COMPANIES (ACCOUNTS) ACT, 1999

Repealed by Act. 2014-19 as from 1.11.2014

Principal Act

Act. No. 1999-29	*Commencement*	1.4.2000
	Assent	28.10.1999

Amending enactments	Relevant current provisions	Commencement date
Act. 2005-24*	s. 8A, Schs. 6 and 7	31.3.2005
2005-57*	Long title, ss. 1(2), 2(1) & (3), 3, 4, 5, 5(c)(ii), 5(i), 6(8), 7(1) & (3), 7A, 7B, 8, 8ZZA, 8ZZB, 9(1), (2), (3), (4), (5) & (6), 10(3), (4) & (5), 11, 11(1) & (4) 12(7), 13, 16(3)(d), Schs. 1, 2, 3, 4, 6 & 7	1.12.2005
2009-22	Schs. 7 & 11	5.11.2009[1]
LN. 2010/008	ss. 8(1), (2) & (4), 8B, 8ZZAA, 13A & Schs. 1, 6 & 7	15.1.2010
2010/056	s. 8ZZAA(6)	29.3.2010
2011/159	Sch. 7	22.9.2011

English sources:
None

EU Legislation/International Agreements involved:

Directive 77/91/EEC	Directive 84/253/EEC
Directive 94/8/EC	Directive 86/635/EEC
Directive 78/660/EEC	Directive 90/604/EEC
Directive 99/60/EC	Directive 91/674/EEC
Directive 83/349/EEC	Directive 93/22/EEC

* *These Acts have effect as respects companies' financial years which begin on or after 1 January 2005 but which have not ended before the date of publication.*

[1] *Commencment notice LN. 2009/056*

1999-29

Repealed

Companies (Accounts)

Directive 2001/65/EC
Directive 2003/51/EC
Directive 2006/43/EC
Directive 2006/46/EC
Directive 2008/30/EC
Directive 2009/49/EC
Regulation No.1606/2002

ARRANGEMENT OF SECTIONS.

SCHEDULE 7.
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AN ACT TO PROVIDE FOR THE PREPARATION OF COMPANY ACCOUNTS IN ACCORDANCE WITH THE REQUIREMENTS OF EU LAW AND MODERN ACCOUNTING PRACTICE.

Title, application and commencement.

1. (1) This Act may be cited as the Companies (Accounts) Act, 1999 and comes into operation on 1st April, 2000.

(2) This Act applies to the accounts of a company in respect of each financial year beginning on or after 1st April, 2000; but the amendments made by the Fair Value Accounting Act 2005 and the Companies (Accounts) (Amendment) Act 2005 apply to the accounts of a company in respect of each financial year beginning on or after 1 January 2005 but which have not ended before–

(a) 31 March 2005 in the case of the amendments made by the Fair Value Accounting Act 2005; and

(b) the date of publication of the Companies (Accounts) (Amendment) Act 2005 in the case of the amendments made by that Act.

(3) This Act applies to–

(a) public companies limited by shares or by guarantee; and

(b) private companies limited by shares or by guarantee.

(4) This Act does not apply to–

(a) non-profit making companies;

(b) banks licensed or authorised under the Banking Act, 1992[1]; and

(c) insurance companies licensed under the Insurance Companies Act[2].

Interpretation.

2. (1) In this Act–

[1] **1992-11**
[2] **1953-10**

"annual accounts" of a company are the balance sheet, the profit and loss account together with the notes on the accounts, and these documents will constitute a composite whole;

"group undertaking" and "participating interest" have the same meanings as in the Companies (Consolidated Accounts) Act 1999[3];

the "IAS Regulation" means Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards;

"international accounting standards" means the international accounting standards, within the meaning of the IAS Regulation, adopted from time to time by the European Commission in accordance with the Regulation;

"investment company", and "financial holding company" have the same meanings as in the Directive 78/660/EEC as amended and in Schedule 8;

"investment property" means land held to earn rent or for capital appreciation;

"medium-sized company" and "small company" have the meanings given in Schedule 1;

"the Minister" means the Minister with responsibility for financial services;

"profit and loss account", in relation to a company that prepares IAS accounts, includes an income statement or other equivalent financial statement required to be prepared by international accounting standards; and

"the Registrar" means the Registrar of Companies in Gibraltar.

(2) Any reference to a financial year of a company will be construed as a reference to a period in respect of which a profit and loss account of the company is made up under section 171 of the Companies Act[4].

(3) References in this Act to accounts giving a "true and fair view" are references–

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[3] **1999-28**
[4] **1930-07**

(a) in the case of Companies (Accounts) Act accounts, to the requirement under section 4 to give a true and fair view;

(b) in the case of IAS accounts, to the requirement under international accounting standards that such accounts achieve a fair presentation.

Preparation of annual accounts.

3.(1) A company's annual accounts may be prepared–

(a) in accordance with section 4 ("Companies (Accounts) Act accounts"); or

(b) in accordance with international accounting standards ("IAS accounts").

This subsection is subject to the following provisions of this section and section 7C of the Companies (Consolidated Accounts) Act, 1999 (consistency of accounts).

(2) After the first financial year in which the directors of a company prepare IAS accounts (the "first IAS year"), all subsequent annual accounts of the company must be prepared in accordance with international accounting standards unless there is a relevant change of circumstance.

(3) There is a relevant change of circumstance if, at any time during or after the first IAS year–

(a) the company becomes a subsidiary undertaking of another undertaking that does not prepare IAS accounts;

(b) the company ceases to be a company with securities admitted to trading on a regulated market;

(c) a parent undertaking of the company ceases to be an undertaking with securities admitted to trading on a regulated market.

In this subsection "regulated market" has the same meaning as it has in Council Directive 93/22/EEC on investment services in the securities field.

(4) If, having changed to preparing Companies (Accounts) Act accounts following a relevant change of circumstance, the directors again prepare IAS accounts for the company, subsections (2) and (3) apply again as if the first financial year for which such accounts are again prepared were the first IAS year.

Companies (Accounts) Act accounts.

4.(1) Companies (Accounts) Act accounts must be drawn up clearly and comprise–

(a) a balance sheet as at the last day of the financial year; and

(b) a profit and loss account.

(2) The balance sheet must give a true and fair view of the state of affairs of the company as at the end of the financial year; and the profit and loss account must give a true and fair view of the profit or loss of the company for the financial year.

(3) Companies (Accounts) Act accounts must comply with the provisions of sections 5 to 7 as to the form and content of the balance sheet and profit and loss account and additional information to be provided by way of notes to the accounts.

(4) Where compliance with subsection (3), and the other provisions of this Act as to the matters to be included in Companies (Accounts) Act accounts, would not be sufficient to give a true and fair view, the necessary additional information must be given in the accounts or in a note to them.

(5) If in exceptional circumstances compliance with any of those provisions is inconsistent with the requirement to give a true and fair view, the directors must depart from that provision to the extent necessary to give a true and fair view.

(6) Particulars of any such departure, the reasons for it and its effect must be given in a note to the accounts.

(7) The layout of the balance sheet and of the profit and loss account, and in particular the format adopted for their presentation, must not be changed from one financial year to the next, save in exceptional cases provided that such departure is disclosed in the notes on the accounts together with an explanation of the reasons for it.

Principles to determine items shown in a company's accounts.

5. The amounts to be included in respect of all items shown in the Companies (Accounts) Act accounts shall be determined in accordance with the principles set out in the following paragraphs–

(a) the company shall be presumed to be carrying on business as a going concern;

(b) accounting policies shall be applied consistently within the same accounts and from one financial year to the next;

(c) the amount of any item shall be determined on a prudent basis, and in particular–

(i) only profits realised at the balance sheet date may be included in the profit and loss account; and

(ii) all liabilities which have arisen 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 became apparent between the balance sheet date and the date on which it is signed on behalf of the board of directors;

(iii) account shall be taken of all depreciation, whether the result of the financial year is a loss or a profit;

(d) all income and charges for the financial year shall be taken into account, without regard to the date of receipt or payment;

(e) in determining the aggregate value of any item the value of each individual asset or liability that falls to be taken into account shall be determined separately;

(f) if, in exceptional circumstances, it appears to the directors of a company to be necessary to depart from these principles in preparing the accounts for a 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;

(g) in respect of every item shown in a company's balance sheet or profit and loss account–

(i) for each financial year subsequent to the accounts for the financial year beginning on or after 1st April, 2000, the corresponding amount for the previous financial year shall be shown;

(ii) where that corresponding amount is not comparable with the value to be shown for the item in question in the financial year to which the balance sheet or profit and loss account relates, the former amount shall be adjusted and particulars of the adjustment and the reasons for it shall be disclosed in a note to the accounts; and

(iii) except where there is a corresponding item for the preceding financial year, an item for which there is no amount need not be shown;

(h) the accounts shall not contain any set-off between asset and liability items or income and expenditure items;

(i) 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.

Layout of balance sheet and profit and loss accounts.

6. (1) The layout of the balance sheet of a company shall show the items listed in either of the formats in Schedule 2.

(2) The layout of the profit and loss account of a company shall show the items listed in any one of the profit and loss account formats in Schedule 3.

(3) The layout of the balance sheet of a small company may be modified to follow any of the formats in Schedule 4, but the directors may decide that it may contain some or all of the additional analysis provided for in Schedule 2.

(4) The layout of the profit and loss account of a medium sized company and of a small company may be modified to follow any of the formats in Schedule 5.

(5) Items to which Arabic numbers are assigned in any of the formats in Schedule 2, 3, or 4 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 (in which case the individual amounts of any items so combined must be disclosed in a note to the accounts).

(6) The layout of the profit and loss account of a financial holding company, or an investment company (as defined in Schedule 8), shall give a true and fair view of the company's assets, liabilities, financial position and profit and loss and–

(a) a financial holding company may by resolution adopt the layout set out in Schedule 9;

(b) an investment company may by resolution adopt the layout set out in Schedule 10.

(7) Schedule 6 has effect in relation to the amounts to be included in respect of items shown in the company's accounts.

(8) This section applies where a company prepares Company (Accounts) Act accounts.

Content of the notes on the accounts.

7. (1) In the case of Companies (Accounts) Act accounts, in addition to the information required under other provisions of this Act, the notes on the accounts shall, as a minimum, set out the appropriate information in respect of the matters mentioned in Schedule 7.

(2) Information required by this Act to be given in notes on the accounts may be contained in the accounts or in a separate document annexed to the accounts.

(3) References in this Act to a company's annual accounts, or to a balance sheet or profit and loss account, include notes to the accounts giving information which is required by any provision of this Act or international accounting standards, and required or allowed by any such provision to be given in a note to company accounts.

Disclosure required in notes to annual accounts: particulars of staff.

7A.(1) The following information with respect to the employees of the company must be given in the notes to the company's annual accounts–

(a) the average number of persons employed by the company in the financial year; and

(b) the average number of persons so employed within each category of persons employed by the company.

(2) The average number required by subsection (1)(a) or (b) is determined by dividing the relevant annual number by the number of months in the financial year.

(3) The relevant annual number is determined by ascertaining for each month in the financial year–

(a) for the purposes of subsection (1)(a), the number of persons employed under contracts of service by the company in that month (whether throughout the month or not);

(b) for the purposes of subsection (1)(b), the number of persons in the category in question of persons so employed;

and, in either case, adding together all the monthly numbers.

(4) 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 subsection (1)(a) there must also be stated the aggregate amounts respectively of–

(a) wages and salaries paid or payable in respect of that year to those persons;

(b) social security costs incurred by the company on their behalf; and

(c) other pension costs so incurred.

This does not apply in so far as those amounts, or any of them, are stated elsewhere in the company's accounts.

(5) For the purposes of subsection (1)(b), the categories of person employed by the company are such as the directors may select, having regard to the manner in which the company's activities are organised.

(6) In this section "social security costs" means any contributions by the company to any Government social security or pension scheme, fund or arrangement.

(7) In this section "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.

(8) Where in respect of a financial year a company qualifies as a small company, the requirements of this section do not apply to that company.

IAS annual accounts.

7B. Where the directors of a company prepare IAS accounts, they must state in the notes to those accounts that the accounts have been prepared in accordance with international accounting standards.

Duty to prepare directors' reports.

8.(1) The directors of a company shall for each financial year prepare a report (a "directors' report") complying with the general requirements of section 8ZZA containing the business review specified in section 8ZZB and, when provided separately, the corporate governance statement specified in section 8ZZAA.

(2) For a financial year in which–

(a) the company is a parent company; and

(b) the directors of the company prepare group accounts;

the directors' report must be a consolidated report (a "group directors report") relating, to the extent specified in the following provisions of sections 8ZZA and 8ZZB, and, when provided separately, section 8ZZAA, to the company and its subsidiary undertakings included in the consolidation.

(3) A group directors' report may, where appropriate, give greater emphasis to the matters that are significant to the company and its subsidiary undertakings included in the consolidation, taken as a whole.

(4) If a directors' report does not comply with the provisions of sections 8ZZA, 8ZZB and, when provided separately, section 8ZZAA relating to the preparation and contents of the report, every director of the company who–

(a) knew that it did not comply or was reckless as to whether it complied; and

(b) failed to take all reasonable steps to secure compliance with the provision in question,

is guilty of an offence and liable to a fine.

Directors' report: general requirements.

8ZZA.(1) The directors' report for a financial year must state–

(a) the names of the persons who, at any time during the financial year, were directors of the company;

(b) the principal activities of the company in the course of the year; and

(c) the amount (if any) that the directors recommend should be paid by way of dividend.

(2) In relation to a group directors' report subsection (1)(b) has effect as if the reference to the company was a reference to the company and its subsidiary undertakings included in the consolidation.

(3) The report must give an indication of–

(a) any important events which have occurred since the end of the last financial year;

(b) the company's likely future developments;

(c) activities in the field of research and development; and

(d) the existence of any branches of the company.

(4) Where in a financial year any shares in the company–

(a) are acquired by the company by forfeiture or surrender in lieu of forfeiture; or

(b) are made subject to a lien or other charge lawfully taken (whether expressly or otherwise) by the company,

the directors' report for that year shall give the information required by subsection (5).

(5) Where subsection (4) applies, the report must give–

(a) 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 that year;

(b) 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;

(c) 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;

(d) where the number and nominal value of the shares of any particular description are stated in pursuance of any of the preceding paragraphs, the percentage of the called up share capital which shares of that description represent;

(e) where any of the shares have been so charged, the amount of the charge in each case; and

(f) where any of the shares have been disposed of by the company or the persons who acquired them in such circumstances for money or money's worth, the amount or value of the consideration in each case.

(6) With respect to a financial year in which a company is a small company a directors' report need not contain the information mentioned in this section provided that any information required by subsection (5) is given in a note to the accounts.

Director's report: corporate governance requirements.

8ZZAA.(1) A company whose securities are admitted to trading on a regulated market within the meaning of the Financial Services (Markets in Financial Instruments) Act 2007 shall include a corporate governance statement in the directors' report. That statement shall be included as a specific section of the directors' report and shall contain at least a reference to–

(a) the corporate governance code to which the company is subject; or

(b) the corporate governance code which the company may have voluntarily decided to apply; or

(c) all relevant information about the corporate governance practices applied beyond the requirements under Gibraltar law.

(2) Where subsection (1)(a) and (b) apply, the company shall also indicate where the relevant texts are publicly available and where subsection (1)(c) applies, the company shall make its corporate governance practices publicly available.

(3) To the extent to which a company departs from a corporate governance code referred to under subsection (1)(a) or (b), it shall provide an explanation as to which parts of the corporate governance code it departs

from and the reasons for doing so. Where the company has decided not to apply any provisions of a corporate governance code referred to under subsection (1)(a) or (b), it shall explain its reasons for doing so.

(4) The statement referred to in subsection (1) shall, in addition, contain the following matters–

(a) a description of the main features of the company's internal control and risk management systems in relation to the financial reporting process;

(b) the information required pursuant to section 18 (1)(c), (d), (f), (h) and (i) of the Financial Services (Takeover Bids) Act 2006, where the company is subject to that Act;

(c) unless the information is already fully provided for, the operation of the shareholder meeting and its key powers, and a description of shareholders' rights and how they can be exercised; and

(d) the composition and operation of the administrative, management and supervisory bodies and their committees.

(5) The information required by this section–

(a) may be set out in a separate report delivered to the Registrar under section 9 together with the directors' report or by means of a reference in the directors' report where such document is publicly available on the company's website;

(b) in the event of a separate report, may contain a reference to the directors' report in the corporate governance statement where the information required in subsection (4)(b) is made available.

(6) The statutory auditors shall also express an opinion concerning the consistency or otherwise of the annual report with the annual accounts for the same financial year. Subject to the foregoing, the statutory auditor shall check that the corporate governance statement has been produced in respect of the remaining information required by this section.

(7) Companies which have only issued securities other than shares admitted to trading on a regulated market, within the meaning of the Financial Services (Markets in Financial Instruments) Act 2007, may choose not to apply the provisions of subsections (1) to (3), (4)(c) and (d), unless such companies have issued shares which are traded in a multilateral trading facility, within the meaning of the Financial Services (Markets in Financial Instruments) Act 2007.

Directors' report: business reviews.

8ZZB.(1) The directors' report for a financial year must contain–

(a) a fair review of the business of the company; and

(b) a description of the principal risks and uncertainties facing the company.

(2) The review required is a balanced and comprehensive analysis of–

(a) the development and performance of the business of the company during the financial year; and

(b) the position of the company at the end of the year,

consistent with the size and complexity of the business.

(3) The review must, to the extent necessary for an understanding of the development, performance or position of the business of the company, include–

(a) analysis using financial key performance indicators; and

(b) where appropriate, analysis using other key performance indicators, including information relating to environmental matters and employee matters.

(4) The review must, where appropriate, include reference to, and additional explanations of, amounts included in the annual accounts of the company.

(5) In this section, "key performance indicators" means factors by reference to which the development, performance or position of the business of the company can be measured effectively.

(6) In relation to a group directors' report this section has effect as if the references to the company were references to the company and its subsidiary undertakings included in the consolidation.

(7) With respect to a financial year in which a company is a medium sized company, the directors' report for the year need not comply with the requirements of section 8ZZB(3) so far as they relate to non-financial information.

Financial instruments.

8A.(1) In relation to the use of financial instruments by a company and by its subsidiary undertakings, the directors' report must contain an indication of–

(a) the financial risk management objectives and policies of the company and its subsidiary undertakings included in the consolidation, including the policy for hedging each major type of forecasted transaction for which hedge accounting is used; and

(b) the exposure of the company and its subsidiary undertakings included in the consolidation to price risk, credit risk, liquidity risk and cash flow risk,

unless such information is not material for the assessment of the assets, liabilities, financial position and profit or loss of the company and its subsidiary undertakings included in the consolidation.

(2) In subsection (1) the expressions "hedge accounting", "price risk", "credit risk", "liquidity risk" and "cash flow risk" have the same meaning as they have in Council Directive 78/660/EEC on the annual accounts of certain types of companies, and in Council Directive 83/349/EEC on consolidated accounts, as amended.

(3) The directors' report for the year need not give the information required by subsection (1) where a company qualifies as a small company in relation to a financial year.

Director's duties.

8B. The Directors of a company have collectively the duty to ensure that the annual accounts, the directors' report and, when provided separately, the corporate governance statement to be provided pursuant to section 8ZZAA are drawn up and filed with the Registrar in accordance with the requirements of this Act, and, where applicable, in accordance with the international accounting standards adopted in accordance with the IAS Regulation.

Delivery of accounts to the Registrar.

9. (1) The directors of a company shall, in respect of each financial year deliver to the Registrar a copy of the company's annual accounts, prepared in accordance with this Act or international accounting standards, together with a copy of the director's report for that year and a copy of the auditors' report on those accounts. The copy of the auditors' report that is delivered to the Registrar shall state the names of the auditors and be signed by them.

(2) *Omitted.*

(3) *Omitted.*

(4) In all cases the information supplied in accordance with subsection (1) shall be signed by two directors, or, if there is only one director, by that director.

(5) In the case of Companies (Accounts) Act accounts, the directors of a company other than a small company shall also deliver to the Registrar the directors' report, but may choose as an alternative to make the report available at the registered address of the company in Gibraltar and in such a case shall ensure in relation to the report that–

(a) it is made available to the public; and

(b) it is possible to obtain a copy of all or part of it free of charge upon request.

(6) In the case of Companies (Accounts) Act accounts, the directors of a small company need not deliver to the Registrar–

(a) a copy of the company's profit and loss account; or

(b) a copy of the directors' report.

Auditors' reports.

10. (1) Subject to section 11, where the directors of a company deliver to the Registrar the annual accounts for a financial year, they shall also deliver, with those accounts, a copy of the report of the person responsible for auditing the accounts.

(2) The auditors must state in their report whether in their opinion the information given in the directors' report for the financial year for which the annual accounts are prepared is consistent with those accounts.

(3) In addition to the information required by section 182 of the Companies Act, the auditors' report must include–

(a) an introduction identifying the annual accounts that are the subject of the audit and the financial reporting framework that has been applied in their preparation;

(b) a description of the scope of the audit identifying the auditing standards in accordance with which the audit was conducted;

(c) a clear statement as to whether in the auditors' opinion the annual accounts have been properly prepared in accordance with the requirements of this Act (and, where applicable, Article 4 of the IAS Regulation);

(d) a clear statement as to whether the annual accounts give a true and fair view, in accordance with the relevant financial reporting framework–

(i) in the case of an individual balance sheet, of the state of affairs of the company as at the end of the financial year;

(ii) in the case of an individual profit and loss account, of the profit or loss of the company for the financial year;

(iii) in the case of group accounts, of the state of affairs as at the end of the financial year and of the profit or loss for the financial year, of the undertakings included in the consolidation as a whole, so far as concerns members of the company.

(4) The auditors' report–

(a) must be either unqualified or qualified; and

(b) must include a reference to any matters to which the auditors wish to draw attention by way of emphasis without qualifying the report.

(5) The auditors' report shall state the names of the auditors and be signed and dated by them.

Exemption for small companies.

11. (1) In the case of Companies (Accounts) Act accounts, subject to subsection (3), where in respect of a financial year a company qualifies as a small company, the requirements of this Act relating to the appointment of auditors and the audit of account of that year do not apply to that company.

(2) When, in a financial year, subsection (1) applies to a small company–

(a) sections 177 and 178 of the Companies Act[4] have effect in respect of that company with the omission of references to the auditor's report;

(b) no copy of an auditor's report need be delivered to the Registrar or laid before the company in general meeting; and

(c) section 180 of the Companies Act[4] does not apply to that company.

(3) Subsection (1) does not apply to a small company which–

(a) has income liable to assessment for tax under the Income Tax Act[5]; or

(b) trades or transacts business in Gibraltar in such a way as is likely to generate such income in the future.

(4) The exemptions contained in subsection (1), section 6(3), section 6(4), section 8ZZA(5), section 8ZZB, section 9(5), section 9(6) and section 13 do not apply to a company any of whose securities are admitted to trading on a regulated market of any EEA State within the meaning of Council Directive 93/22/EEC on investment services in the securities field.

Offences.

12. (1) If a requirement of section 9 or 10 is not complied with before the end of the relevant period ascertained in accordance with section 14, the company and every officer of the company who is in default is guilty of an offence and is liable to pay a fixed penalty as described in subsection (3) to the Minister or on summary conviction to a fine up to level 3 on the standard scale.

(2) The Registrar may, within 6 months of the end of the relevant period ascertained in accordance with section 14, inform the Minister that a company or an officer of the company has failed to comply with a requirement of section 9 or 10.

(3) The Minister may, on receipt of the information described in subsection (2), issue a notice, in such form as he may decide, requiring the company or an officer of the company to pay a penalty of £100.

[5] **1952-11**

(4) A company or an officer of the company served with a notice as described in subsection (3) may pay the amount of the penalty within one month of its receipt; in such a case no further proceedings shall be taken against that company or officer in respect of the failure to comply for which the notice was issued, provided that the failure to comply is remedied within 12 months of the date of payment of the penalty.

(5) If a company or an officer of the company served with a notice as described in subsection (3) fails to pay the amount of the penalty specified within one month of its receipt, that company or officer may be proceeded against for the offence of failure to comply with a requirement of section 9 or 10.

(6) For the purposes of subsections (4) and (5) a company or an officer of the company shall be deemed to have received the notice described in subsection (3) on the day after it was posted to the company's registered office or, if it was delivered in person, on the day of delivery to the company's registered office.

(7) A company or person who contravenes any other requirement imposed on it or him under this Act is guilty of an offence and is liable on summary conviction to a fine up to level 3 on the standard scale.

(8) It is a defence for a company or person charged with an offence under subsection (1) or (7) to prove that all reasonable steps were taken for ensuring that the requirements of this Act (or, where applicable, of Article 4 of the IAS Regulation) would be complied with in proper time.

(9) In any proceedings under this section it is not a defence to prove that a document necessary to comply with a requirement of this Act was in fact prepared but not delivered to the Registrar.

Exemptions from preparation, audit and publication of individual accounts.

13. Any requirements made by or under this Act or the Companies Act concerning the content, auditing and delivering to the Registrar of Companies (Accounts) Act accounts do not apply to a company which is a subsidiary undertaking if the following conditions are fulfilled–

(a) the parent undertaking must be subject to the laws of a member State;

(b) all shareholders or members of the company must have declared their agreement to the exemption from the obligation and this declaration must be renewed each financial year;

(c) the parent undertaking must have declared that it guarantees the commitments entered into by the company;

(d) the declarations referred to in paragraphs (b) and (c) must be delivered to the Registrar;

(e) the company must be included in the consolidated accounts drawn up by the parent undertaking in accordance with the Companies (Consolidated Accounts) Act, 1999;

(f) the exemption referred to in this section must be disclosed in the notes on the consolidated accounts specified in paragraph (e); and

(g) the consolidated accounts referred to in paragraph (e), the consolidated annual report, and auditors' report are delivered to the Registrar in relation to that company.

Availability of exemptions to companies trading in regulated markets.

13A. The exemptions set out in section 8ZZA(6) and 8ZZB(7), section 11, Schedule 4, Schedule 5 and Schedule 7 paragraph 1 indents (ha) and (hb), are not available in the case of companies whose securities are admitted to trading on a regulated market within the meaning of the Financial Services (Markets in Financial Instruments) Act 2007.

Period allowed for delivering accounts and reports.

14. (1) Subject to subsection (2) the period allowed for complying with the requirements of sections 9 and 10 is–

(a) for a private company, 13 months after the end of the relevant financial year; and

(b) for a public company, 10 months after the end of that year.

(2) If the relevant financial year is the company's first, the period allowed is the longest of–

(a) 18 months from the first anniversary of the incorporation of the company; or

(b) 13 months from the end of that financial year.

Delivery and publication of accounts in euros.

15. (1) The amounts set out in the annual accounts of a company may also be shown in the same accounts in euros.

(2) The directors of a company may deliver to the Registrar an additional copy of the company's annual accounts in which the amounts have been translated into euros.

(3) In such cases–

(a) the amounts must have been translated at the relevant exchange rate prevailing on the balance sheet date; and

(b) that rate must be given in the notes to the accounts.

(4) In this section "euro" means the unit of the single currency as defined in Council Regulation 974/98 on the introduction of the euro.

Requirements where a company wishes to circulate its accounts to the public.

16. (1) If a company circulates to the public any of its statutory accounts, they shall be accompanied by the relevant auditors' report required to be delivered to the Registrar under section 10(1).

(2) A company which is required to prepare group accounts for a financial year must not circulate to the public its statutory individual accounts for that year without also issuing with them its statutory group accounts.

(3) If a company circulates non-statutory accounts to the public, it shall publish with them a statement indicating–

(a) that they are not the company's statutory accounts;

(b) whether statutory accounts dealing with any financial year with which the non-statutory accounts purport to deal have been delivered to the Registrar;

(c) whether the company's auditors have made a report under section 10 on the statutory accounts for any such financial year; and

(d) whether any such auditors' report–

(i) was qualified or unqualified, or included a reference to any matters to which the auditors drew attention by way of emphasis without qualifying the report; or

(ii) contained a statement under section 10(2),

and it shall not circulate to the public any auditors' report under section 10 with the non-statutory accounts.

(4) For the purposes of this section a company is regarded as circulating a document to the public if it circulates it in a manner calculated to invite members of the public generally, or any class of members of the public, to read it.

(5) References in this section to a company's statutory accounts are to its individual or group accounts for a financial year as required to be delivered to the Registrar under section 9; and references to the circulation to the public by a company of 'non-statutory accounts' are to the circulation of–

(a) any balance sheet or profit and loss account relating to, or purporting to deal with, a financial year of the company; or

(b) an account in any form purporting to be a balance sheet or profit and loss account for the group consisting of the company and its subsidiary undertakings relating to, or purporting to deal with, a financial year of the company,

otherwise than as part of the company's statutory accounts.

(6) In this section, 'individual accounts' and 'group accounts' have the same respective meanings as in the Companies (Consolidated Accounts) Act, 1999.

(7) A company which contravenes any provision of this section, and any officer of it who is in default, is guilty of an offence and liable on summary conviction to a fine up to level 3 on the standard scale.

Regulations.

17. The Minister may by regulation make provision in respect of the operation of this Act, in particular on the fees chargeable for the delivery of accounts to the Registrar.

SCHEDULE 1

Section 2(1)

DEFINITION OF SMALL AND MEDIUM-SIZED COMPANIES

1. Subject to paragraph 6 a company is in respect of any financial year ("the relevant year") a small company if, in respect of the year or years specified in paragraph 3(2), the company satisfied at least two of the following conditions–

(a) that the amount of the company's net turnover did not exceed £6.5 million;

(b) that its balance sheet total did not exceed £3.26 million;

(c) that the average number of persons employed by the company in each year did not exceed 50.

2. Subject to paragraph 6 a company is in respect of any financial year ("the relevant year") a medium-sized company if, in respect of the year or years specified in paragraph 3(2), the company satisfied at least two of the following conditions–

(a) that the amount of its net turnover did not exceed £25.9 million;

(b) that its balance sheet total did not exceed £12.9 million;

(c) that the average number of persons employed by the company in each year did not exceed 250.

3. (1) In paragraphs 1 and 2 "net turnover" means the amounts derived from the provision of goods and services falling within the company's ordinary activities, after deduction of trade discounts and sales-based taxes (for example excise duty and value added tax).

(2) The following years are specified for the purposes of paragraphs 1 or 2–

(a) the relevant year, if that is the company's first financial year; or

(b) if a small or medium-sized company exceeds or ceases to exceed the limits of more than one of the conditions in paragraphs 1 or 2 in a financial year, that fact will not affect its qualification as a small or medium-sized company for the relevant year unless it occurs in two consecutive years.

4. In this Schedule, balance sheet total means, in relation to any financial year of a company–

(a) in the case of Companies (Accounts) Act accounts–

(i) the aggregate of the amounts shown in the balance sheet under the headings corresponding to items A to D of Format I set out in Schedule 2; or

(ii) if Format 2 is adopted, the aggregate of the amounts shown under the general heading "ASSETS";

(b) in the case of IAS accounts, the aggregate of the amounts shown as assets in the balance sheet.

5. In the application of this Schedule to any year which is a financial year of a company, but not a year, the maximum figures for turnover set out in paragraphs 1 and 2 must be proportionately adjusted.

6. A company is not a small company or a medium-sized company if it is, or was at any time within the financial year to which the accounts relate, a public company.

SCHEDULE 2

Sections 6(1)

BALANCE SHEET FORMAT 1

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 **(2A)**
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 group undertakings
2. Loans to group undertakings
3. Participating interests
4. Loans to undertakings in which the company has a participating interest
5. Other investments other than loans

6. Other loans

7. Own shares **(4)**

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 group undertakings

3. Amounts owed by 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 group undertakings

2. Own shares **(4)**

3. Other investments

IV Cash at bank and in hand

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

6. Amounts owed to group undertakings

7. Amounts owed to undertakings in which the company has a participating interest

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

9. Accruals and deferred income (**10)**

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 group undertakings

7. Amounts owed to undertakings in which the company has a participating interest

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

9. Accruals and deferred income **(10)**

I. Provisions for liabilities

1. Pensions and similar obligations

2. Taxation, including deferred taxation

3. Other provisions

J. Accruals and deferred income **(10)**

K. Capital and reserves

I Called up share capital

II Share premium account

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

BALANCE SHEET FORMAT 2

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 **(2A)**
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 group undertakings
2. Loans to group undertakings
3. Participating interests
4. Loans to undertakings in which the company has a participating interest
5. Other investments other than loans
6. Other loans
7. Own shares **(4)**

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 group undertakings
3. Amounts owed by 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 group undertakings

2. Own shares **(4)**

3. 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 **(12)**

II Share premium account

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

B. Provisions for liabilities **(13A and 13B)**

1. Pensions and similar obligations

2. Taxation including deferred taxation

3. Other provisions

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 group undertakings
7. Amounts owed to undertakings in which the company has a participating interest
8. Other creditors including taxation and social security **(9)**
9. Accruals and deferred income **(10)**

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) Concessions, patents, licences, trade marks and similar rights and assets.

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

Amounts in respect of assets may 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.

(2A) Land and buildings

(Formats 1 and 2, items B. II. 1)

Rights to immovables and other similar rights must be shown under land and buildings.

(3) Goodwill

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

Amounts representing goodwill may 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 must be shown separately.

(5) Debtors

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

The amount falling due after more than one year must be shown separately for each item included under debtors. A small company need not comply with this requirement if it discloses in the notes to its accounts the aggregate amount included under “Debtors” falling due after more than one year.

(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.

Expenditure incurred during the financial year but relating to a subsequent financial year, together with any income which, though relating to the financial year in question, is not due until after its expiry must be shown in “Debtors”. Except in relation to the balance sheet of a small company, where such income is material it must be disclosed in the notes on the accounts.

(7) Debenture loans

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

The amount of any convertible loans must 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 must be shown for each of these items in so far as they are not shown as deduction 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 must 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.

Income receivable before the balance sheet date but relating to a subsequent financial year, together with any charges which, though relating to the financial year in question, will be paid only in the course of a subsequent financial year, must be shown under "Accruals and deferred income" or "Creditors". Except in relation to the balance sheet of a small company, where such charges are material they must be disclosed in the notes on the accounts.

(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" must be taken into account wherever shown.

(12) Called-up share capital

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

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

(13) Creditors

(Format 2, items C. 1 to 9)

Amounts falling due within one year and after one year must be shown separately for each of these items and their aggregate must be shown separately for all of these items. A small company need not comply with this requirement if it discloses in the notes to its accounts the aggregate amount included under "Creditors" falling due within one year and the aggregate amount falling due after one year.

Provisions for liabilities

(13A) (Format 1 item I 1 to 3, Format 2, item B1 to 3)

Except in relation to the balance sheet of a small company the provisions shown in the balance sheet under "Other provisions" must be disclosed in the notes on the accounts if they are material.

(13B) (1) Provisions for liabilities are intended to cover losses or debts the nature of which is clearly defined and which at the date of the balance sheet are either likely to be incurred, or certain to be incurred but uncertain as to amount or as to the date on which they will arise.

(2) Provisions for liabilities may not be used to adjust the values of assets.

(13C) (1) Where an asset or liability relates to more than one layout item, its relationship to other items must be disclosed either under the item where it appears or in the notes on the accounts, if such disclosure is essential to the comprehension of the annual accounts.

(2) Own shares and shares in affiliated undertakings may be shown only under the items prescribed for that purpose.

(13D) All commitments by way of guarantee of any kind must, if there is no obligation to show them as liabilities, be clearly set out at the foot of the balance sheet or in the notes on the accounts, and a distinction made between the various types of guarantee. Specific disclosure must be made of any valuable security which has been provided. Commitments of this kind existing in respect of affiliated undertakings must be shown separately.

SCHEDULE 3

Sections 6(2) and (5)

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 group undertakings
8. Income from participating interests
9. Income from other fixed asset investments **(15)**
10. Other interests receivable and similar income **(15)**
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.

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 **(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

21. Other taxes not shown under the above items

22. Profit or loss for the financial year.

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 group undertakings

4. Income from 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.

Format 4

A. Charges

1. Reduction in stocks 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 **(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 group undertakings

6. Income from 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.

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 must 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 group undertakings must be shown separately from income and interest derived from other sources.

(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 group undertakings must 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 must 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.

(18) Income and charges that arise otherwise than in the ordinary course of business must be shown under "extraordinary income" or "extraordinary charges" and unless such income or charges are not material, explanations of their amount and nature must be given in the notes on the accounts. The same applies to income and charges relating to another financial year. This note does not apply in relation to small companies.

(19) Taxes on the profit or loss on ordinary activities and taxes on the extraordinary profit or loss may be shown in total as one item in any of the profit and loss account formats before "other taxes not shown under the above items" and in that case the item "profit or loss on ordinary activities after taxation" will be omitted. Where this note applies the extent to which the taxes on the profit or loss affect the profit or loss on ordinary activities and the "extraordinary profit or loss" must be disclosed in the notes on the accounts. This note does not apply in relation to small companies.

SCHEDULE 4

Section 6(3)

EXEMPTIONS WITH RESPECT TO PREPARATION OF BALANCE SHEET OF SMALL COMPANIES

Part I

Individual accounts

1. The following provisions of this Schedule apply to the individual accounts of a small company.

Balance sheet

2. (1) A small company may prepare its balance sheet wholly or partially in accordance with either of the abbreviated formats set out in Part II.

(2) Where any such modifications are applied by a small company, Schedule 2 shall be read as if the balance sheet formats were the formats as modified and references to the formats and the items in them shall be construed accordingly.

(3) The notes on the balance sheet formats continue to apply to items which have been renumbered or combined into other items in accordance with this Schedule.

3. The provisions of section 177 of the Companies Act[4] on signing the balance sheet apply to a copy of an abbreviated balance sheet delivered to the Registrar in accordance with this Schedule.

Part II

Small company balance sheet formats

Format 1

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

B. Fixed assets

I Intangible assets

II Tangible assets

III Investments

C. Current assets

I Stocks

II Debtors **(5)**

Ill Investments

IV Cash at bank and in hand

D. Prepayments and accrued income **(6)**

E. Creditors amounts falling due and payable within one year

F. Net current assets (liabilities) **(11)**

G. Total assets less current liabilities

H. Creditors amounts falling due and payable after more than one year.

I. Provisions for liabilities

J. Accruals and deferred income **(10)**

K. Capital and reserves

I Called-up share capital **(12)**

II Share premium account

Ill Revaluation reserve

IV Other reserves

V Profit and loss account

Small company balance sheet formats

Format 2

ASSETS

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

B. Fixed assets

I Intangible assets

II Tangible assets

Ill Investments

C. Current assets

I Stocks

II Debtors **(5)**

Ill Investments

IV Cash at bank and in hand

D. Prepayments and accrued income **(6)**

LIABILITIES

A. Capital and reserves

I Called-up share capital **(12)**

II Share premium account

Ill Revaluation reserve

IV Other reserves

V Profit and loss account

B. Provisions for liabilities

C. Creditors **(13)**

D. Accruals and deferred income **(10)**

SCHEDULE 5

Section 6(4)

MEDIUM-SIZED AND SMALL COMPANIES
PROFIT AND LOSS ACCOUNT

1. A medium-sized company may deliver to the Registrar a profit and loss account in which the following items listed in the profit and loss account formats set out in Schedule 3 are combined as one item under the heading "gross profit or loss"–

Items 1, 2, 3 and 6 in Format 1;

Items 1 to 5 in Format 2;

Items A1, B1 and B2 in Format 3;

Items A1, A2 and B1 to B4 in Format 4.

2. Where a small company delivers to the Registrar a profit and loss account it may do so in accordance with paragraph 1.

SCHEDULE 6

Section 6(7)

AMOUNTS TO BE INCLUDED IN RESPECT OF ITEMS SHOWN IN COMPANY ACCOUNTS

SECTION A - HISTORICAL COST ACCOUNTING RULES

Subject to sections B and C, the amounts to be included in respect of all items shown in the company's accounts shall be determined in accordance with rules set out in paragraphs 1 to 15.

Fixed assets

General rules.

1. Subject to any provision for depreciation or diminution in value made in accordance with paragraph 2 or 3 the amount to be included in respect of any fixed asset must be its purchase price or production cost.

2. 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–

must be reduced by provisions for depreciation calculated to write off that amount systematically over the period of the asset's useful economic life.

3. (1) Where a fixed asset investment of a description falling to be included under item B.III of any of the balance sheet formats set out in Schedule 2 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 must be disclosed (either separately or in total) in a note to the accounts.

(2) Provisions for diminution in value must 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 will be reduced accordingly; and any such provisions which are not shown in the profit and

loss account must be disclosed (either separately or in total) in a note to the accounts.

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

Development costs.

4. (1) Even if an item in respect of “development costs” is included under “fixed assets” in either of the balance sheet formats set out in Schedule 2, 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 must 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.

5. (1) The application of paragraphs 1 to 3 for fixed assets stated above 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 subparagraph (3), the amount of the consideration for any goodwill acquired by a company must 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 must 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 must be disclosed in a note to the accounts.

Formation expenses.

6. (1) Formation expenses included under "Assets" must be written off within a maximum period of five years.

(2) Insofar as formation expenses have not been completely written off, no distribution of profits can take place unless the amount of the reserves available for distribution and profits brought forward is at least equal to that of the expenses not written off.

Except in relation to the balance sheet of a small company, the amounts entered under "Formation expenses" must be explained in the notes on the accounts.

Current assets.

7. Subject to paragraph 8, the amount to be included in respect of any current asset will be its purchase price or production cost.

8. (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 will be the net realisable value.

(2) Where the reasons for which any provision for diminution in value was made in accordance with subparagraph (1) have ceased to apply to any extent, that provision will 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.

9. (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.

10. (1) Subject to subparagraph (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) Subparagraph (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.

11. (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;

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

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

Stocks.

12. (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 tangible assets (including investments),

may be determined by the application of any of the methods mentioned in subparagraph (2) below 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 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 must, except in the case of a small company, be disclosed in a note to the accounts.

(4) Subject to subparagraph (5), for the purposes of subparagraph (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.

13. 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 11, 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 1 to 8 to be the value given to it in the earliest available record of its value made on or after its acquisition or production by the company.

14. Value adjustments comprise all adjustments intended to take account of reductions in the values of individual assets established at the balance sheet date whether that reduction is final or not.

15. (1) Whether particular assets are to be shown as fixed assets or current assets depends upon the purpose for which they are intended.

(2) Fixed assets comprise those assets which are intended for use on a continuing basis for the purposes of the undertaking's activities.

(3) (a) Movements in the various fixed asset items must be shown in the balance sheet or in the notes on the accounts. To this end the accounts must show separately, starting with the purchase price or production cost, for each fixed asset item, on the one hand, the additions, disposals and transfers during the financial year and, on the other hand, the cumulative value adjustments at the balance sheet date and the rectifications made during the financial year to the value adjustments of previous financial years. Value adjustments must be shown either in the balance sheet, as clear deductions from the relevant items, or in the notes on the accounts. The notes on the accounts of a small company need not comply with this head.

(b) If, when annual accounts are drawn up in accordance with this Act for the first time, the purchase price or production cost of a fixed asset cannot be determined without undue expense or delay, the residual value at the beginning of the financial year may be treated as the purchase price or production cost. Any application of this provision must be disclosed in the notes on the accounts.

(4) Paragraph (3)(a) and (b) also apply to the presentation of "Formation expenses".

SECTION B– ALTERNATIVE ACCOUNTING RULES

Preliminary.

16. The rules set out in section A are referred to in this Schedule as the historical cost accounting rules.

Alternative accounting rules.

17. (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 at the date of their last valuation or at their current cost.

(3) Fixed asset investments of any description 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 a 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 must be disclosed in a note to the accounts.

(4) Current assets investments of any description may be included at their current cost.

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

Application of the depreciation rules.

18. (1) Where the value of any asset of a company is determined on a basis mentioned in paragraph 17 that value will be, or (as the case may require) will 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 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 17.

(2) The amount of any provision for depreciation required in the case of any fixed asset by paragraph 2 or 3 as it applies by virtue of subparagraph (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 subparagraph (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 to be disclosed 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 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.

19. (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 17.

(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 must 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–

must be shown separately in the balance sheet or in a note to the accounts.

(4) In subparagraph (3), references in relation to any item to the comparable amounts determined as there mentioned are references to–

(a) the total 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 total 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.

20. (1) With respect to any determination of the value of an asset of a company on any basis mentioned in paragraph 17, 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 Schedule 2 but need not be shown under that name.

(3) An amount may be transferred from the revaluation reserve–

(a) to the profit and loss account, if the amount was previously charged to that account or represents realised profit, or

(b) on capitalisation;

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 subparagraph (3)(b) “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 up shares.

(5) The revaluation reserve may not be reduced except as mentioned in this paragraph.

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

Special provisions where the company is an investment company.

21. (1) Paragraph 20 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 17(3).

(2) Any provisions made by virtue of paragraph 3(1) or (2) in the case of an investment company in respect of any fixed assets investments need not be charged to the profit and loss account provided they are either–

(a) charged against any reserve account to which any account excluded by subparagraph (1) from the requirements of paragraph 20 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 sub-division ‘investments’ under the general item ‘fixed assets’.

SECTION C – FAIR VALUE ACCOUNTING

Inclusion of financial instruments at fair value.

22.(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 23, sub-paragraph (1) does not apply to that financial instrument.

(4A) Financial instruments that, under international accounting standards adopted by the European Commission on or before 5th September 2006 in accordance with the IAS Regulation, may be included in accounts at fair value, may be so included, provided that the disclosures required by such accounting standards are made.

(5) In this paragraph–

"associated undertaking" has the meaning given by paragraph 18 of Schedule 2 of the Companies (Consolidated Accounts) Act, 1999;

"joint venture" has the meaning given by paragraph 17 of Schedule 2 of the Companies (Consolidated Accounts) Act, 1999.

Determination of fair value.

23.(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.

24. 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 items that may be included at fair value.

24A.(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.

25.(1) This paragraph applies where a financial instrument is valued in accordance with paragraph 22 or 24 or an asset is valued in accordance with paragraph 24A.

(2) Notwithstanding section 5 of this Act, and subject to sub-paragraphs (3) and (4) below, 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.

26.(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 25(3) or (4).

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

Interpretation of paragraphs 22 to 26.

27.(1) 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 designated for such purpose at their inception; and

(c) are expected to be settled by delivery of the commodity.

(2) The expressions listed in sub-paragraph (3) have the same meaning as they have in Council Directive 78/660/EEC on the annual accounts of certain types of companies, as amended.

(3) 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”.

SCHEDULE 7

Section 7(1)

NOTES ON ACCOUNTS - MINIMUM REQUIREMENTS

1. In addition to the information required under other provisions of the Companies Act the notes on the accounts must disclose information in respect of the following matters at least–

(a) the valuation methods applied to the various items in the annual accounts, and the methods employed in calculating the value adjustments together with a statement that the appropriate accounting standards have been met, or a note detailing any material departure from these standards. For items included in the annual accounts which are or were originally expressed in foreign currency, the bases of conversion used to express them in Sterling must be disclosed;

(b) the name and registered office of each of the undertakings in which the company, either itself or through a person acting in his own name but on the company's behalf, holds 20% or more of the capital of the company showing the proportion of the capital held, the amount of capital and reserves, and the profit and loss for the latest financial year of the undertaking concerned for which accounts have been adopted. This information may be omitted where for the purposes of giving a true and fair view it is only of negligible importance. The information concerning capital and reserves and the profit or loss may also be omitted where the undertaking concerned does not publish its balance sheet and less than 50% of its capital is held (directly or indirectly) by the company;

(c) the name of the head or registered office and the legal form of each of the undertakings of which the company or firm is a member having unlimited liability. This information may be omitted where for the purposes of giving a true and fair view it is of negligible importance;

(d) the number and the nominal value or in the absence of a nominal value, the accounting par value of the shares subscribed during the financial year within the limits of authorised capital;

(e) where there is more than one class of shares, the number and the nominal value or, in the absence of a nominal value, the accounting par value of each class;

(f) the existence of any participation certificates, convertible debentures or similar securities or rights, with an indication of their number and the rights they confer;

(g) amounts owed by the company becoming due and payable after more than five years as well as the company's entire debts covered by valuable security furnished by the company with an indication of the nature and form of the security. This information must be disclosed separately for each creditor's item as provided for in the layouts prescribed;

(h) the total amount of any financial commitments that are not included in the balance sheet, in so far as this information is of assistance in assessing the financial position. Any commitments concerning pensions and affiliated undertakings must be disclosed separately;

(ha) the nature and business purpose of the company's arrangements that are not included in the balance sheet and the financial impact on the company of those arrangements, provided that the risks or benefits arising from such arrangements are material and in so far as the disclosure of such risks or benefits is necessary for assessing the financial position of the company: provided that companies referred to in paragraph 2 of Schedule 1 may limit the information required to be disclosed by this paragraph to the nature and business purpose of such arrangements;

(hb) transactions which have been entered into with related parties, as defined in the IAS Regulation, by the company, including the amount of such transactions, the nature of the related party relationship and other information about the transactions necessary for an understanding of the financial position of the company, if such transactions are material and have not been concluded under normal market conditions. Information about individual transactions may be aggregated according to their nature except where separate information is necessary for an understanding of the effects of related party transactions on the financial position of the company:

provided that–

(a) companies referred to in paragraph 2 of Schedule 1 may omit the disclosures prescribed in this paragraph unless those companies are public companies limited by shares or public companies limited by guarantee and having a share capital, in which case disclosure may be limited to, as a minimum, transactions entered into directly or indirectly between–

(i) the company and its major shareholders; and

(ii) the company and the members of the administrative, management and supervisory bodies; and

(b) transactions entered into between two or more members of a group are exempt from the provisions of this paragraph provided that subsidiaries which are party to the transaction are wholly owned by such a member.

(i) the net turnover broken down by categories of activity and into geographical markets in so far as, taking account of the manner in which the sale of products and the provision of services falling within the company's ordinary activities are organised, these categories and markets differ substantially from one another;

(j) *Omitted;*

(k) the extent to which the calculation of the profit or loss for the financial year has been affected by a valuation of the items which by way of derogation from the principles enunciated in the Schedules was made in the financial year in question or in an earlier financial year with a view to obtaining tax relief. Where the influence of such valuation on future tax charges is material, details must be disclosed;

(l) the difference between the tax charged for the financial year and for earlier financial years and the amount of tax payable in respect of those years, provided that this difference is material for purposes of future taxation. This amount may also be disclosed in the balance sheet as a cumulative amount under a separate item with an appropriate heading;

(m) the amount of the emoluments granted in respect of the financial year to the directors by reason of their responsibilities, and any commitments arising or entered into in respect of retirement pensions for former directors, with an indication of the total for each category; and

(n) the amount of advances and credits granted to the directors with indications of the interest rates, main conditions and any amounts repaid, as well as commitments entered into on their behalf by way of guarantees of any kind, with an indication of the total for each category.

(p) separately, the total fees for the financial year charged by the statutory auditor or audit firm for the statutory audit of annual accounts, the total fees charged for other assurance services, the total fees charged for tax advisory services and the total fees charged for other non-audit services. The Minister may by regulations provide that this requirement shall not apply where the company is included within the consolidated accounts required to be drawn up under the provisions of the Companies (Consolidated Accounts) Act, provided that such information is given in the notes to the consolidated accounts.

2. Medium-sized companies may omit the disclosure of information required under–

(a) paragraph 1(i) of this Schedule; and

(b) the second sub-paragraph of paragraph 6(2) of Schedule 6

3. Where disclosure in accordance with paragraph 1 makes it possible to identify the position of a specific person the disclosure is not mandatory.

4. Disclosures required under paragraph 1(i) of Schedule 11 may be omitted when their nature is such that they would be seriously prejudicial to any of the undertakings to they relate. Any such omission must be disclosed in the notes on the accounts.

Small and medium sized companies may omit disclosure of the information specified in paragraph 1(a) and (i) of Schedule 11. Small and medium sized companies may omit disclosure of the information specified in paragraph 2(b) of Schedule 11 provided that such information is subject to public oversight pursuant to the provisions of the Financial Services (Auditors) Act 2009.

5. Small and medium sized companies may draw up abridged notes on their accounts without the information required in Part 1 of Schedule 11 (corresponding to article 43(1)(5) to (12), (14)(a) and (15) of Directive 78/660.) However, the notes must disclose the information specified in Part

2 of Schedule 11 (corresponding to Article 43(1)(6) of that Directive) in total for all the items concerned.

6.(1) This paragraph applies where financial instruments have been valued in accordance with paragraph 22 or 24 of Schedule 6.

(2) There must be stated–

(a) where the fair value of the instruments has been determined in accordance with paragraph 23(4) of Schedule 6, 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.

7. 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 23 of Schedule 6; and

(b) the extent and nature of the derivatives.

8.(1) Sub-paragraph (2) applies if–

(a) the company has financial fixed assets that could be included at fair value by virtue of paragraph 22 of Schedule 6;

(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 3(1) of Schedule 6.

(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.

8A.(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 24A of Schedule 6.

(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 subparagraph (3), references in relation to any item to the comparable amounts determined in accordance with that subparagraph 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.

9. Where used in this Schedule, the expressions defined in paragraph 27 of Schedule 6 have the same meaning as in that Schedule.

SCHEDULE 8

Section 2(1)

DEFINITION OF INVESTMENT COMPANIES AND FINANCIAL HOLDING COMPANIES

1. For the purposes of this Act 'investment companies' means only–

(a) those companies the sole object of which is to invest their funds in various securities, real property and other assets with the sole aim of spreading investments risks and giving their shareholders the benefit of the results of the management of their assets; or

(b) those companies associated with investment companies with fixed capital if the sole object of the companies so associated is to acquire fully paid shares issued by those investment companies without prejudice to the provisions of Article 20(1)(h) of Directive 77/91/EEC.

2. For the purposes of this Act 'financial holding companies' means only those companies the sole object of which is to acquire holdings in other undertakings, and to manage such holdings and turn them to profit, without involving themselves directly or indirectly in the management of those undertakings, but without prejudice to their rights as shareholders. The limitations imposed on the activities of these companies must be such that compliance with them can be supervised by an administrative or judicial authority.

SCHEDULE 9

Section 6(6)(a)

FINANCIAL HOLDING COMPANIES - PROFIT AND LOSS ACCOUNT FORMAT

Charges	Income
1. Amounts written off assets	1. Income from participating interests, with a separate indication of that derived from affiliated undertakings
2. Interest payable and similar charges	2. Income from other investments and loans forming part of the fixed assets, with a separate indication of that derived from affiliated undertakings
3. Tax and extraordinary charges	3. Other interest receivable and similar income with a separate indication of that derived from affiliated undertakings.
4. Other charges.	4. Extraordinary income.
5. Profit or loss for the financial year	5. Profit or loss for the financial year.

SCHEDULE 10

Section 6(6)(b)

ANNUAL AND SEMI-ANNUAL REPORTS OF INVESTMENT COMPANIES

1. Statement of net assets, broken down as set out in either Format 1 or Format 2 of Schedule 3.

2. Number of shares or units in circulation.

3. Net asset value per unit or share.

4. Detailed investment portfolio.

SEMI-ANNUAL REPORTS ONLY

1. The amount of any interim dividend paid or proposed and (if an interim dividend is paid or proposed) the net income after taxes.

ANNUAL REPORTS ONLY

1. Statement of operations, broken down as set out in Schedule 5.

2. Statement of changes in net assets.

3. Notes to the accounts.

4. Management report (for an incorporated fund) or investment advisor's report (for unincorporated funds).

5. Analysis of the portfolio (by geographical area and by industry).

6. Details of changes in the portfolio.

7. Certain historical data.

8. Auditors' report.

9. Audited financial statements of management company (for unincorporated funds.

SCHEDULE 11

ABRIDGED NOTES FOR SMALL AND MEDIUM SIZED COMPANIES: MATTERS SUPPLEMENTARY TO SCHEDULE 7

PART 1

1. In addition to the information required under other provisions of this Act, the notes on the accounts must set out information in respect of the following matters at least–

(a) the valuation methods applied to the various items in the annual accounts, and the methods employed in calculating the value adjustments. For items included in the annual accounts which are or were originally expressed in foreign currency, the bases of conversion used to express them in local currency must be disclosed;

(b) the existence of any participation certificates, convertible debentures or similar securities or rights, with an indication of their number and the rights they confer;

(c) amounts owed by the company becoming due and payable after more than five years as well as the company's entire debts covered by valuable security furnished by the company with an indication of the nature and form of the security. This information must be disclosed separately for each creditors item, as provided for in the layouts prescribed in this Act;

(d) the total amount of any financial commitments that are not included in the balance sheet, in so far as this information is of assistance in assessing the financial position. Any commitments concerning pensions and affiliated undertakings must be disclosed separately;

(e) the nature and business purpose of the company's arrangements that are not included in the balance sheet and the financial impact on the company of those arrangements, provided that the risks or benefits arising from such arrangements are material and in so far as the disclosure of such risks or benefits is necessary for assessing the financial position of the company.

For the purposes of this paragraph, small and medium sized companies may limit the information required to be disclosed by this point to the nature and business purpose of such arrangements;

(f) transactions which have been entered into with related parties by the company, including the amount of such transactions, the nature of the related party relationship and other information about the transactions necessary for an understanding of the financial position of the company, if such transactions are material and have not been concluded under normal market conditions. Information about individual transactions may be aggregated according to their nature except where separate information is necessary for an understanding of the effects of related party transactions on the financial position of the company.

Small and medium sized companies may omit the disclosures prescribed in this point unless those companies are of a type referred to in Article 1(1) of Directive 77/91/EEC, in which case disclosures may be limited to, as a minimum, transactions entered into directly or indirectly between–

(g) the company and its major shareholders, and

(h) the company and the members of the administrative, management and supervisory bodies.

Transactions entered into between two or more members of a group are exempted from this provision provided that subsidiaries which are party to the transaction are wholly owned by such a member.

"Related party" has the same meaning as in international accounting standards adopted in accordance with Regulation (EC) No 1606/2002;

(i) the net turnover within the meaning of this Act, broken down by categories of activity and into geographical markets in so far as, taking account of the manner in which the sale of products and the provision of services falling within the company's ordinary activities are organized, these categories and markets differ substantially from one another;

(j) the average number of persons employed during the financial year, broken down by categories and, if they are not disclosed separately in the profit and loss account, the staff costs relating to the financial year, broken down as provided for in this Act;

(k) the extent to which the calculation of the profit or loss for the financial year has been affected by a valuation of the items which was made in the financial year in question or in an earlier financial year with a view to obtaining tax relief. Where the influence of such a valuation on future tax charges is material, details must be disclosed;

(l) the difference between the tax charged for the financial year and for earlier financial years and the amount of tax payable in respect of those years, provided that this difference is material for purposes of future taxation. This amount may also be disclosed in the balance sheet as a cumulative amount under a separate item with an appropriate heading;

(m) the amount of the emoluments granted in respect of the financial year to the members of the administrative, managerial and supervisory bodies by reason of their responsibilities, and any commitments arising or entered into in respect of retirement pensions for former members of those bodies, with an indication of the total for each category.

2. Where valuation at fair value of financial instruments has not been applied in accordance with this Act–

(a) for each class of derivative financial instruments–

(i) the fair value of the instruments, if such a value can be determined by any of the methods prescribed in this Act;

(ii) information about the extent and the nature of the instruments;

(b) separately, the total fees for the financial year charged by the statutory auditor or audit firm for the statutory audit of annual accounts, the total fees charged for other assurance services, the total fees charged for tax advisory services and the total fees charged for other non-audit services.

This requirement shall not apply where the company is included within the consolidated accounts required to be drawn up under Financial Services (Consolidated Accounts) Act, provided that such information is given in the notes to the consolidated accounts.

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3. In addition to the information required under other provisions of this Act, the notes on the accounts must set out information in respect of the following matters at least–

(a) the valuation methods applied to the various items in the annual accounts, and the methods employed in calculating the value adjustments. For items included in the annual accounts which are or were originally expressed in foreign currency, the bases of conversion used to express them in local currency must be disclosed;

(b) amounts owed by the company becoming due and payable after more than five years as well as the company's entire debts covered by valuable security furnished by the company with an indication of the nature and form of the security. This information must be disclosed separately for each creditors item, as provided for in the layouts prescribed in this Act.