

SCHEDULE 4

Regulation 7

GENERAL INTERPRETATION

Financial instruments

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 where such contracts—

- (a) were entered into for the purpose of, and continue to meet, the LLP'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.—(1) The expressions listed in sub-paragraph (2) have the same meaning as they have in ^{F1}Directive 2013/34/EU of 26 June 2013 on the annual financial statements etc. of certain types of undertakings and Council Directive 91/674/EEC of 19 December 1991 on the annual accounts and consolidated accounts of insurance undertakings.]

(2) 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”.

Textual Amendments

- F1** Words in Sch. 4 para. 2(1) substituted (with effect in accordance with reg. 2(2)-(5) of the amending S.I.) by The Limited Liability Partnerships, Partnerships and Groups (Accounts and Audit) Regulations 2016 (S.I. 2016/575), regs. 2(1), 61

Fixed and current assets

3. “Fixed assets” means assets of an LLP which are intended for use on a continuing basis in the LLP's activities, and “current assets” means assets not intended for such use.

Historical cost accounting rules

4. References to the historical cost accounting rules are to be read in accordance with paragraph 30 of Schedule 1 to these Regulations.

Listed investments

5.—(1) “Listed investment” means an investment as respects which there has been granted a listing on—

- (a) a recognised investment exchange other than an overseas investment exchange, or
- (b) a stock exchange of repute outside the United Kingdom.

(2) “Recognised investment exchange” and “overseas investment exchange” have the meaning given in Part 18 of the Financial Services and Markets Act 2000 ^{M1}.

Marginal Citations

M1 2000 c.8.

Loans

6. A loan or advance (including a liability comprising a loan or advance) is treated as falling due for repayment, and an instalment of a loan or advance is 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 he exercised all options and rights available to him.

Materiality

7. Amounts which in the particular context of any provision of Schedule 1 to these Regulations are not material may be disregarded for the purposes of that provision.

Participating interests

8.—(1) A “participating interest” means an interest held by an undertaking in the shares of another undertaking which it holds on a long-term basis for the purpose of securing a contribution to its activities by the exercise of control or influence arising from or related to that interest.

(2) A holding of 20% or more of the shares of the undertaking is to be presumed to be a participating interest unless the contrary is shown.

(3) The reference in sub-paragraph (1) to an interest in shares includes—

- (a) an interest which is convertible into an interest in shares, and
- (b) an option to acquire shares or any such interest,

and an interest or option falls within paragraph (a) or (b) notwithstanding that the shares to which it relates are, until the conversion or the exercise of the option, unissued.

(4) For the purposes of this paragraph an interest held on behalf of an undertaking is to be treated as held by it.

(5) In the balance sheet and profit and loss formats set out in Schedule 1 to these Regulations, “participating interest” does not include an interest in a group undertaking.

(6) For the purpose of this paragraph as it applies in relation to the expression “participating interest”—

- (a) in those formats as they apply in relation to group accounts, and
- (b) in paragraph 19 of Schedule 3 (group accounts: undertakings to be accounted for as associated undertakings),

the references in sub-paragraphs (1) to (4) to the interest held by, and the purposes and activities of, the undertaking concerned are to be construed as references to the interest held by, and the purposes and activities of, the group (within the meaning of paragraph 1 of that Schedule).

Provisions

9.—(1) References to provisions for depreciation or diminution in value of assets are 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 Schedule 1 to these Regulations to the depreciation of, or amounts written off, assets of any description is to any provision for depreciation or diminution in value of assets of that description.

10. References to provisions for liabilities are to any amount retained as reasonably necessary for the purpose of providing for any liability the nature of which is clearly defined and which is either likely to be incurred, or certain to be incurred but uncertain as to amount or as to the date on which it will arise.

Purchase price

11. “Purchase price”, in relation to an asset of an LLP or any raw materials or consumables used in the production of such an asset, includes any consideration (whether in cash or otherwise) given by the LLP in respect of that asset or those materials or consumables, as the case may be.

Staff costs

12.—(1) “Social security costs” means any contributions by the LLP to any state social security or pension scheme, fund or arrangement.

(2) “Pension costs” includes—

- (a) any costs incurred by the LLP in respect of any pension scheme established for the purpose of providing pensions for persons currently or formerly employed by the LLP,
- (b) any sums set aside for the future payment of pensions directly by the LLP to current or former employees, and
- (c) any pensions paid directly to such persons without having first been set aside.

(3) Any amount stated in respect of the item “social security costs” or in respect of the item “wages and salaries” in the LLP's profit and loss account must be determined by reference to payments made or costs incurred in respect of all persons employed by the LLP during the financial year under contracts of service.

Changes to legislation:

There are currently no known outstanding effects for the The Large and Medium-sized Limited Liability Partnerships (Accounts) Regulations 2008, SCHEDULE 4.