

## SCHEDULE 3 ACCOUNTING PRINCIPLES, FORM AND CONTENT OF ENTITY FINANCIAL STATEMENTS

Section 291 .

### PART I CONSTRUCTION OF REFERENCES TO PROVISIONS OF SCHEDULE

1. (1) Without prejudice to the generality of section 9 of the Interpretation Act 2005 and its application to the body of this Act and to Schedules 1, 2 and 5 to 17 —

(a) a reference in this Schedule to a paragraph or Part is a reference to a paragraph or Part of this Schedule, unless it is indicated that a reference to some other enactment is intended;

(b) a reference in this Schedule to a section is a reference to the section of the Part in which the reference occurs, unless it is indicated that a reference to some other enactment is intended; and

(c) a reference in this Schedule to a subparagraph or clause is a reference to the subparagraph or clause of the provision in which the reference occurs, unless it is indicated that a reference to some other enactment is intended.

(2) Provisions providing for the interpretation of certain expressions appearing in this Schedule are contained in Part VI.

### PART II GENERAL RULES AND FORMATS

#### SECTION A

#### GENERAL RULES

2. (1) Subject to the provisions of this Schedule—

(a) every balance sheet of a company shall show the items listed in either of the balance sheet formats set out in Section B; and

(b) every profit and loss account of a company shall show the items listed in any one of the profit and loss accounts formats so set out,

in either case in the order and under the headings and sub-headings given in the format adopted.

(2) Subparagraph (1) shall not be read as requiring the heading or sub-heading for any item in the balance sheet, or profit and loss account, of a company to be distinguished by any letter or number assigned to that item in the formats set out in Section B.

3. (1) Where, in accordance with paragraph 2(1), a company's balance sheet or profit and loss account

for any financial year has been prepared by reference to one of the formats set out in Section B, the directors of the company shall adopt the same format in preparing the financial statements for subsequent financial years unless, in their opinion, there are special reasons for a change.

(2) Where any change is made in the format adopted in preparing a balance sheet or profit and loss account of a company, the reasons for the change, together with full particulars of the change, shall be given in a note to the financial statements in which the new format is first adopted.

4. (1) Any item required in accordance with paragraph 2 to be shown in the balance sheet or profit and loss account of a company may be shown in greater detail than that required by the format adopted.

(2) The balance sheet, or profit and loss account, of a company may include an item representing or covering the amount of any asset or liability or income or expenditure not otherwise covered by any of the items listed in the format adopted but the following shall not be treated as assets in the balance sheet of a company—

(a) preliminary expenses;

(b) expenses of and commission on any issue of shares or debentures; and

(c) costs of research.

(3) Any items to which an Arabic number is assigned in any of the formats set out in Section B may be combined in the financial statements of a company—

(a) in any case where the individual amounts of such items are not material to assessing the financial position or profit or loss of the company for the financial year concerned, or

(b) in any case where the combination of such items facilitates that assessment.

(4) Where items are combined in a company's financial statements pursuant to subparagraph (3)(b), the individual amounts of any items so combined shall be disclosed in a note to the financial statements.

(5) In preparing the balance sheet, or profit and loss account, of a company, the directors of the company shall adapt the arrangement and headings and sub-headings otherwise required by paragraph 2 in respect of items to which an Arabic number is assigned in the format adopted, in any case where the special nature of the company's business requires such adaptation.

(6) Every profit and loss account of a company shall show the amount of the profit or loss of the company on ordinary activities before taxation.

5. In respect of every item shown in the balance sheet, or profit and loss account, or notes thereto, of a company, the corresponding amount for the financial year immediately preceding that to which the balance sheet or profit and loss account relates shall also be shown and, if that corresponding amount is not comparable with the amount to be shown for the item in question in respect of the financial year to which the

balance sheet or profit and loss account relates, the former amount may be adjusted, and particulars of the adjustment and the reasons therefor shall be given in a note to the financial statements.

6. (1) Subject to subparagraph (2), a heading or sub-heading corresponding to an item listed in the format adopted in preparing the balance sheet or profit and loss account of a company shall not be included in the balance sheet or profit and loss account, as the case may be, if there is no amount to be shown for that item in respect of the financial year to which the balance sheet or profit and loss account relates.

(2) Subparagraph (1) shall not apply in any case where an amount can be shown for the item in question in respect of the financial year immediately preceding that to which the balance sheet or profit and loss account relates, and that amount shall be shown under the heading or sub-heading required by the format adopted as aforesaid.

7. Amounts in respect of items representing assets or income may not be set off in the financial statements of a company against amounts in respect of items representing liabilities or expenditure, as the case may be, or vice versa.

## SECTION B

### THE REQUIRED FORMATS FOR FINANCIAL STATEMENTS

#### Preliminary

8. References in this Part to the items listed in any of the formats set out in this Part are references to those items read together with any notes following the formats which apply to any of those items.

9. A number in brackets following any item in, or any heading to, any of the formats set out in this Part is a reference to the note of that number in the notes following the formats.

10. In the notes following the formats—

(a) the heading of each note gives the required heading or sub-heading for the item to which it applies and a reference to any letters and numbers assigned to that item in the formats set out in this Part; and

(b) references to a numbered format are references to the balance sheet format or (as the case may require) to the profit and loss account format of that number set out in this Part.

### BALANCE SHEET FORMATS

#### Format 1

##### A. Fixed Assets

##### I. Intangible assets

1. Development costs
2. Concessions, patents, licences, trade marks and similar rights and assets (1)
3. Goodwill (2)
4. Payments on account

## II. Tangible assets

1. Land and buildings
2. Plant and machinery
3. Fixtures, fittings, tools and equipment
4. Payments on account and assets in course of construction

## III. Financial assets

1. Shares in group undertakings
2. Loans to group undertakings
3. Participating interests
4. Loans to undertakings in which a participating interest is held
5. Other investments other than loans
6. Other loans

## B. 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 (3)

1. Trade debtors
2. Amounts owed by group undertakings
3. Amounts owed by undertakings in which a participating interest is held
4. Other debtors
5. Called up share capital not paid
6. Prepayments and accrued income

### III. Investments

1. Shares in group undertakings
2. Other investments

### IV. Cash at bank and in hand

### C. Creditors: Amounts falling due within one year

1. Debenture loans (4)
2. Bank loans and overdrafts
3. Called up share capital presented as a liability (8)
4. Payments received on account (5)
5. Trade creditors
6. Bills of exchange payable
7. Amounts owed to group undertakings
8. Amounts owed to undertakings in which a participating interest is held
9. Other creditors including tax and social insurance (6)
10. Accruals (7)
11. Deferred income (7)

### D. Net current assets (liabilities)

E. Total assets less current liabilities

F. Creditors: Amounts falling due after more than one year

1. Debenture loans (4)
2. Bank loans and overdrafts
3. Called up share capital presented as a liability (8)
4. Payments received on account (5)
5. Trade creditors
6. Bills of exchange payable
7. Amounts owed to group undertakings
8. Amounts owed to undertakings in which a participating interest is held
9. Other creditors including tax and social insurance (6)
10. Accruals (7)
11. Deferred income (7)

G. Provisions for liabilities

1. Retirement benefit obligations
2. Taxation, including deferred taxation
3. Other provisions for liabilities

H. Capital and reserves

I. Called up share capital presented as equity (8)

II. Share premium account

III. Revaluation reserve

IV. Other reserves

1. Other undenominated capital

2. Reserve for own shares held
  3. Reserves provided for by the constitution
  4. Other reserves (specified as necessary)
- V. Profit and loss account

## BALANCE SHEET FORMATS

### Format 2

## ASSETS

### A. Fixed Assets

#### I. Intangible assets

1. Development costs
2. Concessions, patents, licences, trade marks and similar rights and assets (1)
3. Goodwill (2)
4. Payments on account

#### II. Tangible assets

1. Land and buildings
2. Plant and machinery
3. Fixtures, fittings, tools and equipment
4. Payments on account and assets in course of construction

#### III. Financial assets

1. Shares in group undertakings
2. Loans to group undertakings
3. Participating interests
4. Loans to undertakings in which a participating interest is held

5. Other investments other than loans

6. Other loans

## B. 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 (3)

1. Trade debtors

2. Amounts owed by group undertakings

3. Amounts owed by undertakings in which a participating interest is held

4. Other debtors

5. Called up share capital not paid

6. Prepayments and accrued income

### III. Investments

1. Shares in group undertakings

2. Other investments

### IV. Cash at bank and in hand

## LIABILITIES

### A. Capital and reserves

I. Called up share capital presented as equity (8)

II. Share premium account



### III. Revaluation reserve

### IV. Other reserves

1. Other undenominated capital
2. Reserve for own shares held
3. Reserves provided for by the constitution
4. Other reserves (specify as necessary)

### V. Profit and loss account

### B. Provisions for liabilities

1. Retirement benefit obligations
2. Taxation, including deferred taxation
3. Other provisions for liabilities

### C. Creditors (9)

1. Debenture loans (4)
2. Bank loans and overdrafts
3. Called up share capital presented as a liability (8)
4. Payments received on account (5)
5. Trade creditors
6. Bills of exchange payable
7. Amounts owed to group undertakings
8. Amounts owed to undertakings in which a participating interest is held
9. Other creditors including tax and social insurance (6)
10. Accruals (7)
11. Deferred income (7)

## NOTES ON THE BALANCE SHEET FORMATS

### (1) Concessions, patents, licences, trade marks and similar rights and assets

(Formats 1 and 2, items A. I. 2)

Amounts in respect of assets shall 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.

### (2) Goodwill

(Formats 1 and 2, items A. I. 3)

Amounts representing goodwill shall only be included to the extent that the goodwill was acquired for valuable consideration.

### (3) Debtors

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

The amount falling due after more than one year shall be shown separately for each item included under debtors.

### (4) Debenture loans

(Format 1, item C. 1 and F. 1 and Format 2, item C.1)

The amount of any convertible loans shall be shown separately and the terms and conditions under which those loans are convertible into share capital shall be disclosed in the notes to the financial statements.

### (5) Payments received on account

(Format 1, items C. 4 and F. 4 and Format 2, item C.4)

Payments received on account of orders shall be shown for each of these items in so far as they are not shown as deductions from stocks.

### (6) Other creditors including tax and social insurance

(Format 1, items C. 9 and F. 9 and Format 2, item C.9)

The amount for creditors in respect of taxation and social insurance shall be shown separately from the amount for other creditors and in respect of taxation there shall be stated separately the amounts included in respect of income tax payable on emoluments to which Chapter 4 of Part 42 of the Taxes Consolidation Act 1997 applies, any other income tax, corporation tax, capital gains tax, value-added tax and any other tax.

(7) Accruals and deferred income

(Format 1, items C. 10 and 11 and F. 10 and 11 and Format 2, items C.10 and 11)

The amount in respect of Government grants, that is to say, grants made by or on behalf of the Government, included in this item shall be shown separately in a note to the financial statements unless it is shown separately in the balance sheet.

(8) Called up share capital

(Format 1, item C. 3, F. 3 and H. I, and Format 2, item A. I and C. 3)

In accordance with the accounting principle in paragraph 17, called up share capital must be analysed between shares that are presented as liabilities and share capital.

(9) Creditors

(Format 2, items C. 1 to 11)

Amounts falling due within one year and after one year shall be shown separately for each of these items and their aggregate shall be shown separately for all of these items.

## PROFIT AND LOSS ACCOUNT FORMATS

Format 1(13)

1. Turnover

2. Cost of Sales (10)

3. Gross Profit or Loss

4. Distribution costs (10)

5. Administrative expenses (10)

6. Other operating income

7. Income from shares in group undertakings

8. Income from participating interests
9. Income from other financial assets (11)
10. Other interest receivable and similar income (11)
11. Amounts written off financial assets and investments held as current assets
12. Interest payable and similar charges (12)
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

#### PROFIT AND LOSS ACCOUNT FORMATS

##### Format 2

1. Turnover
2. Variation 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 insurance costs
- (c) Other retirement benefit costs
- (d) Other compensation 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 financial assets (11)
- 12. Other interest receivable and similar income (11)
- 13. Amounts written off financial assets and investments held as current assets
- 14. Interest payable and similar charges (12)
- 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

## PROFIT AND LOSS ACCOUNT FORMATS

Format 3(13)

A. Charges

1. Cost of sales (10)
2. Distribution costs (10)
3. Administrative expenses (10)
4. Amounts written off financial assets and investments held as current assets
5. Interest payable and similar charges (12)
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 participating interests
5. Income from other financial assets (11)
6. Other interest receivable and similar income (11)
7. Profit or loss on ordinary activities after taxation
8. Extraordinary income
9. Profit or loss for the financial year

#### PROFIT AND LOSS ACCOUNT FORMATS

##### 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 insurance costs
  - (c) Other retirement benefit costs
  - (d) Other compensation 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 financial assets and investments held as current assets
7. Interest payable and similar charges (12)
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 financial assets (11)
8. Other interest receivable and similar income (11)
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

(10) 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 shall be stated after taking into account any necessary provisions for depreciation or diminution in value of assets.

(11) Income from other financial assets: 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 shall be shown separately from income and interest derived from other sources.

(12) 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 shall be shown separately.

(13) Formats 1 and 3

The amounts 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 shall be disclosed in a note to the financial statements in any case where the profit and loss account is prepared by reference



to Format 1 or Format 3.

## PART III ACCOUNTING PRINCIPLES AND VALUATION RULES

### SECTION A

#### ACCOUNTING PRINCIPLES

##### Preliminary

11. Subject to paragraph 18, the amounts to be included in the financial statements of a company in respect of the items shown shall be determined in accordance with the principles set out in paragraphs 12 to 17.

##### Accounting principles

12. The company shall be presumed to be carrying on business as a going concern.

13. Accounting policies shall be applied consistently from one financial year to the next.

14. The amount of any item in the financial statements shall be determined on a prudent basis and in particular—

(a) only profits realised at the financial year end date shall be included in the profit and loss account; and

(b) all liabilities which have arisen in the course of the financial year to which the financial statements relate or of a previous financial year shall be taken into account, even if such liabilities only become apparent between the financial year end date and the date on which the financial statements are signed under section 324.

15. All income and charges relating to the financial year to which the financial statements relate shall be taken into account without regard to the date of receipt or payment.

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

17. The presentation of amounts within items in the profit and loss account and balance sheet shall have regard to the substance of the reported transaction or arrangement in accordance with applicable accounting standards.

##### Departure from the accounting principles

18. If it appears to the directors of a company that there are special reasons for departing from any of the principles stated above in preparing the company's financial statements in any particular year, they may

so depart, but particulars of the departure, the reasons for it and its effect on the balance sheet and profit and loss account of the company shall be stated in a note to the financial statements.

## SECTION B

### HISTORICAL COST ACCOUNTING RULES

#### Preliminary

19. Subject to Sections C and D, the amounts to be included in respect of all items shown in a company's financial statements shall be determined in accordance with the rules set out in paragraphs 20 to 31.

### FIXED ASSETS

#### General rules

20. Subject to any provision for depreciation or diminution in value made in accordance with paragraph 21 or 22 the amount to be included in respect of any fixed asset shall be its purchase price or production cost.

#### Rules for depreciation and diminution in value

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

22. (1) Where a financial asset of a description falling to be included under item A. III of either of the balance sheet formats set out in Part II 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 separately in the profit and loss account shall be disclosed (either separately or in aggregate) in a note to the financial statements.

(2) Provisions for diminution in value shall 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 shall be reduced accordingly; and any such provisions which are not shown separately in the profit and loss account shall be disclosed (either separately or in aggregate) in a note to the financial statements.

(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 shall 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 shall be disclosed (either separately or in aggregate) in a note to the financial statements.

#### Rules for determining particular fixed asset items

23. (1) Notwithstanding that an item in respect of “development costs” is included under “fixed assets” in the balance sheet formats set out in Part II, an amount may only be included in a company's balance sheet in respect of that item in special circumstances.

(2) If an amount is included in a company's balance sheet in respect of development costs, the following information shall be given in a note to the financial statements—

(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 costs in question.

24. (1) The application of paragraphs 20 to 22 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 shall 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 shall 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 shall be disclosed in a note to the financial statements.

#### CURRENT ASSETS

25. Subject to paragraph 26, the amount to be included in respect of any current asset shall be its purchase price or production cost.

26. (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 shall be the net realisable value.

(2) Where the reasons for which any provision for diminution in value was made under subparagraph (1) have ceased to apply to any extent, that provision shall be written back to the extent that it is no longer necessary.

#### MISCELLANEOUS

Excess of money owed over value received as an asset item

27. (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 exists—

(a) it shall be written off by reasonable amounts each year and shall be completely written off before repayment of the debt; and

(b) if the amount not written off is not shown as a separate item in the company's balance sheet, it shall be disclosed in a note to the financial statements.

#### ASSETS INCLUDED AT A FIXED AMOUNT

28. (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

29. (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,

provided, however, in a case within clause (b), that the inclusion of the interest in determining the cost of that asset and the amount of the interest so included is disclosed in a note to the financial statements.

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

30. (1) Subject to the qualification mentioned subsequently in this subparagraph, 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 fungible assets (including investments),

may be determined by the application of any of the methods mentioned in subparagraph (2) 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) a weighted average price; and

(c) 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 shall be disclosed in a note to the financial statements.

(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 financial year end date.

(5) The relevant alternative amount may be determined by reference to the most recent actual purchase price or production cost before the financial year end 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 approach in the case of assets of that class.

(6) For the purpose of this paragraph, assets of any description shall be regarded as fungible if assets of that description are substantially indistinguishable from one another.

#### SUBSTITUTION OF ORIGINAL STATED AMOUNT WHERE PRICE OR COST UNKNOWN

31. Where there is no record of the purchase price or production cost of any asset of a company or of any price, expense or costs relevant for determining its purchase price or production cost in accordance with paragraph 29 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 20 to 26 to be the value ascribed to it in the earliest available record of its value made on or after its acquisition or production by the company.

### SECTION C

#### ALTERNATIVE ACCOUNTING RULES

##### Preliminary

32. (1) The rules set out in Section B are referred to subsequently in this Schedule as the historical cost accounting rules.

(2) Those rules, with the omission of paragraphs 19, 24 and 28 to 31, are referred to subsequently in this Part as the depreciation rules; and references subsequently in this Schedule to the historical cost accounting rules do not include the depreciation rules as they apply by virtue of paragraph 35.

33. Subject to paragraphs 35 to 37, the amounts to be included in respect of assets of any description mentioned in paragraph 34 may be determined on any basis so mentioned.

##### Alternative accounting rules

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

(3) Financial fixed assets 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 any 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 shall be disclosed in a note to the financial statements.

(4) Investments of any description falling to be included under item B. III of either of the balance sheet formats set out in Part II may be included at their current cost.

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

#### Application of depreciation rules

35. (1) Where the value of any asset of a company is determined on any basis mentioned in paragraph 34, that value shall be, or (as the case may require) be the starting point for determining, the amount to be included in respect of that asset in the company's financial statements, instead of its purchase price or production cost or any value previously so determined for that asset; and the depreciation rules shall 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 34.

(2) The amount of any provision for depreciation required in the case of any fixed asset by paragraph 21 or 22 as it applies by virtue of subparagraph (1) is referred to subsequently 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 by note (10) of the notes on the profit and loss account formats set out in Part II 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, if the amount of the provision for depreciation is the historical cost amount, the amount of any difference between the two shall be shown separately in the profit and loss account or in a note to the financial statements.

#### Additional information in case of departure from historical cost accounting rules

36. (1) This paragraph applies where the amounts to be included in respect of assets covered by any items shown in a company's financial statements have been determined on any basis mentioned in paragraph 34.

(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 shall be disclosed in a note to the financial statements.

(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,

shall be shown separately in the balance sheet or in a note to the financial statements.

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

#### Revaluation Reserve

37. (1) With respect to any determination of the value of an asset of a company on any basis mentioned in paragraph 34, 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 (referred to in this paragraph as 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 Part II.

(3) An amount may be transferred—

(a) from the revaluation reserve—

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

(ii) on capitalisation;

(b) to or from the revaluation reserve in respect of the taxation relating to any profit or loss credited or debited to the reserve;

and the revaluation reserve shall be reduced to the extent that the amounts transferred to it are no



longer necessary for the purpose of the valuation methods used.

(4) In subparagraph (3)(a)(ii) “capitalisation”, in relation to an amount standing to the credit of the revaluation reserve, means applying it in wholly or partly paid up unissued shares in the company to be allotted to members of the company as fully or partly paid shares.

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

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

## SECTION D

### FAIR VALUE ACCOUNTING RULES

#### Inclusion of financial instruments at fair value

38. (1) Subject to subparagraphs (2) to (4) and paragraph 39, financial instruments, including derivative financial instruments, may be accounted for at fair value.

(2) Subject to paragraph 41, subparagraph (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 derivative financial instruments.

(3) Subparagraph (1) does not apply to—

(a) financial instruments (other than derivative financial instruments) 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; and

(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 by any of the methods described in paragraph 40, subparagraph (1) does not apply to that financial instrument and it shall be

measured using the accounting rules set out in Section B or C.

(5) In this paragraph—

“associated undertaking” has the meaning given to it by paragraph 20 of Schedule 4;

“joint venture” has the meaning given to it by paragraph 19 of Schedule 4.

39. (1) Financial instruments which constitute liabilities, other than such instruments referred to in subparagraphs (2)(a) and (b) of paragraph 38, may be accounted for by a company at fair value if—

(a) they are accounted for in accordance with international accounting standards as adopted by the Commission Regulation on or before 5 September 2006; and

(b) the associated disclosure requirements, provided for in international financial reporting standards, are made.

(2) Financial instruments referred to in paragraph 38(3) may be accounted for by a company at fair value if—

(a) they are accounted for in accordance with international accounting standards as adopted by the Commission Regulation, on or before 5 September 2006; and

(b) the associated disclosure requirements, provided for in international financial reporting standards, are made.

(3) In this paragraph “Commission Regulation” means Commission Regulation (EC) No. 1725/2003 of 29 September 2003.

Methods for determining fair value

40. (1) The fair value of a financial instrument is its value determined in accordance with this paragraph.

(2) If a reliable market can readily be identified for the financial instrument, its fair value is to be 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 to be determined by reference to the market value of its components or of the similar instrument.

(4) If neither subparagraph (2) nor (3) applies, the fair value of the financial instrument is to be a value resulting from generally accepted valuation models and techniques.

(5) Any valuation models and techniques used for the purposes of subparagraph (4) shall ensure a

reasonable approximation of the market value.

#### Inclusion of hedged items at fair value

41. 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 and liabilities, at the amount required under that system.

#### Other assets that may be included at fair value

42. (1) This paragraph applies to—

(a) investment property; and

(b) living animals and plants;

that, under relevant international financial reporting standards, may be included in financial statements 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 financial reporting standards.

#### Accounting for changes in fair value of financial instruments

43. (1) This paragraph applies where a financial instrument is valued at fair value in accordance with paragraph 38 or 41 or where an asset is valued in accordance with paragraph 42.

(2) Notwithstanding paragraph 14, but subject to subparagraphs (3) and (4), a change in the fair value of the financial instrument or of the investment property or living animal or plant shall be included in the profit and loss account.

(3) Where—

(a) the financial instrument accounted for is a hedging instrument under a system of hedge accounting 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 shall be credited or (as the case may be) debited to a separate reserve to be known as 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 or (as the case may be) debited to the fair value reserve.

The fair value reserve

44. (1) An amount shall be transferred—

(a) from the fair value reserve to the profit and loss account if the related asset is impaired, transferred or disposed of; or

(b) from the fair value reserve in respect of tax relating to any amount transferred under clause (a).

(2) The fair value reserve shall be adjusted when amounts therein are no longer necessary for the purposes of paragraph 43(3) or (4).

(3) The fair value reserve shall not be reduced except as provided for in this paragraph.

(4) The treatment for taxation purposes of amounts credited or debited to the fair value reserve shall be disclosed in a note to the financial statements.

#### PART IV INFORMATION REQUIRED BY WAY OF NOTES TO FINANCIAL STATEMENTS

##### Preliminary

45. Any information required in the case of any company by the following provisions of this Part shall (if not given in the company's financial statements) be given by way of a note to those financial statements.

##### Information supplementing the balance sheet

46. Paragraphs 47 to 61 require information which either supplements the information given with respect to any particular items shown in the balance sheet or is otherwise relevant to assessing the company's financial position in the light of the information so given.

##### Debentures

47. (1) If the company has issued any debentures during the financial year to which the financial statements relate, the following information shall be given—

(a) the reason for making the issue;

(b) the classes of debentures issued; and

(c) in respect of each class of debentures, the amount issued and the consideration received by the company for the issue.

(2) Where any of the company's debentures are held by a nominee of or trustee for the company, the nominal amount of the debentures and the amount at which they are stated in the accounting records kept by the company in accordance with section 281 shall be stated.

#### Fixed assets

48. (1) In respect of each item which is or would, but for paragraph 4(3)(b), be shown under the general item "fixed assets" in the company's balance sheet, the following information shall be given—

(a) the appropriate amounts in respect of that item as at the date of the beginning of the financial year and as at the financial year end date respectively;

(b) the effect on any amount shown in the balance sheet in respect of that item of—

(i) any revision of the amount in respect of any assets included under that item made during that year on any basis mentioned in paragraph 34;

(ii) acquisitions during that year of any assets;

(iii) disposals during that year of any assets; and

(iv) any transfers of assets of the company to and from that item during that year.

(2) The reference in subparagraph (1)(a) to the appropriate amounts in respect of any item as at any date there mentioned is a reference to amounts representing the aggregate amounts determined, as at that date, in respect of assets falling to be included under that item either—

(a) on the basis of purchase price or production cost (determined in accordance with paragraphs 29 and 30); or

(b) on any basis mentioned in paragraph 34;

(leaving out of account in either case any provisions for depreciation or diminution in value).

(3) In respect of each item within subparagraph (1)—

(a) the cumulative amount of provisions for depreciation or diminution in value of assets included under that item as at each date mentioned in subparagraph (1)(a);

(b) the amount of any such provisions made in respect of the financial year concerned;

(c) the amount of any adjustments made in respect of any such provisions during that year in consequence of the disposal of any assets; and

(d) the amount of any other adjustments made in respect of any such provisions during that year;

shall also be stated.

49. Where any fixed assets of the company (other than listed investments) are included under any item shown in the company's balance sheet at an amount determined on any basis mentioned in paragraph 34, the following information shall be given—

(a) the years (so far as they are known to the directors) in which the assets were severally valued and the several values; and

(b) in the case of assets that have been valued during the financial year, the names of the persons who valued them or particulars of their qualifications for doing so and (in either case) the bases of valuation used by them.

#### Financial assets and investments held as current assets

50. (1) In respect of the amount of each item which is or would, but for paragraph 4(3) (b), be shown in the company's balance sheet under the general items "financial assets" or "investments held as current assets" there shall be stated how much of that amount is ascribable to listed investments.

(2) Where the amount of any listed investments is stated for any item in accordance with subparagraph (1), the following amounts shall also be stated—

(a) the aggregate market value of those investments where it differs from the amount so stated; and

(b) both the market value and stock exchange value of any investments of which the former value is, for the purposes of the financial statements, taken as being higher than the latter.

#### Information about fair valuation of assets and liabilities

51. (1) This paragraph applies where financial instruments have been included at fair value by virtue of paragraph 38 or 41.

(2) There shall be stated—

(a) the significant assumptions underlying the valuation models and techniques where fair values have been determined in accordance with paragraph 40(5);

(b) for each category of financial instrument the fair value of the financial instruments in that category and the amounts—

(i) included in the profit and loss account; and

(ii) credited or debited to the fair value reserve;

in respect of instruments in that category;

(c) for each class of derivative financial instrument, the extent and nature of the instruments including significant terms and conditions that may affect the amount, timing and certainty of future cash flows; and

(d) a table showing movements in the fair value reserve during the financial year.

52. Where the company has derivative financial instruments that it has not accounted for at fair value, there shall 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 40; and

(b) the extent and nature of the derivatives.

53. Where—

(a) a company has financial assets which could be included at fair value by virtue of paragraph 38;

(b) those assets are included in the company's financial statements at an amount in excess of their fair value; and

(c) the company has not made provision for the diminution in value of those assets in accordance with paragraph 22(1);

there shall be stated—

(i) the amount at which either the individual assets or appropriate groupings of those assets is stated in the company's financial statements;

(ii) the fair value of those assets or groupings; and

(iii) 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 financial statements will be recovered.

Information where investment property and living animals and plants included at fair value

54. (1) This paragraph applies where the amounts to be included in a company's financial statements in respect of investment property or living animals and plants have been determined in accordance with paragraph

42.

(2) The balance sheet items affected and the basis of valuation adopted in determining the amounts of the assets concerned in the case of each such item shall be disclosed in a note to the financial statements.

(3) In the case of investment property, for each balance sheet item affected there shall be shown, either separately in the balance sheet or in a note to the financial statements—

(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.

Dividends, reserves and provisions for liabilities

55. (1) The profit and loss account reserve of a company for a financial year shall show—

(a) the aggregate amount of dividends paid in the financial year (other than dividends for which a liability existed at the immediately preceding financial year end date);

(b) the aggregate amount of dividends the company is liable to pay at the financial year end date (other than dividends for which a liability existed at the immediately preceding financial year end date);

(c) separately, any transfer between the profit and loss account reserve and other reserves;

(d) any other increase or reduction in the balance on the profit and loss account reserve since the immediately preceding financial year end date;

(e) the profit or loss brought forward at the beginning of the financial year; and

(f) the profit or loss carried forward at the end of the financial year.

(2) The aggregate amount of dividends proposed by the directors for approval of the members at the next general meeting shall be stated in a note to the financial statements.



56. (1) Where any amount is transferred—

(a) to or from any reserves; or

(b) to any provision for liabilities; or

(c) from any provision for liabilities other than for the purpose for which the provision was established;

and the reserves or provisions for liabilities are or would, but for paragraph 4(3) (b), be shown as separate items in the company's balance sheet, the information mentioned in subparagraph (2) shall be given in respect of each such reserve or provisions for liabilities.

(2) That information is—

(a) the amount of the reserves or provisions for liabilities as at the date of the beginning of the financial year and as at the financial year end date respectively;

(b) any amount transferred to or from the reserves or provisions for liabilities during that year; and

(c) the source and application respectively of any amounts so transferred.

(3) Particulars shall be given of each provision included in the item “other provisions for liabilities” in the company's balance sheet in any case where the amount of that provision is material.

#### Provision for taxation

57. The amount of any provision for deferred taxation shall be shown separately from the amount of any provision for other taxation.

#### Details of indebtedness

58. (1) In respect of each item shown under “creditors” in the company's balance sheet there shall be stated—

(a) the aggregate amount of any debts included under that item which are payable or repayable otherwise than by instalments and fall due for payment or repayment after the end of the period of 5 years beginning with the day next following the end of the financial year; and

(b) in the case of any debts so included which are payable or repayable by instalments, the amount of any instalments which fall due for payment after the end of that period.

(2) Subject to subparagraph (3), in relation to each debt falling to be taken into account under subparagraph (1), the terms of payment or repayment and the rate of any interest payable on the debt shall be stated.

(3) If the number of debts is such that, in the opinion of the directors, compliance with subparagraph (2) would result in a statement of excessive length, it shall be sufficient to give a general indication of the terms of payment or repayment and the rates of any interest payable on the debts.

(4) In respect of each item shown under “creditors” in the company's balance sheet there shall be stated—

(a) the aggregate amount of any debts included under that item in respect of which any security has been given; and

(b) an indication of the nature of the securities so given.

(5) References in subparagraph (1) to an item shown under “creditors” in the company's balance sheet include references, where amounts falling due to creditors within one year and after more than one year are distinguished in the balance sheet—

(a) in a case within subparagraph (1), to an item shown under the latter of those categories; and

(b) in a case within subparagraph (4), to an item shown under either of those categories;

and references to items shown under “creditors” include references to items which would, but for paragraph 4(3)(b), be shown under that heading.

59. If any fixed cumulative dividends on the company's shares are in arrears, there shall be stated, distinguishing between those shares presented as a liability and other shares—

(a) the amount of the arrears; and

(b) the period for which the dividends or, if there is more than one class, each class of them are in arrears.

#### Guarantees and other financial commitments

60. (1) Particulars shall be given of any charge on the assets of the company to secure the liabilities of any other person, including, where practicable, the amount secured.

(2) The following information shall be given with respect to any other contingent liability not provided for:

(a) the amount or estimated amount of that liability;

(b) its legal nature; and

(c) whether any valuable security has been provided by the company in connection with that liability and, if so, what.

(3) There shall be stated, where practicable—

(a) the aggregate amount or estimated amount of contracts for capital expenditure, so far as not provided for; and

(b) the aggregate amount or estimated amount of capital expenditure authorised by the directors which has not been contracted for.

(4) Particulars shall be given of:

(a) any unfunded retirement benefit commitments included under any provision shown in the company's balance sheet; and

(b) any such commitments for which no provision has been made;

and, where any such commitment relates wholly or partly to retirement benefits payable to past directors of the company, separate particulars shall be given of that commitment so far as it relates to such retirement benefits.

(5) The following information shall also be given:

(a) the nature of every retirement benefit scheme operated by, or on behalf of, the company including information as to whether or not each scheme is a defined benefit scheme or a defined contribution scheme;

(b) whether each such scheme is externally funded or internally financed;

(c) whether any retirement benefit costs and liabilities are assessed in accordance with the advice of a professionally qualified actuary and, if so, the date of the most recent relevant actuarial valuation;

(d) whether and, if so, where any such actuarial valuation is available for public inspection.

(6) Particulars shall also be given of any other financial commitments which—

(a) have not been provided for; and

(b) are relevant to assessing the company's financial position.

Miscellaneous matters

61. Particulars shall be given of any case where the purchase price or production cost of any asset is for the first time determined under paragraph 31.

Information supplementing the profit and loss account

62. Paragraphs 63 to 66 require information which either supplements the information given with respect

to any particular items shown in the profit and loss account or otherwise provides particulars of income or expenditure of the company or of circumstances affecting the items shown in the profit and loss account.

Separate statement of certain items of income and expenditure

63. Each of the following amounts shall be stated—

(a) the amount of interest on or any similar charges in respect of—

(i) bank loans and overdrafts made to the company;

(ii) loans to the company from group undertakings;

(iii) loans of any other kind made to the company; and

(b) the amount of income from listed and unlisted investments.

Particulars of tax

64. (1) The basis on which the charge for corporation tax, income tax and other taxation on profits (whether payable in or outside the State) is computed shall be stated.

(2) Particulars shall be given of any special circumstances which affect the liability in respect of taxation on profits, income or capital gains for the financial year concerned or the liability in respect of taxation of profits, income or capital gains for succeeding financial years.

(3) The amount of the charge for corporation tax, income tax and other taxation on profits or capital gains, so far as charged to revenue, including taxation payable outside the State on profits (distinguishing where practicable between corporation tax and other taxation) shall be stated.

(4) The amounts referred to in subparagraph (3) shall be stated separately in respect of each of the amounts which is or would, but for paragraph 4(3)(b), be shown under the following items in the profit and loss account, that is to say, “tax on profit or loss on ordinary activities” and “tax on extraordinary profit or loss”.

Particulars of turnover

65. (1) If, in the course of the financial year, the company has carried on business of 2 or more classes which, in the opinion of the directors, differ substantially from each other, there shall be stated in respect of each class (describing it) the amount of the turnover attributable to that class.

(2) If, in the course of the financial year, the company has supplied markets which, in the opinion of the directors, differ substantially from each other, the amount of the turnover attributable to each such market shall also be stated.

(3) In subparagraph (3) “market” means a market delimited by geographical bounds. (4) In analysing for the purposes of this paragraph the source (in terms of business or in terms of market) of turnover, the directors of the company shall have regard to the manner in which the company's activities are organised. (5) For the purpose of this paragraph—

(a) classes of business which, in the opinion of the directors, do not differ substantially from each other shall be treated as one class; and

(b) markets which, in the opinion of the directors, do not differ substantially from each other shall be treated as one market;

and any amounts properly attributable to one class of business or (as the case may be) to one market which are not material may be included in the amount stated in respect of another.

(6) Where, in the opinion of the directors, the disclosure of any information required by this paragraph would be seriously prejudicial to the interests of the company, that information need not be disclosed, but the fact that any such information has not been disclosed must be stated.

#### Miscellaneous matters

66. (1) Where any amount relating to any preceding financial year is included in any item in the profit and loss account, the effect shall be stated.

(2) Particulars shall be given of any extraordinary income or charges arising in the financial year.

(3) The effect shall be stated of any transactions that are exceptional by virtue of size or incidence notwithstanding the fact that they fall within the ordinary activities of the company.

(4) Any amount expended on research and development in the financial year, and any amount committed in respect of research and development in subsequent years, shall be stated.

(5) Where, in the opinion of the directors, the disclosure of any information required by subparagraph (4) would be prejudicial to the interests of the company, that information need not be disclosed, but the fact that any such information has not been disclosed shall be stated.

#### Related party transactions

67. (1) Particulars shall be given in the notes to the financial statements of a company of transactions which have been entered into with related parties by the company if such transactions are material and have not been concluded under normal market conditions and the particulars shall include the amount of such transactions, the nature of the related party relationship and other information about the transactions which is necessary for an understanding of the financial position of the company.

(2) The provision of particulars and other 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.

(3) Subparagraph (1) shall not apply to transactions which are entered into between 2 or more members of a group if any subsidiary undertaking which is party to the transaction is wholly owned by such a member.

(4) A word or expression that is used in this paragraph and is also used in Directive 2006/46/EC of the European Parliament and the Council of 14 June 2006 has the meaning in this paragraph that it has in that Directive.

#### General

68. Where sums originally denominated in foreign currencies have been brought into account under any items shown in the balance sheet or profit and loss account, the basis on which those sums have been translated into euro or, if different, the functional currency of the company, shall be stated.

### PART V SPECIAL PROVISIONS WHERE A COMPANY IS A HOLDING COMPANY OR SUBSIDIARY UNDERTAKING

#### Entity financial statements

69. (1) This Part applies where the company is a holding company, whether or not it is itself a subsidiary undertaking.

(2) Where a company is a holding company or a subsidiary undertaking and any item required by Part II to be shown in the company's balance sheet, in relation to group undertakings, includes—

(a) amounts attributable to dealings with or interests in any holding undertaking or fellow subsidiary undertaking; or

(b) amounts attributable to dealings with or interests in any subsidiary undertaking of the company;

the aggregate amounts within clauses (a) and (b), respectively, shall be shown as separate items, either by way of subdivision of the relevant item in the balance sheet or in a note to the company's financial statements.

#### Guarantees and other financial commitments in favour of group undertakings

70. Commitments within any of the subparagraphs (1) to (6) of paragraph 60 (guarantees and other financial commitments) which are undertaken on behalf of or for the benefit of—

(a) any holding undertaking or fellow subsidiary undertaking; or

(b) any subsidiary undertaking of the company;

shall be stated separately from the other commitments within that subparagraph, and commitments within clause (a) shall also be stated separately from those within clause (b).

71. (1) Subject to subparagraph (2), where the company is a holding undertaking, the number, description and amount of the debentures of the company held by its subsidiary undertakings or their nominees shall be disclosed in a note to the company's financial statements.

(2) Subparagraph (1) does not apply in relation to any debentures—

(a) in the case of which the subsidiary undertaking is concerned as personal representative; or

(b) in the case of which it is concerned as trustee;

provided that in the latter case neither the company nor a subsidiary undertaking of the company is beneficially interested under the trust, otherwise than by way of security only for the purposes of a transaction entered into by it in the ordinary course of a business which includes the lending of money.

72. (1) Where a company is a subsidiary undertaking, the information specified in subparagraphs (2), (3) and (4) shall be stated with respect to the holding undertaking of—

(a) the largest group of undertakings for which group financial statements are drawn up and of which the company is a member; and

(b) the smallest such group of undertakings.

(2) The name of the holding undertaking shall be stated.

(3) There shall be stated—

(a) if the holding undertaking is incorporated, the country in which it is incorporated; or

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

(4) If copies of the group financial statements referred to in subparagraph (1) are available to the public, there shall be stated the addresses from which copies of the financial statements can be obtained.

Provisions of general application

73. (1) This paragraph applies where a company is a holding company and either—

(a) does not prepare group financial statements; or

(b) prepares group financial statements which do not deal with one or more of its subsidiary undertakings;

and references in this paragraph to subsidiary undertakings shall be read, in a case within clause (b), as references to such of the subsidiary undertakings of the company concerned as are excluded from the group financial statements.

(2) Subject to the following provisions of this paragraph, there shall be given in the notes to the company's entity financial statements—

(a) the reasons why subsidiary undertakings are not dealt with in group financial statements; and

(b) a statement—

(i) showing any qualifications contained in the reports of the statutory auditors of the subsidiary undertakings on their financial statements for their respective financial years ending with or during the financial year of the company; and

(ii) of any note or saving contained in those financial statements to call attention to a matter which, apart from the note or saving, would properly have been referred to in such a qualification;

in so far as the matter which is the subject of the qualification or note is not covered by the company's entity financial statements and is material from the point of view of its members.

(3) Subject to the following provisions of this paragraph, the aggregate amount of the total investment of the holding company in the shares of the subsidiary undertakings shall be stated in a note to the company's entity financial statements by way of the equity method of accounting.

(4) In so far as information required by any of the preceding provisions of this paragraph to be stated in a note to the company's entity financial statements is not obtainable, a statement to that effect shall be given instead in a note to those entity financial statements.

(5) Where, in any case within subparagraph (1)(b), the company prepares group financial statements, references in the preceding subparagraphs to the company's entity financial statements shall be read as references to the group financial statements.

74. Where a company has subsidiary undertakings whose financial years did not end with that of the company, the following information shall be given in relation to each such subsidiary undertaking (whether or not dealt with in any group financial statements prepared by the company) by way of a note to the company's entity financial statements or (where group financial statements are prepared) to the group financial statements, that is to say—

(a) the reasons why the company's directors consider that the subsidiary undertakings' financial years should not end with that of the company; and

(b) the dates on which the subsidiary undertakings' financial years ending last before that of the company respectively ended or the earliest and latest of those dates.

## PART VI INTERPRETATION OF CERTAIN EXPRESSIONS IN SCHEDULE

Assets: fixed or current



75. For the purposes of this Schedule, assets of a company shall be taken to be fixed assets if they are intended for use on a continuing basis in the company's activities, and any assets not intended for such use shall be taken to be current assets.

#### Capitalisation

76. References in this Schedule to capitalising any work or costs are references to treating that work or those costs as a fixed asset.

#### Investment property

77. In this Schedule, "investment property" means land or buildings (or both) held to earn rentals or for capital appreciation (or both).

#### Listed investments

78. In this Schedule, "listed investments" means investments as respects which there has been granted a listing on—

- (a) any regulated market or other stock exchange in the State;
- (b) any regulated market or other stock exchange of repute in any other EEA state; or
- (c) any stock exchange of repute in a state that is not an EEA state.

#### Loans

79. For the purposes of this Schedule, a loan shall be treated as falling due for payment, and an instalment of a loan shall be treated as falling due for payment, on the earliest date on which the lender could require repayment or (as the case may be) payment, if the lender exercised all options and rights available to him or her.

#### Materiality

80. Amounts which in the particular context of any provision of this Schedule are not material may be disregarded for the purposes of that provision.

#### Provisions

81. (1) References in this Schedule to provisions for depreciation or diminution in value of assets are references to any amount written off by way of providing for depreciation or diminution in value of assets.

(2) Any reference in the profit and loss account formats set out in Part II to the depreciation of, or amounts written off, assets of any description is a reference to the movement in any provision for depreciation or diminution in value of assets of that description.

82. References in this Schedule to provisions for liabilities are references to any amount retained as reasonably necessary for the purpose of providing for any liability the nature of which is clearly defined and which exists at the financial year end date but, as respects the amount of which or the date on which it will be settled, there is uncertainty.

#### Purchase price

83. References in this Schedule (however expressed) to the purchase price of an asset of a company or of any raw materials or consumables used in the production of any such asset shall be read as including references to any consideration (whether in cash or otherwise) given by the company in respect of that asset or in respect of those materials or consumables (as the case may require).