Draft Regulations laid before Parliament under sections 473(3) and 1290 of the Companies Act 2006 for approval by resolution of each House of Parliament.

DRAFT STATUTORY INSTRUMENTS

2008 No. 0000

COMPANIES

The Small Companies and Groups (Accounts and Directors' Report) Regulations 2008

Made - - - -	**** 2008*
Coming into force - -	*6th April 2008*

The Secretary of State makes the following Regulations in exercise of the powers conferred by sections 396(3), 404(3), 409(1) to (3), 412(1) to (3), 416(4), 444(3)(a) and (b), 677(3)(a), 712(2)(b)(i), 836(1)(b)(i) and 1292(1)(a) and (c) of the Companies Act 2006(**1**).

In accordance with sections 473(3) and 1290 of the Companies Act 2006 a draft of this instrument was laid before Parliament and approved by a resolution of each House of Parliament.

PART 1

INTRODUCTION

Citation and interpretation

1.—(1) These Regulations may be cited as the Small Companies and Groups (Accounts and Directors' Report) Regulations 2008.

(2) In these Regulations "the 2006 Act" means the Companies Act 2006.

Commencement and application

2.—(1) These Regulations come into force on 6th April 2008.

(2) They apply in relation to financial years beginning on or after 6th April 2008.

(3) They apply to companies which are subject to the small companies regime under Part 15 of the 2006 Act (see section 381 of that Act(**2**)).

(**1**) 2006 c.46.
(**2**) Section 381 is amended by regulation 6(1) of S.I. 2008/[ ].

PART 2

FORM AND CONTENT OF INDIVIDUAL ACCOUNTS

Companies Act individual accounts

3.—(1) Companies Act individual accounts under section 396 of the 2006 Act (Companies Act: individual accounts) must comply with the provisions of Schedule 1 to these Regulations 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.

(2) The profit and loss account of a company that falls within section 408 of the 2006 Act (individual profit and loss account where group accounts prepared)(**3**) need not contain the information specified in paragraphs 59 to 61 of Schedule 1 to these Regulations (information supplementing the profit and loss account).

(3) Accounts are treated as having complied with any provision of Schedule 1 to these Regulations if they comply instead with the corresponding provision of Schedule 1 to the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008(**4**).

Information about related undertakings (Companies Act or IAS individual accounts)

4.—(1) Companies Act or IAS individual accounts must comply with the provisions of Schedule 2 to these Regulations as to information about related undertakings to be given in notes to the company's accounts.

(2) Information otherwise required to be given by Schedule 2 to these Regulations need not be disclosed with respect to an undertaking that—

(a) is established under the law of a country outside the United Kingdom, or

(b) carries on business outside the United Kingdom,

if the conditions specified in section 409(4) of the 2006 Act are met (see section 409(5) of the 2006 Act for disclosure required where advantage taken of this exemption).

This paragraph does not apply in relation to the information required by paragraphs 4 and 8 of Schedule 2 to these Regulations.

Information about directors' benefits: remuneration (Companies Act or IAS individual accounts)

5. Companies Act or IAS individual accounts must comply with the provisions of Schedule 3 to these Regulations as to information about directors' remuneration to be given in notes to the company's accounts.

Accounts for delivery to registrar of companies (Companies Act individual accounts)

6.—(1) The directors of a company for which they are preparing Companies Act individual accounts may deliver to the registrar of companies under section 444 of the 2006 Act (filing obligations of companies subject to small companies regime) a copy of a balance sheet which complies with Schedule 4 to these Regulations rather than Schedule 1.

(2) Companies Act individual accounts delivered to the registrar need not give the information required by—

(**3**) Section 408 is amended by regulation 9 of S.I. 2008/[ ].
(**4**) S.I. 2008/[ ].

(a) paragraph 4 of Schedule 2 to these Regulations (shares of company held by subsidiary undertakings), or

(b) Schedule 3 to these Regulations (directors' benefits).

PART 3

DIRECTORS' REPORT

Directors' report

7. The report which the directors of a company are required to prepare under section 415 of the 2006 Act (duty to prepare directors' report) must disclose the matters specified in Schedule 5 to these Regulations.

PART 4

FORM AND CONTENT OF GROUP ACCOUNTS

Companies Act group accounts

8.—(1) Where the directors of a parent company which—

(a) is subject to the small companies regime, and

(b) has prepared Companies Act individual accounts in accordance with regulation 3,

prepare Companies Act group accounts under section 398 of the 2006 Act (option to prepare group accounts), those accounts must comply with the provisions of Part 1 of Schedule 6 to these Regulations as to the form and content of the consolidated balance sheet and consolidated profit and loss account, and additional information to be provided by way of notes to the accounts.

(2) Accounts are treated as having complied with any provision of Part 1 of Schedule 6 if they comply instead with the corresponding provision of Schedule 6 to the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008.

Information about directors' benefits: remuneration (Companies Act or IAS group accounts)

9. Companies Act or IAS group accounts must comply with the provisions of Schedule 3 to these Regulations as to information about directors' remuneration to be given in notes to the company's accounts.

Information about related undertakings (Companies Act or IAS group accounts)

10.—(1) Companies Act or IAS group accounts must comply with the provisions of Part 2 of Schedule 6 to these Regulations as to information about related undertakings to be given in notes to the company's accounts.

(2) Information otherwise required to be given by Part 2 of Schedule 6 need not be disclosed with respect to an undertaking that—

(a) is established under the law of a country outside the United Kingdom, or

(b) carries on business outside the United Kingdom,

if the conditions specified in section 409(4) of the 2006 Act are met (see section 409(5) of the 2006 Act for disclosure required where advantage taken of this exemption).

This paragraph does not apply in relation to the information required by paragraphs 26 and 35 of Schedule 6 to these Regulations.

Accounts for delivery to registrar of companies (Companies Act group accounts)

11. Companies Act group accounts delivered to the registrar of companies under section 444 of the 2006 Act need not give the information required by—

(a) Schedule 3 to these Regulations (directors' benefits), or

(b) paragraph 25 of Schedule 6 to these Regulations (shares of company held by subsidiary undertakings).

PART 5

INTERPRETATION

Definition of "provisions"

12. Schedule 7 to these Regulations defines "provisions" for the purpose of these Regulations and for the purposes of—

(a) section 677(3)(a) (Companies Act accounts: relevant provisions for purposes of financial assistance) in Part 18 of the 2006 Act,

(b) section 712(2)(b)(i) (Companies Act accounts: relevant provisions to determine available profits for redemption or purchase by private company out of capital) in that Part, and

(c) section 836(1)(b)(i) (Companies Act accounts: relevant provisions for distribution purposes) in Part 23 of that Act.

General interpretation

13. Schedule 8 to these Regulations contains general definitions for the purposes of these Regulations.

Name
Minister of State for Competitiveness,
Department for Business, Enterprise and
Regulatory Reform

Date

SCHEDULE 1 Regulation 3(1)

COMPANIES ACT INDIVIDUAL ACCOUNTS

PART 1

GENERAL RULES AND FORMATS

SECTION A

GENERAL RULES

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

(a) every balance sheet of a company must show the items listed in either of the balance sheet formats in Section B of this Part, and

(b) every profit and loss account must show the items listed in any one of the profit and loss account formats in Section B.

(2) References in this Schedule to the items listed in any of the formats in Section B are to those items read together with any of the notes following the formats which apply to those items.

(3) The items must be shown in the order and under the headings and sub-headings given in the particular format used, but—

(a) the notes to the formats may permit alternative positions for any particular items, and

(b) the heading or sub-heading for any item does not have to be distinguished by any letter or number assigned to that item in the format used.

2.—(1) Where in accordance with paragraph 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 in Section B, the company's directors must use the same format in preparing Companies Act individual accounts for subsequent financial years, unless in their opinion there are special reasons for a change.

(2) Particulars of any such change must be given in a note to the accounts in which the new format is first used, and the reasons for the change must be explained.

3.—(1) Any item required to be shown in a company's balance sheet or profit and loss account may be shown in greater detail than required by the particular format used.

(2) The balance sheet or profit and loss account may include an item representing or covering the amount of any asset or liability, income or expenditure not otherwise covered by any of the items listed in the format used, save that none of the following may be treated as assets in any balance sheet—

(a) preliminary expenses,

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

(c) costs of research.

4.—(1) Where the special nature of the company's business requires it, the company's directors must adapt the arrangement, headings and sub-headings otherwise required in respect of items given an Arabic number in the balance sheet or profit and loss account format used.

(2) The directors may combine items to which Arabic numbers are given in any of the formats set out in Section B if—