the quotient derived by dividing, by the number of weeks in the financial year, the number derived by ascertaining, in relation to each of those weeks, the number of persons who, under contracts of service, were employed in the week (whether throughout it or not) by the company, and adding up the numbers ascertained.

(3) The directors' report shall in that case contain a statement describing such policy as the company has applied during the financial year—

- (a) for giving full and fair consideration to applications for employment by the company made by disabled persons, having regard to their particular aptitudes and abilities,
 - (b) for continuing the employment of, and for arranging appropriate training for, employees of the company who have become disabled persons during the period when they were employed by the company, and
 - (c) otherwise for the training, career development and promotion of disabled persons employed by the company.
- (4) In this Part—

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- (a) “employment” means employment other than employment to work wholly or mainly outside the United Kingdom, and
- (b) “disabled person” means a disabled person within the meaning of the^{F140} Disability Discrimination Act 1995].

F140 1995 c. 50

Part IV

rep. by SR 1997/314

PART V

EMPLOYEE INVOLVEMENT

11.—(1) This part applies to the director's report where the average number of persons employed by the company in each week during the financial year exceeded 250.

(2) That average number is the quotient derived by dividing by the number of weeks in the financial year the number derived by ascertaining, in relation to each of those weeks, the number of persons who, under contracts of service, were employed in the week (whether throughout it or not) by the company, and adding up the numbers ascertained.

(3) The directors' report shall in that case contain a statement describing the action that has been taken during the financial year to introduce, maintain or develop arrangements aimed at—

- (a) providing employees systematically with information on matters of concern to them as employees;
- (b) consulting employees or their representatives on a regular basis so that the views of employees can be taken into account in making decisions which are likely to affect their interests;
- (c) encouraging the involvement of employees in the company's performance through an employees' share scheme or by some other means;
- (d) achieving a common awareness on the part of all employees of the financial and economic factors affecting the performance of the company.

(4) In sub-paragraph (3) “employee” does not include a person employed to work wholly or mainly outside the United Kingdom; and for the purposes of sub-paragraph (2) no regard is to be had to such a person.

Part VI

Policy and Practice on Payment of Creditors

12.—(1) This Part applies to the directors report for a financial year if—

- (a) the company was at any time within the financial year a public company, or

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- (b) the company did not qualify as small or medium-sized in relation to the financial year by virtue of Article 255 and was at any time within the year a member of a group of which the parent company was a public company.
- (2) The report shall state, with respect to the next following financial year—
- (a) whether in respect of some or all of its suppliers it is the company's policy to follow any code or standard on payment practice and, if so, the name of the code or standard and the place where information about, and copies of, the code or standard can be obtained,
 - (b) whether in respect of some or all of its suppliers it is the company's policy—
 - (i) to settle the terms of payment with those suppliers when agreeing the terms of each transaction,
 - (ii) to ensure that those suppliers are made aware of the terms of payment, and
 - (iii) to abide by the terms of payment,
 - (c) where the company's policy is not as mentioned in head (a) or (b) in respect of some or all of its suppliers, what its policy is with respect to the payment of those suppliers;
- and if the company's policy is different for different suppliers or classes of suppliers, the report shall identify the suppliers to which the different policies apply. In this sub-paragraph references to the company's suppliers are references to persons who are or may become its suppliers.
- (3) The report shall also state the number of days which bears to the number of days in the financial year the same proportion as X bears to Y where—
- X = the aggregate of the amounts which were owed to trade creditors at the end of the year; and
 - Y = the aggregate of the amounts in which the company was invoiced by suppliers during the year.
- (4) For the purposes of sub-paragraphs (2) and (3) a person is a supplier of the company at any time if—
- (a) at that time, he is owed an amount in respect of goods or services supplied, and
 - (b) that amount would be included under the heading corresponding to item E. 4 (trade creditors) in Format 1 if—
 - (i) the company's accounts fell to be prepared as at that time,
 - (ii) those accounts were prepared in accordance with Schedule 4, and
 - (iii) that Format were adopted.
- (5) For the purpose of sub-paragraph (3), the aggregate of the amounts which at the end of the financial year were owed to trade creditors shall be taken to be—
- (a) where in the company's accounts Format 1 of the balance sheet formats set out in Part I of Schedule 4 is adopted, the amount shown under the heading corresponding to item E. 4 (trade creditors) in that Format,
 - (b) where Format 2 is adopted, the amount which, under the heading corresponding to item C. 4 (trade creditors) in that Format, is shown as falling due within one year, and
 - (c) where the company's accounts are prepared in accordance with Schedule 9 or 9A, the amount which would be shown under the heading corresponding to Item E. 4 (trade creditors) in Format 1 if the company's accounts were prepared in accordance with Schedule 4 and that Format were adopted.

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SCHEDULE 7ZA

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[^{F141}SCHEDULE 7A

Article 242B]

DIRECTORS' REMUNERATION REPORT

F141 SR 2005/56

PART I

INTRODUCTORY

1.—(1) In the directors' remuneration report for a financial year (“the relevant financial year”) there shall be shown the information specified in Parts II and III.

(2) Information required to be shown in the report for or in respect of a particular person shall be shown in the report in a manner that links the information to that person identified by name.

PART II

INFORMATION NOT SUBJECT TO AUDIT

Consideration by the directors of matters relating to directors' remuneration

2.—(1) If a committee of the company's directors has considered matters relating to the directors' remuneration for the relevant financial year, the directors' remuneration report shall—

- (a) name each director who was a member of the committee at any time when the committee was considering any such matter;
- (b) name any person who provided to the committee advice, or services, that materially assisted the committee in their consideration of any such matter;
- (c) in the case of any such person named under head (b), who is not a director of the company, state—
 - (i) the nature of any other services that that person has provided to the company during the relevant financial year; and
 - (ii) whether that person was appointed by the committee.

(2) In sub#paragraph (1)(b) “person” includes (in particular) any director of the company who does not fall within sub#paragraph (1)(a).

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Statement of company's policy on directors' remuneration

3.—(1) The directors' remuneration report shall contain a statement of the company's policy on directors' remuneration for the following financial year and for financial years subsequent to that.

(2) The policy statement shall include—

(a) for each director, a detailed summary of any performance conditions to which any entitlement of the director—

- (i) to share options, or
- (ii) under a long#term incentive scheme,

is subject;

(b) an explanation as to why any such performance conditions were chosen;

(c) a summary of the methods to be used in assessing whether any such performance conditions are met and an explanation as to why those methods were chosen;

(d) if any such performance condition involves any comparison with factors external to the company—

- (i) a summary of the factors to be used in making each such comparison, and
- (ii) if any of the factors relates to the performance of another company, of two or more other companies or of an index on which the securities of a company or companies are listed, the identity of that company, of each of those companies or of the index;

(e) a description of, and an explanation for, any significant amendment proposed to be made to the terms and conditions of any entitlement of a director to share options or under a long#term incentive scheme; and

(f) if any entitlement of a director to share options, or under a long#term incentive scheme, is not subject to performance conditions, an explanation as to why that is the case.

(3) The policy statement shall, in respect of each director's terms and conditions relating to remuneration, explain the relative importance of those elements which are, and those which are not, related to performance.

(4) The policy statement shall summarise, and explain, the company's policy on—

- (a) the duration of contracts with directors, and
- (b) notice periods, and termination payments, under such contracts.

(5) In sub#paragraphs (2) and (3), references to a director are to any person who serves as a director of the company at any time in the period beginning with the end of the relevant financial year and ending with the date on which the directors' remuneration report is laid before the company in general meeting.

Performance graph

4.—(1) The directors' remuneration report shall—

(a) contain a line graph that shows for each of—

(i) a holding of shares of that class of the company's equity share capital whose listing, or admission to dealing, has resulted in the company falling within the definition of quoted company, and

(ii) a hypothetical holding of shares made up of shares of the same kinds and number as those by reference to which a broad equity market index is calculated,

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- a line drawn by joining up points plotted to represent, for each of the financial years in the relevant period, the total shareholder return on that holding; and
- (b) state the name of the index selected for the purposes of the graph and set out the reasons for selecting that index.
- (2) For the purposes of sub#paragraphs (1) and (4), “relevant period” means the five financial years of which the last is the relevant financial year.
- (3) Where the relevant financial year—
- (a) is the company's second, third or fourth financial year, sub#paragraph (2) has effect with the substitution of “two”, “three” or “four” (as the case may be) for “five”; and
- (b) is the company's first financial year, “relevant period”, for the purposes of sub#paragraphs (1) and (4), means the relevant financial year.
- (4) For the purposes of sub#paragraph (1), the “total shareholder” return for a relevant period on a holding of shares must be calculated using a fair method that—
- (a) takes as its starting point the percentage change over the period in the market price of the holding;
- (b) involves making—
- (i) the assumptions specified in sub#paragraph (5) as to reinvestment of income, and
- (ii) the assumption specified in sub#paragraph (7) as to the funding of liabilities; and
- (c) makes provision for any replacement of shares in the holding by shares of a different description;
- and the same method must be used for each of the holdings mentioned in sub#paragraph (1).
- (5) The assumptions as to reinvestment of income are—
- (a) that any benefit in the form of shares of the same kind as those in the holding is added to the holding at the time the benefit becomes receivable; and
- (b) that any benefit in cash, and an amount equal to the value of any benefit not in cash and not falling within head (a), is applied at the time the benefit becomes receivable in the purchase at their market price of shares of the same kind as those in the holding and that the shares purchased are added to the holding at that time.
- (6) In sub#paragraph (5) “benefit” means any benefit (including, in particular, any dividend) receivable in respect of any shares in the holding by the holder from the company of whose share capital the shares form part.
- (7) The assumption as to the funding of liabilities is that, where the holder has a liability to the company of whose capital the shares in the holding form part, shares are sold from the holding—
- (a) immediately before the time by which the liability is due to be satisfied, and
- (b) in such numbers that, at the time of the sale, the market price of the shares sold equals the amount of the liability in respect of the shares in the holding that are not being sold.
- (8) In sub#paragraph (7) “liability” means a liability arising in respect of any shares in the holding or from the exercise of a right attached to any of those shares.

Service contracts

5.—(1) The directors' remuneration report shall contain, in respect of the contract of service or contract for services of each person who has served as a director of the company at any time during the relevant financial year, the following information—

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- (a) the date of the contract, the unexpired term and the details of any notice periods;
 - (b) any provision for compensation payable upon early termination of the contract; and
 - (c) such details of other provisions in the contract as are necessary to enable members of the company to estimate the liability of the company in the event of early termination of the contract.
- (2) The directors' remuneration report shall contain an explanation for any significant award made to a person in the circumstances described in paragraph 14.

PART III

INFORMATION SUBJECT TO AUDIT

Amount of each director's emoluments and compensation in the relevant financial year

6.—(1) The directors' remuneration report shall for the relevant financial year show, for each person who has served as a director of the company at any time during that year, each of the following—

- (a) the total amount of salary and fees paid to or receivable by the person in respect of qualifying services;
- (b) the total amount of bonuses so paid or receivable;
- (c) the total amount of sums paid by way of expenses allowance that are—
 - (i) chargeable to United Kingdom income tax (or would be if the person were an individual); and
 - (ii) paid to or receivable by the person in respect of qualifying services;
- (d) the total amount of—
 - (i) any compensation for loss of office paid to or receivable by the person, and
 - (ii) any other payments paid to or receivable by the person in connection with the termination of qualifying services;
- (e) the total estimated value of any benefits received by the person otherwise than in cash that—
 - (i) do not fall within any of heads (a) to (d) or paragraphs 7 to 11,
 - (ii) are emoluments of the person, and
 - (iii) are received by the person in respect of qualifying services; and
- (f) the amount that is the total of the sums mentioned in heads (a) to (e).

(2) The directors' remuneration report shall show, for each person who has served as a director of the company at any time during the relevant financial year, the amount that for the financial year preceding the relevant financial year is the total of the sums mentioned in heads (a) to (e) of sub# paragraph (1).

(3) The directors' remuneration report shall also state the nature of any element of a remuneration package which is not cash.

(4) The information required by sub#paragraphs (1) and (2) shall be presented in tabular form.

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Share options

7.—(1) The directors' remuneration report shall contain, in respect of each person who has served as a director of the company at any time in the relevant financial year, the information specified in paragraph 8.

(2) Sub#paragraph (1) is subject to paragraph 9.

(3) The information specified in sub#paragraphs (a) to (c) of paragraph 8 shall be presented in tabular form in the report.

(4) In paragraph 8 “share option”, in relation to a person, means a share option granted in respect of qualifying services of the person.

8. The information required by sub#paragraph (1) of paragraph 7 in respect of such a person as is mentioned in that sub-paragraph is—

(a) the number of shares that are subject to a share option—

(i) at the beginning of the relevant financial year or, if later, on the date of the appointment of the person as a director of the company, and

(ii) at the end of the relevant financial year or, if earlier, on the cessation of the person's appointment as a director of the company,

in each case differentiating between share options having different terms and conditions;

(b) information identifying those share options that have been awarded in the relevant financial year, those that have been exercised in that year, those that in that year have expired unexercised and those whose terms and conditions have been varied in that year;

(c) for each share option that is unexpired at any time in the relevant financial year—

(i) the price paid, if any, for its award,

(ii) the exercise price,

(iii) the date from which the option may be exercised, and

(iv) the date on which the option expires;

(d) a description of any variation made in the relevant financial year in the terms and conditions of a share option;

(e) a summary of any performance criteria upon which the award or exercise of a share option is conditional, including a description of any variation made in such performance criteria during the relevant financial year;

(f) for each share option that has been exercised during the relevant financial year, the market price of the shares, in relation to which it is exercised, at the time of exercise; and

(g) for each share option that is unexpired at the end of the relevant financial year—

(i) the market price at the end of that year, and

(ii) the highest and lowest market prices during that year,

of each share that is subject to the option.

9.—(1) If, in the opinion of the directors of the company, disclosure in accordance with paragraphs 7 and 8 would result in a disclosure of excessive length then, (subject to sub#paragraphs (2) and (3))—

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- (a) information disclosed for a person under paragraph 8(a) need not differentiate between share options having different terms and conditions;
 - (b) for the purposes of disclosure in respect of a person under paragraph 8(c)(i) and (ii) and (g), share options may be aggregated and (instead of disclosing prices for each share option) disclosure may be made of weighted average prices of aggregations of share options;
 - (c) for the purposes of disclosure in respect of a person under paragraph 8(c)(iii) and (iv), share options may be aggregated and (instead of disclosing dates for each share option) disclosure may be made of ranges of dates for aggregation of share options.
- (2) Sub#paragraph (1)(b) and (c) does not permit the aggregation of—
- (a) share options in respect of shares whose market price at the end of the relevant financial year is below the option exercise price, with
 - (b) share options in respect of shares whose market price at the end of the relevant financial year is equal to, or exceeds, the option exercise price.
- (3) Sub#paragraph (1) does not apply (and accordingly, full disclosure must be made in accordance with paragraphs 7 and 8) in respect of share options that during the relevant financial year have been awarded or exercised or had their terms and conditions varied.

Long-term incentive schemes

10.—(1) The directors' remuneration report shall contain, in respect of each person who has served as a director of the company at any time in the relevant financial year, the information specified in paragraph 11.

(2) Sub#paragraph (1) does not require the report to contain share option details that are contained in the report in compliance with paragraphs 7 to 9.

(3) The information specified in paragraph 11 shall be presented in tabular form in the report.

(4) For the purposes of paragraph 11—

- (a) “scheme interest”, in relation to a person, means an interest under a long-term incentive scheme that is an interest in respect of which assets may become receivable under the scheme in respect of qualifying services of the person; and
- (b) such an interest “vests” at the earliest time when—
 - (i) it has been ascertained that the qualifying conditions have been fulfilled, and
 - (ii) the nature and quantity of the assets receivable under the scheme in respect of the interest have been ascertained.

(5) In this Schedule “long#term incentive scheme” means any agreement or arrangement under which money or other assets may become receivable by a person and which includes one or more qualifying conditions with respect to service or performance that cannot be fulfilled within a single financial year, and for this purpose the following shall be disregarded, namely—

- (a) any bonus the amount of which falls to be determined by reference to service or performance within a single financial year;
- (b) compensation in respect of loss of office, payments for breach of contract and other termination payments; and
- (c) retirement benefits.

11.—(1) The information required by sub#paragraph (1) of paragraph 10 in respect of such a person as is mentioned in that sub-paragraph is—

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- (a) details of the scheme interests that the person has at the beginning of the relevant financial year or if later on the date of the appointment of the person as a director of the company;
 - (b) details of the scheme interests awarded to the person during the relevant financial year;
 - (c) details of the scheme interests that the person has at the end of the relevant financial year or if earlier on the cessation of the person's appointment as a director of the company;
 - (d) for each scheme interest within heads (a) to (c)—
 - (i) the end of the period over which the qualifying conditions for that interest have to be fulfilled (or if there are different periods for different conditions, the end of whichever of those periods ends last); and
 - (ii) a description of any variation made in the terms and conditions of the scheme interests during the relevant financial year; and
 - (e) for each scheme interest that has vested in the relevant financial year—
 - (i) the relevant details (see sub#paragraph (3)) of any shares,
 - (ii) the amount of any money, and
 - (iii) the value of any other assets,that have become receivable in respect of the interest.
- (2) The details that sub#paragraph (1)(b) requires of a scheme interest awarded during the relevant financial year include, if shares may become receivable in respect of the interest, the following—
- (a) the number of those shares;
 - (b) the market price of each of those shares when the scheme interest was awarded; and
 - (c) details of qualifying conditions that are conditions with respect to performance.
- (3) In sub#paragraph (1)(e)(i) “the relevant details”, in relation to any shares that have become receivable in respect of a scheme interest, means—
- (a) the number of those shares,
 - (b) the date on which the scheme interest was awarded;
 - (c) the market price of each of those shares when the scheme interest was awarded;
 - (d) the market price of each of those shares when the scheme interest vested; and
 - (e) details of qualifying conditions that were conditions with respect to performance.

Pensions

12.—(1) The directors' remuneration report shall, for each person who has served as a director of the company at any time during the relevant year, contain the information in respect of pensions that is specified in sub-paragraphs (2) and (3).

(2) Where the person has rights under a pension scheme that is a defined benefit scheme in relation to the person and any of those rights are rights to which he has become entitled in respect of qualifying services of his—

- (a) details—
 - (i) of any changes during the relevant financial year in the person's accrued benefits under the scheme, and
 - (ii) of the person's accrued benefits under the scheme as at the end of that year;
- (b) the transfer value, calculated in a manner consistent with “Retirement Benefit Schemes - Transfer Values (GN 11)” published by the Institute of Actuaries and the Faculty of

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Actuaries and dated 6th April 2001, of the person's accrued benefits under the scheme at the end of the relevant financial year;

- (c) the transfer value of the person's accrued benefits under the scheme that in compliance with head (b) was contained in the director's remuneration report for the previous financial year or, if there was no such report or no such value was contained in that report, the transfer value, calculated in such a manner as is mentioned in head (b), of the person's accrued benefits under the scheme at the beginning of the relevant financial year;
- (d) the amount obtained by subtracting—
 - (i) the transfer value of the person's accrued benefits under the scheme that is required to be contained in the report by head (c), from
 - (ii) the transfer value of those benefits that is required to be contained in the report by head (b),

and then subtracting from the result of that calculation the amount of any contributions made to the scheme by the person in the relevant financial year.

(3) Where—

- (a) the person has rights under a pension scheme that is a money purchase scheme in relation to the person, and
- (b) any of those rights are rights to which he has become entitled in respect of qualifying services of his,

details of any contribution to the scheme in respect of the person that is paid or payable by the company for the relevant financial year or paid by the company in that year for another financial year.

Excess retirement benefits of directors and past directors

13.—(1) Subject to sub#paragraph (3), the directors' remuneration report shall show in respect of each person who has served as a director of the company—

- (a) at any time during the relevant financial year; or
- (b) at any time before the beginning of that year;

the amount of so much of retirement benefits paid to or receivable by the person under pension schemes as is in excess of the retirement benefits to which he was entitled on the date on which the benefits first became payable or 1st April 1999, whichever is the later.

(2) In sub#paragraph (1) “retirement benefits” means retirement benefits to which the person became entitled in respect of qualifying services of his.

(3) Amounts paid or receivable under a pension scheme need not be included in an amount required to be shown under sub-paragraph (1) if—

- (a) the funding of the scheme was such that the amounts were or, as the case may be, could have been paid without recourse to additional contributions; and
- (b) amounts were paid to or receivable by all pensioner members of the scheme on the same basis;

and in this sub#paragraph “pensioner member”, in relation to a pension scheme, means any person who is entitled to the present payment of retirement benefits under the scheme.

(4) In this paragraph—

- (a) references to retirement benefits include benefits otherwise than in cash; and
- (b) in relation to so much of retirement benefits as consists of a benefit otherwise than in cash, references to their amount are to the estimated money value of the benefit;

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and the nature of any such benefit shall also be shown in the report.

Compensation for past directors

14. The directors' remuneration report shall contain details of any significant award made in the relevant financial year to any person who was not a director of the company at the time the award was made but had previously been a director of the company, including (in particular) compensation in respect of loss of office and pensions but excluding any sums which have already been shown in the report under paragraph 6(1)(d).

Sums paid to third parties in respect of a director's services

15.—(1) The directors' remuneration report shall show, in respect of each person who served as a director of the company at any time during the relevant financial year, the aggregate amount of any consideration paid to or receivable by third parties for making available the services of the person—

- (a) as a director of the company, or
- (b) while director of the company—
 - (i) as director of any of its subsidiary undertakings, or
 - (ii) as director of any other undertaking of which he was (while director of the company) a director by virtue of the company's nomination (direct or indirect), or
 - (iii) otherwise in connection with the management of the affairs of the company or any such other undertaking.

(2) The reference to consideration includes benefits otherwise than in cash, and in relation to such consideration the reference to its amount is to the estimated money value of the benefit. The nature of any such consideration shall be shown in the report.

- (3) The reference to third parties is to persons other than—
 - (a) the person himself or a person connected with him or a body corporate controlled by him; and
 - (b) the company or any such undertaking as is mentioned in sub-paragraph (1)(b)(ii).

PART IV

INTERPRETATION AND SUPPLEMENTARY

16.—(1) In this Schedule—

“amount”, in relation to a gain made on the exercise of a share option, means the difference between—

- (a) the market price of the shares on the day on which the option was exercised; and
- (b) the price actually paid for the shares;

“company contributions”, in relation to a pension scheme and a person, means any payments (including insurance premiums) made, or treated as made, to the scheme in respect of the person by anyone other than the person;

“defined benefit scheme”, in relation to a person, means a pension scheme which is not a money purchase scheme in relation to the person;

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“emoluments” of a person—

- (a) includes salary, fees and bonuses, sums paid by way of expenses allowance (so far as they are chargeable to United Kingdom income tax or would be if the person were an individual) but,
- (b) does not include any of the following, namely—
 - (i) the value of any share options granted to him or the amount of any gains made on the exercise of any such options;
 - (ii) any company contributions paid, or treated as paid, in respect of him under any pension scheme or any benefits to which he is entitled under any such scheme; or
 - (iii) any money or other assets paid to or received or receivable by him under any long-term incentive scheme;

“long-term incentive scheme” has the meaning given by paragraph 10(5);

“money purchase benefits”, in relation to a person, means retirement benefits the rate or amount of which is calculated by reference to payments made, or treated as made, by the person or by any other person in respect of that person and which are not average salary benefits;

“money purchase scheme”, in relation to a person, means a pension scheme under which all of the benefits that may become payable to or in respect of the person are money purchase benefits in relation to the person;

“pension scheme” means a retirement benefits scheme within the meaning given by section 611 of the Income and Corporation Taxes Act 1988;

“qualifying services”, in relation to any person, means his services as a director of the company, and his services at any time while he is a director of the company—

- (a) as a director of an undertaking that is a subsidiary undertaking of the company at that time;
- (b) as a director of any other undertaking of which he is a director by virtue of the company's nomination (direct or indirect); or
- (c) otherwise in connection with the management of the affairs of the company or any such subsidiary undertaking or any such other undertaking;

“retirement benefits” means relevant benefits within the meaning given by section 612(1) of the Income and Corporation Taxes Act 1988;

“shares” means shares (whether allotted or not) in the company, or any undertaking which is a group undertaking in relation to the company, and includes a share warrant as defined by Article 198(1);

“share option” means a right to acquire shares;

“value”, in relation to shares received or receivable on any day by a person who is or has been a director of the company, means the market price of the shares on that day.

(2) In this Schedule “compensation in respect of loss of office” includes compensation received or receivable by a person for—

- (a) loss of office as director of the company, or
- (b) loss, while director of the company or on or in connection with his ceasing to be director of it, of—
 - (i) any other office in connection with the management of the company's affairs, or
 - (ii) any office as director or otherwise in connection with the management of the affairs of any undertaking that, immediately before the loss, is a subsidiary undertaking of

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the company or an undertaking of which he is a director by virtue of the company's nomination (direct or indirect);

- (c) compensation in consideration for, or in connection with, a person's retirement from office; and
- (d) where such a retirement is occasioned by a breach of the person's contract with the company or with an undertaking that, immediately before the breach, is a subsidiary undertaking of the company or an undertaking of which he is a director by virtue of the company's nomination (direct or indirect)—
 - (i) payments made by way of damages for the breach; or
 - (ii) payments made by way of settlement or compromise of any claim in respect of the breach.

(3) References in this Schedule to compensation include benefits otherwise than in cash; and in relation to such compensation references in this Schedule to its amount are to the estimated money value of the benefit.

(4) References in this Schedule to a person being “connected” with a director, and to a director “controlling” a body corporate, shall be construed in accordance with Article 354.

17.—(1) For the purposes of this Schedule emoluments paid or receivable or share options granted in respect of a person's accepting office as a director shall be treated as emoluments paid or receivable or share options granted in respect of his services as a director.

(2) Where a pension scheme provides for any benefits that may become payable to or in respect of a person to be whichever are the greater of—

- (a) such benefits determined by or under the scheme as are money purchase benefits in relation to the person; and
- (b) such retirement benefits determined by or under the scheme to be payable to or in respect of the person as are not money purchase benefits in relation to the person,

the company may assume for the purposes of this Schedule that those benefits will be money purchase benefits in relation to the person, or not, according to whichever appears more likely at the end of the relevant financial year.

(3) In determining for the purposes of this Schedule whether a pension scheme is a money purchase scheme in relation to a person or a defined benefit scheme in relation to a person, any death in service benefits provided for by the scheme shall be disregarded.

18.—(1) The following applies with respect to the amounts to be shown under this Schedule.

(2) The amount in each case includes all relevant sums paid by or receivable from—

- (a) the company; and
- (b) the company's subsidiary undertakings; and
- (c) any other person,

except sums to be accounted for to the company or any of its subsidiary undertakings or any other undertaking of which any person has been a director while director of the company, by virtue of Articles 322 and 323, to past or present members of the company or any of its subsidiaries or any class of those members.

(3) References to amounts paid to or receivable by a person include amounts paid to or receivable by a person connected with him or a body corporate controlled by him (but not so as to require an amount to be counted twice).

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19.—(1) The amounts to be shown for any financial year under Part III are the sums receivable in respect of that year (whenever paid) or, in the case of sums not receivable in respect of a period, the sums paid during that year.

(2) But where—

- (a) any sums are not shown in the directors' remuneration report for the relevant financial year on the ground that the person receiving them is liable to account for them as mentioned in paragraph 18(2), but the liability is thereafter wholly or partly released or is not enforced within a period of 2 years; or
- (b) any sums paid by way of expenses allowance are charged to United Kingdom income tax after the end of the relevant financial year or, in the case of any such sums paid otherwise than to an individual, it does not become clear until the end of the relevant financial year that those sums would be charged to such tax were the person an individual,

those sums shall, to the extent to which the liability is released or not enforced or they are charged as mentioned above (as the case may be), be shown in the first directors' remuneration report in which it is practicable to show them and shall be distinguished from the amounts to be shown apart from this provision.

20. Where it is necessary to do so for the purpose of making any distinction required by the preceding paragraphs in an amount to be shown in compliance with this Part, the directors may apportion any payments between the matters in respect of which these have been paid or are receivable in such manner as they think appropriate.

21. This Schedule requires information to be given only so far as it is contained in the company's books and papers, available to members of the public or the company has the right to obtain it.

Schedule 7B prosp insertion
by 2005 NI 17, Sch. 1

F142

F142 prosp. insertion by 2005 NI 17 (which amendment repealed (6.4.2008) by Companies Act 2006 (c. 46), s. 1295, Sch. 16; S.I. 2007/3495, art. 8(a), Sch. 2 Pt. 2)

[^{F143}SCHEDULE 8

FORM AND CONTENT OF ACCOUNTS PREPARED BY SMALL COMPANIES]

F143 SR 1997/436

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PART I
GENERAL RULES AND FORMATS
SECTION A
GENERAL RULES

1.—(1) Subject to the following provisions of this Schedule—

- (a) every balance sheet of a small company shall show the items listed in either of the balance sheet formats set out in section B; and
- (b) every profit and loss account of a small company shall show the items listed in any one of the profit and loss account formats so set out;

in either case in the order and under the headings and sub-headings given in the format adopted.

(2) Sub-paragraph (1) is not to be read as requiring the heading or sub-heading for any item to be distinguished by any letter or number assigned to that item in the format adopted.

2.—(1) Where in accordance with paragraph 1 a small company's balance sheet or profit and loss account for any financial year has been prepared by reference to one of the formats set out in section B, the directors of the company shall adopt the same format in preparing their accounts for subsequent financial years of the company unless in their opinion there are special reasons for a change.

(2) Particulars of any change in the format adopted in preparing a small company's balance sheet or profit and loss account in accordance with paragraph 1 shall be disclosed, and the reasons for the change shall be explained, in a note to the accounts in which the new format is first adopted.

3.—(1) Any item required in accordance with paragraph 1 to be shown in a small company's balance sheet or profit and loss account may be shown in greater detail than required by the format adopted.

(2) A small company's 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 otherwise covered by any of the items listed in the format adopted, but the following shall not be treated as assets in any small company's balance sheet—

- (a) preliminary expenses;
- (b) expenses of and commission on any issue of shares or debentures; and
- (c) costs or research.

(3) In preparing a small company's balance sheet or profit and loss account the directors of the company shall adapt the arrangement and headings and sub-headings otherwise required by paragraph 1 in respect of items to which an Arabic number is assigned in the format adopted, in any case where the special nature of the company's business requires such adaptation.

(4) Items to which Arabic numbers are assigned in any of the formats set out in Section B may be combined in a small company's accounts for any financial year if either—

- (a) their individual amounts are not material to assessing the state of affairs or profit or loss of the company for that year; or
- (b) the combination facilitates that assessment;

Status: Point in time view as at 01/10/2007.

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but in a case with head (b) the individual amounts of any items so combined shall be disclosed in a note to the accounts.

(5) Subject to paragraph 4(3), a heading or sub-heading corresponding to an item listed in the format adopted in preparing a small company's balance sheet or profit and loss account shall not be included if there is no amount to be shown for that item in respect of the financial year to which the balance sheet or profit and loss account relates.

(6) Every profit and loss account of a small company shall show the amount of the company's profit or loss on ordinary activities before taxation.

Sub-para. (7) rep. by SR 2004/496

4.—(1) In respect of every item shown in a small company's balance sheet or profit and loss account the corresponding amount for the financial year immediately preceding that to which the balance sheet or profit and loss account relates shall 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 [^{F144}may be adjusted] and [^{F145}particulars of the non-comparability and of any adjustment] shall be disclosed in a note to the accounts.

(3) Paragraph 3(5) does not apply in any case where an amount can be shown for the item in question in respect of the financial year immediately preceding that to which the balance sheet or profit and loss account relates, and that amount shall be shown under the heading or sub-heading required by paragraph 1 for that item.

F144 Words in Sch. 8 para. 4(2) substituted (1.4.2006) by Companies (1986 Order) (Investment Companies and Accounting and Audit Amendments) Regulations (Northern Ireland) 2006 (S.R. 2006/137), reg. 5(a)

F145 Words in Sch. 8 para. 4(2) substituted (1.4.2006) by Companies (1986 Order) (Investment Companies and Accounting and Audit Amendments) Regulations (Northern Ireland) 2006 (S.R. 2006/137), reg. 5(b)

5. 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.

5A. The directors of a company 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.

SECTION B

THE REQUIRED FORMATS FOR ACCOUNTS

Preliminary

6. References in this Part to the items listed in any of the formats set out below are to those items read together with any of the notes following the formats which apply to any of those items, and the requirement imposed by paragraph 1 to show the items listed in any such format in the order adopted in the format is subject to any provision in those notes for alternative positions for any particular items.

Status: Point in time view as at 01/10/2007.

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7. A number in brackets following any item in any of the formats set out below is a reference to the note of that number in the notes following formats.

8. In the notes following the formats—

- (a) the heading of each note gives the required heading or sub-heading for the item to which it applies and a reference to any letters and numbers assigned to that item in the formats set out below (taking a reference in the case of Format 2 of the balance sheet formats to the item listed under “Assets” or under “Liabilities” as the case may require); and
- (b) references to a numbered format are to the balance sheet format or (as the case may require) to the profit and loss account format of that number set out below.

Balance Sheet Formats

Format 1

A. Called-up share capital not paid (1)

B. Fixed assets

(I) Intangible assets

- (1) Goodwill (2)
- (2) Other intangible assets (3)

(II) Tangible assets

- (1) Land and Buildings
- (2) Plant and machinery etc.

(III) Investments

- (1) Shares in group undertakings and participating interests
- (2) Loans to group undertakings and undertakings in which the company has a participating interest
- (3) Other investments other than loans
- (4) Other investments (4)

C. Current assets

(I) Stocks

- (1) Stocks
- (2) Payments on account

(II) Debtors (5)

- (1) Trade debtors
- (2) Amounts owed by group undertakings and undertakings in which the company has a participating interest
- (3) Other debtors

(III) Investments

- (1) Shares in group undertakings
- (2) Other investments

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(IV) Cash at bank and in hand

D. Prepayments and accrued income (6)

E. Creditors: amounts falling due within one year

- (1) Bank loans and overdrafts
- (2) Trade creditors
- (3) Amounts owed to group undertakings and undertakings in which the company has a participating interest
- (4) Other creditors (7)

F. Net current assets (liabilities) (8)

G. Total assets less current liabilities

H. Creditors: amounts falling due after more than one year

- (1) Bank loans and overdrafts
- (2) Trade creditors
- (3) Amounts owed to group undertakings and undertakings in which the company has a participating interest
- (4) Other creditors (7)

I. [^{F146}Provisions for liabilities]

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J. Accruals and deferred income (7)

K. Capital and reserves

- (I) Called up share capital (9)
- (II) Share premium account
- (III) Revaluation reserve
- (IV) Other reserves
- (V) Profit and loss account

Balance Sheet Formats

Format 2

ASSETS

A. Called up share capital not paid (1)

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B. Fixed assets

(I) Intangible assets

- (1) Goodwill (2)
- (2) Other intangible assets (3)

(II) Tangible assets

- (1) Land and buildings
- (2) Plant and machinery etc.

(III) Investments

- (1) Shares in group undertakings and participating interests
- (2) Loans to group undertakings and undertakings in which the company has a participating interest
- (3) Other investments other than loans
- (4) Other investments (4)

C. Current assets

(I) Stocks

- (1) Stocks
- (2) Payments on account

(II) Debtors (5)

- (1) Trade debtors
- (2) Amounts owed by group undertakings and undertakings in which the company has a participating interest
- (3) Other debtors

(III) Investments

- (1) Shares in group undertakings
- (2) Other investments

(IV) Cash at bank and in hand

D. Prepayments and accrued income (6)

LIABILITIES

A. Capital and reserves

- (I) Called up share capital (9)
- (II) Share premium account
- (III) Revaluation reserve
- (IV) Other reserves
- (V) Profit and loss account

B. [F¹⁴⁷Provisions for liabilities]

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C. Creditors (10)

- (1) Bank loans and overdrafts
- (2) Trade creditors
- (3) Amounts owed to group undertakings in which the company has a participating interest
- (4) Other creditors (7)

D. Accruals and deferred income (7)

Notes on the balance sheet formats

- (1) *Called-up share capital not paid*
(Formats 1 and 2, items A and C.II.3.)
This item may either be shown at item A or included under item C.II.3 in Format 1 or 2.
- (2) *Goodwill*
(Formats 1 and 2, item B.I.1.)
Amounts representing goodwill shall only be included to the extent that the goodwill was acquired for valuable consideration.
- (3) *Other intangible assets*
(Formats 1 and 2, item B.I.2.)
Amounts in respect of concessions, patents, licences, trade marks and similar rights and assets shall only be included in a company's balance sheet under this item if either—
 - (a) the assets were acquired for valuable consideration and are not required to be shown under goodwill; or
 - (b) the assets in question were created by the company itself.
- (4) *Others: Other investments*
(Formats 1 and 2, items B.III.4 and C.III.2.)
Where amounts in respect of own shares held are included under either of these items, the nominal value of such shares shall be shown separately.
- (5) *Debtors*
(Formats 1 and 2, items C.II.1 to 3.)
The amount falling due after more than one year shall be shown separately for each item included under debtors unless the aggregate amount of debtors falling due after more than one year is disclosed in the notes to the accounts.
- (6) *Prepayments and accrued income*
(Formats 1 and 2, item D.)
This item may alternatively be included under item C.II.3 in Format 1 or 2.
- (7) *Other creditors*
(Format 1, items E.4, H.4 and J and Format 2, items C. 4 and D.)
There shall be shown separately—
 - (a) the amount of any convertible loans, and

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(b) the amount for creditors in respect of taxation and social security.

Payments received on account of orders shall be included in so far as they are not shown as deductions from stocks.

In Format 1, accruals and deferred income may be shown under item J or included under Item E.4 of H.4 or both (as the case may require). In Format 2, accruals and deferred income may be shown under item D or within item C.4 under Liabilities.

(8) *Net current assets (liabilities)*

(Format 1, item F.)

In determining the amount to be shown under this item any prepayments and accrued income shall be taken into account wherever shown.

(9) *Called up share capital*

(Format 1, item K.I and Format 2, item A.I.)

The amount of allotted share capital and the amount of called up share capital which has been paid up shall be shown separately.

(10) *Creditors*

(Format 2, items C.1 to 4.)

Amounts falling due within one year and after one year shall be shown separately for each of these items and for the aggregate of all of these items unless the aggregate amount of creditors falling due within one year and the aggregate amount of creditors falling due after more than one year is disclosed in the notes to the accounts.

Profit and loss account formats

Format 1

(see note (14) below)

1. Turnover
2. Cost of sales (11)
3. Gross profit or loss
4. Distribution costs (11)
5. Administrative expenses (11)
6. Other operating income
7. Income from shares in group undertakings
8. Income from participating interests
9. Income from other fixed asset investments (12)
10. Other interest receivable and similar income (12)
11. Amounts written off in investments
12. Interest payable and similar charges (13)
13. Tax on profit or loss on ordinary activities
14. Profit or loss on ordinary activities after taxation
15. Extraordinary income
15. Extraordinary charges
16. Extraordinary profit or loss
18. Tax on extraordinary profit or loss

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19. Other taxes not shown under the above items
20. Profit or loss for the financial year.

Profit and loss account formats

Format 2

1. Turnover
2. Change in stocks of finished goods and in work in progress
3. Own work capitalised
4. Other operating income
5. (a) Raw materials and consumables
(b) other external charges
6. Staff costs
 - (a) wages and salaries
 - (b) social security costs
 - (c) other pension costs
7. (a) Depreciation and other amounts written off tangible and intangible fixed assets
(b) Exceptional amounts written off current assets
8. Other operating charges
9. Income from shares in group undertakings
10. Income from participating interests
11. Income from other fixed asset investments (12)
12. Other interest receivable and similar income (12)
13. Amounts written off investments
14. Interest payable and similar charges (13)
15. Tax on profit or loss on ordinary activities
16. Profit or loss on ordinary activities after taxation
17. Extraordinary income
18. Extraordinary charges
19. Extraordinary profit or loss
20. Tax on extraordinary profit or loss
21. Other taxes not shown under the above items
22. Profit or loss for the financial year

Profit and loss account formats

Format 3

(see note (14) below)

A Charges

- (1) Cost of sales (11)
- (2) Distribution costs (11)
- (3) Administrative expenses (11)
- (4) Amounts written off investments

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- (5) Interest payable and similar charges (13)
- (6) Tax on profit or loss on ordinary activities
- (7) Profit or loss on ordinary activities after taxation
- (8) Extraordinary charges
- (9) Tax on extraordinary profit or loss
- (10) Other taxes not shown under the above items
- (11) Profit or loss for the financial year.

B. Income

- (1) Turnover
- (2) Other operating income
- (3) Income from shares in group undertakings
- (4) Income from participating interests
- (5) Income from other fixed asset investments (12)
- (6) Other interest receivable and similar income (12)
- (7) Profit or loss on ordinary activities after taxation
- (8) Extraordinary income
- (9) Profit or loss for the financial year

Profit and loss account formats

Format 4

A. Charges

- (1) Reduction in stock of finished goods and in work in progress.
- (2)
 - (a) Raw materials and consumables
 - (b) Other external charges
- (3) Staff costs
 - (a) wages and salaries
 - (b) social security costs
 - (c) other pension costs
- (4)
 - (a) Depreciation and other amounts written off tangible and intangible fixed assets
 - (b) Exceptional amounts written off current assets
- (5) Other operating charges
- (6) Amounts written off investments
- (7) Interest payable and similar charges (13)
- (8) Tax on profit or loss on ordinary activities
- (9) Profit or loss on ordinary activities after taxation
- (10) Extraordinary charges
- (11) Tax on extraordinary profit or loss
- (12) Other taxed not shown under the above items

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(13) Profit or loss for the financial year.

B. Income

- (1) Turnover
- (2) Increase in stocks of finished goods and in work in progress
- (3) Own work capitalised
- (4) Other operating income
- (5) Income from shares in group undertakings
- (6) Income from participating interests
- (7) Income from other fixed asset investments (12)
- (8) Other interest receivable and similar income (12)
- (9) Profit or loss on ordinary activities after taxation.
- (10) Extraordinary income.
- (11) Profit or loss for the financial year

Notes on the profit and loss account formats

(11) *Cost of sales: distribution costs: administrative expenses*

(Format 1, items 2, 4 and 5 and Format 3, items A.1, 2 and 3.)

These items shall be stated after taking into account any necessary provisions for depreciation or diminution in value of assets.

(12) *Income from other fixed asset investments: other interest receivable and similar income*

(Format 1, items 9 and 10: Format 2, items 11 and 12: Format 3, items B.5 and 6: Format 4, items B.7 and 8.)

Income and interest derived from group undertakings shall be shown separately from income and interest derived from other sources.

(13) *Interest payable and similar charges*

(Format 1, item 12: Format 2, item 14: Format 3, item A.5: format 4, item A.7.)

The amount payable to group undertakings shall be shown separately.

(14) *Formats 1 and 3*

The amount of any provisions for depreciation and diminution in value of tangible and intangible fixed assets falling to be shown under items 7(a) and A.4(a) respectively in Formats 2 and 4 shall be disclosed in a note to the accounts in any case where the profit and loss account is prepared by reference to Format 1 or Format 3.

Status: Point in time view as at 01/10/2007.

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PART II
ACCOUNTING PRINCIPLES AND RULES
SECTION A
ACCOUNTING PRINCIPLES

Preliminary

9. Subject to paragraph 15, the amounts to be included in respect of all items shown in a small company's accounts shall be determined in accordance with the principles set out in paragraphs 10 to 14.

Accounting principles

10. The company shall be presumed to be carrying on business as a going concern.

11. Accounting policies shall be applied consistently within the same accounts and from one financial year to the next.

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

- (a) only profits realised at the balance sheet date shall be included in the profit and loss account; and
- (b) all liabilities^{F148} . . . which have arisen^{F148} . . . in respect of the financial year to which the accounts relate or a previous financial year shall 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 board of directors in pursuance of Article 241.

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

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

Departure from the accounting principles

15. If it appears to the directors of a small company that there are special reasons for departing from any of the principles stated above in preparing the company's accounts in respect of any financial year they may do so, but particulars of the departure, the reasons for it and its effect shall be given in a note to the accounts.

Status: Point in time view as at 01/10/2007.

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SECTION B HISTORICAL COST ACCOUNTING RULES

Preliminary

16. [^{F149}Subject to sections C and D], the amounts to be included in respect of all items shown in a small company's accounts shall be determined in accordance with the rules set out in paragraphs 17 to 28.

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Fixed assets

General rules

17. Subject to any provision of depreciation or diminution in value made in accordance with paragraph 18 or 19 or the amount to be included in respect of any fixed asset shall be its purchase price or production cost.

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;

shall 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 B.III of either of the balance sheet formats set out in Part I 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; and any such provisions which are not shown in the profit and loss account shall be disclosed (either separately or in aggregate) in a note to the accounts.

(2) Provisions for diminution in value shall 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 shall be reduced accordingly; and any such provisions which are not shown in the profit and loss account shall be disclosed (either separately or in aggregate) in a note to the accounts.

(3) Where the reasons for which any provision was made in accordance with sub-paragraph (1) or (2) have ceased to apply to any extent, that provision shall be written back to the extent that it is no longer necessary; and any amounts written back in accordance with this sub-paragraph which are not shown in the profit and loss account shall be disclosed (either separately or in aggregate) in a note to the accounts.

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Rules for determining particular fixed asset items

20.—(1) Notwithstanding that an item in respect of “development costs” is included under “fixed assets” in the balance sheet formats set out in Part I, an amount may only be included in a small company's balance sheet in respect of development costs in special circumstances.

(2) If any amount is included in a small company's balance sheet in respect of development costs the following information shall be given in a note to the accounts—

- (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.

21.—(1) The application of paragraphs 17 to 19 in relation to goodwill (if any case where goodwill is treated as an asset) is subject to the following provisions of this paragraph.

(2) Subject to sub-paragraph (3), the amount of the consideration for any goodwill acquired by a small 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 small 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.

Current assets

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

23.—(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 shall 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 shall 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

24.—(1) Where the amount repayable on any debt owed by a small company 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 shall 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 company's balance sheet it must be disclosed in a note to the accounts.

Status: Point in time view as at 01/10/2007.

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Assets included at a fixed amount

25.—(1) Subject to the following sub-paragraph, assets which fall to be included—

- (a) amongst the fixed assets of a small company under the item “tangible assets”; or
- (b) amongst the current assets of a small company under the item “raw materials and consumables”;

may be included at a fixed quantity and value.

(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 company's state of affairs; and
- (b) their quantity, value and composition are not subject to material variation.

Determination of purchase price or production cost

26.—(1) The purchase price of an asset shall be determined by adding to the actual price paid any expenses incidental to its acquisition.

(2) The production costs of an asset shall be determined by adding to the purchase price of the raw materials and consumables used the amount of the costs incurred by the company 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 company 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 head (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.

27.—(1) Subject to the qualification mentioned below, the purchase price or production cost of—

- (a) any assets which fall to be included under any item shown in a small company'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. The method chosen must be one which appears to the directors to be appropriate in the circumstances of the company.

(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 similar to any of the methods mentioned above.

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

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Substitution of original stated amount where price or cost unknown

28. Where there is no need of the purchase price or production cost of any asset of a small company or of any price, expenses or costs relevant for determining its purchase price or production cost in accordance with paragraph 26, or any such record cannot be obtained without unreasonable expense or delay, its purchase price or production cost shall be taken for the purposes of paragraphs 17 to 23 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 company.

SECTION C

ALTERNATIVE ACCOUNTING RULES

Preliminary

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

(2) These rules, with the omission of paragraphs 16, 21 and 25 to 28, are referred to in this Part as the depreciation rules; and references in this Schedule to the historical cost accounting rules do not include the depreciation rules as they apply by virtue of paragraph 32.

30. Subject to paragraphs 32 to 34, the amounts to be included in respect of assets of any description mentioned in paragraph 31 may be determined on any basis so mentioned.

Alternative accounting rules

31.—(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 B.III of either of the balance sheet formats set out in Part 1 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 directors to be appropriate in the circumstances of the company;

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

(4) Investments of any description falling to be included under item C.III of either of the balance sheet formats set out in Part 1 may be included at their current cost.

(5) Stocks may be included at their current cost.

Application of the depreciation rules

Where the value of any asset of a small company is determined on any basis mentioned in paragraph 31, that value shall 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 company's accounts, instead of its purchase price or production cost or any value previously so determined for that asset; and the depreciation rules shall apply accordingly in relation to any such asset with the substitution for any reference to its purchase

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price or production cost of a reference to the value most recently determined for that asset on any basis mentioned in paragraph 31.

(2) The amount of any provision for depreciation required in the case of any fixed asset by paragraph 18 or 19 as it applies by virtue of sub-paragraph (1) is referred to in this paragraph as the adjusted amount, and the amount of any provision which would be required by that paragraph in the case of that asset according to the historical cost accounting rules is referred to as the historical cost amount.

(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 (11) of the notes on the profit and loss account formats set out in Part I 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

33.—(1) This paragraph applies where the amounts to be included in respect of assets covered by any items shown in a small company's accounts have been determined on any basis mentioned in paragraph 31.

(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 shall be disclosed in a note to the accounts.

(3) In the case of each balance sheet item affected (except stocks) either—

- (a) the comparable amounts determined according to the historical cost accounting rules; or
- (b) the differences between those amounts and the corresponding amounts actually shown in the balance sheet in respect of that item;

shall be shown separately in the balance sheet or 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 this 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.

Revaluation reserve

34.—(1) With respect to any determination of the value of an asset of a small company on any basis mentioned in paragraph 31, 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) shall be credited or (as the case may be) debited to a separate reserve (“the revaluation reserve”).

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(2) The amount of the revaluation reserve shall be shown in the company'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 I, but need not be shown under that name.

(3) An amount may be transferred—

(a) from the revaluation reserve—

(i) to the profit and loss account, if the amount was previously charged to that account or represents realised profit, or

(ii) on capitalisation,

(b) to or from the revaluation reserve in respect of the taxation relating to any profit or loss credited or debited to the reserve;

and the revaluation reserve shall be reduced to the extent that the amounts transferred to it are no longer necessary for the purposes of the valuation method used.

(4) In sub-paragraph (3)(a)(ii) "capitalisation", in relation to an amount standing to the credit of the revaluation reserve, means applying it in wholly or partly paying up unissued shares in the company to be allotted to members of the company as fully or partly paid shares.

(5) The revaluation reserve shall not be reduced except as mentioned in this paragraph.

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

SECTION D

FAIR VALUE ACCOUNTING

Inclusion of financial instruments at fair value

34A.—(1) Subject to sub#paragraphs (2) to (4), financial instruments (including derivatives) may be included at fair value.

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

(a) they are held as part of a trading portfolio, or

(b) they are derivatives.

(3) Sub#paragraph (1) does not apply to—

(a) financial instruments (other than derivatives) held to maturity;

(b) loans and receivables originated by the company and not held for trading purposes;

(c) interests in subsidiary undertakings, associated undertakings and joint ventures;

(d) equity instruments issued by the company;

(e) contracts for contingent consideration in a business combination;

(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.

(4) If the fair value of a financial instrument cannot be determined reliably in accordance with paragraph 34B, sub#paragraph (1) does not apply to that financial instrument.

(5) In this paragraph—

"associated undertaking" has the meaning given by paragraph 20 of Schedule 4A; and

"joint venture" has the meaning given by paragraph 19 of that Schedule.

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Determination of fair value

34B.—(1) The fair value of a financial instrument is determined in accordance with this paragraph.

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

Inclusion of hedged items at fair value

34C. A company may include any assets and liabilities that qualify as hedged items under a fair value hedge accounting system, or identified portions of such assets or liabilities, at the amount required under that system.

Other assets that may be included at fair value

34D.—(1) This paragraph applies to—

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

that, under international accounting standards, may be included in accounts at fair value.

(2) Such investment property and such living animals and plants may be included at fair value, provided that all such investment property or, as the case may be, all such 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 relevant international accounting standards.

Accounting for changes in value

34E.—(1) This paragraph applies where a financial instrument is valued in accordance with paragraph 34A or 34C or an asset is valued in accordance with paragraph 34D.

(2) Notwithstanding paragraph 12, 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

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- (b) the change in value relates to an exchange difference arising on a monetary item that forms part of a company'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

34F.—(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 34E(3) or (4).

(2) The treatment for taxation purposes of amounts credited to or debited from the fair value reserve must be disclosed in a note to the accounts.

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 shall (if not given in the company's accounts) be given by way of a note to those accounts.

Reserves and dividends

35A. There must be stated—

- (a) any amount set aside or proposed to be set aside to, or withdrawn or proposed to be withdrawn from, reserves,
- (b) the aggregate amount of dividends paid in the financial year (other than those for which a liability existed at the immediately preceding balance sheet date),
- (c) the aggregate amount of dividends that the company is liable to pay at the balance sheet date, and
- (d) the aggregate amount of dividends that are proposed before the date of approval of the accounts, and not otherwise disclosed under sub#paragraph (b) or (c).

Disclosure of account 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).

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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.

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 basis, 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,

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(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 basis 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—

- (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 purpose of the accounts, taken as being higher than the latter.

Information about fair value of assets and liabilities

42A.—(1) This paragraph applies where financial instruments have been valued in accordance with paragraph 34A or 34C.

(2) There must be stated—

- (a) where the fair value of the instruments has been determined in accordance with paragraph 34B(4), the significant assumptions underlying the valuation models and techniques used,
- (b) for each category of financial instrument, the fair value of the instruments in that category and the changes in value—
 - (i) included in the profit and loss account, and
 - (ii) credited to or (as the case may be) debited from the fair value reserve,
 in respect of those instruments, and
- (c) for each class of derivatives, the extent and nature of the instruments, including significant terms and conditions that may affect the amount, timing and certainty of future cash flows.

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(3) Where any amount is transferred to or from the fair value reserve during the financial year, there must be stated in tabular form—

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

42B.—(1) Sub#paragraph (2) applies if—

- (a) the company has financial fixed assets that could be included at fair value by virtue of paragraph 34A,
- (b) the amount at which those assets are included under any item in the company's accounts is in excess of their fair value, and
- (c) the company has not made provision for diminution in value of those assets in accordance with paragraph 19(1).

(2) There must be stated—

- (a) the amount at which either the individual assets or appropriate groupings of those individual assets are included in the company's accounts,
- (b) the fair value of those assets or groupings, and
- (c) the reasons for not making a provision for diminution in value of those assets, including the nature of the evidence that provides the basis for the belief that the amount at which they are stated in the accounts will be recovered.

Information where investment property and living animals and plants included at fair value

42C.—(1) This paragraph applies where the amounts to be included in a company's accounts in respect of investment property or living animals and plants have been determined in accordance with paragraph 34D.

(2) The balance sheet 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 a note to the accounts.

(3) In the case of investment property, for each balance sheet item affected there must be shown, either separately in the balance sheet or in a note to the accounts—

- (a) the comparable amounts determined according to the historical cost accounting rules; or
- (b) the differences between those amounts and the corresponding amounts actually shown in the balance sheet in respect of that item.

(4) In sub#paragraph (3), references in relation to any item to the comparable amounts determined in accordance with that sub#paragraph 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.

Reserves and provisions

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

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- (a) to or from any reserves; or
- (b) to any^{F150} provisions for liabilities]; or
- (c) from any^{F150} provision for liabilities] 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 sub-paragraph (2) 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.

F150 SR 2004/496

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

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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 head (a) shall also be stated separately from those within head (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.

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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) ^{F151}

(3) ^{F151}

F151 Sch. 8 para. 51(2)(3) omitted (1.4.2006) by virtue of Companies (1986 Order) (Investment Companies and Accounting and Audit Amendments) Regulations (Northern Ireland) 2006 (S.R. 2006/137), reg. 6

Dormant companies acting as agents

51A. Where the directors of a company take advantage of the exemption conferred by Article 257AA, and the company has during the financial year in question acted as an agent for any person, the fact that it has so acted must be stated.

PART IV

INTERPRETATION OF SCHEDULE

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

Financial instruments

52A. 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—

- (a) were entered into for the purpose of, and continue to meet, the company's expected purchase, sale or usage requirements,
- (b) were designed for such purpose at their inception, and
- (c) are expected to be settled by delivery of the commodity.

52B.—(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.

(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 system”, “hedged items”, “hedging instrument”, “held for trading

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purposes”, “held to maturity”, “monetary item”, “receivables”, “reliable market” and “trading portfolio”.

Historical cost accounting rules

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

Investment property

53A. “Investment property” means land held to earn rent or for capital appreciation.

Listed investments

[^{F152}54].—[^{F152}(1) “Listed investment” means an investment as respects which there has been granted a listing on—

- (a) a recognised investment exchange other than an overseas investment exchange; or
- (b) a stock exchange of repute outside Northern Ireland.

(2) “Recognised investment exchange” and “overseas investment exchange” have the meaning given in Part 18 of the Financial Services and Markets Act 2000.]

F152 SI 2001/3649

Loans

55. 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

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

Provisions

57.—(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 1 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.

58. References to [^{F153} provisions for liabilities] are to any amount retained as reasonably necessary for the purpose of providing for any liability [^{F153} the nature of which is clearly defined and] 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.

F153 SR 2004/496

Status: Point in time view as at 01/10/2007.

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Staff costs

59.—(1) “Social security costs” means any contributions by the company to any state social security or pension scheme, fund or arrangement.

(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 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 under contracts of service.

[^{F154}SCHEDULE 8A

Form and Content of Abbreviated Accounts of Small Companies delivered to Registrar]

F154 SR 1997/436

PART I

BALANCE SHEET FORMATS

1. A small company may deliver to the registrar a copy of the balance sheet showing the items listed in either of the balance sheet formats set out in paragraph 2 in the order and under the headings and sub-headings given in the format adopted, but in other respects corresponding to the full balance sheet.

2. The formats referred to in paragraph 1 are as follows—

Balance Sheet Formats

Format 1

A. Called-up share capital not paid

B. Fixed assets

(I) Intangible assets

(II) Tangible assets

(III) Investments

C. Current assets

(I) Stocks

(II) Debtors (1)

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(III) Investments

(IV) Cash at bank and in hand

D. Prepayments and accrued income

E. Creditors: amounts falling due within one year

F. Net current assets (liabilities)

G. Total assets less current liabilities

H. Creditors: amounts falling due after more than one year

I. [^{F155}Provisions for liabilities]

F155 SR 2004/496

J. Accruals and deferred income

K. Capital and reserves

(I) Called up share capital

(II) Share premium account

(III) Revaluation reserve

(IV) Other reserves

(V) Profit and loss account

Balance Sheet Formats

Format 2

ASSETS

A. Called up share capital not paid

B. Fixed assets

(I) Intangible assets

(II) Tangible assets

(III) Investments

C. Current assets

(I) Stocks

Status: Point in time view as at 01/10/2007.

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- (II) Debtors (1)
- (III) Investments
- (IV) Cash at bank and in hand

D. Prepayments and accrued income

LIABILITIES

A. Capital and reserves

- (I) Called up share capital
- (II) Share premium account
- (III) Revaluation reserve
- (IV) Other reserves
- (V) Profit and loss account

B. [^{F156}Provisions for liabilities]

F156 SR 2004/496

C. Creditors (2)

D. Accruals and deferred income

Notes on the balance sheet formats

(1) *Debtors*

(Formats 1 and 2, item C.II.)

The aggregate amount of debtors falling due after more than one year shall be shown separately, unless it is disclosed in the notes to the accounts.

(2) *Creditors*

(Format 2, Liabilities C.)

The aggregate amount of creditors falling due within one year and of creditors falling due after more than one year shall be shown separately, unless it is discovered in the notes to the accounts.

PART II

NOTES TO THE ACCOUNTS

Preliminary

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

Status: Point in time view as at 01/10/2007.

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Disclosure of accounting policies

4. 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

Share capital and debentures

5.—(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.

6. 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.

Fixed assets

7.—(1) In respect of each item to which a letter or Roman number is assigned 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 of Schedule 8;
 - (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 basis, that is to say—

- (a) on the basis of purchase price or production cost (determined in accordance with paragraphs 26 and 27 of Schedule 8); or

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- (b) on any basis mentioned in paragraph 31 of that Schedule,
(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.

Financial fixed assets

- 7A.**—(1) Sub#paragraph (2) applies if—
- (a) the company has financial fixed assets that could be included at fair value by virtue of paragraph 34A of Schedule 8,
 - (b) the amount at which those assets are included under any item in the company's accounts is in excess of their fair value, and
 - (c) the company has not made provision for diminution in value of those assets in accordance with paragraph 19(1) of that Schedule.
- (2) There must be stated—
- (a) the amount at which either the individual assets or appropriate groupings of those individual assets are included in the company's accounts,
 - (b) the fair value of those assets or groupings, and
 - (c) the reasons for not making a provision for diminution in value of those assets, including the nature of the evidence that provides the basis for the belief that the amount at which they are stated in the accounts will be recovered.

Details of indebtedness

- 8.**—(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.

Status: Point in time view as at 01/10/2007.

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General

9.—(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) ^{F157}
- (3) ^{F157}

F157 Sch. 8A para. 9(2)(3) omitted (1.4.2006) by virtue of Companies (1986 Order) (Investment Companies and Accounting and Audit Amendments) Regulations (Northern Ireland) 2006 (S.R. 2006/137), reg. 7

Dormant companies acting as agents

9A. Where the directors of a company take advantage of the exemption conferred by Article 257AA, and the company has during the financial year in question acted as an agent for any person, the fact that it has so acted must be stated.

[^{F158}SCHEDULE 9

Form and Content of Accounts of Banking Companies and Groups]

F158 1990 NI 5

PART I

INDIVIDUAL ACCOUNTS

CHAPTER I

GENERAL RULES AND FORMATS

SECTION A

GENERAL RULES

1.—(1) Subject to the following provisions of this Part:

- (a) every balance sheet of a company shall show the items listed in the balance sheet format set out in section B of this Chapter; and
- (b) every profit and loss account of a company shall show the items listed in either of the profit and loss account formats so set out;

in either case in the order and under the headings and sub-headings given in the format adopted.

(2) Sub-paragraph (1) is not to be read as requiring the heading or sub-heading for any item to be distinguished by any number or letter assigned to that item in the format adopted.

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(3) Where the heading of an item in the format adopted contains any wording in square brackets, that wording may be omitted if not applicable to the company.

2.—(1) Where in accordance with paragraph 1 a company's profit and loss account for any financial year has been prepared by reference to one of the formats set out in section B, the directors of the company shall adopt the same format in preparing the profit and loss account for subsequent financial years of the company unless in their opinion there are special reasons for a change.

(2) Particulars of any change in the format adopted in preparing a company's profit and loss account in accordance with paragraph 1 shall be disclosed, and the reasons for the change shall be explained, in a note to the accounts in which the new format is first adopted.

3.—(1) Any item required in accordance with paragraph 1 to be shown in a company's balance sheet or profit and loss account may be shown in greater detail than so required.

(2) A company's 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 balance sheet format provided or the profit and loss account format adopted, but the following shall not be treated as assets in any company's balance sheet:

- (i) preliminary expenses;
- (ii) expenses of and commission on any issue of shares or debentures; and
- (iii) costs of research.

(3) Items to which lower case letters are assigned in any of the formats set out in section B may be combined in a company's accounts for any financial year if either:

- (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 that year;

but in a case within head (b) the individual amounts of any items so combined shall be disclosed in a note to the accounts and any notes required by this Schedule to the items so combined shall, notwithstanding the combination, be given.

(4) Subject to paragraph 4(3), a heading or sub-heading corresponding to an item listed in the balance sheet format or the profit and loss account format adopted in preparing a company's balance sheet or profit and loss account shall not be included if there is no amount to be shown for that item in respect of the financial year to which the balance sheet or profit and loss account relates.

4.—(1) In respect of every item shown in the balance sheet or profit and loss account, there shall be shown or stated the corresponding amount for the financial year immediately preceding that to which the accounts relate.

(2) Where the 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 [^{F159}may be adjusted] and [^{F160}particulars of the non-comparability and of any adjustment] shall be given in a note to the accounts.

(3) Paragraph 3(4) does not apply in any case where an amount can be shown for the item in question in respect of the financial year immediately preceding that to which the balance sheet or profit and loss account relates, and that amount shall be shown under the heading or sub-heading required by paragraph 1 for that item.

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F159 Words in Sch. 9 para. 4(2) substituted (1.4.2006) by Companies (1986 Order) (Investment Companies and Accounting and Audit Amendments) Regulations (Northern Ireland) 2006 (S.R. 2006/137), reg. 8(a)

F160 Words in Sch. 9 para. 4(2) substituted (1.4.2006) by Companies (1986 Order) (Investment Companies and Accounting and Audit Amendments) Regulations (Northern Ireland) 2006 (S.R. 2006/137), reg. 8(b)

5.—(1) Subject to the following provisions of this paragraph and without prejudice to note (6) to the balance sheet format, 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.

(2) Charges required to be included in profit and loss account format 1, items 11(a) and 11(b) or format 2, items A7(a) and A7(b) may however be set off against income required to be included in format 1, items 12(a) and 12(b) or format 2, items B5(a) and B5(b) and the resulting figure shown as a single item (in format 2 at position A7 if negative and at position B5 if positive).

(3) Charges required to be included in profit and loss account format 1, item 13 or format 2, item A8 may also set off against income required to be included in format 1, item 14 or format 2, item B6 and the resulting figure shown as a single item (in format 2 at position A8 if negative and at position B6 if positive).

6.—(1) Assets shall be shown under the relevant balance sheet headings even where the company has pledged them as security for its own liabilities or for those of third parties or has otherwise assigned them as security to third parties.

(2) A company shall not include in its balance sheet assets pledged or otherwise assigned to it as security unless such assets are in the form of cash in the hands of the company.

7. Assets acquired in the name of and on behalf of third parties shall not be shown in the balance sheet.

Para. 8 rep. by SR 2004/496

8A. The directors of a company 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.

SECTION B

THE REQUIRED FORMATS FOR ACCOUNTS

Preliminary

9.—(1) References in this Part to the balance sheet format or to profit and loss account formats are to the balance sheet format or profit and loss account formats set out below and references to the items listed in any of the formats are to those items read together with any of the notes following the formats which apply to any of those items.

(2) The requirement imposed by paragraph 1 of this Part to show the items listed in any such format in the order adopted in the format is subject to any provision in the notes following the formats for alternative positions for any particular items.

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10. A number in brackets following any item in any of the formats set out below is a reference to the note of that number in the notes following the formats.

Balance Sheet Format

ASSETS

1. Cash and balances at central [or post office] banks (1)
2. Treasury bills and other eligible bills (20)
 - (a) Treasury bills and similar securities (2)
 - (b) Other eligible bills (3)
3. Loans and advances to banks (4), (20)
 - (a) Repayable on demand
 - (b) Other loans and advances
4. Loans and advances to customers (5), (20)
5. Debt securities [and other fixed income securities] (6), (20)
 - (a) Issued by public bodies
 - (b) Issued by other issuers
6. Equity shares [and other variable-yield securities]
7. Participating interests
8. Shares in group undertakings
9. Intangible fixed assets (7)
10. Tangible fixed assets (8)
11. Called up capital not paid (9)
12. Own Shares (10)
13. Other assets

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14. Called up capital not paid (9)

15. Prepayments and accrued income

Total assets

LIABILITIES

- 1. Deposits by banks (11), (20)**
 - (a) Repayable on demand
 - (b) With agreed maturity dates or periods of notice

- 2. Customer accounts (12), (20)**
 - (a) Repayable on demand
 - (b) With agreed maturity dates or periods of notice

- 3. Debt securities in issue (13), (20)**
 - (a) Bonds and medium term notes
 - (b) Others

- 4. Other liabilities**

- 5. Accruals and deferred income**

- 6. [F161]Provisions for liabilities]**
 - (a) Provisions for pensions and similar obligations
 - (b) Provisions for tax
 - (c) Other provisions

F161 SR 2004/496

7. Subordinated liabilities (14), (20)

8. Called up share capital (15)

9. Share premium account

10. Reserves

- (a) Capital redemption reserve
- (b) Reserve for own shares

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- (c) Reserves provided for by the articles of association
- (d) Other reserves

11. Revaluation reserve

12. Profit and loss account

Total liabilities

MEMORANDUM ITEMS

1. Contingent liabilities (16)

- (1) Acceptances and endorsements
- (2) Guarantees and assets pledged as collateral security (17)
- (3) Other contingent liabilities

2. Commitments (18)

- (1) Commitments arising out of sale and option to resell transactions (19)
- (2) Other commitments

Notes on the balance sheet format and memorandum items

1) Cash and balances at central [or post office] banks

(Assets item 1)

Cash shall comprise all currency including foreign notes and coins.

Only those balances which may be withdrawn without notice and which are deposited with central or post office banks of the country or countries in which the company is established shall be included in this item. All other claims on central or post office banks must be shown under Assets items 3 or 4.

2) Treasury bills and other eligible bills: Treasury bills and similar securities

(Assets item 2(a))

Treasury bills and similar securities shall comprise treasury bills and similar debt instruments issued by public bodies which are eligible for refinancing with central banks of the country or countries in which the company is established. Any treasury bills or similar debt instruments not so eligible shall be included under Assets item 5, sub-item (a).

3) Treasury bills and other eligible bills: Other eligible bills

(Assets item 2(b))

Other eligible bills shall comprise all bills purchased to the extent that they are eligible, under national law, for refinancing with the central banks of the country or countries in which the company is established.

4) Loans and advances to banks

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(Assets item 3)

Loans and advances to banks shall comprise all loans and advances to domestic or foreign credit institutions made by the company arising out of banking transactions. However, loans and advances to credit institutions represented by debt securities or other fixed income securities shall be included under Assets item 5 and not this item.

5) Loans and advances to customers

(Assets item 4)

Loans and advances to customers shall comprise all types of assets in the form of claims on domestic and foreign customers other than credit institutions. However, loans and advances represented by debt securities or other fixed income securities shall be included under Assets item 5 and not this item.

6) Debt securities [and other fixed income securities]

(Assets item 5)

This item shall comprise transferable debt securities and any other transferable fixed income securities issued by credit institutions, other undertakings or public bodies. Debt securities and other fixed income securities issued by public bodies shall however only be included in this item if they may not be shown under Assets item 2.

Where a company holds its own debt securities these shall not be included under this item but shall be deducted from Liabilities item 3(a) or (b), as appropriate.

Securities bearing interest rates that vary in accordance with specific factors, for example the interest rate on the inter-bank market or on the Euromarket, shall also be regarded as fixed income securities to be included under this item.

7) Intangible fixed assets

(Assets item 9)

This item shall comprise:

- (a) development costs;
- (b) concessions, patents, licences, trade marks and similar rights and assets;
- (c) goodwill; and
- (d) payments on account.

Amounts shall, however, be included in respect of (b) only if the assets were acquired for valuable consideration or the assets in question were created by the company itself.

Amounts representing goodwill shall only be included to the extent that the goodwill was acquired for valuable consideration.

There shall be disclosed, in a note to the accounts, the amount of any goodwill included in this item.

8) Tangible fixed assets

(Assets item 10)

This item shall comprise:

- land and buildings;
- plant and machinery;

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- fixtures and fittings, tools and equipment; and
- payments on account and assets in the course of construction.

There shall be disclosed in a note to the accounts the amount included in this item with respect to land and buildings occupied by the company for its own activities.

9) Called up capital not paid

(Assets items 11 and 14)

The two positions shown for this item are alternatives.

10) Own shares

(Assets item 12)

The nominal value of the shares held shall be shown separately under this item.

11) Deposits by banks

(Liabilities item 1)

Deposits by banks shall comprise all amounts arising out of banking transactions owed to other domestic or foreign credit institutions by the company. However liabilities in the form of debt securities and any liabilities for which transferable certificates have been issued shall be included under Liabilities item 3 and not this item.

12) Customer accounts

(Liabilities item 2)

This item shall comprise all amounts owed to creditors that are not credit institutions. However liabilities in the form of debt securities and any liabilities for which transferable certificates have been issued shall be shown under Liabilities item 3 and not this item.

13) Debt securities in issue

(Liabilities item 3)

This item shall include both debt securities and debts for which transferable certificates have been issued, including liabilities arising out of own acceptances and promissory notes. (Only acceptances which a company has issued for its own refinancing and in respect of which it is the first party liable shall be treated as own acceptances.)

14) Subordinated liabilities

(Liabilities item 7)

This item shall comprise all liabilities in respect of which there is a contractual obligation that, in the event of winding up or bankruptcy, they are to be repaid only after the claims of other creditors have been met. This item shall include all subordinated liabilities, whether or not a ranking has been agreed between the subordinated creditors concerned.

15) Called up share capital

(Liabilities item 8)

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The amount of allotted share capital and the amount of called up share capital which has been paid up shall be shown separately.

16) Contingent liabilities

(Memorandum item 1)

This item shall include all transactions whereby the company has underwritten the obligations of a third party.

Liabilities arising out of the endorsement of rediscounted bills shall be included in this item. Acceptances other than own acceptances shall also be included.

17) Contingent liabilities: Guarantees and assets pledged as collateral security

(Memorandum item 1(2))

This item shall include all guarantee obligations incurred and assets pledged as collateral security on behalf of third parties, particularly in respect of sureties and irrevocable letters of credit.

18) Commitments

(Memorandum item 2)

This item shall include every irrevocable commitment which could give rise to a credit risk.

19) Commitments: Commitments arising out of sale and option to resell transactions

(Memorandum item 2(1))

This sub-item shall comprise commitments entered into by the company in the context of sale and option to resell transactions.

20) Claims on, and liabilities to, undertakings in which a participating interest is held or group undertakings

(Assets items 2 to 5, Liabilities items 1 to 3 and 7)

The following information must be given either by way of subdivision of the relevant items or by way of notes to the accounts.

The amount of the following must be shown for each of Assets items 2 to 5:

- (a) claims on group undertakings included therein; and
- (b) claims on undertakings in which the company has a participating interest included therein.

The amount of the following must be shown for each of Liabilities items 1, 2, 3 and 7:

- (i) liabilities to group undertakings included therein; and
- (ii) liabilities to undertakings in which the company has a participating interest included therein.

Special Rules

Subordinated assets

11.—(1) The amount of any assets that are subordinated must be shown either as a subdivision of any relevant asset item or in the notes to the accounts; in the latter case disclosure shall be by reference to the relevant asset item or items in which the assets are included.

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(2) In the case of Assets items 2 to 5 in the balance sheet format, the amounts required to be shown by note (20) to the format as sub-items of those items shall be further subdivided so as to show the amount of any claims included therein that are subordinated.

(3) For this purpose, assets are subordinated if there is a contractual obligation to the effect that, in the event of winding up or bankruptcy, they are to be repaid only after the claims of other creditors have been met, whether or not a ranking has been agreed between the subordinated creditors concerned.

Syndicated loans

12.—(1) Where a company is a party to a syndicated loan transaction the company shall include only that part of the total loan which it itself has funded.

(2) Where a company is a party to a syndicated loan transaction and has agreed to reimburse (in whole or in part) any other party to the syndicate any funds advanced by that party or any interest thereon upon the occurrence of any event, including the default of the borrower, any additional liability by reason of such a guarantee shall be included as a contingent liability in Memorandum item 1, sub-item (2).

Sale and repurchase transactions

13.—(1) The following rules apply where a company is a party to a sale and repurchase transaction.

(2) Where the company is the transferor of the assets under the transaction:

- (a) the assets transferred shall, notwithstanding the transfer, be included in its balance sheet;
- (b) the purchase price received by it shall be included in its balance sheet as an amount owed to the transferee; and
- (c) the value of the assets transferred shall be disclosed in a note to its accounts.

(3) Where the company is the transferee of the assets under the transaction it shall not include the assets transferred in its balance sheet but the purchase price paid by it to the transferor shall be so included as an amount owed by the transferor.

Sale and option to resell transactions

14.—(1) The following rules apply where a company is a party to a sale and option to resell transaction.

(2) Where the company is the transferor of the assets under the transaction it shall not include in its balance sheet the assets transferred but it shall enter under Memorandum item 2 an amount equal to the price agreed in the event of repurchase.

(3) Where the company is the transferee of the assets under the transaction it shall include those assets in its balance sheet.

Managed funds

15.—(1) For the purposes of this paragraph “managed funds” are funds which the company administers in its own name but on behalf of others and to which it has legal title.

(2) The company shall, in any case where claims and obligations arising in respect of managed funds fall to be treated as claims and obligations of the company, adopt the following accounting treatment: claims and obligations representing managed funds are to be included in the company's balance sheet, with the notes to the accounts disclosing the total amount included with respect to

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such assets and liabilities in the balance sheet and showing the amount included under each relevant balance sheet item in respect of such assets or (as the case may be) liabilities.

Profit and Loss Account Formats

FORMAT 1

Vertical layout

1. Interest receivable (1)

(1) Interest receivable and similar income arising from debt securities [and other fixed income securities]

(2) Other interest receivable and similar income

2. Interest payable (2)

3. Dividend income

(a) Income from equity shares [and other variable-yield securities]

(b) Income from participating interests

(c) Income from shares in group undertakings

4. Fees and commissions receivable (3)

5. Fees and commissions payable (4)

6. Dealing [profits] [losses] (5)

7. Other operating income

8. Administrative expenses

(a) Staff costs

(i) Wages and salaries

(ii) Social security costs

(iii) Other pension costs

(b) Other administrative expenses

9. Depreciation and amortisation (6)

10. Other operating charges

Status: Point in time view as at 01/10/2007.

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11. Provisions

- (a) Provisions for bad and doubtful debts (7)
- (b) Provisions for contingent liabilities and commitments (8)

12. Adjustments to provisions

- (a) Adjustments to provisions for bad and doubtful debts (9)
- (b) Adjustments to provisions for contingent liabilities and commitments (10)

13. Amounts written off fixed asset investments (11)

14. Adjustments to amounts written off fixed asset investments (12)

15. [Profit] [loss] on ordinary activities before tax

16. Tax on [profit] [loss] on ordinary activities

17. [Profit] [loss] on ordinary activities after tax

18. Extraordinary income

19. Extraordinary charges

20. Extraordinary [profit] [loss]

21. Tax on extraordinary [profit] [loss]

22. Extraordinary [profit] [loss] after tax

23. Other taxes not shown under the preceding items

24. [Profit] [loss] for the financial year

FORMAT 2

Horizontal layout

A. Charges

- (1) Interest payable (2)
- (2) Fees and commissions payable (4)

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- (3) Dealing losses (5)
- (4) Administrative expenses
 - (a) Staff costs
 - (i) Wages and salaries
 - (ii) Social security costs
 - (iii) Other pension costs
 - (b) Other administrative expenses
- (5) Depreciation and amortisation (6)
- (6) Other operating charges
- (7) Provisions
 - (a) Provisions for bad and doubtful debts (7)
 - (b) Provisions for contingent liabilities and commitments (8)
- (8) Amounts written off fixed asset investments (11)
- (9) Profit on ordinary activities before tax
- (10) Tax on [profit] [loss] on ordinary activities
- (11) Profit on ordinary activities after tax
- (12) Extraordinary charges
- (13) Tax on extraordinary [profit] [loss]
- (14) Extraordinary loss after tax
- (15) Other taxes not shown under the preceding items
- (16) Profit for the financial year

B. Income

- (1) Interest receivable (1)
 - (1) Interest receivable and similar income arising from debt securities [and other fixed income securities]
 - (2) Other interest receivable and similar income
- (2) Dividend income
 - (a) Income from equity shares [and other variable-yield securities]
 - (b) Income from participating interests
 - (c) Income from shares in group undertakings
- (3) Fees and commissions receivable (3)
- (4) Dealing profits (5)
- (5) Adjustments to provisions
 - (a) Adjustments to provisions for bad and doubtful debts (9)
 - (b) Adjustments to provisions for contingent liabilities and commitments (10)
- (6) Adjustments to amounts written off fixed asset investments (12)
- (7) Other operating income
- (8) Loss on ordinary activities before tax
- (9) Loss on ordinary activities after tax

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- (10) Extraordinary income
- (11) Extraordinary profit after tax
- (12) Loss for the financial year

Notes on the profit and loss account formats

1) *Interest receivable*

(Format 1, item 1; Format 2, item B1)

This item shall include all income arising out of banking activities, including:

- (a) income from assets, included in Assets items 1 to 5 in the balance sheet format, however calculated;
- (b) income resulting from covered forward contracts spread over the actual duration of the contract and similar in nature to interest; and
- (c) fees and commissions receivable similar in nature to interest and calculated on a time basis or by reference to the amount of the claim (but not other fees and commissions receivable).

2) *Interest payable*

(Format 1, item 2; Format 2, item A1)

This item shall include all expenditure arising out of banking activities, including:

- (a) charges arising out of liabilities included in Liabilities items 1, 2, 3 and 7 in the balance sheet format, however calculated;
- (b) charges resulting from covered forward contracts, spread over the actual duration of the contract and similar in nature to interest; and
- (c) fees and commissions payable similar in nature to interest and calculated on a time basis or by reference to the amount of the liability (but not other fees and commissions payable).

3) *Fees and commissions receivable*

(Format 1, item 4; Format 2, item B3)

Fees and commissions receivable shall comprise income in respect of all services supplied by the company to third parties, but not fees or commissions required to be included under interest receivable (Format 1, item 1; Format 2, item B1).

In particular the following fees and commissions receivable must be included (unless required to be included under interest receivable):

- 1 fees and commissions for guarantees, loan administration on behalf of other lenders and securities transactions;
- 2 fees, commissions and other income in respect of payment transactions, account administration charges and commissions for the safe custody and administration of securities;
- 3 fees and commissions for foreign currency transactions and for the sale and purchase of coin and precious metals; and
- 4 fees and commissions charged for brokerage services in connection with savings and insurance contracts and loans.

4) *Fees and commissions payable*

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(Format 1, item 5; Format 2, item A2)

Fees and commissions payable shall comprise charges for all services rendered to the company by third parties but not fees or commissions required to be included under interest payable (Format 1, item 2; Format 2, item A1).

In particular the following fees and commissions payable must be included (unless required to be included under interest payable):

- 1 fees and commissions for guarantees, loan administration and securities transactions;
- 2 fees, commissions and other charges in respect of payment transactions, account administration charges and commissions for the safe custody and administration of securities;
- 3 fees and commissions for foreign currency transactions and for the sale and purchase of coin and precious metals; and
- 4 fees and commissions for brokerage services in connection with savings and insurance contracts and loans.

5) Dealing [profits] [losses]

(Format 1, item 6; Format 2, items B4 and A3)

This item shall comprise:

- (a) the net profit or net loss on transactions in securities which are not held as financial fixed assets together with amounts written off or written back with respect to such securities, including amounts written off or written back as a result of the application of paragraph 34(1);
- (b) the net profit or loss on exchange activities, save in so far as the profit or loss is included in interest receivable or interest payable (Format 1, items 1 or 2; Format 2, items B1 or A1); and
- (c) the net profits and losses on other dealing operations involving financial instruments including precious metals.

6) Depreciation and amortisation

(Format 1, item 9; Format 2, item A5)

This item shall comprise depreciation and other amounts written off in respect of balance sheet Assets items 9 and 10.

7) Provisions: Provisions for bad and doubtful debts

(Format 1, item 11(a); Format 2, item A7(a))

Provisions for bad and doubtful debts shall comprise charges for amounts written off and for provisions made in respect of loans and advances shown under balance sheet Assets items 3 and 4.

8) Provisions: Provisions for contingent liabilities and commitments

(Format 1, item 11(b); Format 2, item A7(b))

This item shall comprise charges for provisions for contingent liabilities and commitments of a type which would, if not provided for, be shown under Memorandum items 1 and 2.

9) Adjustments to provisions: Adjustments to provisions for bad and doubtful debts

(Format 1, item 12(a); Format 2, item B5(a))

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This item shall include credits from the recovery of loans that have been written off, from other advances written back following earlier write offs and from the reduction of provisions previously made with respect to loans and advances.

10) Adjustments to provisions: Adjustments to provisions for contingent liabilities and commitments

(Format 1, item 12(b); Format 2, item B5(b))

This item comprises credits from the reduction of provisions previously made with respect to contingent liabilities and commitments.

11) Amounts written off fixed asset investments

(Format 1, item 13; Format 2, item A8)

Amounts written off fixed asset investments shall comprise amounts written off in respect of assets which are transferable securities held as financial fixed assets, participating interests and shares in group undertakings and which are included in Assets items 5 to 8 in the balance sheet format.

12) Adjustments to amounts written off fixed asset investments

(Format 1, item 14; Format 2, item B6)

Adjustments to amounts written off fixed asset investments shall include amounts written back following earlier write offs and provisions in respect of assets which are transferable securities held as financial fixed assets, participating interests and group undertakings and which are included in Assets items 5 to 8 in the balance sheet format.

CHAPTER II

ACCOUNTING PRINCIPLES AND RULES

SECTION A

ACCOUNTING PRINCIPLES

16. Subject to paragraph 22, the amounts to be included in respect of all items shown in a company's accounts shall be determined in accordance with the principles set out in paragraphs 17 to 21.

Accounting principles

17. The company shall be presumed to be carrying on business as a going concern.

18. Accounting policies shall be applied consistently within the same accounts and from one financial year to the next.

19. The amount of any item shall be determined on a prudent basis, and in particular:

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- (a) only profits realised at the balance sheet date shall be included in the profit and loss account; and
- (b) all liabilities^{F162} . . . which have arisen^{F162} . . . in respect of the financial year to which the accounts relate or a previous financial year shall 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 board of directors in pursuance of Article 241.

F162 SR 2004/496

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

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

Departure from the accounting principles

22. If it appears to the directors of a company that there are special reasons for departing from any of the principles stated above in preparing the company's accounts in respect of any financial year they may do so, but particulars of the departure, the reasons for it and its effect shall be given in a note to the accounts.

SECTION B

VALUATION RULES

HISTORICAL COST ACCOUNTING RULES

Preliminary

23. Subject to^{F163} paragraphs 39 to 44F], the amounts to be included in respect of all items shown in a company's accounts shall be determined in accordance with the rules set out in paragraphs 24 to 38.

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Fixed assets

General rules

24. Subject to any provision for depreciation or diminution in value made in accordance with paragraph 25 or 26 the amount to be included in respect of any fixed asset shall be its cost.

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

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- (a) its 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 cost less that estimated residual value;

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

26.—(1) Where a fixed asset investment of a description falling to be included under Assets items 7 (Participating interests) or 8 (Shares in group undertakings) in the balance sheet format, or any other holding of securities held as a financial fixed asset, 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; and any such provisions which are not shown in the profit and loss account shall be disclosed (either separately or in aggregate) in a note to the accounts.

(2) Provisions for diminution in value shall 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 shall be reduced accordingly; and any such provisions which are not shown in the profit and loss account shall be disclosed (either separately or in aggregate) in a note to the accounts.

(3) Where the reasons for which any provision was made in accordance with sub-paragraph (1) or (2) have ceased to apply to any extent, that provision shall be written back to the extent that it is no longer necessary; and any amounts written back in accordance with this sub-paragraph which are not shown in the profit and loss account shall be disclosed (either separately or in aggregate) in a note to the accounts.

Development costs

27.—(1) Notwithstanding that amounts representing “development costs” may be included under Assets item 9 in the balance sheet format, an amount may only be included in a company's balance sheet in respect of development costs in special circumstances.

(2) If any amount is included in a company's balance sheet in respect of development costs the following information shall be given in a note to the accounts:

- (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.

Goodwill

28.—(1) The application of paragraphs 24 to 26 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) 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 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.

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Intangible and tangible fixed assets

29. Assets included in Assets items 9 (Intangible fixed assets) and 10 (Tangible fixed assets) in the balance sheet format shall be valued as fixed assets.

Other fixed assets

30. Other assets falling to be included in the balance sheet shall be valued as fixed assets where they are intended for use on a continuing basis in the company's activities.

Financial fixed assets

31.—(1) Debt securities, including fixed income securities, held as financial fixed assets shall be included in the balance sheet at an amount equal to their maturity value plus any premium, or less any discount, on their purchase, subject to the following provisions of this paragraph.

(2) The amount included in the balance sheet with respect to such securities purchased at a premium shall be reduced each financial year on a systematic basis so as to write the premium off over the period to the maturity date of the security and the amounts so written off shall be charged to the profit and loss account for the relevant financial years.

(3) The amount included in the balance sheet with respect to such securities purchased at a discount shall be increased each financial year on a systematic basis so as to extinguish the discount over the period to the maturity date of the security and the amounts by which the amount is increased shall be credited to the profit and loss account for the relevant years.

(4) The notes to the accounts shall disclose the amount of any unamortised premium or discount not extinguished which is included in the balance sheet by virtue of sub-paragraph (1).

(5) For the purposes of this paragraph “premium” means any excess of the amount paid for a security over its maturity value and “discount” means any deficit of the amount paid for a security over its maturity value.

Current Assets

32. The amount to be included in respect of loans and advances, debt or other fixed income securities and equity shares or other variable yield securities not held as financial fixed assets shall be their cost, subject to paragraphs 33 and 34.

33.—(1) If the net realisable value of any asset referred to in paragraph 32 is lower than its cost the amount to be included in respect of that asset shall 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 shall be written back to the extent that it is no longer necessary.

34.—(1) Subject to paragraph 33, the amount to be included in the balance sheet in respect of transferable securities not held as financial fixed assets may be the higher of their cost or their market value at the balance sheet date.

(2) The difference between the cost of any securities included in the balance sheet at a valuation under sub-paragraph (1) and their market value shall be shown (in aggregate) in the notes to the accounts.

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Miscellaneous and supplementary provisions

Excess of money owed over value received as an asset item

35.—(1) Where the amount repayable on any debt owed by a company 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 shall 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 company's balance sheet it must be disclosed in a note to the accounts.

Determination of cost

36.—(1) The cost of an asset that has been acquired by the company shall be determined by adding to the actual price paid any expenses incidental to its acquisition.

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

(3) In addition, there may be included in the cost of an asset constructed by the company:

- (a) a reasonable proportion of the costs incurred by the company which are only indirectly attributable to the construction of that asset, but only to the extent that they relate to the period of construction; and
- (b) interest on capital borrowed to finance the construction of that asset, to the extent that it accrues in respect of the period of construction;

provided, however, in a case within head (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.

37.—(1) Subject to the qualification mentioned below, the cost of 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.

The method chosen must be one which appears to the directors to be appropriate in the circumstances of the company.

(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 similar to any of the methods mentioned above.

(3) Where in the case of any company:

- (a) the cost of assets falling to be included under any item shown in the company's balance sheet has been determined by the application of any method permitted by this paragraph; and
- (b) the amount shown in respect of that item differs materially from the relevant alternative amount given below in this paragraph;

the amount of that difference shall be disclosed in a note to the accounts.

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(4) Subject to sub-paragraph (5), for the purposes of sub-paragraph (3)(b), the relevant alternative amount, in relation to any item shown in a company's balance sheet, is the amount which would have been shown in respect of that item if assets of any class included under that item at an amount determined by any method permitted by this paragraph had instead been included at their replacement cost as at the balance sheet date.

(5) The relevant alternative amount may be determined by reference to the most recent actual purchase price before the balance sheet date of assets of any class included under the item in question instead of by reference to their replacement cost as at that date, but only if the former appears to the directors of the company to constitute the more appropriate standard of comparison in the case of assets of that class.

Substitution of original amount where price or cost unknown

38. Where there is no record of the purchase price of any asset acquired by a company or of any price, expenses or costs relevant for determining its cost in accordance with paragraph 36, or any such record cannot be obtained without unreasonable expense or delay, its cost shall be taken for the purpose of paragraphs 24 to 34 to be the value ascribed to it in the earliest available record of its value made on or after its acquisition by the company.

ALTERNATIVE ACCOUNTING RULES

Preliminary

39.—(1) The rules set out in paragraphs 24 to 38 are referred to below in this Schedule as the historical cost accounting rules.

(2) Paragraphs 24 to 27 and 31 to 35 are referred to below in this section of this Part 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 42.

40. Subject to paragraphs 42 to 44, the amounts to be included in respect of assets of any description mentioned in paragraph 41 may be determined on any basis so mentioned.

Alternative accounting rules

41.—(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 Assets items 7 (Participating interests) or 8 (Shares in group undertakings) of the balance sheet format and any other securities held as financial fixed assets 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 directors to be appropriate in the circumstances of the company;

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

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(4) Securities of any description not held as financial fixed assets (if not valued in accordance with paragraph 34) may be included at their current cost.

Application of the depreciation rules

42.—(1) Where the value of any asset of a company is determined in accordance with paragraph 41, that value shall 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 company's accounts, instead of its cost or any value previously so determined for that asset; and the depreciation rules shall apply accordingly in relation to any such asset with the substitution for any reference to its cost of a reference to the value most recently determined for that asset in accordance with paragraph 41.

(2) The amount of any provision for depreciation required in the case of any fixed asset by paragraph 25 or 26 as it applies by virtue of sub-paragraph (1) is referred to in this paragraph as the “adjusted amount”, and the amount of any provision which would be required by that paragraph in the case of that asset according to the historical cost accounting rules is referred to as the “historical cost amount”.

(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 included in any item shown in the profit and loss account in respect of amounts written off assets of the description in question 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

43.—(1) This paragraph applies where the amounts to be included in respect of assets covered by any items shown in a company's accounts have been determined in accordance with paragraph 41.

(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 shall be disclosed in a note to the accounts.

(3) In the case of each balance sheet item affected either:

- (a) the comparable amounts determined according to the historical cost accounting rules; or
- (b) the differences between those amounts and the corresponding amounts actually shown in the balance sheet in respect of that item;

shall be shown separately in the balance sheet or 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.

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Revaluation reserve

44.—(1) With respect to any determination of the value of an asset of a company in accordance with paragraph 41, 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) shall be credited or (as the case may be) debited to a separate reserve (“the revaluation reserve”).

(2) The amount of the revaluation reserve shall be shown in the company's balance sheet under Liabilities item 11 in the balance sheet format, but need not be shown under that name.

(3) An amount may be transferred

[^{F164}(a) from the revaluation reserve—

(i) to the profit and loss account, if the amount was previously charged to that account or represents realised profit, or

(ii) on capitalisation,

(b) to or from the revaluation reserve in respect of the taxation relating to any profit or loss credited or debited to the reserve;]

and the revaluation reserve shall be reduced to the extent that the amounts transferred to it are no longer necessary for the purposes of the valuation method used.

(4) In [^{F164} sub-paragraph (3)(a)(ii)] “capitalisation”, in relation to an amount standing to the credit of the revaluation reserve, means applying it in wholly or partly paying up unissued shares in the company to be allotted to members of the company as fully or partly paid shares.

(5) The revaluation reserve shall not be reduced except as mentioned in this paragraph.

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

F164 SR 1997/314

FAIR VALUE ACCOUNTING

Inclusion of financial instruments at fair value

44A.—(1) Subject to sub-paragraphs (2) to (4), financial instruments (including derivatives) may be included at fair value.

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

(a) they are held as part of a trading portfolio, or

(b) they are derivatives.

(3) Sub-paragraph (1) does not apply to—

(a) financial instruments (other than derivatives) held to maturity;

(b) loans and receivables originated by the company and not held for trading purposes;

(c) interests in subsidiary undertakings, associated undertakings and joint ventures;

(d) equity instruments issued by the company;

(e) contracts for contingent consideration in a business combination;

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- (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.
- (4) If the fair value of a financial instrument cannot be determined reliably in accordance with paragraph 44B, sub-paragraph (1) does not apply to that financial instrument.
- (5) In this paragraph—
 - “associated undertaking” has the meaning given by paragraph 20 of Schedule 4A; and
 - “joint venture” has the meaning given by paragraph 19 of that Schedule.

Determination of fair value

44B.—(1) The fair value of a financial instrument is determined in accordance with this paragraph.

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

Inclusion of hedged items at fair value

44C. A company may include any assets and liabilities that qualify as hedged items under a fair value hedge accounting system, or identified portions of such assets or liabilities, at the amount required under that system.

Other assets that may be included at fair value

44D.—(1) This paragraph applies to—

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

that, under international accounting standards, may be included in accounts at fair value.

(2) Such investment property and such living animals and plants may be included at fair value, provided that all such investment property or, as the case may be, all such 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 relevant international accounting standards.

Status: Point in time view as at 01/10/2007.

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Accounting for changes in value

44E.—(1) This paragraph applies where a financial instrument is valued in accordance with paragraph 44A or 44C or an asset is valued in accordance with paragraph 44D.

(2) Notwithstanding paragraph 19, 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 a company'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 (“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

44F.—(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 44E(3) or (4).

(2) The treatment for taxation purposes of amounts credited to or debited from the fair value reserve shall be disclosed in a note to the accounts.

ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

45.—(1) Subject to the following sub-paragraphs, amounts to be included in respect of assets and liabilities denominated in foreign currencies shall be in sterling (or the currency in which the accounts are drawn up) after translation at an appropriate spot rate of exchange prevailing at the balance sheet date.

(2) An appropriate rate of exchange prevailing on the date of purchase may however be used for assets held as financial fixed assets and assets to be included under Assets items 9 (Intangible fixed assets) and 10 (Tangible fixed assets) in the balance sheet format, if they are not covered or not specifically covered in either the spot or forward currency markets.

(3) An appropriate spot rate of exchange prevailing at the balance sheet date shall be used for translating uncompleted spot exchange transactions.

(4) An appropriate forward rate of exchange prevailing at the balance sheet date shall be used for translating uncompleted forward exchange transactions.

(5) This paragraph does not apply to any assets or liabilities held, or any transactions entered into, for hedging purposes or to any assets or liabilities which are themselves hedged.

Status: Point in time view as at 01/10/2007.

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46.—(1) Subject to sub-paragraph (2), any difference between the amount to be included in respect of an asset or liability under paragraph 45 and the book value, after translation into sterling (or the currency in which the accounts are drawn up) at an appropriate rate, of that asset or liability shall be credited or, as the case may be, debited to the profit and loss account.

(2) In the case, however, of assets held as financial fixed assets, of assets to be included under Assets items 9 (Intangible fixed assets) and 10 (Tangible fixed assets) in the balance sheet format and of transactions undertaken to cover such assets, any such difference may be deducted from or credited to any non-distributable reserve available for the purpose.

CHAPTER III

NOTES TO THE ACCOUNTS

Preliminary

47.—(1) Any information required in the case of a company by the following provisions of this Part shall^{F165} (if not given in the company's accounts)] be given by way of a note to the accounts^{F165}

- (2) ^{F166}
- (3) ^{F166}

F165 SR 1997/314
F166 Sch. 9 para. 47(2)(3) omitted (1.4.2006) by virtue of Companies (1986 Order) (Investment Companies and Accounting and Audit Amendments) Regulations (Northern Ireland) 2006 (S.R. 2006/137), reg. 9

General

Disclosure of accounting policies

48. 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).

49. It shall be stated whether the accounts have been prepared in accordance with applicable accounting standards and particulars of any material departure from those standards and the reasons for it shall be given.

Sums denominated in foreign currencies

50. Where any sums originally denominated in foreign currencies have been brought into account under any items shown in the balance sheet format or the profit and loss account formats, the basis on which those sums have been translated into sterling (or the currency in which the accounts are drawn up) shall be stated.

Status: Point in time view as at 01/10/2007.

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[^{F167}Reserves and dividends

50A. There must be stated—

- (a) any amount set aside or proposed to be set aside to, or withdrawn or proposed to be withdrawn from, reserves,
- (b) the aggregate amount of dividends paid in the financial year (other than those for which a liability existed at the immediately preceding balance sheet date),
- (c) the aggregate amount of dividends that the company is liable to pay at the balance sheet date, and
- (d) the aggregate amount of dividends that are proposed before the date of approval of the accounts, and not otherwise disclosed under sub-paragraph (b) or (c).]

F167 SR 2004/496

Information supplementing the balance sheet

Share capital and debentures

51.—(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.

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

Sub-para. (a) rep. by SR 1997/314

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

53.—(1) With respect to any contingent right to the allotment of shares in the company the following particulars shall be given:

- (a) the number, description and amount of the shares in relation to which the right is exercisable;
- (b) the period during which it is exercisable; and
- (c) the price to be paid for the shares allotted.

(2) In sub-paragraph (1) “contingent right to the allotment of shares” means any option to subscribe for shares and any other right to require the allotment of shares to any person whether arising on the conversion into shares of securities of any other description or otherwise.

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54.—(1) If the company has issued any debentures during the financial year to which the accounts relate, the following information shall be given:

Head (a) rep. by SR 1997/314

- (b) the classes of debentures issued; and
- (c) as respects each class of debentures, the amount issued and the consideration received by the company for the issue.

Sub-para. (2) rep. by SR 1997/314

(3) Where any of the company's debentures are held by a nominee of or trustee for the company, the nominal amount of the debentures and the amount at which they are stated in the accounting records kept by the company in accordance with Article 229 shall be stated.

Fixed assets

55.—(1) In respect of any fixed assets of the company included in any assets item in the company's balance sheet the following information shall be given by reference to each such item:

- (a) the appropriate amounts in respect of those assets included in the 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 included in the item in respect of those assets of:
 - (i) any determination during that year of the value to be ascribed to any of those assets in accordance with paragraph 41;
 - (ii) acquisitions during that year of any fixed assets;
 - (iii) disposals during that year of any fixed assets; and
 - (iv) any transfers of fixed assets of the company to and from the item during that year.

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

- (a) on the basis of cost (determined in accordance with paragraphs 36 and 37); or
- (b) on any basis permitted by paragraph 41;

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

(3) In addition, in respect of any fixed assets of the company included in any assets item in the company's balance sheet, there shall be stated (by reference to each such item):

- (a) the cumulative amount of provisions for depreciation or diminution in value of those assets included under the 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 of those assets; and
- (d) the amount of any other adjustments made in respect of any such provisions during that year.

(4) The requirements of this paragraph need not be complied with to the extent that a company takes advantage of the option of setting off charges and income afforded by paragraph 5(3) of this Part.

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56. 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 in accordance with paragraph 41, 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.

57. In relation to any amount which is included under Assets item 10 in the balance sheet format (Tangible fixed assets) with respect to land and buildings there shall be stated:

- (a) how much of that amount is ascribable to land of freehold tenure and how much to land of leasehold tenure; and
- (b) how much of the amount ascribable to land of leasehold tenure is ascribable to land held on long lease and how much to land held on short lease.

58. There shall be disclosed separately the amount of:

- (a) any participating interests; and
- (b) any shares in group undertakings that are held in credit institutions.

Information about fair value of assets and liabilities

58A.—(1) This paragraph applies where financial instruments have been valued in accordance with paragraph 44A or 44C.

(2) There must be stated—

- (a) where the fair value of the instruments has been determined in accordance with paragraph 44B(4), the significant assumptions underlying the valuation models and techniques used,
- (b) for each category of financial instrument, the fair value of the instruments in that category and the changes in value—
 - (i) included in the profit and loss account, and
 - (ii) credited to or (as the case may be) debited from the fair value reserve, in respect of those instruments, and
- (c) for each class of derivatives, the extent and nature of the instruments, including significant terms and conditions that may affect the amount, timing and certainty of future cash flows.

(3) Where any amount is transferred to or from the fair value reserve during the financial year, there must be stated in tabular form—

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

58B. Where the company has derivatives that it has not included at fair value, there must be stated for each class of such derivatives—

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- (a) the fair value of the derivatives in that class, if such a value can be determined in accordance with paragraph 44B, and
- (b) the extent and nature of the derivatives.

58C.—(1) Sub#paragraph (2) applies if—

- (a) the company has financial fixed assets that could be included at fair value by virtue of paragraph 44A,
- (b) the amount at which those assets are included under any item in the company's accounts is in excess of their fair value, and
- (c) the company has not made provision for diminution in value of those assets in accordance with paragraph 26(1).

(2) There must be stated—

- (a) the amount at which either the individual assets or appropriate groupings of those individual assets are included in the company's accounts,
- (b) the fair value of those assets or groupings, and
- (c) the reasons for not making a provision for diminution in value of those assets, including the nature of the evidence that provides the basis for the belief that the amount at which they are stated in the accounts will be recovered.

Information where investment property and living animals and plants included at fair value

58D.—(1) This paragraph applies where the amounts to be included in a company's accounts in respect of investment property or living animals and plants have been determined in accordance with paragraph 44D.

(2) The balance sheet 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 a note to the accounts.

(3) In the case of investment property, for each balance sheet item affected there must be shown, either separately in the balance sheet or in a note to the accounts—

- (a) the comparable amounts determined according to the historical cost accounting rules; or
- (b) the differences between those amounts and the corresponding amounts actually shown in the balance sheet in respect of that item.

(4) In sub#paragraph (3), references in relation to any item to the comparable amounts determined in accordance with that sub#paragraph 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.

Reserves and provisions

59.—(1) Where any amount is transferred:

- (a) to or from any reserves;
- (b) to any^{F168} provisions for liabilities]; or

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- (c) from any^{F168} provision for liabilities] otherwise than for the purpose for which the provision was established;

and the reserves or provisions are or would but for paragraph 3(3) of this Part be shown as separate items in the company's balance sheet, the information mentioned in sub-paragraph (2) 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 reserve 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 Liabilities item 6(c) (Other provisions) in the company's balance sheet in any case where the amount of that provision is material.

F168 SR 2004/496

Provision for taxation

60. The amount of any provision for deferred taxation shall be stated separately from the amount of any provision for other taxation.

Maturity analysis

61.—(1) A company shall disclose separately for each of Assets items 3(b) and 4 and Liabilities items 1(b), 2(b) and 3(b) the aggregate amount of the loans and advances and liabilities included in those items broken down into the following categories:

- (a) those repayable in not more than three months
- (b) those repayable in more than three months but not more than one year
- (c) those repayable in more than one year but not more than five years
- (d) those repayable in more than five years

from the balance sheet date.

(2) A company shall also disclose the aggregate amounts of all loans and advances falling within Assets item 4 (Loans and advances to customers) which are:

- (a) repayable on demand; or
- (b) are for an indeterminate period, being repayable upon short notice.

(3) For the purposes of sub-paragraph (1), where a loan or advance or liability is repayable by instalments, each such instalment is to be treated as a separate loan or advance or liability.

Debt and other fixed income securities

62. A company shall disclose the amount of debt and fixed income securities included in Assets item 5 (Debt securities [and other fixed income securities]) and the amount of such securities included in Liabilities item 3(a) (Bonds and medium term notes) that (in each case) will become due within one year of the balance sheet date.

Subordinated liabilities

63.—(1) The following information must be disclosed in relation to any borrowing included in Liabilities item 7 (Subordinated liabilities) that exceeds 10 per cent. of the total for that item:

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- (a) its amount;
 - (b) the currency in which it is denominated;
 - (c) the rate of interest and the maturity date (or the fact that it is perpetual);
 - (d) the circumstances in which early repayment may be demanded;
 - (e) the terms of the subordination; and
 - (f) the existence of any provisions whereby it may be converted into capital or some other form of liability and the terms of any such provisions.
- (2) The general terms of any other borrowings included in Liabilities item 7 shall also be stated.

Fixed cumulative dividends

- 64.** If any fixed cumulative dividends on the company's shares are in arrear, there shall be stated:
- (a) the amount of the arrears; and
 - (b) the period for which the dividends or, if there is more than one class, each class of them are in arrear.

Details of assets charged

65.—(1) There shall be disclosed, in relation to each liabilities and memorandum item of the balance sheet format, the aggregate amount of any assets of the company which have been charged to secure any liability or potential liability included thereunder, the aggregate amount of the liabilities or potential liabilities so secured and an indication of the nature of the security given.

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

Guarantees and other financial commitments

- 66.—(1)** There shall be stated, where practicable:
- (a) the aggregate amount or estimated amount of contracts for capital expenditure, so far as not provided for;^{F169} . . .

Head (b) rep. by SR 1997/314

- (2) 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.

(3) Particulars shall also be given of any other financial commitments, including any contingent liabilities, which:

- (a) have not been provided for;
- (b) have not been included in the memorandum items in the balance sheet format; and
- (c) are relevant to assessing the company's state of affairs.

(4) Commitments within any of the preceding sub-paragraphs undertaken on behalf of or the benefit of:

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

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

(5) There shall be disclosed the nature and amount of any contingent liabilities and commitments included in Memorandum items 1 and 2 which are material in relation to the company's activities.

F169 SR 1997/314

Memorandum items: Group undertakings

67.—(1) With respect to contingent liabilities required to be included under Memorandum item 1 in the balance sheet format, there shall be stated in a note to the accounts the amount of such contingent liabilities incurred on behalf of or for the benefit of:

- (a) any parent undertaking or fellow subsidiary undertaking; or
- (b) any subsidiary undertaking

of the company; in addition the amount incurred in respect of the undertakings referred to in head (a) shall be stated separately from the amount incurred in respect of the undertakings referred to in head (b).

(2) With respect to commitments required to be included under Memorandum item 2 in the balance sheet format, there shall be stated in a note to the accounts the amount of such commitments 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; in addition the amount incurred in respect of the undertakings referred to in head (a) shall be stated separately from the amount incurred in respect of the undertakings referred to in head (b).

Transferable securities

68.—(1) There shall be disclosed for each of Assets items 5 to 8 in the balance sheet format the amount of transferable securities included under those items:

- (a) that are listed and the amount of those that are unlisted;^{F170} . . .

Head (b) rep. by SR 1997/314

(2) In the case of each amount shown in respect of listed securities under sub-paragraph (1)(a), there shall also be disclosed the aggregate market value of those securities, if different from the amount shown.

(3) There shall also be disclosed for each of Assets items 5 and 6 the amount of transferable securities included under those items that are held as financial fixed assets and the amount of those that are not so held, together with the criterion used by the directors to distinguish those held as financial fixed assets.

F170 SR 1997/314

Leasing transactions

69. The aggregate amount of all property (other than land) leased by the company to other persons shall be disclosed, broken down so as to show the aggregate amount included in each relevant balance sheet item.

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Assets and liabilities denominated in a currency other than sterling (or the currency in which the accounts are drawn up)

70.—(1) The aggregate amount, in sterling (or the currency in which the accounts are drawn up), of all assets denominated in a currency other than sterling (or the currency used), together with the aggregate amount, in sterling (or the currency used), of all liabilities so denominated, is to be disclosed.

(2) For the purposes of this paragraph an appropriate rate of exchange prevailing at the balance sheet date shall be used to determine the amounts concerned.

Sundry assets and liabilities

71. Where any amount shown under either of the following items is material, particulars shall be given of each type of asset or liability included therein, including an explanation of the nature of the asset or liability and the amount included with respect to assets or liabilities of that type:

- (a) Assets item 13 (Other assets)
- (b) Liabilities item 4 (Other liabilities).

Unmatured forward transactions

72.—(1) The following shall be disclosed with respect to unexpired forward transactions outstanding at the balance sheet date:

- (a) the categories of such transactions, by reference to an appropriate system of classification;
- (b) whether, in the case of each such category, they have been made, to any material extent, for the purpose of hedging the effects of fluctuations in interest rates, exchange rates and market prices or whether they have been made, to any material extent, for dealing purposes.

(2) Transactions falling within sub-paragraph (1) shall include all those in relation to which income or expenditure is to be included in:

- (a) format 1, item 6 or format 2, items B4 or A3 (Dealing [profits] [losses]),
- (b) format 1, items 1 or 2, or format 2, items B1 or A1, by virtue of notes (1)(b) and (2)(b) to the profit and loss account formats (forward contracts spread over the actual duration of the contract and similar in nature to interest).

Miscellaneous matters

73.—(1) Particulars shall be given of any case where the cost of any asset is for the first time determined under paragraph 38.

(2) Where any outstanding loans made under the authority of Article 163(4)(b), (bb) or (c) or Article 165 (various cases of financial assistance by a company for purchase of its own shares) are included under any item shown in the company's balance sheet, the aggregate amount of those loans shall be disclosed for each item in question.

Sub-para. (3) rep. by SR 1997/314

Information supplementing the profit and loss account

Para. 74 rep. by SR 1997/314

Particulars of tax

Sub-para. (1) rep. by SR 1997/314

Status: Point in time view as at 01/10/2007.

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(2) Particulars shall be given of any special circumstances which affect liability in respect of taxation of profits, income or capital gains for the financial year or liability in respect of taxation of profits, income or capital gains for succeeding financial years.

(3) The following amounts shall be stated:

- (a) the amount of the charge for United Kingdom corporation tax;
- (b) if that amount would have been greater but for relief from double taxation, the amount which it would have been but for such relief;
- (c) the amount of the charge for United Kingdom income tax; and
- (d) the amount of the charge for taxation imposed outside the United Kingdom of profits, income and (so far as charged to revenue) capital gains.

These amounts shall be stated separately in respect of each of the amounts which is shown under the following items in the profit and loss account, that is to say format 1 item 16, format 2 item A10 (Tax on [profit] [loss] on ordinary activities) and format 1 item 21, format 2 item A13 (Tax on extraordinary [profit] [loss]).

Particulars of income

76.—(1) A company shall disclose, with respect to income included in the following items in the profit and loss account formats, the amount of that income attributable to each of the geographical markets in which the company has operated during the financial year:

- (a) format 1 item 1, format 2 item B1 (Interest receivable);
- (b) format 1 item 3, format 2 item B2 (Dividend income);
- (c) format 1 item 4, format 2 item B3 (Fees and commissions receivable);
- (d) format 1 item 6, format 2 item B4 (Dealing profits); and
- (e) format 1 item 7, format 2 item B7 (Other operating income).

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

(3) For the purposes of this paragraph, markets which do not differ substantially from each other shall be treated as one market.

(4) Where in the opinion of the directors the disclosure of any information required by this paragraph would be seriously prejudicial to the interests of the company, that information need not be disclosed, but the fact that any such information has not been disclosed must be stated.

Para. 77 rep. by SR 2004/496

Management and agency services

78. A company providing any management and agency services to customers shall disclose that fact, if the scale of such services provided is material in the context of its business as a whole.

Subordinated liabilities

79. Any amounts charged to the profit and loss account representing charges incurred during the year with respect to subordinated liabilities shall be disclosed.

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Sundry income and charges

80. Where any amount to be included in any of the following items is material, particulars shall be given of each individual component of the figure, including an explanation of their nature and amount:

- (a) in format 1:
 - (i) items 7 and 10 (Other operating income and charges)
 - (ii) items 18 and 19 (Extraordinary income and charges);
- (b) in format 2:
 - (i) items A6 and B7 (Other operating charges and income)
 - (ii) items A12 and B10 (Extraordinary charges and income).

Miscellaneous matters

81.—(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) 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.

CHAPTER IV

INTERPRETATION OF PART I

General

82. The following definitions apply for the purposes of this Part and its interpretation:

“banking activities” means activities forming part of a deposit-taking business within the meaning of the Banking Act 1987;

“banking transactions” means transactions entered into in the normal course of a deposit-taking business within the meaning of the Banking Act 1987;

“financial fixed assets” means loans and advances and securities held as fixed assets; participating interests and shareholdings in group undertakings shall be regarded as financial fixed assets;

“fungible assets” means assets of any description which are substantially indistinguishable one from another;

[^{F171}“Investment property” means land held to earn rent or for capital appreciation;]

“lease” includes an agreement for a lease;

“listed security” means a security listed on a recognised stock exchange, or on any stock exchange of repute outside Northern Ireland and the expression “unlisted security” shall be construed accordingly;

“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;

“repayable on demand”, in connection with deposits, loans or advances, means those amounts which can at any time be withdrawn or demanded without notice or for which a maturity or period of notice of not more than 24 hours or one working day has been agreed;

“sale and repurchase transaction” means a transaction which involves the transfer by a credit institution or customer (“the transferor”) to another credit institution or customer (“the transferee”) of assets subject to an agreement that the same assets, or (in the case of fungible

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assets) equivalent assets, will subsequently be transferred back to the transferor at a specified price on a date specified or to be specified by the transferor; but the following shall not be regarded as sale and repurchase transactions: forward exchange transactions, options, transactions involving the issue of debt securities with a commitment to repurchase all or part of the issue before maturity or any similar transactions;

“sale and option to resell transaction” means a transaction which involves the transfer by a credit institution or customer (“the transferor”) to another credit institution or customer (“the transferee”) of assets subject to an agreement that the transferee is entitled to require the subsequent transfer of the same assets, or (in the case of fungible assets) equivalent assets, back to the transferor at the purchase price or another price agreed in advance on a date specified or to be specified; and

“short lease” means a lease which is not a long lease.

F171 SR 2004/496

Financial instruments

82A. For the purposes of this Part, 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—

- (a) were entered into for the purpose of, and continue to meet, the company's expected purchase, sale or usage requirements,
- (b) were designed for such purpose at their inception, and
- (c) are expected to be settled by delivery of the commodity.

82B.—(1) The expressions listed in sub#paragraph (2) have the same meaning in paragraphs 44A to 44F, 58A to 58C and 82A of this Part as they have in Council Directives [78/660/EEC](#) on the annual accounts of certain types of companies and [86/635/EEC](#) on the annual accounts and consolidated accounts of banks and other financial institutions, as amended.

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

Loans

83. For the purposes of this Part a loan or advance (including a liability comprising a loan or advance) is treated as falling due for repayment, and an instalment of a loan or advance 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

84. For the purposes of this Part amounts which in the particular context of any provision of this Part are not material may be disregarded for the purposes of that provision.

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Provisions

85. For the purposes of this Part and its interpretation:

- (a) references in this Part 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;
- (b) any reference in the profit and loss account formats or the notes thereto set out in Section B of this Part 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; and
- (c) references in this Part to^[F172] provisions for liabilities] are to any amount retained as reasonably necessary for the purpose of providing for any liability^[F172] the nature of which is clearly defined and] 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.

F172 SR 2004/496

Staff costs

86. For the purposes of this Part and its interpretation:

- (a) “social security costs” means any contributions by the company to any state social security or pension scheme, fund or arrangement;
- ^[F173](b) “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; and]
- (c) any amount stated in respect of^[F173] 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^[F174] Article 239A(1)(a)].

F173 SR 1997/314

F174 SR 2004/496

PART II

CONSOLIDATED ACCOUNTS

Para. 1 rep. by SR 2004/496

General application of provisions applicable to individual accounts

2.—(1) In paragraph 1 of Schedule 4A (application to group accounts of provisions applicable to individual accounts), the reference in sub-paragraph (1) to the provisions of Schedule 4 shall be construed as a reference to the provisions of Part I of this Schedule; and accordingly:

Head (a) rep. by SR 1997/436

- (b) sub-paragraph (3) shall be omitted.

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(2) The general application of the provisions of Part I of this Schedule in place of those of Schedule 4 is subject to the following provisions.

Minority interests and associated undertakings

3.—(1) The provisions of this paragraph shall have effect so as to adapt paragraphs 17 and 21 of Schedule 4A (which require items in respect of “Minority interests” and associated undertakings to be added to the formats set out in Schedule 4) to the formats prescribed by Part I of this Schedule.

(2) The item required to be added to the balance sheet format by paragraph 17(2) shall be added either between Liabilities items 7 and 8 or after Liabilities item 12.

(3) The item required to be added to the profit and loss account format by paragraph 17(3) shall be added:

- (a) in the case of format 1, between items 17 and 18; or
- (b) in the case of format 2, between items A11 and A12 or between items B9 and B10.

(4) The item required to be added to the profit and loss account format by paragraph 17(4) shall be added:

- (a) in the case of format 1, between items 22 and 23; or
- (b) in the case of format 2, between items A14 and A15 or between items B11 and B12.

(5) Paragraph 17(5) shall not apply but for the purposes of paragraph 3(3) of Part I of this Schedule (power to combine items) the additional items required by the foregoing provisions of this paragraph shall be treated as items to which a letter is assigned.

(6) Paragraph 21(2) shall apply with respect to a balance sheet prepared under this Schedule as if it required Assets item 7 (Participating interests) in the balance sheet format to be replaced by the two replacement items referred to in that paragraph.

(7) Paragraph 21(3) shall not apply, but the following items in the profit and loss account formats, namely:

- (a) format 1 item 3(b) (Income from participating interests)
- (b) format 2 item B2(b) (Income from participating interests),

shall be replaced by the following two replacement items:

- (i) “Income from participating interests other than associated undertakings”, which shall be shown at position 3(b) in format 1 and position B2(b) in format 2; and
- (ii) “Income from associated undertakings”, which shall be shown at an appropriate position.

4. Paragraphs 18 and 22(1) of Schedule 4A shall apply as if, in substitution for the references therein to paragraphs 17 to 19 and 21 of Schedule 4, they referred to paragraphs 24 to 26 and 28 of Part I of this Schedule.

Foreign currency translation

5. Any difference between:

- (a) the amount included in the consolidated accounts for the previous financial year with respect to any undertaking included in the consolidation or the group's interest in any associated undertaking, together with the amount of any transactions undertaken to cover any such interest; and
- (b) the opening amount for the financial year in respect of those undertakings and in respect of any such transactions

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arising as a result of the application of paragraph 45 of Part I may be credited to (where (a) is less than (b)), or deducted from (where (a) is greater than (b)), (as the case may be) consolidated reserves.

6. Any income and expenditure of undertakings included in the consolidation and associated undertakings in a foreign currency may be translated for the purposes of the consolidated accounts at the average rates of exchange prevailing during the financial year.

Information as to undertaking in which shares held as a result of financial assistance operation

7.—(1) The following provisions apply where the parent company of a banking group has a subsidiary undertaking which:

- (a) is a credit institution of which shares are held as a result of a financial assistance operation with a view to its reorganisation or rescue; and
- (b) is excluded from consolidation under Article 237(3)(c) (interest held with a view to resale).

(2) Information as to the nature and terms of the operations shall be given in a note to the group accounts and there shall be appended to the copy of the group accounts delivered to the registrar in accordance with Article 250 a copy of the undertaking's latest individual accounts and, if it is a parent undertaking, its latest group accounts.

If the accounts appended are required by law to be audited, a copy of the auditors' report shall also be appended.

(3) If any document required to be appended is in a language other than English, the directors shall annex a translation of it into English, certified in the prescribed manner to be a correct translation.

(4) The above requirements are subject to the following qualifications:

- (a) an undertaking is not required to prepare for the purposes of this paragraph accounts which would not otherwise be prepared, and if no accounts satisfying the above requirements are prepared none need be appended;
- (b) the accounts of an undertaking need not be appended if they would not otherwise be required to be published, or made available for public inspection, anywhere in the world, but in that case the reason for not appending the accounts shall be stated in a note to the consolidated accounts.

(5) Where a copy of an undertaking's accounts is required to be appended to the copy of the group accounts delivered to the registrar, that fact shall be stated in a note to the group accounts.

(6) Paragraphs (2) to (4) of Article 250 (penalties, &c. in case of default) apply in relation to the requirements of this paragraph as regards the delivery of documents to the registrar as they apply in relation to the requirements of paragraph (1) of that Article.

PART III

ADDITIONAL DISCLOSURE: RELATED UNDERTAKINGS

1.—(1) Where accounts are prepared in accordance with the special provisions of this Schedule relating to banking companies or groups:

- (a) the information required by paragraphs 8 and 24 of Schedule 5 (information about significant holdings of the company in undertakings other than subsidiary undertakings) need only be given in respect of undertakings (otherwise falling within the class of undertakings in respect of which disclosure is required) in which the company has a

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significant holding amounting to 20 per cent. or more of the nominal value of the shares in the undertaking; and

- (b) the information required by paragraph 27 of Schedule 5 (information about significant holdings of the group in undertakings other than subsidiary undertakings) need only be given in respect of undertakings (otherwise falling within the class of undertakings in respect of which disclosure is required) in which the group has a significant holding amounting to 20 per cent. or more of the nominal value of the shares in the undertaking.

In addition any information required by those paragraphs may be omitted if it is not material.

(2) Paragraph 13(3) and (4) of Schedule 5 shall apply *mutatis mutandis* for the purposes of sub-paragraph (1)(a) and paragraph 32(3) and (4) of that Schedule shall apply *mutatis mutandis* for the purposes of sub-paragraph (1)(b).

PART IV

ADDITIONAL DISCLOSURE: EMOLUMENTS AND OTHER BENEFITS OF DIRECTORS AND OTHERS

1. The provisions of this Part have effect with respect to the application of Schedule 6 (additional disclosure: emoluments and other benefits of directors and others) to a banking company or the holding company of such a company.

Loans, quasi-loans and other dealings

2. Part II of Schedule 6 (loans, quasi-loans and other dealings) does not apply for the purposes of accounts prepared by a banking company, or a company which is the holding company of a banking company, in relation to a transaction or arrangement of a kind mentioned in [F175 section 197, 198, 200, 201 or 203 of the Companies Act 2006], or an agreement to enter into such a transaction or arrangement, to which that banking company is a party.

F175 Words in Sch. 9 Pt. 4 para. 2 substituted (1.10.2007 with application as mentioned in Sch. 4 para. 23(2) of the amending S.I.) (by Companies Act 2006 (Commencement No. 3, Consequential Amendments, Transitional Provisions and Savings) Order 2007 (S.I. 2007/2194), arts. 1(3), 10(1), Sch. 4 para. 23(1) (a) (with art. 12)

Other transactions, arrangements and agreements

3.—(1) Part III of Schedule 6 (other transactions, arrangements and agreements) applies for the purposes of accounts prepared by a banking company, or a company which is the holding company of a banking company, only in relation to a transaction, arrangement or agreement made by that banking company for—

- (a) a person who was a director of the company preparing the accounts, or who was connected with such a director, or
- (b) a person who was a chief executive or manager ([F176 within the meaning of the Financial Services and Markets Act 2000]) of that company or its holding company.

(2) References in that Part to officers of the company shall be construed accordingly as including references to such persons.

(3) In this paragraph "director" includes a shadow director.

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(4) For the purposes of that Part as it applies by virtue of this paragraph, a company which a person does not control shall not be treated as connected with him.

(5) [^{F177}Sections 252 to 255 of, and Schedule 1 to, the Companies Act 2006 apply] for the purposes of this paragraph as regards the interpretation of references to a person being connected with a director or controlling a company.

F176 SI 2001/3649

F177 Words in [Sch. 9 Pt. 4 para. 3\(5\)](#) substituted (1.10.2007 with application as mentioned in [Sch. 4 para. 23\(2\)](#) of the amending S.I.) by [Companies Act 2006 \(Commencement No. 3, Consequential Amendments, Transitional Provisions and Savings\) Order 2007 \(S.I. 2007/2194\)](#), arts. 1(3), 10(1), [Sch. 4 para. 23\(1\)\(b\)](#) (with art. 12)

[^{F178}SCHEDULE 9A

Form and Content of Accounts of Insurance Companies and Groups]

F178 SR 1994/428

Articles 263, 263A

PART 1

INDIVIDUAL ACCOUNTS

CHAPTER 1

GENERAL RULES AND FORMATS

SECTION A

GENERAL RULES

1.—(1) Subject to the following provisions of this Part—

- (a) every balance sheet of a company shall show the items listed in the balance sheet format set out in section B of this Chapter; and
- (b) every profit and loss account of a company shall show the items listed in the profit and loss account format so set out,

in either case in the order and under the headings and sub-headings given in the format.

(2) Sub-paragraph (1) is not to be read as requiring the heading or sub-heading for any item to be distinguished by any letter or number assigned to that item in the format.

2.—(1) Any item required in accordance with paragraph 1 to be shown in a company's balance sheet or profit and loss account may be shown in greater detail than so required.

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(2) A company's 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 balance sheet or profit and loss account format set out in section B, but the following shall not be treated as assets in any company's balance sheet—

- (a) preliminary expenses;
- (b) expenses of and commission on any issue of shares or debentures; and
- (c) costs of research.

(3) Items to which Arabic numbers are assigned in the balance sheet format set out in section B (except for items concerning technical provisions and in reinsurers' share of technical provisions), and items to which lower case letters in parentheses are assigned 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) may be combined in a company's accounts for any financial year if either—

- (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 that year;

but in a case within paragraph (b) the individual amounts of any items so combined shall be disclosed in a note to the accounts and any notes required by this Schedule to the items so combined under that paragraph shall, notwithstanding the combination be given.

(4) Subject to paragraph 3(3), a heading or sub-heading corresponding to an item listed in the format adopted in preparing a company's balance sheet or profit and loss account shall not be included if there is no amount to be shown for that item in respect of the financial year to which the balance sheet or profit and loss account relates.

3.—(1) In respect of every item shown in the balance sheet or profit and loss account, there shall be shown or stated the corresponding amount for the financial year immediately preceding that to which the accounts relate.

(2) Where the 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 [^{F179}may be adjusted] and [^{F180}particulars of the non-comparability and of any adjustment] shall be given in a note to the accounts.

(3) Paragraph 2(4) does not apply in any case where an amount can be shown for the item in question in respect of the financial year immediately preceding that to which the balance sheet or profit and loss account relates, and that amount shall be shown under the heading or sub-heading required by paragraph 1 for that item.

F179 Words in Sch. 9A para. 3(2) substituted (1.4.2006) by Companies (1986 Order) (Investment Companies and Accounting and Audit Amendments) Regulations (Northern Ireland) 2006 (S.R. 2006/137), reg. 10(a)

F180 Words in Sch. 9A para. 3(2) substituted (1.4.2006) by Companies (1986 Order) (Investment Companies and Accounting and Audit Amendments) Regulations (Northern Ireland) 2006 (S.R. 2006/137), reg. 10(b)

4. 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.

Para. 5 rep. by SR 2004/496

Status: Point in time view as at 01/10/2007.

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6.—^[F181](1) The provisions of this Schedule which relate to long term business shall apply, with necessary modifications,^[F181] 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.

^[F181](2) For the purposes of sub#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;
 - (b) any relevant order under that section; and
 - (c) Schedule 2 to that Act.]

F181 SI 2001/3649

6A. The directors of a company 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.

SECTION B

THE REQUIRED FORMATS FOR ACCOUNTS

Preliminary

7.—(1) References in the Part to the balance sheet format or profit and loss account format are to the balance sheet format or profit and loss account format set out below, and references to the items listed in either of the formats are to those items read together with any of the notes following the formats which apply to any of those items.

(2) The requirement imposed by paragraph 1 to show the items listed in either format in the order adopted in the format is subject to any provision in the notes following the format for alternative positions for any particular items.

(3) Where in respect of any item to which an Arabic number is assigned in either format, the gross amount and reinsurance amount or reinsurers' share are required to be shown, a sub-total of those amounts shall also be given.

(4) Where in respect of any items to which an Arabic number is assigned in the profit and loss account format, separate items are required to be shown, then a separate sub-total of those items shall also be given in addition to any sub-total required by sub-paragraph (3).

8. A number in brackets following any item in either of the formats set out below is a reference to the note of that number in the notes following the format.

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- 9.—^{F182}(1) In the profit and loss account format set out below—
- (a) the heading “Technical account—General business” is for^{F182} business which consists of effecting or carrying out contracts of general insurance]; and
 - (b) the heading “Technical account—Long term business” is for^{F182} business which consists of effecting or carrying out contracts of long term insurance].

^{F182}(2) In sub-paragraph (1), references to—

- (a) contracts of general or long term insurance; and
- (b) the effecting or carrying out of such contracts,

must be read with section 22 of the Financial Services and Markets Act 2000, any relevant order under that section, and Schedule 2 to that Act.]

F182 SI 2001/3649

Balance Sheet Format

ASSETS

A. *Called up share capital not paid* (1)

B. *Intangible assets*

- (1) Development costs
- (2) Concessions, patents, licences, trade marks and similar rights and assets (2)
- (3) Goodwill (3)
- (4) Payments on account

C. *Investments*

I. Land and buildings (4)

II. Investments in group undertakings and participating interests

- (1) Shares in group undertakings
- (2) Debt securities issued by, and loans to, group undertakings
- (3) Participating interests
- (4) Debt securities issued by, and loans to, undertakings in which the company has a participating interest

III. Other financial investments

- (1) Shares and other variable-yield securities and units in unit trusts
- (2) Debt securities and other fixed income securities (5)
- (3) Participation in investment pools (6)

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- (4) Loans secured by mortgages (7)
- (5) Other loans (7)
- (6) Deposits with credit institutions (8)
- (7) Other (9)

IV. Deposits with ceding undertakings (10)

D. Assets held to cover linked liabilities (11)

Da. Reinsurers' share of technical provisions (12)

- (1) Provision for unearned premiums
- (2) Long-term business provision
- (3) Claims outstanding
- (4) Provisions for bonuses and rebates
- (5) Other technical provisions
- (6) Technical provisions for unit-linked liabilities

E. Debtors (13)

I. Debtors arising out of direct insurance operations

- (1) Policy holders
- (2) Intermediaries

II. Debtors arising out of reinsurance operations

III. Other debtors

IV. Called up share capital not paid (1)

F. Other assets

I. Tangible assets

- (1) Plant and machinery
- (2) Fixtures, fittings, tools and equipment
- (3) Payments on account (other than deposits paid on land and buildings) and assets (other than buildings) in course of construction

II. Stocks

- (1) Raw materials and consumables

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- (2) Work in progress
- (3) Finished goods and goods for resale
- (4) Payments on account

III. Cash at bank and in hand

IV. Own shares (14)

V. Other (15)

G. *Repayments and accrued income*

I. Accrued interest and rent (16)

II. Deferred acquisition costs (17)

III. Other repayments and accrued income

LIABILITIES

A. *Capital and reserves*

I. Called up share capital or equivalent funds

II. Share premium account

III. Revaluation reserve

IV. Reserves

- (1) Capital redemption reserves
- (2) Reserve for own shares
- (3) Reserves provided for by the articles of association
- (4) Other reserves

V. Profit and loss account

B. *Subordinated liabilities* (18)

Ba. *Fund for future appropriations* (19)

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C. Technical provisions

- (1) Provision for unearned premiums (20)
 - (a) gross amount
 - (b) reinsurance amount (12)
- (2) Long-term business provision (20) (21) (26)
 - (a) gross amount
 - (b) reinsurance amount (12)
- (3) Claims outstanding (22)
 - (a) gross amount
 - (b) reinsurance amount (12)
- (4) Provision for bonuses and rebates (23)
 - (a) gross amount
 - (b) reinsurance amount (12)
- (5) Equalisation provision (24)
- (6) Other technical provisions (25)
 - (a) gross amount
 - (b) reinsurance amount (12)

D. Technical provisions for linked liabilities (26)

- (a) gross amount
- (b) reinsurance amount (12)

E. ^{F183}Provisions for other risks]

- (1) Provisions for pensions and similar obligations
- (2) Provisions for taxation
- (3) Other provisions

F183 SR 2004/496

F. Deposits received from reinsurers (27)

G. Creditors (28)

I. Creditors arising out of direct insurance operations

II. Creditors arising out of reinsurance operations

III. Debenture loans (29)

Status: Point in time view as at 01/10/2007.

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IV. Amounts owed to credit institutions

V. Other creditors including taxation and social security

H. *Accruals and deferred income*

Notes on the Balance Sheet Format

1) *Called up share capital not paid*

(Assets items A and E.IV)

This item may be shown in either of the positions given in the format.

2) *Concessions, patents, licences, trade marks and similar rights and assets*

(Assets item B.2)

Amounts in respect of assets shall only be included in a company's balance sheet under this item if either—

- (a) the assets were acquired for valuable consideration and are not required to be shown under goodwill; or
- (b) the assets in question were created by the company itself.

3) *Goodwill*

(Assets item B.3)

Amounts representing goodwill shall only be included to the extent that the goodwill was acquired for valuable consideration.

4) *Land and Buildings*

(Assets item C.1)

The amount of any land and buildings occupied by the company for its own activities shall be shown separately in the notes to the accounts.

5) *Debt securities and other fixed income securities*

(Assets item C.III.2)

This item shall comprise transferable debt securities and any other transferable fixed income securities issued by credit institutions, other undertakings or public bodies, in so far as they are not covered by Assets item C.II.2 or C.II.4.

Securities bearing interest rates that vary in accordance with specific factors, for example the interest rate on the inter-bank market or on the Euromarket, shall also be regarded as debt securities and other fixed income securities and so be included under this item.

6) *Participation in investment pools*

Status: Point in time view as at 01/10/2007.

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(Assets item C.III.3)

This item shall comprise shares held by the company in joint investments constituted by several undertakings or pension funds, the management of which has been entrusted to one of those undertakings or to one of those pension funds.

7) Loans secured by mortgages and other loans

(Assets items C.III.4 and C.III.5)

Loans to policy holders for which the policy is the main security shall be included under "Other loans" and their amount shall be disclosed in the notes to the accounts. Loans secured by mortgage shall be shown as such even where they are also secured by insurance policies. Where the amount of "Other loans" not secured by policies is material, an appropriate breakdown shall be given in the notes to the accounts.

8) Deposits with credit institutions

(Assets item C.III.6)

This item shall comprise sums the withdrawal of which is subject to a time restriction. Sums deposited with no such restriction shall be shown under Assets item F.III even if they bear interest.

9) Other

(Assets item C.III.7)

This item shall comprise those investments which are not covered by Assets items C.III.1 to 6. Where the amount of such investment is significant, they must be disclosed in the notes to the accounts.

10) Deposits with ceding undertakings

(Assets item C.IV)

Where the company accepts reinsurance this item shall comprise amounts, owned by the ceding undertakings and corresponding to guarantees, which are deposited with those ceding undertakings or with third parties or which are retained by those undertakings.

These amounts may not be combined with other amounts owed by the ceding insurer to the reinsurer or set off against amounts owed by the reinsurer to the ceding insurer.

Securities deposited with ceding undertakings or third parties which remain the property of the company shall be entered in the company's accounts as an investment, under the appropriate item.

11) Assets held to cover linked liabilities

(Assets item D)

In respect of long-term business, this item shall comprise investments made pursuant to long-term policies under which the benefits payable to the policy holder are wholly or partly to be determined by reference to the value of, or the income from, property of any description (whether or not specified in the contract) or by reference to fluctuations in, or in an index of, the value of property of any description (whether or not so specified).

This item shall also comprise investments which are held on behalf of the members of a tontine and are intended for distribution among them.

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12) Reinsurance amounts

(Assets item Da: Liabilities items C.1(b), 2(b), 3(b), 4(b) and 6(b) and D(b))

The reinsurance amounts may be shown either under Assets item Da or under Liabilities items C.1(b), 2(b), 3(b), 4(b) and 6(b) and D(b).

The reinsurance amounts shall comprise the actual or estimated amounts which, under the contractual reinsurance arrangements, are deducted from the gross amounts of technical provisions.

As regards the provision for unearned premiums, the reinsurance amounts shall be calculated according to the methods referred to in paragraph 44 or in accordance with the terms of the reinsurance policy.

13) Debtors

(Assets item E)

Amounts owned by group undertakings and undertakings in which the company has a participating interest shall be shown separately as sub-items of Assets items E.I, II and III.

14) Own shares

(Assets item F.IV)

The nominal value of the shares shall be shown separately under this item.

15) Other

(Assets item F.V)

This item shall comprise those assets which are not covered by Assets F.I to IV. Where such assets are material they must be disclosed in the notes to the accounts.

16) Accrued interest and rent

(Assets item G.I)

This item shall comprise those items that represent interest and rent that have been earned up to the balance-sheet date but have not yet become receivable.

17) Deferred acquisition costs

(Assets item G.II)

This item shall comprise the costs of acquiring insurance policies which are incurred during a financial year but relate to a subsequent financial year ("deferred acquisition costs"), except in so far as—

- (a) allowance has been made in the computation of the long term business provision made under paragraph 46 and shown under Liabilities item C2 or D in the balance sheet, for—
 - (i) the explicit recognition of such costs, or
 - (ii) the implicit recognition of such costs by virtue of the anticipation of future income from which such costs may prudently be expected to be recovered, or
- (b) allowance has been made for such costs in respect of general business policies by a deduction from the provision for unearned premiums made under paragraph 44 and shown under Liabilities item C.I in the balance sheet.

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Deferred acquisition costs arising in general business shall be distinguished from those arising in long term business.

In the case of general business, the amount of any deferred acquisition costs shall be established on a basis compatible with that used for unearned premiums.

There shall be disclosed in the notes to the accounts—

- (a) how the deferral of acquisition costs has been treated (unless otherwise expressly stated in the accounts), and
- (b) where such costs are included as a deduction from the provisions at Liabilities item C.1, the amount of such deduction, or
- (c) where the actuarial method used in the calculation of the provisions at Liabilities item C.2 or D has made allowance for the explicit recognition of such costs, the amount of the costs so recognised.

18) Subordinated liabilities

(Liabilities item B)

This item shall comprise all liabilities in respect of which there is a contractual obligation that, in the event of winding up or of bankruptcy, they are to be repaid only after the claims of all other creditors have been met (whether or not they are represented by certificates).

19) Fund for future appropriations

(Liabilities item Ba)

This item shall comprise all funds the allocation of which either to policy holders or to shareholders has not been determined by the end of the financial year.

Transfers to and from this item shall be shown in item II.12a in the profit and loss account.

20) Provision for unearned premiums

(Liabilities item C.1)

In the case of long-term business the provision for unearned premiums may be included in Liabilities item C.2 rather than in this item.

The provision for unearned premiums shall comprise the amount representing that part of gross premiums written which is estimated to be earned in the following financial year or to subsequent financial years.

21) Long term business provision

(Liabilities item C.2)

This items shall comprise the actuarially estimated value of the company's liabilities (excluding technical provisions included in Liabilities item D), including bonuses already declared and after deducting the actuarial value of future premiums.

This item shall also comprise claims incurred but not reported, plus the estimated costs of settling such claims.

22) Claims outstanding

(Liabilities item C.3)

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This item shall comprise the total estimated ultimate cost to the company of settling all claims arising from events which have occurred up to the end of the financial year (including, in the case of general business, claims incurred but not reported) less amounts already paid in respect of such claims.

23) Provision for bonuses and rebates

(Liabilities item C.4)

This item shall comprise amounts intended for policy holders or contract beneficiaries by way of bonuses and rebates as defined in Note (5) on the profit and loss account format to the extent that such amounts have not been credited to policy holders or contract beneficiaries or included in Liabilities item Ba or in Liabilities item C.2.

24) Equalisation provision

(Liabilities item C.5)

This item shall comprise^{F184} the amount of any equalisation reserve maintained in respect of general business by the company, in accordance with rules made by the Financial Services Authority under Part X of the Financial Services and Markets Act 2000]

F184 SI 2001/3649

This item shall^{F185} also] comprise any amounts which, in accordance with Council Directive [87/343/EEC](#), are required to be set aside by a company to equalise fluctuations in loss ratios in future years or to provide for special risks.

F185 1995 c. 29

A company which otherwise constitutes reserves to equalise fluctuations in loss ratios in future years or to provide for special risks shall disclose that fact in the notes to the accounts.

25) Other technical provisions

(Liabilities item C.6)

This item shall comprise, inter alia, the provision for unexpired risks as defined in paragraph 81. Where the amount of the provision for unexpired risks is significant, it shall be disclosed separately either in the balance sheet or in the notes to the accounts.

26) Technical provisions for linked liabilities

(Liabilities item D)

This item shall comprise technical provisions constituted to cover liabilities relating to investment in the context of long-term policies under which the benefits payable to policy holders are wholly or partly to be determined by reference to the value of, or the income from, property of any description (whether or not specified in the contract) or by reference to fluctuations in, or in an index of, the value of property of any description (whether or not so specified).

Any additional technical provisions constituted to cover death risks, operating expenses or other risks (such as benefits payable at the maturity date or guaranteed surrender values) shall be included under Liabilities item C.2.

This item shall also comprise technical provisions representing the obligations of a tontine's organiser in relation to its members.

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27) Deposits received from reinsurers

(Liabilities item F)

Where the company cedes reinsurance, this item shall comprise amounts deposited by or withheld from other insurance undertakings under reinsurance contracts. These amounts may not be merged with other amounts owed to or by those other undertakings.

Where the company cedes reinsurance and has received as a deposit securities which have been transferred to its ownership, this item shall comprise the amount owed by the company by virtue of the deposit.

28) Creditors

(Liabilities item G)

Amounts owed to group undertakings and undertakings in which the company has a participating interest shall be shown separately as sub-items.

29) Debenture loans

(Liabilities item G.III)

The amount of any convertible loans shall be shown separately.

Special Rules for Balance Sheet Format

Additional items

10.—(1) Every balance sheet of a company which carries on long term business shall show separately as an additional item the aggregate of any amounts included in Liabilities item A (capital and reserves) which are required not to be treated as realised profits under Article 276.

(2) A company which carries on long term business shall show separately, in the balance sheet or in the notes to the accounts, the total amount of assets representing the long term fund valued in accordance with the provisions of this Schedule.

Managed funds

11.—(1) For the purposes of this paragraph “managed funds” are funds of a group pension fund—

[^{F186}(a) the management of which constitutes long term insurance business, and]

(b) which the company administers in its own name but on behalf of others, and

(c) to which it has legal title.

(2) The company shall, in any case where assets and liabilities arising in respect of managed funds fall to be treated as assets and liabilities of the company, adopt the following accounting treatment: assets and liabilities representing managed funds are to be included in the company's balance sheet, with notes to the accounts disclosing the total amount included with respect to such assets and liabilities in the balance sheet and showing the amount included under each relevant balance sheet item in respect of such assets or (as the case may be) liabilities.

F186 SI 2001/3649

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Deferred acquisition costs

12. The costs of acquiring insurance policies which are incurred during a financial year but which relate to a subsequent financial year shall be deferred in a manner specified in Note (17) on the balance sheet format.

Profit and loss account format

I. Technical account—General business

- (1) Earned premiums, net of reinsurance
 - (a) gross premiums written (1)
 - (b) outward reinsurance premiums (2)
 - (c) change in the gross provision for unearned premiums
 - (d) change in the provision for unearned premiums, reinsurers' share
- (2) Allocated investment return transferred from the non-technical account (item III.6) (10)
- (2a) Investment income (8) (10)
 - (a) income from participating interests, with a separate indication of that derived from group undertakings
 - (b) income from other investments, with a separate indication of that derived from group undertakings
 - (aa) income from land and buildings
 - (bb) income from other investments
 - (c) value re-adjustments on investments
 - (d) gains on the realisation of investments
- (3) Other technical income, net of reinsurance
- (4) Claims incurred, net of reinsurance (4)
 - (a) claims paid
 - (aa) gross amount
 - (bb) reinsurers' share
 - (b) change in the provision for claims
 - (aa) gross amount
 - (bb) reinsurers' share
- (5) Changes in other technical provisions, net of reinsurance, not shown under other headings
- (6) Bonuses and rebates, net of reinsurance (5)
- (7) Net operating expenses
 - (a) acquisition costs (6)
 - (b) change in deferred acquisition costs
 - (c) administrative expenses (7)
 - (d) reinsurance commissions and profit participation
- (8) Other technical charges, net of reinsurance
- (8a) Investment expenses and charges (8)
 - (a) investment management expenses, including interest

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- (b) value adjustments on investments
- (c) losses on the realisation of investments
- (9) Change in the equalisation provision
- (10) Sub-total (balance on the technical account for general business) (item III.1)

II. *Technical account—long term business*

- (1) Earned premiums, net of reinsurance
 - (a) gross premiums written (1)
 - (b) outward reinsurance premiums (2)
 - (c) change in the provision for unearned premiums, net of reinsurance (3)
- (2) Investment income (8) (10)
 - (a) income from participating interests, with a separate indication of that derived from group undertakings
 - (b) income from other investments, with a separate indication of that derived from group undertakings
 - (aa) income from land and buildings
 - (bb) income from other investments
 - (c) value re-adjustments on investments
 - (d) gains on the realisation of investments
- (3) Unrealised gains on investments (9)
- (4) Other technical income, net of reinsurance
- (5) Claims incurred, net of reinsurance (4)
 - (a) claims paid
 - (aa) gross amount
 - (bb) reinsurers' share
 - (b) change in the provision for claims
 - (aa) gross amount
 - (bb) reinsurers' share
- (6) Change in other technical provisions, net of reinsurance, not shown under other headings
 - (a) long-term business provision, net of reinsurance (3)
 - (aa) gross amount
 - (bb) reinsurers' share
 - (b) other technical provisions, net of reinsurance
- (7) Bonuses and rebates, net of reinsurance (5)
- (8) Net operating expenses
 - (a) acquisition costs (6)
 - (b) change in deferred acquisition costs
 - (c) administrative expenses (7)
 - (d) reinsurance commissions and profit participation
- (9) Investment expenses and charges (8)

Status: Point in time view as at 01/10/2007.

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- (a) investment management expenses, including interest
- (b) value adjustments on investments
- (c) losses on the realisation of investments
- (10) Unrealised losses on investment (9)
- (11) Other technical charges, net of reinsurance
- (11a) Tax attributable to the long-term business
- (12) Allocated investment return transferred to the non-technical account (item III.4)
- (12a) Transfers to or from the fund for future appropriations
- (13) Sub-total (balance on the technical account—long term business) (item III.2)

III. Non-technical account

- (1) Balance on the general business technical account—(item I.10)
- (2) Balance on the long-term business technical account—(item II.13)
- [^{F187}(2a) Tax credit attributable to balance on the long term business technical account]
- (3) Investment income (8)
 - (a) income from participating interests, with a separate indication of that derived from group undertakings
 - (b) income from other investments, with a separate indication of that derived from group undertakings
 - (aa) income from land and buildings
 - (bb) income from other investments
 - (c) value re-adjustments on investments
 - (d) gains on the realisation of investments
- (3a) Unrealised gains on investments (9)
- (4) Allocated investment return transferred from the long-term business technical account (item II.12) (10)
- (5) Investment expenses and charges (8)
 - (a) investment management expenses, including interest
 - (b) value adjustments on investments
 - (c) losses on the realisation of investments
- (5a) Unrealised losses on investments (9)
- (6) Allocated investment return transferred to the general business technical account (item I.2) (10)
- (7) Other income
- (8) Other charges, including value adjustments
- (8a) Profit or loss on ordinary activities before tax
- (9) Tax on profit or loss on ordinary activities
- (10) Profit or loss on ordinary activities after tax
- (11) Extraordinary income
- (12) Extraordinary charges
- (13) Extraordinary profit or loss

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- (14) Tax on extraordinary profit or loss
- (15) Other taxes not shown under the preceding items
- (16) Profit or loss for the financial year

F187 SR 1997/314

Notes on the profit and loss account format

(1) Gross Premiums Written

(General business technical account: item I.1(a))

Long-term business technical account: item II.1(a))

This item shall comprise all amounts due during the financial year in respect of insurance contracts entered into regardless of the fact that such amounts may relate in whole or in part to a later financial year, and shall include inter alia—

- (i) premiums yet to be determined, where the premium calculation can be done only at the end of the year;
- (ii) single premiums, including annuity premiums, and, in long-term business, single premiums resulting from bonus and rebate provisions in so far as they must be considered as premiums under the terms of the contract;
- (iii) additional premiums in the case of half-yearly, quarterly or monthly payments and additional payments from policy holders for expenses borne by the company;
- (iv) in the case of co-insurance, the company's portion of total premiums;
- (v) reinsurance premiums due from ceding and retroceding insurance undertakings, including portfolio entries,

after deduction of cancellations and portfolio withdrawals credited to ceding and retroceding insurance undertakings.

The above amounts shall not include the amounts of taxes or duties levied with premiums.

(2) Outward reinsurance premiums

(General business technical account: item I.1(b))

Long-term business technical account: item II.1.(b))

This item shall comprise all premiums paid or payable in respect of outward reinsurance contracts entered into by the company. Portfolio entries payable on the conclusion or amendment of outward insurance contracts shall be added; portfolio withdrawals receivable must be deducted.

(3) Change in the provision for unearned premiums, net of reinsurance

(Long-term business technical account: items II.1(c) and II.6(a))

In the case of long-term business, the change in unearned premiums may be included either in item II.1(c) or in item II.6(a) of the long-term business technical account.

(4) Claims incurred, net of reinsurance

(General business technical account: item I.4)

Long-term business technical account: item II.5)

This item shall comprise all payments made in respect of the financial year with the addition of the provision for claims (but after deducting the provision for claims for the preceding financial year).

These amounts shall include annuities, surrenders, entries and withdrawals of loss provisions to and from ceding insurance undertakings and reinsurers and external and internal claims management

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costs and charges for claims incurred but not reported such as are referred to in paragraphs 47(2) and 49.

Sums recoverable on the basis of subrogation and salvage (within the meaning of paragraph 47) shall be deducted.

Where the difference between—

- (a) the loss provision made at the beginning of the year for outstanding claims incurred in previous years, and
- (b) the payments made during the year on account of claims incurred in previous years and the loss provision shown at the end of the year for such outstanding claims,

is material, it shall be shown in the notes to the accounts, broken down by category and amount.

(5) *Bonuses and rebates, net of reinsurance*

(General business technical account: item I.6

Long-term business technical account: item II.7)

Bonuses shall comprise all amounts chargeable for the financial year which are paid or payable to policy holders and other insured parties or provided for their benefit, including amounts used to increase technical provisions or applied to the reduction of future premiums, to the extent that such amounts represent an allocation of surplus or profit arising on business as a whole or a section of business, after deduction of amounts provided in previous years which are no longer required.

Rebates shall comprise such amounts to the extent that they represent a partial refund of premiums resulting from the experience of individual contracts.

Where material, the amount charged for bonuses and that charged for rebates shall be disclosed separately in the notes to the accounts.

(6) *Acquisition costs*

(General business technical account: item I.7(a)

Long-term business technical account: item II.8(a))

This item shall comprise the costs arising from the conclusion of insurance contracts. They shall cover both direct costs, such as acquisition commissions or the cost of drawing up the insurance document or including the insurance contract in the portfolio, and indirect costs, such as advertising costs or the administrative expenses connected with the processing of proposals and the issuing of policies.

In the case of long-term business, policy renewal commissions shall be included under item II.8(c) in the long term business technical account.

(7) *Administrative expenses*

(General business technical account: item I.7(c)

Long-term business technical account; item II.8(c))

This item shall include the costs arising from premium collection, portfolio administration, handling of bonuses and rebates, and inward and outward reinsurance. They shall in particular include staff costs and depreciation provisions in respect of office furniture and equipment in so far as these need not be shown under acquisition costs, claims incurred or investment charges.

(Item II) shall also include policy renewal commissions.

(8) *Investment income, expenses and charges*

(General business technical account: items I.2a and 8a

Long-term business technical account: items II.2 and 9

Non-technical account: items III.3 and 5)

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Investment income, expenses and charges shall, to the extent that they arise in the long-term fund, be disclosed in the long-term business technical account. Other investment income, expenses and charges shall either be disclosed in the non-technical account or attributed between the appropriate technical and non-technical accounts. Where the company makes such an attribution it shall disclose the basis for it in the notes to the accounts.

(9) *Unrealised gains and losses on investments*

(Long-term business technical account: items II.3 and 10

Non-technical account: items III.3a and 5a)

In the case of investments attributed to the long-term fund, the difference between the valuation of the investments and their purchase price or, if they have previously been valued, their valuation as at the last balance sheet date, may be disclosed (in whole or in part) in item II.3 or II.10 (as the case may be) of the long-term business technical account, and the in the case of investments shown as assets under Assets item D (assets held to cover linked liabilities) shall be so disclosed.

In the case of other investments, the difference between the valuation of the investments and their purchase price or, if they have previously been valued, their valuation as at the last balance sheet date, may be disclosed (in whole or in part) in item III.3a or III.5a (as the case may require) of the non-technical account.

(10) *Allocated investment return*

(General business technical account: items I.2 and 2a

Long-term business technical account: item II.2

Non-technical account: items III.4 and 6)

The allocated return may be transferred from one part of the profit and loss account to another.

Where part of the investment return is transferred to the general business technical account, the transfer from the non-technical account shall be deducted from item III.6 and added to item I.2.

Where part of the investment return disclosed in the long term business technical account is transferred to the non-technical account, the transfer to the non-technical account shall be deducted from item II.12 and added to item III.4.

The reasons for such transfers (which may consist of a reference to any relevant statutory requirement) and the bases on which they are made shall be disclosed in the notes to the accounts.

CHAPTER II

ACCOUNTING PRINCIPALS AND RULES

SECTION A

ACCOUNTING PRINCIPLES

Preliminary

13. Subject to paragraph 19, the amounts to be included in respect of all items shown in a company's accounts shall be determined in accordance with the principles set out in paragraphs 14 to 18.

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Accounting principles

14. The company shall be presumed to be carrying on business as a going concern.
15. Accounting policies shall be applied consistently within the same accounts and from one financial year to the next.
16. The amount of any item shall be determined on a prudent basis, and in particular—
- (a) subject to note (9) on the profit and loss account format, only profits realised at the balance sheet date shall be included in the profit and loss account; and
 - (b) all liabilities^{F188} . . . which have arisen^{F188} . . . in respect of the financial year to which the accounts relate or a previous financial year shall 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 board of directors in pursuance of Article 241.

F188 SR 2004/496

17. All income and charges relating to the financial year to which the accounts relate shall be taken into account, without regard to the date of receipt or payment.
18. In determining the aggregate amount of any item the amount of each individual asset or liability that falls to be taken into account shall be determined separately.

Departure from accounting principles

19. If it appears to the directors of a company that there are special reasons for departing from any of the principles stated above in preparing the company's accounts in respect of any financial year they may do so, but particulars of the departure, the reasons for it and its effects shall be given in a note to the accounts.

Valuation

- 19A.—(1) The amounts to be included in respect of assets of any description mentioned in paragraph 22 (valuation of assets: general) are determined either—
- (a) in accordance with that paragraph and paragraph 24 (but subject to paragraphs 27 to 29); or
 - (b) so far as applicable to an asset of that description, in accordance with section BA (valuation at fair value).
- (2) The amounts to be included in respect of assets of any description mentioned in paragraph 23 (alternative valuation of fixed-income securities) may be determined—
- (a) in accordance with that paragraph (but subject to paragraphs 27 to 29); or
 - (b) so far as applicable to an asset of that description, in accordance with section BA.
- (3) The amounts to be included in respect of assets which—

Status: Point in time view as at 01/10/2007.

Changes to legislation: The Companies (Northern Ireland) Order 1986 (revoked) is up to date with all changes known to be in force on or before 01 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (a) are not assets of a description mentioned in paragraph 22 or 23, but
 - (b) are assets of a description to which section BA is applicable,
- may be determined in accordance with that section.

(4) Subject to sub-paragraphs (1) to (3), the amounts to be included in respect of all items shown in a company's accounts are determined in accordance with section C.

SECTION B

CURRENT VALUE ACCOUNTING RULES

Para. 20 rep. by SR 2004/496

Para. 21 rep. by SR 1997/314

Valuation of assets: general

22.—(1) Subject to paragraph 24, investments falling to be included under Assets item C (investments) shall be included at their current value calculated in accordance with paragraphs 25 and 26.

(2) Investments falling to be included under Assets item D (assets held to cover linked liabilities) shall be shown at their current value calculated in accordance with paragraphs 25 and 26.

23.—(1) Intangible assets other than goodwill may be shown at their current cost.

(2) Assets falling to be included under Assets items F.I (tangible assets) and F.IV (own shares) in the balance sheet format may be shown at their current value calculated in accordance with paragraphs 25 and 26 or at their current cost.

(3) Assets falling to be included under Assets item F.II (stocks) may be shown at current cost.

Alternative valuation of fixed-income securities

24.—(1) This paragraph applies to debt securities and other fixed-income securities shown as assets under Assets items C.II (investments in group undertakings and participating interests) and C.III (other financial investments).

(2) Securities to which this paragraph applies may either be valued in accordance with paragraph 22 or the amortised value may be shown in the balance sheet, in which case the provisions of this paragraph apply.

(3) Subject to sub-paragraph (4), where the purchase price of securities to which this paragraph applies exceeds the amount repayable at maturity, the amount of the difference—

(a) shall be charged to the profit and loss account, and

(b) shall be shown separately in the balance sheet or in the notes to the accounts.

(4) The amount of the difference referred to in sub-paragraph (3) may be written off in instalments so that it is completely written off when the securities are repaid, in which case there shall be shown separately in the balance sheet or in the notes to the accounts the difference between the purchase price (less the aggregate amount written off) and the amount repayable at maturity.

Status: Point in time view as at 01/10/2007.

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(5) Where the purchase price of securities to which this paragraph applies is less than the amount repayable at maturity, the amount of the difference shall be released to income in instalments over the period remaining until repayment, in which case there shall be shown separately in the balance sheet or in the notes to the accounts the difference between the purchase price (plus the aggregate amount released to income) and the amount repayable at maturity.

(6) Both the purchase price and the current value of securities valued in accordance with this paragraph shall be disclosed in the notes to the accounts.

(7) Where securities to which this paragraph applies which are not valued in accordance with paragraph 22 are sold before maturity, and the proceeds are used to purchase other securities to which this paragraph applies, the difference between the proceeds of sale and their book value may be spread uniformly over the period remaining until the maturity of the original investment.

Meaning of “ current value ”

25.—(1) Subject to sub-paragraph (5), in the case of investments other than land and buildings, current value shall mean market value determined in accordance with this paragraph.

(2) In the case of listed investments, market value shall mean the value on the balance sheet date or, when the balance sheet date is not a stock exchange trading day, on the last stock exchange trading day before that date.

(3) Where a market exists for unlisted investments, market value shall mean the average price at which such investments were traded on the balance sheet date or, when the balance sheet date is not a trading day, on the last trading day before that date.

(4) Where, on the date on which the accounts are drawn up, listed or unlisted investments have been sold or are to be sold within the short-term, the market value shall be reduced by the actual or estimated realisation costs.

(5) Except where the equity method of accounting is applied, all investments other than those referred to in sub-paragraphs (2) and (3) shall be valued on a basis which has prudent regard to the likely realisable value.

26.—(1) In the case of land and buildings, current value shall mean the market value on the date of valuation, where relevant reduced as provided in sub-paragraphs (4) and (5).

(2) Market value shall mean the price at which land and buildings could be sold under private contact between a willing seller and an arm's length buyer on the date of valuation, it being assumed that the property is publicly exposed to the market, that market conditions permit orderly disposal and that a normal period, having regard to the nature of the property, is available for the negotiation of the sale.

(3) The market value shall be determined through the separate valuation of each land and buildings item, carried out at least every five years in accordance with generally recognised methods of valuation.

(4) Where the value of any land and buildings item has diminished since the preceding valuation under sub-paragraph (3), an appropriate value adjustment shall be made.

(5) The lower value arrived at under sub-paragraph (4) shall not be increased in subsequent balance sheets unless such increase results from a new determination of market value arrived at in accordance with sub-paragraphs (2) and (3).

(6) Where, on the date on which the accounts are drawn up, land and buildings have been sold or are to be sold within the short-term, the value arrived at in accordance with sub-paragraphs (2) and (4) shall be reduced by the actual or estimated realisation costs.

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(7) Where it is impossible to determine the market value of a land and buildings item, the value arrived at on the basis of the principle of purchase price or production cost shall be deemed to be its current value.

Application of the depreciation rules

27.—(1) Where

- (a) the value of any asset of a company is determined in accordance with paragraph 22 or 23, and
- (b) in the case of a determination under paragraph 22, the asset falls to be included under Assets item C.I,

that value shall 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 company's accounts, instead of its cost or any value previously so determined for that asset; and paragraphs 31 to 25 and 37 shall apply accordingly in relation to any such asset with the substitution for any reference to its cost of a reference to the value most recently determined for that asset in accordance with paragraph 22 or 23 (as the case may be).

(2) The amount of any provision for depreciation required in the case of any asset by paragraph 32 or 33 as it applies by virtue of sub-paragraph (1) is referred to in this paragraph as the “adjusted amount”, and the amount of any provision which would be required by that paragraph in the case of that asset according to the historical cost accounting rules is referred to as the “historical cost amount”.

(3) Where sub-paragraph (1) applies in the case of any asset the amount of any provision for depreciation in respect of that asset included in any item shown in the profit and loss account in respect of amounts written off assets of the description in question 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

28.—(1) This paragraph applies where the amounts to be included in respect of assets covered by any items shown in a company's accounts have been determined in accordance with paragraph 22 or 23.

(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 shall be disclosed in a note to the accounts.

(3) The purchase price of investments valued in accordance with paragraph 22 shall be disclosed in the notes to the accounts.

(4) In the case of each balance sheet item valued in accordance with paragraph 23 either—

- (a) the comparable amounts determined according to the historical cost accounting rules (without any provision for depreciation or diminution in value); or
- (b) the differences between those amounts and the corresponding amounts actually shown in the balance sheet in respect of that item,

shall be shown separately in the balance sheet or in a note to the accounts.

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

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- (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.

Revaluation reserve

29.—(1) Subject to sub-paragraph (7), with respect to any determination of the value of an asset of a company in accordance with paragraph 22 or 23, 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) shall be credited or (as the case may be) debited to a separate reserve (“the revaluation reserve”).

(2) The amount of the revaluation reserve shall be shown in the company's balance sheet under Liabilities item A.III, but need not be shown under the name “revaluation reserve”.

(3) An amount may be transferred

[^{F189}(a) from the revaluation reserve—

(i) to the profit and loss account, if the amount was previously charged to that account or represents realised profit, or

(ii) on capitalisation,

(b) to or from the revaluation reserve in respect of the taxation relating to any profit or loss credited or debited to the reserve;]

and the revaluation reserve shall be reduced to the extent that the amounts transferred to it are no longer necessary for the purposes of the valuation method used.

(4) In [^{F189} sub-paragraph (3)(a)(ii)] “capitalisation”, in relation to an amount standing to the credit of the revaluation reserve, means applying it in wholly or partly paying up unissued shares in the company to be allotted to members of the company as fully or partly paid shares.

(5) The revaluation reserve shall not be reduced except as mentioned in this paragraph.

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

(7) This paragraph does not apply to the difference between the valuation of investments and their purchase price or previous valuation shown in the long-term business technical account or the non-technical account in accordance with note (9) on the profit and loss account format.

F189 SR 1997/314

SECTION BA

VALUATION AT FAIR VALUE

Status: Point in time view as at 01/10/2007.

Changes to legislation: The Companies (Northern Ireland) Order 1986 (revoked) is up to date with all changes known to be in force on or before 01 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

Inclusion of financial instruments at fair value

29A.—(1) Subject to sub-paragraphs (2) to (4), financial instruments (including derivatives) may be included at fair value.

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

- (a) they are held as part of a trading portfolio, or
- (b) they are derivatives.

(3) Except where they fall to be included under Assets item D (assets held to cover linked liabilities), sub#paragraph (1) does not apply to—

- (a) financial instruments (other than derivatives) held to maturity;
- (b) loans and receivables originated by the company and not held for trading purposes;
- (c) interests in subsidiary undertakings, associated undertakings and joint ventures;
- (d) equity instruments issued by the company;
- (e) contracts for contingent consideration in a business combination;
- (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.

(4) If the fair value of a financial instrument cannot be determined reliably in accordance with paragraph 29B, sub#paragraph (1) does not apply to that financial instrument.

(5) In this paragraph—

- “associated undertaking” has the meaning given by paragraph 20 of Schedule 4A; and
- “joint venture” has the meaning given by paragraph 19 of that Schedule.

Determination of fair value

29B.—(1) The fair value of a financial instrument is determined in accordance with this paragraph.

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

Inclusion of hedged items at fair value

29C. A company may include any assets and liabilities that qualify as hedged items under a fair value hedge accounting system, or identified portions of such assets or liabilities, at the amount required under that system.

Status: Point in time view as at 01/10/2007.

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Other assets that may be included at fair value

29D.—(1) This paragraph applies to—

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

that, under international accounting standards, may be included in accounts at fair value.

(2) Such investment property and such living animals and plants may be included at fair value, provided that all such investment property or, as the case may be, all such 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 relevant international accounting standards.

Accounting for changes in value

29E.—(1) This paragraph applies where a financial instrument is valued in accordance with paragraph 29A or 29C or an asset is valued in accordance with paragraph 29D.

(2) Notwithstanding paragraph 16, 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 a company'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

29F.—(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 29E(3) or (4).

(2) The treatment for taxation purposes of amounts credited to or debited from the fair value reserve shall be disclosed in a note to the accounts.

SECTION C

HISTORICAL COST ACCOUNTING RULES

Status: Point in time view as at 01/10/2007.

Changes to legislation: The Companies (Northern Ireland) Order 1986 (revoked) is up to date with all changes known to be in force on or before 01 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

Para. 30 rep. by SR 2004/496

Valuation of assets

General rules

31. Subject to any provision for depreciation or diminution in value made in accordance with paragraph 32 or 33, the amount to be included in respect of any asset in the balance sheet format shall be its cost.

32. In the case of any asset included under Assets item B (intangible assets), C.I. (land and buildings), F.I. (tangible assets) or F.II (stocks) which has a limited useful economic life, the amount of—

- (a) its 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 cost less that estimated residual value,

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

33.—(1) This paragraph applies to any asset included under Assets item B (intangible assets), C (Investments), F.I (tangible assets) or F.IV (own shares).

(2) Where an asset to which this paragraph applies 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; and any such provisions which are not shown in the profit and loss account shall be disclosed (either separately or in aggregate) in a note to the accounts.

(3) Provisions for diminution in value shall be made in respect of any asset to which this paragraph applies 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 shall be reduced accordingly; and any such provisions which are not shown in the profit and loss account shall be disclosed (either separately or in aggregate) in a note to the accounts.

(4) Where the reasons for which any provision was made in accordance with sub-paragraph (1) or (2) have ceased to apply to any extent, that provision shall be written back to the extent that it is no longer necessary; and any amounts written back in accordance with this sub-paragraph which are not shown in the profit and loss account shall be disclosed (either separately or in aggregate) in a note to the accounts.

34.—(1) This paragraph applies to assets included under Assets items E.I, II and III (debtors) and F.III (cash at bank and in hand) in the balance sheet.

(2) If the net realisable value of an asset to which this paragraph applies is lower than its cost the amount to be included in respect of that asset shall be the net realisable value.

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

Status: Point in time view as at 01/10/2007.

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Development costs

35.—(1) Notwithstanding that amounts representing “development costs” may be included under Assets item B (intangible assets) in the balance sheet format, an amount may only be included in a company's balance sheet in respect of development costs in special circumstances.

(2) If any amount is included in a company's balance sheet in respect of development costs the following information shall be given in a note to the accounts—

- (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.

Goodwill

36.—(1) The application of paragraphs 31 to 33 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), 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 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.

Miscellaneous and supplemental

Excess of money owed over value received as an asset item

37.—(1) Where the amount repayable on any debt owned by a company 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 shall 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 company's balance sheet it must be disclosed in a note to the accounts.

Assets included at a fixed amount

38.—(1) Subject to sub-paragraph (2), assets which fall to be included under Assets item F.I (tangible assets) in the balance sheet format may be included at a fixed quantity and value.

(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 company's state of affairs; and
- (b) their quantity, value and composition are not subject to material variation.

Determination of cost

39.—(1) The cost of an asset that has been acquired by the company shall be determined by adding to the actual price paid any expenses incidental to its acquisition.

Status: Point in time view as at 01/10/2007.

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

(3) In addition, there may be included in the cost of an asset constructed by the company—

- (a) a reasonable proportion of the costs incurred by the company which are only indirectly attributable to the construction of that asset, but only to the extent that they relate to the period of construction; and
- (b) interest on capital borrowed to finance the construction of that asset, to the extent that it accrues in respect of the period of construction;

provided, however, in a case within sub-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.

40.—(1) Subject to the qualification mentioned below, the cost of any assets which are fungible assets 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.

The method chosen must be one which appears to the directors to be appropriate in the circumstances of the company.

(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 similar to any of the methods mentioned above.

(3) Where in the case of any company—

- (a) the cost of assets falling to be included under any item shown in the company's balance sheet has been determined by the application of any method permitted by this paragraph; and
- (b) the amount shown in respect of that differs materially from the relevant alternative amount given below in this paragraph;

the amount of that difference shall be disclosed in a note to the accounts.

(4) Subject to sub-paragraph (5), for the purposes of sub-paragraph (3)(b), the relevant alternative amount, in relation to any item shown in a company's balance sheet, is the amount which would have been shown in respect of that item if assets of any class included under that item at an amount determined by any method permitted by this paragraph had instead been included at their replacement cost as at the balance sheet date.

(5) The relevant alternative amount may be determined by reference to the most recent actual purchase price before the balance sheet date of assets of any class included under the item in question instead of by reference to their replacement cost as at that date, but only if the former appears to the directors of the company to constitute the more appropriate standard of comparison in the case of assets of that class.

Substitution of original amount where price or cost unknown

41. Where there is no record of the purchase price of any asset acquired by a company or of any price, expenses or costs relevant for determining its costs in accordance with paragraph 39, or any such record cannot be obtained without unreasonable expense or delay, its costs shall be taken for

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the purposes of paragraphs 31 to 36 to be the value ascribed to it in the earliest available record of its value made on or after its acquisition by the company.

SECTION D

RULES FOR DETERMINING PROVISIONS

Preliminary

42. Provisions which are to be shown in a company's accounts shall be determined in accordance with paragraphs 43 to 53.

Technical provisions

43. The amount of technical provisions must at all times be sufficient to cover any liabilities arising out of insurance contracts as far as can reasonably be foreseen.

Provision for unearned premiums

44.—(1) The provision for unearned premiums shall in principle be computed separately for each insurance contract, save that statistical methods (and in particular proportional and flat rate methods) may be used where they may be expected to give approximately the same results as individual calculations.

(2) Where the pattern of risk varies over the life of a contract, this shall be taken into account in the calculation methods.

Provision for unexpired risks

45. The provision for unexpired risks (as defined in paragraph 81) shall be computed on the basis of claims and administrative expense likely to arise after the end of the financial year from contracts concluded before that date, in so far as their estimated value exceeds the provision for unearned premiums and any premiums receivable under those contracts.

Long term business provision

46.—(1) The long-term business provision shall in principal be computed separately for each long-term contract, save that statistical or mathematical methods may be used where they may be expected to give approximately the same results as individual calculations.

(2) A summary of the principal assumptions in making the provision under sub-paragraph (1) shall be given in the notes to the accounts.

(3) The computation shall be made annually by a Fellow of the Institute or Faculty of Actuaries on the basis of recognised actuarial methods, with due regard to the actuarial principles laid down in Council Directive [92/96/EEC](#).

Provisions for claims outstanding

General business

47.—(1) A provision shall in principle be computed separately for each claim on the basis of the costs still expected to arise, save that statistical methods may be used if they result in an adequate provision having regard to the nature of the risks.

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(2) This provision shall also allow for claims incurred but not reported by the balance sheet date, the amount of the allowance being determined having regard to past experience as to the number and magnitude of claims reported after previous balance sheet dates.

(3) All claims settlement costs (whether direct or indirect) shall be included in the calculation of the provision.

(4) Recoverable amounts arising out of subrogation or salvage shall be estimated on a prudent basis and either deducted from the provision for claims outstanding (in which case if the amounts are material they shall be shown in the notes to the accounts) or shown as assets.

(5) In sub-paragraph (4), “subrogation” means the acquisition of the rights of policy holders with respect to third parties, and “salvage” means the acquisition of the legal ownership of insured property.

(6) Where benefits resulting from a claim must be paid in the form of annuity, the amounts to be set aside for that purpose shall be calculated by recognised actuarial methods, and paragraph 48 shall not apply to such calculations.

(7) Implicit discounting or deductions, whether resulting from the placing of a current value on a provision for an outstanding claim which is expected to be settled later at a higher figure or otherwise effected, is prohibited.

48.—(1) Explicit discounting or deductions to take account of investment income is permitted, subject to the following conditions—

- (a) the expected average interval between the date for the settlement of claims being discounted and the accounting date shall be at least four years;
- (b) the discounting or deductions shall be effected on a recognised prudential basis;
- (c) when calculating the total cost of settling claims, the company shall take account of all factors that could cause increases in that cost;
- (d) the company shall have adequate data at its disposal to construct a reliable model of the rate of claims settlements;
- (e) the rate of interest used for the calculation of present values shall not exceed a rate prudently estimated to be earned by assets of the company which are appropriate in magnitude and nature to cover the provisions for claims being discounted during the period necessary for the payment of such claims, and shall not exceed either—
 - (i) a rate justified by the performance of such assets over the preceding five years, or
 - (ii) a rate justified by the performance of such assets during the year preceding the balance sheet date.

(2) When discounting or effecting deductions, the company shall, in the notes to the accounts, disclose—

- (a) the total amount of provisions before discounting or deductions,
- (b) the categories of claims which are discounted or from which deductions have been made,
- (c) for each category of claims, the methods used, in particular the rates used for the estimates referred to in sub-paragraph (1)(d) and (e), and the criteria adopted for estimating the period that will elapse before the claims are settled.

Long term business

49. The amount of the provision for claims shall be equal to the sums due to beneficiaries, plus the costs of settling claims.

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Equalisation reserves

[^{F190}50]. [^{F190}The amount of any equalisation reserve maintained in respect of general business, in accordance with rules made by the Financial Services Authority under Part X of the Financial Services and Markets Act 2000, shall be determined in accordance with such rules.]

F190 SI 2001/3649

Accounting on a non-annual basis

51.—(1) Either of the methods described in paragraphs 52 and 53 may be applied where, because of the nature of the class or type of insurance in question, information about premiums receivable or claims payable (or both) for the underwriting years is insufficient when the accounts are drawn up for reliable estimates to be made.

(2) The use of either of the methods referred to in sub-paragraph (1) shall be disclosed in the notes to the accounts together with the reasons for adopting it.

(3) Where one of the methods referred to in sub-paragraph (1) is adopted, it shall be applied systematically in successive years unless circumstances justify a change.

(4) In the event of a change in the method applied, the effect on the assets, liabilities, financial position and profit or loss shall be stated in the notes to the accounts.

(5) For the purposes of this paragraph and paragraph 52, “underwriting year” means the financial year in which the insurance contracts in the class or type of insurance in question commenced.

52.—(1) The excess of the premiums written over the claims and expenses paid in respect of contracts commencing in the underwriting year shall form a technical provision included in the technical provision for claims outstanding shown in the balance sheet under Liabilities item C.3.

(2) The provision may also be computed on the basis of a given percentage of the premiums written where such a method is appropriate for the type of risk insured.

(3) If necessary, the amount of this technical provision shall be increased to make it sufficient to meet present and future obligations.

(4) The technical provision constituted under this paragraph shall be replaced by a provision for claims outstanding estimated in accordance with paragraph 47 as soon as sufficient information has been gathered and not later than the end of the third year following the underwriting year.

(5) The length of time that elapses before a provision for claims outstanding is constituted in accordance with sub-paragraph (4) shall be disclosed in the notes to the accounts.

53.—(1) The figures shown in the technical account or in certain items within it shall relate to a year which wholly or partly precedes the financial year (but by no more than 12 months).

(2) The amounts of the technical provisions shown in the accounts shall if necessary be increased to make them sufficient to meet present and future obligations.

(3) The length of time by which the earlier year to which the figures relate precedes the financial year and the magnitude of the transactions concerned shall be disclosed in the notes to the accounts.

Status: Point in time view as at 01/10/2007.

Changes to legislation: The Companies (Northern Ireland) Order 1986 (revoked) is up to date with all changes known to be in force on or before 01 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

CHAPTER III

NOTES TO THE ACCOUNTS

Preliminary

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

- (2) ^{F191}
- (3) ^{F191}

F191 Sch. 9A para. 54(2)(3) omitted (1.4.2006) by virtue of Companies (1986 Order) (Investment Companies and Accounting and Audit Amendments) Regulations (Northern Ireland) 2006 (S.R. 2006/137), **reg. 11**

General

Disclosure of accounting policies

55. 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 accounting policies with respect to the depreciation and diminution in value of assets).

56. It shall be stated whether the accounts have been prepared in accordance with applicable accounting standards and particulars of any material departure from those standards and the reasons for it shall be given.

Sums denominated in foreign currencies

57. Where any sums originally denominated in foreign currencies have been brought into account under any items shown in the balance sheet or profit and loss account format, the basis on which those sums have been translated into sterling (or the currency in which the accounts are drawn up) shall be stated.

Reserves and dividends

57A. There must be stated—

- (a) any amount set aside or proposed to be set aside to, or withdrawn or proposed to be withdrawn from, reserves,
- (b) the aggregate amount of dividends paid in the financial year (other than those for which a liability existed at the immediately preceding balance sheet date),
- (c) the aggregate amount of dividends that the company is liable to pay at the balance sheet date, and
- (d) the aggregate amount of dividends that are proposed before the date of approval of the accounts, and not otherwise disclosed under sub#paragraph (b) or (c).

Status: Point in time view as at 01/10/2007.

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Information supplementing the balance sheet

Share capital and debentures

58.—(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.

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

Sub-para. (a) rep. by SR 1997/314

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

60.—(1) With respect to any contingent right to the allotment of shares in the company the following particulars shall be given—

- (a) the number, description and amount of the shares in relation to which the right is exercisable;
- (b) the period during which it is exercisable; and
- (c) the price to be paid for the shares allotted.

(2) In sub-paragraph (1) “contingent right to the allotment of shares” means any option to subscribe for shares and any other right to require the allotment of shares to any person whether arising on the conversion into shares of securities of any other description or otherwise.

61.—(1) If the company has issued any debentures during the financial year to which the accounts relate, the following information shall be given—

Head (a) rep. by SR 1997/314

- (b) the classes of debentures issued; and
- (c) as respects each class of debentures, the amount issued and the consideration received by the company for the issue.

Sub-para. (2) rep. by SR 1997/314

(3) where any of the company's debentures are held by a nominee of or trustee for the company, the nominal amount of the debentures and the amount at which they are stated in the accounting records kept by the company in accordance with Article 229 shall be stated.

Status: Point in time view as at 01/10/2007.

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Assets

62.—(1) In respect of any assets of the company included in Assets items B (intangible assets), C.I (land and buildings) and C.II (investments in group undertakings and participating interests) in the company's balance sheet the following information shall be given by reference to each such item—

- (a) the appropriate amounts in respect of those assets included in the 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 included in Assets item B in respect of those assets of—
 - (i) any determination during that year of the value to be ascribed to any of those assets in accordance with paragraph 23;
 - (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 the item during that year.

(2) The reference in sub-paragraph (1)(a) to the appropriate amounts in respect of any assets (included in an assets 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 the item on either of the following bases, that is to say—

- (a) on the basis of cost (determined in accordance with paragraphs 39 and 40); or
- (b) on any basis permitted by paragraph 22 or 23,

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

(3) In addition, in respect of any assets of the company included in any assets item in the company's balance sheet, there shall be stated (by reference to each such item)—

- (a) the cumulative amount of provisions for depreciation or diminution in value of those assets included under the 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 of those assets; and
- (d) the amount of any other adjustments made in respect of any such provisions during that year.

63. Where any 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 22 or 23, 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.

64. In relation to any amount which is included under Assets item C.I (land and buildings) there shall be stated—

- (a) how much of that amount is ascribable to land of freehold tenure and how much to land of leasehold tenure; and
- (b) how much of the amount ascribable to land of leasehold tenure is ascribable to land held on long lease and how much to land held on short lease.

Status: Point in time view as at 01/10/2007.

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Investments

65. In respect of the amount of each item which is shown in the company's balance sheet under Assets item C (investments) there shall be stated—

- (a) how much of that amount is ascribable to listed investments;^{F192} . . .

Sub-para. (b) rep. by SR 1997/314

F192 SR 1997/314

Information about fair value of assets and liabilities

65A.—(1) This paragraph applies where financial instruments have been valued in accordance with paragraph 29A or 29C.

(2) The items affected and the basis of valuation adopted in determining the amounts of the financial instruments must be disclosed.

(3) The purchase price of the financial instruments must be disclosed.

(4) There must be stated—

(a) where the fair value of the instruments has been determined in accordance with paragraph 29B(4), the significant assumptions underlying the valuation models and techniques used,

(b) for each category of financial instrument, the fair value of the instruments in that category and the changes in value—

(i) included in the profit and loss account, or

(ii) credited to or (as the case may be) debited from the fair value reserve, in respect of those instruments, and

(c) for each class of derivatives, the extent and nature of the instruments, including significant terms and conditions that may affect the amount, timing and certainty of future cash flows.

(5) Where any amount is transferred to or from the fair value reserve during the financial year, there must be stated in tabular form—

(a) the amount of the reserve as at the date of the beginning of the financial year and as at the balance sheet date respectively;

(b) the amount transferred to or from the reserve during that year; and

(c) the source and application respectively of the amounts so transferred.

65B. Where the company has derivatives that it has not included at fair value, there must be stated for each class of such derivatives—

(a) the fair value of the derivatives in that class, if such a value can be determined in accordance with paragraph 29B, and

(b) the extent and nature of the derivatives.

65C.—(1) Sub-paragraph (2) applies if—

(a) the company has financial fixed assets that could be included at fair value by virtue of paragraph 29A,

(b) the amount at which those assets are included under any item in the company's accounts is in excess of their fair value, and

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- (c) the company has not made provision for diminution in value of those assets in accordance with paragraph 33(2).
- (2) There must be stated—
 - (a) the amount at which either the individual assets or appropriate groupings of those individual assets are included in the company's accounts,
 - (b) the fair value of those assets or groupings, and
 - (c) the reasons for not making a provision for diminution in value of those assets, including the nature of the evidence that provides the basis for the belief that the amount at which they are stated in the accounts will be recovered.

Information where investment property and living animals and plants included at fair value

65D.—(1) This paragraph applies where the amounts to be included in a company's accounts in respect of investment property or living animals and plants have been determined in accordance with paragraph 29D.

(2) The balance sheet 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 a note to the accounts.

(3) In the case of investment property, for each balance sheet item affected there must be shown, either separately in the balance sheet or in a note to the accounts—

- (a) the comparable amounts determined according to the historical cost accounting rules; or
- (b) the differences between those amounts and the corresponding amounts actually shown in the balance sheet in respect of that item.

(4) In sub#paragraph (3), references in relation to any item to the comparable amounts determined in accordance with that sub#paragraph 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 or depreciation or diminution in value which would be permitted or required in determining those amounts according to those rules.

Reserves and provisions

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

- (a) to or from any reserves;
- (b) to any^{F193} provisions for other risks]; or
- (c) from any^{F193} provisions for other risks] otherwise than for the purpose for which the provision was established;

and the reserves or provisions are or would but for paragraph 2(3) 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.

Status: Point in time view as at 01/10/2007.

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

F193 SR 2004/496

Provision for taxation

67. The amount of any provision for deferred taxation shall be stated separately from the amount of any provision for other taxation.

Details of indebtedness

68.—^{F194}(1) In respect of each item 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 that item 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

[in the case of any debts so included which are payable or repayable by instalments, the ^{F195}(b) amount of any instalments which fall due for payment after the end of that period.]]

(2) Subject to sub-paragraph (3), in relation to each debt falling to be taken into account under sub-paragraph (1), the terms of payment or repayment and the rate of any interest payable on the debt shall be stated.

(3) If the number of debts is such that, in the opinion of the directors, compliance with sub-paragraph (2) would result in a statement of excessive length, it shall be sufficient to give a general indication of the terms of payment or repayment and the rates of any interest payable on the debts.

(4) In respect of each item shown under “creditors” in the company's balance sheet there shall be stated—

- (a) the aggregate amount of any debts included under that item in respect of which any security has been given by the company; and
- (b) an indication of the nature of the securities so given.

(5) References 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 (4), 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 2(3)(b) be shown under that heading.

F194 SR 1997/314

F195 SR 1997/436

69. If any fixed cumulative dividends on the company's shares are in arrears, 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 arrears.

Guarantees and other financial commitments

70.—(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 (other than a contingent liability arising out of an insurance contract)—

- (a) the amount or estimated amount of that liability;
- (b) its legal nature;
- (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—

- (a) the aggregate amount or estimated amount of contracts for capital expenditure, so far as not provided for;^{F196} . . .

Head (b) rep. by SR 1997/314

(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, other than commitments arising out of insurance contracts, which—

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

(6) Commitments within any of the preceding sub-paragraphs 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).

F196 SR 1997/314

Para. 71 rep. by SR 1997/314

Miscellaneous matters

72.—(1) Particulars shall be given of any case where the cost of any asset is for the first time determined under paragraph 41.

(2) Where any outstanding loans made under the authority of Article 163(4)(b), (bb) or (c) or Article 165 (various cases of financial assistance by a company for purchase of its own shares) are included under any item shown in the company's balance sheet, the aggregate amount of those loans shall be disclosed for each item in question.

Sub-para. (3) rep. by SR 1997/314

Status: Point in time view as at 01/10/2007.

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Information supplementing the profit and loss account

Separate statement of certain items of income and expenditure

73.—(1) Subject to the following provisions of this paragraph, each of the amounts mentioned below shall be stated.

(2) The amount of the interest on or any similar charges in respect of—

(a) bank loans and overdrafts,^{F197} . . . ; and

(b) loans of any other kind made to the company.

This sub-paragraph does not apply to interest or charges on loans to the company from group undertakings, but, with that exception, it applies to interest or charges on all loans, whether made on the security of debentures or not.

Sub-paras. (3)-(5) rep. by SR 1997/314

F197 SR 1997/314

Particulars of tax

Sub-paras. (1) rep. by SR 1997/314

(2) Particulars shall be given of any special circumstances which affect liability in respect of taxation of profits, income or capital gains for the financial year or liability in respect of taxation of profits, income or capital gains for succeeding financial years.

(3) The following amounts shall be stated—

(a) the amount of the charge for United Kingdom corporation tax;

(b) if that amount would have been greater but for relief from double taxation, the amount which it would have been but for such relief;

(c) the amount of the charge for United Kingdom income tax; and

(d) the amount of the charge for taxation imposed outside the United Kingdom of profits, income and (so far as charged to revenue) capital gains.

Those amounts shall be stated separately in respect of each of the amounts which is shown under the following items in the profit and loss account, that is to say item III.9 (tax on profit or loss on ordinary activities) and item III.14 (tax on extraordinary profit or loss).

Particulars of business

75.—(1) As regards general business a company shall disclose—

(a) gross premiums written,

(b) gross premiums earned,

(c) gross claims incurred,

(d) gross operating expenses, and

(e) the reinsurance balance.

(2) The amounts required to be disclosed by sub-paragraph (1) shall be broken down between direct insurance and reinsurance acceptances, if reinsurance acceptances amount to 10 per cent. or more of gross premiums written.

Status: Point in time view as at 01/10/2007.

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(3) Subject to sub-paragraph (4), the amounts required to be disclosed by sub-paragraphs (1) and (2) with respect to direct insurance shall be further broken down into the following groups of classes—

- (a) accident and health.
- (b) motor (third party liability),
- (c) motor (other classes),
- (d) marine, aviation and transport,
- (e) fire and other damage to property,
- (f) third-party liability,
- (g) credit and suretyship,
- (h) legal expenses,
- (i) assistance, and
- (j) miscellaneous,

where the amount of the gross premiums written in direct insurance for each such group exceeds 10 million ECUs.

(4) The company shall in any event disclose the amounts relating to the three largest groups of classes in its business.

76.—(1) As regards long term business, the company shall disclose—

- (a) gross premiums written, and
- (b) the reinsurance balance.

(2) Subject to sub-paragraph (3) below—

- (a) gross premiums written shall be broken down between those written by way of direct insurance and those written by way of reinsurance; and
- (b) gross premiums written by way of direct insurance shall be broken down—
 - (i) between individual premiums and premiums under group contracts;
 - (ii) between periodic premiums and single premiums; and
 - (iii) between premiums from non-participating contracts, premiums from participating contracts and premiums from contract where the investment risk is borne by policy holders.

(3) Disclosure of any amount referred to in sub-paragraph (2)(a) or (2)(b)(i), (ii) or (iii) shall not be required if it does not exceed 10 per cent of the gross premiums written or (as the case may be) of the gross premiums written by way of direct insurance.

77.—(1) Subject to sub-paragraph (2) there shall be disclosed as regards both general and long term business the total gross direct insurance premiums resulting from contracts concluded by the company—

- (a) in the member State of its head office,
- (b) in the other member States, and
- (c) in other countries.

(2) Disclosure of any amount referred to in sub-paragraph (1) shall not be required if it does not exceed 5 per cent of total gross premiums.

Status: Point in time view as at 01/10/2007.

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Commissions

78. There shall be disclosed the total amount of commissions for direct insurance business accounted for in the financial year, including acquisition, renewal, collection and portfolio management commissions.

Para. 79 rep. by SR 2004/496

Miscellaneous matters

80.—(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.

CHAPTER IV

INTERPRETATION OF PART I

General

81.—(1) The following definitions apply for the purposes of this Part and its Interpretation—

Definition rep. by SI 2001/3649

“fungible assets” means assets of any description which are substantially indistinguishable one from another;

[^{F198}“general business” means business which consists of effecting or carrying out contracts of general insurance;]

[^{F199}“investment property” means land held to earn rent or for capital appreciation;]

“lease” includes an agreement for a lease;

“listed investment” means an investment listed on a recognised stock exchange, or on any stock exchange of repute outside Northern Ireland and the expression “unlisted investment” shall be construed accordingly;

“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;

[^{F198}“long term business” means business which consists of effecting or carrying out contracts of long term insurance;]

“long term fund” means the fund or funds maintained by a company in respect of its long-term business[^{F198} in accordance with rules made by the Financial Services Authority under Part X of the Financial Services and Markets Act 2000];

[^{F198}“policy holder” has the meaning given in any relevant order under section 424(2) of the Financial Services and Markets Act 2000;]

“provision for unexpired risks” means the amount set aside in addition to unearned premiums in respect of risks to be borne by the company after the end of the financial year, in order to provide for all claims and expenses in connection with insurance contracts in force in excess of the related unearned premiums and any premiums receivable on those contracts;

“short lease” means a lease which is not a long lease.

(2) In this Part of this schedule the “ECU” means the unit of account of that name defined in Council Regulation (EEC) No. 3180/78 as amended.

Status: Point in time view as at 01/10/2007.

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The exchange rates as between the ECU and the currencies of the member States to be applied for each financial year shall be the rates applicable on the last day of the preceding October for which rates for the currencies of all the member States were published in the Official Journal of the communities.

F198 SI 2001/3649

F199 SR 2004/496

Financial instruments

81A. For the purposes of this Part, references to “derivatives” include commodity#based contracts that give either contracting party the right to settle in cash or some other financial instrument, except when such contracts—

- (a) were entered into for the purpose of, and continue to meet, the company's expected purchase, sale or usage requirements,
- (b) were designated for such purpose at their inception, and
- (c) are expected to be settled by delivery of the commodity.

81B.—(1) The expressions listed in sub#paragraph (2) have the same meaning in section BA of Chapter II and paragraphs 65A to 65C and 81A as they have in Council Directives [78/660/EEC](#) on the annual accounts of certain types of companies and [91/674/EEC](#) on the annual accounts and consolidated accounts of insurance undertakings, as amended.

(2) Those expressions are “available for sale financial asset”, “business combination”, “commodity#based contracts”, “derivatives”, “equity instrument”, “exchange difference”, “fair value hedge accounting system”, “financial fixed asset”, “financial instrument”, “foreign entity”, “hedge accounting”, “hedge accounting system”, “hedge items”, “hedging instrument”, “held for trading purposes”, “held to maturity”, “monetary item”, “receivables”, “reliable market” and “trading portfolio”.

Loans

82. For the purposes of this Part a loan or advance (including a liability comprising a loan or advance) is treated as falling due for repayment, and an instalment of a loan or advance 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

83. For the purposes of this Part amounts which in the particular context of any provision of this Part are not material may be disregarded for the purposes of that provision.

Provisions

84. For the purposes of this Part and its interpretation—

- (a) references in the Part 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;
- (b) any reference in the profit and loss account format or the notes thereto set out in Section B of this Part 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; and

Status: Point in time view as at 01/10/2007.

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- (c) references in this Part to^{F200} provisions for other risks^{F201} . . . are to any amount retained as reasonably necessary for the purpose of providing for any liability^{F200} the nature of which is clearly defined and] 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.

F200 SR 2004/496

F201 SR 1997/314

Staff costs

85. For the purposes of this Part and its interpretation—

- (a) “social security costs” means any contributions by the company to any state social security or pension scheme, fund or arrangement;
- ^{F202}(b) “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; and]
- (c) any amount stated in respect of^{F202} 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^{F203} Article 239A(1)(a)].

F202 SR 1997/314

F203 SR 2004/496

PART II

CONSOLIDATED ACCOUNTS

Schedule 4A to apply Part I of this Schedule with modifications

1.—(1) In its application to insurance groups, Schedule 4A shall have effect with the following modifications.

(2) In paragraph 1—

- (a) for the reference in sub-paragraph (1) to the provisions of Schedule 4 there shall be substituted a reference to the provisions of Part I of this Schedule modified as mentioned in paragraph 2;

Head (b) rep. by SR 1997/436

(c) sub-paragraph (3) shall be omitted.

(3) In paragraph 2(2)(a), for the words “three months” there shall be substituted the words “ six months & ”.

(4) In paragraph 3, after sub-paragraph (1) there shall be inserted the following sub-paragraphs—

“(1A) Sub-paragraph (1) shall not apply to those liabilities items the valuation of which by the undertakings included in a consolidation is based on the application of provisions

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applying only to insurance undertakings, nor to those assets items changes in the values of which also affect or establish policy holders' rights.

(1B) Where sub-paragraph (1A) applies, that fact shall be disclosed in the notes on the consolidated accounts.” .

(5) For sub-paragraph (4) of paragraph 6 there shall be substituted the following sub-paragraphs—

“(4) Sub-paragraphs (1) and (2) need not be complied with—

- (a) where a transaction has been concluded according to normal market conditions and a policy holder has rights in respect of that transaction, or
- (b) if the amounts concerned are not material for the purpose of giving a true and fair view.

(5) Where advantage is taken of sub-paragraph (4)(a) that fact shall be disclosed in the notes to the accounts, and where the transaction in question has a material effect on the assets, liabilities, financial position and profit or loss of all the undertakings included in the consolidation that fact shall also be so disclosed.” .

(6) In paragraph 17—

- (a) in sub-paragraph (1), for the reference to Schedule 4 there shall be substituted a reference to Part I of this Schedule;
- (b) in sub-paragraph (2), paragraph (a) and, in paragraph (b), the words “in Format 2” shall be omitted;
- (c) in sub-paragraph (3), for paragraphs (a) to (d) there shall be substituted the words “between items 10 and 11 in section III ”;
- (d) in sub-paragraph (4), for paragraphs (a) to (d) there shall be substituted the words “between items 14 and 15 in section III ”; and
- (e) for sub-paragraph (5) there shall be substituted the following sub-paragraph—

“(5) Paragraph 2(3) of Part I of Schedule 9A (power to combine items) shall not apply in relation to the additional items required by the foregoing provisions of this paragraph.” .

(7) In paragraph 18, for the reference to paragraphs 17 to 19 and 21 of Schedule 4 there shall be substituted a reference to paragraphs 31 to 33 and 36 of Part I of this Schedule.

(8) In paragraph 21—

- (a) in sub-paragraph (1), for the reference to Schedule 4 there shall be substituted a reference to Part I of this Schedule; and
- (b) for sub-paragraphs (2) and (3) there shall be substituted the following sub-paragraphs—

“(2) In the Balance Sheet Format, Asset item C.II.3 (participating interests) shall be replaced by two items, “ Interests in associated undertakings ” and “ Other participating interests ”.

(3) In the Profit and Loss Account Format, items II.2(a) and III.3(a) (income from participating interests, with a separate indication of that derived from group undertakings) shall each be replaced by the following items—

- (a) “ Income from participating interests other than associated undertakings, with a separate indication of that derived from group undertakings ”, which shall be shown as items II.2(a) and III.3(a), and
- (b) “ income from associated undertakings ”, which shall be shown as items II.2(aa) and III.3(aa).” .

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(9) In paragraph 22(1), for the reference to paragraphs 17 to 19 and 21 of Schedule 4 there shall be substituted a reference to paragraphs 31 to 33 and 36 of Part I of this Schedule.

Modifications of Part I of this Schedule for purposes of paragraph 1

2.—(1) For the purposes of paragraph 1, Part I of this Schedule shall be modified as follows.

(2) The information required by paragraph 10 need not be given.

(3) In the case of general business, investment income, expenses and charges may be disclosed in the non-technical account rather than in the technical account.

(4) In the case of subsidiary undertakings which are not authorised to carry on long-term business in Northern Ireland, notes (8) and (9) to the profit and loss account format shall have effect as if references to investment income, expenses and charges arising in the long-term fund or to investments attributed to the long-term fund were references to investment income, expenses and charges or (as the case may be) investment relating to long term business.

(5) In the case of subsidiary undertakings which do not have a head office in Northern Ireland, the computation required by paragraph 46 shall be made annually by an actuary or other specialist in the field on the basis of recognised actuarial methods.

(6) The information required by paragraphs 75 to 78 need not be shown.

Schedule 10 rep. by SR 1994/428

[^{F204}SCHEDULE 10A

PARENT AND SUBSIDIARY UNDERTAKINGS: SUPPLEMENTARY PROVISIONS]

F204 1990 NI 5

Introduction

1. The provisions of this Schedule explain expressions used in Article 266 (parent and subsidiary undertakings) and otherwise supplement that Article.

Voting rights in an undertaking

2.—(1) In Article 266(2)(a) and (d) the references to the voting rights in an undertaking are to the rights conferred on shareholders in respect of their shares or, in the case of an undertaking not having a share capital, on members, to vote at general meetings of the undertaking on all, or substantially all, matters.

(2) In relation to an undertaking which does not have general meetings at which matters are decided by the exercise of voting rights, the references to holding a majority of the voting rights

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in the undertaking shall be construed as references to having the right under the constitution of the undertaking to direct the overall policy of the undertaking or to alter the terms of its constitution.

Right to appoint or remove a majority of the directors

3.—(1) In Article 266(2)(b) the reference to the right to appoint or remove a majority of the board of directors is to the right to appoint or remove directors holding a majority of the voting rights at meetings of the board on all, or substantially all, matters.

(2) An undertaking shall be treated as having the right to appoint to a directorship if—

- (a) a person's appointment to it follows necessarily from his appointment as director of the undertaking, or
- (b) the directorship is held by the undertaking itself.

(3) A right to appoint or remove which is exercisable only with the consent or concurrence of another person shall be left out of account unless no other person has a right to appoint or, as the case may be, remove in relation to that directorship.

Right to exercise dominant influence

4.—(1) For the purposes of Article 266(2)(c) an undertaking shall not be regarded as having the right to exercise a dominant influence over another undertaking unless it has a right to give directions with respect to the operating and financial policies of that other undertaking which its directors are obliged to comply with whether or not they are for the benefit of that other undertaking.

(2) A “control contract” means a contract in writing conferring such a right which—

- (a) is of a kind authorised by the memorandum or articles of the undertaking in relation to which the right is exercisable, and
- (b) is permitted by the law under which that undertaking is established.

(3) This paragraph shall not be read as affecting the construction of the expression “actually exercises a dominant influence” in Article 266(4)(a).

Rights exercisable only in certain circumstances or temporarily incapable of exercise

5.—(1) Rights which are exercisable only in certain circumstances shall be taken into account only—

- (a) when the circumstances have arisen, and for so long as they continue to obtain, or
- (b) when the circumstances are within the control of the person having the rights.

(2) Rights which are normally exercisable but are temporarily incapable of exercise shall continue to be taken into account.

Rights held by one person on behalf of another

6. Rights held by a person in a fiduciary capacity shall be treated as not held by him.

7.—(1) Rights held by a person as nominee for another shall be treated as held by the other.

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(2) Rights shall be regarded as held as nominee for another if they are exercisable only on his instructions or with his consent or concurrence.

Rights attached to shares held by way of security

8. Rights attached to shares held by way of security shall be treated as held by the person providing the security—

- (a) where apart from the right to exercise them for the purpose of preserving the value of the security, or of realising it, the rights are exercisable only in accordance with his instructions, and
- (b) where the shares are held in connection with the granting of loans as part of normal business activities and apart from the right to exercise them for the purpose of preserving the value of the security, or of realising it, the rights are exercisable only in his interests.

Rights attributed to parent undertaking

9.—(1) Rights shall be treated as held by a parent undertaking if they are held by any of its subsidiary undertakings.

(2) Nothing in paragraph 7 or 8 shall be construed as requiring rights held by a parent undertaking to be treated as held by any of its subsidiary undertakings.

(3) For the purposes of paragraph 8 rights shall be treated as being exercisable in accordance with the instructions or in the interests of an undertaking if they are exercisable in accordance with the instructions of or, as the case may be, in the interests of any group undertaking.

Disregard of certain rights

10. The voting rights in an undertaking shall be reduced by any rights held by the undertaking itself.

Supplementary

11. References in any provision of paragraphs 6 to 10 to rights held by a person include rights falling to be treated as held by him by virtue of any other provision of those paragraphs but not rights which by virtue of any such provision are to be treated as not held by him.

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[^{F206}1. Paragraphs 2 to 6 apply where a company has prepared accounts in accordance with the special provisions of Part VIII relating to banking companies and paragraph 7 to 13 apply where a company has prepared accounts in accordance with the special provisions of Part VIII relating to insurance companies.]

F206 SR 1992/258

[^{F207}Modifications where accounts prepared in accordance with special provisions for banking companies]

F207 SR 1992/258

2. Article 272(2) shall apply as if the reference to paragraph 88 of Schedule 4 therein was a reference to paragraph 85(c) of Part I of Schedule 9.

3. Article 277 shall apply as if:

- (a) there were substituted for the words “are shown as an asset” in paragraph (1) the words “are included as an asset”; and
- (b) the reference to paragraph 20 of Schedule 4 in paragraph (2)(b) was to paragraph 27 of Part I of Schedule 9.

4. Articles 278(2) and 283 shall apply as if the references therein to paragraphs 87 and 88 of Schedule 4 were to paragraph 85 of Part I of Schedule 9.

5. Articles 280 and 281 shall apply as if in Article 280(3) there were substituted, for the references to [^{F208}Articles 234,234A and 234B] and Schedule 4, references to Article 263 and Part I of Schedule 9.

F208 SR 2004/496

6. Article 284 shall apply as if the references to paragraphs 12(a) and 34(3)(a) of Schedule 4 were to paragraphs 19(a) and 44(3)(a) of Schedule 9.

[^{F209}Modifications where accounts prepared in accordance with special provisions for insurance companies]

F209 SR 1994/428

7. Article 272(2) shall apply as if for the words in parentheses there were substituted “(“liabilities” to include any provision for other risks and charges within paragraph 84(c) of Part I of Schedule 9A and any amount included under Liabilities items Ba (fund for future appropriations),

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C (technical provisions) and D (technical provisions for linked liabilities) in a balance sheet drawn up in accordance with the balance sheet format set out in section B of Part I of Schedule 9A).”.

8. Article 277 shall apply as if the reference to paragraph 20 of Schedule 4 in paragraph (2)(b) were a reference to paragraph 35 of Part I of Schedule 9A.

9. ^[F210]In the case of Companies Order accounts,] Articles 278(2) and 283 shall apply as if the reference to provisions of any of the kinds mentioned in paragraphs 87 and 88 of Schedule 4 were a reference to provisions of any of the kinds mentioned in paragraph 84 of Part I of Schedule 9A and to any amount included under Liabilities items Ba (fund for future appropriations), C (technical provisions) and D (technical provisions for linked liabilities) in a balance sheet drawn up in accordance with the balance sheet format set out in section B of Part I of Schedule 9A.

F210 SR 2004/496

10. Articles 280 and 281 shall apply as if the references in Article 280(3) to^[F211] Articles 234, 234A and 234B] and Schedule 4 were references to Article 263 and Part I of Schedule 9A.

F211 SR 2004/496

11. Article 284 shall apply as if the references to paragraphs 12(a) and 34(3)(a) of Schedule 4 were references to paragraphs 16(a) and 29(3)(a) of Part I of Schedule 9A.

Schedule 12 rep. by 1989 NI 18

SCHEDULE 13

Articles 332, 333, 334, 336, 354

PROVISIONS SUPPLEMENTING AND INTERPRETING ARTICLES 332 TO 336

F212F212 PART I

RULES FOR INTERPRETATION OF THOSE ARTICLES AND ALSO ARTICLE 354(4) AND (5)

F212 Sch. 13 Pt. 1 repealed (1.10.2007) by Companies Act 2006 (c. 46), ss. 1284(2), 1295, 1300(2), Sch. 16; S.I. 2007/2194, arts. 1(3)(a), 8, Sch. 2 Pt. 2 (with art. 12)

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F215F215 **PART II**

**PERIODS WITHIN WHICH OBLIGATIONS
IMPOSED BY ARTICLE 332 MUST BE FULFILLED**

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F215 Sch. 13 Pts. 2-4 repealed (6.4.2007) by Companies Act 2006 (c. 46), ss. 1284(2), 1295, 1300(2), **Sch. 16**; S.I. 2006/3428, arts. 4(2)(a), 7(c), Sch. 4 Pt. 2 (subject to art. 5, Sch. 1 and with arts. 6, 8, Sch. 5)

F216F216 **PART III**

**CIRCUMSTANCES IN WHICH OBLIGATION
IMPOSED BY ARTICLE 332 IS NOT DISCHARGED**

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F216 Sch. 13 Pts. 2-4 repealed (6.4.2007) by Companies Act 2006 (c. 46), ss. 1284(2), 1295, 1300(2), **Sch. 16**; S.I. 2006/3428, arts. 4(2)(a), 7(c), Sch. 4 Pt. 2 (subject to art. 5, Sch. 1 and with arts. 6, 8, Sch. 5)

F217F217 **PART IV**

**PROVISIONS WITH RESPECT TO REGISTER OF
DIRECTORS' INTERESTS TO BE KEPT UNDER ARTICLE 333**

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F217 Sch. 13 Pts. 2-4 repealed (6.4.2007) by Companies Act 2006 (c. 46), ss. 1284(2), 1295, 1300(2), **Sch. 16**; S.I. 2006/3428, arts. 4(2)(a), 7(c), Sch. 4 Pt. 2 (subject to art. 5, Sch. 1 and with arts. 6, 8, Sch. 5)

SCHEDULE 14

Article 370

EXTERNAL BRANCH REGISTERS

PART I

**COUNTRIES AND TERRITORIES IN WHICH
EXTERNAL BRANCH REGISTER MAY BE KEPT**

Great Britain

Any part of Her Majesty's dominions outside the United Kingdom, the Channel Islands or the Isle of Man

Bangladesh

Cyprus

Dominica

The Gambia

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Ghana
Guyana
The Hong Kong Special Administrative Region of the People's Republic of China
India
Kenya
Kiribati
Lesotho
Malawi
Malaysia
Malta
Nigeria
Pakistan
Republic of Ireland
Seychelles
Sierra Leone
Singapore
South Africa
Sri Lanka
Swaziland
Trinidad and Tobago
Uganda
Zimbabwe

PART II

GENERAL PROVISIONS WITH RESPECT TO EXTERNAL BRANCH REGISTERS

1.—(1) A company keeping an external branch register shall give to the registrar notice in the prescribed form of the situation of the office where any external branch register is kept and of any change in its situation, and if it is discontinued of its discontinuance.

(2) Any such notice shall be given within 14 days of the opening of the office or of the change or discontinuance, as the case may be.

(3) If default is made in complying with this paragraph, the company and every officer of it who is in default is liable to a fine and, for continued contravention, to a daily default fine.

2.—(1) An external branch register is deemed to be part of the company's register of members ("the principal register").

(2) It shall be kept in the same manner in which the principal register is required to be kept, except that the advertisement before closing the register shall be inserted in some newspaper circulating in the district where the external branch register is kept.

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3.—(1) The company shall—

- (a) transmit to its registered office a copy of every entry in its external branch register as soon as may be after the entry is made, and
- (b) cause to be kept at the place where the company's principal register is kept a duplicate of its external branch register duly entered up from time to time.

Every such duplicate is deemed for all purposes of this Order to be part of the principal register.

(2) If default is made in complying with sub-paragraph (1), the company and every officer of it who is in default is liable to a fine and, for continued contravention, to a daily default fine.

(3) Where, by virtue of Article 361(1)(b), the principal register is kept at the office of some person other than the company, and by reason of any default of his the company fails to comply with sub-paragraph (1)(b), he is liable to the same penalty as if he were an officer of the company who was in default.

4. Subject to the above provisions with respect to the duplicate register, the shares registered in an external branch register shall be distinguished from those registered in the principal register; and no transaction with respect to any shares registered in an external branch register shall, during the continuance of that registration, be registered in any other register.

5. A company may discontinue to keep an external branch register, and thereupon all entries in that register shall be transferred to some other external branch register kept by the company in the same country or territory, or to the principal register.

6. Subject to the provisions of this Order, any company may, by its articles, make such provisions as it thinks fit respecting the keeping of external branch registers.

7. An instrument of transfer of a share register in an external branch register (other than such a register kept in Great Britain) is deemed a transfer of property situated outside the United Kingdom^{F220} and, unless executed in a part of the United Kingdom, is exempt from stamp duty chargeable in Northern Ireland.

F220 prosp. rep. by [1990 c. 29](#)

^{F221}*Schedule 15 rep. by 1990 NI 10*

F221 [1990 NI 10](#)

SCHEDULE 15A

.....

[^{F222}[^{F223}SCHEDULE 15B]

Article 420A]

PROVISIONS SUBJECT TO WHICH ARTICLES 418 TO 420 HAVE EFFECT IN
THEIR APPLICATION TO MERGERS AND DIVISIONS OF PUBLIC COMPANIES

F222 SR 1987/442

F223 1990 NI 10

Meeting of transferee company

1. Subject to paragraphs 10(1), 12(4) and 14(2), the court shall not sanction a compromise or arrangement under Article 418(2) unless a majority in number representing three-fourths in value of each class of members of every pre-existing transferee company concerned in the scheme, present and voting either in person or by proxy at a meeting, agree to the scheme.

Draft terms of merger

2.—(1) The court shall not sanction the compromise or arrangement under Article 418(2) unless—

- (a) a draft of the proposed terms of the scheme (from here on referred to as the “draft terms”) has been drawn up and adopted by the directors of all the transferor and pre-existing transferee companies concerned in the scheme,
- (b) subject to paragraph 11(3), in the case of each of those companies the directors have delivered a copy of the draft terms to the registrar and the registrar has published in the Gazette notice of receipt by him of a copy of the draft terms from that company, and
- (c) subject to paragraphs 10 to 14, that notice was so published at least one month before the date of any meeting of that company summoned under Article 418(1) or for the purposes of paragraph 1.

(2) Subject to paragraph 12(2), the draft terms shall give particulars of at least the following matters—

- (a) in respect of each transferor company and transferee company concerned in the scheme, its name, the address of its registered office and whether it is a company limited by shares or a company limited by guarantee and having a share capital;
- (b) the number of shares in any transferee company to be allotted to members of any transferor company for a given number of their shares (from here on referred to as the “share exchange ratio”) and the amount of any cash payment;
- (c) the terms relating to the allotment of shares in any transferee company;
- (d) the date from which the holding of shares in a transferee company will entitle the holders to participate in profits, and any special conditions affecting that entitlement;
- (e) the date from which the transactions of any transferor company are to be treated for accounting purposes as being those of any transferee company;
- (f) any rights or restrictions attaching to shares or other securities in any transferee company to be allotted under the scheme to the holders of shares to which any special rights or restrictions attach, or of other securities, in any transferor company, or the measures proposed concerning them;
- (g) any amount of benefit paid or given or intended to be paid or given to any of the experts referred to in paragraph 5 or to any director of a transferor company or pre-existing transferee company, and the consideration for the payment of benefit.

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- (3) Where the scheme is a Case 3 Scheme the draft terms shall also—
- (a) give particulars of the property and liabilities to be transferred (to the extent these are known to the transferor company) and their allocation among the transferee companies;
 - (b) make provision for the allocation among and transfer to the transferee companies of any other property and liabilities which the transferor company has or may subsequently acquire; and
 - (c) specify the allocation to members of the transferor company of shares in the transferee companies and the criteria upon which that allocation is based.

Documents and information to be made available

3. Subject to paragraphs 10 to 14, the court shall not sanction the compromise or arrangement under Article 418(2) unless—

- (a) in the case of each transferor company and each pre-existing transferee company the directors have drawn up and adopted a report complying with paragraph 4 (from here on referred to as a “directors' report”);
- (b) where the scheme is a Case 3 Scheme, the directors of the transferor company have reported to every meeting of the members or any class of members of that company summoned under Article 418(1), and to the directors of each transferee company, any material changes in the property and liabilities of the transferor company between the date when the draft terms were adopted and the date of the meeting in question;
- (c) where the directors of a transferor company have reported to the directors of a transferee company such a change as is mentioned in head (b), the latter have reported that change to every meeting of the members or any class of members of that transferee company summoned for the purposes of paragraph 1, or have sent a report of that change to every member who would have been entitled to receive notice of such a meeting;
- (d) a report complying with paragraph 5 has been drawn up on behalf of each transferor company and pre-existing transferee company (from here on referred to as an “expert's report”);
- (e) the members of any transferor company or transferee company were able to inspect at the registered office of that company copies of the documents listed in paragraph 6(1) in relation to every transferor company and pre-existing transferee company concerned in the scheme during a period beginning one month before, and ending on, the date of the first meeting of the members or any class of members of the first-mentioned transferor company or transferee company summoned either under Article 418(1) or for the purposes of paragraph 1 and those members were able to obtain copies of those documents or any part of them on request during that period free of charge; and
- (f) the memorandum and articles of association of any transferee company which is not a pre-existing transferee company, or a draft thereof, have been approved by ordinary resolution of every transferor company concerned in the scheme.

Directors' report

4.—(1) The directors' report shall consist of—

- (a) the statement required by Article 419, and
- (b) insofar as that statement does not contain the following matters, a further statement—
 - (i) setting out the legal and economic grounds for the draft terms, and in particular for the share exchange ratio, and, where the scheme is a Case 3 Scheme, for the criteria

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upon which the allocation to the members of the transferor company of shares in the transferee companies was based, and

(ii) specifying any special valuation difficulties.

(2) Where the scheme is a Case 3 Scheme the directors' report shall also state whether a report has been made to the transferee company under Article 113 (non-cash consideration to be valued before allotment) and, if so, whether that report has been delivered to the registrar.

Expert's report

5.—(1) Except where a joint expert is appointed under sub-paragraph (2), an expert's report shall consist of a separate written report on the draft terms to the members of one transferor company or pre-existing transferee company concerned in the scheme drawn up by a separate expert appointed on behalf of that company.

(2) The court may, on the joint application of all the transferor companies and pre-existing transferee companies concerned in the scheme, approve the appointment of a joint expert to draw up a single report on behalf of all those companies.

(3) An expert shall be independent of any of the companies concerned in the scheme, that is to say a person qualified at the time of the report to be appointed, or to continue to be, an auditor of those companies.

(4) However, where it appears to an expert that a valuation is reasonably necessary to enable him to draw up the report, and it appears to him to be reasonable for that valuation, or part of it, to be made (or for him to accept such a valuation) by another person who—

- (a) appears to him to have the requisite knowledge and experience to make the valuation or that part of it; and
- (b) is not an officer or servant of any of the companies concerned in the scheme or any other body corporate which is one of those companies' subsidiary or holding company or a subsidiary of one of those companies' holding company or a partner or employee of such an officer or servant,

he may arrange for or accept such a valuation, together with a report which will enable him to make his own report under this paragraph.

(5) The reference in sub-paragraph (4) to an officer or servant does not include an auditor.

(6) Where any valuation is made by a person other than the expert himself, the latter's report shall state that fact and shall also—

- (a) state the former's name and what knowledge and experience he has to carry out the valuation, and
- (b) describe so much of the undertaking, property and liabilities as were valued by the other person, and the method used to value them, and specify the date of the valuation.

(7) An expert's report shall—

- (a) indicate the method or methods used to arrive at the share exchange ratio proposed;
- (b) give an opinion as to whether the method or methods used are reasonable in all the circumstances of the case, indicate the values arrived at using each such method and (if there is more than one method) give an opinion on the relative importance attributed to such methods in arriving at the value decided on;
- (c) describe any special valuation difficulties which have arisen;
- (d) state whether in the expert's opinion the share exchange ratio is reasonable; and
- (e) in the case of a valuation made by a person other than himself, state that it appeared to himself reasonable to arrange for it to be so made or to accept a valuation so made.

Status: Point in time view as at 01/10/2007.

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(8) Each expert has the right of access to all such documents of all the transferor companies and pre-existing transferee companies concerned in the scheme, and the right to require from the companies' officers all such information, as he thinks necessary, for the purpose of making his report.

Inspection of documents

6.—(1) The documents referred to in paragraph 3(e) are, in relation to any company,—

- (a) the draft terms;
- (b) the directors' report^[F224] referred to in paragraph 4];
- (c) the expert's report;

^[F224](d) the company's annual accounts, together with the relevant directors' report and auditors' report, for the last 3 financial years ending on or before the relevant date; and

- (e) if the last of those financial years ended more than 6 months before the relevant date, an accounting statement in the form described in the following provisions.]

^[F224]In heads (d) and (e) “the relevant date” means one month before the first meeting of the company summoned under Article 418(1) or for the purposes of paragraph 1.]

^[F224](2) The accounting statement shall consist of—

- (a) a balance sheet dealing with the state of the affairs of the company as at a date not more than 3 months before the draft terms were adopted by the directors, and
- (b) where the company would be required to prepare group accounts if that date were the last day of a financial year, a consolidated balance sheet dealing with the state of affairs of the company and its subsidiary undertakings as at that date.

(3) The requirements of this Order as to balance sheets forming part of a company's annual accounts, and the matters to be included in notes thereto, apply to any balance sheet required for the accounting statement, with such modifications as are necessary by reason of its being prepared otherwise than as at the last day of a financial year.

(4) Any balance sheet required for the accounting statement shall be approved by the board of directors and signed on behalf of the board by a director of the company.

(5) In relation to a company within the meaning of section 735 of the Companies Act 1985, the references in this paragraph to the requirements of this Order shall be construed as references to the corresponding requirements of that Act.]

F224 1990 NI 5

Transferor company holding its own shares

7. The court shall not sanction under Article 418(2) a compromise or arrangement under which any shares in a transferee company are to be allotted to a transferor company or its nominee in respect of shares in that transferor company held by it or its nominee.

Securities other than shares to which special rights are attached

8.—(1) Where any security of a transferor company to which special rights are attached is held by a person other than as a member or creditor of the company, the court shall not sanction a compromise or arrangement under Article 418(2), unless under the scheme that person is to receive rights in a transferee company of equivalent value.

(2) Sub-paragraph (1) shall not apply in the case of any such security where —

- (a) the holder has agreed otherwise; or

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- (b) the holder is, or under the scheme is to be, entitled to have the security purchased by a transferee company involved in the scheme on terms which the court considers reasonable.

Date and consequences of the compromise or arrangement

9.—(1) The following provisions of this paragraph shall apply where the court sanctions a compromise or arrangement.

(2) The court shall in the order sanctioning the compromise or arrangement or in a subsequent order under Article 420 fix a date on which the transfer or transfers to the transferee company or transferee companies of the undertaking, property and liabilities of the transferor company shall take place; and any such order which provides for the dissolution of the transferor company shall fix the same date for the dissolution.

(3) If it is necessary for the transferor company to take any steps to ensure that the undertaking, property and liabilities are fully transferred, the court shall fix a date, not later than six months after the date fixed under sub-paragraph (2), by which such steps must be taken and for that purpose may postpone the dissolution of the transferor company until that date.

(4) The court may postpone or further postpone the date fixed under sub-paragraph (3) if it is satisfied that the steps there mentioned cannot be completed by the date (or latest date) fixed under that sub-paragraph.

Exceptions

10.—(1) The court may sanction a compromise or arrangement under Article 418(2) notwithstanding that—

- (a) any meeting otherwise required by paragraph 1 has not been summoned by a pre-existing transferee company (“the relevant company”), and
- (b) paragraphs 2(1)(c) and 3(e) have not been complied with in respect of that company,

if the court is satisfied that the conditions specified in sub-paragraph (2) have been complied with.

(2) Subject to paragraphs 11(3) and 12(3), the conditions mentioned in sub-paragraph (1) are—

- (a) that the publication of notice of receipt of the draft terms by the registrar referred to in paragraph 2(1)(b) took place in respect of the relevant company at least one month before the date of any meeting of members of any transferor company concerned in the scheme summoned under Article 418(1);
- (b) that the members of the relevant company were able to inspect at the registered office of that company the documents listed in paragraph 6(1) in relation to every transferor company and transferee company concerned in the scheme during a period (“the relevant period”) beginning one month before, and ending on, the date of any such meeting, and that they were able to obtain copies of those documents or any part of them on request during that period free of charge; and
- (c) that one or more members of the relevant company, who together held not less than 5 per cent. of the paid-up capital of that company which carried the right to vote at general meetings of the company^{F225} (excluding any shares in the company held as treasury shares)] would have been able during the relevant period to require that a meeting of each class of members be called for the purpose of deciding whether or not to agree to the scheme but that no such requisition had been made.

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11.—(1) The following sub-paragraphs apply where the scheme is a Case 3 Scheme.

(2) Heads (a) to (d) of paragraph 3 shall not apply and head (e) of that paragraph shall not apply as regards the documents listed in paragraph 6(1)(b), (c) and (e), if all members holding shares in, and all persons holding other securities of, any of the transferor companies and pre-existing transferee companies concerned in the scheme on the date of the application to the court under Article 418(1), being shares or securities which as at that date carry the right to vote in general meetings of the company, so agree.

(3) The court may by order direct in respect of any transferor company or pre-existing transferee company that the requirements relating to—

- (a) delivering copies of the draft terms and publication of notice of receipt of the draft terms under paragraph 2(1)(b) and (c), or
- (b) inspection under paragraph 3(e),

shall not apply, and may by order direct that paragraph 10 shall apply to any pre-existing transferee company with the omission of sub-paragraphs (2)(a) and (b) of that paragraph.

(4) The court shall not make any order under sub-paragraph (3) unless it is satisfied that the following conditions will be fulfilled—

- (a) that the members of the company will have received or will have been able to obtain free of charge copies of the documents listed in paragraph 6(1) in time to examine them before the date of the first meeting of the members or any class of members of the company summoned under Article 418(1) or for the purposes of paragraph 1;
- (b) in the case of a pre-existing transferee company, where in the circumstances described in paragraph 10 no meeting is held, that the members of that company will have received or will have been able to obtain free of charge copies of those documents in time to require a meeting under paragraph 10(2)(c);
- (c) that the creditors of the company will have received or will have been able to obtain free of charge copies of the draft terms in time to examine them before the date of the meeting of the members or any class of members of the company, or, in the circumstances referred to in head (b), at the same time as the members of the company; and
- (d) that no prejudice would be caused to the members or creditors of any transferor company or transferee company concerned in the scheme by making the order in question.

Transferee company or companies holding shares in the transferor company

12.—(1) Where the scheme is a Case 1 Scheme and in the case of every transferor company concerned—

- (a) the shares in that company, and
- (b) such securities of that company (other than shares) as carry the right to vote at general meetings of that company,

are all held by or on behalf of the transferee company, Article 420A and this Schedule shall apply subject to sub-paragraphs (2) to (5).

(2) The draft terms need not give particulars of the matters mentioned in paragraph 2(2)(b), (c) or (d).

(3) Article 419 and heads (a) and (d) of paragraph 3 shall not apply, and head (e) of that paragraph shall not apply as regards the documents listed in paragraph 6(1)(b) and (c).

(4) The court may sanction the compromise or arrangement under Article 418(2) notwithstanding that —

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(a) any meeting otherwise required by Article 418 or paragraph 1 has not been summoned by any company concerned in the scheme, and
(b) paragraphs 2(1)(c) and 3(e) have not been complied with in respect of that company,
if it is satisfied that the conditions specified in sub-paragraph (5) have been complied with.

(5) The conditions mentioned in sub-paragraph (4) are—

- (a) that the publication of notice of receipt of the draft terms by the registrar referred to in paragraph 2(1)(b) took place in respect of every transferor company and transferee company concerned in the scheme at least one month before the date of the order under Article 418(2) (“the relevant date”);
- (b) that the members of the transferee company were able to inspect at the registered office of that company copies of the documents listed in paragraph 6(1)(a), (d) and (e) in relation to every transferor company or transferee company concerned in the scheme during a period (“the relevant period”) beginning one month before, and ending on, the relevant date and that they were able to obtain copies of those documents or any part of them on request during that period free of charge; and
- (c) that one or more members of the transferee company who together held not less than 5 per cent. of the paid-up capital of the company which carried the right to vote at general meetings of the company^{F226} (excluding any shares in the company held as treasury shares)] would have been able during the relevant period to require that a meeting of each class of members be called for the purpose of deciding whether or not to agree to the scheme but that no such requisition had been made.

F226 SR 2004/275

13.—(1) Where the scheme is a Case 3 Scheme and—

- (a) the shares in the transferor company, and
- (b) such securities of that company (other than shares) as carry the right to vote at general meetings of that company,

are all held by or on behalf of one or more transferee companies, Article 420A and this Schedule shall apply subject to sub-paragraphs (2) and (3).

(2) The court may sanction a compromise or arrangement under Article 418(2) notwithstanding that—

- (a) any meeting otherwise required by Article 418 has not been summoned by the transferor company, and
- (b) paragraphs 2(1)(c) and 3(b) and (e) have not been complied with in respect of that company,

if it is satisfied that the conditions specified in sub-paragraph (3) have been complied with.

(3) The conditions referred to in sub-paragraph (2) are—

- (a) the conditions set out in paragraph 12(5)(a) and (c);
- (b) that the members of the transferor company and every transferee company concerned in the scheme were able to inspect at the registered office of the company of which they were members copies of the documents listed in paragraph 6(1) in relation to every such company during a period beginning one month before, and ending on, the date of the order under Article 418(2) (“the relevant date”), and that they were able to obtain copies of those documents or any part of them on request during that period free of charge; and

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- (c) that the directors of the transferor company have sent to every member who would have been entitled to receive a notice of the meeting (had it been called), and to the directors of each transferee company, a report of any material changes in the property and liabilities of the transferor company between the date when the draft terms were adopted and a date one month before the relevant date.

14.—(1) Where the scheme is a Case 1 Scheme and in the case of every transferor company concerned 90 per cent. or more (but not all) of—

- (a) the shares in that company, and
- (b) such securities of that company (other than shares) as carry the right to vote at general meetings of that company,

are held by or on behalf of the transferee company, Article 420A and this Schedule shall apply subject to sub-paragraphs (2) and (3).

(2) The court may sanction a compromise or arrangement under Article 418(2) notwithstanding that—

- (a) any meeting otherwise required by paragraph 1 has not been summoned by the transferee company, and
- (b) paragraphs 2(1)(c) and 3(e) have not been complied with in respect of that company,

if the court is satisfied that the conditions specified in sub-paragraph (3) have been complied with.

(3) The conditions referred to in sub-paragraph (2) are the same conditions as those specified in paragraph 10(2), save that for this purpose the condition contained in paragraphs 10(2)(b) shall be treated as referring only to the documents listed in paragraph 6(1)(a), (d) and (e).

Liability of transferee companies for the default of another

15.—(1) Where the scheme is a Case 3 Scheme, each transferee company shall be jointly and severally liable, subject to sub-paragraph (2), for any liability transferred to any other transferee company under the scheme to the extent that that other company has made default in satisfying that liability, but so that no transferee company shall be so liable for an amount greater than the amount arrived at by calculating the value at the time of the transfer of the property transferred to it under the scheme less the amount at that date of the liabilities so transferred.

(2) If a majority in number representing three-fourths in value of the creditors or any class of creditors of the transferor company present and voting either in person or by proxy at a meeting summoned under Article 418(1) so agree, sub-paragraph (1) shall not apply in respect of the liabilities of the creditors or that class of creditors.

Schs. 15C, 15D prosp. insertion by 2005 NI 17, Sch. 2 para. 19 (which is amended for Sch. 15D (6.4.2008) by S.I. 2008/948, Sch. 1 para. 149(1), (26.5.2008) by S.I. 2008/1277, Sch. 2 para. 79, Sch. 4 Pt. 2; and Schs. 15C, 15D repealed (1.10.2009) by Companies Act 2006 (c. 46), s. 1295, Sch. 16; S.I. 2008/2860, art. 4, Sch. 1 Pt. 2)

Schedules 16#19 rep. by 1989 NI 19

SCHEDULE 20

Article 638

EFFECT OF REGISTRATION UNDER ARTICLE 629

Interpretation

1. In this Schedule—

“registration” means registration in pursuance of Article 629, and

“instrument” includes deed of settlement, contract of copartnery and letters patent.

Vesting of property

2. All property belonging to or vested in the company at the date of its registration passes to and vests in the company on registration for all the estate and interest of the company in the property.

Existing liabilities

3. Registration does not affect the company's rights or liabilities in respect of any debt or obligation incurred, or contract entered into by, to, with, or on behalf of, the company before registration.

Pending actions at law

4.—(1) All actions and other legal proceedings which at the time of the company's registration are pending by or against the company, or the public officer or any member of it, may be continued in the same manner as if the registration had not taken place.

(2) However, execution shall not issue against the effects of any individual member of the company on any judgement, decree or order obtained in such an action or proceeding; but in the event of the company's property and effects being insufficient to satisfy the judgement, decree or order, an order may be obtained for winding up the company.

The company's constitution

5.—(1) All provisions contained in any statutory provision or other instrument constituting or regulating the company are deemed to be conditions and regulations of the company, in the same manner and with the same incidents as if so much of them as would, if the company had been formed under this Order, have been required to be inserted in the memorandum, were contained in a registered memorandum, and the residue were contained in registered articles.

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(2) The provisions brought in under this paragraph include, in the case of a company registered as a company limited by guarantee, those of the resolution declaring the amount of the guarantee; and they include also the statement under Article 630(5)(a), and any statement under Article 633(2).

6.—(1) All the provisions of this Order apply to the company, and to its members, contributories and creditors, in the same manner in all respects as if it had been formed under this Order, subject as follows.

(2) Table A does not apply unless adopted by special resolution.

(3) Provisions relating to the numbering of shares do not apply to any joint stock company whose shares are not numbered.

(4) Subject to the provisions of this Schedule, the company does not have power—

- (a) to alter any provision contained in a statutory provision relating to the company,
- (b) without the sanction of the Department, to alter any provision contained in letters patent relating to the company.

(5) The company does not have power to alter any provision contained in a royal charter or letters patent with respect to the company's objects.

[^{F227}(6) Where by virtue of sub-paragraph (4) or (5) a company does not have power to alter a provision, it does not have power to ratify acts of the directors in contravention of the provision.]

F227 1990 NI 10

Capital structure

7. Provisions of this Order with respect to—

- (a) the registration of an unlimited company as limited,
- (b) the powers of an unlimited company on registration as a limited company to increase the nominal amount of its share capital and to provide that a portion of its share capital shall not be capable of being called up except in the event of winding up, and
- (c) the power of a limited company to determine that a portion of its share capital shall not be capable of being called up except in that event,

apply, notwithstanding any provisions contained in a statutory provision, royal charter or other instrument constituting or regulating the company.

Supplementary

8. Nothing in paragraphs 5 to 7 authorises a company to alter any such provisions contained in an instrument constituting or regulating the company as would, if the company had originally been formed under this Order, have been required to be contained in the memorandum and are not authorised to be altered by this Order.

9. [^{F228}None of the provisions of this Order, and none of the provisions of the Companies Act 2006 (except section 996(2)),] derogates from any power of altering the company's constitution or regulations which may, by virtue of any statutory provision or other instrument constituting or regulating it, be vested in the company.

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F228 Words in Sch. 20 para. 9 substituted (1.10.2007) by Companies Act 2006 (Commencement No. 3, Consequential Amendments, Transitional Provisions and Savings) Order 2007 (S.I. 2007/2194), arts. 1(3), 10(1), Sch. 4 para. 26 (with art. 12)

[^{F229}SCHEDULE 20A

Article 640A]

Branch Registration under the Eleventh Company Law Directive (89/666/EEC)

F229 SR 1993/198

Duty to Register

1.—(1) A company shall, within one month of having opened a branch in Northern Ireland, deliver to the registrar for registration a return in the prescribed form containing—

- (a) such particulars about the company as are specified in paragraph 2,
- (b) such particulars about the branch as are specified in paragraph 3, and
- (c) if the company is one to which Article 648AA applies, such particulars in relation to the registration of documents under Schedule 20D as are specified in paragraph 4.

(2) The return shall, except where sub-paragraph (3) applies, be accompanied by the documents specified in paragraph 5 and, if the company is one to which Part I of Schedule 20D applies, the documents specified in paragraph 6.

(3) This sub-paragraph applies where—

- (a) at the time the return is delivered, the company has another branch in the United Kingdom,
- (b) the return contains a statement to the effect that the documents specified in paragraph 5, and, if the company is one to which Part I of Schedule 20D applies, paragraph 6, are included in the material registered in respect of the other branch, and
- (c) the return states where the other branch is registered and what is its registered number.

(4) In sub-paragraph (1), the reference to having opened a branch in Northern Ireland includes a reference to a branch having become situated there on ceasing to be situated elsewhere.

(5) If at the date on which the company opens the branch in Northern Ireland the company is subject to any proceedings referred to in Article 6520(1) (winding up) or 652P(1) (insolvency proceedings etc), the company shall deliver a return under Article 6520(1) or (as the case maybe) 652P(1) within one month of that date.

If on or before that date a person has been appointed to be liquidator of the company and continues in that office at that date, Article 6520(3) and (4) (liquidator to make return within 14 days of appointment) shall have effect as if it required a return to be made under that Article within one month of the date of the branch being opened.

Particulars required

2.—(1) The particulars referred to in paragraph 1(1)(a) are—

- (a) the corporate name of the company,
- (b) its legal form,
- (c) if it is registered in the country of its incorporation, the identity of the register in which it is registered and the number with which it is so registered,

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- (d) a list of its directors and secretary, containing—
 - (i) with respect to each director, the particulars specified in sub-paragraph (3), and
 - (ii) with respect to the secretary (or where there are joint secretaries, with respect to each of them) the particulars specified in sub-paragraph (4),
 - (e) the extent of the powers of the directors to represent the company in dealings with third parties and in legal proceedings, together with a statement as to whether they may act alone or must act jointly and, if jointly, the name of any other person concerned, and
 - (f) whether the company is an institution to which Article 648A (or the equivalent provision in Great Britain) applies.
- (2) In the case of a company which is not incorporated in a Member State, those particulars also include—
- (a) the law under which the company is incorporated.
 - (b) (in the case of a company to which either paragraphs 2 and 3 of Part I of Schedule 20C or Schedule 20D applies) the period for which the company is required by the law under which it is incorporated to prepare accounts, together with the period allowed for the preparation and public disclosure of accounts for such a period, and
 - (c) unless disclosed by the documents specified in paragraph 5—
 - (i) the address of its principal place of business in its country of incorporation,
 - (ii) its objects, and
 - (iii) the amount of its issued share capital.
- (3) The particulars referred to in sub-paragraph (1)(d)(i) are—
- (a) in the case of an individual—
 - (i) his name,
 - (ii) any former name,
 - (iii) his usual residential address,
 - (iv) his nationality,
 - (v) his business occupation (if any),
 - (vi) particulars of any other directorships held by him, and
 - (vii) his date of birth;
 - (b) in the case of a corporation or Scottish firm, its corporate or firm name and registered or principal office.
- (4) The particulars referred to in sub-paragraph (1)(d)(ii) are—
- (a) in the case of an individual, his name, any former name and his usual residential address;
 - (b) in the case of a corporation or Scottish firm, its corporate or firm name and registered or principal office.
- Where all the partners in a firm are joint secretaries of the company, the name and principal office of the firm may be stated instead of the particulars required by head (a).
- (5) In sub-paragraphs 3(a) and 4(a)—
- (a) “name” means a person's forename and surname, except that in the case of a peer, or an individual usually known by a title, the title may be stated instead of his forename and surname, or in addition to either or both of them; and
 - (b) the reference to a former name does not include—

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- (i) in the case of a peer, or an individual normally known by a title, the name by which he was known previous to the adoption of or succession to the title;
 - (ii) in the case of any person, a former name which was changed or disused before he attained the age of 18 years or which has been changed or disused for 20 years or more;
 - (iii) in the case of a married woman, the name by which she was known previous to the marriage.
- (6) Where—
- (a) at the time a return is delivered under paragraph 1(1) the company has another branch in Northern Ireland; and
 - (b) the company has delivered the particulars required by sub-paragraphs (1)(b) to (f) and (2) to (5) to the registrar with respect to that branch (or to the extent it is required to do so by virtue of Schedule 20B to this Order) and has no outstanding obligation to make a return to the registrar in respect of that branch under paragraph 7 in relation to any alteration to those particulars,

the company may adopt the particulars so delivered as particulars which the registrar is to treat as having been filed by the return by referring in the return to the fact that the particulars have been filed in respect of that other branch and giving the number with which the other branch is registered.

3. The particulars referred to in paragraph 1(1)(b) are—
- (a) the address of the branch,
 - (b) the date on which it was opened,
 - (c) the business carried on at it,
 - (d) if different from the name of the company, the name in which that business is carried on,
 - (e) a list of the names and addresses of all persons resident in Northern Ireland authorised to accept on the company's behalf service of process in respect of the business of the branch and of any notices required to be served on the company in respect of the business of the branch,
 - (f) a list of the names and usual residential addresses of all persons authorised to represent the company as permanent representatives of the company for the business of the branch,
 - (g) the extent of the authority of any person falling within sub-paragraph (f), including whether that person is authorised to act alone or jointly, and
 - (h) if a person falling within sub-paragraph (f) is not authorised to act alone, the name of any person with whom he is authorised to act.
4. The particulars referred to in paragraph 1(1)(c) are—
- (a) whether it is intended to register documents under paragraph 2(2) or, as the case may be, 10(1) of Schedule 20D in respect of the branch or in respect of some other branch in the United Kingdom, and
 - (b) if it is, where that other branch is registered and what is its registered number.

Documents required

5. The first documents referred to in paragraph 1(2) are—

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- (a) a certified copy of the charter, statutes or memorandum and articles of the company (or other instrument constituting or defining the company's constitution), and
- (b) if any of the documents mentioned in sub-paragraph (a) is not written in the English language, a translation of it into English certified in the prescribed manner to be a correct translation.

6.—(1) The second documents referred to in paragraph 1(2) are—

- (a) copies of the latest accounting documents prepared in relation to a financial period of the company to have been publicly disclosed in accordance with the law of the country in which it is incorporated before the end of the period allowed for compliance with paragraph 1 in respect of the branch or, if earlier, the date on which the company complies with paragraph 1 in respect of the branch, and
- (b) if any of the documents mentioned in head (a) is not written in the English language, a translation of it into English certified in the prescribed manner to be a correct translation.

(2) In sub-paragraph (1)(a) “financial period” and “accounting documents” shall be construed in accordance with paragraph 6 of Schedule 20D.

Alterations

7.—(1) If, after a company has delivered a return under paragraph (1), any alteration is made in—

- (a) its charter, statutes or memorandum and articles (or other instrument constituting or defining its constitution), or
- (b) any of the particulars referred to in paragraph 1(1),

the company shall, within the time specified in sub-paragraph (2), deliver to the registrar for registration a return in the prescribed form containing the prescribed particulars of the alteration. In the case of an alteration to any of the documents referred to in head (a), the return shall be accompanied by a certified copy of the document as altered, together with, if the document is not written in the English language, a translation of it into English certified in the prescribed manner to be a correct translation.

(2) The time for the delivery of the return required by sub-paragraph (1) is—

- (a) in the case of an alteration in any of the particulars specified in paragraph 3, 21 days after the alteration is made; or
- (b) in the case of any other alteration, 21 days after the date on which notice of the alteration in question could have been received in Northern Ireland in due course of post (if despatched with due diligence).

(3) Where—

- (a) a company has more than one branch in Northern Ireland, and
- (b) an alteration relates to more than one of those branches,

sub-paragraph (1) shall have effect to require the company to deliver a return in respect of each of the branches to which the alteration relates.

(4) For the purposes of sub-paragraph (3)—

- (a) an alteration in any of the particulars specified in paragraph 2 shall be treated as relating to every branch of the company (though where the company has more than one branch in Northern Ireland a return in respect of an alteration in any of those particulars which gives the branch numbers of two or more such branches shall be treated as a return in respect of each branch whose number is given), but

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- (b) an alteration in the company's charter or memorandum and articles (or other instrument constituting or defining its constitution) shall only be treated as relating to a branch if the document altered is included in the material registered in respect of it.

8.—(1) Sub-paragraph (2) applies where—

- (a) a company's return under paragraph 1(1) includes a statement to the effect mentioned in paragraph 1(3)(b), and
- (b) the statement ceases to be true so far as concerns the documents specified in paragraph 5.

(2) The company shall, within the time specified in sub-paragraph (3), deliver to the registrar for registration in respect of the branch to which the return relates—

- (a) the documents specified in paragraph 5, or
- (b) a return in the prescribed form—
 - (i) containing a statement to the effect that those documents are included in the material which is registered in respect of another branch of the company in the United Kingdom, and
 - (ii) stating where the other branch is registered and what is its registered number.

(3) The time for complying with sub-paragraph (2) is 21 days after the date on which notice of the fact that the statement in the earlier return has ceased to be true could have been received in Northern Ireland in due course of post (if despatched with due diligence).

(4) Sub-paragraph (2) shall also apply where, after a company has made a return under sub-paragraph (2)(b), the statement to the effect mentioned in sub-paragraph (2)(b)(i) ceases to be true.

(5) For the purposes of sub-paragraph (2)(b), where the company has more than one branch in Northern Ireland a return which gives the branch numbers of two or more such branches shall be treated as a return in respect of each branch whose number is given.

[^{F230}SCHEDULE 20B

Article 642A(3)]

Change in Registration Regime: Transitional Provisions

F230 SR 1993/198

1.—(1) This paragraph applies where a company which becomes a company to which Article 640A applies was, immediately before becoming such a company (referred to in this paragraph as the relevant time), a company to which Article 641 applies.

(2) The company need not include the particulars specified in paragraph 2(1)(d) of Schedule 20A in the first return to be delivered under paragraph 1(1) of that Schedule to the registrar if at the relevant time—

- (a) it had an established place of business in Northern Ireland,
- (b) it had complied with its obligations under Article 641(1)(b)(i), and
- (c) it had no outstanding obligation to make a return to the registrar under paragraph (1) of Article 642, so far as concerns any alteration of the kind mentioned in paragraph (1)(b) of that Article,

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and if it states in the return that the particulars have been previously filed in respect of a place of business of the company, giving the company's registered number.

(3) The company shall not be required to deliver the documents mentioned in paragraph 5 of Schedule 20A with the first return to be delivered under paragraph 1(1) of that Schedule to the registrar if at the relevant time—

- (a) it had an established place of business in Northern Ireland,
- (b) it had delivered the documents mentioned in Article 641(1)(a) to the registrar, and
- (c) it had no outstanding obligation to make a return to the registrar under paragraph (1) of Article 642 so far as concerns any alteration in any of the documents mentioned in sub-paragraph (a) of that paragraph,

and if it states in the return that the documents have been previously filed in respect of a place of business of the company, giving the company's registered number.

2.—(1) This paragraph applies where a company which becomes a company to which Article 641 applies was, immediately before becoming such a company (referred to in this paragraph as the relevant time), a company to which Article 640A applies.

(2) The company shall not be required to deliver the documents mentioned in Article 641(1)(a) to the registrar if at the relevant time—

- (a) it had a branch in Northern Ireland,
- (b) the documents mentioned in paragraph 5 of Schedule 20A were included in the material registered in respect of the branch, and
- (c) it had no outstanding obligation to make a return to the registrar under paragraph 7 of that Schedule, so far as concerns any alteration in any of the documents mentioned in sub-paragraph (1)(a) of that paragraph,

and if it states in the return that the documents have previously been filed in respect of a branch of the company, giving the branch's registered number.

(3) The company need not include the particulars mentioned in Article 641(1)(b)(i) in the return to be delivered under Article 641(1)(b) to the registrar if at the relevant time—

- (a) it had a branch in Northern Ireland,
- (b) it had complied with its obligations under paragraph 1(1)(a) of Schedule 20A in respect of the branch, so far as the particulars required by paragraph 2(1)(d) of that Schedule are concerned, and
- (c) it had no outstanding obligation to make a return to the registrar under paragraph 7 of that Schedule, so far as concerns any alteration in any of the particulars required by paragraph 2(1)(d) of that Schedule,

and if it states in the return that the particulars have been previously filed in respect of a branch of the company, giving the branch's registered number.

(4) Where sub-paragraph (3) applies, the reference in Article 642(1)(b) to the list of the directors and secretary shall be construed as a reference to the list contained in the return under paragraph 1(1) of Schedule 20A with any alterations in respect of which a return under paragraph 7(1) of that Schedule has been made.

[^{F231}SCHEDULE 20C

Article 648A]

Delivery of Reports and Accounts: Credit and Financial Institutions
to which The Bank Branches Directive (89/117/EEC) applies

F231 SR 1993/198

PART I

INSTITUTIONS REQUIRED TO PREPARE ACCOUNTS UNDER PARENT LAW

Scope of Part

1.—(1) This Part applies to any institution to which Article 648A applies which is required by its parent law to prepare and have audited accounts for its financial periods and whose only or principal branch within the United Kingdom is in Northern Ireland.

(2) In this Part, “branch” has the meaning given by Article 648A.

Duty to deliver copies in Northern Ireland

2.—(1) An institution to which this Part applies shall, within one month of becoming such an institution, deliver to the registrar for registration—

- (a) copies of the latest accounting documents of the institution prepared in accordance with its parent law to have been disclosed before the end of the period allowed for compliance with this paragraph or, if earlier, the date of compliance with it, and
- (b) if any of the documents mentioned in head (a) is not written in the English language, a translation of it into English certified in the prescribed manner to be a correct translation.

(2) Where an institution to which this Part applies had, immediately prior to becoming such an institution, a branch in Great Britain which was its only or principal branch within the United Kingdom it may, instead of delivering the documents mentioned in sub-paragraph (1)(a), deliver a notice that it has become an institution to which this Part applies, provided that those documents have been delivered pursuant to the Companies Act 1985—

- (a) to the registrar for England and Wales if the institution's only or principal branch within the United Kingdom was in England and Wales; or
- (b) to the registrar for Scotland if the institution's only or principal branch within the United Kingdom was in Scotland.

3.—(1) An institution to which this Part applies shall deliver to the registrar for registration—

- (a) copies of all the accounting documents of the institution prepared in accordance with its parent law which are disclosed on or after the end of the period allowed for compliance with paragraph 2(1) or, if earlier, the date on which it complies with that paragraph, and
- (b) if any of the documents mentioned in head (a) is not written in the English language, a translation of it into English, certified in the prescribed manner to be a correct translation.

(2) The period allowed for delivery, in relation to a document required to be delivered under this paragraph, is 3 months from the date on which the document is first disclosed.

(4) Where an institution's parent law permits it to discharge an obligation with respect to the disclosure of accounting documents by disclosing documents in a modified form, it may discharge

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its obligation under paragraph 2 or 3 by delivering copies of documents modified as permitted by that law.

5.—(1) Neither paragraph 2 nor paragraph 3 shall require an institution to deliver documents to the registrar if at the end of the period allowed for compliance with that paragraph—

- (a) it is not required by its parent law to register them,
- (b) they are made available for inspection at each branch of the institution in Northern Ireland, and
- (c) copies of them are available on request at a cost not exceeding the cost of supplying them.

(2) Where by virtue of sub-paragraph (1) an institution is not required to deliver documents under paragraph 2 or 3 and any of the conditions specified in that sub-paragraph ceases to be met, the institution shall deliver the documents to the registrar for registration within 7 days of the condition ceasing to be met.

Penalty for non-compliance

6.—(1) If an institution fails to comply with paragraph 2, 3 or 5(2) before the end of the period allowed for compliance, the institution and every person who immediately before the end of that period was a director of the institution, or in the case of an institution which does not have directors, a person occupying an equivalent office, is guilty of an offence and liable to a fine and, for continued contravention, to a daily default fine.

(2) It is a defence for a person charged with an offence under this paragraph to prove that he took all reasonable steps for securing compliance with paragraph 2, 3 or 5(2), as the case may be.

Interpretation

7.—(1) In this Part—

“financial period”, in relation to an institution means a period for which the institution is required or permitted by its parent law to prepare accounts;

“parent law”, in relation to an institution, means the law of the country in which the institution has its head office;

and references to disclosure are to public disclosure, except where an institution is not required under its parent law, any statutory provision (within the meaning of section 1(f) of the Interpretation Act (Northern Ireland) 1954) having effect for Northern Ireland or its constitution to disclose publicly its accounts, in which case such references are to the disclosure of the accounts to the persons for whose information they have been prepared.

(2) For the purposes of this Part, the following are accounting documents in relation to a financial period of an institution—

- (a) the accounts of the institution of the period, including, if it has one or more subsidiaries, any consolidated accounts of the group,
- (b) any annual report of the directors (or, in the case of an institution which does not have directors, the persons occupying equivalent offices) for the period,
- (c) the report of the auditors on the accounts mentioned in head (a), and
- (d) any report of the auditors on the report mentioned in head (b).

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PART II

INSTITUTIONS NOT REQUIRED TO PREPARE ACCOUNTS UNDER PARENT LAW

Scope of Part

- 8.—**(1) This part applies to any institution to which Article 648A applies which—
- (a) is incorporated, and
 - (b) is not required by the law of the country in which it has its head office to prepare and have audited accounts.
- (2) In this Part, “branch” has the meaning given by Article 648A.

Preparation of accounts and reports

9. An institution to which this Part applies shall in respect of each financial year of the institution prepare the like accounts and directors' report, and cause to be prepared such an auditors' report, as would be required if the institution were a company to which Article 649 applied.

- 10.** Articles 231 to 233 (financial year and accounting reference periods) apply to an institution to which this Part applies subject to the following modifications—
- (a) for the references to the incorporation of the company there shall be substituted references to the institution becoming an institution to which this Part applies; and
 - (b) Article 233(4) shall be omitted.

Duty to deliver accounts and reports

11.—(1) An institution to which this Part applies shall in respect of each financial year of the institution deliver to the registrar copies of the accounts and reports prepared in accordance with paragraph 9.

(2) If any document comprised in those accounts or reports is in a language other than English, the institution shall annex to the copy delivered a translation of it into English, certified in the prescribed manner to be a correct translation.

Time for delivery

12.—(1) The period allowed for delivering accounts and reports under paragraph 11 is 13 months after the end of the relevant accounting reference period, subject to the following provisions of this paragraph.

(2) If the relevant accounting reference period is the institution's first and is a period of more than 12 months, the period allowed is 13 months from the first anniversary of the institution becoming an institution to which this Part applies.

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(3) If the relevant accounting reference period is treated as shortened by virtue of a notice given by the institution under Article 233, the period allowed is that applicable in accordance with the above provisions or three months from the date of the notice under that Article, whichever last expires.

(4) If for any special reason the Department thinks fit it may, on an application made before the expiry of the period otherwise allowed, by notice in writing to an institution to which this Part applies extend that period by such further period as may be specified in the notice.

(5) In this paragraph “the relevant accounting reference period” means the accounting reference period by reference to which the financial year for the accounts in question was determined.

Penalty for non-compliance

13.—(1) If the requirements of paragraph 11 are not complied with before the end of the period allowed for delivering accounts and reports, or if the accounts and reports delivered do not comply with the requirements of this Order, the institution and every person who immediately before the end of that period was a director of the institution, or, in the case of an institution which does not have directors, a person occupying an equivalent office, is guilty of an offence and liable to a fine and, for continued contravention, to a daily default fine.

(2) It is a defence for a person charged with such an offence to prove that he took all reasonable steps for securing that the requirements in question would be complied with.

(3) It is not a defence in relation to a failure to deliver copies to the registrar to prove that the documents in question were not in fact prepared as required by this Schedule.

[^{F232}SCHEDULE 20D

Article 648AA]

Delivery of Reports and Accounts: Companies to which the Eleventh Company Law Directive applies

F232 SR 1993/198

PART I

COMPANIES REQUIRED TO MAKE DISCLOSURE UNDER PARENT LAW

Scope of Part

1. This Part applies to any company to which Article 648AA applies which is required by its parent law to prepare, have audited and disclose accounts.

Duty to deliver copies in Northern Ireland

2.—(1) This paragraph applies in respect of each branch which a company to which this part applies has in Northern Ireland.

(2) The Company shall deliver to the registrar for registration in respect of the branch copies of all the accounting documents prepared in relation to a financial period of the company which are disclosed in accordance with its parent law on or after the end of the period allowed for compliance in

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respect of the branch with paragraph 1 of Schedule 20A or, if earlier, the date on which the company complies with that paragraph in respect of the branch.

(3) Where the company's parent law permits it to discharge its obligation with respect to the disclosure of accounting documents by disclosing documents in a modified form, it may discharge its obligation under sub-paragraph (2) by delivering copies of documents modified as permitted by that law.

(4) If any document, a copy of which is delivered under sub-paragraph (2), is in a language other than English, the company shall annex to the copy delivered a translation of it into English, certified in the prescribed manner to be a correct translation.

3. Paragraph 2 shall not require documents to be delivered in respect of a branch if—
- (a) before the end of the period allowed for compliance with that paragraph, they are delivered in respect of another branch in the United Kingdom, and
 - (b) the particulars registered under Schedule 20A in respect of the branch indicate an intention that they are to be registered in respect of that other branch and include the details of that other branch mentioned in paragraph 4(b) of that Schedule.

Time for delivery

4. The period allowed for delivery, in relation to a document required to be delivered under paragraph 2, is 3 months from the date on which the document is first disclosed in accordance with the company's parent law.

Penalty for non-compliance

5.—(1) If a company fails to comply with paragraph 2 before the end of the period allowed for compliance, it, and every person who immediately before the end of that period was a director of it, is guilty of an offence and liable to a fine and, for continued contravention, to a daily default fine.

(2) It is a defence for a person charged with an offence under this paragraph to prove that he took all reasonable steps for securing compliance with paragraph 2.

Interpretation

6.—(1) In this Part—

“financial period”, in relation to a company, means a period for which the company is required or permitted by its parent law to prepare accounts;

“parent law”, in relation to a company, means the law of the country in which the company is incorporated;

and references to disclosure are to public disclosure.

(2) For the purposes of this Part, the following are accounting documents in relation to a financial period of a company—

- (a) the accounts of the company for the period, including, if it has one or more subsidiaries, any consolidated accounts of the group,
- (b) any annual report of the directors for the period,
- (c) the report of the auditors on the accounts mentioned in head (a), and
- (d) any report of the auditors on the report mentioned in head (b).

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PART II

COMPANIES NOT REQUIRED TO MAKE DISCLOSURE UNDER PARENT LAW

Scope of Part

7. This Part applies to any company to which Article 648AA applies which is not required by the law of the country in which it is incorporated to prepare, have audited and to disclose publicly accounts.

Preparation of accounts and reports

8. A company to which this Part applies shall in respect of each financial year of the company prepare the like accounts and directors' report, and cause to be prepared such an auditors' report as would be required if the company were a company to which Article 649 applied.

9. Articles 231 to 233 (financial year and accounting reference periods) apply to a company to which this Part applies subject to the following modifications—

- (a) for the references to the incorporation of the company there shall be substituted references to the company becoming a company to which this Part applies, and
- (b) Article 233(4) (restriction on frequency with which current accounting reference period may be extended) shall be omitted.

Duty to deliver accounts and reports

10.—(1) A company to which this Part applies shall in respect of each financial year of the company deliver to the registrar copies of the accounts and reports prepared in accordance with paragraph 8.

(2) If any document comprised in those accounts or reports is in a language other than English, the company shall annex to the copy delivered a translation of it into English, certified in the prescribed manner to be a correct translation.

(3) A company required to deliver documents under this paragraph in respect of a financial year shall deliver them in respect of each branch which it has in Northern Ireland at the end of that year.

(4) Sub-paragraph (3) is without prejudice to Article 645A.

11. Paragraph 10 shall not require documents to be delivered in respect of a branch if—

- (a) before the end of the period allowed for compliance with that paragraph, they are delivered in respect of another branch in the United Kingdom, and
- (b) the particulars registered under paragraph 1 of Schedule 20A in respect of the branch indicate an intention that they are to be registered in respect of that other branch and include the details of that other branch mentioned in paragraph 4(b) of that Schedule.

Time for delivery

12.—(1) The period allowed for delivery accounts and reports under paragraph 10 is 13 months after the end of the relevant accounting reference period, subject to the following provisions of this paragraph.

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(2) If the relevant accounting reference period is the company's first and is a period of more than 12 months, the period allowed is 13 months from the first anniversary of the company's becoming a company to which this Part applies.

(3) If the relevant accounting reference period is treated as shortened by virtue of a notice given by the company under Article 233, the period allowed is that applicable in accordance with the above provisions or three months from the date of the notice under that Article, whichever last expires.

(4) If for any special reason the Department thinks fit it may, on an application made before the expiry of the period otherwise allowed, by notice in writing to a company to which this Part applies extend that period by such further period as may be specified in the notice.

(5) In this paragraph "the relevant accounting reference period" means the accounting reference period by reference to which the financial year for the accounts in question was determined.

Penalty for non-compliance

13.—(1) If the requirements of paragraph 10 are not complied with before the end of the period allowed for delivering accounts and reports, or if the accounts and reports delivered do not comply with the requirements of this Order, the company and every person who immediately before the end of that period was a director of the company is guilty of an offence and liable to a fine and, for continued contravention, to a daily default fine.

(2) It is a defence for a person charged with such an offence to prove that he took all reasonable steps for securing that the requirements in question would be complied with.

(3) It is not a defence in relation to a failure to deliver copies to the registrar to prove that the documents in question were not in fact prepared as required by this Order.

SCHEDULE 21

Article 667

PROVISIONS OF THIS ORDER APPLYING TO UNREGISTERED COMPANIES

Provisions of this Order applied	Subject matter	Limitation and exceptions (if any)
Part I	Interpretation.	To apply so far as requisite for the interpretation of other provisions applied by Article 667 and this Schedule.
In Part II		
Article 29.....	Statutory and other amendments of memorandum and articles to be ^{F233} recorded].	Subject to Article 667(3)
[^{F234} Articles 45 to 45B].....	Company's capacity; power of directors to bind it.	Subject to Article 667(3)
^{F234}	^{F234}	^{F234}
[^{F234} Article 46.....]	[^{F234} Company contracts.]	[^{F234} Subject to Article 667(3).]
[^{F234} Article 46A.....]	[^{F234} Execution of documents.]	[^{F234} Subject to Article 667(3).]

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[^{F234} Article 46B.....]	[^{F234} Pre-incorporation contracts and deeds.]	[^{F234} Subject to Article 667(3).]
Article 50.....	Official seal for share certificates, etc.	Subject to Article 667(3)
Article 52.....	Events affecting a company's status to be officially notified.	Subject to Article 667(3)
^{F235} . . .	^{F235} . . .	^{F235} . . .
In Part VI—		
Article 195(4).....	Exemption from duty to prepare certificates where shares, etc. issued to [^{F235} clearing house or] nominee.	Subject to Article 667(3)
Article 196.....	Certificate as evidence of title.	Subject to Article 667(3)
Part VIII, with—		
[^{F236} Schedules 4 to 9]	Accounts and audit.	Subject to Article 667(3)
[^{F236} Schedule 9A] ^{F237} . . . and	Accounts and audit.	Subject to Article 667(3)
[^{F238} Schedules 10 and 10A].....	Accounts and audit.	Subject to Article 667(3)
Part X—		
Article 295.....	Registered office.	Subject to Article 667(3)
Articles 296 to 298.....	Register of directors and secretaries.	Subject to Article 667(3)
[^{F234} Article 330A.....]	[^{F234} Invalidity of certain transactions involving directors, etc.]	[^{F234} Subject to Article 667(3).]
In Part XI, Articles 351 to 355.....	Register to be kept of certain transactions not disclosed in accounts; other related matters.	[^{F233} Subject to Article 667(3)]
In Part XII—		
Article 359(1), (2) and [^{F233} (3) (a)].....	Particulars of company to be given in correspondence.	Subject to Article 667(3)
Articles 371 ^{F234} . . . to 373	Annual return.	Subject to Article 667(3)
Articles 392 to [^{F234} 401B]	Appointment, ^{F238} . . . etc. of auditors.	Subject to Article 667(3)
[^{F234} ^{F239} ^{F239} ^{F239} Part XV (except Article 439)]	[^{F234} Investigation of companies and their affairs; requisition of documents.]	—
Part XVI.....	Effect of order imposing restrictions on shares.	To apply so far as relates to orders under Article 438.

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[^{F234} Part XVII.....]	[^{F234} Fraudulent trading by a company.]	—
In Part XXIV		
[^{F234} Articles 655 to 659A, 662 and 664A].....	Miscellaneous provisions about registration.	
Article 660	Public notice by registrar with respect to certain documents.	Subject to Article 667(3)
F239F239F239 In Part XXV—		
Article 669.....	Companies to publish periodical statement.	Subject to Article 667(3)
Article 670.....	Production and inspection of company's books.	To apply so far only as these provisions have effect in relation to provisions applying by virtue of the foregoing provisions of this Schedule.
Article 671.....	Form of company registers, etc.	To apply so far only as these provisions have effect in relation to provisions applying by virtue of the foregoing provisions of this Schedule.
Article 672.....	Use of computers for company records.	To apply so far only as these provisions have effect in relation to provisions applying by virtue of the foregoing provisions of this Schedule.
[^{F234} Article 672A]	[^{F234} Rights of inspection and related matters.]	[^{F234} To apply only so far as this provision has effect in relation to provisions applying by virtue of the foregoing provisions of this Schedule.]
Article 673.....	Service of documents.	To apply so far only as these provisions have effect in relation to provisions applying by virtue of the foregoing provisions of this Schedule.
Article 678 with Schedule 23.....	Punishment of offences; meaning of “officer in default”.	To apply so far only as these provisions have effect in relation to provisions applying by virtue of the foregoing provisions of this Schedule.
Article 679.....	Summary proceedings.	To apply so far only as these provisions have effect in relation to provisions applying

Status: Point in time view as at 01/10/2007.

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Article 680(3).....	Prosecution by public authorities.	by virtue of the foregoing provisions of this Schedule. To apply so far only as these provisions have effect in relation to provisions applying by virtue of the foregoing provisions of this Schedule.
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- F233** 1989 NI 18
- F234** 1990 NI 10
- F235** 1986 c. 60
- F236** SR 1992/258
- F237** SR 1994/428
- F238** 1990 NI 5
- F239** prosp. insertion by 1990 NI 10

SCHEDULE 22

.....

SCHEDULE 23 ^{F240}

Article 678

PUNISHMENT OF OFFENCES UNDER THIS ORDER

F240 mod. by SR 2004/307

Article creating offence	General nature of offence	Mode of Prosecution	Punishment	Daily default fine (where applicable)
17(3)	Company failing to deliver to registrar notice or other document, following alteration of its objects.	Summary.	One-fifth of the statutory maximum.	One-fiftieth of the statutory maximum.
[^{F241} 23(5)]	[^{F241} Person making false statement under Article 23(4) which he knows to be false or does not believe to be true]	[^{F241} 1. On indictment 2. Summary]	[^{F241} 2 years or a fine; or both 12 months or the statutory maximum; or both]	

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29(3)	Company failing to notify registrar of change in memorandum or articles.	Summary.	One-fifth of the statutory maximum.	One-fiftieth of the statutory maximum.
30(2)	Company failing to send to one of its members a copy of the memorandum or articles, when so required by the member.	Summary.	One-fifth of the statutory maximum.	
31(2)	Where company's memorandum altered, company issuing copy of its memorandum without the alteration.	Summary.	One-fifth of the statutory maximum for each occasion on which copies are so issued after the date of the alteration.	
38(5)	Company failing to change name on direction of Department.	Summary.	One-fifth of the statutory maximum.	One-fiftieth of the statutory maximum.
[^{F241} 40(5C)]	[^{F241} Person making false statement under Article 40(5A) which he knows to be false or does not believe to be true]	[^{F241} 1. On indictment. 2. Summary]	[^{F241} 2 years or a fine; or both 12 months or the statutory maximum; or both]	
41(5)	Company altering its memorandum or articles, so ceasing to be exempt from having limited" as part of its name.	Summary.	The statutory maximum.	One-tenth of the statutory maximum.
41(6)	Company failing to change name, on Department's direction, so as to have limited" at the end.	Summary.	One-fifth of the statutory maximum.	One-fiftieth of the statutory maximum.
42(4)	Company failing to comply with Department's	Summary.	One-fifth of the statutory maximum.	One-fiftieth of the statutory maximum.

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	direction to change its name, on grounds that the name is misleading.			
43	Trading under misleading name (use of public limited company") when not so entitled; purporting to be a private company.	Summary.	One-fifth of the statutory maximum.	One-fiftieth of the statutory maximum.
44	Trading or carrying on business with improper use of limited".	Summary.	One-fifth of the statutory maximum.	One-fiftieth of the statutory maximum.
[^{F242} 44A	Trading with improper use of "community interest company" etc.	Summary	Level 3 on the standard scale	One-tenth of level 3 on the standard scale]
[^{F241} 53(3B)]	[^{F241} Person making false statement under Article 53(3A) which he knows to be false or does not believe to be true]	[^{F241} 1. On indictment. 2. Summary]	[^{F241} 2 years or a fine; or both 12 months or the statutory maximum; or both]	
[^{F241} 59(8B)]	[^{F241} Person making false statement under Article 59(8A) which he knows to be false or does not believe to be true]	[^{F241} 1. On indictment. 2. Summary]	[^{F241} 2 years or a fine; or both 12 months or the statutory maximum; or both]	
64(10)	Public Company failing to give notice, or office copy of court order, to registrar, concerning application to re-register as private company.	Summary.	One-fifth of the statutory maximum.	One fiftieth of the statutory maximum.
F243	F243	F243	F243	F243

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...
90(9)	Directors exercising company's power of allotment without the authority required by Article 90(1).	1. On indictment. 2. Summary.	A fine. The statutory maximum.	
F243	F243	F243	F243	F243
...
98(5)	Officer of company failing to deliver return of allotments, etc. to registrar.	1. On indictment. 2. Summary.	A fine. The statutory maximum.	One-tenth of the statutory maximum.
105(6)	Knowingly or recklessly authorising or permitting misleading, false or deceptive material in statement by directors under Article 105(5).	1. On indictment. 2. Summary.	2 years or a fine; or both. 6 months or the statutory maximum; or both.	
F243	F243	F243	F243	F243
...
120(2)	Making misleading, false or deceptive statement in connection with valuation under Article 113 or 114.	1. On indictment. 2. Summary.	2 years or a fine; or both. 6 months or the statutory maximum; or both.	
121(3)	Officer of company failing to deliver copy of asset valuation report to registrar.	1. On indictment. 2. Summary.	A fine. The statutory maximum.	One-tenth of the statutory maximum.
121(4)	Company failing to deliver to registrar copy of resolution under Article 114(4), with respect to transfer of an asset as	Summary.	One-fifth of the statutory maximum.	One-fiftieth of the statutory maximum.

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	consideration for allotment.				
124	Contravention of any of the provisions of Articles 109 to 114 and 116.	1. On indictment. 2. Summary.		A fine. The statutory maximum.	
127(7)	Company doing business or exercising borrowing powers contrary to Article 127.	1. On indictment. 2. Summary.		A fine. The statutory maximum.	
[^{F241} 127(7A)]	[^{F241} Person making false statement under Article 127(3A) which he knows to be false or does not believe to be true]	[^{F241} 1. On indictment 2. Summary]		[^{F241} 2 years or a fine; or both 12 months or the statutory maximum; or both]	
132(2)	Company failing to give notice to registrar of re-organisation of share capital.	Summary.		One-fifth of the statutory maximum.	One-fiftieth of the statutory maximum.
133(4)	Company failing to give notice to registrar of increase of share capital.	Summary.		One-fifth of the statutory maximum.	One-fiftieth of the statutory maximum.
137(5)	Company failing to forward to registrar office copy of court order, when application made to cancel resolution varying shareholders' rights.	Summary.		One-fifth of the statutory maximum.	One-fiftieth of the statutory maximum.
138(5)	Company failing to send to registrar statement of notice required by Article 138 (particulars of	Summary.		One-fifth of the statutory maximum.	One-fiftieth of the statutory maximum.

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	shares carrying special rights).			
139(4)	Company failing to deliver to registrar statement or notice required by Article 139 (registration of newly created class rights).	Summary.	One-fifth of the statutory maximum.	One-fiftieth of the statutory maximum.
151	Officer of company concealing name of creditor entitled to object to reduction of capital, wilfully misrepresenting nature or amount of debt or claim, etc.	1. On indictment. 2. Summary.	A fine. The statutory maximum.	
152(3)	Director authorising or permitting non-compliance with Article 152 (requirement to convene company meeting to consider serious loss of capital).	1. On indictment. 2. Summary.	A fine. The statutory maximum.	
153(2)	Company acquiring its own shares in breach of Article 153.	1. On indictment.	In the case of the company, a fine.	
			In the case of an officer of the company who is in default, 2 years or a fine; or both.	
		2. Summary.	In the case of the company, the statutory maximum.	
			In the case of an officer of the company who is in default,	

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			6 months or the statutory maximum; or both.	
159(2)	Company failing to cancel its own shares, acquired by itself, as required by Article 156(2); or failing to apply for re-registration as private company, as so required in the case there mentioned.	Summary.	One-fifth of the statutory maximum.	One-fiftieth of the statutory maximum.
161(3)	Company giving financial assistance towards acquisition of its own shares.	1. On indictment.	Where the company is convicted, a fine.	
			Where an officer is convicted, 2 years or a fine; or both.	
		2. Summary.	Where the company is convicted, the statutory maximum.	
			Where an officer of the company is convicted, 6 months or the statutory maximum; or both.	
166(6)	Company failing to register statutory declaration under Article 165.	Summary.	The statutory maximum.	One-fiftieth of the statutory maximum.
166(7)	Director making statutory declaration under Article 165 without	1. On indictment.	2 years, or a fine; or both. 6 months or the statutory maximum; or both.	
		2. Summary.		

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	having reasonable grounds for opinion expressed in it.			
[^{F244} 172G]	[^{F244} Contravention of any provision of Articles 172A to 172F (dealings by company in treasury shares, etc.)]	[^{F244} 1. On indictment 2. Summary]	[^{F244} A fine The statutory maximum]	
179(6)	Default by company's officer in delivering to registrar the return required by Article 179 (disclosure by company of purchase of own shares).	1. On indictment. 2. Summary.	A fine. The statutory maximum.	One-tenth of the statutory maximum.
179(7)	Company failing to keep copy of contract, etc. at registered office; refusal of inspection to person demanding it.	Summary.	One-fifth of the statutory maximum.	One-fiftieth of the statutory maximum.
[^{F244} 179A(4)]	[^{F244} Default by company's officer in delivering to registrar the return required by Article 179A (disclosure by company of cancellation or disposal of treasury shares)]	[^{F244} 1. On indictment 2. Summary]	[^{F244} A fine The statutory maximum]	[^{F244} One-tenth of the statutory maximum.]
183(6)	Director making statutory declaration under Article 183 without having reasonable grounds for the opinion expressed in the declaration.	1. On indictment. 2. Summary.	2 years or a fine; or both. 6 months or the statutory maximum; or both.	

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185(6)	Refusal of inspection of statutory declaration and auditors' report under Article 183, etc.	Summary.	One-fifth of the statutory maximum.	One-fiftieth of the statutory maximum.
186(4)	Company failing to give notice to registrar of application to court under Article 186, or to register court order.	Summary.	One-fifth of the statutory maximum.	One-fiftieth of the statutory maximum.
193(6)	Company failing to send notice of refusal to register a transfer of shares or debentures.	Summary.	One-fifth of the statutory maximum.	One-fiftieth of the statutory maximum.
195(5)	Company default in compliance with Article 195(1) (certificates to be made ready following allotment or transfer of shares, etc.).	Summary.	One-fifth of the statutory maximum.	One-fiftieth of the statutory maximum.
199(5)	Failure to keep company's register of debenture holders, or any duplicate or part of that register, at a place specified in Article 199(1); failing to notify the registrar of the place, or of any change in the place, where the register or any duplicate is kept.	Summary.	One-fifth of the statutory maximum.	One-fiftieth of the statutory maximum.
199(6)	Default by person keeping the register of	Summary.	One-fifth of the statutory maximum.	One-fiftieth of the statutory maximum.

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	debenture holders of the company preventing company from complying with the requirements of Article 199.			
200(4)	Refusal of inspection or copy of register of debenture holders, etc.	Summary.	One-fifth of statutory maximum.	One-fiftieth of the statutory maximum.
F245	F245	F245	F245	
F245	F245	F245	F245	F245
F245	F245	F245	F245	
F245	F245	F245	F245	
F245	F245	F245	F245	
F245	F245	F245	F245	F245
F245	F245	F245	F245	F245
[^{F246} 229(5) or 230(4)]	Company failing to keep accounting records (liability of officers).	<ol style="list-style-type: none"> 1. On indictment. 2. Summary. 	2 years or a fine; or both. 6 months or the statutory maximum; or both.	
[^{F246} 230(6)]	Officer of company failing to secure compliance with or intentionally causing default under Article [^{F246} 230(5)] (preservation of accounting records for	<ol style="list-style-type: none"> 1. On indictment. 2. Summary. 	2 years or a fine; or both. 6 months or the statutory maximum; or both.	

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	requisite number of years).			
[^{F246} 239(7)]	Company failing to annex to its annual return certain particulars required by Schedule 5 and not included in annual accounts.	Summary.	One-fifth of the statutory maximum.	One-fiftieth of the statutory maximum.
[^{F246} 240(4)]	Default by director or officer of a company in giving notice of matters relating to himself for the purposes of [^{F246} Schedule 6, Part I].	Summary.	One-fifth of the statutory maximum.	
[^{F246} 241(5)]	[^{F246} Approving defective accounts.]	[^{F246} 1. On indictment.	[^{F246} A fine. The statutory maximum.]	
		2. Summary.]		
[^{F246} 241(6)]	Laying or delivery of unsigned balance sheet; circulating copies of balance sheet without signatures.	Summary.	One-fifth of the statutory maximum.	
[^{F246} 242(5)]	Non-compliance with [^{F246} Part VIII], as to directors' report and its content; directors individually liable.	1. On indictment. 2. Summary.	A fine. The statutory maximum.	
[^{F246} 242A(4)]	[^{F246} Laying, circulating or delivering directors' report without required signature.]	[^{F246} Summary]	[^{F246} One-fifth of the statutory maximum.]	
F247	F247	F247	F247	
...		
F248	F248	F248	F248	

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[^{F249} 242B(3)]	[^{F249} Non# compliance with requirements as to preparation and content of directors' remuneration report]	[^{F249} Summary]	[^{F249} One fifth of the statutory maximum.]	
[^{F249} 242B(6)]	[^{F249} Default in complying with Article 242B(5)]	[^{F249} Summary]	[^{F249} One fifth of the statutory maximum.]	
[^{F249} 242C(4)]	[^{F249} Non# compliance with requirements as to signing etc. of directors' remuneration report]	[^{F249} Summary]	[^{F249} One fifth of the statutory maximum.]	
[^{F246} 244(4)]	[^{F246} Laying, circulating or delivering auditors' report without required signature.]	[^{F246} Summary]	[^{F246} One-fifth of the statutory maximum.]	
[^{F246} 246(5)]	Failing to send [^{F246} company's annual accounts], directors' report and auditors' report to those entitled to receive them.	1. On indictment. Summary.	A fine. 2. The statutory maximum.	
[^{F246} 247(3)]	Company failing to supply copy of accounts [^{F246} and reports] to shareholder on his demand.	Summary.	One-fifth of the statutory maximum.	One-fiftieth of the statutory maximum.
[^{F246} 248(6)]	[^{F246} Failure to comply with requirements in connection with publication of accounts].	Summary.	One-fifth of the statutory maximum.	

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[^{F246} [^{F250} 249(2) or 250(2)]]	[^{F250} Director in default as regards duty to lay and deliver ^{F246} company's annual accounts, directors' report and auditors' report].]	[^{F250} Summary.]	[^{F250} The statutory maximum.]	[^{F250} One-tenth of the statutory maximum.]
[^{F249} 249A(9)]	[^{F249} Default in complying with the requirements of Article 249A(3) and (4)]	[^{F249} Summary]	[^{F249} One fifth of the statutory maximum]	
[^{F249} 249A(10)]	[^{F249} Failure to put resolution to vote of meeting]	[^{F249} Summary]	[^{F249} One fifth of the statutory maximum]	
[^{F251} 253E(3)]	[^{F251} Using or disclosing tax information in contravention of Article 253E(1) or (2)]	[^{F251} 1. indictment 2. Summary]	On [^{F251} 2 years or a fine; or both 3 months or the statutory maximum; or both]	[^{F251} #]
F246	F246	F246	F246	F246
...
[^{F246} 259(5)]	[^{F246} Failure to comply with requirements in relation to summary financial statements.]	[^{F246} Summary]	[^{F246} One-fifth of the statutory maximum.]	
F246	F246	F246	F246	F246
...
296(4)	Default in complying with Article 296 (keeping register of directors and secretaries, refusal of inspection).	Summary.	The statutory maximum.	One-tenth of the statutory maximum.
299(5)	Acting as director of a company without having the requisite share qualification.	Summary.	One-fifth of the statutory maximum.	One-fiftieth of the statutory maximum.

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302(4)	Director failing to give notice of his attaining retirement age; acting as director under appointment invalid due to his attaining it.	Summary.	One-fifth of the statutory maximum.	One-fiftieth of the statutory maximum.
F252	F252	F252	F252	F252
...
313(3)	Company default in complying with Article 313 (directors' names to appear on company correspondence, etc.).	Summary.	One-fifth of the statutory maximum.	
314(4)	Failure to state that liability of proposed director is unlimited; failure to give notice of that fact to person accepting office.	<ol style="list-style-type: none"> 1. On indictment. 2. Summary. 	A fine. The statutory maximum.	
F253	F253	F253	F253	
.....				
325(7)	Director failing to disclose interest in contract.	<ol style="list-style-type: none"> 1. On indictment. 2. Summary. 	A fine. The statutory maximum.	
F253	F253	F253	F253	F253
.....				
F253	F253	F253	F253	
.....				
F253	F253	F253	F253	
.....				
F253	F253	F253	F253	F253
.....				
F253	F253	F253	F253	

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F253	F253	F253	F253	F253
F253	F253	F253	F253	
F253	F253	F253	F253	
F253	F253	F253	F253	
F253	F253	F253	F253	
356(2)	Company failing to paint or affix name; failing to keep it painted or affixed.	Summary.	One-fifth of the statutory maximum.	In the case of failure to keep the name painted or affixed, one-fiftieth of the statutory maximum.
357(2)	Company failing to have name on business correspondence, invoices, etc.	Summary.	One-fifth of the statutory maximum.	
357(3)	Officer of company issuing business letter or document not bearing company's name [F254 or causing appearance of website in which company's name not mentioned] .	Summary.	One-fifth of the statutory maximum.	
357(4)	Officer of company signing cheque, bill of exchange, etc. on which company's name not mentioned.	Summary.	One-fifth of the statutory maximum.	
358(1)	Company failing to have its name engraved on company seal.	Summary.	One-fifth of the statutory maximum.	

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358(2)	Officer of company, etc. using company seal without name engraved on it.	Summary.	One-fifth of the statutory maximum.	
359(3)(a)	Company failing to comply with Article 359(1) or (2) (matters to be stated on business correspondence, etc.).	Summary.	One-fifth of the statutory maximum.	
359(3)(b)	Officer or agent of company issuing, or authorising issue of, business document not complying with Article 359(1) or (2).	Summary.	One-fifth of the statutory maximum.	
[^{F255} 359(3)(ba)]	Officer or agent of company causing appearance of website not complying with article 359(1) or (2)	Summary	Level 3 on the standard scale]	
360(5)	Company default in complying with Article 360 (requirement to keep register of members and their particulars).	Summary.	One-fifth of the statutory maximum.	One-fiftieth of the statutory maximum.
[^{F256} 360A(3)]	[^{F256} Company default in complying with Article 360A (statement that company has only one member).]	[^{F256} Summary.]	[^{F256} A fine of £100.]	[^{F256} £10.]
361(4)	Company failing to send notice to registrar as to place where	Summary.	One-fifth of the statutory maximum.	One-fiftieth of the statutory maximum.

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	register of members is kept.			
362(4)	Company failing to keep index of members.	Summary.	One-fifth of the statutory maximum.	One-fiftieth of the statutory maximum.
F253	F253	F253	F253	
.....				
[^{F257} 371(3)]	[^{F257} Company failing to deliver annual return in due time.]	Summary.	The statutory maximum.	One-tenth of the statutory maximum.
F257	F257	F257	F257	F257
...
F253	F253	F253	F253	
.....				
F253	F253	F253	F253	
.....				
F253	F253	F253	F253	F253
.....				
F253	F253	F253	F253	
.....				
F253	F253	F253	F253	
.....				
F253	F253	F253	F253	
.....				
388(5)	Company failing to comply with Article 388 (copies of certain resolutions, etc. to be sent to registrar).	Summary.	One-fifth of the statutory maximum.	One-fiftieth of the statutory maximum.
388(6)	Company failing to include copy of resolution to which Article 388 applies in its articles; failing to forward copy to member on request.	Summary.	One-fifth of the statutory maximum for each occasion on which copies are issued or, as the case may be, requested.	
F253	F253	F253	F253	
.....				
F253	F253	F253	F253	F253

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F253	F253	F253	F253	
F253	F253	F253	F253	
F257	F257	F257	F257	F257
...
[^{F257} 395(2)]	[^{F257} ^{F258} Company failing to give Department notice of non-appointment of auditors.]]	[^{F257} ^{F258} Summary.]]	[^{F257} ^{F258} One-fifth of the statutory maximum.]]	[^{F257} ^{F258} One-fiftieth of the statutory maximum.]]
F257	F257	F257	F257	F257
...
[^{F257} 397A(2)]	[^{F257} Officer of a company making false, misleading or deceptive statement to auditors.]	[^{F257} 1. On indictment. 2. Summary.]	[^{F257} 2 years or a fine; or both. 6 months or the statutory maximum; or both.]	
[^{F257} 397A(3)]	[^{F257} Subsidiary undertaking or its auditor failing to give information to auditors of parent company.]	[^{F257} Summary.]	[^{F257} One-fifth of the statutory maximum.]	
[^{F257} 397A(4)]	[^{F257} Parent company failing to obtain from subsidiary undertaking information for purposes of audit.]	[^{F257} Summary.]	[^{F257} One-fifth of the statutory maximum.]	
F257	F257	F257	F257	F257
...
[^{F257} 399(2)]	[^{F257} Failing to give notice to registrar of removal of auditor.]	[^{F257} Summary.]	[^{F257} One-fifth of the statutory maximum.]	[^{F257} One-fiftieth of the statutory maximum.]
F257	F257	F257	F257	F257
...

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[^{F257} 400(3)]	[^{F257} Company failing to forward notice of auditor's resignation to registrar.]	[^{F257} 1. On indictment. 2. Summary.]	[^{F257} A fine. The statutory maximum.]	[^{F257} One-tenth of the statutory maximum.]
[^{F257} 400A(5)]	[^{F257} Directors failing to convene meeting requisitioned by resigning auditor.]	[^{F257} 1. On indictment. 2. Summary.]	[^{F257} A fine. The statutory maximum.]	
F257 ...	F257 ...	F257 ...	F257 ...	F257 ...
[^{F257} 401B(1)]	[^{F257} Person ceasing to hold office as auditor failing to deposit statement as to circumstances.]	[^{F257} 1. On indictment. 2. Summary.]	[^{F257} A fine. The statutory maximum.]	
[^{F257} 401B(4)]	[^{F257} Company failing to comply with requirements as to statement of person ceasing to hold office as auditor.]	[^{F257} 1. On indictment. 2. Summary.]	[^{F257} A fine. The statutory maximum.]	[^{F257} One-tenth of the statutory maximum.]
406(3)	Company failing to send to registrar particulars of charge created by it, or of issue of debentures which requires registration.	1. On indictment. 2. Summary.	A fine. The statutory maximum.	One-tenth of the statutory maximum.
407(4)	Company failing to send to registrar particulars of charge on property acquired.	1. On indictment. 2. Summary.	A fine. The statutory maximum.	One-tenth of the statutory maximum.
410(3)	Authorising or permitting delivery of debenture or certificate of debenture stock, without endorsement on	Summary.	One-fifth of the statutory maximum.	

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	it of certificate of registration of charge.			
[^{F241} 411(3)]	[^{F241} Person making false statement under Article 411(1A) which he knows to be false or does not believe to be true]	[^{F241} 1. On indictment 2. Summary]	[^{F241} 2 years or a fine; or both 12 months or the statutory maximum; or both]	
413(4)	Failure to give notice to registrar of appointment of receiver or manager, or of his ceasing to act.	Summary.	One-fifth of the statutory maximum.	One-fiftieth of the statutory maximum.
415(3)	Authorising or permitting omission from company's register of charges.	1. On indictment. 2. Summary.	A fine. The statutory maximum.	
416(3)	Officer of company refusing inspection of charging instrument or of register of charges.	Summary.	One-fifth of the statutory maximum.	One-fiftieth of the statutory maximum.
418(4)	Company failing to annex to memorandum court order sanctioning compromise or arrangement with creditors.	Summary.	One-fifth of the statutory maximum.	
419(6)	Company failing to comply with requirements of Article 419 (information to members and creditors about compromise or arrangement).	1. On indictment. 2. Summary.	A fine. The statutory maximum.	

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419(7)	Director or trustee for debenture holders failing to give notice to company of matters necessary for purposes of Article 419.	Summary.	One-fifth of the statutory maximum.	
420(5)	Failure to deliver to registrar office copy of court order under Article 420 (company reconstruction or amalgamation).	Summary.	One-fifth of the statutory maximum.	One-fiftieth of the statutory maximum.
F259	F259	F259	F259	F259
.....				
F259	F259	F259	F259	F259
.....				
437(3)	Failure to give Department, when required to do so, information about interests in shares, etc.; giving false information.	<ol style="list-style-type: none"> 1. On indictment. 2. Summary. 	2 years or a fine; or both. 6 months or the statutory maximum; or both.	
440(6)	Failure to comply with requirement to produce ^[F257] documents] imposed by Department under Article 440.	<ol style="list-style-type: none"> 1. On indictment. 2. Summary. 	A fine. The statutory maximum.	
[^{F257} 441(7)]	[^{F257} Obstructing the exercise of any rights conferred by a warrant or failing to comply with a requirement imposed under paragraph (3)(d).]	<ol style="list-style-type: none"> 1. On indictment. 2. Summary. 	A fine. The statutory maximum.	
442(2)	Wrongful disclosure of information or document	<ol style="list-style-type: none"> 1. On indictment. 	2 years or a fine; or both. 6 months or the statutory	

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	obtained under Article 440 or 441.	2. Summary.	maximum; or both.	
443	Destroying or mutilating company documents; falsifying such documents or making false entries; parting with such documents or altering them or making omissions.	1. On indictment. 2. Summary.	7 years or a fine; or both. 6 months or the statutory maximum; or both.	
444	Making false statement or explanation in purported compliance with Article 440.	1. On indictment. 2. Summary.	2 years or a fine; or both. 6 months or the statutory maximum; or both.	
448(1)	Exercising a right to dispose of, or vote in respect of, shares which are subject to restrictions under Part XVI; failing to give notice in respect of shares so subject; entering into agreement void under Article 447(2) or (3).	1. On indictment. 2. Summary.	A fine. The statutory maximum.	
448(2)	Issuing shares in contravention of restrictions of Part XVI.	1. On indictment. 2. Summary.	A fine. The statutory maximum.	
F259	F259	F259	F259	
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F259	F259	F259	F259	F259
.....				
F260	F260	F260	F260	F260
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602(3)	Person obtaining court order to declare company's dissolution void, the failing to send to registrar office copy of the order.	Summary.	One-fifth of the statutory maximum.	One-fiftieth of the statutory maximum.
[^{F261} 603E(1)]	[^{F261} Person breaching or failing to perform duty imposed by Article 603B or 603C.]	[^{F261} 1. On indictment. 2. Summary.]	[^{F261} A fine. The statutory maximum.]	
[^{F261} 603E(2)]	[^{F261} Person failing to perform duty imposed by Article 603B(6) or 603C(2) with intent to conceal the making of application under Article 603A.]	[^{F261} 1. On indictment. 2. Summary.]	[^{F261} 7 years or a fine; or both. 6 months or the statutory maximum; or both.]	
[^{F261} 603F(1)]	[^{F261} Person furnishing false or misleading information in connection with application under Article 603A.]	[^{F261} 1. On indictment. 2. Summary.]	[^{F261} A fine. The statutory maximum.]	
[^{F261} 603F(2)]	[^{F261} Person making false application under Article 603A.]	[^{F261} 1. On indictment. 2. Summary.]	[^{F261} A fine. The statutory maximum.]	
[^{F241} 634(7)]	[^{F241} Person making false statement under Article 634(4A) which he knows to be false or does not believe to be true]	[^{F241} 1. On indictment 2. Summary]	[^{F241} 2 years or a fine; or both 12 months or the statutory maximum; or both]	
[^{F241} 635(4)]	[^{F241} Person making false statement under Article 635(2A) which he knows	[^{F241} 1. On indictment 2. Summary]	[^{F241} 2 years or a fine; or both 12 months or the statutory	

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	to be false or does not believe to be true]		maximum; or both]	
[^{F241} 641(5)]	[^{F241} Person making false statement under section 641(3A) which he knows to be false or does not believe to be true]	[^{F241} 1. On indictment 2. Summary]	[^{F241} 2 years or a fine; or both 12 months or the statutory maximum; or both]	
647(1)	Part XXIII company failing to comply with any of Articles 641 to 643 or 646.	Summary.	For an offence which is not a continuing offence, one-fifth of the statutory maximum. For an offence which is a continuing offence, one-fifth of the statutory maximum.	One-fiftieth of the statutory maximum
647(2)	Part XXIII company contravening Article 644(6) (carrying on business under its corporate name after Department's direction).	1. On indictment. 2. Summary.	A fine. The statutory maximum.	One-tenth of the statutory maximum.
[^{F262} 647(3)]	[^{F262} Part XXIII company failing to comply with Article 645A or Schedule 20A.]	[^{F262} Summary.]	[^{F262} For an offence which is not a continuing offence, a fine of £400.]	[^{F262} £40.]
652(1)	Part XXIII company failing to comply with [^{F246} requirements as to accounts and reports].	1. On indictment. 2. Summary.	A fine. The statutory maximum.	One-tenth of the statutory maximum.
[^{F262} 652Q(1)]	[^{F262} Company failing to register winding up or commencement	[^{F262} 1. On indictment.	[^{F262} A fine. A fine of £2,000.]	[^{F262} £100.]

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	of insolvency proceedings etc.]	2. Summary.]		
[^{F262} 652Q(2)]	[^{F262} Liquidator failing to register appointment, termination of winding up or striking-off of company.]	[^{F262} 1. On indictment.	[^{F262} A fine. A fine of £2,000.]	[^{F262} £100.]
		2. Summary.]		
F260	F260	F260	F260	F260
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F259	F259	F259	F259	F259
671(3)	Company failing to comply with Article 671(2), as regards the manner of keeping registers, minute books and accounting records.	Summary.	One-fifth of the statutory maximum.	One-fiftieth of the statutory maximum.
Sch. 14, Part II para. 1(3)	Company failing to give notice of location of external branch register, etc.	Summary.	One-fifth of the statutory maximum.	One-fiftieth of the statutory maximum.
Sch. 14, Part II para. 4(2)	Company failing to transmit to its registered office in Northern Ireland copies of entries in external branch register, or to keep a duplicate of that register.	Summary.	One-fifth of the statutory maximum.	One-fiftieth of the statutory maximum.
[^{F262} Sch. 20C, Part I para. 6.]	[^{F262} Credit or financial institution failing to deliver accounting documents.]	[^{F262} 1. On indictment.	[^{F262} A fine. A fine of £2,000.]	[^{F262} £100.]
		2. Summary.]		
[^{F262} Sch. 20C, Part II para. 13.]	[^{F262} Credit or financial institution failing to deliver	[^{F262} 1. On indictment.	[^{F262} A fine. A fine of £2,000.]	[^{F262} £100.]
		2. Summary.]		

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	accounts and reports.]			
[^{F262} Sch. 20D, Part I para. 5.]	[^{F262} Company failing to deliver accounting documents.]	[^{F262} 1. On indictment.	[^{F262} A fine. A fine of £2,000.]	[^{F262} £100.]
		2. Summary.]		
[^{F262} Sch. 20D, Part II para. 13.]	[^{F262} Company failing to deliver accounts and reports.]	[^{F262} 1. On indictment.	[^{F262} A fine. A fine of £2,000.]	[^{F262} £100.]
		2. Summary.]		

- F241** SR 2003/3
- F242** Sch. 23: entry inserted (6.4.2007) by Companies Act 2006 (Commencement No. 2, Consequential Amendments, Transitional Provisions and Savings) Order 2007 (S.I. 2007/1093), art. 6(2), **Sch. 4 para. 55** (with art. 11(1))
- F243** 1986 c. 60
- F244** SR 2004/275
- F245** Sch. 23: entries repealed (1.10.2007) by Companies Act 2006 (c. 46), ss. 1284(2), 1295, 1300(2), **Sch. 16**; S.I. 2007/2194, arts. 1(3)(a), **8**, Sch. 2 Pt. 2 (with art. 12)
- F246** 1990 NI 5
- F247** Sch. 23: entry omitted (31.3.2006) by virtue of Companies (1986 Order) (Operating and Financial Review) (Repeal) Regulations (Northern Ireland) 2006 (S.R. 2006/94), reg. 2(2), **Sch. para. 16**
- F248** Sch. 23: entry omitted (31.3.2006) by virtue of Companies (1986 Order) (Operating and Financial Review) (Repeal) Regulations (Northern Ireland) 2006 (S.R. 2006/94), reg. 2(2), **Sch. para. 16**
- F249** SR 2005/56
- F250** Sch. 23: the entry relating to art. 249(2) repealed (1.10.2007 for certain purposes and otherwise prosp.) by Companies Act 2006 (c. 46), ss. 1284(2), 1295, 1300(2), **Sch. 16**; S.I. 2007/2194, arts. 1(3)(a), **8**, Sch. 2 Pt. 2 (with art. 12)
- F251** 2004 c.27
- F252** 1989 NI 18
- F253** Sch. 23: the entries relating to articles specified in Sch. 2 Pt. 2 of the commencing S.I. repealed (1.10.2007) by Companies Act 2006 (c. 46), ss. 1284(2), 1295, 1300(2), **Sch. 16**; S.I. 2007/2194, arts. 1(3)(a), **8**, Sch. 2 Pt. 2 (with art. 12)
- F254** Sch. 23: words inserted (1.1.2007) in entry relating to art. 357(3) by Companies (Registrar, Languages and Trading Disclosures) Regulations 2006 (S.I. 2006/3429), reg. 6(2), **Sch. 2 para. 4(a)**
- F255** Sch. 23: entry inserted (1.1.2007) by Companies (Registrar, Languages and Trading Disclosures) Regulations 2006 (S.I. 2006/3429), reg. 6(2), **Sch. 2 para. 4(b)**
- F256** SR 1992/405
- F257** 1990 NI 10
- F258** Sch. 23: the entry relating to art. 395(2) repealed (1.10.2007 with application to private companies) by Companies Act 2006 (c. 46), ss. 1284(2), 1295, 1300(2), **Sch. 16**; S.I. 2007/2194, arts. 1(3)(a), **8**, Sch. 2 Pt. 2 (with art. 12)
- F259** Sch. 23: the entries relating to articles specified in Sch. 2 Pt. 2 of the commencing S.I. repealed (1.10.2007) by Companies Act 2006 (c. 46), ss. 1284(2), 1295, 1300(2), **Sch. 16**; S.I. 2007/2194, arts. 1(3)(a), **8**, Sch. 2 Pt. 2 (with art. 12)
- F260** 1989 NI 19
- F261** 1994 c. 40

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F262 SR 1993/198

SCHEDULE 24

Article 142(7)

ARTICLE 39 OF THE ORDER OF 1982, AS ORIGINALLY ENACTED

Relief from section 56 in respect of group reconstructions

39.—(1) This Article applies where the issuing company—

- (a) is a wholly-owned subsidiary of another company (“the holding company”); and
- (b) allots shares to the holding company or to another wholly-owned subsidiary of the holding company in consideration for the transfer to it of shares in another subsidiary (whether wholly-owned or not) of the holding company.

(2) Where the shares in the issuing company allotted in consideration for the transfer are issued at a premium, the issuing company shall not be required by section 56 of the principal Act to transfer any amount in excess of the minimum premium value to the share premium account.

(3) In paragraph (2) “the minimum premium value” means the amount (if any) by which the base value of the shares transferred exceeds the aggregate nominal value of the shares allotted in consideration for the transfer.

(4) For the purposes of paragraph (3), the base value of the shares transferred shall be taken as—

- (a) the cost of those shares to the company transferring them; or
- (b) the amount at which those shares are stated in that company's accounting records immediately before the transfer;

whichever is the less.

(5) Article 38 shall not apply in any case to which this Article applies.

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