



Companies Act 2006

2006 CHAPTER 46

PART 23

DISTRIBUTIONS

CHAPTER 3

SUPPLEMENTARY PROVISIONS

Accounting matters

844 Treatment of development costs

- (1) Where development costs are shown or included as an asset in a company's accounts, any amount shown or included in respect of those costs is treated—
- (a) for the purposes of section 830 (distributions to be made out of profits available for the purpose) as a realised loss, and
 - (b) for the purposes of section 832 (distributions by investment companies out of accumulated revenue profits) as a realised revenue loss.

This is subject to the following exceptions.

- (2) Subsection (1) does not apply to any part of that amount representing an unrealised profit made on revaluation of those costs.
- (3) Subsection (1) does not apply if—
- (a) there are special circumstances in the company's case justifying the directors in deciding that the amount there mentioned is not to be treated as required by subsection (1),
 - (b) it is stated—
 - (i) in the case of Companies Act accounts, in the note required by regulations under section 396 as to the reasons for showing development costs as an asset, or

Status: Point in time view as at 01/04/2013.

Changes to legislation: Companies Act 2006, Section 844 is up to date with all changes known to be in force on or before 23 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)

- (ii) in the case of IAS accounts, in any note to the accounts,
that the amount is not to be so treated, and
- (c) the note explains the circumstances relied upon to justify the decision of the directors to that effect.

Commencement Information

- II** S. 844 wholly in force at 6.4.2008; s. 844 not in force at Royal Assent see s. 1300; s. 844 in force at 6.4.2008 by S.I. 2007/3495, art. 3(1)(k) (with savings in arts. 7, 12 and subject to transitional adaptations in Sch. 1 paras. 14-20 and with savings in Sch. 4 paras. 33-35)

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