
Accounts Notes Reference

Every note in FRS 105 and FRS 102 Section 1A accounts, and every accounting policy — what each discloses, where the figures come from, the wording templates and how it prints.

Contents

01	Accounts notes: a note-by-note guide
02	Accounting policies (FRS 102 Section 1A)
03	Statutory information note (FRS 102 Section 1A)
04	Compliance with accounting standards note (FRS 102 Section 1A)
05	Turnover note (FRS 102 Section 1A)
06	Operating profit note (FRS 102 Section 1A)
07	Taxation note (FRS 102 Section 1A)
08	Intangible fixed assets note (FRS 102 Section 1A)
09	Tangible fixed assets note (FRS 102 Section 1A)
10	Investment property note (FRS 102 Section 1A)
11	Dividends note (FRS 102 Section 1A)
12	Debtors note (FRS 102 Section 1A)
13	Current asset investments note (FRS 102 Section 1A)
14	Creditors: amounts falling due within one year note (FRS 102 Section 1A)
15	Creditors: amounts falling due after more than one year note (FRS 102 Section 1A)
16	Deferred taxation note (FRS 102 Section 1A)
17	Provisions for liabilities note (FRS 102 Section 1A)
18	Share capital note (FRS 102 Section 1A)
19	Capital contribution reserve note (FRS 102 Section 1A)
20	Company limited by guarantee note (FRS 102 Section 1A)
21	Capital commitments note (FRS 102 Section 1A)
22	Pension commitments note (FRS 102 Section 1A)
23	Operating lease commitments note (FRS 102 Section 1A)
24	Contingent liabilities note (FRS 102 Section 1A)

- 25** Loans to directors note (FRS 102 Section 1A)

- 26** Guarantees provided on behalf of directors note (FRS 102 Section 1A)

- 27** Related party transactions note (FRS 102 Section 1A)

- 28** Controlling party note (FRS 102 Section 1A)

- 29** Average number of employees note

- 30** Events after the reporting date note (FRS 102 Section 1A)

- 31** Fixed asset investments note (FRS 102 Section 1A)

- 32** Inventories note (FRS 102 Section 1A)

- 33** Free text notes: adding your own note

- 34** Off-balance sheet arrangements note (FRS 102 Section 1A)

- 35** Other financial commitments note (FRS 102 Section 1A)

- 36** Advances, credits and guarantees to directors note (FRS 105)

- 37** Guarantees and other financial commitments note (FRS 105)

Accounts notes: a note-by-note guide

What the notes to your statutory accounts are, how the Notes screen in Tax Optimiser works, and a guide to every note.

IN SHORT

- Open a period, choose View Accounts, then Notes in the left Actions menu.
- A section prints only when Show this note in the accounts is set to Yes; numbering closes up around notes you switch off.
- Use Template fills in standard wording; company name, period dates and the director are filled for you and anything else is asked for.
- Table notes take figures from the trial balance, and those cells are read-only, so correct the trial balance to change them.
- FRS 105 accounts have four notes; FRS 102 Section 1A accounts have a full notes section with accounting policies as note 3.

The notes to the accounts are the numbered paragraphs and tables that follow the balance sheet. They explain how the figures were prepared, break totals down into their parts (for example, what makes up "Debtors"), and disclose things that are not on the balance sheet at all, such as guarantees, commitments and the number of employees. Companies House expects them, and which notes you need depends on the accounting framework the company reports under.

This guide explains the notes in general and how the **Notes** screen in Tax Optimiser works. Every note has its own article too. The table further down links to each one.

What the notes are for

The balance sheet and profit and loss account give totals. The notes give the detail behind those totals and any information the law or the accounting standard requires that does not fit into a total. Typical notes cover:

- **Basic company facts:** the company name, legal form, registration number and registered office (Statutory Information).
- **How the accounts were prepared:** the accounting standard followed and the accounting policies, meaning the rules the company uses for things like depreciation and turnover.
- **Breakdowns of balance sheet lines:** fixed asset movements, debtors, creditors, share capital and so on.
- **Items not on the balance sheet:** commitments, contingent liabilities (possible obligations that depend on a future event), guarantees and advances to directors.
- **Other required facts:** the average number of employees, related party transactions and the controlling party.

FRS 105 vs FRS 102 Section 1A

The framework is set in the period settings (Accounts Type). It decides which notes the Notes screen offers. For a fuller comparison of the two frameworks, see *the statutory accounts guide*.

	FRS 105 (micro-entity)	FRS 102 Section 1A (small company)
Number of notes	Four	A full set of about 35, most optional
Where they print	Beneath the balance sheet, under "NOTES TO THE ACCOUNTS"	In a separate "Notes to the financial statements" section
Accounting policies	None: micro-entity accounts have no policies note	Printed as note 3, "Accounting Policies", when any policy is in use
Comparatives in notes	Text notes only, so no comparative columns	Table notes show the prior year column when the period has comparatives

The four FRS 105 notes are:

1. *Advances and credit, including terms and interest rates*: advances and credits to directors, and guarantees given on their behalf.
2. *Guarantees and other financial commitments*: capital commitments, other financial commitments and contingent liabilities.
3. *Average number of employees*.
4. *Free Text*: one note with a heading you choose.

Notes ×

Q

Average number of employees

Average number of employees

Average Employees

?

Learn more about this note

AVERAGE NUMBER OF EMPLOYEES

Average Employees

Show this note in the accounts

Yes

No

Current Year Average Employees

5

Don't warn me when the employee count is 0 i

☐

Close

Save changes

FRS 102 Section 1A accounts have a much longer list. Some notes are required for every small company, some only apply when the company has the item in question (investment property, a company limited by guarantee, provisions), and some are disclosures the standard encourages rather than requires. Each note article says which applies. For a walkthrough of a full Section 1A notes section, see *FRS 102 Section 1A notes*. For micro-entities, see *FRS 105 notes*.

How the Notes screen works

1. **Open the notes.** Open the accounting period and choose **View Accounts**. In the left Actions menu choose **Notes**. The **Notes** window opens.
2. **Find a note.** The left-hand side lists every note category, each with its sections underneath. Many notes have a main section and an "Additional note for ..." section for extra wording. Type in the **Search notes...** box to filter the list by note or section name.
3. **Select a section.** Click a section to open its editor on the right. The note name appears above the section title.

4. **Switch it on or off.** Each section has **Show this note in the accounts** with Yes and No buttons. When it is set to No the editor is greyed out and nothing from that section prints. Most notes start switched off. The exceptions are the Average number of employees note, and notes that come with default wording (such as Compliance with Accounting Standards), which switch on with that wording the first time the accounts load.
5. **Fill it in.** Type the wording, enter figures, or choose **Use Template** (see below).
6. **Check the guidance.** **Learn more about this note**, top right, opens the Help Centre article for the note you are on.
7. **Save.** **Save changes** saves every note at once and rebuilds the accounts preview on the View Accounts page. **Close** leaves without saving.

Notes ×

Tangible fixed assets

INTANGIBLE FIXED ASSETS

Intangible fixed assets

Additional note for intangible assets

TANGIBLE FIXED ASSETS

Tangible Fixed Assets

Additional note for tangible fixed assets

Tangible fixed assets

Learn more about this note

Tangible Fixed Assets

Show this note in the accounts

Yes

No

Cells populated from the trial balance are read-only. Blank cells can be entered manually and are saved with the accounts.

	PLANT & MACHINERY	MOTOR VEHICLES	FREEHOLD PROPERTY	TOTAL
Cost				
At 01 Apr 2025	40000.00	25000.00	150000.00	215,000
Additions	12000.00	30000.00	0.00	42,000
Disposals	0.00	-25000.00	0.00	-25,000
Revaluations	0.00	0.00	0	0
At 31 Mar 2026	52,000	30,000	150,000	232,000
Depreciation				
At 01 Apr 2025	18000.00	15000.00	12000.00	45,000
On disposals	0.00	-15000.00	0.00	-15,000
Charge for the year	8500.00	3000.00	3000.00	14,500
Other movements (impairment / revaluation)	0	0	0	0
At 31 Mar 2026	26,500	3,000	15,000	44,500
Net book value at 31 Mar 2026	25,500	27,000	135,000	187,500
Net book value at 31 Mar 2025	22,000	10,000	138,000	170,000

Close

Save changes

Text sections

Most "Additional note" sections, and notes such as Turnover, Contingent liabilities or Controlling party, are a single text box. What you type prints as plain text under the note heading.

Tax Optimiser — Accounts Notes Reference

7 / 135

Additional note for Loans to directors

[? Learn more about this note](#)

Show this note in the accounts

Yes

No

During the year the company advanced £12,000 to Alex Morgan, a director of the company. The advance is interest free and repayable on demand. The balance outstanding at 31 March 2026 was £11,000.

Table (structured) sections

Notes such as Tangible fixed assets, Debtors, Creditors and Taxation are tables. Their figures come from your trial balance, and cells filled from the trial balance are read-only. To change one, correct the trial balance (see *importing a trial balance*) rather than the note. In the fixed asset notes, blank cells that the trial balance does not fill can be typed in, and what you type is saved with the accounts. A few table notes, such as Share capital, Operating lease commitments and Loans to directors, are entered by hand. Each note article says which figures come from where.

Where the period has a comparative year (and comparatives are not excluded in the period settings), table notes show the prior year column too.

Wording templates

Many text sections offer ready-made wording. Click **Use Template** (top right of the section, shown only when templates exist) to open the **Note Templates** list, then click **Use** next to the one you want.

Note Templates

×

TEMPLATE	
Interest-free loan, outstanding at year end	Use
Loan from director	Use
Interest-bearing loan	Use
Amount written off or waived	Use
Interest-free loan, repaid in year	Use
No advances or credits	Use

Close

Templates contain placeholders in double curly brackets, such as {{LoanAmount}}. Some are filled in automatically:

- the company name;
- the period start and end dates (for example "31 March 2026");
- the director's name, when the company has one current director. If it has more than one, you choose from a drop-down list.

Any other placeholder is asked for in a **Fill in template details** window before the wording goes in. Enter each value and click **Save changes**. Type amounts without the £ sign, because the template already includes it.

Fill in template details
×

Enter the values to merge into this template before it is inserted.

Loan Amount

Director Name

Alex Morgan
▼

Interest Rate

Interest Charged

Amount Outstanding

Close
Save changes

Applying a template **replaces** whatever is already in that box. Once it is in, the wording is ordinary text that you can edit freely. Remember to set **Show this note in the accounts** to Yes if the section is still switched off.

Firm templates

Accountancy practices can add their own wording under **Accountant > Note Templates**. Your firm's templates appear in the **Use Template** list alongside the standard ones for the clients you manage, and they use the same placeholder prompts.

Numbering and how notes print

Notes print in the order of the list, numbered 1, 2, 3 and so on. Switched-off notes are skipped and the numbering closes up, so you never get gaps. A note's sections (for example the main table and its "Additional note") print together under one heading. In FRS 102 Section 1A accounts, note 3 is always **Accounting Policies** when any policy is in use. Policies are completed separately; see *Accounting policies*.

EXAMPLE NOTES LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026

1 Statutory Information

Example Notes Ltd is a private company limited by shares, registered in England and Wales, registration number 99999999. The registered office is 1 Example Street, London, EC1A 1AA.

2 Compliance with Accounting Standards

The financial statements have been prepared in accordance with the Financial Reporting Standard 102 Section 1A Small Entities. There were no significant departures from that standard.

3 Accounting Policies

Basis of preparation

The financial statements have been prepared under the historical cost convention, modified to include investment property at fair value, and in accordance with Financial Reporting Standard 102 Section 1A Small Entities "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006.

Presentation currency

The financial statements are presented in sterling, which is the functional currency of the company. Monetary amounts are rounded to the nearest pound.

Revenue recognition

Turnover represents amounts receivable for goods supplied and services rendered in the normal course of business, net of trade discounts and value added tax. Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have passed to the buyer. Revenue from services is recognised as the services are performed.

Investment property

Investment property is measured at fair value at each reporting date, with changes in fair value recognised in profit or loss. No depreciation is provided in respect of investment property.

Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined on a first-in, first-out basis. Provision is made for obsolete, slow-moving or defective items where appropriate.

Property, plant and equipment

Tangible fixed assets are stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is provided at the following rates in order to write off the cost, less estimated residual value, of each asset over its expected useful life: land and buildings 3% straight line on buildings, plant and machinery 25% reducing balance, fixtures and fittings 25% reducing balance, motor vehicles 10% straight line. Freehold land is not depreciated.

Deferred taxation

Deferred tax is recognised on all timing differences that have originated but not reversed at the reporting date, where transactions or events have occurred at that date that will result in an obligation to pay more tax, or a right to pay less tax, in the future. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

The notes are included in both the full accounts and the filleted accounts filed at Companies House. Filleting leaves out the profit and loss account and the directors' report, not the notes. See *full vs filleted accounts*.

Every note, at a glance

"From the trial balance" means the figures are read from your trial balance and cannot be overtyped. "Typed in" means you enter the wording or figures yourself, often with a template. "Mix" means some figures come from the trial balance and others are entered in the note. Statutory Information is completed automatically from the company and period details.

Note heading (as printed)	Framework	Where the content comes from	Guide
Accounting Policies	FRS 102 1A	Typed in (from policy templates)	<i>Accounting policies</i>
Statutory Information	FRS 102 1A	Automatic (company details)	<i>Read the guide</i>
Compliance with Accounting Standards	FRS 102 1A	Typed in (default wording)	<i>Read the guide</i>
Turnover	FRS 102 1A	Typed in	<i>Read the guide</i>
Operating profit	FRS 102 1A	Mix	<i>Read the guide</i>
Taxation	FRS 102 1A	From the trial balance	<i>Read the guide</i>
Intangible fixed assets	FRS 102 1A	Mix	<i>Read the guide</i>
Tangible fixed assets	FRS 102 1A	Mix	<i>Read the guide</i>
Investment property	FRS 102 1A	Mix	<i>Read the guide</i>
Dividends	FRS 102 1A	Typed in	<i>Read the guide</i>
Debtors	FRS 102 1A	From the trial balance	<i>Read the guide</i>
Current asset investments	FRS 102 1A	Typed in	<i>Read the guide</i>
Creditors: amounts falling due within one year	FRS 102 1A	From the trial balance	<i>Read the guide</i>
Creditors: amounts falling due after more than one year	FRS 102 1A	Mix	<i>Read the guide</i>
Deferred taxation	FRS 102 1A	Mix	<i>Read the guide</i>
Provisions for liabilities	FRS 102 1A	Mix	<i>Read the guide</i>
Share capital	FRS 102 1A	Mix	<i>Read the guide</i>
Capital contribution reserve	FRS 102 1A	Typed in	<i>Read the guide</i>
Company limited by guarantee	FRS 102 1A	Typed in (default wording)	<i>Read the guide</i>
Capital commitments	FRS 102 1A	Typed in	<i>Read the guide</i>
Pension commitments	FRS 102 1A	Typed in	<i>Read the guide</i>
Operating lease commitments	FRS 102 1A	Typed in	<i>Read the guide</i>
Contingent liabilities	FRS 102 1A	Typed in	<i>Read the guide</i>
Loans to directors	FRS 102 1A	Typed in	<i>Read the guide</i>

Note heading (as printed)	Framework	Where the content comes from	Guide
Guarantees provided on behalf of directors	FRS 102 1A	Typed in	<i>Read the guide</i>
Transactions with related parties	FRS 102 1A	Typed in	<i>Read the guide</i>
Controlling party	FRS 102 1A	Typed in	<i>Read the guide</i>
Average number of employees	FRS 105 and FRS 102 1A	Typed in (from period settings)	<i>Read the guide</i>
Events after the reporting date	FRS 102 1A	Typed in	<i>Read the guide</i>
Investments	FRS 102 1A	From the trial balance	<i>Read the guide</i>
Inventories	FRS 102 1A	From the trial balance	<i>Read the guide</i>
Your own heading (Free Text)	FRS 105 and FRS 102 1A	Typed in	<i>Read the guide</i>
Off-balance sheet arrangements	FRS 102 1A	Typed in	<i>Read the guide</i>
Other financial commitments	FRS 102 1A	Typed in	<i>Read the guide</i>
Advances and credit, including terms and interest rates	FRS 105	Typed in	<i>Read the guide</i>
Guarantees and other financial commitments	FRS 105	Typed in	<i>Read the guide</i>

Frequently asked questions

Which notes are compulsory for a small company?

It depends on the framework. A micro-entity using FRS 105 needs its four notes where they apply (always the average number of employees). A small company using FRS 102 Section 1A always needs basic information such as the company details, the accounting policies, the average number of employees and the notes behind its balance sheet lines. Other notes are needed only if the company has the item in question. Each note article says when it is required.

Why can't I change a figure in a note?

Cells filled from the trial balance are read-only, so the note always agrees with the balance sheet. Correct the trial balance (or its mapping) and the note updates when you save.

I switched a note on but it isn't in the accounts. Why?

Make sure you clicked **Save changes**, which rebuilds the preview, and that the section has content. A text section with nothing in it has nothing to print. Remember that each section has its own **Show this note in the accounts** switch.

Can I change the order of the notes?

No. Notes print in the fixed order of the list, and the numbering adjusts automatically when you switch notes on or off.

Are the notes included in the filleted accounts sent to Companies House?

Yes. Filleted accounts leave out the profit and loss account and directors' report, but the balance sheet and notes are still filed.

Accounting policies (FRS 102 Section 1A)

How to choose, word and print the accounting policies note, with a guide to every policy in Tax Optimiser.

IN SHORT

- Policies apply to FRS 102 Section 1A accounts only; FRS 105 accounts have no policies note.
- Open View Accounts > Policies, select a policy, tick Use this policy and write or template the wording.
- Policy templates do not prompt for values: replace every {{placeholder}} in the text before saving.
- Policies print as note 3, one sub-heading per policy in use, in list order.
- The 2026 periodic review templates (five-step revenue model, lessee accounting) apply to periods beginning on or after 1 January 2026.

The accounting policies note tells readers which rules the company used to prepare its accounts: how assets are depreciated, when turnover is recognised, how stock is valued, and so on. In FRS 102 Section 1A accounts it is always note 3, "Accounting Policies". This article explains the Policies screen and then each policy Tax Optimiser offers, with its templates.

What this note shows

FRS 102 Section 1A requires a small company to disclose its significant accounting policies. In practice that means a statement of the basis of preparation and a short policy for each material area of the accounts: turnover, fixed assets, stock, tax, leases and so on. A policy is only needed where it matters to the figures. A company with no stock does not need an inventories policy.

FRS 105 micro-entity accounts have no accounting policies note. Micro-entities are presumed to follow FRS 105 and do not disclose policies, so the Policies screen applies only to periods set to FRS 102 Section 1A. See *the statutory accounts guide* for the difference between the two.

Completing the policies in Tax Optimiser

1. Open the period, choose **View Accounts**, then **Policies** in the left Actions menu. The **Accounting Policies** window opens.
2. The left-hand list shows every policy category in print order. Policies already switched on carry a green **in use** badge. Type in **Search policies...** to filter the list.
3. Click a policy to open it in the rich-text editor on the right. You can use bold, italics, lists and tables.
4. Tick **Use this policy** to include it in the accounts, or untick it to leave it out without losing the wording. Typing into an empty policy, or applying a template, ticks the box for you.
5. Click **Use Template** to choose standard wording (the button is greyed out when a policy has no templates).
6. **Learn more about this policy** opens the matching section of this article.
7. Click **Save changes** to save all policies and rebuild the accounts preview.

Accounting Policies

Search policies...

[? Learn more about this policy](#)
☒ Use this policy
 Use Template

Basis of preparation in use

Presentation currency in use

Revenue recognition in use

Investment property in use

Inventories in use

Property, plant and equipment in use

Intangible fixed assets

Deferred taxation in use

Dividends in use

Research and development in use

Foreign exchange in use

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Tangible fixed assets are stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is provided at the following rates in order to write off the cost, less estimated residual value, of each asset over its expected useful life: land and buildings 3% straight line on buildings, plant and machinery 25% reducing balance, motor vehicles 10% straight line. Freehold land is not depreciated.

Close

Save changes

Wording templates and placeholders

Use Template opens the **Policy Templates** list for the selected policy. Click **Use** to insert one. Firm-specific policy templates, where your practice has added them, appear in the same list.

Policy Templates

TEMPLATE

Long-term contracts

Use

Goods and services

Use

Five-step model (periods from 1 January 2026)

Use

Rental income

Use

Close

Two things to know:

- **Applying a template replaces** the existing wording for that policy.

- **Policy templates are inserted exactly as written.** Unlike note templates, they do not ask you for values. Placeholders such as {{UsefulLife}}, {{CostBasis}}, {{BuildingsRate}} or {{DirectorName}} stay in the text, including the director's name. Replace each one, curly brackets included, with the real value before you save. For example, change "useful life of {{UsefulLife}} years" to "useful life of 10 years". Otherwise the placeholder will print in the accounts.

After inserting a template, read it through and adapt it to the company. Templates are a starting point, not a substitute for judgement.

How it appears in the accounts

Policies print as note 3, headed **Accounting Policies**, straight after Statutory Information and Compliance with Accounting Standards. Each policy that is in use *and* has wording becomes a sub-heading with its text, in the order of the list. Unticked or empty policies are left out. If no policy is in use, the note does not print and the later notes move up.

3 Accounting Policies

Basis of preparation

The financial statements have been prepared under the historical cost convention, modified to include investment property at fair value, and in accordance with Financial Reporting Standard 102 Section 1A Small Entities "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006.

Presentation currency

The financial statements are presented in sterling, which is the functional currency of the company. Monetary amounts are rounded to the nearest pound.

Revenue recognition

Turnover represents amounts receivable for goods supplied and services rendered in the normal course of business, net of trade discounts and value added tax. Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have passed to the buyer. Revenue from services is recognised as the services are performed.

Investment property

Investment property is measured at fair value at each reporting date, with changes in fair value recognised in profit or loss. No depreciation is provided in respect of investment property.

Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined on a first-in, first-out basis. Provision is made for obsolete, slow-moving or defective items where appropriate.

Property, plant and equipment

Tangible fixed assets are stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is provided at the following rates in order to write off the cost, less estimated residual value, of each asset over its expected useful life: land and buildings 3% straight line on buildings, plant and machinery 25% reducing balance, motor vehicles 10% straight line. Freehold land is not depreciated.

Deferred taxation

Deferred tax is recognised on all timing differences that have originated but not reversed at the reporting date, where transactions or events have occurred at that date that will result in an obligation to pay more tax, or a right to pay less tax, in the future. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Dividends

Equity dividends are recognised as a liability in the period in which they are declared and become legally payable. Interim dividends are recognised when they are paid.

Research and development

Research and development expenditure is written off to profit or loss in the year in which it is incurred.

Foreign exchange

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. All exchange differences are recognised in profit or loss.

Leased assets

Rentals payable under operating leases are charged to profit or loss on a straight line basis over the term of the lease.

Pension costs

The company operates a defined contribution pension scheme. Contributions payable for the year are charged to profit or loss as they fall due. The assets of the scheme are held separately from those of the company.

Going concern

The financial statements have been prepared on a going concern basis. The directors have reviewed the company's forecasts and

The financial statements have been prepared on a going concern basis. The directors have reviewed the company's forecasts and consider that the company has adequate resources to continue in operational existence for the foreseeable future.

Employee benefits

Short-term employee benefits, including wages, salaries and paid annual leave, are recognised as an expense in the period in which the related service is rendered.

Changes in accounting policies

There have been no changes to the company's accounting policies during the year.

Exclusion of prepared consolidated financial statements

The company and its subsidiary undertakings comprise a small group. The company has taken advantage of the exemption under section 399(2A) of the Companies Act 2006 not to prepare group financial statements.

Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities such as trade and other debtors and creditors, loans from banks and other third parties, and loans to and from related parties. Debtors and creditors receivable or payable within one year are recorded at transaction price. Loans are initially recorded at transaction price and subsequently measured at amortised cost. Any losses arising from impairment are recognised in profit or loss.

Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. Current tax is provided at amounts expected to be paid, using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Judgements and key sources of estimation uncertainty

The directors do not consider there to be any critical judgements or key sources of estimation uncertainty in preparing these financial statements.

Fixed asset investments

Investments in subsidiary undertakings are stated at cost less impairment. Other investments in shares are measured at fair value through profit or loss where they are publicly traded or their fair value can otherwise be measured reliably, and otherwise at cost less impairment. Investment income is recognised when the company's right to receive payment is established.

Goodwill

Goodwill arising on the acquisition of a business is the excess of the cost of the acquisition over the fair value of the identifiable net assets acquired. It is amortised on a straight line basis over its estimated useful life of 10 years; where the useful life cannot be estimated reliably it does not exceed ten years. Goodwill is reviewed for impairment where there is an indication that it may be impaired.

2026 FRS 102 periodic review

The FRC's periodic review of FRS 102 introduced a five-step model for revenue recognition and brought most leases onto the balance sheet for lessees. The amendments apply to accounting periods beginning on or after 1 January 2026. Tax Optimiser includes templates for them: **Five-step model (periods from 1 January 2026)** under Revenue recognition, **Lessee accounting (periods from 1 January 2026)** under Leased assets, and **FRS 102 periodic review - first application** under Changes in accounting policies. Use them only for periods that start on or after that date. A year ending 31 December 2026 qualifies; a year ending 31 March 2026 does not.

Policy by policy

The policies below are listed in the order they appear on screen and print in the accounts.

Basis of preparation

When it is needed: Every set of FRS 102 Section 1A accounts. It states the measurement basis and the framework.

- **Historical cost / FRS 102 1A:** The standard statement for most small companies.
- **Historical cost modified for investment property:** Use when the company holds investment property at fair value.

Tip: If the company has investment property, choose the "modified" template so the basis matches the Investment property policy.

Presentation currency

When it is needed: Almost always. It confirms the accounts are in sterling and rounded to the nearest pound.

- **Sterling:** Presented in sterling, the functional currency, rounded to the nearest pound.

Tip: Only change this if the company genuinely operates in another currency, and speak to your accountant first.

Revenue recognition

When it is needed: Whenever the company has turnover. It explains when sales are recognised.

- **Goods and services:** Recognition when the risks and rewards pass (goods) or as services are performed.
- **Long-term contracts:** Stage-of-completion accounting. Replace {{StageOfCompletionMethod}}.
- **Rental income:** Rent recognised on a straight line basis over the lease term.
- **Five-step model (periods from 1 January 2026):** The revised FRS 102 revenue model, which recognises turnover as performance obligations are satisfied.

Tip: The five-step model template is for periods beginning on or after 1 January 2026. A year ended 31 March 2026 began on 1 April 2025, so it still uses the earlier wording. If the company has more than one income stream, combine the relevant templates in the editor.

Investment property

When it is needed: When the company holds property to earn rent or for capital growth.

- **Fair value through profit or loss:** Measured at fair value each year, with no depreciation.
- **Fair value, with deferred tax and fair value reserve:** As above, also explaining deferred tax on fair value gains and the separate reserve.

Tip: Pair this with the "Historical cost modified for investment property" basis of preparation and the *Investment property note*.

Inventories

When it is needed: When the company holds stock or work in progress.

- **Lower of cost and selling price:** Lower of cost and estimated selling price, cost on a first-in, first-out basis.
- **Lower of cost and selling price - stated cost basis:** The same, but you state the cost basis. Replace {{CostBasis}} (for example "weighted average").

Tip: Make sure the cost basis matches how stock is actually valued.

Property, plant and equipment

When it is needed: When the company has tangible fixed assets.

- **Cost less depreciation:** A general statement without rates.
- **Cost less depreciation - rates by class:** Lists rates for land and buildings, plant and machinery, fixtures and fittings and motor vehicles. Replace {{BuildingsRate}}, {{PlantRate}}, {{FixturesRate}} and {{VehiclesRate}}.

Tip: Delete any asset class the company does not have, and state each method (straight line or reducing balance) alongside the rate. The rates should match the depreciation charged in the *Tangible fixed assets note*.

Intangible fixed assets

When it is needed: When the company has intangible assets other than goodwill, such as software, trademarks or licences.

- **Cost less amortisation:** Straight line amortisation over each asset's useful life.
- **Cost less amortisation - stated useful life:** The same with a stated life. Replace {{UsefulLife}}.

Tip: Goodwill has its own policy (below). If goodwill is the only intangible, you can use that instead of this one.

Deferred taxation

When it is needed: When there is a deferred tax balance or charge.

- **Timing differences:** Deferred tax on timing differences, at enacted or substantively enacted rates.

Tip: Use it alongside the *Deferred taxation note*.

Dividends

When it is needed: When the company has paid or declared dividends.

- **Recognition when payable:** Final dividends recognised when declared and legally payable; interim dividends when paid.

Tip: A dividend declared after the year end is not a liability at the year end. Mention it in *Events after the reporting date*.

Research and development

When it is needed: When the company spends money on research and development.

- **Written off as incurred:** R&D costs expensed in the year.

Tip: If any development costs are capitalised, edit the wording to say so.

Foreign exchange

When it is needed: When the company has transactions or balances in foreign currencies.

- **Transaction and closing rates:** Transactions at the rate on the day; monetary balances retranslated at the year-end rate.

Tip: Exchange gains and losses are shown in the *Operating profit note*.

Government grants

When it is needed: When the company has received grants.

- **Accruals model:** Revenue grants matched to the related costs; capital grants recognised over the asset's life.

Tip: FRS 102 also allows a performance model. Edit the wording if the company uses it.

Leased assets

When it is needed: When the company leases assets as a lessee.

- **Operating leases:** Rentals charged on a straight line basis over the lease term.
- **Lessee accounting (periods from 1 January 2026):** The revised FRS 102 lessee model, with a right-of-use asset and lease liability. Replace {{BorrowingRateBasis}}.

Tip: The lessee accounting template is for periods beginning on or after 1 January 2026. Earlier periods use "Operating leases" (plus "Hire purchase and finance leases" where relevant).

Pension costs

When it is needed: When the company pays into a pension scheme for staff or directors.

- **Defined contribution:** Contributions charged as they fall due; scheme assets held separately.

Tip: See also the *Pension commitments note*.

Going concern

When it is needed: Advisable for every company, and expected when the company has net liabilities or net current liabilities, or has ceased trading.

- **Going concern basis:** The directors consider the company has adequate resources.
- **Net liabilities – support of the director(s):** Going concern supported by a director. Replace {{NetLiabilities}} and {{DirectorName}}.
- **Basis other than going concern – trade ceased:** The company has ceased trading. Replace {{CessationDate}}.

Tip: Tax Optimiser warns you when the balance sheet shows net liabilities, or the company is marked as having ceased trading, and no going concern policy is in use.

Provisions

When it is needed: When the company has provisions for liabilities.

- **Recognition and measurement:** When a provision is recognised and how it is measured.

Tip: Use it with the *Provisions for liabilities note*.

Discontinued operations

When it is needed: When the company sold or closed part of its business in the year.

- **Discontinued operation:** Describes the operation. Replace {{OperationDescription}}, {{SoldOrClosed}} and {{DiscontinuanceDate}}.

Tip: For {{SoldOrClosed}} type "sold" or "closed".

Employee benefits

When it is needed: When the company has employees (including directors on the payroll).

- **Short-term benefits:** Wages, salaries and paid leave expensed as the service is rendered.

Tip: Add holiday pay accrual wording if the company accrues for untaken leave.

Share capital

When it is needed: When the company has shares.

- **Ordinary shares as equity:** Ordinary shares classified as equity, with issue costs deducted from equity.

Tip: See the *Share capital note* for the share details.

Changes in accounting policies

When it is needed: When policies have changed, or to confirm they have not.

- **No changes:** There were no changes in the year.
- **FRS 102 periodic review - first application:** First application of the 2026 FRS 102 amendments (revenue and leases). Replace {{TransitionDate}} and {{TransitionImpact}}.

Tip: The periodic review amendments apply to periods beginning on or after 1 January 2026. Use {{TransitionImpact}} to describe the effect on the opening figures.

Exclusion of prepared consolidated financial statements

When it is needed: When the company is the parent of a small group and does not prepare group accounts.

- **Small group exemption:** Relies on the small group exemption in section 399(2A) of the Companies Act 2006.

Tip: Use it with the *Investments note* for the subsidiary.

Financial instruments

When it is needed: Most companies, since trade debtors, creditors and loans are financial instruments.

- **Basic financial instruments:** Only basic instruments, at transaction price and amortised cost.
- **Trade debtors and impairment:** Trade debtors at amortised cost less any impairment provision.

Tip: Use "Basic financial instruments" unless the company holds derivatives or other complex instruments.

Taxation

When it is needed: Whenever the company has a tax charge.

- **Current and deferred tax:** The tax charge comprises current and deferred tax.
- **Current tax:** Current tax only, based on taxable profit.

Tip: Choose "Current and deferred tax" if there is a deferred tax balance.

Impairment of assets

When it is needed: Where assets could be worth less than their carrying amount.

- **Annual impairment review:** Assets reviewed at each reporting date; any impairment charged to profit or loss.

Tip: Impairment charges are shown in the Operating profit note.

Judgements and key sources of estimation uncertainty

When it is needed: When the directors have made significant judgements or estimates, or to confirm there are none.

- **Key judgements and estimates:** Describes them. Replace {{JudgementsAndEstimates}}.
- **None significant:** No critical judgements or key estimates.

Tip: Typical estimates are useful lives, stock provisions, bad debt provisions and property valuations.

Fixed asset investments

When it is needed: When the company holds shares in subsidiaries or other investments as fixed assets.

- **Subsidiaries at cost, other shares at fair value:** Subsidiaries at cost less impairment; other shares at fair value where measurable.

Tip: Match it to the *Investments note*.

Hire purchase and finance leases

When it is needed: When the company has assets on hire purchase or finance leases.

- **Hire purchase and finance leases:** The assets are capitalised and depreciated; the finance charge is spread over the term.

Tip: For periods beginning on or after 1 January 2026, consider the lessee accounting template under Leased assets.

Goodwill

When it is needed: When the company has bought a business and carries goodwill.

- **Amortised over useful life:** Straight line amortisation (not more than ten years where the life cannot be estimated reliably). Replace {{UsefulLife}}.

Tip: The life should match the amortisation in the *Intangible fixed assets note*. In the demo company, goodwill is written off over 10 years.

Frequently asked questions

Do micro-entity (FRS 105) accounts need accounting policies?

No. FRS 105 accounts do not include an accounting policies note, and the Policies screen is only used for FRS 102 Section 1A periods.

Why does {{UsefulLife}} appear in my accounts?

Policy templates are inserted word for word and do not prompt for values. Open the policy, replace the placeholder (including the curly brackets) with the real figure, and click **Save changes**.

How many accounting policies does a small company need?

Only those relevant to its figures. Most trading companies need basis of preparation, revenue recognition, tangible fixed assets, taxation and financial instruments, plus others such as inventories, leases or going concern where they apply.

Can I change the order the policies print in?

No. Policies print in the fixed order of the list. You control which ones print with **Use this policy**.

When do I need a going concern policy?

It is good practice in all accounts, and Tax Optimiser warns you if the company has net liabilities or net current liabilities, or has ceased trading, and no going concern policy is in use.

Statutory information note (FRS 102 Section 1A)

The opening note that identifies the company: its name, legal form, where it is registered, its number and its registered office.

IN SHORT

- Usually note 1 in FRS 102 Section 1A accounts.
- Name, legal form, jurisdiction and company number come from the company details; the address comes from the period's registered office.
- The boxes in the note editor show those details. Change them in company details or the period's addresses, not in the note.
- With no jurisdiction set, "registered in ..." is left out of the sentence.

The statutory information note tells the reader exactly which company the accounts belong to. In Tax Optimiser it is the first note in FRS 102 Section 1A accounts, and it is put together from details you have already entered, so there is normally nothing to type.

What this note shows

The note gives one short paragraph covering:

- the company's registered name;
- its legal form, for example "a private company limited by shares", "a private company limited by guarantee" or a community interest company;
- the part of the UK where it is registered (its jurisdiction);
- its Companies House registration number;
- its registered office address.

The Companies Act 2006 (s396) requires company accounts to state these details. In FRS 102 Section 1A accounts they go in this note. FRS 105 micro-entity accounts have only four notes, and this isn't one of them (see *FRS 105 vs FRS 102 Section 1A*).

Where the details come from

Item in the note	Where Tax Optimiser reads it from
Registered Company Name	The company name held for the accounting period
Legal form	The company type in the organisation's settings (limited by shares, limited by guarantee, community interest company)
Jurisdiction	The jurisdiction in the organisation's settings, for example England and Wales
Companies House No.	The company number in the organisation's settings
Registered office	The registered office address in the period's Addresses

If the organisation has no jurisdiction set, the note leaves out "registered in ..." instead of printing a blank. To get the full sentence, set the jurisdiction in the company details. *Company details for the accounts* explains where each setting lives.

Completing the note in Tax Optimiser

Open the period, choose **View Accounts**, then **Notes** in the Actions menu on the left. Select **Statutory Information** in the list. The editor shows **Registered Company Name**, **Companies House No.**, **Jurisdiction** and the **Registered office** address lines (Address 1 to 3, Town/City, Postcode).

Statutory Information

Learn more about this note

Statutory Information

Show this note in the accounts

Yes

No

Registered Company Name

Example Notes Ltd

Companies House No.

99999999

Jurisdiction

England and Wales

REGISTERED OFFICE

Address 1

1 Example Street

Address 2

Address 3

Town/City

London

Postcode

EC1A 1AA

These boxes show what is held in the company details and the period's addresses. They are filled in again from those sources every time the accounts load, so anything typed here won't be kept. If something is wrong, for example an old registered office, correct it in the company details or the period's addresses, then reopen the accounts.

Make sure **Show this note in the accounts** is set to Yes, then click **Save changes**. This note has no wording templates.

How it appears in the accounts

The details are combined into one paragraph. For the demo company it reads: "Example Notes Ltd is a private company limited by shares, registered in England and Wales, registration number 99999999. The registered office is 1 Example Street, London, EC1A 1AA."

1 Statutory Information

Example Notes Ltd is a private company limited by shares, registered in England and Wales, registration number 99999999. The registered office is 1 Example Street, London, EC1A 1AA.

Blank address lines are skipped, so the address prints without gaps. The company name and registration number are tagged in the iXBRL version of the accounts filed with Companies House.

Frequently asked questions

Why doesn't my statutory information note say "registered in England and Wales"?

The organisation has no jurisdiction set. Tax Optimiser leaves the phrase out rather than print a blank. Set the jurisdiction in the company details and reopen the accounts.

How do I change the registered office shown in the accounts?

Update the registered office in the period's Addresses (or the company details). The note reads the address from there each time the accounts load. Changes typed into the note editor aren't kept.

Is the statutory information note included in filleted accounts?

Yes. The notes go into both the full accounts and the filleted accounts filed at Companies House. Filleting leaves out the profit and loss account and the directors' report.

Why does the note say "limited by guarantee" when my company has shares?

The legal form comes from the company type in the organisation's settings. Check that setting and correct it if needed.

Compliance with accounting standards note (FRS 102 Section 1A)

A one-sentence statement that the accounts follow FRS 102 Section 1A, which Tax Optimiser fills in for you.

IN SHORT

- Switches on automatically with standard wording the first time the accounts load.
- FRS 102 Section 1A encourages small companies to include a statement of compliance.
- Edit the text only if there has been a departure from the standard, and explain it.
- There are no templates; the default wording is given in this article.

The compliance with accounting standards note is a short statement that the accounts follow the right accounting standard. Tax Optimiser fills in the standard wording for you, so in most cases you only need to check it is there.

What this note shows

The note tells the reader which framework the accounts are prepared under. FRS 102 Section 1A encourages small companies to include a statement of compliance with the standard, and it is standard practice in small company accounts. If the company has departed from the standard in a significant way, the note is where you say so.

The note only exists in FRS 102 Section 1A accounts. FRS 105 micro-entity accounts don't have it (see *FRS 105 vs FRS 102 Section 1A*).

Where the wording comes from

There are no figures in this note. The text is set up for you. The first time the accounts load, Tax Optimiser puts in this wording and switches the note on:

The financial statements have been prepared in accordance with the Financial Reporting Standard 102 Section 1A Small Entities. There were no significant departures from that standard.

Once saved, the wording is stored with the period, and any edits you make are kept.

Completing the note in Tax Optimiser

Open the period, choose **View Accounts**, then **Notes** in the Actions menu on the left. Select **Compliance with Accounting Standards**. The text box shows the current wording and **Show this note in the accounts** is already set to Yes.

Compliance with accounting standards

Show this note in the accounts

Yes

No

The financial statements have been prepared in accordance with the Financial Reporting Standard 102 Section 1A Small Entities. There were no significant departures from that standard.

Leave the wording as it is unless the company has departed from FRS 102. If it has, change the second sentence to describe the departure, the reason for it and its effect on the accounts. Click **Save changes** to save the note and rebuild the accounts preview.

There are no wording templates for this note. If you need the standard wording again, copy it from the box above.

How it appears in the accounts

The note prints as plain text under its heading. In the demo accounts it is note 2, straight after the statutory information.

2 Compliance with Accounting Standards

The financial statements have been prepared in accordance with the Financial Reporting Standard 102 Section 1A Small Entities. There were no significant departures from that standard.

Frequently asked questions

Do small companies need a statement of compliance with FRS 102?

FRS 102 Section 1A encourages small companies to include one rather than strictly requiring it. Almost all small company accounts do include it, and Tax Optimiser adds it for you.

Why is this note switched on when I didn't turn it on?

Notes with default wording switch on with that wording the first time the accounts load. You can set **Show this note in the accounts** to No if you really don't want it.

What counts as a significant departure from FRS 102?

A departure is where the accounts don't follow a requirement of the standard, usually because following it would not give a true and fair view. This is rare in small company accounts. If it applies, describe the departure, the reason and the financial effect.

Where do I say the accounts are prepared on a going concern basis?

In the accounting policies, not in this note. See the accounting policies article.

Turnover note (FRS 102 Section 1A)

An optional text note describing what the company's turnover is made up of.

IN SHORT

- Optional for small companies: they don't have to analyse turnover.
- A plain text note. Figures are typed, not taken from the trial balance.
- Check any amounts against the turnover line in the profit and loss account.
- The "Turnover" template gives general wording. Read it through and adjust it before saving.

The turnover note lets you explain what the company's turnover is made up of. Small companies don't have to give it, but it helps readers when turnover comes from more than one source.

What this note shows

Turnover is the income from the company's ordinary activities, such as sales of goods or services, less trade discounts and VAT. The note describes where that income comes from, and many preparers add the amounts with comparatives.

Small companies are not required to analyse turnover by activity or by market, so this note is optional in FRS 102 Section 1A accounts. It is off until you switch it on. FRS 105 micro-entity accounts don't have it.

Where the figures come from

This is a text note. Tax Optimiser doesn't read any figures into it from the trial balance. Whatever you type prints as written. If you quote amounts, check that they add up to the turnover line in the profit and loss account. In the demo, sales of £640,000 and rental income of £18,000 make up turnover of £658,000.

The accounting policy explaining *when* turnover is recognised belongs in the accounting policies, not in this note. See *Accounting policies*.

Completing the note in Tax Optimiser

Open the period, choose **View Accounts**, then **Notes** in the Actions menu on the left. Select **Turnover**, set **Show this note in the accounts** to Yes and type your wording, or click **Use Template** to start from the standard text.

Turnover

[? Learn more about this note](#)

Show this note in the accounts

Yes

No

Turnover comprises sales of goods to customers in the United Kingdom of £640,000 (2025: £560,000) and rental income from the company's investment property of £18,000 (2025: £18,000).

Click **Save changes** to save the note and rebuild the accounts preview.

Wording templates

- **Turnover** – a general paragraph saying that turnover is revenue from the sale of goods or services after trade discounts and VAT, and when it is recognised. It has no placeholders. Read it through and finish or adjust the final sentence so it describes when your company recognises turnover.

Applying the template replaces whatever is in the box.

How it appears in the accounts

The text prints under the heading "Turnover". In the demo accounts it is note 4, because note 3 is the accounting policies.

4 Turnover

Turnover comprises sales of goods to customers in the United Kingdom of £640,000 (2025: £560,000) and rental income from the company's investment property of £18,000 (2025: £18,000).

Frequently asked questions

Do small companies have to include a turnover note?

No. Small companies don't have to analyse turnover. Include the note if it helps the reader, for example when the company has more than one source of income.

Does the turnover note update when I change the trial balance?

No. It is a text note, so any amounts are typed by you. Update the wording if turnover changes.

Should rental income be included in turnover?

If letting property is part of the company's ordinary activities, rent is usually turnover. If it is incidental, it is usually other operating income. Agree the presentation with your accountant, and make sure the note matches the profit and loss account.

Where do I put the turnover recognition policy?

In the accounting policies, which print as note 3 in FRS 102 Section 1A accounts.

Operating profit note (FRS 102 Section 1A)

A table of the items charged or credited in arriving at operating profit, read from the trial balance.

IN SHORT

- Every £ row comes from a named trial balance account and is read-only in the editor.
- Credits, such as a profit on disposal or an exchange gain, print in brackets.
- Rows that are nil in both years don't print.
- Type the number of directors accruing money purchase pension benefits yourself.
- Use the "Exceptional item" template for items of unusual size or incidence.

The operating profit note shows the main items charged or credited in arriving at operating profit. Tax Optimiser builds it from the trial balance, so the work is in getting the trial balance right.

What this note shows

The note opens with "Operating profit is stated after charging/(crediting):" and then lists each item with its current-year and prior-year amount. Charges print as positive figures and credits, such as a profit on disposal or a foreign exchange gain, print in brackets.

Many of these items aren't strictly required for small companies, but they are commonly disclosed and help readers understand the results. FRS 102 Section 1A does require the amount and nature of any items of exceptional size or incidence (paragraph 1AC.31), which you can add with the template described below. The note only exists in FRS 102 Section 1A accounts.

Where the figures come from

Each row reads the balance on one or more trial balance accounts for the current and comparative year. A debit balance is a charge and a credit balance is a credit.

Printed row	Trial balance account(s)
Depreciation of tangible fixed assets	Depreciation of tangible assets
Amortisation of intangible assets	Amortisation of intangible fixed assets
Impairment of assets	Impairment (the profit and loss account only, not the impairment movements within fixed assets)
Loss/(profit) on disposal of tangible fixed assets	Profit/loss on disposal of tangible assets
Loss/(profit) on disposal of intangible assets	Profit/loss on disposal of intangible assets
Foreign exchange losses/(gains)	Foreign currency gains/losses and Currency gains and losses (added together)
Research and development expensed	Research and development expenditure
Operating lease charges	Operating leases
Directors' remuneration	Directors salaries
Pension costs	Pension costs

Printed row

Number of directors to whom benefits accrued under money purchase pension schemes

Trial balance account(s)

Not from the trial balance: typed in the note

A few points to check:

- **Directors' remuneration** reads only the Directors salaries account. If directors' fees or benefits are posted elsewhere, they are not included.
- **Pension costs** is the whole Pension costs account, which may include employees as well as directors.
- A row that is nil in both years is hidden, so the printed note only shows what applies.
- **Auditors' remuneration** isn't shown. Small companies are usually exempt from audit (see *Audit exemption*). If the accounts are audited, disclose the fee in the additional note.

Completing the note in Tax Optimiser

Open the period, choose **View Accounts**, then **Notes** in the Actions menu on the left. Select **Operating profit**. The **Operating Profit** section shows a Current Year and Last Year column for each row. The grey boxes come from the trial balance and are read-only. To change one, correct the trial balance.

Operating profit

?

 Learn more about this note

Operating Profit

Show this note in the accounts

Yes

No

	CURRENT YEAR	LAST YEAR
Depreciation of tangible fixed assets	14500.00	13000.00
Amortisation	6000.00	6000.00
Operating lease charges	18000.00	18000.00
Directors' remuneration	24000.00	24000.00
Pension costs	9000.00	8000.00
Impairment of assets	0.00	0.00
Loss/(profit) on disposal of tangible fixed assets	-1500.00	0.00
Loss/(profit) on disposal of intangible assets	0.00	0.00
Foreign exchange losses/(gains)	800.00	-300.00
Research and development expensed	12000.00	9000.00
Number of directors accruing benefits	0.00	0.00

Some editor labels are shorter than the printed ones. "Amortisation" prints as "Amortisation of intangible assets", and "Number of directors accruing benefits" prints as the full wording in the table above. The editor shows every row, even zero ones. The printed note leaves out rows that are nil in both years.

The last row, **Number of directors accruing benefits**, is the only one you type. Enter how many directors were building up benefits in a money purchase (defined contribution) pension scheme in each year. Leave it at 0 if none were. Click **Save changes** to save the note and rebuild the accounts preview.

Wording templates

The **Additional note for operating profit** section is a text box that prints under the table. It has one template:

- **Exceptional item** – "Administrative expenses include an exceptional item of £{{Amount}} in respect of {{Description}}." You'll be asked for the {{Amount}} and {{Description}}.

How it appears in the accounts

In the demo accounts the note prints as note 5. The zero rows (impairment and disposal of intangible assets) are left out, the £1,500 profit on disposal shows as (1,500), and last year's exchange gain shows as (300).

5 Operating profit

	£	£
Operating profit is stated after charging/(crediting):		
Depreciation of tangible fixed assets	14,500	13,000
Amortisation of intangible assets	6,000	6,000
Loss/(profit) on disposal of tangible fixed assets	(1,500)	-
Foreign exchange losses/(gains)	800	(300)
Research and development expensed	12,000	9,000
Operating lease charges	18,000	18,000
Directors' remuneration	24,000	24,000
Pension costs	9,000	8,000

Frequently asked questions

Why is a row missing from my operating profit note?

Rows that are nil in both the current and the prior year are hidden. If you expected a figure, check that the cost is posted to the trial balance account listed above for that row.

Why is the profit on disposal shown in brackets?

The note is "stated after charging/(crediting)". A profit on disposal is a credit to the profit and loss account, so it prints in brackets. A loss prints as a positive charge.

Where is auditors' remuneration in the operating profit note?

It isn't shown, because small companies are usually audit exempt. If the company is audited, add the fee in the Additional note for operating profit.

How do I change the depreciation figure in the note?

Correct the Depreciation of tangible assets account in the trial balance. The note and the fixed asset notes update when you save.

What does "number of directors accruing benefits" mean?

It is the number of directors for whom the company paid into a money purchase (defined contribution) pension scheme during the year. You type it in the note, and the row only prints if it isn't zero.

Taxation note (FRS 102 Section 1A)

A breakdown of the tax charge into corporation tax and deferred tax, read from the trial balance.

IN SHORT

- Corporation tax comes from the "Corporation tax charge" account; deferred tax from the deferred tax account.
- The total, "Tax on profit", agrees with the tax line in the profit and loss account.
- Typing in the editor boxes doesn't change the accounts. Correct the trial balance instead.
- A credit (for example, deferred tax released) prints in brackets.
- The "Tax losses carried forward" template covers unused losses.

The taxation note explains the tax charge in the profit and loss account by splitting it into current corporation tax and deferred tax.

What this note shows

The note has three lines for the current and prior year: **Corporation tax** (the tax for the year), **Deferred tax** (the movement in the deferred tax provision, a timing adjustment for tax that will be payable or recoverable later) and the total, **Tax on profit**.

FRS 102 Section 1A doesn't require the full tax reconciliation that larger companies give, but a simple breakdown of the charge is common and useful. The note only exists in FRS 102 Section 1A accounts. The deferred tax balance on the balance sheet is covered separately in the *Deferred taxation note*.

Where the figures come from

Printed row	Trial balance account
Corporation tax	Corporation tax charge
Deferred tax	The deferred tax account (the profit and loss deferred tax charge)
Tax on profit	The two lines added together

A debit balance is a charge and prints as a positive figure. A credit, for example a corporation tax repayment from losses carried back or a release of deferred tax, prints in brackets. In the demo, corporation tax of £38,500 and deferred tax of £1,200 give tax on profit of £39,700 (2025: £31,000 + £800 = £31,800).

Completing the note in Tax Optimiser

Open the period, choose **View Accounts**, then **Notes** in the Actions menu on the left. Select **Taxation** and set **Show this note in the accounts** to Yes.

Taxation

Show this note in the accounts

Yes

No

	CURRENT YEAR	LAST YEAR
Corporation Tax	38500.00	31000.00
Deferred Tax	1200.00	800.00
Tax on profit on ordinary activities	39700.00	31800.00

The editor shows boxes for Corporation Tax and Deferred Tax, but the figures always come from your trial balance. Typing in them does not change the accounts. To change them, correct the trial balance, for example by posting the final corporation tax figure from the CT600 computation, and save again.

Click **Save changes** to save the note and rebuild the accounts preview.

Wording templates

The **Additional note for taxation** section prints under the table and has one template:

- **Tax losses carried forward** – "The company has tax losses of £{{Losses}} available to carry forward against future trading profits." You'll be asked for {{Losses}}.

How it appears in the accounts

In the demo accounts the note is note 6:

6 Taxation

	£	£
Corporation tax	38,500	31,000
Deferred tax	1,200	800
Tax on profit	39,700	31,800

Frequently asked questions

Why can't I change the corporation tax figure in the taxation note?

The figure is read from the Corporation tax charge account in the trial balance, so the note always agrees with the profit and loss account. Post the correct charge to the trial balance and save.

Does the taxation note include a tax reconciliation?

No. Small companies preparing FRS 102 Section 1A accounts don't have to give the reconciliation of the tax charge to profit multiplied by the tax rate. The note shows the split between current and deferred tax.

How do I disclose tax losses carried forward?

Use the **Tax losses carried forward** template in the Additional note for taxation and enter the amount of the losses.

Why is deferred tax shown in brackets?

The deferred tax account has a credit balance, meaning the provision went down in the year. That reduces the tax charge, so it prints as a credit.

Intangible fixed assets note (FRS 102 Section 1A)

The cost, amortisation and net book value table for goodwill and other intangible assets, built from the trial balance.

IN SHORT

- Two classes: Goodwill and Other intangibles. A column shows only if the trial balance has balances for it.
- Each movement row reads a specific account, for example "Goodwill costs b/f" and "Goodwill amortisation charge for the year".
- Trial balance cells are read-only. Blank cells can be typed in, but check the result still agrees to the balance sheet.
- Transfers are included in closing cost but don't get a row of their own.
- Use the "Goodwill acquired" template to describe the acquisition and useful life.

The intangible fixed assets note reconciles the opening and closing cost and amortisation of the company's intangible assets, mainly purchased goodwill. Tax Optimiser builds it from the trial balance.

What this note shows

For each class of intangible asset the note shows:

- **Cost:** at the start of the year, additions, disposals, revaluations, and at the end of the year;
- **Amortisation** (the cost written off over the asset's useful life): at the start of the year, on disposals, charge for the year, other movements (impairment / revaluation), and at the end of the year;
- **Net book value** at the end of this year and the end of last year.

Small companies must show these movements for each class of fixed asset (The Small Companies and Groups (Accounts and Directors' Report) Regulations 2008, Schedule 1). The note applies to FRS 102 Section 1A accounts. The amortisation method and useful lives go in the *accounting policies*.

Where the figures come from

The note supports two classes, **Goodwill** and **Other intangibles**. A class only appears as a column if the trial balance has balances for it. Each row reads one account:

Row	Goodwill account	Other intangibles account
Cost at start of year	Goodwill costs b/f	Other intangible cost b/f
Additions	Goodwill additions	Other intangible additions
Disposals	Goodwill disposal of assets at cost	Other intangible disposal of assets at cost
Revaluations	Goodwill revaluations	Other intangible revaluations
Transfers (in closing cost, no separate row)	Goodwill transfers	Other intangible transfers
Amortisation at start of year	Goodwill amortisation b/f	Other intangible amortisation b/f

Row	Goodwill account	Other intangibles account
On disposals	Goodwill amortisation on assets disposed in the year	Other intangible amortisation on assets disposed in the year
Charge for the year	Goodwill amortisation charge for the year	Other intangible amortisation charge for the year
Other movements (impairment / revaluation)	Goodwill amortisation on revaluations	Other intangible amortisation on revaluations

Accumulated amortisation is a credit balance in the trial balance. The note shows it as a positive figure and deducts it from cost. The amortisation charge for the year should match "Amortisation of intangible assets" in the *operating profit note*.

Completing the note in Tax Optimiser

Open the period, choose **View Accounts**, then **Notes** in the Actions menu on the left. Select **Intangible fixed assets**. The editor says: "Cells populated from the trial balance are read-only. Blank cells can be entered manually and are saved with the accounts."

Intangible fixed assets
Learn more about this note

Intangible fixed assets

Show this note in the accounts
Yes No

Cells populated from the trial balance are read-only. Blank cells can be entered manually and are saved with the accounts.

	GOODWILL	TOTAL
Cost		
At 01 Apr 2025	60000.00	60,000
Additions	0.00	0
Disposals	0.00	0
Revaluations	0.00	0
At 31 Mar 2026	60,000	60,000
Amortisation		
At 01 Apr 2025	12000.00	12,000
On disposals	0.00	0
Charge for the year	6000.00	6,000
Other inc/dec	0.00	0
At 31 Mar 2026	18,000	18,000
Net book value at 31 Mar 2026	42,000	42,000
Net book value at 31 Mar 2025	48,000	48,000

Grey cells come from the trial balance. To change them, correct the trial balance. White cells (zero in the trial balance) can be typed in, which is useful for a movement you haven't posted to a separate account.

Remember that the balance sheet is still built from the trial balance. After typing a figure, check that the net book value in the note still agrees to the intangible assets line on the balance sheet. The editor row "Other inc/dec" prints as "Other movements (impairment / revaluation)".

Click **Save changes** to save the note and rebuild the accounts preview.

Wording templates

The **Additional note for intangible assets** section prints under the table and has one template:

- **Goodwill acquired** – "Goodwill of £{{Goodwill}} arose on the acquisition of {{BusinessAcquired}} on {{AcquisitionDate}} and is being amortised over {{UsefulLife}} years." You'll be asked for {{Goodwill}}, {{BusinessAcquired}}, {{AcquisitionDate}} and {{UsefulLife}}.

How it appears in the accounts

In the demo accounts the note is note 7. It has one Goodwill column and a Total column, with the additional note underneath.

7 Intangible fixed assets		
	Goodwill £	Total £
Cost		
At 31 March 2025	60,000	60,000
Additions	-	-
Disposals	-	-
Revaluations	-	-
At 31 March 2026	60,000	60,000
Amortisation		
At 31 March 2025	12,000	12,000
On disposals	-	-
Charge for the year	6,000	6,000
Other movements (impairment / revaluation)	-	-
At 31 March 2026	18,000	18,000
Net book value		
At 31 March 2026	42,000	42,000
At 31 March 2025	48,000	48,000
Goodwill of £60,000 arose on the acquisition of the trade and assets of Example Supplies on 1 April 2023 and is being amortised over 10 years.		

Disposals and amortisation on disposals print in brackets. A dash means nil.

Frequently asked questions

Why doesn't the Other intangibles column appear in my note?

A class only appears when the trial balance has balances on its accounts. Post the costs and amortisation to the Other intangible accounts and the column will appear.

Why can I type in some cells but not others?

Cells the trial balance fills are read-only so the note matches the books. Cells the trial balance leaves at zero can be typed in and are saved with the accounts.

Where do I state the useful life of goodwill?

State the amortisation method and period in the accounting policies, and use the Goodwill acquired template [here](#) to describe the acquisition.

Does the intangible assets note show last year's movements?

No. The movements are for the current year only. The net book value at the end of last year is shown as the comparative.

Tangible fixed assets note (FRS 102 Section 1A)

The cost, depreciation and net book value table for property, plant, vehicles and equipment, built from the trial balance.

IN SHORT

- Five supported classes. A column shows only when the trial balance has balances for it.
- Each movement reads an account named after the class, for example "Motor vehicles cost b/f" or "Plant and machinery Depreciation charge for the year".
- Trial balance cells are read-only. Blank cells can be typed in, but check the net book value still agrees to the balance sheet.
- Impairment goes in the "Other movements (impairment / revaluation)" row, which you type in.
- The "Freehold land not depreciated" template covers land within freehold property.

The tangible fixed assets note reconciles the opening and closing cost and depreciation of the company's physical assets, such as property, machinery and vehicles. Tax Optimiser builds it from the trial balance.

What this note shows

For each class of asset the note shows:

- **Cost:** at the start of the year, additions, disposals, revaluations, and at the end of the year;
- **Depreciation** (the cost written off over the asset's useful life): at the start of the year, on disposals, charge for the year, other movements (impairment / revaluation), and at the end of the year;
- **Net book value** at the end of this year and the end of last year.

Small companies must show these movements for each class of fixed asset (The Small Companies and Groups (Accounts and Directors' Report) Regulations 2008, Schedule 1). The note applies to FRS 102 Section 1A accounts. Depreciation methods and rates go in the *accounting policies*.

Where the figures come from

The note supports five classes: **Plant & Machinery, Fixtures & fittings, Computer equipment, Motor vehicles** and **Freehold property**. A class only appears as a column if the trial balance has balances for it. Each row reads an account named after the class:

Row	Trial balance account (Motor vehicles as the example)
Cost at start of year	Motor vehicles cost b/f
Additions	Motor vehicle additions
Disposals	Motor vehicles Disposal of assets at cost
Revaluations	The class's revaluation account
Transfers (in closing cost, no separate row)	The class's transfers account
Depreciation at start of year	Motor vehicles depreciation b/f
On disposals	Motor vehicles depreciation on assets disposed in the year
Charge for the year	Motor vehicles depreciation charge for the year

Row

Trial balance account (Motor vehicles as the example)

Other movements (impairment / revaluation) Not read from the trial balance: typed in the note

The other classes follow the same pattern: "Plant and machinery ...", "Fixtures and fittings ...", "Freehold property ...", and "Equipment ..." for computer equipment. For plant and machinery, fixtures and fittings and motor vehicles, the revaluation account has "depreciation" in its name (for example "Plant and machinery depreciation revaluation"), but it feeds the **Revaluations** row under Cost.

Accumulated depreciation is a credit balance in the trial balance. The note shows it as a positive figure and deducts it from cost. The total charge for the year should match "Depreciation of tangible fixed assets" in the *operating profit note*.

Completing the note in Tax Optimiser

Open the period, choose **View Accounts**, then **Notes** in the Actions menu on the left. Select **Tangible fixed assets**. As the editor says, "Cells populated from the trial balance are read-only. Blank cells can be entered manually and are saved with the accounts."

Tangible fixed assets
Learn more about this note

Tangible Fixed Assets

Show this note in the accounts
Yes No

Cells populated from the trial balance are read-only. Blank cells can be entered manually and are saved with the accounts.

	PLANT & MACHINERY	MOTOR VEHICLES	FREEHOLD PROPERTY	TOTAL
Cost				
At 01 Apr 2025	40000.00	25000.00	150000.00	215,000
Additions	12000.00	30000.00	0.00	42,000
Disposals	0.00	-25000.00	0.00	-25,000
Revaluations	0.00	0.00	0	0
At 31 Mar 2026	52,000	30,000	150,000	232,000
Depreciation				
At 01 Apr 2025	18000.00	15000.00	12000.00	45,000
On disposals	0.00	-15000.00	0.00	-15,000
Charge for the year	8500.00	3000.00	3000.00	14,500
Other movements (impairment / revaluation)	0	0	0	0
At 31 Mar 2026	26,500	3,000	15,000	44,500
Net book value at 31 Mar 2026	25,500	27,000	135,000	187,500
Net book value at 31 Mar 2025	22,000	10,000	138,000	170,000

Grey cells come from the trial balance. To change them, correct the trial balance. White cells can be typed in. Use the **Other movements (impairment / revaluation)** row to record an impairment of a class. The balance

sheet is still built from the trial balance, so after typing any figure check that the net book value total agrees to the tangible assets line on the balance sheet.

Click **Save changes** to save the note and rebuild the accounts preview.

Wording templates

The **Additional note for tangible fixed assets** section prints under the table and has one template:

- **Freehold land not depreciated** – "Included in land and buildings is freehold land of £{{LandValue}} which is not depreciated." You'll be asked for {{LandValue}}.

Type your own wording in the same box for anything else, such as assets held under hire purchase or the basis of a revaluation.

How it appears in the accounts

In the demo accounts the note is note 8. The old motor vehicle traded in during the year shows as a £25,000 disposal at cost and £15,000 depreciation on disposal, and the new vehicle as a £30,000 addition.

8 Tangible fixed assets				
	Plant & Machinery £	Motor vehicles £	Freehold property £	Total £
Cost				
At 31 March 2025	40,000	25,000	150,000	215,000
Additions	12,000	30,000	-	42,000
Disposals	-	(25,000)	-	(25,000)
Revaluations	-	-	-	-
At 31 March 2026	52,000	30,000	150,000	232,000
Depreciation				
At 31 March 2025	18,000	15,000	12,000	45,000
On disposals	-	(15,000)	-	(15,000)
Charge for the year	8,500	3,000	3,000	14,500
Other movements (impairment / revaluation)	-	-	-	-
At 31 March 2026	26,500	3,000	15,000	44,500
Net book value				
At 31 March 2026	25,500	27,000	135,000	187,500
At 31 March 2025	22,000	10,000	138,000	170,000
Included in land and buildings is freehold land of £50,000 which is not depreciated.				

Disposals print in brackets and a dash means nil.

Frequently asked questions

Why are disposals shown in brackets in the fixed assets note?

A disposal reduces cost, and the depreciation on the disposed asset reduces accumulated depreciation, so both print as deductions. Any profit or loss on disposal shows in the operating profit note.

How do I show an impairment of tangible fixed assets?

Type the amount in the Other movements (impairment / revaluation) row for the class, and make sure the trial balance reflects it so the balance sheet agrees. The charge itself appears in the operating profit note when it is posted to the Impairment account.

Why doesn't my tangible assets note agree with the balance sheet?

Usually because a figure was typed into a blank cell in the note. Typed cells change the note but not the balance sheet. Post the movement to the trial balance instead, or correct the typed figure.

Where do I put depreciation rates?

In the accounting policies, for example "Plant and machinery: 25% reducing balance". The note shows the amounts.

Investment property note (FRS 102 Section 1A)

The fair value reconciliation for property held to earn rent or for capital growth, with the basis of valuation.

IN SHORT

- Shows fair value at the start of the year, additions, disposals, fair value adjustment, transfers from tangible fixed assets and fair value at the end.
- Read-only from the trial balance when the investment property accounts are used; otherwise typed in.
- Say who valued the property, on what basis, and whether an independent valuer was used.
- Under FRS 102 investment property is held at fair value and isn't depreciated.

Investment property is land or buildings held to earn rent or for capital growth rather than for the company's own use. Under FRS 102 it is carried at fair value, and this note shows how that value moved in the year and how it was arrived at.

What this note shows

The note reconciles the opening and closing fair value:

- Fair value at the end of the previous year
- Additions
- Disposals
- Increase/(decrease) from fair value adjustment
- Transfers from tangible fixed assets
- Fair value at the end of this year

It also explains how fair value was arrived at. The editor points to FRS 102 paragraph 16.10: disclose the method and significant assumptions used to determine fair value, and whether an independent valuer was used. Changes in fair value go through the profit and loss account, and investment property is not depreciated.

The note applies to FRS 102 Section 1A accounts. FRS 105 doesn't allow fair value accounting, so micro-entities carry property at cost less depreciation and don't have this note.

Where the figures come from

Tax Optimiser works one of two ways:

- **From the trial balance.** If the trial balance has balances on the investment property accounts (Investment property costs b/f, plus the additions, disposals, revaluations and transfers accounts), the note reads them and the figures are read-only. Disposals are credits in the trial balance; the note shows them as a positive figure and deducts them. This keeps the note in line with the balance sheet.
- **Typed in.** If those accounts aren't used, the boxes are open and you type the figures. They are saved with the period. Check the closing figure agrees to investment property on the balance sheet.

Completing the note in Tax Optimiser

Open the period, choose **View Accounts**, then **Notes** in the Actions menu on the left. Select **Investment property** and set **Show this note in the accounts** to Yes. When the figures come from the trial balance, the editor says: "These figures come from the investment property accounts in the trial balance, so they always agree with the balance sheet. Adjust the trial balance to change them."

Investment property

Learn more about this note

Investment property

Show this note in the accounts

YesNo

These figures come from the investment property accounts in the trial balance, so they always agree with the balance sheet. Adjust the trial balance to change them.

Fair value at 31/03/2025	200000.00
Additions	0.00
Disposals	0.00
Increase/decrease adjustment from fair value	0.00
Transfers from tangible fixed assets	0.00
At 31/03/2026	200,000.00

Basis of valuation

e.g. The investment property was valued at fair value on [date] by the directors / by an independent valuer, [name], on an open market value basis.

FRS 102 16.10 – disclose the method and significant assumptions used to determine fair value, and whether an independent valuer was used.

Under the table, the **Basis of valuation** box is where you describe the valuation, for example "The investment property was valued at fair value on [date] by the directors / by an independent valuer, [name], on an open market value basis." Anything typed there prints beneath the table. Click **Save changes** to save the note and rebuild the accounts preview.

Wording templates

The **Additional note for Investment property** section has one template:

- **Basis of fair value** – "The fair value of the investment property at {{EndDate}} was determined by {{ValuerName}}, {{ValuerQualification}}, on the basis of {{ValuationBasis}}." The period end date is filled in for you. You'll be asked for {{ValuerName}}, {{ValuerQualification}} and {{ValuationBasis}}.

Use either the Basis of valuation box or the template, not both, so the explanation isn't printed twice.

How it appears in the accounts

In the demo accounts the note is note 9. The property is held at a directors' valuation of £200,000 with no change in the year.

9 Investment property

	£
Fair value at 31 March 2025	200,000
Additions	-
Disposals	-
Increase/(decrease) from fair value adjustment	-
Transfers from tangible fixed assets	-
At 31 March 2026	200,000

The fair value of the investment property at 31 March 2026 was determined by the directors, without the use of an independent valuer, on the basis of recent market evidence for similar properties in the area.

Frequently asked questions

Does investment property need a professional valuation?

FRS 102 doesn't require an independent valuation, and directors can value the property themselves. The accounts must say how fair value was determined and whether an independent valuer was involved.

Why can't I edit the investment property figures?

The trial balance has investment property accounts, so the note reads them to stay in line with the balance sheet. Post the movement to the trial balance instead.

Should investment property be depreciated?

Not under FRS 102. It is remeasured to fair value at each year end, and the change goes through the profit and loss account. Micro-entities using FRS 105 hold property at cost and depreciate it.

Where do fair value gains on investment property go?

Through the profit and loss account. Many companies also move the gain, net of deferred tax, to a separate non-distributable reserve. Describe your approach in the investment property accounting policy.

Dividends note (FRS 102 Section 1A)

A text note stating the dividends paid or proposed in the year, with templates for the usual wording.

IN SHORT

- FRS 102 Section 1A encourages small companies to disclose dividends declared and paid or payable.
- A text note with no default wording. It stays off until you switch it on.
- Amounts are typed, not read from the trial balance. Agree them to the dividends shown in the accounts.
- Templates: "Interim dividend paid" and "No dividends".
- Dividends declared after the year end go in the events after the reporting date note.

The dividends note tells shareholders and other readers what the company paid out to its shareholders in the year. In Tax Optimiser it is a short text note, usually completed from a template.

What this note shows

The note states the dividends paid or proposed in the year, typically the total amount, the amount per share and whether a final dividend is proposed. FRS 102 Section 1A encourages small companies to disclose dividends declared and paid or payable during the year. The note only exists in FRS 102 Section 1A accounts.

Dividends can only be paid out of distributable profits (Companies Act 2006 s830), so it is worth checking reserves before paying one.

Where the figures come from

This is a text note. It doesn't read the dividend paid account in the trial balance, so you type the amounts. Check them against the dividends shown in the accounts. In the demo the company paid an interim dividend of £40,000 on 100 ordinary £1 shares, which is £400 per share.

The note has no default wording, so it stays off until you switch it on and add your own wording or a template.

Completing the note in Tax Optimiser

Open the period, choose **View Accounts**, then **Notes** in the Actions menu on the left. Select **Dividends**, set **Show this note in the accounts** to Yes, then type your wording or click **Use Template**.

Dividends

Use Template

Dividends

Learn more about this note

Show this note in the accounts

Yes No

During the year the company paid an interim dividend of £40,000 (£400 per ordinary share). No final dividend is proposed.

Click **Save changes** to save the note and rebuild the accounts preview.

Wording templates

- **Interim dividend paid** – "During the year the company paid an interim dividend of £{{DividendAmount}} (£{{DividendPerShare}} per ordinary share). No final dividend is proposed." You'll be asked for {{DividendAmount}} and {{DividendPerShare}}.
- **No dividends** – "The directors did not pay or propose any dividends during the year." No placeholders.

Applying a template replaces the text in the box. If the company paid more than one dividend or has more than one share class, edit the wording to cover each.

How it appears in the accounts

In the demo accounts the note is note 10:

10 Dividends

During the year the company paid an interim dividend of £40,000 (£400 per ordinary share). No final dividend is proposed.

The £20,000 dividend the demo company declared after the year end isn't in this note. It is disclosed in the *events after the reporting date note*, using the "Dividend declared after year end" template, because it isn't a liability at the balance sheet date.

Frequently asked questions

Do small companies have to disclose dividends in their accounts?

FRS 102 Section 1A encourages small companies to disclose dividends declared and paid or payable, and most do. Use the No dividends template if none were paid.

Does the dividends note pick up the dividend from my trial balance?

No. It is a text note, so type the amount and check it agrees with the dividends shown in the accounts.

Where do I show a dividend declared after the year end?

In the events after the reporting date note. A dividend declared after the year end isn't a liability at the balance sheet date, so it isn't included in this year's figures.

How do I work out the dividend per share?

Divide the total dividend by the number of shares in issue in that class. For example, £40,000 on 100 shares is £400 per share.

Debtors note (FRS 102 Section 1A)

A breakdown of the balance sheet debtors figure into trade debtors, group and related amounts, prepayments and other debtors.

IN SHORT

- All rows are read-only and come from the trial balance. The total always equals balance sheet debtors.
- Trade debtors include the sales ledger control account and provisions for doubtful debts and credit notes.
- "Other debtors" picks up everything else in the debtors group, including a director's loan account.
- Rows that are nil in both years don't print.
- Disclose debtors due after more than one year in the Additional note for Debtors.

The debtors note shows what makes up the debtors figure on the balance sheet. Tax Optimiser builds it entirely from the trial balance, so it always agrees with the balance sheet.

What this note shows

Debtors are amounts owed to the company. The note analyses them into:

- Trade debtors (customers who owe for sales)
- Amounts due from group undertakings etc.
- Accrued income and prepayments
- Other debtors

It also shows the total, plus a line for amounts falling due after more than one year when there are any. The small company balance sheet formats require amounts falling due after more than one year to be shown separately for each debtors item (The Small Companies and Groups (Accounts and Directors' Report) Regulations 2008, Schedule 1). The note applies to FRS 102 Section 1A accounts. FRS 105 micro-entities show debtors as a single balance sheet line with no note.

Where the figures come from

Printed row	Trial balance accounts
Trade debtors	Trade debtors, Sales ledger control account, Provision for doubtful debts, Provision for credit notes
Amounts due from group undertakings etc.	Amounts due from related parties, Intercompany loans
Accrued income and prepayments	Accrued Income, Prepayments
Other debtors	Everything else in the debtors group of the trial balance

"Other debtors" is the balancing row: it is the balance sheet debtors total less the three named rows. Any debtor account that isn't one of the named accounts, such as a director's loan account, VAT recoverable or a

custom nominal, lands there. The note can't drift from the balance sheet. In the demo, other debtors of £11,000 is Alex Morgan's director's loan, which is also disclosed in the *loans to directors note*. Provisions for doubtful debts and credit notes are credit balances, so they reduce trade debtors.

Completing the note in Tax Optimiser

Open the period, choose **View Accounts**, then **Notes** in the Actions menu on the left. Select **Debtors** and set **Show this note in the accounts** to Yes. All the boxes are read-only. To change a figure, correct or recode the trial balance.

Debtors

Learn more about this note

Debtors

Show this note in the accounts

YesNo

	CURRENT YEAR	LAST YEAR
Trade debtors	72000.00	64000.00
Amounts due from group undertakings	0.00	0.00
Accrued income and prepayments	5500.00	4800.00
Other debtors	11000.00	3000.00
Total	88500.00	71800.00

The line "Included above: amounts falling due after more than one year" only prints when a figure is set, and the editor currently has no box for it. If the company has debtors due after more than one year, for example a loan repayable over several years, add a sentence in the **Additional note for Debtors** giving the amount for each year. Click **Save changes** to save the note and rebuild the accounts preview.

Wording templates

The **Additional note for Debtors** section prints under the table and has one template:

- Impairment provision** – "Trade debtors are stated after a provision for impairment of £{{Provision}}." You'll be asked for {{Provision}}.

How it appears in the accounts

In the demo accounts the note is note 11. The "Amounts due from group undertakings etc." row is nil in both years, so it isn't printed.

11 Debtors		
	£	£
Trade debtors	72,000	64,000
Accrued income and prepayments	5,500	4,800
Other debtors	11,000	3,000
	88,500	71,800

Frequently asked questions

Why don't the rows in my debtors note match my nominal codes?

The note groups accounts into four rows. Only the named accounts in the table above go to trade debtors, group and related amounts, and prepayments. Everything else in the debtors group goes to Other debtors, so the total always matches the balance sheet.

Where does a director's loan account appear in the debtors note?

In Other debtors. Loans to directors also need their own disclosure in the loans to directors note.

How do I show debtors due after more than one year?

There is no input for it in the editor at present. Add a sentence in the Additional note for Debtors stating the amount falling due after more than one year, with the comparative.

Why is "Amounts due from group undertakings" missing from my printed note?

Rows that are nil in both years are left out. The row only prints when the related party or intercompany loan accounts have a balance.

Current asset investments note (FRS 102 Section 1A)

Analyse the current asset investments on your balance sheet between listed and unlisted holdings.

IN SHORT

- Use this note only if the balance sheet shows current asset investments.
- Listed and unlisted amounts are typed in, for this year and last year.
- The total must agree to the balance sheet current asset investments line.
- A row that is zero in both years is not printed.
- Investments held for the long term (such as shares in a subsidiary) belong in the fixed asset investments note instead.

Current asset investments are investments the company holds for the short term – for example quoted shares it expects to sell, or short-term deposits that are not cash at bank. This note analyses the balance sheet figure between listed and unlisted investments.

What this note shows

The note is a small table with up to three lines for each year:

Row	What it means
Listed investments	Investments listed on a recognised stock exchange.
Unlisted investments	Any other current asset investments.
Total	The sum of the two, which should equal the balance sheet line.

The note is available in FRS 102 Section 1A accounts only. FRS 105 micro-entity accounts do not have it. It is only relevant if the balance sheet shows current asset investments; if yours does not, leave the note switched off.

Investments the company intends to hold for the long term, such as shares in a subsidiary, are fixed assets and are covered by the *fixed asset investments note*.

Where the figures come from

Unlike most table notes, the listed and unlisted figures are **not** taken from the trial balance. You type them in, for the current year and the comparative year. The balance sheet figure itself still comes from your trial balance, so the total you enter in the note must agree to it. If the note total and the balance sheet differ, the accounts will not tie up – check before filing.

Completing the note in Tax Optimiser

Open the period, choose **View Accounts**, then **Notes** in the left Actions menu. Select **Current asset investments** in the list.

1. Set **Show this note in the accounts** to **Yes**.
2. Enter the **Listed investments** and **Unlisted investments** figures under **Current Year** and **Last Year**. The **Total** row adds them up for you.

3. Compare the total with the current asset investments line on the balance sheet.

4. Click **Save changes** to save the note and rebuild the accounts preview.

In the demo company the note is switched off, because Example Notes Ltd has no current asset investments, so every box shows 0.00.

Current asset investments

Learn more about this note

Current asset Investments

Show this note in the accounts

YesNo

	CURRENT YEAR	LAST YEAR
Listed investments	0.00	0.00
Unlisted investments	0.00	0.00
Total	0.00	0.00

If you want to add a sentence – for example how the investments are valued – use the **Additional note for Current asset investments** section below the table section.

How it appears in the accounts

When switched on, the note prints under the heading "Current asset investments" with a £ column for each year. The listed and unlisted rows print only if they have a figure in at least one of the two years, followed by the total with a double underline. Any additional note text prints beneath. The demo company does not use this note, so there is no printed example.

Frequently asked questions

What counts as a current asset investment?

An investment the company holds for the short term rather than as a long-term holding – for example quoted shares held to sell, or short-term deposits that are not cash at bank. Long-term holdings such as shares in a subsidiary are fixed asset investments.

Why doesn't the note pick up my trial balance figures?

The split between listed and unlisted investments is not held in the trial balance, so Tax Optimiser asks you to type it in. Make sure the total you enter equals the current asset investments line on the balance sheet.

Do I need this note if I have no investments?

No. Leave **Show this note in the accounts** set to **No** and nothing prints.

Can I show only listed investments?

Yes. Leave the unlisted row at zero for both years and it will not print.

Creditors: amounts falling due within one year note (FRS 102 Section 1A)

Break down the creditors due within one year on the balance sheet, line by line from your trial balance.

IN SHORT

- Each trial balance account in the "Creditors: amounts falling due within one year" group prints on its own line.
- Accounts that are zero in both years are hidden.
- Tick "Group other creditors" to combine directors' loans, other loans and related party balances into "Other creditors".
- Trade creditors, bank loans, taxation, VAT, accruals and deferred income always stay separate.
- Disclose secured creditors in the "Additional note for Creditors" section.

Creditors are amounts the company owes. Those due within one year of the balance sheet date – suppliers, HMRC, short-term bank borrowing, accruals and so on – are shown as one figure on the balance sheet. This note shows what that figure is made up of.

What this note shows

A table listing each type of creditor due within one year, with a total that agrees to the balance sheet and the prior-year comparative alongside. Small companies must also disclose the total of any creditors that are secured and the nature of the security, under The Small Companies and Groups (Accounts and Directors' Report) Regulations 2008 (SI 2008/409) Schedule 1.

The note is part of FRS 102 Section 1A accounts. FRS 105 micro-entity accounts show creditors on the balance sheet only, with no breakdown note.

Where the figures come from

Tax Optimiser reads every account in your trial balance that is mapped to the FRS 102 group **Creditors: amounts falling due within one year**. Each account prints on its own line under its own name – for example "Trade creditors", "PAYE and NI", "VAT", "Accruals", "Corporation tax provision", "Bank Loans". An account with a nil balance in both years is left out.

Two refinements keep the note consistent with the iXBRL tagging used for filing:

- The purchase ledger control account is treated as trade creditors.
- If two or more accounts carry the same tag, they are combined into one line under a general label (for example "Bank loans and overdrafts" or "Other creditors"), so the same figure is not tagged twice.

The figures are read-only in the note. If a line is wrong, correct the trial balance (or the account's mapping) and the note updates.

Group other creditors

The editor has a tick box, **Group other creditors into a single "Other creditors" line**. When ticked:

Stays on its own line	Combined into "Other creditors"
Trade creditors (including the purchase ledger control account), bank loans and overdrafts, corporation tax, taxation and social security, VAT, accruals, deferred income	Directors' loan accounts, other loans, related party balances and any other account in the group
"Other creditors" prints last. The total is unchanged – only the presentation is condensed. This is useful when the trial balance has several small accounts you would rather not show individually.	

Completing the note in Tax Optimiser

Open the period, choose **View Accounts**, then **Notes** in the left Actions menu. Under **Creditors: amounts falling due within one year**, select **Creditors**.

1. Set **Show this note in the accounts** to **Yes**.
2. Check the lines against your trial balance. The green row, **Creditors due within one year**, is the total.
3. Tick **Group other creditors** if you want the condensed presentation.
4. Click **Save changes** to save the note and rebuild the accounts preview.

In the demo, Example Notes Ltd shows six lines totalling £106,200 (2025: £92,600), with grouping left unticked. Every line here is one that stays separate anyway, so ticking the box would make no difference.

Creditors: amounts falling due within one year Learn more about this note

Creditors

Show this note in the accounts Yes No

☐ Group other creditors into a single "Other creditors" line

Directors' loan accounts, other loans, related party balances and similar items are shown together. Trade creditors, bank loans, taxation, accruals and deferred income stay separate. The total is unchanged.

	CURRENT YEAR	LAST YEAR
PAYE and NI	4200.00	3900.00
Accruals	3500.00	3200.00
Trade creditors	38000.00	34000.00
Corporation tax provision	38500.00	31000.00
Bank Loans	10000.00	10000.00
VAT	12000.00	10500.00
Creditors due within one year	106200.00	92600.00

Disclosing secured creditors

If any of these creditors are secured on the company's assets – typically a bank loan or overdraft with a fixed and floating charge – select **Additional note for Creditors**, switch it on, and click **Use Template**. The demo company's £10,000 current portion of its bank loan is secured, so the sentence has been added there.

Wording templates

These templates are on the **Additional note for Creditors** section:

- **Creditors secured on company assets** – states the amount of creditors due within one year secured by a fixed and floating charge. You are asked for {{SecuredAmount}}.

Edit the wording after applying it if the security is different (for example a charge over a specific property).

How it appears in the accounts

The note prints each line with a £ column for each year, then the total with a double underline. Any additional note text prints underneath.

12 Creditors: amounts falling due within one year

	£	£
Trade creditors	38,000	34,000
Bank Loans	10,000	10,000
Accruals	3,500	3,200
PAYE and NI	4,200	3,900
VAT	12,000	10,500
Corporation tax provision	38,500	31,000
	<u>106,200</u>	<u>92,600</u>

Creditors falling due within one year include £10,000 secured on the assets of the company by way of a fixed and floating charge.

The total agrees to the "Creditors: amounts falling due within one year" line on the balance sheet, and the balance sheet line carries the note number as a reference.

Frequently asked questions

Why can't I change a figure in the creditors note?

The lines come directly from the trial balance accounts in the "Creditors: amounts falling due within one year" group. Correct the trial balance and the note updates.

What does "Group other creditors" do?

It combines directors' loan accounts, other loans, related party balances and any other minor accounts into one "Other creditors" line. Trade creditors, bank loans, corporation tax, taxation and social security, VAT, accruals and deferred income stay separate. The total is not affected.

Do I have to disclose secured creditors in small company accounts?

Yes. The total of secured creditors and the nature of the security should be disclosed. Use the "Creditors secured on company assets" template in the Additional note for Creditors section.

Why is an account missing from the note?

Accounts with a nil balance in both years are hidden. If an account with a balance is missing, check it is mapped to the "Creditors: amounts falling due within one year" group in the trial balance.

Where does a director's loan the company owes show?

A credit balance on a director's loan account is a creditor and appears here under its own account name, or within "Other creditors" if you tick the grouping box. Loans the company has made to a director are covered by the loans to directors note.

Creditors: amounts falling due after more than one year note (FRS 102 Section 1A)

Show long-term creditors from your trial balance, the amount due after five years and any security given.

IN SHORT

- Each trial balance account in the "after more than one year" group prints on its own line; zero lines are hidden.
- Type the "Aggregate amounts falling due after 5 years" for both years; it prints only if non-zero.
- Use the "Secured creditors" box to describe the amount and nature of any security.
- Templates in the additional note section cover amounts due after five years (with repayment terms and interest) and secured creditors.

Creditors falling due after more than one year are the long-term part of what the company owes – usually bank loans, but also hire purchase, finance leases and loans from directors or other companies that are not repayable within twelve months. This note breaks down that balance sheet figure.

What this note shows

- Each type of long-term creditor, with a total that agrees to the balance sheet.
- The aggregate amount falling due after more than five years.
- The total of secured creditors and the nature of the security.

The last two are disclosures small companies must give under The Small Companies and Groups (Accounts and Directors' Report) Regulations 2008 (SI 2008/409) Schedule 1. Details of repayment terms and interest rates are commonly added too.

The note is part of FRS 102 Section 1A accounts. FRS 105 micro-entity accounts show this figure on the balance sheet only.

Where the figures come from

Item	Source
Creditor lines and total	Every trial balance account mapped to the FRS 102 group Creditors: amounts falling due after more than one year , each under its own account name (for example "Loans"). Accounts that are nil in both years are hidden. Read-only.
Aggregate amounts falling due after 5 years	Typed in by you, for this year and last year.
Secured creditors – amount and nature of security	Typed in by you.

If two accounts carry the same iXBRL tag they are combined into one line so the figure is tagged only once. There is no "Group other creditors" option on this note; that is only on the within-one-year note.

To work out the amount due after five years, look at the loan's repayment schedule: it is the total of instalments due more than five years after the balance sheet date. For the demo company's bank loan (£70,000, repayable monthly to March 2034), £30,000 falls due after 31 March 2031.

Completing the note in Tax Optimiser

Open the period, choose **View Accounts**, then **Notes** in the left Actions menu. Under **Creditors: amounts falling due after more than one year**, select **Creditors**.

1. Set **Show this note in the accounts** to **Yes**.
2. Check the lines and the green **Creditors due after one year** total against your trial balance.
3. Enter **Aggregate amounts falling due after 5 years** for **Current Year** and **Last Year**.
4. If any of these creditors are secured, describe the security in **Secured creditors – amount and nature of security**, for example "Bank loans of £70,000 are secured by a fixed and floating charge over the assets of the company." Leave it blank if none.
5. Click **Save changes** to save the note and rebuild the accounts preview.

Creditors: amounts falling due after more than one year
Learn more about this note

Creditors

Show this note in the accounts

Yes
No

	CURRENT YEAR	LAST YEAR
Loans	70000.00	80000.00
Creditors due after one year	70000.00	80000.00
Aggregate amounts falling due after 5 years	30000.00	40000.00

Secured creditors – amount and nature of security

e.g. Bank loans of £X are secured by a fixed and floating charge over the assets of the company.

Companies Act 2006 Sch 1 para 61 – disclose the aggregate of secured creditors and the nature of the security. Leave blank if none.

In the demo, the secured creditors box is empty and the five-year detail and repayment terms were added instead in **Additional note for Creditors** using a template. Either approach is fine; use the box for a short statement of security and the additional note for anything longer.

Wording templates

These templates are on the **Additional note for Creditors** section of this note:

- **Amounts due after more than five years** – states the amount due after five years, how the loan is repayable and its interest rate. You are asked for {{AmountAfterFiveYears}}, {{RepaymentTerms}} and {{InterestRate}}.
- **Creditors secured on company assets** – states the amount secured by a fixed and floating charge. You are asked for {{SecuredAmount}}.

How it appears in the accounts

The note prints each creditor line, the total with a double underline, any secured creditors text, then "Aggregate of amounts falling due after 5 years" (only when it is not zero in both years). Additional note text follows.

13 Creditors: amounts falling due after more than one year

	£	£
Loans	70,000	80,000
	70,000	80,000
Aggregate of amounts falling due after 5 years	30,000	40,000

Creditors falling due after more than one year include £30,000 falling due after more than five years. The loan is repayable by monthly instalments ending in March 2034 and bears interest at 6.5% per annum.

Frequently asked questions

How do I work out the amount falling due after five years?

Take the loan's repayment schedule and add up the capital instalments due more than five years after the balance sheet date. Enter that figure, and last year's equivalent, in "Aggregate amounts falling due after 5 years".

Does the after-five-years figure come from the trial balance?

No. The trial balance only splits creditors between within one year and after one year, so you type the five-year figure in. It prints only if it is not zero in both years.

Is a director's personal guarantee of the bank loan "security"?

Security normally means a charge over the company's own assets. A director personally guaranteeing the company's loan is not a charge on the company's assets; many accountants mention it in an additional note or under related party disclosures instead.

Why does the loan appear in both creditors notes?

Instalments due in the next twelve months are shown in creditors due within one year, and the rest here. Your trial balance should split the loan between the two groups.

Deferred taxation note (FRS 102 Section 1A)

Analyse the deferred tax provision or asset into revaluations, tax losses and other timing differences.

IN SHORT

- Four rows, all typed in: revaluation of land and buildings, revaluation of investment property, tax losses carried forward, other timing differences.
- Enter a liability as a positive figure and an asset as a negative figure.
- The heading line switches between "provision for deferred taxation" and "deferred tax asset" automatically.
- The total should agree to the deferred tax balance on the balance sheet.
- Rows that are zero in both years are hidden.

Deferred tax recognises tax that will fall due, or be recovered, in later years because some income and expenses are taxed in a different period from the one in which they appear in the accounts. For most small companies it arises because capital allowances are claimed faster than the assets are depreciated. A deferred tax liability sits on the balance sheet under **Provisions for liabilities**.

What this note shows

An analysis of the closing deferred tax balance by cause, for this year and last year:

Editor row	Printed as	Typical cause
Revaluation of land and buildings	Revaluation of land and buildings	Property carried at a revalued amount above its tax cost
Revaluation of investment property	Revaluation of investment property	Fair value gains on investment property
Tax losses carried forward	Tax losses carried forward	Unused trading losses expected to reduce future tax (an asset)
Other deferred tax	Other timing differences	Accelerated capital allowances and other short-term differences

Note that the fourth row is labelled **Other deferred tax** in the editor but prints as **Other timing differences**.

FRS 102 Section 1A does not list a separate deferred tax note among the disclosures small companies must give, but it is commonly included to explain the provisions figure on the balance sheet. The note is not available in FRS 105 accounts, because micro-entities do not account for deferred tax.

Where the figures come from

The four rows are typed in; they are not read from the trial balance. Your deferred tax calculation (or your accountant's) gives the closing balance split by cause. The total you enter should agree to the deferred tax figure in the balance sheet, which does come from the trial balance, and the movement in the year should agree to the deferred tax charge shown in the *taxation note*.

In the demo, the deferred tax provision is £6,200 (2025: £5,000), all from other timing differences; the £1,200 increase is the deferred tax charge in the profit and loss account.

Completing the note in Tax Optimiser

Open the period, choose **View Accounts**, then **Notes** in the left Actions menu. Under **Deferred taxation**, select **Deferred taxation**.

1. Set **Show this note in the accounts** to **Yes**.
2. Enter each component under **Current Year** and **Last Year**. Enter a liability as a positive figure and an asset (for example tax losses) as a negative figure.
3. Check the green **Total** row against the balance sheet.
4. Click **Save changes** to save the note and rebuild the accounts preview.

Deferred taxation

Learn more about this note

Deferred taxation

Show this note in the accounts

Yes No

	CURRENT YEAR	LAST YEAR
Revaluation of land and buildings	0.00	0.00
Revaluation of investment property	0.00	0.00
Tax losses carried forward	0.00	0.00
Other deferred tax	6200.00	5000.00
Total	6,200.00	5,000.00

If the company has a deferred tax asset it has decided not to recognise – usually unused losses where future profits are uncertain – explain that in **Additional note for Deferred taxation**.

Wording templates

On the **Additional note for Deferred taxation** section:

- **Unrecognised deferred tax asset** – explains that a deferred tax asset for tax losses carried forward has not been recognised because suitable future taxable profits are not probable. You are asked for {{Amount}}.

How it appears in the accounts

The note opens with "The provision for deferred taxation is made up as follows:" when the total is a liability, or "The deferred tax asset is made up as follows:" when it is negative. Rows with a figure in either year print, followed by the total with a double underline.

14 Deferred taxation

The provision for deferred taxation is made up as follows:

	£	£
Other timing differences	6,200	5,000
	<u>6,200</u>	<u>5,000</u>

Frequently asked questions

What is deferred tax in small company accounts?

It is tax expected to become payable or recoverable in future because of timing differences between the accounts and the tax computation. The most common example is capital allowances being claimed faster than depreciation is charged.

Does Tax Optimiser calculate deferred tax for me?

No. The note figures are typed in from your own deferred tax calculation. Post the balance and the year's charge in the trial balance, then enter the analysis here.

How do I show a deferred tax asset?

Enter it as a negative figure, for example against Tax losses carried forward. When the total is negative the note reads "The deferred tax asset is made up as follows:".

Do micro-entities need a deferred tax note?

No. FRS 105 does not allow deferred tax to be recognised, so the note only exists in FRS 102 Section 1A accounts.

Why does "Other deferred tax" print as "Other timing differences"?

They are the same row. The editor uses the shorter label; the printed accounts use the standard wording.

Provisions for liabilities note (FRS 102 Section 1A)

Show the movement on provisions other than deferred tax, from opening to closing balance.

IN SHORT

- Only use this note if the company has provisions other than deferred tax.
- The opening figure comes from the "Provisions" trial balance account; the movements are typed in.
- The editor warns unless the closing figure is 0, so check the printed opening and closing figures carefully.
- Movement rows print only when they have a figure.
- Describe the nature and timing of the provision with the template in the additional note section.

A provision is a liability where the timing or amount is uncertain – for example the expected cost of repairing a leased building at the end of the lease (dilapidations), warranty claims, or a legal claim the company expects to lose. Provisions sit on the balance sheet under **Provisions for liabilities**, alongside any deferred tax.

What this note shows

A reconciliation of the provision from the start to the end of the year:

Printed row	Meaning
At [day before the period start]	Opening balance
Additional provisions made in the period	New provisions recognised this year
Increase/(decrease) in existing provisions	Changes in the estimate of provisions already held
Provisions used	Amounts spent against the provision
Unused provisions reversed	Amounts no longer needed and released
Other movements	Anything else
At [period end]	Closing balance

It is also good practice to describe what each provision is for and when it is expected to be settled. The note is available in FRS 102 Section 1A accounts only.

Deferred tax is a provision too, but it has its own *deferred taxation note*. If deferred tax is the only item in Provisions for liabilities – as it is for most small companies, including the demo company – leave this note switched off.

Where the figures come from

- The opening figure is read from the **Provisions** account in the trial balance and cannot be typed over.
- The five movement rows are typed in.
- The closing figure is calculated as the opening figure plus each movement exactly as entered, so enter reductions (provisions used, amounts reversed) with the sign that makes the closing figure correct.

The editor shows a red warning, "The provision at the end [date] should be 0.", whenever the closing figure is not zero. Because the opening figure is taken straight from the trial balance account, the printed opening and closing figures may not match what you expect. Before filing, compare the printed note line by line with the provisions on the balance sheet and with your own working, and correct the trial balance or the movements until they agree.

Completing the note in Tax Optimiser

Open the period, choose **View Accounts**, then **Notes** in the left Actions menu. Under **Provisions for liabilities**, select **Provision for liabilities** (the section name in the list).

1. Set **Show this note in the accounts** to **Yes** only if the company has provisions other than deferred tax.
2. Check the opening figure (**Provisions at the period start date**).
3. Enter the movements: **Additional provisions made during period, Increase/decrease in existing provisions, Provisions used, Amounts reversed unused, Other adjustments to provisions**.
4. Check the closing figure, then use **Additional note for Provision for liabilities** to describe the provision.
5. Click **Save changes** to save the note and rebuild the accounts preview. Then review the printed note against the balance sheet.

Provisions for liabilities

[? Learn more about this note](#)

Provision for liabilities

Show this note in the accounts

Yes No

Provisions at 01/04/2025	0.00
Additional provisions made during period	0.00
Increase/decrease in existing provisions	0.00
Provisions used	0.00
Amounts reversed unused	0.00
Other adjustments to provisions	0.00
Provisions at 31/03/2026	0.00

The demo company has no provisions other than deferred tax, so the note is switched off and every figure is zero.

Wording templates

On the **Additional note for Provision for liabilities** section:

- **Nature and timing of the provision** – states what the provision relates to and when it is expected to be settled. You are asked for {{Nature}} and {{Timing}}.

How it appears in the accounts

When switched on, the note prints the opening balance ("At" the day before the period starts), only the movement rows that have a figure, and the closing balance ("At" the period end) with a double underline. There is a single £ column – no comparative year – and any additional note text prints below. The demo company does not use this note, so there is no printed example.

Frequently asked questions

Do I need a provisions note if I only have deferred tax?

No. Deferred tax has its own note. Leave the provisions for liabilities note switched off unless the company has other provisions, such as dilapidations or warranties.

What is the difference between a provision and an accrual?

An accrual is a cost already incurred where the amount is known with reasonable certainty, such as an unpaid bill. A provision is a liability where the timing or amount is uncertain and has to be estimated.

Why does the editor say the closing provision should be 0?

The editor shows that warning whenever the closing figure is not zero. Treat it as a prompt to check: compare the printed opening and closing figures with the balance sheet and your own working before filing.

Where does the opening figure come from?

It is read from the "Provisions" account in the trial balance. If it is not what you expect, check that account in the trial balance.

Share capital note (FRS 102 Section 1A)

State the number, class and nominal value of the company's allotted shares, agreed to the trial balance.

IN SHORT

- Type the share class, nominal value per share and number of shares (this year and last year).
- The £ figure comes from the trial balance "Called up share capital" group and is read-only.
- A warning appears if shares × nominal value does not equal the trial balance figure.
- Use the additional information box or the additional note templates for rights attaching to shares or shares issued in the year.
- Companies limited by guarantee have no share capital; use the company limited by guarantee note instead.

Share capital is the nominal value of the shares the company has issued to its shareholders. The balance sheet shows one figure, "Called up share capital"; this note explains it in terms of the number and type of shares.

What this note shows

The number and aggregate nominal value of each class of allotted shares, for example "100 Ordinary shares of £1.00 each", with the £ amount for this year and last year. The Small Companies and Groups (Accounts and Directors' Report) Regulations 2008 (SI 2008/409) Schedule 1 requires this for small companies. The editor's guidance line refers to this as "Sch 1 para 47".

The note is part of FRS 102 Section 1A accounts. FRS 105 micro-entity accounts show called up share capital on the balance sheet without a note.

Where the figures come from

Field	Source
Share class	Typed in (defaults to "Ordinary")
Nominal value per share (£)	Typed in, one value for both years
Number of shares allotted, called up and fully paid	Typed in, for this year and last year
Called up share capital (from the trial balance)	The total of trial balance accounts in the Called up share capital group; read-only

If the number of shares multiplied by the nominal value does not equal the trial balance figure, the editor shows a warning: "Number of shares × nominal value (£...) does not equal called up share capital in the trial balance." Either the share details or the trial balance needs correcting. Your confirmation statement at Companies House is a good place to check the number of shares.

Completing the note in Tax Optimiser

Open the period, choose **View Accounts**, then **Notes** in the left Actions menu. Under **Share capital**, select **Share Capital**.

- 1. Set **Show this note in the accounts** to **Yes**.
- 2. Enter the **Share class**, for example Ordinary.
- 3. Enter the **Nominal value per share (£)**, for example 1 or 0.01.
- 4. Enter the **Number of shares allotted, called up and fully paid** for **Current Year** and **Last Year**.
- 5. Check that no mismatch warning appears.
- 6. Optionally type in **Additional information**, such as the rights attaching to the shares.
- 7. Click **Save changes** to save the note and rebuild the accounts preview.

Share capital

Learn more about this note

Share Capital

Show this note in the accounts

YesNo

Companies Act 2006 Sch 1 para 47 requires the number and aggregate nominal value of each class of allotted shares. The £ amount comes from called up share capital in the trial balance.

	CURRENT YEAR	LAST YEAR
Share class	Ordinary	
Nominal value per share (£)		1.0000
Number of shares allotted, called up and fully paid	100	100
Called up share capital (from the trial balance)	100	100

Additional information (optional)

e.g. rights attaching to the shares, or shares allotted during the year.

The editor holds one share class. If the company has more than one class (for example A and B ordinary shares), enter the main class in the table and describe the others in **Additional information** or in **Additional note for Share Capital**, making sure the £ amounts add up to the trial balance figure.

Wording templates

On the **Additional note for Share Capital** section:

- **Single class of ordinary shares** – confirms the shares are all of one class, fully paid, with full voting, dividend and capital rights. You are asked for {{NumberOfShares}} and {{NominalValue}}.
- **Shares allotted in the year** – describes new shares issued at a premium and the closing share capital. You are asked for {{NumberOfShares}}, {{NominalValue}}, {{Premium}} and {{TotalShareCapital}}.

How it appears in the accounts

The note prints "Allotted, called up and fully paid", then a line such as "100 Ordinary shares of £1.00 each" with the £ amount in each year's column. If the number of shares was different last year, the prior-year number is shown in brackets. Additional information and additional note text print below.

15 Share capital

	£	£
Allotted, called up and fully paid		
100 Ordinary shares of £1.00 each	100	100
The company's called up share capital comprises 100 ordinary shares of £1 each, all allotted, called up and fully paid. The shares carry full voting, dividend and capital distribution rights.		

Frequently asked questions

What is called up share capital?

It is the nominal value of shares the company has issued and asked shareholders to pay for. For most small companies all shares are fully paid, so it is simply the number of shares multiplied by their nominal value.

Why do I get a "does not equal called up share capital" warning?

The number of shares multiplied by the nominal value you entered does not match the called up share capital in the trial balance. Check both against the company's confirmation statement and correct whichever is wrong.

How do I show more than one class of share?

The table holds one class. Enter the main class there and describe other classes in the Additional information box or the additional note, making sure the totals agree to the trial balance.

Where does share premium go?

Share premium is a separate reserve on the balance sheet, not part of called up share capital. The "Shares allotted in the year" template can mention the premium paid on new shares.

Does a company limited by guarantee need a share capital note?

No. It has no share capital. Use the company limited by guarantee note to describe the members' guarantee instead.

Capital contribution reserve note (FRS 102 Section 1A)

Show the movement on a capital contribution reserve: opening balance, contributions received and amounts utilised.

IN SHORT

- Only relevant if the company has a capital contribution reserve on its balance sheet.
- Type in the balance brought forward, contributions received and amounts utilised.
- The balance carried forward is calculated as brought forward plus received minus utilised.
- Enter amounts utilised as a positive figure; they are deducted.
- The closing figure should agree to the reserve on the balance sheet.

A capital contribution is value an owner puts into the company without receiving shares for it – for example a shareholder or parent company waiving a loan the company owes, or transferring an asset for nothing. Rather than going through the profit and loss account, it is credited to a separate reserve within equity: the capital contribution reserve.

What this note shows

The movement on the reserve during the year:

Editor row	Printed as
Balance brought forward	At [day before the period start]
Capital contributions received in the year	Capital contributions received in the year (only if not zero)
Transfers / amounts utilised in the year	Transfers / amounts utilised in the year (only if not zero)
Balance carried forward	At [period end]

The note is available in FRS 102 Section 1A accounts. It is only relevant if the company has this reserve; most do not.

Where the figures come from

All three input figures are typed in; they are not read from the trial balance. The balance carried forward is worked out for you as brought forward plus contributions received minus amounts utilised. It should agree to the capital contribution reserve shown in the balance sheet, which comes from your trial balance – check the two match before filing.

Enter **Transfers / amounts utilised in the year** as a positive number; it is deducted. A typical use is a transfer to retained earnings once the contribution is treated as realised.

Completing the note in Tax Optimiser

Open the period, choose **View Accounts**, then **Notes** in the left Actions menu. Select **Capital contribution reserve** in the list.

1. Set **Show this note in the accounts** to **Yes**.
2. Enter **Balance brought forward** (last year's closing balance).

3. Enter **Capital contributions received in the year**.
4. Enter **Transfers / amounts utilised in the year**, if any.
5. Check **Balance carried forward** against the balance sheet.
6. Click **Save changes** to save the note and rebuild the accounts preview.

Capital contribution reserve
Learn more about this note

Capital contribution reserve

Show this note in the accounts

Yes
No

	£
Balance brought forward	0.00
Capital contributions received in the year	0.00
Transfers / amounts utilised in the year	0.00
Balance carried forward	0.00

The demo company has no capital contribution reserve, so the note is switched off. To explain where a contribution came from (for example "During the year the parent company waived a loan of £50,000"), use **Additional note for Capital contribution reserve**. There are no wording templates for this note.

How it appears in the accounts

When switched on, the note prints the opening balance, any non-zero movements and the closing balance with a double underline, in a single £ column for the current year. Any additional note text prints below. The demo company does not use this note, so there is no printed example.

Frequently asked questions

What is a capital contribution reserve?

A reserve within equity that records value given to the company by its owners without new shares being issued – for example a shareholder waiving a loan or gifting an asset to the company.

Does a director waiving their loan account create a capital contribution?

Where the director is waiving the loan in their capacity as a shareholder, the waiver is usually credited to equity as a capital contribution rather than to profit. Take advice on the accounting and tax treatment for your circumstances.

Do I enter amounts utilised as negative?

No. Enter them as a positive figure; the note deducts them to arrive at the balance carried forward.

Why does the note not show last year's movements?

The note shows the current year's movement from opening to closing balance in a single column. The opening balance is last year's closing figure.

Company limited by guarantee note (FRS 102 Section 1A)

State that the company has no share capital and how much each member guarantees on a winding up.

IN SHORT

- Only relevant to companies limited by guarantee (for example many charities, clubs and community companies).
- The default wording applies automatically when the company's settings say it is limited by guarantee.
- For companies limited by shares, the default wording is suppressed and nothing prints unless you type your own text.
- Change "£1" if your articles set a different guarantee amount.
- Guarantees the company has given for a director's personal debts belong in a different note.

A company limited by guarantee has no share capital. Instead of shareholders it has members, each of whom agrees to contribute a fixed amount – often £1 – towards the company's debts if it is wound up while they are a member or within a year of leaving. Charities, clubs, trade bodies and many community interest companies are set up this way. This note records that guarantee in the accounts.

What this note shows

A single paragraph. The default wording is:

The company is limited by guarantee and does not have a share capital. Every member has undertaken to contribute such amount as may be required, not exceeding £1, to the assets of the company in the event of it being wound up while they are a member, or within one year after they cease to be a member.

The note is part of FRS 102 Section 1A accounts. For a guarantee company the balance sheet total is headed "Members' funds" rather than "Shareholders' funds", and the statutory information note describes the company as "a private company limited by guarantee".

Where the wording comes from

Whether the company is limited by guarantee is taken from the organisation's company details (company structure and "limited by" setting – see *Company details for your accounts*).

- **Limited by guarantee:** the first time the accounts load, the note is switched on with the default wording above. The default dividends note, which refers to shareholders, is not used.
- **Limited by shares:** the default wording is suppressed. The note editor is empty and switched off, and even if the note were switched on with the untouched default wording, it would not print. Nothing prints unless you type your own text.

If a guarantee company shows the default wording for the wrong company type, check the company details first and then reopen the accounts.

Completing the note in Tax Optimiser

Open the period, choose **View Accounts**, then **Notes** in the left Actions menu. Select **Company limited by guarantee** in the list.

1. For a guarantee company, check **Show this note in the accounts** is **Yes** and read the wording.
2. If your articles of association set a guarantee other than £1, change the amount in the text.
3. Click **Save changes** to save the note and rebuild the accounts preview.

Company limited by guarantee

Learn more about this note

Company limited by guarantee

Show this note in the accounts

YesNo

The demo company, Example Notes Ltd, is limited by shares, so the editor is empty and the note is switched off. Use **Additional note for Company limited by guarantee** if you want to add more, such as the number of members at the year end. There are no wording templates for this note; the default text serves that purpose.

This note is about the members' guarantee to the company. A guarantee the company has given for a director's personal borrowing is disclosed in the *guarantees provided on behalf of directors note*.

How it appears in the accounts

The note prints its heading, "Company limited by guarantee", followed by the paragraph as plain text, with any additional note beneath. The demo company is limited by shares, so there is no printed example.

Frequently asked questions

What does "limited by guarantee" mean?

The company has no shares. Each member promises to contribute a fixed sum, often £1, to the company's debts if it is wound up while they are a member or within a year of leaving. That promise limits the members' liability.

Why is the note empty for my company?

The company is set up as limited by shares in its company details, so the default guarantee wording does not apply. If the company is actually limited by guarantee, correct the company details.

Our guarantee is £10, not £1. Can I change it?

Yes. Edit the amount in the text box and click **Save changes**. Your own wording is kept.

Does a community interest company need this note?

Only if the CIC is limited by guarantee. A CIC limited by shares has a share capital note instead.

Capital commitments note (FRS 102 Section 1A)

Disclose capital expenditure the company has contracted for at the year end but not yet recorded.

IN SHORT

- Enter amounts contracted for but not provided for in the accounts, for both years.
- The figure is typed in; it is not in the trial balance.
- Include only signed contracts, not plans or budgets.
- Templates: "Contracted but not provided" and "No capital commitments".
- In FRS 105 accounts, capital commitments go in the "Guarantees and other financial commitments" note.

A capital commitment arises when the company has signed a contract to buy a fixed asset – a machine, a van, an extension to its premises – but has not yet received it at the year end, so neither the asset nor the liability is in the balance sheet. The note tells readers about money the company is already committed to spend.

What this note shows

One line, "Amounts contracted but not provided for in the accounts", with the figure at this year end and last year end. Small companies must disclose the total amount of financial commitments, guarantees and contingencies that are not included in the balance sheet (FRS 102 Section 1A, following SI 2008/409 Schedule 1). Capital commitments are one part of that.

In FRS 105 micro-entity accounts there is no separate capital commitments note; give the figure in the *Guarantees and other financial commitments* note instead.

Where the figures come from

The figures are typed in. Because the asset has not been received, nothing is in the trial balance. Use the signed contracts or purchase orders in place at the year end, less any amounts already paid or accrued. Exclude assets the directors merely plan or have budgeted to buy.

In the demo, Example Notes Ltd had signed a contract for £25,000 of capital expenditure at 31 March 2026 and had none at 31 March 2025.

Completing the note in Tax Optimiser

Open the period, choose **View Accounts**, then **Notes** in the left Actions menu. Under **Capital commitments**, select **Capital commitments**.

1. Set **Show this note in the accounts** to **Yes**.
2. Enter **Amounts contracted but not provided for** under **Current Year** and **Last Year**.
3. Optionally switch on **Additional note for Capital commitments** and apply a template.
4. Click **Save changes** to save the note and rebuild the accounts preview.

Capital commitments

Show this note in the accounts

Yes

No

	CURRENT YEAR	LAST YEAR
Amounts contracted but not provided for	25000.00	0.00

Wording templates

On the **Additional note for Capital commitments** section:

- **Contracted but not provided** – a sentence stating the capital commitments at the year end. You are asked for {{CommitmentAmount}}; the year-end date is filled in for you.
- **No capital commitments** – states that the company had no capital commitments at the year end. Nothing to enter.

The table already shows the amount, so the "Contracted but not provided" sentence repeats it. Use it if you prefer the words alongside the figure, or use the additional note to say what the commitment is for (for example "for new production equipment").

How it appears in the accounts

The note prints the line "Amounts contracted but not provided for in the accounts" with a £ figure for each year (a dash for nil), double underlined, followed by any additional note text.

16 Capital commitments

	£	£
Amounts contracted but not provided for in the accounts	25,000	-

At 31 March 2026 the company had capital commitments contracted for but not provided in these financial statements of £25,000.

Frequently asked questions

What counts as a capital commitment?

Expenditure on fixed assets that the company has contracted for – signed an order or contract – but not received or recorded by the year end. Plans and budgets that have not been contracted do not count.

Is the capital commitments note compulsory for small companies?

Small companies must disclose the total of financial commitments not included in the balance sheet. If the company has capital commitments, include them. If it has none, the note can be left off or the "No capital commitments" template used.

Should I include the VAT?

Show the amount the company is committed to pay that will be capitalised. If the company is VAT-registered and can recover the VAT, the commitment is normally shown net of VAT.

Where do I put capital commitments in micro-entity accounts?

In FRS 105 accounts, use the "Capital commitments" section of the Guarantees and other financial commitments note, which prints beneath the balance sheet.

Pension commitments note (FRS 102 Section 1A)

Describe the company's pension arrangements, the cost for the year and any contributions outstanding.

IN SHORT

- A free-text note, usually describing a defined contribution scheme.
- Two templates: "Defined contribution scheme" and "Contributions outstanding at year end".
- The pension charge should agree to the trial balance pension costs.
- Any unpaid contributions at the year end are a creditor and are worth stating.
- In FRS 105 accounts, pension commitments are disclosed in "Guarantees and other financial commitments".

Most small companies pay into a defined contribution pension scheme for their staff and directors – including the workplace pension used for auto-enrolment. The company's only obligation is to pay its agreed contributions; the scheme's assets are held separately. This note describes those arrangements.

What this note shows

A short paragraph saying what kind of scheme the company operates, the pension cost charged for the year and, where relevant, any contributions unpaid at the year end. Small companies must disclose financial commitments not included in the balance sheet, and pension commitments are identified separately within that disclosure; a statement about the scheme is the usual way of dealing with this.

The note is part of FRS 102 Section 1A accounts. In FRS 105 micro-entity accounts, pension commitments are covered by the *Guarantees and other financial commitments* note.

Defined benefit (final salary) schemes need much fuller disclosures. If the company has one, take specialist advice and use the free text notes as needed.

Where the figures come from

This is a text note, so nothing is pulled in automatically. Take the figures from your records:

- **Pension cost for the year** – the pension costs account in the trial balance, which also appears in the *operating profit note* (£9,000 in the demo).
- **Contributions outstanding** – any pension contributions owed to the scheme at the year end, usually included within creditors.

Completing the note in Tax Optimiser

Open the period, choose **View Accounts**, then **Notes** in the left Actions menu. Select **Pension commitments** in the list.

1. Set **Show this note in the accounts** to **Yes**.
2. Click **Use Template**, choose the wording that fits and enter the figure when asked – or type your own.
3. Click **Save changes** to save the note and rebuild the accounts preview.

Pension commitments[? Learn more about this note](#)

Show this note in the accounts

Yes

No

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge for the year amounted to £9,000.

The demo company used the **Defined contribution scheme** template with a pension charge of £9,000. You can combine both templates by applying one and then typing the extra sentence, since applying a template replaces the text in the box.

Wording templates

- **Defined contribution scheme** – describes the scheme as defined contribution, with assets held separately in an independently administered fund, and states the pension cost charge for the year. You are asked for {{PensionCharge}}.
- **Contributions outstanding at year end** – describes the defined contribution scheme and states the contributions payable and outstanding at the year end. You are asked for {{OutstandingAmount}}; the year-end date is filled in for you.

How it appears in the accounts

The note prints its heading and the paragraph as plain text.

17 Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge for the year amounted to £9,000.

Frequently asked questions

Do I need a pension note if the company only has an auto-enrolment workplace pension?

A workplace pension is a defined contribution scheme, and the usual approach is to state that and give the cost for the year. The "Defined contribution scheme" template provides the wording.

Where do I find the pension cost for the year?

In the pension costs account in your trial balance. It is also shown in the operating profit note, so the two should agree.

Should director pension contributions be included?

Yes. Contributions the company pays for directors into a defined contribution scheme are part of the company's pension cost.

What if contributions were unpaid at the year end?

Use the "Contributions outstanding at year end" template to state the amount. The unpaid amount should also be in creditors in the trial balance.

Operating lease commitments note (FRS 102 Section 1A)

Show the future minimum payments under non-cancellable operating leases, analysed by when they fall due.

IN SHORT

- Two sections: "Operating lease commitments (table)" and a text section "Operating lease commitments".
- Enter future minimum lease payments by when they fall due: within one year, two to five years, after five years.
- Figures are typed in from the lease agreements; they are not in the trial balance.
- Rows that are zero in both years are hidden; a total is printed.
- The year's lease charge is a different figure and appears in the operating profit note.

An operating lease is an arrangement to rent an asset – an office, a vehicle, a photocopier – where the company uses the asset but does not take on the risks and rewards of owning it. The rent is charged to the profit and loss account as it is incurred, so the payments still to come under the lease do not appear on the balance sheet. This note discloses them.

What this note shows

The total future minimum lease payments under non-cancellable operating leases at the year end, analysed by when they fall due:

Editor row	Printed as
Operating leases expiring within one year	Within one year
Operating leases expiring within 2–5 years	Between two and five years
Operating leases expiring after 5 years	More than five years

Small companies must disclose the total of financial commitments not included in the balance sheet (FRS 102 Section 1A, following SI 2008/409 Schedule 1), and lease commitments are usually the largest part. Presenting them by period, as this note does, is the common approach.

Despite the editor labels, each row is the payments **falling due** in that period, not the leases expiring in it. A five-year lease with £18,000 annual rent and four years left contributes £18,000 to "within one year" and £54,000 to "between two and five years".

The note is part of FRS 102 Section 1A accounts. In FRS 105 accounts, lease commitments go in the *Guarantees and other financial commitments* note.

Where the figures come from

The figures are typed in. Work them out from each lease agreement: the rent payable from the day after the year end until the earliest date the company can end the lease without penalty (the non-cancellable period), split into the three time bands. Repeat for last year, or copy last year's closing figures from the prior accounts.

The rent charged in the year is a separate figure: it comes from the trial balance operating lease account and appears as "operating lease charges" in the *operating profit note* (£18,000 in the demo).

Completing the note in Tax Optimiser

Open the period, choose **View Accounts**, then **Notes** in the left Actions menu. Under **Operating lease commitments** there are two sections.

Operating lease commitments (table)

1. Set **Show this note in the accounts** to **Yes**.
2. Enter the amounts falling due within one year, within two to five years and after five years, for **Current Year** and **Last Year**.

Operating lease commitments

Learn more about this note

Operating lease commitments (table)

Show this note in the accounts

Yes

No

	CURRENT YEAR	LAST YEAR
Operating leases expiring within one year	18000.00	18000.00
Operating leases expiring within 2–5 years	54000.00	72000.00
Operating leases expiring after 5 years	0.00	0.00

Operating lease commitments (text)

The second section, **Operating lease commitments**, is a text box for an additional sentence – for example what the leases are for, or a summary in words. Switch it on and click **Use Template**, or type your own. The demo company uses the table only.

Click **Save changes** to save the note and rebuild the accounts preview.

Wording templates

On the text section, **Operating lease commitments**:

- **Annual commitment under operating leases** – states the annual payments the company is committed to and when the leases expire. You are asked for `{{AnnualCommitment}}` and `{{LeaseEndDate}}`; the year-end date is filled in for you.
- **Total future minimum lease payments** – states the total future minimum lease payments in one sentence. You are asked for `{{TotalCommitment}}`.

How it appears in the accounts

The table section prints "At [year end] the company had commitments under non-cancellable operating leases as follows:", then each row that has a figure in either year, and the total. The text section, if switched on, prints with it.

18 Operating lease commitments

At 31 March 2026 the company had commitments under non-cancellable operating leases as follows:

	£	£
Within one year	18,000	18,000
Between two and five years	54,000	72,000
	72,000	90,000

Frequently asked questions

What is the difference between an operating lease and a finance lease?

Under a finance lease the company takes on substantially all the risks and rewards of owning the asset, so the asset and the lease liability go on the balance sheet. Under an operating lease the company simply rents the asset and discloses future payments in this note.

How do I calculate future minimum lease payments?

For each lease, add up the rent due from the day after the year end to the end of the non-cancellable period (or the first break date), and split it into within one year, two to five years and after five years.

Does the operating lease note come from the trial balance?

No. Future commitments are not in the trial balance, so you type them in. Only the rent charged in the year comes from the trial balance, and that appears in the operating profit note.

Is a property rental with a break clause non-cancellable?

Only up to the break date. Include rent up to the earliest date the company can end the lease without a penalty.

Do micro-entities show operating lease commitments?

FRS 105 accounts disclose the total in the Guarantees and other financial commitments note beneath the balance sheet, rather than in this table.

Contingent liabilities note (FRS 102 Section 1A)

Disclose possible liabilities, such as guarantees given or legal claims, that are not provided for in the accounts.

IN SHORT

- A text note for possible liabilities that are not recorded in the balance sheet.
- Templates: "Guarantee given", "Legal claim" and "No contingent liabilities".
- If an outflow is probable and can be estimated, it is a provision, not a contingent liability.
- A guarantee the company gives for a director's personal debt goes in the director guarantees note.
- In FRS 105 accounts, use the "Contingent liabilities" section of Guarantees and other financial commitments.

A contingent liability is a possible obligation that will only become real if something outside the company's control happens – a customer wins a legal claim, or a company whose overdraft you have guaranteed fails to pay. Because payment is not probable, nothing is recorded in the balance sheet, but readers need to know about it.

What this note shows

A description of each contingent liability, with an estimate of its financial effect where practicable. Small companies must disclose the total amount of financial commitments, guarantees and contingencies not included in the balance sheet (FRS 102 Section 1A, following SI 2008/409 Schedule 1).

Situation	Treatment
Outflow probable and can be reliably estimated	A provision – recorded in the accounts (see <i>provisions for liabilities</i>)
Outflow possible but not probable	A contingent liability – disclosed in this note
Outflow remote	Usually not disclosed

The note is part of FRS 102 Section 1A accounts. In FRS 105 accounts, use the "Contingent liabilities" section of the *Guarantees and other financial commitments* note.

Where the information comes from

This is a text note; nothing is pulled from the trial balance. Typical sources are bank facility letters (cross-guarantees between group companies), solicitors' letters about claims, and board minutes. Ask the directors whether the company has guaranteed anyone else's obligations or faces any disputes.

If the company has guaranteed a **director's** personal borrowing, disclose it in the *guarantees provided on behalf of directors* note instead, which covers the Companies Act 2006 s413 disclosure.

Completing the note in Tax Optimiser

Open the period, choose **View Accounts**, then **Notes** in the left Actions menu. Select **Contingent liabilities** in the list.

1. Set **Show this note in the accounts** to **Yes**.
2. Click **Use Template** and choose the wording that fits, entering any figures and names when prompted – or type your own.
3. Click **Save changes** to save the note and rebuild the accounts preview.

Contingent liabilities
Use Template

Contingent liabilities
Learn more about this note

Show this note in the accounts

Yes
No

The company had no contingent liabilities at 31 March 2026.

The demo company has no contingent liabilities and uses the **No contingent liabilities** template to say so. Applying a template replaces the text in the box, so if you have more than one item, apply one template and type the rest.

Wording templates

- **Guarantee given** – a guarantee given to a third party, with no liability expected to arise. You are asked for {{GuaranteeAmount}} and {{Beneficiary}}.
- **Legal claim** – an outstanding claim against the company, its estimated financial effect, and why no provision has been made. You are asked for {{ClaimDescription}} and {{EstimatedAmount}}; the year-end date is filled in for you.
- **No contingent liabilities** – a nil statement at the year end. Nothing to enter.

How it appears in the accounts

The note prints its heading and your text as a plain paragraph.

19 Contingent liabilities

The company had no contingent liabilities at 31 March 2026.

Frequently asked questions

What is a contingent liability in small company accounts?

A possible obligation that depends on a future event outside the company's control, such as a guarantee being called or a legal claim succeeding. It is disclosed in a note rather than recorded in the balance sheet.

When does a contingent liability become a provision?

When it becomes probable that the company will have to pay and the amount can be estimated reliably. It is then recorded as a provision in the accounts.

Do I need to say there are no contingent liabilities?

It is not required, but many accountants include a nil statement for completeness. The "No contingent liabilities" template provides the wording.

Where do I disclose a guarantee given for a director's personal loan?

In the guarantees provided on behalf of directors note, which covers the Companies Act 2006 s413 disclosure. A director guaranteeing the company's own borrowing is different and is not a contingent liability of the company.

Loans to directors note (FRS 102 Section 1A)

How Tax Optimiser builds the directors' loans table from your loans to participators, and what to add when a loan is interest-bearing, repaid or written off.

IN SHORT

- The note is required by Companies Act 2006 s413 whenever a director has borrowed from the company during the year or owes it money at the year end.
- Rows come from the period's loans to participators, shared with the CT600A loans grid; add them with Add Loan.
- Carried forward = brought forward + advances – repaid in the period; post year-end repayments don't count.
- The table has no written-off column, so use the 'Amount written off or waived' template in the additional note.
- For a period of account longer than 12 months, both corporation tax periods are combined in the note.

If a director has borrowed money from the company – often through an overdrawn director's loan account – the accounts must say so. This note sets out each director's loan for the year in a table, with an optional sentence underneath describing the terms.

What this note shows

Companies Act 2006 s413 requires the notes to disclose advances and credits granted by the company to its directors. For each one the accounts show the amount, an indication of the interest rate, the main conditions, and any amounts repaid, written off or waived during the year. The disclosure applies whichever accounting framework you use, so it is required in FRS 102 Section 1A accounts even though most other notes are cut down for small companies.

Tax Optimiser prints the note as a table with these columns:

Column	What it means
Director and terms	The director's name on one line and the terms (for example "Interest free, repayable on demand") underneath.
Brought forward	The amount the director owed at the start of the period.
Advances in period	Money lent to, or withdrawn by, the director during the period.
Repaid in period	Amounts the director paid back on or before the period end date.
Carried forward	Brought forward + advances – repaid in the period. This should agree to the director's loan balance in debtors.

If no director had a loan from the company at any point in the year, leave the note switched off, or switch on the additional note and use the **No advances or credits** template if you prefer to say so explicitly. In FRS 105 micro-entity accounts the same disclosure appears as a short text note instead – see *Advances, credits and guarantees to directors (FRS 105)*.

Where the figures come from

The rows are the period's **loans to participators**. These are the same records as the **Loan to Participators** grid in the corporation tax computation, which produces the CT600A supplementary page. Adding a loan in either place adds it to both, and a change to the brought forward, advance or repayment figures in one shows in the other.

The carried forward figure in the note is worked out for the accounts, not taken from the tax grid:

- **Carried forward = brought forward + advances in the period – repaid in the period.**
- Repayments made *after* the year end do not reduce the accounts balance. At the balance sheet date the director still owed the money, so the debtor is still there. Those later repayments matter for tax: a repayment within nine months of the end of the accounting period can stop or relieve the s455 charge. That is handled in the CT600A grid; see *Loans to participators and s455 (CT600A)*.
- If the period of account is longer than 12 months, it is split into two corporation tax periods. The note combines both: advances and repayments from the first and second CT periods are added together, so the table covers the whole period of account.

Loans are grouped by director. Where one director has more than one loan, each loan has its own line and the director gets a subtotal.

The trial balance is not used to build the table, so check that the carried forward total agrees to the “Directors loan accounts” balance in debtors. A difference usually means a loan is missing, or a repayment has been entered against the wrong date.

Completing the note in Tax Optimiser

1. Open the period, choose **View Accounts**, then **Notes** in the Actions menu.
2. Select **Loans to directors** and set **Show this note in the accounts** to Yes.
3. Click **Add Loan** for each loan. Choose the director from the list (directors removed from the period are not offered), describe the terms, and enter the **Brought forward** balance, the **Withdrawal** (advances) and the amount **Repaid by** the period end date. The column headings show that date, for example “Withdrawal (31/03/2026)”.
4. Use the bin icon to remove a loan. Removing it here also removes it from the CT600A loans grid, because they are the same record.
5. Click **Save changes**.

Loans to directors

Learn more about this note

Loans to directors

Show this note in the accounts

Yes No

Add Loan

DIRECTOR	TERMS	BROUGHT FORWARD	WITHDRAWAL (31/03/2026)	REPAID BY (31/03/2026)	
Alex Morges ▼	Interest free, repayal	3000.00	12000.00	4000.00	

The editor shows the columns for the first corporation tax period only. For a long period of account, enter the second period's advances and repayments in the Loan to Participators grid in the corporation tax

computation; the note picks them up from there. The grid is also where you record repayments made within nine months of the year end, the repayment date and any release or write-off for s455 purposes.

Below the table there is a separate section, **Additional note for Loans to directors**, for a written description. Switch it on and use **Use Template** to describe the loan.

A director must be selected for every loan; saving without one shows the message “Please ensure a director is selected for the directors loan”. The note is for loans to directors. If the corporation tax grid also holds a loan to a shareholder who is not a director, check the printed note: a loan to a non-director shareholder is not a s413 disclosure, and it is normally described in the related party transactions note instead.

Wording templates

These templates are in the **Additional note for Loans to directors** section. The director's name and the period end date are filled in automatically; you are asked for the other values.

- **Interest-free loan, outstanding at year end** — an interest-free loan repayable on demand with a balance at the year end. Asks for {{LoanAmount}} and {{AmountOutstanding}}.
- **Interest-free loan, repaid in year** — an interest-free advance repaid in full before the year end. Asks for {{LoanAmount}}.
- **Interest-bearing loan** — a loan carrying interest. Asks for {{LoanAmount}}, {{InterestRate}}, {{InterestCharged}} and {{AmountOutstanding}}.
- **Amount written off or waived** — states an amount the company wrote off or waived. Asks for {{AmountWrittenOff}}.
- **Loan from director** — for money the company owes *to* a director. Asks for {{AmountOwed}}. This is not a s413 advance; consider putting it in the related party transactions note instead.
- **No advances or credits** — a nil statement.

Loans written off or waived

The table has no written-off column. The carried forward figure must still agree to the balance sheet, so enter the amount written off in the repaid column, and then use the **Amount written off or waived** template in the additional note to say how much of the reduction was a write-off rather than a repayment. s413 asks for amounts written off or waived to be disclosed, so do not leave the sentence out. A write-off also has corporation tax and personal tax consequences; record it in the corporation tax loans grid and see *Loans to participators and s455*.

How it appears in the accounts

The note prints as a table headed Brought forward, Advances in period, Repaid in period and Carried forward, with a total row. The additional note sentence follows the table.

20 Loans to directors

	Brought forward £	Advances in period £	Repaid in period £	Carried forward £
Alex Morgan				
Interest free, repayable on demand	3,000	12,000	4,000	11,000
	3,000	12,000	4,000	11,000

During the year the company advanced £12,000 to Alex Morgan, a director of the company. The advance is interest free and repayable on demand. The balance outstanding at 31 March 2026 was £11,000.

In the demo the carried forward £11,000 is the same figure as other debtors on the balance sheet, which is what you want to see.

Frequently asked questions

Do small companies have to disclose loans to directors?

Yes. Companies Act 2006 s413 applies to small and micro-entity companies as well as larger ones. FRS 102 Section 1A accounts show it in this note; FRS 105 accounts show it in the advances, credits and guarantees note under the balance sheet.

Why doesn't a repayment made after the year end reduce the balance in the note?

The note reports the position at the balance sheet date, when the money was still owed. A repayment within nine months of the year end can still relieve the s455 tax charge on the corporation tax return, but it does not change the accounts. You can mention a significant repayment in the additional note or the events after the reporting date note.

Do I have to enter director's loans twice, once for the accounts and once for CT600A?

No. The loans to directors note and the CT600A loans grid use the same records. Enter a loan in either place and it appears in both.

How do I disclose a director's loan that was written off?

Include the amount in the repaid column so the carried forward agrees to the balance sheet, then add the "Amount written off or waived" template in the additional note so the write-off is disclosed separately.

What if the company owes money to the director rather than the other way round?

That is not an advance to a director, so it does not belong in the s413 table. Disclose it in the related party transactions note, for example with the "Loan from a director (interest-free)" template.

Guarantees provided on behalf of directors note (FRS 102 Section 1A)

When the company guarantees a director's personal borrowing, s413 requires it to be disclosed. Here is how to complete the table and the description.

IN SHORT

- Required by Companies Act 2006 s413 when the company guarantees a director's personal obligations.
- Add each guarantee with Add Guarantee: director, terms, maximum liability, amount paid and liability incurred.
- Use the General Description of Guarantees of Terms section for any written explanation.
- A director personally guaranteeing the company's borrowing is not a s413 guarantee.

Sometimes a company stands behind a director's personal borrowing – a bank may ask for a company guarantee before lending to the director. Because the company could end up paying, the law requires the accounts to say so. This note covers that disclosure.

What this note shows

Companies Act 2006 s413 requires the notes to disclose guarantees of any kind entered into by the company on behalf of its directors. For each guarantee the accounts state its main terms, the maximum liability the company may incur, and any amount paid or liability incurred by the company under it. Like loans to directors, this disclosure is required for small companies, so it appears in FRS 102 Section 1A accounts (and, in FRS 105 accounts, in the advances, credits and guarantees note – see *Advances, credits and guarantees to directors (FRS 105)*).

Which guarantees belong here

Only guarantees the *company* gives for a *director's* obligations. It is common for a director to personally guarantee the company's bank loan or overdraft. That is the reverse: the director is supporting the company, the company has not taken on any risk for the director, and it is not a s413 guarantee. If you want to mention a director's personal guarantee of company borrowing, put it in the related party transactions note or alongside the security details for the loan in the creditors notes.

If the company has not given any guarantees for its directors, leave this note switched off.

Where the figures come from

Nothing in this note comes from the trial balance – a guarantee is not normally a liability on the balance sheet unless the company expects to have to pay. Every guarantee is entered in the note:

Column	What to enter
Director	Chosen from the period's directors.

Column	What to enter
Terms	What is guaranteed and when the company would have to pay, for example "Guarantee of the director's personal overdraft, callable only if it is not repaid on demand".
Maximum liability under guarantees	The most the company could be asked to pay.
Amount paid and liability incurred	What the company has actually paid, or become liable to pay, under the guarantee. Often nil.

Completing the note in Tax Optimiser

1. Open the period, choose **View Accounts**, then **Notes**.
2. Select **Guarantees provided on behalf of directors** and set **Show this note in the accounts** to Yes.
3. Click **Add Guarantee**, choose the director, then enter the terms, the maximum liability and the amount paid. Repeat for each guarantee. The bin icon removes a row.
4. If you want to add a written explanation, select the second section, **General Description of Guarantees of Terms**, switch it on and type the wording.
5. Click **Save changes**.

Guarantees provided on behalf of directors
[Use Template](#)

Guarantees provided on behalf of directors
[? Learn more about this note](#)

Show this note in the accounts

Yes
No

Add Guarantee

DIRECTOR	TERMS	MAXIMUM LIABILITY UNDER GUARANTEES	AMOUNT PAID AND LIABILITY INCURRED	
Sam Patel ▼	Guarantee of the director	10000.00	0.00	

The table section prints only the rows you enter. Wording you want printed as a sentence must be in the **General Description of Guarantees of Terms** section, which prints underneath.

Wording templates

Use Template on this note lists two pieces of wording. Copy the one that fits into the General Description of Guarantees of Terms section if you want a sentence as well as the table. The director's name is filled in automatically.

- **Guarantee on behalf of a director** — the company has guaranteed a director's personal obligations. Asks for {{GuaranteeAmount}} and {{GuaranteeTerms}}.
- **Personal guarantee by director** — a director has personally guaranteed the *company's* bank borrowings. Asks for {{GuaranteeAmount}}. As explained above, this is not a s413 guarantee by the company; it is usually better placed in the related party transactions or creditors notes.

How it appears in the accounts

The note prints each director's name, then the terms with the maximum liability and the amount paid, with a total row. A nil amount paid shows as a dash.

21 Guarantees provided on behalf of directors

	Maximum liability under guarantees £	Paid amount and liability incurred £
Sam Patel		
Guarantee of the director's personal overdraft, callable only if it is not repaid on demand	10,000	-
	10,000	-

Frequently asked questions

Does a director's personal guarantee of the company's bank loan need to go in this note?

No. This note is for guarantees the company gives for a director. A director guaranteeing the company's debts is the other way round. You can mention it in the related party transactions note or with the bank loan details.

What should I put as the maximum liability?

The most the company could have to pay under the guarantee – usually the guaranteed facility limit, or the cap stated in the guarantee document.

Does a guarantee for a director go on the balance sheet?

Normally not. It is disclosed in this note. If it has become likely that the company will have to pay, a liability or provision may be needed as well; record it in the trial balance and show the amount in the “amount paid and liability incurred” column.

Is this disclosure needed in micro-entity accounts?

Yes. In FRS 105 accounts it is part of the advances, credits and guarantees note printed under the balance sheet.

Related party transactions note (FRS 102 Section 1A)

Which dealings with directors, their families and their other companies need disclosing in small company accounts, and the templates that help you word it.

IN SHORT

- Small companies must disclose material related party transactions not concluded on normal market terms; fuller disclosure is encouraged.
- Interest-free director's loans are the most common example.
- A validation warning appears when there is a directors' loan balance but neither this note nor the loans to directors note is included.
- Four templates cover a director-controlled company, a general related party, a loan from a director and a nil statement.

Dealings between a company and the people who run it are not always at arm's length. This note tells readers about transactions with related parties so they can judge whether the figures were affected.

What this note shows

A **related party** is, broadly, a person or entity that controls or significantly influences the company, or is controlled by someone who does. For a typical small company that means the directors and their close family, any controlling shareholder, a parent company, and other businesses those people control.

Under FRS 102 Section 1A (paragraph 1AC.35), a small company must disclose material related party transactions that were *not* concluded under normal market conditions: the amount, the nature of the relationship and other information needed to understand the transaction. Transactions with wholly owned group members do not need to be disclosed. Section 1A also *encourages* small companies to give the fuller related party disclosures in FRS 102 Section 33, so many accountants disclose material transactions even where they were on normal terms – as the demo company does.

When you need the note

- A director's loan account – money owed by or to a director, especially interest free – is the most common reason. An interest-free loan is not on normal market terms.
- Rent paid to a director for premises they own, or sales and purchases with a company a director controls.
- Management charges or loans between companies under common control.

A loan the company has made *to* a director is also disclosed in the *loans to directors note*, which Companies Act 2006 s413 requires. Many accountants give both; at a minimum, make sure the loan is covered somewhere.

Where the figures come from

This is a text note. Nothing is pulled from the trial balance; you write the description and amounts yourself, usually from the director's loan account and the nominal ledger for any related company.

The directors' loan warning

When the accounts are checked, Tax Optimiser looks at the “Directors loan accounts” balances in the trial balance (whether the director owes the company or the company owes the director). If there is a balance and neither the related party transactions note nor the loans to directors note is switched on, a warning appears in the validation messages:

“The trial balance has a directors' loan balance of £... but neither the related party transactions note nor the loans to directors note is included. Check whether it needs to be disclosed.”

Switching on either note clears the warning. It is a reminder, not a block on filing — see *Validation and signing*.

Completing the note in Tax Optimiser

1. Open the period, choose **View Accounts**, then **Notes**.
2. Select **Transactions with related parties**, then the **Related party transactions** section, and set **Show this note in the accounts** to Yes.
3. Click **Use Template** and pick the wording that fits, or type your own. If there are several related parties, apply a template, then add further sentences by typing them below (applying a second template replaces the text).
4. Click **Save changes**.

Transactions with related parties

Use Template

? Learn more about this note

Related party transactions

Show this note in the accounts

YesNo

During the year the company traded with a company in which Sam Patel, a director, has a controlling interest. Transactions totalled £6,000 and were made on normal commercial terms.

Wording templates

The company name, period end date and a director's name are filled in automatically; you are asked for anything else.

- **Transaction with a director-controlled entity** — trading with a company a director controls. Asks for {{TransactionValue}}.
- **Transaction with a related party** — any related party, with the reason they are related. Asks for {{RelatedPartyName}}, {{Relationship}}, {{TransactionValue}} and {{BalanceOutstanding}}.
- **Loan from a director (interest-free)** — money the company owes a director, with the prior year balance. Asks for {{BalanceOutstanding}} and {{PriorBalanceOutstanding}}.

- **None requiring disclosure** — a statement that there were no related party transactions requiring disclosure.

The general template ends “Transactions were carried out on an arm's length basis.” Delete that sentence if it is not true — a transaction that was not on normal terms is exactly what the note needs to make clear.

How it appears in the accounts

The note prints under the heading “Transactions with related parties” as plain text.

22 Transactions with related parties

During the year the company traded with a company in which Sam Patel, a director, has a controlling interest. Transactions totalled £6,000 and were made on normal commercial terms.

Frequently asked questions

Do small companies have to disclose related party transactions?

Yes, if they are material and were not concluded under normal market conditions (FRS 102 paragraph 1AC.35). Fuller disclosure is encouraged but not required.

Is a director's loan a related party transaction?

Usually, yes. A director is a related party, and an interest-free loan is not on normal market terms. A loan to a director must also be shown in the loans to directors note.

Why am I getting a warning about a directors' loan balance?

The trial balance has a balance on a directors loan account, but neither this note nor the loans to directors note is switched on. Switch on the note that applies, or check the balance is right.

Do I need to name the related party?

Give enough for a reader to understand the relationship. Naming the director involved, as the templates do, is normal practice.

Are dividends paid to directors a related party transaction?

Dividends paid to shareholders in proportion to their shares are distributions shown in the dividends note, and are not usually described here.

Controlling party note (FRS 102 Section 1A)

Say who controls the company – an individual, a parent company or nobody – using one of three templates.

IN SHORT

- Names who controls the company: an individual, a parent company, or no single party.
- Parent company details should be given where the company is a subsidiary; naming an individual controller is encouraged.
- A single text section with three templates.
- Keep it consistent with the share capital and related party notes.

This short note answers a simple question for anyone reading the accounts: who is in control? For most owner-managed companies the answer is the majority shareholder.

What this note shows

The note identifies the party that controls the company – normally whoever holds more than half the voting shares, directly or through another company.

- **Owned by a parent company:** small company accounts should give the name of the parent undertaking (and where it is registered). If the parent prepares group accounts, give the parent's name and where copies of those accounts can be obtained.
- **Controlled by an individual:** naming the ultimate controlling party is one of the related party disclosures that FRS 102 Section 1A *encourages* small companies to give rather than requires. Most accountants include it because it explains the related party note.
- **No one has control:** for example two unconnected 50% shareholders. You can say there is no single controlling party.

The note is not available in FRS 105 micro-entity accounts.

Where the information comes from

Nothing is taken from the trial balance. Use the company's register of members or the persons with significant control (PSC) register at Companies House. The percentage you state should agree with the shares shown in the *share capital note*.

Completing the note in Tax Optimiser

1. Open the period, choose **View Accounts**, then **Notes**.
2. Select **Controlling party** and set **Show this note in the accounts** to Yes.
3. Click **Use Template**, choose the wording and fill in the values you are asked for, or type your own text.
4. Click **Save changes**.

Controlling party

? Learn more about this note

Show this note in the accounts

Yes

No

The company is controlled by Alex Morgan, who owns 75% of the issued share capital.

Wording templates

- **Controlled by an individual** — names the controlling shareholder and their percentage. The director's name is filled in automatically (change it if the controlling shareholder is someone else); asks for {{Shareholding}}.
- **Controlled by a parent company** — names the immediate and ultimate parent undertaking. Asks for {{ParentName}} and {{Country}}. If the immediate and ultimate parents are different companies, edit the sentence to name both.
- **No single controlling party** — states that, in the directors' opinion, there is no single ultimate controlling party.

How it appears in the accounts

The note prints as one paragraph under the heading “Controlling party”.

23 Controlling party

The company is controlled by Alex Morgan, who owns 75% of the issued share capital.

Frequently asked questions

Do small companies have to disclose their ultimate controlling party?

Naming an ultimate controlling individual is encouraged rather than required under FRS 102 Section 1A. Details of a parent company should be given where the company is a subsidiary.

Who is the controlling party if two directors each own 50%?

Neither has control on their own, so use the “No single controlling party” template, unless they act together under an agreement.

Is the controlling party the same as a person with significant control (PSC)?

Not always. A PSC can hold as little as 25%; control for accounts purposes normally means more than 50% of the votes. A 75% shareholder, as in the demo, is both.

What if the company is owned by a holding company that is owned by an individual?

Name the parent company, and you can add a sentence naming the individual who controls the parent as the ultimate controlling party.

Average number of employees note

How the average number of employees is disclosed in FRS 105 and FRS 102 Section 1A accounts, and where Tax Optimiser gets the figure.

IN SHORT

- Required in all statutory accounts, FRS 105 and FRS 102 Section 1A alike.
- The count includes directors, even unpaid ones with no other staff.
- The current-year figure is the period's Number of Employees; editing it in the note updates the period.
- The prior-year figure (FRS 102 1A with comparatives) is typed into the note.
- A 0 count triggers a warning unless you tick the "don't warn" box.

Every set of statutory accounts must say how many people the company employed on average during the year. It is one of the few notes common to both micro-entity and small company accounts, and the only note Tax Optimiser switches on automatically.

What this note shows

The note gives the average number of persons employed by the company during the financial year. The Companies Act 2006 (s411) requires it, and it applies to micro-entities as well as small companies. In FRS 105 accounts it is one of the four notes under the balance sheet. In FRS 102 Section 1A accounts it sits in the main notes section, with the prior-year figure alongside.

The count **includes directors** who are employed by the company or hold office under a contract, and the printed wording says "including directors". A company whose only worker is its director usually reports 1, not 0.

"Average" generally means the monthly average: add up the number of people employed in each month and divide by the number of months. Count people, not full-time equivalents. Part-time staff each count as one.

Where the figures come from

- **Current year:** the period's **Number of Employees**, which you set when you created the period or later in the period settings. The note shows it as **Current Year Average Employees**. If you change it in the note and save, the period's figure is updated too. It is the same value either way.
- **Prior year** (FRS 102 Section 1A, where the period has comparatives that are not excluded): typed into **Prior Year Average Employees** in the note. It is not copied from last year's period automatically, so enter the figure shown in last year's accounts.

The figure is not taken from the trial balance or payroll. Check it against your payroll records.

Completing the note in Tax Optimiser

Go to **View Accounts > Notes** and select **Average Employees** under "Average number of employees". **Show this note in the accounts** is already set to Yes. Leave it on, because the note is required.

In FRS 102 Section 1A accounts with comparatives you see both years. The demo company employed 6 people this year and 5 last year:

Average number of employees Learn more about this note

Average Employees

Show this note in the accounts Yes No

Current Year Average Employees

Prior Year Average Employees

Don't warn me when the employee count is 0 i ☐

In FRS 105 accounts, and in any period without comparatives, there is only the current-year box:

Average number of employees Learn more about this note

Average Employees

Show this note in the accounts Yes No

Current Year Average Employees

Don't warn me when the employee count is 0 i ☐

Zero employees. If the count is 0, the accounts show a warning asking you to check the employee count. If 0 is genuinely right (for example, a dormant or holding company whose directors have no service contracts and are not paid), tick **Don't warn me when the employee count is 0** to clear it. Think twice before using 0 when a director runs the business, because directors count.

There are no wording templates. The sentence is generated for you. Click **Save changes** to update the accounts.

How it appears in the accounts

The note prints as a single sentence. In FRS 102 Section 1A accounts with comparatives, the prior year follows in brackets:

24 Average number of employees

The average number of persons employed, including directors, during the year was 6 (2025: 5).

In FRS 105 accounts it appears beneath the balance sheet with the current year only:

3 Average number of employees

The average number of persons employed, including directors, during the year was 5.

The note number depends on which other notes are switched on.

Frequently asked questions

Do directors count in the average number of employees?

Yes, where they are employed by the company or have a service contract. The printed note says "including directors". A one-person company run by its director normally reports 1.

Can the average number of employees be 0?

Yes, if nobody, including the directors, was employed, as with some dormant or holding companies. Tick **Don't warn me when the employee count is 0** to clear the validation warning.

How do I calculate the average number of employees?

Add the number of people employed in each month of the year and divide by the number of months. Count part-time staff as one each, not as full-time equivalents.

Do micro-entity accounts need the employee number?

Yes. The average number of employees is one of the notes micro-entities must give, printed beneath the balance sheet.

Why is last year's figure blank?

The prior-year figure is typed into the note and is not copied over automatically. Enter the number from last year's accounts in **Prior Year Average Employees**.

Events after the reporting date note (FRS 102 Section 1A)

Disclose significant things that happened after the year end but before the accounts were approved, such as a dividend declared after the year end.

IN SHORT

- Covers events between the year end and the date the accounts are approved.
- Adjusting events change the figures; material non-adjusting events are disclosed here instead.
- State the nature of the event and an estimate of its financial effect.
- Templates: dividend declared after year end, material post year-end event, and no post balance sheet events.

Accounts are usually approved months after the year end, and things happen in between. This note tells readers about significant events in that gap that are not reflected in the figures.

What this note shows

FRS 102 sorts events after the reporting date into two kinds:

- **Adjusting events** tell you more about a situation that already existed at the year end — for example a customer who owed money at the year end goes into liquidation. These are put through the accounts (here, by writing off the debt), so they do not normally need a note.
- **Non-adjusting events** reflect something new that happened after the year end — a dividend declared, a property bought or sold, a major loss from a fire, new borrowing. The figures are not changed, but if the event is material the notes should describe it and estimate its financial effect.

The Small Companies and Groups (Accounts and Directors' Report) Regulations 2008 (SI 2008/409) Schedule 1 requires small companies to disclose the nature and financial effect of material events arising after the balance sheet date that are not reflected in the accounts. If nothing significant has happened, you can leave the note switched off or use the "No post balance sheet events" template.

This note is part of the FRS 102 Section 1A notes; it is not one of the four notes available in FRS 105 micro-entity accounts.

Where the information comes from

This is a text note; nothing is taken from the trial balance. Ask the directors about anything significant since the year end: board minutes, dividend vouchers, new loan agreements, asset sales or purchases, and anything affecting whether the business can continue. Do this as close as possible to the date the accounts are approved.

A dividend declared after the year end is not a liability at the balance sheet date, so it must not be in the trial balance for this period. It is disclosed here instead, and booked in the following period.

Completing the note in Tax Optimiser

1. Open the period, choose **View Accounts**, then **Notes**.
2. Select **Events after the reporting date** and set **Show this note in the accounts** to Yes.

3. Click **Use Template** and choose the wording, or type your own description. For more than one event, apply a template and type the further events below it.
4. Click **Save changes**.

Events after the reporting date

Use Template

Events after the reporting date

Learn more about this note

Show this note in the accounts

YesNo

After the reporting date the directors declared a dividend of £20,000. This has not been recognised as a liability in these financial statements.

Wording templates

- **Dividend declared after year end** — a dividend declared after the reporting date and not recognised as a liability. Asks for {{DividendAmount}}.
- **Material post year-end event** — any other significant event with its estimated financial effect. Asks for {{EventDescription}} (written to follow “After the reporting date”, for example “the company purchased new premises for £250,000”) and {{FinancialEffect}}.
- **No post balance sheet events** — a statement that there have been no significant events since the end of the reporting period.

How it appears in the accounts

The note prints as text under the heading “Events after the reporting date”.

25 Events after the reporting date

After the reporting date the directors declared a dividend of £20,000. This has not been recognised as a liability in these financial statements.

Frequently asked questions

What is the difference between an adjusting and a non-adjusting event?

An adjusting event gives more evidence about conditions at the year end and is put through the figures. A non-adjusting event reflects new conditions after the year end; the figures are not changed, but material ones are disclosed in this note.

Should a dividend declared after the year end be in the accounts?

Not as a liability. It was not owed at the balance sheet date. Disclose it in this note and record it in the next period.

Up to what date do post balance sheet events count?

Up to the date the directors approve the accounts for issue, which is the date the balance sheet is signed.

Do I need this note if nothing has happened?

No. You can leave it switched off, or include the “No post balance sheet events” wording if you prefer to say so.

Fixed asset investments note (FRS 102 Section 1A)

The movement in long-term investments such as shares in a subsidiary, taken from your trial balance, plus the details small companies give about subsidiaries.

IN SHORT

- Shows cost or valuation b/f, additions, adjustments (revaluations), disposals and the closing balance.
- Figures come from the trial balance accounts Investment costs b/f, additions, revaluations and disposals; typing in the editor does not change them.
- The closing balance should agree to Investments under fixed assets on the balance sheet.
- Use the Subsidiary undertaking template for subsidiaries, and the small group exemption policy if group accounts are not prepared.

Fixed asset investments are investments the company intends to hold for the long term — most often shares in a subsidiary company, but also other shareholdings or long-term loans. This note explains how the balance sheet figure moved during the year.

What this note shows

Small companies are required by SI 2008/409 Schedule 1 to show the movements on each fixed asset heading. For investments the note shows:

Printed line	Meaning
Cost or valuation at [start date]	The balance at the end of the previous year (the day before this period starts).
Additions	Investments bought in the year.
Adjustments	Revaluation gains or losses, for investments carried at fair value.
Disposals	The cost or carrying value of investments sold, shown as a reduction.
At [end date]	The closing balance, which should equal Investments under fixed assets on the balance sheet.

The table covers the current year only; there is no comparative column.

Where the company holds a subsidiary (or another significant shareholding), SI 2008/409 Schedule 2 also asks for the undertaking's name, country of incorporation, registered office, the class and proportion of shares held, and its aggregate capital and reserves and profit or loss for the year. These go in the additional note using the **Subsidiary undertaking** template.

This note is not available in FRS 105 micro-entity accounts, which show investments as a single figure.

Where the figures come from

Every figure in the table comes from your trial balance:

Trial balance account	Editor row	Printed line
Investment costs b/f	Brought forward	Cost or valuation at [start date]
Investment additions	Additions	Additions
Investment revaluations	Revaluation	Adjustments
Investment disposals	Disposals	Disposals

The closing balance is the sum of the four. Disposals should be a credit in the trial balance, so they reduce the total. If you have posted an investment to any other account in the investments group, the note will not pick it up and the closing balance will not agree to the balance sheet; move it to one of the four accounts above. See *Importing a trial balance*.

Completing the note in Tax Optimiser

1. Open the period, choose **View Accounts**, then **Notes**.
2. Select **Investments** and set **Show this note in the accounts** to Yes.
3. Check the Brought forward, Additions, Revaluation and Disposals figures and the Balance against your records.
4. Select **Additional note for investments**, switch it on and use **Use Template** to describe any subsidiary.
5. Click **Save changes**.

Investments
Learn more about this note

Investments

Show this note in the accounts
Yes No

Brought forward	50000.00
Additions	10000.00
Revaluation	0.00
Disposals	0.00
Balance	60000.00

The editor shows input boxes, but the figures always come from your trial balance; typing in them does not change the accounts. To change them, correct the trial balance.

Wording templates

- **Subsidiary undertaking** (in Additional note for investments) – the Schedule 2 details of a subsidiary. The period end date is filled in automatically; asks for {{Percentage}}, {{ShareClass}}, {{SubsidiaryName}}, {{Country}}, {{RegisteredOffice}}, {{CapitalAndReserves}} and {{ProfitOrLoss}}. Apply it once and type further subsidiaries below.

Group accounts and the small group exemption

A parent of a small group does not have to prepare consolidated (group) accounts. If it takes that exemption, say so in the accounting policies using the **Small group exemption** template under *Exclusion of prepared consolidated financial statements*. The *Fixed asset investments policy* explains how investments are measured, for example subsidiaries at cost less impairment.

How it appears in the accounts

The note prints the movement table followed by the subsidiary details.

26 Investments

	£
Cost or valuation at 31 March 2025	50,000
Additions	10,000
Adjustments	-
Disposals	-
At 31 March 2026	<u>60,000</u>

The company holds 100% of the ordinary shares of Example Notes Services Ltd, which is incorporated in England and Wales and whose registered office is 1 Example Street, London, EC1A 1AA. At 31 March 2026 its aggregate capital and reserves were £64,000 and its profit/(loss) for the year was £8,000.

Frequently asked questions

Why can't I change the figures in the Investments note?

They are read from the trial balance each time the accounts are built. Change the Investment costs b/f, additions, revaluations or disposals accounts in the trial balance and the note updates.

What do small companies have to disclose about a subsidiary?

Its name, country of incorporation, registered office, the class and percentage of shares held, and its capital and reserves and profit or loss for the year. The Subsidiary undertaking template covers all of these.

Does a small company with a subsidiary have to prepare group accounts?

No, a small group can take the exemption from preparing group accounts. State it in the accounting policies with the Small group exemption template.

Why is the revaluation shown as "Adjustments"?

The printed note uses the label "Adjustments" for the Investment revaluations account. If the figure is a fair value movement, you can explain it in the additional note.

Inventories note (FRS 102 Section 1A)

How the stock figure on your balance sheet is split into raw materials, work in progress and finished goods, straight from the trial balance.

IN SHORT

- Splits stock into raw materials, work in progress and finished goods, with the prior year alongside.
- Raw Materials and Work in progress accounts fill their rows; everything else in the stock group is finished goods.
- The total always equals the balance sheet stock figure; change the trial balance to change it.
- Use the additional note to state the cost of inventories expensed.

Inventories (stock) are goods held for sale, goods being made, and materials used to make them. This note breaks down the stock figure on the balance sheet so readers can see what it is made up of.

What this note shows

The note splits the balance sheet stock figure into:

- **Raw materials and consumables** — materials not yet used in production.
- **Work in progress** — partly completed goods or services.
- **Finished goods and goods for resale** — completed products and bought-in goods ready to sell.

These are the sub-headings for stocks in the balance sheet formats in SI 2008/409 Schedule 1. Small companies may show stock as a single figure on the balance sheet, so the analysis here is optional; include it when it helps the reader, for example for a manufacturer. Rows that are nil in both years are left out. FRS 105 micro-entity accounts have no inventories note.

The way stock is valued — normally the lower of cost and estimated selling price less costs to complete and sell — belongs in the *Inventories accounting policy*.

Where the figures come from

All figures, for the current year and the comparative year, come from the trial balance accounts in the stock group:

Trial balance account	Row in the note
Raw Materials	Raw materials and consumables
Work in progress	Work in progress
Stock, and any other account in the stock group	Finished goods and goods for resale

Finished goods is worked out as the stock total less raw materials and work in progress. This means the note total always equals stock on the balance sheet, and no account in the stock group can drop out of the note. If your bookkeeping holds all stock in one account, the whole amount shows as finished goods; to split it, post the raw materials and work in progress elements to those accounts in the trial balance.

Completing the note in Tax Optimiser

- 1. Open the period, choose **View Accounts**, then **Notes**.
- 2. Select **Inventories** and set **Show this note in the accounts** to Yes.
- 3. Check the Current year and Last year figures and the totals.
- 4. If you want to state the cost of stock expensed, select **Additional note for inventories**, switch it on and use **Use Template**.
- 5. Click **Save changes**.

Inventories

Learn more about this note

Show this note in the accounts

YesNo

	CURRENT YEAR	LAST YEAR
Raw materials	8000.00	7000.00
Work in progress	4500.00	3000.00
Finished goods	14000.00	12000.00
Total	26500.00	22000.00

The editor shows input boxes, but the figures always come from your trial balance; typing in them does not change the accounts. To change them, correct the trial balance.

Wording templates

- **Inventories recognised as an expense** (in Additional note for inventories) – the cost of stock charged to the profit and loss account in the year, usually your cost of sales for goods. Asks for {{Amount}}.

How it appears in the accounts

The note prints the three rows with the current year in the first column and the comparative year in the second, followed by any additional note.

27 Inventories		
	£	£
Raw materials and consumables	8,000	7,000
Work in progress	4,500	3,000
Finished goods and goods for resale	14,000	12,000
	26,500	22,000
The amount of inventories recognised as an expense during the year was £255,500.		

Frequently asked questions

Why is all my stock shown as finished goods?

Only the Raw Materials and Work in progress accounts fill their own rows. Everything else in the stock group is treated as finished goods. Post the relevant amounts to Raw Materials or Work in progress in the trial balance to split it.

Can I type different figures into the inventories note?

No. The figures come from the trial balance so the note always agrees to the balance sheet. Correct the trial balance instead.

Is the inventories note compulsory for a small company?

The analysis is optional for small companies, which can show stock as one figure. Include it if it helps readers understand the business.

What is “inventories recognised as an expense”?

The cost of the stock sold or used up during the year and charged in the profit and loss account. It is optional; use the template if you want to include it.

Free text notes: adding your own note

How to add a note with your own heading and wording to FRS 105 or FRS 102 Section 1A accounts.

IN SHORT

- Use Free Text for a disclosure that has no dedicated note.
- FRS 102 Section 1A has four Free Text slots; FRS 105 has one.
- The Title prints as the note heading, so replace the default "Free Text Title".
- The body prints as plain text; there are no templates.
- Check first whether a standard note already covers the disclosure.

The standard list covers most disclosures, but not every situation. The Free Text note lets you add a note with a heading and wording of your choice, for example to explain that comparative figures have been reclassified.

What this note shows

Whatever you write. Common uses include:

- Comparative figures reclassified or restated.
- Prior period adjustments, explained in words.
- Information about the company's parent or group not covered by the Controlling party note.
- A matter the directors want to draw to readers' attention.

Before you use a Free Text slot, check whether a dedicated note already exists. There are standard notes for events after the reporting date, related parties, off-balance sheet arrangements, commitments and more (see *the full list*). A dedicated note puts the disclosure in the expected place with the right tagging in the electronic (iXBRL) accounts.

FRS 102 Section 1A periods have four Free Text slots, so you can add up to four custom notes. **FRS 105** periods have one, the fourth micro-entity note, printed beneath the balance sheet with the others.

Where the content comes from

Everything is typed in. Nothing is read from the trial balance, and there are no wording templates. If you quote figures, check they agree to the balance sheet and other notes.

Completing the note in Tax Optimiser

1. Go to **View Accounts > Notes** and select a **Free Text** section. Type "free" in **Search notes...** to find them quickly.
2. In **Title**, replace "Free Text Title" with the heading you want printed, for example "Comparative figures". If you leave the default, "Free Text Title" will print as the heading.
3. Type the note in **Body**.
4. Set **Show this note in the accounts** to Yes.
5. Click **Save changes**.

Here is the demo company’s slot, with the heading *Comparative figures* and its wording. Once a slot has a heading, the Notes list shows it under that heading rather than “Free Text”:

Comparative figures

Learn more about this note

Free Text

Show this note in the accounts

YesNo

Title

Comparative figures

Body

Certain comparative figures have been reclassified to conform with the presentation adopted in the current year. The reclassification has no effect on the profit for the year or on net assets.

An unused slot is switched off and keeps the default title *Free Text Title*, as in the FRS 105 period below. Change the title before switching a slot on, or that default prints as the heading.

Free Text

Learn more about this note

Free Text

Show this note in the accounts

YesNo

Title

Free Text Title

Body

The body prints as plain text, so keep it to short paragraphs. Formatting such as bold or tables is not carried through.

How it appears in the accounts

Your title becomes the note heading and the body prints beneath it. Free Text notes print in their place in the list (after Inventories and before Off-balance sheet arrangements) and are numbered with the rest. In the demo company a Free Text note headed "Comparative figures" prints as note 28:

28 Comparative figures

Certain comparative figures have been reclassified to conform with the presentation adopted in the current year. The reclassification has no effect on the profit for the year or on net assets.

In FRS 105 accounts, a Free Text note switched on prints beneath the balance sheet after the Average number of employees note.

Frequently asked questions

How do I add an extra note to my company accounts?

Use a Free Text slot: go to View Accounts > Notes, select Free Text, enter a title and body, set **Show this note in the accounts** to Yes and save.

Why does my note say "Free Text Title"?

That is the default title. Replace it in the **Title** box with your own heading and save.

How many custom notes can I add?

Four in FRS 102 Section 1A accounts and one in FRS 105 micro-entity accounts. If you need more, combine related points under one heading.

Can micro-entity accounts include extra notes?

Yes. FRS 105 accounts have one Free Text slot, which prints beneath the balance sheet with the other micro-entity notes.

Off-balance sheet arrangements note (FRS 102 Section 1A)

Disclose material arrangements that are not on the balance sheet but expose the company to risks or benefits.

IN SHORT

- Covers material arrangements not on the balance sheet that expose the company to risks or benefits.
- Companies Act 2006 s410A: give the nature and business purpose; small companies need not state the financial impact.
- Two templates: arrangement in place, and no off-balance sheet arrangements.
- Operating leases and guarantees have their own notes.

Not every risk a company carries shows on its balance sheet. This note tells readers about material arrangements the balance sheet does not capture.

What this note shows

An off-balance sheet arrangement is a transaction or agreement that is not reflected on the balance sheet but that exposes the company to significant risks or benefits. Examples include assets held by a separate entity that the company uses or guarantees, debt factoring with recourse, or a commitment to a special purpose vehicle.

Companies Act 2006 s410A requires the notes to disclose the nature and business purpose of such an arrangement where the risks or benefits are material and disclosure is needed to assess the company's financial position. Companies subject to the small companies regime do not have to state the financial impact of the arrangement, although you can.

Some things look like off-balance sheet arrangements but have their own notes: *operating lease commitments*, *capital commitments*, *contingent liabilities* and *guarantees on behalf of directors*. Use those notes for those items.

Most small companies have no off-balance sheet arrangements. You can leave the note switched off, or use the "No off-balance sheet arrangements" template if you prefer to say so. The note is not available in FRS 105 micro-entity accounts.

Where the information comes from

This is a text note; nothing is taken from the trial balance. Ask the directors about agreements involving other entities, factoring or sale-and-leaseback arrangements, and any commitment the company has that is not recorded as an asset or liability.

Completing the note in Tax Optimiser

1. Open the period, choose **View Accounts**, then **Notes**.

2. Select **Off-balance sheet arrangements** and set **Show this note in the accounts** to Yes.
3. Click **Use Template** and choose the wording, or type your own description.
4. Click **Save changes**.

Off-balance sheet arrangements

Use Template

Off-balance sheet arrangements Learn more about this note

Show this note in the accounts

Yes No

The company had no off-balance sheet arrangements at 31 March 2026.

Wording templates

- **Arrangement in place** – describes an arrangement, its business purpose and its financial impact. Asks for {{ArrangementDescription}}, {{BusinessPurpose}} and {{FinancialImpact}}. A small company can delete the financial impact sentence if it chooses not to give it.
- **No off-balance sheet arrangements** – a nil statement. The period end date is filled in automatically.

How it appears in the accounts

The note prints as text under the heading “Off-balance sheet arrangements”.

29 Off-balance sheet arrangements

The company had no off-balance sheet arrangements at 31 March 2026.

Frequently asked questions

What is an off-balance sheet arrangement?

An agreement or transaction not recorded on the balance sheet that still exposes the company to material risks or benefits, such as factoring debts with recourse or using assets held by a separate entity.

Do small companies have to disclose off-balance sheet arrangements?

Yes, if they are material: Companies Act 2006 s410A requires their nature and business purpose. Small companies do not have to give the financial impact.

Are operating leases off-balance sheet arrangements?

Operating lease commitments have their own note, so disclose them there rather than here.

Do I need to say there are none?

No. If there are none, you can leave the note out. Some accountants include a nil statement for completeness.

Other financial commitments note (FRS 102 Section 1A)

Disclose commitments and security not shown on the balance sheet that are not covered by the capital, lease or pension commitment notes.

IN SHORT

- For commitments not provided for in the accounts that don't fit the capital, operating lease or pension commitment notes.
- Often used to describe a fixed and floating charge securing bank borrowing.
- Text note with three templates.
- The FRS 105 equivalent is part of the guarantees and other financial commitments note.

Some obligations sit outside the balance sheet: contracts the company has signed but not yet performed, and security it has given over its assets. This note covers the ones that do not have a note of their own.

What this note shows

SI 2008/409 Schedule 1 requires small companies to disclose the total amount of any financial commitments, guarantees and contingencies that are not included in the balance sheet, with an indication of the nature and form of any security given. Tax Optimiser has separate notes for the most common kinds:

- *Capital commitments* – contracted spending on fixed assets.
- *Operating lease commitments* – future lease payments.
- *Pension commitments*.
- *Contingent liabilities* – possible obligations that depend on a future event.

Use this note for anything else, for example long-term purchase contracts, or to describe security over the company's assets. A bank's fixed and floating charge over the assets is a common example; it can go here or alongside the bank loan in the creditors notes.

If the company has no other commitments, leave the note off or use the nil template. In FRS 105 micro-entity accounts, commitments are disclosed in a single note – see *Guarantees and other financial commitments (FRS 105)*.

Where the information comes from

This is a text note; nothing is taken from the trial balance. Look at signed contracts, loan and facility agreements, and the charges registered against the company at Companies House.

Completing the note in Tax Optimiser

1. Open the period, choose **View Accounts**, then **Notes**.
2. Select **Other financial commitments** and set **Show this note in the accounts** to Yes.
3. Click **Use Template** and choose the wording, or type your own. To cover both a charge and other commitments, apply one template and type the other sentence below.
4. Click **Save changes**.

Other financial commitments[? Learn more about this note](#)

Show this note in the accounts

Yes

No

The company's bank borrowings are secured by a fixed and floating charge over the assets of the company.

Wording templates

- **Charge over assets** — bank borrowings secured by a fixed and floating charge over the company's assets. No placeholders.
- **Other commitments** — the total of other financial commitments not provided for. The period end date is filled in automatically; asks for {{CommitmentAmount}}. Add a few words on what the commitments are.
- **No other financial commitments** — a nil statement at the period end date.

How it appears in the accounts

The note prints as text under the heading “Other financial commitments”.

30 Other financial commitments

The company's bank borrowings are secured by a fixed and floating charge over the assets of the company.

Frequently asked questions

What counts as an “other financial commitment”?

A binding obligation not recorded on the balance sheet that isn't a capital commitment, operating lease, pension commitment or contingent liability — for example a long-term supply contract.

Where do I disclose a bank's fixed and floating charge?

Either here, using the Charge over assets template, or alongside the secured loan in the creditors notes. Disclosing it once is enough.

Should operating lease commitments go in this note?

No. Use the operating lease commitments note, which shows the amounts by when they fall due.

Do micro-entities disclose other financial commitments?

Yes, in the guarantees and other financial commitments note under the balance sheet in FRS 105 accounts.

Advances, credits and guarantees to directors note (FRS 105)

How to disclose loans to directors and guarantees given on their behalf in micro-entity accounts.

IN SHORT

- Required by Companies Act 2006 s413 whenever the company lent to, or gave a guarantee for, a director.
- Two sections: advances and credits to directors, and Guarantees and their terms. Each has its own on/off switch.
- Give the amount, the interest rate, the main terms and what was repaid, written off or waived.
- A director personally guaranteeing the company's bank loan is not a guarantee by the company on behalf of a director.
- An overdrawn director's loan account may also have a tax charge under s455; check the CT600A.

If a company lends money to a director, gives a director credit, or guarantees a director's personal borrowing, the accounts must say so, even for the smallest micro-entity. In FRS 105 accounts in Tax Optimiser this is note 1, "Advances and credit, including terms and interest rates".

What this note shows

Section 413 of the Companies Act 2006 requires the notes to disclose:

- **Advances and credits to directors:** the amount, an indication of the interest rate, the main conditions, and any amounts repaid, written off or waived.
- **Guarantees entered into on behalf of directors:** the main terms, the maximum amount the company could have to pay, and any amount it has actually paid.

The disclosure covers anyone who was a director at any time during the year. It is required in micro-entity accounts too, where it is one of the few notes printed under the balance sheet. If the company made no advances and gave no guarantees, leave both sections switched off.

A common confusion: a director *personally* guaranteeing the *company's* bank loan is the opposite arrangement. The director is supporting the company, not the company supporting the director, so it is not a s413 disclosure. You can mention it voluntarily, usually in the *Guarantees and other financial commitments* note, but it does not belong in "Guarantees and their terms".

Where the figures come from

Both sections are text you write. Nothing is pulled from the trial balance. Take the figures from the director's loan account in your records: the balance brought forward, amounts advanced in the year, amounts repaid, and the balance at the year end. In the trial balance the year-end balance owed by a director usually sits in a director's loan account within debtors. Check that the amount outstanding in your wording agrees to it.

If the director owes the company money at the year end, there may also be a corporation tax charge under s455. See *CT600A loans to participators*.

Completing the note in Tax Optimiser

Go to **View Accounts > Notes**. Under "Advances and credit, including terms and interest rates" there are two sections:

- 1. **Advances Credits To Directors Including Terms Interest Rates:** loans and credit to directors.
- 2. **Guarantees and their terms:** guarantees the company has given for a director’s obligations.

For each section, set **Show this note in the accounts** to Yes, then type the wording or click **Use Template**. In the demo company, Alex Morgan was advanced £3,000, interest free, which was still outstanding at 31 March 2025:

Advances and credit, including terms and interest rates

Use Template

Advances Credits To Directors Including Terms Interest Rates

Learn more about this note

Show this note in the accounts

YesNo

During the year the company advanced £3,000 to Alex Morgan, a director of the company. The advance is interest free and repayable on demand. The balance outstanding at 31 March 2025 was £3,000.

The guarantee section records a guarantee of Sam Patel’s personal overdraft:

Advances and credit, including terms and interest rates

Use Template

Guarantees and their terms

Learn more about this note

Show this note in the accounts

YesNo

The company has provided a guarantee of £10,000 in respect of the personal obligations of Sam Patel, a director of the company. The terms of the guarantee are: a guarantee of the director's personal overdraft, callable only if it is not repaid on demand.

Click **Save changes** to update the accounts.

Wording templates

{{DirectorName}} is filled in automatically when the company has one current director, and chosen from a list when it has more. {{EndDate}} becomes the period end date. You are asked for the other values. Type amounts without the £ sign.

Advances and credits section

- **Interest-free loan, outstanding at year end:** an interest-free loan repayable on demand with a balance at the year end. Asks for {{LoanAmount}} and {{AmountOutstanding}}.
- **Interest-free loan, repaid in year:** an interest-free loan repaid in full before the year end. Asks for {{LoanAmount}}.
- **Interest-bearing loan:** a loan on which interest is charged. Asks for {{LoanAmount}}, {{InterestRate}}, {{InterestCharged}} and {{AmountOutstanding}}.
- **Loan from director:** money the company owes to a director. Asks for {{AmountOwed}}. This is not an advance to a director and is not a s413 disclosure; use it only if you want to mention the balance voluntarily.

Guarantees and their terms section

- **Guarantee on behalf of a director:** the company has guaranteed a director's personal obligation. Asks for {{GuaranteeAmount}} and {{GuaranteeTerms}}. This is the s413 wording.
- **Personal guarantee by director:** a director has guaranteed the company's bank borrowings. Asks for {{GuaranteeAmount}}. As explained above, this is not a s413 guarantee. If you want to include it, it fits better in the Other financial commitments section of the *Guarantees and other financial commitments* note.

The templates describe a single loan. If there were several advances, more than one director, or amounts written off or waived, edit the wording to cover each one. For example: "Amounts of £2,000 owed by Alex Morgan were waived during the year."

How it appears in the accounts

The note prints beneath the balance sheet under "NOTES TO THE ACCOUNTS", headed "Advances and credit, including terms and interest rates". The two sections print one after the other under that heading. A section switched to No is left out.

1 Advances and credit, including terms and interest rates

During the year the company advanced £3,000 to Alex Morgan, a director of the company. The advance is interest free and repayable on demand. The balance outstanding at 31 March 2025 was £3,000.

The company has provided a guarantee of £10,000 in respect of the personal obligations of Sam Patel, a director of the company. The terms of the guarantee are: a guarantee of the director's personal overdraft, callable only if it is not repaid on demand.

Frequently asked questions

Do micro-entity accounts have to disclose directors' loans?

Yes. Section 413 of the Companies Act 2006 applies to micro-entities. Advances and credits to directors, and guarantees given on their behalf, must be disclosed in a note beneath the balance sheet.

What if the director repaid the loan before the year end?

It still needs disclosing, because the advance was made during the year. Use the **Interest-free loan, repaid in year** template, or adapt the interest-bearing one.

Is a director's personal guarantee of the company's bank loan a s413 guarantee?

No. Section 413 covers guarantees the company gives on behalf of a director. A director guaranteeing the company's debts can be mentioned voluntarily, but not as a s413 disclosure.

Does the company owing money to a director need to go in this note?

No. This note covers money the company has advanced to directors. A loan from a director is not an advance or credit to them.

Is there tax to pay on an overdrawn director's loan account?

Possibly. A loan still outstanding nine months after the year end can trigger a s455 charge on the company. See *CT600A loans to participators*.

Guarantees and other financial commitments note (FRS 105)

How to disclose capital commitments, other financial commitments and contingent liabilities in micro-entity accounts.

IN SHORT

- Discloses commitments, guarantees and contingencies not recognised on the balance sheet.
- Three sections: Capital commitments, Other financial commitments, Contingent liabilities. Each is switched on separately.
- All three are text you write or build from a template; nothing comes from the trial balance.
- Security given for borrowings (for example a fixed and floating charge) belongs here too.
- Leave the note switched off if the company has no such commitments.

Some obligations do not appear on a balance sheet because they have not happened yet, or might never happen. Examples are a signed order for a new machine, rent due under a lease, or a guarantee the company has given. Micro-entity accounts still have to mention them. In FRS 105 accounts in Tax Optimiser this is note 2, "Guarantees and other financial commitments".

What this note shows

The Small Companies and Groups (Accounts and Directors' Report) Regulations 2008 (SI 2008/409), Schedule 1, as applied to micro-entities, require the notes to give the total of any financial commitments, guarantees and contingencies not included in the balance sheet, and the nature and form of any security the company has given. Pension commitments and commitments to group or associated undertakings must be shown separately.

Tax Optimiser splits this into three sections:

Section	What goes in it	Example
Capital commitments	Contracts signed for capital spending (fixed assets) not yet in the accounts	A £25,000 machine ordered before the year end, delivered after it
Other financial commitments	Other future obligations: operating lease payments, pension contributions owed, security given over the company's assets	£18,000 a year under a non-cancellable lease
Contingent liabilities	Possible obligations that depend on a future event, including guarantees given for others and legal claims	A customer claim the company is defending

If none of these applies, leave all three sections switched off. Guarantees given on behalf of a *director* go in the *Advances and credit* note instead.

Where the figures come from

All three sections are text. Nothing is taken from the trial balance, because by definition these amounts are not in it. Take the figures from signed contracts, lease agreements, loan and security documents, and correspondence about any claims. Use the position at the balance sheet date.

Completing the note in Tax Optimiser

Go to **View Accounts > Notes** and find "Guarantees and other financial commitments". Select each section you need, set **Show this note in the accounts** to Yes, and type the wording or click **Use Template**. In the demo company only the Other financial commitments section is used, for a lease of £18,000 a year:

Guarantees and other financial commitments

Use Template

Other financial commitments

? Learn more about this note

Show this note in the accounts

YesNo

At 31 March 2025 the company was committed to making payments of £18,000 per annum under non-cancellable operating leases. The leases expire on 31 March 2030.

Click **Save changes** to update the accounts.

Wording templates

{{EndDate}} is filled in with the period end date. You are asked for the other values. Type amounts without the £ sign.

Capital commitments

- **Contracted but not provided:** capital spending contracted for but not in the accounts. Asks for {{CommitmentAmount}}.

Other financial commitments

- **Operating lease commitments:** annual payments under non-cancellable operating leases. Asks for {{AnnualCommitment}} and {{LeaseEndDate}}.
- **Pension commitments:** defined contribution pension contributions outstanding at the year end. Asks for {{OutstandingAmount}}.
- **Charge over assets:** states that bank borrowings are secured by a fixed and floating charge. No values needed.

Contingent liabilities

- **Guarantee given:** a guarantee the company has given to a third party. Asks for {{GuaranteeAmount}} and {{Beneficiary}}.

- **Legal claim:** an outstanding claim not provided for. Asks for {{ClaimDescription}} and {{EstimatedAmount}}.

Each template fills the whole section and replaces what was there. To combine two (for example a lease commitment and a charge over assets), apply one, copy its text, apply the other, then paste the first back in.

How it appears in the accounts

The note prints beneath the balance sheet under "NOTES TO THE ACCOUNTS", headed "Guarantees and other financial commitments". Each section switched on prints as a paragraph, in the order Capital commitments, Other financial commitments, Contingent liabilities.

2 Guarantees and other financial commitments

At 31 March 2025 the company was committed to making payments of £18,000 per annum under non-cancellable operating leases. The leases expire on 31 March 2030.

Frequently asked questions

Do micro-entities have to disclose operating lease commitments?

Micro-entities must disclose the total of financial commitments not on the balance sheet, which includes amounts due under non-cancellable leases. Use the **Operating lease commitments** template in Other financial commitments.

What is a contingent liability?

A possible obligation that depends on an uncertain future event, such as a legal claim or a guarantee that may be called. If the payment is probable and can be measured, it is usually a provision or liability on the balance sheet instead.

Where do I disclose that the bank has a charge over the company's assets?

In the Other financial commitments section. The **Charge over assets** template gives standard wording.

Should a guarantee for a director go in this note?

No. Guarantees given on behalf of directors go in the *Advances and credit* note, under Guarantees and their terms.