
DRAFT STATUTORY INSTRUMENTS

2015 No.

**The Companies, Partnerships and Groups
(Accounts and Reports) Regulations 2015**

PART 4

Amendment of the Large and Medium-sized Companies Accounts Regulations

**Amendment of Part 2 of the Large and Medium-sized Companies Accounts Regulations
(form and content of accounts)**

26.—(1) Part 2 of the Large and Medium-sized Companies Accounts Regulations is amended as follows.

(2) For regulation 4(2), substitute—

“(2A) The individual accounts for the year need not comply with paragraph 45 (disclosure with respect to compliance with accounting standards) of Schedule 1 to these Regulations.

(2B) Paragraph 72 (related party transactions) applies with the modification that only particulars of transactions which have not been concluded under normal market conditions with the following must be disclosed—

- (a) owners holding a participating interest in the company;
- (b) companies in which the company itself has a participating interest; and
- (c) the company’s directors.”

(3) Omit regulation 4(3).

Amendment of Part 1 (general rules and formats) of Schedule 1 (Companies Act individual accounts: companies which are not banking or insurance companies) to the Large and Medium-sized Companies Accounts Regulations

27.—(1) Part 1 of Schedule 1 to the Large and Medium-sized Companies Accounts Regulations is amended as follows.

(2) In Section A (general rules)—

- (a) in sub-paragraph (1)(b) of paragraph 1, for the words “any one” substitute “either”,
- (b) at the beginning of paragraph 1(3), insert “Subject to paragraph 1A,”
- (c) after paragraph 1, insert—

“**1A.**—(1) The company’s directors may adapt one of the balance sheet formats in Section B so to distinguish between current and non-current items in a different way, provided that—

- (a) the information given is at least equivalent to that which would have been required by the use of such format had it not been thus adapted, and

- (b) the presentation of those items is in accordance with generally accepted accounting principles or practice.
- (2) The company's directors may adapt one of the profit and loss account formats in Section B, provided that—
 - (a) the information given is at least equivalent to that which would have been required by the use of such format had it not been thus adapted, and
 - (b) the presentation is in accordance with generally accepted accounting principles or practice.
- (3) So far as is practicable, the following provisions of Section A of this Part of this Schedule apply to the balance sheet or profit or loss account of a company notwithstanding any such adaptation pursuant to this paragraph. ”
- (d) In paragraph 6, omit the words “on ordinary activities”.
- (e) After paragraph 9, insert—
 - “**9A.** Where an asset or liability relates to more than one item in the balance sheet, the relationship of such asset or liability to the relevant items must be disclosed either under those items or in the notes to the accounts.”.
- (3) In Section B (the required formats for accounts)—
 - (a) for item “4 Other reserves”, in balance sheet format 1, substitute “4 Other reserves, including the fair value reserve”,
 - (b) for the heading “LIABILITIES” in balance sheet format 2, substitute “CAPITAL, RESERVES AND LIABILITIES”,
 - (c) for item “4 Other reserves”, in balance sheet format 2, substitute “4 Other reserves, including the fair value reserve”,
 - (d) in profit and loss account format 1—
 - (i) at item 12, for the word “charges”, substitute “expenses”,
 - (ii) at item 13, omit the words “on ordinary activities”,
 - (iii) at item 14, omit the words “on ordinary activities”, and
 - (iv) omit items 15, 16, 17 and 18,
 - (e) in profit and loss account format 2—
 - (i) at item 5(b), for the word “charges”, substitute “expenses”,
 - (ii) for item 7(b), substitute—
 - “(b) Amounts written off current assets, to the extent that they exceed write-offs which are normal in the undertaking concerned”
 - (iii) at item 8, for the word “charges” substitute “expenses”,
 - (iv) at item 14, for the word “charges” substitute “expenses”,
 - (v) at item 15, omit the words “on ordinary activities”,
 - (vi) at item 16, omit the words “on ordinary activities”, and
 - (vii) omit items 17, 18, 19 and 20,
 - (f) omit profit and loss account format 3,
 - (g) omit profit and loss account format 4,
 - (h) in note (14) of the “Notes on the profit and loss account formats”, omit the words “and format 3, items A.1, 2 and 3”,

- (i) in note (15) of the “Notes on the profit and loss account formats”, omit the words “format 3, items B.5 and 6 and format 4, items B.7 and 8”,
- (j) in the title of note (16) of the “Notes on the profit and loss account formats”, for the word “charges”, substitute “expenses” and in that note omit the words “format 3, item A.5 and format 4, item A.7”,
- (k) for the title of note (17) of the “Notes on the profit and loss account formats”, substitute “Format 1” and in that note—
 - (i) for the words “items 7(a) and A.4(a) respectively in formats 2 and 4”, substitute “item 7(a) in format 2”, and
 - (ii) omit the words “or format 3”.

Amendment of Part 2 (accounting principles and rules) of Schedule 1 to the Large and Medium-sized Companies Accounts Regulations

28.—(1) Part 2 of Schedule 1 to the Large and Medium-sized Companies Accounts Regulations is amended as follows.

(2) In Section A (accounting principles)—

- (a) at paragraph 12, after the word “policies” insert the words “and measurement bases”,
- (b) at paragraph 13—
 - (i) omit the word “and” at the end of sub-paragraph (a),
 - (ii) insert the word “and” at the end of sub-paragraph (b),
 - (iii) insert the following sub-paragraph after sub-paragraph (b)—
 - “(c) all provisions for diminution of value must be recognised, whether the result of the financial year is a profit or a loss.”, and
- (c) after paragraph 15, insert—

“**15A.** The opening balance sheet for each financial year shall correspond to the closing balance sheet for the preceding financial year.”.

(3) In Section B (historical cost accounting rules)—

- (a) for paragraph 19(3), substitute—

“(3) Provisions made under sub-paragraph (1) or (2) must be charged to the profit and loss account and disclosed separately in a note to the accounts if not shown separately in the profit and loss account.”,
- (b) for paragraph 20(2), substitute—

“(2) Any amounts written back under sub-paragraph (1) must be recognised in the profit and loss account and disclosed separately in a note to the accounts if not shown separately in the profit and loss account.”,
- (c) for paragraphs 21 and 22, substitute—

“Intangible Assets

21.—(1) Where this is in accordance with generally accepted accounting principles or practice, development costs may be included in “other intangible assets” under “fixed assets” in the balance sheet formats set out in Section B of Part 1 of this Schedule.

(2) If any amount is included in a company’s balance sheet in respect of development costs, the note on accounting policies (see paragraph 44 of this Schedule) must include the following information—

- (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.

22.—(1) Intangible assets must be written off over the useful economic life of the intangible asset.

(2) Where in exceptional cases the useful life of intangible assets cannot be reliably estimated, such assets must be written off over a period chosen by the directors of the company.

(3) The period referred to in sub-paragraph (2) must not exceed ten years.

(4) There must be disclosed in a note to the accounts the period referred to in sub-paragraph (2) and the reasons for choosing that period.”

- (d) at the end of paragraph 27(1), add the words “and then subtracting any incidental reductions in the cost of acquisition”,
- (e) for the words “similar to any of the methods mentioned above” in sub-paragraph (2)(d) of paragraph 28, substitute “reflecting generally accepted best practice”, and
- (f) after paragraph 29, insert—

“Equity method in respect of participating interests

29A.—(1) Participating interests may be accounted for using the equity method.

(2) If participating interests are accounted for using the equity method—

- (a) the proportion of profit or loss attributable to a participating interest and recognised in the profit and loss account may be that proportion which corresponds to the amount of any dividends, and
- (b) where the profit attributable to a participating interest and recognised in the profit and loss account exceeds the amount of any dividends, the difference must be placed in a reserve which cannot be distributed to shareholders.

(3) The reference to “dividends” in sub-paragraph (2) includes dividends already paid and those whose payment can be claimed.”.

(4) In Section C (alternative accounting rules)—

- (a) omit sub-paragraphs (4) and (5) of paragraph 32,
- (b) in paragraph 34(2), for the words “a note to the accounts” substitute “the note on accounting policies (see paragraph 44 of this Schedule)”,
- (c) for paragraph 34(3), substitute—

“(3) In the case of each balance sheet item affected, the comparable amounts determined according to the historical cost accounting rules must be shown in a note to the accounts.” and

(d) in sub-paragraph (2) of paragraph 35 (revaluation reserve)—

- (i) before the words “in format 1 or 2”, insert “under “Capital and reserves””, and
- (ii) omit the words “but need not be shown under that name”.

(5) In Section D (fair value accounting)—

- (a) for sub-paragraph (4) of paragraph 36, substitute—

“(4) Financial instruments which under international accounting standards may be included in accounts at fair value, may be so included, provided that the disclosures required by such accounting standards are made.”, and

(b) for paragraph 39, substitute—

“Other assets that may be included at fair value

39.—(1) This paragraph applies to—

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

(2) Such stocks, investment property, and living animals and plants may be included at fair value, provided that, as the case may be, all such stocks, investment property, and living animals and plants are so included where their fair value can reliably be determined.

(3) In this paragraph, “fair value” means fair value determined in accordance with generally accepted accounting principles or practice.”

Amendment of Part 3 (notes to the accounts) of Schedule 1 to the Large and Medium-sized Companies Accounts Regulations

29.—(1) Part 3 of Schedule 1 to the Large and Medium-sized Companies Accounts Regulations is amended as follows.

(2) For paragraph 42, substitute—

“Preliminary

42.—(1) Any information required in the case of a company by the following provisions of this Part of this Schedule must be given by way of a note to the accounts.

(2) These notes must be presented in the order in which, where relevant, the items to which they relate are presented in the balance sheet and in the profit and loss account.”

(3) For paragraph 55, substitute—

“Information about fair value of assets and liabilities

55.—(1) This paragraph applies where financial instruments or other assets have been valued in accordance with, as appropriate, paragraph 36, 38 or 39.

(2) There must be stated—

- (a) the significant assumptions underlying the valuation models and techniques used to determine the fair value of the instruments or other assets,
- (b) for each category of financial instrument or other asset, the fair value of the assets in that category and the changes in value—
 - (i) included directly 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 assets, 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 the year, and
 - (c) the source and application respectively of the amounts so transferred.”.
- (4) In paragraph 58(1), insert “stocks,” after the words “in respect of”.
- (5) In paragraph 59(2), insert “in tabular form” after the words “in the same item”.
- (6) In sub-paragraph (b) of paragraph 61(4), insert “and form” after the word “nature”.
- (7) For paragraph 63, substitute—

“Guarantees and other financial commitments

- 63.**—(1) Particulars must be given of any charge on the assets of the company to secure the liabilities of any other person including the amount secured.
- (2) Particulars and the total amount of any financial commitments, guarantees and contingencies that are not included in the balance sheet must be disclosed.
- (3) An indication of the nature and form of any valuable security given by the company in respect of commitments, guarantees and contingencies within sub-paragraph (2) must be given.
- (4) The total amount of any commitments within sub-paragraph (2) concerning pensions must be separately disclosed.
- (5) Particulars must be given of pension commitments which are included in the balance sheet.
- (6) Where any commitment within sub-paragraph (4) or (5) relates wholly or partly to pensions payable to past directors of the company separate particulars must be given of that commitment.
- (7) The total amount of any commitments, guarantees and contingencies within sub-paragraph (2) which are undertaken on behalf of or for the benefit of—
- (a) any parent undertaking or fellow subsidiary undertaking of the company,
 - (b) any subsidiary undertaking of the company, or
 - (c) any undertaking in which the company has a participating interest
- must be separately stated and those within each of paragraphs (a), (b) and (c) must also be stated separately from those within any other of those paragraphs.”.
- (8) For the closing words at sub-paragraph (2) of paragraph 67 substitute—
- “These amounts must be stated separately in respect of each of the amounts which is or would but for paragraph 4(2)(b) be shown under the item “tax on profit or loss” in the profit and loss account.”.
- (9) For sub-paragraphs (2) and (3) of paragraph 69 substitute—
- “(2) The amount, nature and effect of any individual items of income or expenditure which are of exceptional size or incidence must be stated.”.
- (10) In paragraph 72(1), for the words “regulation 4(2) for exemption”, substitute “regulation 4(2B) for a modification”.
- (11) After paragraph 72, insert—

“Post balance sheet events

72A. The nature and financial effect of material events arising after the balance sheet date which are not reflected in the profit and loss account or balance sheet must be stated.

Appropriations

72B. Particulars must be given of the proposed appropriation of profit or treatment of loss or, where applicable, particulars of the actual appropriation of the profits or treatment of the losses.”.

Amendment of Part 4 to Schedule 1 to the Large and Medium-sized Companies Accounts Regulations

30. Omit paragraph 73.

Amendment of Part 1 (general rules and formats) of Schedule 2 to the Large and Medium-sized Companies Accounts Regulations

31.—(1) Part 1 of Schedule 2 to the Large and Medium-sized Companies Accounts Regulations is amended as follows.

(2) After paragraph 10, insert—

“**10A.** Where an asset or liability relates to more than one item in the balance sheet, the relationship of such asset or liability to the relevant items must be disclosed either under those items or in the notes to the accounts.”

Amendment of Part 2 (accounting principles and rules) of Schedule 2 to the Large and Medium-sized Companies Accounts Regulations

32.—(1) Part 2 of Schedule 2 to the Large and Medium-sized Companies Accounts Regulations is amended as follows.

(2) In Section A (accounting principles)—

(a) at paragraph 18, after the word “policies”, insert “and measurement bases”,

(b) at paragraph 19—

(i) omit the word “and” at the end of sub-paragraph (a),

(ii) insert the word “and” at the end of sub-paragraph (b),

(iii) insert the following sub-paragraph after sub-paragraph (b)—

“(c) all provisions for diminution of value must be recognised, whether the result of the financial year is a profit or a loss.”, and

(c) after paragraph 21, insert—

“**21A.** The opening balance sheet for each financial year shall correspond to the closing balance sheet for the preceding financial year.”.

(3) In Section B (historical cost accounting rules)—

(a) for paragraph 25(4), substitute—

“(4) Provisions made under this paragraph must be charged to the profit and loss account and disclosed separately in a note to the accounts if they have not been shown separately in the profit and loss account.”,

(b) for paragraph 26(2), substitute—

“(2) Any amounts written back under sub-paragraph (1) must be recognised in the profit and loss account and disclosed separately in a note to the accounts if not shown separately in the profit and loss account.”,

- (c) for paragraphs 27 and 28 substitute—

“Intangible assets

27.—(1) Where this is in accordance with generally accepted accounting principles or practice, development costs may be included under assets item 9 in the balance sheet format.

(2) If any amount is included in a company’s balance sheet in respect of development costs, the note on accounting policies (see paragraph 53 of this Schedule) must include the following information—

- (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.

28.—(1) Intangible assets must be written off over the useful economic life of the intangible asset.

(2) Where in exceptional cases the useful life of intangible assets cannot be reliably estimated, such assets must be written off over a period chosen by the directors of the company.

(3) The period referred to in sub-paragraph (2) must not exceed ten years.

(4) There must be disclosed in a note to the accounts the period referred to in sub-paragraph (2) and the reasons for choosing that period.”,

- (d) at the end of paragraph 35(1), add the words “and then subtracting any incidental reductions in the cost of acquisition”, and
- (e) for the words “similar to any of the methods mentioned above” in sub-paragraph (2)(d) of paragraph 36, substitute “reflecting generally accepted best practice”.

- (4) In Section C (alternative accounting rules)—

- (a) omit sub-paragraph (4) of paragraph 40,
- (b) in paragraph 42(2), for the words “a note to the accounts”, substitute “the note on accounting policies (see paragraph 53 of this Schedule)”,
- (c) for paragraph 42(3), substitute—

“(3) In the case of each balance sheet item affected, the comparable amounts determined according to the historical cost accounting rules must be shown in a note to the accounts.”, and

- (d) in paragraph 43(2), omit the words “but need not be shown under that name”.

- (5) In Section D (fair value accounting)—

- (a) for paragraph 44(4), substitute—

“(4) Financial instruments which under international accounting standards may be included in accounts at fair value, may be so included, provided that the disclosures required by such accounting standards are made.”, and

- (b) for paragraph 47, substitute—

“Other assets that may be included at fair value

47.—(1) This paragraph applies to—

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

(2) Such investment property and living animals and plants may be included at fair value, provided that, as the case may be, all such investment property or living animals and plants are so included where their fair value can be reliably determined.

(3) In this paragraph, “fair value” means fair value determined in accordance with generally accepted accounting principles or practice.”

Amendment of Part 3 (notes to the accounts) of Schedule 2 to the Large and Medium-sized Companies Accounts Regulations

33.—(1) Part 3 of Schedule 2 to the Large and Medium-sized Companies Accounts Regulations is amended as follows.

(2) For paragraph 52, substitute—

“Preliminary

52.—(1) Any information required in the case of a company by the following provisions of this Part of this Schedule must be given by way of a note to the accounts.

(2) These notes must be presented in the order in which, where relevant, the items to which they relate are presented in the balance sheet and in the profit and loss account.”.

(3) For paragraph 66, substitute—

“Information about fair value of assets and liabilities

66.—(1) This paragraph applies where financial instruments or other assets have been valued in accordance with, as appropriate, paragraph 44, 46 or 47.

(2) There must be stated—

- (a) the significant assumptions underlying the valuation models and techniques used to determine the fair value of the financial instruments or other assets,
- (b) for each category of financial instrument or other asset, the fair value of the assets in that category and the changes in value—
 - (i) included directly 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 assets, 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 the year, and

- (c) the source and application respectively of the amounts so transferred.”.
- (4) In paragraph 70(2), insert “in tabular form” after the words “in the same item”.
- (5) For paragraph 77, substitute—

“Guarantees and other financial commitments

77.—(1) Particulars and the total amount of any financial commitments, guarantees and contingencies that are not included in the balance sheet must be disclosed.

(2) An indication of the nature and form of any valuable security given by the company in respect of commitments, guarantees and contingencies within sub-paragraph (1) must be given.

(3) The total amount of any commitments within sub-paragraph (1) concerning pensions must be separately disclosed.

(4) Particulars must be given of pension commitments which are included in the balance sheet.

(5) Where any commitment within sub-paragraph (3) or (4) relates wholly or partly to pensions payable to past directors of the company separate particulars must be given of that commitment.

(6) The total amount of any commitments, guarantees and contingencies within sub-paragraph (1) which are undertaken on behalf of or for the benefit of—

- (a) any parent undertaking or fellow subsidiary undertaking of the company,
- (b) any subsidiary undertaking of the company, or
- (c) any undertaking in which the company has a participating interest

must be separately stated and those within each of paragraphs (a), (b) and (c) must also be stated separately from those within any other of those paragraphs.

(7) There must 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

- (6) For sub-paragraph (2) of paragraph 91 substitute—

“(2) The amount, nature and effect of any individual items of income or expenditure which are of exceptional size or incidence must be stated.”.

- (7) After paragraph 92, insert—

“Post balance sheet events

92A. The nature and financial effect of material events arising after the balance sheet date which are not reflected in the profit and loss account of balance sheet must be stated.

Appropriations

92B. Particulars must be given of the proposed appropriation of profit or treatment of loss or, where applicable, particulars of the actual appropriation of the profits or treatment of the losses.”.

- (8) In paragraph 96(1), for “78/660/EEC on the annual accounts of certain types of companies”, substitute “2013/34/EU on the annual financial statements etc of certain types of undertaking”.

Amendment of Part 1 (general rules and formats) of Schedule 3 to the Large and Medium-sized Companies Accounts Regulations

34.—(1) Part 1 of Schedule 3 to the Large and Medium-sized Companies Accounts Regulations is amended as follows.

(2) After paragraph 8, insert—

“**8A.** Where an asset or liability relates to more than one item in the balance sheet, the relationship of such asset or liability to the relevant items must be disclosed either under those items or in the notes to the accounts.”

Amendment of Part 2 (accounting principles and rules) of Schedule 3 to the Large and Medium-sized Companies Accounts Regulations

35.—(1) Part 2 of Schedule 3 to the Large and Medium-sized Companies Accounts Regulations is amended as follows.

(2) In Section A (accounting principles)—

(a) at paragraph 17, after the word “policies”, insert “and measurement bases”.

(b) at paragraph 18—

(i) omit the word “and” at the end of sub-paragraph (a),

(ii) insert the word “and” at the end of sub-paragraph (b),

(iii) insert the following sub-paragraph after sub-paragraph (b)—

“(c) all provisions for diminution of value must be recognised, whether the result of the financial year is a profit or a loss.”, and

(c) after paragraph 20, insert—

“**20A.** The opening balance sheet for each financial year shall correspond to the closing balance sheet for the preceding financial year.”.

(3) In Section C (valuation at fair value)—

(a) for paragraph 30(4), substitute—

“(4) Financial instruments which under international accounting standards may be included in accounts at fair value, may be so included, provided that the disclosures required by such accounting standards are made.”, and

(b) for paragraph 33, substitute—

“Other assets that may be included at fair value

33.—(1) This paragraph applies to—

(a) investment property, and

(b) living animals and plants.

(2) Such investment property and living animals and plants may be included at fair value provided that, as the case may be, all such investment property or living animals and plants are so included where their fair value can be reliably determined.

(3) In this paragraph, “fair value” means fair value determined in accordance with generally accepted accounting principles or practice.”

(4) In Section D (historical cost accounting rules)—

(a) for paragraphs 41 and 42, substitute—

“Intangible assets

41.—(1) Where this is in accordance with generally accepted accounting principles or practice, development costs may be included under assets item B (intangible assets) in the balance sheet format.

(2) If any amount is included in a company’s balance sheet in respect of development costs, the note on accounting policies (see paragraph 61 of this Schedule) must include the following information—

- (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.

42.—(1) Intangible assets must be written off over the useful economic life of the intangible asset.

(2) Where in exceptional cases the useful life of intangible assets cannot be reliably estimated, such assets must be written off over a period chosen by the directors of the company.

(3) The period referred to in sub-paragraph (2) must not exceed ten years.

(4) There must be disclosed in a note to the accounts the period referred to in sub-paragraph (2) and the reasons for choosing that period.”,

- (b) at the end of paragraph 45(1), add the words “and then subtracting any incidental reductions in the cost of acquisition”, and
- (c) for the words “similar to any of the methods mentioned above” in sub-paragraph (2)(d) of paragraph 46, substitute “reflecting generally accepted best practice”.

Amendment of Part 3 (notes to the accounts) of Schedule 3 to the Large and Medium-sized Companies Accounts Regulations

36.—(1) Part 3 of Schedule 3 to the Large and Medium-sized Companies Accounts Regulations is amended as follows.

(2) For paragraph 60, substitute—

“Preliminary

60.—(1) Any information required in the case of a company by the following provisions of this Part of this Schedule must be given by way of a note to the accounts.

(2) These notes must be presented in the order in which, where relevant, the items to which they relate are presented in the balance sheet and in the profit and loss account.”.

(3) For paragraph 73, substitute—

“Information about fair value of assets and liabilities

73.—(1) This paragraph applies where financial instruments or other assets have been valued in accordance with, as appropriate, paragraph 30, 32 or 33.

(2) There must be stated—

- (a) the significant assumptions underlying the valuation models and techniques used to determine the fair value of the financial instruments or other assets,

- (b) in the case of financial instruments, their purchase price, the items affected and the basis of valuation,
 - (c) for each category of financial instrument or other asset, the fair value of the assets in that category and the changes in value—
 - (i) included directly 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 assets, 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 the year, and
 - (c) the source and application respectively of the amounts so transferred.”.
- (4) For paragraph 81, substitute—

“Guarantees and other financial commitments

81.—(1) Particulars must be given of any charge on the assets of the company to secure the liabilities of any other person including the amount secured.

(2) Particulars and the total amount of any financial commitments, guarantees and contingencies (excluding those which arise out of insurance contracts) that are not included in the balance sheet must be disclosed.

(3) An indication of the nature and form of any valuable security given by the company in respect of commitments, guarantees and contingencies within sub-paragraph (2) must be given.

(4) The total amount of any commitments within sub-paragraph (2) concerning pensions must be separately disclosed.

(5) Particulars must be given of pension commitments which are included in the balance sheet.

(6) Where any commitment within sub-paragraph (4) or (5) relates wholly or partly to pensions payable to past directors of the company separate particulars must be given of that commitment.

(7) The total amount of any commitments, guarantees and contingencies within sub-paragraph (2) which are undertaken on behalf of or for the benefit of—

- (a) any parent undertaking or fellow subsidiary undertaking of the company,
- (b) any subsidiary undertaking of the company, or
- (c) any undertaking in which the company has a participating interest

must be separately stated and those within each of paragraphs (a), (b) and (c) must also be stated separately from those within any other of those paragraphs.”

- (5) For paragraph 89(2) and (3), substitute—

“(2) The amount, nature and effect of any individual items of income or expenditure which are of exceptional size or incidence must be stated.”

- (6) After paragraph 90, insert—

“Post balance sheet events

90A. The nature and financial effect of material events arising after the balance sheet date which are not reflected in the profit and loss account of balance sheet must be stated.

Appropriations

90B. Particulars must be given of the proposed appropriation of profit or treatment of loss or, where applicable, particulars of the actual appropriation of the profits or treatment of the losses.”.

Amendment of Part 1 (provisions applying to all companies) of Schedule 4 to the Large and Medium-sized Companies Accounts Regulations

37.—(1) Part 1 of Schedule 4 to the Large and Medium-sized Companies Accounts Regulations is amended as follows.

- (2) For sub-paragraph (a) of paragraph 1(3), substitute—
 - “(a) the address of the undertaking’s registered office (whether in or outside the United Kingdom),”.
- (3) For sub-paragraph (a) of paragraph 5(2), substitute—
 - “(a) the address of the undertaking’s registered office (whether in or outside the United Kingdom),”.
- (4) In paragraph 7—
 - (a) in sub-paragraph (1), for the words “a qualifying undertaking”, substitute “an undertaking having unlimited liability”,
 - (b) omit sub-paragraph (6),
 - (c) in sub-paragraph (7), omit the definition of “qualifying undertaking”,
 - (d) omit sub-paragraph(8),
 - (e) omit sub-paragraph (9), and
 - (f) omit sub-paragraph (10).
- (5) For sub-paragraph (a) of paragraph 8(3), substitute—
 - “(a) the address of the undertaking’s registered office (whether in or outside the United Kingdom),”.

Amendment of Part 3 (companies required to prepare group accounts) of Schedule 4 to the Large and Medium-sized Companies Accounts Regulations

38.—(1) Part 3 of Schedule 4 to the Large and Medium-sized Companies Accounts Regulations is amended as follows.

- (2) For sub-paragraph (a) of paragraph 18(1), substitute—
 - “(a) the address of the undertaking’s registered office (whether in or outside the United Kingdom),”.
- (3) For paragraph (b) of paragraph 19(3), substitute—
 - “(b) the address of the undertaking’s registered office (whether in or outside the United Kingdom),”.
- (4) In paragraph 21 (group’s membership of certain undertakings), for the words “a qualifying undertaking”, substitute “an undertaking having unlimited liability”.

Amendment of Schedule 6 (Companies Act group accounts) to the Large and Medium-sized Companies Accounts Regulations

39.—(1) Schedule 6 to the Large and Medium-sized Companies Accounts Regulations is amended as follows.

(2) After paragraph 2(1) insert—

“(1A) Group accounts must be drawn up as at the same date as the accounts of the parent company.”

(3) After paragraph 9(5) insert—

“(6) Negative goodwill may be transferred to the consolidated profit and loss account where such a treatment is in accordance with the principles and rules of Part 2 of Schedule 1 to these Regulations.”

(4) For paragraph 10, substitute—

“**10.** The conditions for accounting for an acquisition as a merger are—

- (a) that the undertaking whose shares are acquired is ultimately controlled by the same party both before and after the acquisition,
- (b) that the control referred to in paragraph (a) is not transitory, and
- (c) that adoption of the merger method accords with generally accepted accounting principles or practice.”

(5) After paragraph 16, insert—

“**16A.** Where an acquisition has taken place in the financial year and the merger method of accounting has been adopted, the notes to the accounts must also disclose—

- (a) the address of the registered office of the undertaking acquired (whether in or outside the United Kingdom),
- (b) the name of the party referred to in paragraph 10(a),
- (c) the address of the registered office of that party (whether in or outside the United Kingdom), and
- (d) the information referred to in paragraph 11(6).”

(6) For paragraph 17, substitute—

“Non-controlling interests

17.—(1) The formats set out in Schedule 1 to these Regulations have effect in relation to group accounts with the following additions.

(2) In the balance sheet formats there must be shown, as a separate item and under the heading “non-controlling interests”, 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 there must be shown, as a separate item and under the heading “non-controlling interests”, the amount of any profit or loss 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) For the purposes of paragraph 4(1) and (2) of Schedule 1 (power to adapt or combine items)—

- (a) the additional item required by sub-paragraph (2) above is treated as one to which a letter is assigned, and

- (b) the additional item required by sub-paragraph (3) above is treated as one to which an Arabic number is assigned.”
- (7) In paragraph 18(2), insert the words “and sections 402 and 405 of the 2006 Act” after the words “consolidated accounts”.
- (8) After paragraph 18(2), insert—
- “3) In addition to the disclosure of the average number of employees employed during the financial year (see section 411(7) of the 2006 Act), there must be a separate disclosure in the notes to the accounts of the average number of employees employed by undertakings that are proportionately consolidated.”.
- (9) In paragraph 20(3)—
- (a) at the end of sub-paragraph (a), insert the word “and”, and
- (b) omit sub-paragraphs (c) and (d).
- (10) After paragraph 22, insert—

“Total amount of directors’ remuneration etc

22A. Paragraph 1 of Schedule 5 to these Regulations applies to group accounts with the modification that only the amounts and values referred to in that paragraph received or receivable by the directors of the parent company from the parent company and any of its subsidiary undertakings must be disclosed in the notes to the accounts.

Deferred tax balances

22B. Deferred tax balances must be recognised on consolidation where it is probable that a charge to tax will arise within the foreseeable future for one of the undertakings included in the consolidation.”

- (11) After paragraph 24, insert—
- “**24A.** In paragraph 9 of this Schedule, the reference in sub-paragraph (6) to Schedule 1 is to these Regulations is to be construed as a reference to Schedule 2.”.
- (12) For paragraph 25, substitute—

“Non-controlling interests and associated undertakings

25.—(1) This paragraph adapts paragraphs 17 and 20 (which require items in respect of “non-controlling interests” and associated undertakings to be added to the formats set out in Schedule 1 to these Regulations) to the formats prescribed by Schedule 2 to these Regulations.

- (2) In paragraph 17—
- (a) in sub-paragraph (1), for the reference to Schedule 1 to these Regulations, substitute a reference to Schedule 2,
- (b) sub-paragraph (3) is to apply as if the reference to “a separate item” were a reference to “separate items” and the reference to “the amount of any profit or loss” were a reference to the following—
- (i) the amount of any profit or loss on ordinary activities, and
- (ii) the amount of any profit or loss on extraordinary activities, and
- (c) sub-paragraph (4) is not to apply, but for the purposes of paragraph 5(1) of Part 1 of Schedule 2 to these Regulations (power to combine items) the additional items required by the foregoing provisions of this paragraph are to be treated as items to which a letter is assigned.

(3) Paragraph 20(2) is to apply with respect to a balance sheet prepared under Schedule 2 to these Regulations 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.

(4) Paragraph 20(3) is not to apply, but the following items in the profit and loss account formats—

- (a) format 1 item 3(b) (income from participating interests),
- (b) format 2 item B2(b) (income from participating interests),

are replaced by the following—

- (i) “Income from participating interests other than associated undertakings”, to be shown at position 3(b) in format 1 and position B2(b) in format 2, and
- (ii) “Income from associated undertakings”, to be shown at an appropriate position.”.

(13) After paragraph 35, insert—

“**35A.** In paragraph 9 of this Schedule, the reference in sub-paragraph (6) to Schedule 1 to these Regulations is to be construed as a reference to Schedule 3 to these Regulations.”.

(14) For paragraph 36, substitute—

“Non-controlling interests

36. In paragraph 17—

- (a) in sub-paragraph (1), for the reference to Schedule 1 to these Regulations, substitute a reference to Schedule 3,
- (b) sub-paragraph (3) is to apply as if the reference to “a separate item” were a reference to “separate items” and as if the reference to “the amount of any profit or loss” were a reference to the following—
 - (i) the amount of any profit or loss on ordinary activities, and
 - (ii) the amount of any profit or loss on extraordinary activities, and
- (c) for sub-paragraph (4), substitute—

“(4) Paragraph 3(1) of Schedule 3 to these Regulations (power to combine items) does not apply in relation to the additional items required by the above provisions of this paragraph.”.

Amendment of Schedule 9 (interpretation of term “provisions”) to the Large and Medium-sized Companies Accounts Regulations

40. After paragraph 2 of Schedule 9 to the Large and Medium-sized Companies Accounts Regulations, insert—

“**2A.** At the balance sheet date, a provision must represent the best estimate of the expenses likely to be incurred or, in the case of a liability, of the amount required to meet that liability.

2B. Provisions must not be used to adjust the value of assets.”

Amendment of Schedule 10 (general interpretation) to the Large and Medium-sized Companies Accounts Regulations

41. In Paragraph 3(1), substitute—

“(1) Save in Schedule 2 to these Regulations, the expressions listed in sub-paragraph (2) have the same meaning as they have in [Directive 2013/34/EC](#) of the European Parliament and of the Council of 26 June 2013 on the annual financial statements etc of certain types of undertakings and Council [Directive 91/674/EEC](#) of 19 December 1991 on the annual accounts and consolidated accounts of insurance undertakings (for banking companies, see the definition in paragraph 96 of Schedule 2 to these Regulations).”