

SCHEDULES

SCHEDULE 4

FORM AND CONTENT OF COMPANY ACCOUNTS

PART IV

SPECIAL PROVISIONS WHERE THE COMPANY IS A HOLDING OR SUBSIDIARY COMPANY Company's own accounts

59 Where a company is a holding company or a subsidiary of another body corporate and any item required by Part I of this Schedule to be shown in the company's balance sheet in relation to group companies includes—

- (a) amounts attributable to dealings with or interests in any holding company or fellow subsidiary of the company; or
- (b) amounts attributable to dealings with or interests in any subsidiary of the company ;

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

60 (1) Subject to the following sub-paragraph, where the company is a holding company, the number, description and amount of the shares in and debentures of the company held by its subsidiaries or their nominees shall be disclosed in a note to the company's accounts.

(2) Sub-paragraph (1) does not apply in relation to any shares or debentures—

- (a) in the case of which the subsidiary is concerned as personal representative; or
- (b) in the case of which it is concerned as trustee ;

provided that in the latter case neither the company nor any subsidiary of the company is beneficially interested under the trust, otherwise than by way of security only for the purposes of a transaction entered into by it in the ordinary course of a business which includes the lending of money. Schedule 2 to this Act has effect for the interpretation of the reference in this sub-paragraph to a beneficial interest under a trust.

Consolidated accounts of holding company and subsidiaries

61 Subject to paragraphs 63 and 66, the consolidated balance sheet and profit and loss account shall combine the information contained in the separate balance sheets and profit and loss accounts of the holding company and of the subsidiaries dealt with by the consolidated accounts, but with such adjustments (if any) as the directors of the holding company think necessary.

62 Subject to paragraphs 63 to 66, and to Part V of this Schedule, the consolidated accounts shall, in giving the information required by paragraph 61, comply so far as practicable with the requirements of this Schedule and with the other requirements of this Act as if they were the accounts of an actual company.

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63 The following provisions of this Act, namely—

- (a) section 231 as applying Schedule 5, but only Parts II, III, V and VI of that Schedule, and
- (b) sections 232 to 234 and Schedule 6, so far as relating to accounts other than group accounts,

do not, by virtue of paragraphs 61 and 62, apply for the purposes of the consolidated accounts.

64 Paragraph 62 is without prejudice to any requirement of this Act which applies (otherwise than by virtue of paragraph 61 or 62) to group accounts.

65 (1) Notwithstanding paragraph 62, the consolidated accounts prepared by a holding company may deal with an investment of any member of the group in the shares of any other body corporate by way of the equity method of accounting in any case where it appears to the directors of the holding company that that body corporate is so closely associated with any member of the group as to justify the use of that method in dealing with investments by that or any other member of the group in the shares of that body corporate.

(2) In this paragraph, references to the group, in relation to consolidated accounts prepared by a holding company, are references to the holding company and the subsidiaries dealt with by the accounts.

66 Notwithstanding paragraphs 61 and 62, paragraphs 17 to 19 and 21 do not apply to any amount shown in the consolidated balance sheet in respect of goodwill arising on consolidation.

67 In relation to any subsidiaries of the holding company not dealt with by the consolidated accounts paragraphs 59 and 60 apply for the purpose of those accounts as if those accounts were the accounts of an actual company of which they were subsidiaries.

Group accounts not prepared as consolidated accounts

68 Group accounts which are not prepared as consolidated accounts, together with any notes to those accounts, shall give the same or equivalent information as that required to be given by consolidated accounts by virtue of paragraphs 61 to 67.

Provisions of general application

69 (1) This paragraph applies where the company is a holding company and either—

- (a) does not prepare group accounts ; or
- (b) prepares group accounts which do not deal with one or more of its subsidiaries;

and references below in this paragraph to the company's subsidiaries shall be read in a case within paragraph (b) as references to such of the company's subsidiaries as are excluded from the group accounts.

(2) Subject to the following provisions of this paragraph—

- (a) the reasons why the subsidiaries are not dealt with in group accounts; and
- (b) a statement showing any qualifications contained in the reports of the auditors of the subsidiaries on their accounts for their respective financial years ending with or during the financial year of the company, and any note or saving contained in those accounts to call attention to a matter which, apart from the note or saving, would properly have been referred to in such a qualification, in so far as the matter which is the subject of the qualification

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or note is not covered by the company's own accounts and is material from the point of view of its members,
shall be given in a note to the company's accounts.

- (3) Subject to the following provisions of this paragraph, the aggregate amount of the total investment of the holding company in the shares of the subsidiaries shall be stated in a note to the company's accounts by way of the equity method of valuation.
- (4) Sub-paragraph (3) does not apply where the company is a wholly-owned subsidiary of another body corporate incorporated in Great Britain if there is included in a note to the company's accounts a statement that in the opinion of the directors of the company the aggregate value of the assets of the company consisting of shares in, or amounts owing (whether on account of a loan or otherwise) from, the company's subsidiaries is not less than the aggregate of the amounts at which those assets are stated or included in the company's balance sheet.
- (5) In so far as information required by any of the preceding provisions of this paragraph to be stated in a note to the company's accounts is not obtainable, a statement to that effect shall be given instead in a note to those accounts.
- (6) The Secretary of State may, on the application or with the consent of the company's directors, direct that in relation to any subsidiary sub-paragraphs (2) and (3) shall not apply, or shall apply only to such extent as may be provided by the direction.
- (7) Where in any case within sub-paragraph (1)(b) the group accounts are consolidated accounts, references above in this paragraph to the company's accounts and the company's balance sheet respectively shall be read as references to the consolidated accounts and the consolidated balance sheet.

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

- (a) the reasons why the company's directors consider that the subsidiaries' financial years should not end with that of the company; and
- (b) the dates on which the subsidiaries' financial years ending last before that of the company respectively ended or the earliest and latest of those dates.