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STATUTORY INSTRUMENTS

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**2015 No. 980**

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

**PART 3**

**Amendment of the Small Companies Accounts Regulations**

**Amendment of Part 2 of the Small Companies Accounts Regulations (form and content of individual accounts)**

- 14.**—(1) Part 2 of the Small Companies Accounts Regulations is amended as follows.
- (2) Omit regulation 3(2).
  - (3) Omit regulation 4.
  - (4) Omit regulation 5.
  - (5) Omit regulation 6.

**Amendment of Part 4 of the Small Companies Accounts Regulations (form and content of group accounts)**

- 15.**—(1) Part 4 of the Small Companies Accounts Regulations is amended as follows.
- (2) In regulation 8, omit the words “Part 1 of”.
  - (3) Omit regulation 9.
  - (4) Omit paragraph (a) of regulation 11.

**Amendment of Part 1 (general rules and formats) of Schedule 1 (Companies Act individual accounts) to the Small Companies Accounts Regulations**

**16.**—(1) Part 1 of Schedule 1 to the Small 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 (3), insert “Subject to paragraph 1A”.
  - (c) after paragraph 1, insert—

“**1A.**—(1) Where appropriate to the circumstances of a company’s business, the company’s directors may, with reference to one of the formats in Section B, draw up an abridged balance sheet showing only those items in that format preceded by letters and roman numerals, provided that—

- (a) in the case of format 1, note (5) of the notes to the formats is complied with,
- (b) in the case of format 2, notes (5) and (10) of those notes are complied with, and

(c) all of the members of the company have consented to the drawing up of the abridged balance sheet.

(2) Where appropriate to the circumstances of a company's business, the company's directors may, with reference to one of the formats in Section B, draw up an abridged profit and loss account, combining under one item called "Gross profit or loss"—

(a) items 1, 2, 3 and 6 in the case of format 1, and

(b) items 1 to 5 in the case of format 2

provided that, in either case, all of the members of the company have consented to the drawing up of the abridged profit and loss account.

(3) Such consent as is referred to in sub-paragraphs (1) and (2) may only be given as regards the preparation of, as appropriate, the balance sheet or profit and loss account in respect of the preceding financial year.

(4) Sub-paragraphs (1) and (2) do not apply in relation to the preparation of, as appropriate, a company's balance sheet or profit and loss account for a particular financial year if the company was a charity at any time within that year.

**1B.**—(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, otherwise than pursuant to paragraph 1A(2), 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.

**1C.** 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 abridgment or adaptation pursuant to paragraph 1A or 1B. ”

(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 the accounts of companies other than micro-entities)—

(a) for the heading "LIABILITIES" in balance sheet format 2, substitute "CAPITAL, RESERVES AND LIABILITIES",

(b) in note (5) of the "Notes on the balance sheet formats", for the words "unless the aggregate amount of debtors falling due after more than one year is disclosed in the notes to the accounts", substitute "and, in the case of format 2, the aggregate amount falling due after more than one year must also be shown",

- (c) in note (10) of the “Notes on the balance sheet formats”, omit the words “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”,
  - (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) 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”
    - (ii) at item 8, for the word “charges”, substitute “expenses”,
    - (iii) at item 14, for the word “charges”, substitute “expenses”,
    - (iv) at item 15, omit the words “on ordinary activities”,
    - (v) at item 16, omit the words “on ordinary activities”, and
    - (vi) 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 (11) 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 (12) 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 to note (13) 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”, and
  - (k) omit note (14) of the “Notes on the profit and loss account formats”.
- (4) In Section C (the required formats for the accounts of micro-entities), for the heading “LIABILITIES” in balance sheet format 2, substitute “CAPITAL, RESERVES AND LIABILITIES”.

### **Amendment of Part 2 (accounting principles and rules) of Schedule 1 to the Small Companies Accounts Regulations**

17.—(1) Part 2 of Schedule 1 to the Small Companies Accounts Regulations is amended as follows.

- (2) In Section A (accounting principles)—
  - (a) at paragraph 12, after the word “policies”, insert “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), and
    - (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 (determination of purchase price or production cost), 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 the words “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.”,
  - (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 maybe, 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.”, and
- (c) omit sub-paragraph (2) of paragraph 41.

**Amendment of Part 3 (notes to the accounts) of Schedule 1 to the Small Companies Accounts Regulations**

**18.**—(1) Part 3 of Schedule 1 to the Small 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) Omit paragraph 43.
- (4) In paragraph 45, substitute “48 to 57” for “46 to 58”.
- (5) Omit paragraph 46.
- (6) Omit paragraph 47.
- (7) Omit paragraph 50.
- (8) For paragraph 51, substitute—

**“Information about fair value of assets and liabilities**

**51.**—(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 values,
  - (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, and
  - (b) the amount transferred to or from the reserve during that year.”.
- (9) Omit paragraph 52.
- (10) Omit paragraph 53.
- (11) For paragraph 54, substitute—

**“Information about revalued fixed assets**

**54.**—(1) This paragraph applies where fixed assets are measured at revalued amounts.

(2) Where this paragraph applies, the following information must be given in tabular form—

- (a) movements in the revaluation reserve in the financial year, with an explanation of the tax treatment of items therein, and
- (b) the carrying amount in the balance sheet that would have been recognised had the fixed assets not been revalued.”.

(12) At the end of paragraph 55(2), insert the words “with an indication of the nature and form of any such security”.

(13) Omit paragraph 56.

(14) For paragraph 57, substitute—

**“Guarantees and other financial commitments**

**57.**—(1) The total amount of any financial commitments, guarantees and contingencies that are not included in the balance sheet must be stated.

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

(a) any parent undertaking, fellow subsidiary undertaking or any subsidiary undertaking of the company, or

(b) any undertaking in which the company has a participating interest

must be separately stated and those within paragraph (a) must also be stated separately from those within paragraph (b).”.

(15) Omit paragraph 58.

(16) Omit paragraph 59.

(17) Omit paragraph 60.

(18) For sub-paragraphs (2) and (3) of paragraph 61 substitute—

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

(19) Omit paragraph 62.

(20) Omit paragraph 63.

(21) After paragraph 63, insert—

**“Post balance sheet events**

**64.** 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.

**Parent undertaking information**

**65.** Where the company is a subsidiary undertaking, the following information must be given in respect of the parent undertaking of the smallest group of undertakings for which group accounts are drawn up of which the company is a member—

(a) the name of the parent undertaking which draws up the group accounts,

(b) the address of the undertaking’s registered office (whether in or outside the United Kingdom), or

(c) if it is unincorporated, the address of its principal place of business.

**Related party transactions**

66.—(1) Particulars may be given of transactions which the company has entered into with related parties, and must be given if such transactions are material and have not been concluded under normal market conditions with—

- (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.

(2) Particulars of the transactions required to be disclosed under sub-paragraph (1) must include—

- (a) the amount of such transactions,
- (b) the nature of the related party relationship, and
- (c) other information about the transactions necessary for an understanding of the financial position of the company.

(3) Information about individual transactions may be aggregated according to their nature, except where separate information is necessary of an understanding of the effects of the related party transactions on the financial position of the company.

(4) Particulars need not be given of transactions entered into between two or more members of a group, provided that any subsidiary undertaking which is a party to the transaction is wholly-owned by such a member.

(5) In this paragraph, "related party" has the same meaning as in international accounting standards."

**Omission of Schedules to the Small Companies Accounts Regulations**

19. Omit Schedule 2 (information about related undertakings where company not preparing group accounts (Companies Act or IAS individual accounts)) to the Small Companies Accounts Regulations.

20. Omit Schedule 3 (information about directors' benefits: remuneration (Companies Act or IAS individual accounts)) to the Small Companies Accounts Regulations.

21. Omit Schedule 4 (Companies Act abbreviated accounts for delivery to Registrar of Companies).

**Amendment of Part 1 (form and content of Companies Act group accounts) of Schedule 6 (group accounts) to the Small Companies Accounts Regulations**

22.—(1) Part 1 of Schedule 6 to the Small Companies Accounts Regulations is amended as follows.

(2) In paragraph 1(1), for the words "sub-paragraphs (1) and (2)", substitute "the following provisions of this Schedule".

(3) After paragraph 1(1), insert—

“(1A) Paragraph 1A of Schedule 1 to these Regulations does not apply to group accounts.”.

(4) In paragraph 1(3)—

- (a) at the end of sub-paragraph (a), insert the word "and", and
- (b) omit sub-paragraphs (c) and (d).

(5) After paragraph 2(1), insert—



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

(6) 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.”

(7) 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.”

(8) 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).”

(9) For paragraph 17, substitute—

**“Non-controlling interests**

**17.—**(1) The formats set out in Section B of Part 1 of 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) 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.”.

(10) In paragraph 18(2), insert the words “and sections 402 and 405 of the 2006 Act” after “consolidated accounts”.

(11) 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.”.

(12) After paragraph 20, insert—

**“Deferred tax balances**

**20A.** 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.

**Related Party Transactions**

**20B.** Paragraph 66 of Schedule 1 to these Regulations applies to transactions which the parent company, or other undertakings included in the consolidation, have entered into with related parties, unless they are intra-group transactions.”.

**Amendment of Part 2 (information about related undertakings where company preparing group accounts (Companies Act or IAS group accounts)) of Schedule 6 to the Small Companies Accounts Regulations**

**23.—**(1) Part 2 of Schedule 6 to the Small Companies Accounts Regulations is amended as follows.

(2) For paragraph 22(3)(a), substitute—

“(a) the address of the undertaking’s registered office (whether in or outside the United Kingdom),”

(3) For paragraph 26(1)(b), substitute—

“(b) the address of the undertaking’s registered office (whether in or outside the United Kingdom),”

(4) In paragraph 26(1)(d), insert the words “or on behalf of” after the words “held by”.

(5) For paragraph 27(3)(a), substitute—

“(a) the address of the undertaking’s registered office (whether in or outside the United Kingdom),”.

(6) For paragraph 29(2)(a), substitute—

“(a) the address of the undertaking’s registered office (whether in or outside the United Kingdom),”

(7) For paragraph 32(2)(a), substitute—

“(a) the address of the undertaking’s registered office (whether in or outside the United Kingdom),”.

**Amendment of Schedule 7 (interpretation of term “provisions”) to the Small Companies Accounts Regulations**

**24.** After paragraph 2 of Schedule 7 to the Small 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 values of assets.”

**Amendment of Schedule 8 (general interpretation) to the Small Companies Accounts Regulations**

**25.**—(1) Schedule 8 to the Small Companies Accounts Regulations is amended as follows.

(2) For paragraph 2(1), substitute—

“(1) The expressions listed in sub-paragraph (2) have the same meaning as they have in Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements etc of certain types of undertakings.”.

(3) In paragraph 8(5)(1), omit the words “and Part 1 of Schedule 4”.

(4) In paragraph 11(3)(2), for the words “Formats 2 and 4” substitute “Format 2”.

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(1) Paragraph 8(5) was amended by [S.I. 2013/3008](#), regulation 2(1).

(2) Paragraph 11(3) was amended by [S.I. 2013/3008](#), regulation 13.