

SCHEDULE 3

INSURANCE COMPANIES: COMPANIES ACT INDIVIDUAL ACCOUNTS

PART 2

ACCOUNTING PRINCIPLES AND RULES

SECTION A

ACCOUNTING PRINCIPLES

Preliminary

14. The amounts to be included in respect of all items shown in a company's accounts must be determined in accordance with the principles set out in this Section.

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

Accounting principles

16. The company is presumed to be carrying on business as a going concern.

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

18. The amount of any item must 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 are to be included in the profit and loss account, and
- (b) all liabilities which have arisen in respect of the financial year to which the accounts relate or a previous financial year must be taken into account, including those which only become apparent between the balance sheet date and the date on which it is signed on behalf of the board of directors in accordance with section 414 of the 2006 Act (approval and signing of accounts).

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

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

Valuation

21.—(1) The amounts to be included in respect of assets of any description mentioned in paragraph 22 (valuation of assets: general) must be 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 C (valuation at fair value).

(2) The amounts to be included in respect of assets of any description mentioned in paragraph 24 (alternative valuation of fixed-income securities) may be determined—

- (a) in accordance with that paragraph (but subject to paragraphs 27 to 29), or

Draft Legislation: This is a draft item of legislation. This draft has since been made as a UK Statutory Instrument:
The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 No. 410

- (b) so far as applicable to an asset of that description, in accordance with Section C.
- (3) The amounts to be included in respect of assets which—
 - (a) are not assets of a description mentioned in paragraph 22 or 23, but
 - (b) are assets of a description to which Section C 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.