

SCHEDULES

SCHEDULE 9

Section 258.

FORM AND CONTENT OF SPECIAL CATEGORY ACCOUNTS

Preliminary

- 1 Paragraphs 2 to 13 of this Schedule apply to the balance sheet and 14 to 18 to the profit and loss account, and are subject to the exceptions and modifications provided for by Part II of this Schedule in the case of a holding or subsidiary company and by Part III thereof in the case of companies of the classes there mentioned.

PART I

GENERAL PROVISIONS AS TO BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

Balance sheet

- 2 The authorised share capital, issued share capital, liabilities and assets shall be summarised, with such particulars as are necessary to disclose the general nature of the assets and liabilities, and there shall be specified—
- (a) any part of the issued capital that consists of redeemable shares, the earliest and latest dates on which the company has power to redeem those shares, whether those shares must be redeemed in any event or are liable to be redeemed at the option of the company or of the shareholder and whether any (and, if so, what) premium is payable on redemption;
 - (b) so far as the information is not given in the profit and loss account, any share capital on which interest has been paid out of capital during the financial year, and the rate at which interest has been so paid ;
 - (c) the amount of the share premium account;
 - (d) particulars of any redeemed debentures which the company has power to re-issue.
- 3 There shall be stated under separate headings, so far as they are not written off,—
- (a) the preliminary expenses ;
 - (b) any expenses incurred in connection with any issue of share capital or debentures;
 - (c) the amount of the discount allowed on any issue of shares or debentures;
 - (d) any sums allowed by way of discount in respect of any debentures; and
 - (e) the amount of the discount allowed on any issue of shares at a discount.
- 4 (1) The reserves, provisions, liabilities and assets shall be classified under headings appropriate to the company's business:
- Provided that—

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- (a) where the amount of any class is not material, it may be included under the same heading as some other class ; and
 - (b) where any assets of one class are not separable from assets of another class, those assets may be included under the same heading.
- (2) Fixed assets, current assets and assets that are neither fixed nor current shall be separately identified.
- (3) The method or methods used to arrive at the amount of the fixed assets under each heading shall be stated.
- 5 (1) The method of arriving at the amount of any fixed asset shall, subject to the next following sub-paragraph, be to take the difference between—
 - (a) its cost or, if it stands in the company's books at a valuation, the amount of the valuation ; and
 - (b) the aggregate amount provided or written off since the date of acquisition or valuation, as the case may be, for depreciation or diminution in value ;

and for the purposes of this paragraph the net amount at which any assets stood in the company's books on 1st July 1948 (after deduction of the amounts previously provided or written off for depreciation or diminution in value) shall, if the figures relating to the period before that date cannot be obtained without unreasonable expense or delay, be treated as if it were the amount of a valuation of those assets made at that date and, where any of those assets are sold, the said net amount less the amount of the sales shall be treated as if it were the amount of a valuation so made of the remaining assets.

 - (2) The foregoing sub-paragraph shall not apply—
 - (a) to assets for which the figures relating to the period beginning with 1st July 1948 cannot be obtained without unreasonable expense or delay ; or
 - (b) to assets the replacement of which is provided for wholly or partly—
 - (i) by making provision for renewals and charging the cost of replacement against the provision so made ; or
 - (ii) by charging the cost of replacement direct to revenue ; or
 - (c) to any listed investments or to any unlisted investments of which the value as estimated by the directors is shown either as the amount of the investments or by way of note ; or
 - (d) to goodwill, patents or trade marks.
 - (3) For the assets under each heading whose amount is arrived at in accordance with sub-paragraph (1) of this paragraph, there shall be shown—
 - (a) the aggregate of the amounts referred to in paragraph (a) of that sub-paragraph ; and
 - (b) the aggregate of the amounts referred to in paragraph (b) thereof.
 - (4) As respects the assets under each heading whose amount is not arrived at in accordance with the said sub-paragraph (1) because their replacement is provided for as mentioned in sub-paragraph (2)(b) of this paragraph, there shall be stated—
 - (a) the means by which their replacement is provided for; and
 - (b) the aggregate amount of the provision (if any) made for renewals and not used.
- 6 In the case of unlisted investments consisting in equity share capital of other bodies corporate (other than any whose values as estimated by the directors are separately

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shown, either individually or collectively or as to some individually and as to the rest collectively, and are so shown either as the amount thereof, or by way of note), the matters referred to in the following heads shall, if not otherwise shown, be stated by way of note or in a statement or report annexed:—

- (a) the aggregate amount of the company's income for the financial year that is ascribable to the investments;
- (b) the amount of the company's share before taxation, and the amount of that share after taxation, of the net aggregate amount of the profits of the bodies in which the investments are held, being profits for the several periods to which accounts sent by them during the financial year to the company related, after deducting those bodies' losses for those periods (or vice versa);
- (c) the amount of the company's share of the net aggregate amount of the undistributed profits accumulated by the bodies in which the investments are held since the time when the investments were acquired after deducting the losses accumulated by them since that time (or vice versa);
- (d) the manner in which any losses incurred by the said bodies have been dealt with in the company's accounts.

7 The aggregate amounts respectively of reserves and provisions (other than provisions for depreciation, renewals or diminution in value of assets) shall be stated under separate headings;

Provided that—

- (a) this paragraph shall not require a separate statement of either of the said amounts which is not material; and
- (b) the Secretary of State may direct that a separate statement shall not be required of the amount of provisions where he is satisfied that that is not required in the public interest and would prejudice the company, but subject to the condition that any heading stating an amount arrived at after taking into account a provision (other than as aforesaid) shall be so framed or marked as to indicate that fact.

8 (1) There shall also be shown (unless it is shown in the profit and loss account or a statement or report annexed thereto, or the amount involved is not material)—

- (a) where the amount of the reserves or of the provisions (other than provisions for depreciation, renewals or diminution in value of assets) shows an increase as compared with the amount at the end of the immediately preceding financial year, the source from which the amount of the increase has been derived : and
- (b) where—
 - (i) the amount of the reserves shows a decrease as compared with the amount at the end of the immediately preceding financial year; or
 - (ii) the amount at the end of the immediately preceding financial year of the provisions (other than provisions for depreciation, renewals or diminution in value of assets) exceeded the aggregate of the sums since applied and amounts still retained for the purposes thereof ;the application of the amounts derived from the difference.

(2) Where the heading showing the reserves or any of the provisions aforesaid is divided into sub-headings, this paragraph shall apply to each of the separate amounts shown in the sub-headings instead of applying to the aggregate amount thereof.

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- 9 If an amount is set aside for the purpose of its being used to prevent undue fluctuations in charges for taxation, it shall be stated.
- 10 (1) There shall be shown under separate headings—
- (a) the aggregate amounts respectively of the company's listed investments and unlisted investments ;
 - (b) if the amount of the goodwill and of any patents and trade marks or part of that amount is shown as a separate item in or is otherwise ascertainable from the books of the company, or from any contract for the sale or purchase of any property to be acquired by the company, or from any documents in the possession of the company relating to the stamp duty payable in respect of any such contract or the conveyance of any such property, the said amount so shown or ascertained as far as not written off or, as the case may be, the said amount so far as it is so shown or ascertainable and as so shown or ascertained, as the case may be ;
 - (c) the aggregate amount of any outstanding loans made under the authority of section 153(4)(b) or (c) or 155 of this Act;
 - (d) the aggregate amount of bank loans and overdrafts and the aggregate amount of loans made to the company which—
 - (i) are repayable otherwise than by instalments and fall due for repayment after the expiration of the period of five years beginning with the day next following the expiration of the financial year; or
 - (ii) are repayable by instalments any of which fall due for payment after the expiration of that period ;
 not being, in either case, bank loans or overdrafts ;
 - (e) the aggregate amount which is recommended for distribution by way of dividend.
- (2) Nothing in head (b) of the foregoing sub-paragraph shall be taken as requiring the amount of the goodwill, patents and trade marks to be stated otherwise than as a single item.
- (3) The heading showing the amount of the listed investments shall be subdivided, where necessary, to distinguish the investments as respects which there has, and those as respects which there has not, been granted a listing on a recognised stock exchange.
- (4) In relation to each loan falling within head (d) of sub-paragraph (1) of this paragraph (other than a bank loan or overdraft), there shall be stated by way of note (if not otherwise stated) the terms on which it is repayable and the rate at which interest is payable thereon:
- Provided that if the number of loans is such that, in the opinion of the directors, compliance with the foregoing requirement would result in a statement of excessive length, it shall be sufficient to give a general indication of the terms on which the loans are repayable and the rates at which interest is payable thereon.
- 11 Where any liability of the company is secured otherwise than by operation of law on any assets of the company, the fact that that liability is so secured shall be stated, but it shall not be necessary to specify the assets on which the liability is secured.
- 12 Where any of the company's debentures are held by a nominee of or trustee for the company, the nominal amount of the debentures and the amount at which they are stated in the books of the company shall be stated.

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- 13 (1) The matters referred to in the following sub-paragraphs shall be stated by way of note, or in a statement or report annexed, if not otherwise shown.
- (2) The number, description and amount of any shares in the company which any person has an option to subscribe for, together with the following particulars of the option, that is to say—
- (a) the period during which it is exercisable ;
 - (b) the price to be paid for shares subscribed for under it.
- (3) Where shares in a public company (other than an old public company within the meaning of section 1 of the Consequential Provisions Act) are purchased or are acquired by the company by forfeiture or surrender in lieu of forfeiture, or as expressly permitted by section 143(3) of this Act, or are acquired by another person in circumstances where paragraph (c) or (d) of section 146(1) applies or are made subject to a lien or charge taken (whether expressly or otherwise) by the company and permitted by section 150(2) or (4), or section 6(3) of the Consequential Provisions Act—
- (a) the number and nominal value of the shares so purchased, the aggregate amount of the consideration paid by the company for such shares and the reasons for their purchase ;
 - (b) the number and nominal value of the shares so acquired by the company, acquired by another person in such circumstances and so charged respectively during the financial year;
 - (c) the maximum number and nominal value of shares which, having been so acquired by the company, acquired by another person in such circumstances or so charged (whether or not during the financial year) are held at any time by the company or that other person during that year ;
 - (d) the number and nominal value of shares so acquired by the company, acquired by another person in such circumstances or so charged (whether or not during that year) which are disposed of by the company or that other person or cancelled by the company during that year ;
 - (e) where the number and nominal value of the shares of any particular description are stated in pursuance of any of the preceding paragraphs, the percentage of the called-up share capital which shares of that description represent;
 - (f) where any of the shares have been so charged, the amount of the charge in each case ;
 - (g) where any of the shares have been disposed of by the company or the person who acquired them in such circumstances for money or money's worth, the amount or value of the consideration in each case.
- (4) Any distribution made by an investment company within the meaning of Part VIII of this Act which reduces the amount of its net assets to less than the aggregate of its called-up share capital and undistributable reserves.
- For purposes of this sub-paragraph, a company's net assets are the aggregate of its assets less the aggregate of its liabilities ; and " undistributable reserves " has the meaning given by section 264(3).
- (5) The amount of any arrears of fixed cumulative dividends on the company's shares and the period for which the dividends or, if there is more than one class, each class of them are in arrear.

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- (6) Particulars of any charge on the assets of the company to secure the liabilities of any other person, including, where practicable, the amount secured
- (7) The general nature of any other contingent liabilities not provided for and, where practicable, the aggregate amount or estimated amount of those liabilities, if it is material.
- (8) Where practicable the aggregate amount or estimated amount, if it is material, of contracts for capital expenditure, so far as not provided for and, where practicable, the aggregate amount or estimated amount, if it is material, of capital expenditure authorised by the directors which has not been contracted for.
- (9) In the case of fixed assets under any heading whose amount is required to be arrived at in accordance with paragraph 5(1) of this Schedule (other than unlisted investments) and is so arrived at by reference to a valuation, the years (so far as they are known to the directors) in which the assets were severally valued and the several values, and, in the case of assets that have been valued during the financial year, the names of the persons who valued them or particulars of their qualifications for doing so and (whichever is stated) the bases of valuation used by them.
- (10) If there are included amongst fixed assets under any heading (other than investments) assets that have been acquired during the financial year, the aggregate amount of the assets acquired as determined for the purpose of making up the balance sheet, and if during that year any fixed assets included under a heading in the balance sheet made up with respect to the immediately preceding financial year (other than investments) have been disposed of or destroyed, the aggregate amount thereof as determined for the purpose of making up that balance sheet.
- (11) Of the amount of fixed assets consisting of land, how much is ascribable to land of freehold tenure and how much to land of leasehold tenure, and, of the latter, how much is ascribable to land held on long lease and how much to land held on short lease.
- (12) If in the opinion of the directors any of the current assets have not a value, on realisation in the ordinary course of the company's business, at least equal to the amount at which they are stated, the fact that the directors are of that opinion.
- (13) The aggregate market value of the company's listed investments where it differs from the amount of the investments as stated and the stock exchange value of any investments of which the market value is shown (whether separately or not) and is taken as being higher than their stock exchange value.
- (14) If a sum set aside for the purpose of its being used to prevent undue fluctuations in charges for taxation has been used during the financial year for another purpose, the amount thereof and the fact that it has been so used.
- (15) If the amount carried forward for stock in trade or work in progress is material for the appreciation by its members of the company's state of affairs or of its profit or loss for the financial year, the manner in which that amount has been computed.
- (16) The basis on which foreign currencies have been converted into sterling, where the amount of the assets or liabilities affected is material.
- (17) The basis on which the amount, if any, set aside for United Kingdom corporation tax is computed.

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- (18) The corresponding amounts at the end of the immediately preceding financial year for all items shown in the balance sheet other than any item the amount for which is shown—
- (a) in pursuance of sub-paragraph (10) of this paragraph, or
 - (b) as an amount the source or application of which is required by paragraph 8 to be shown.

Profit and loss account

- 14 (1) There shall be shown—
- (a) the amount charged to revenue by way of provision for depreciation, renewals or diminution in value of fixed assets;
 - (b) the amount of the interest on loans of the following kinds made to the company (whether on the security of debentures or not), namely, bank loans, overdrafts and loans which, not being bank loans or overdrafts,—
 - (i) are repayable otherwise than by instalments and fall due for repayment before the expiration of the period of five years beginning with the day next following the expiration of the financial year ; or
 - (ii) are repayable by instalments the last of which falls due for payment before the expiration of that period ;and the amount of the interest on loans of other kinds so made (whether on the security of debentures or not);
 - (c) the amount of the charge to revenue for United Kingdom corporation tax and, if that amount would have been greater but for relief from double taxation, the amount which it would have been but for such relief, the amount of the charge for United Kingdom income tax, and the amount of the charge for taxation imposed outside the United Kingdom of profits, income and (so far as charged to revenue) capital gains ;
 - (d) the amounts respectively set aside for redemption of share capital and for redemption of loans ;
 - (e) the amount, if material, set aside or proposed to be set aside to, or withdrawn from, reserves ;
 - (f) subject to sub-paragraph (2) of this paragraph, the amount, if material, set aside to provisions other than provisions for depreciation, renewals, or diminution in value of assets or, as the case may be, the amount, if material, withdrawn from such provisions and not applied for the purposes thereof;
 - (g) the amounts respectively of income from listed investments and income from unlisted investments ;
 - (h) if a substantial part of the company's revenue for the financial year consists in rents from land, the amount thereof (after deduction of ground-rents, rates and other outgoings);
 - (j) the amount, if material, charged to revenue in respect of sums payable in respect of the hire of plant and machinery ;
 - (k) the aggregate amount of the dividends paid and proposed
- (2) The Secretary of State may direct that a company shall not be obliged to show an amount set aside to provisions in accordance with sub-paragraph (1)(f) of this paragraph, if he is satisfied that that is not required in the public interest and would prejudice the company, but subject to the condition that any heading stating an

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amount arrived at after taking into account the amount set aside as aforesaid shall be so framed or marked as to indicate that fact

- (3) If, in the case of any assets in whose case an amount is charged to revenue by way of provision for depreciation or diminution in value, an amount is also so charged by way of provision for renewal thereof, the last-mentioned amount shall be shown separately.
- (4) If the amount charged to revenue by way of provision for depreciation or diminution in value of any fixed assets (other than investments) has been determined otherwise than by reference to the amount of those assets as determined for the purpose of making up the balance sheet, that fact shall be stated.
- 15 The amount of any charge arising in consequence of the occurrence of an event in a preceding financial year and of any credit so arising shall, if not included in a heading relating to other matters, be stated under a separate heading.
- 16 The amount of the remuneration of the auditors shall be shown under a separate heading, and for the purposes of this paragraph, any sums paid by the company in respect of the auditors' expenses shall be deemed to be included in the expression " remuneration ".
- 17 (1) The following matters shall be stated by way of note, if not otherwise shown.
- (2) The turnover for the financial year, except in so far as it is attributable to the business of banking or discounting or to business of such other class as may be prescribed for the purposes of this sub-paragraph.
- (3) If some or all of the turnover is omitted by reason of its being attributable as aforesaid, the fact that it is so omitted.
- (4) The method by which turnover stated is arrived at
- (5) A company shall not be subject to the requirements of this paragraph if it is neither a holding company nor a subsidiary of another body corporate and the turnover which, apart from this sub-paragraph, would be required to be stated does not exceed £1 million.
- 18 (1) The following matters shall be stated by way of note, if not otherwise shown.
- (2) If depreciation or replacement of fixed assets is provided for by some method other than a depreciation charge or provision for renewals, or is not provided for, the method by which it is provided for or the fact that it is not provided for, as the case may be.
- (3) The basis on which the charge for United Kingdom corporation tax and United Kingdom income tax is computed.
- (4) Any special circumstances which affect liability in respect of taxation of profits, income or capital gains for the financial year or liability in respect of taxation of profits, income or capital gains for succeeding financial years.
- (5) The corresponding amounts for the immediately preceding financial year for all items shown in the profit and loss account
- (6) Any material respects in which items shown in the profit and loss account are affected—

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- (a) by transactions of a sort not usually undertaken by the company or otherwise by circumstances of an exceptional or non-recurrent nature ; or
- (b) by any change in the basis of accounting.

PART II

SPECIAL PROVISIONS WHERE THE COMPANY IS A HOLDING OR SUBSIDIARY COMPANY

Modifications of and additions to requirements as to company's own accounts

- 19 (1) This paragraph applies where the company is a holding company, whether or not it is itself a subsidiary of another body corporate.
- (2) The aggregate amount of assets consisting of shares in, or amounts owing (whether on account of a loan or otherwise) from, the company's subsidiaries, distinguishing shares from indebtedness, shall be set out in the balance sheet separately from all the other assets of the company, and the aggregate amount of indebtedness (whether on account of a loan or otherwise) to the company's subsidiaries shall be so set out separately from all its other liabilities and—
- (a) the references in Part I of this Schedule to the company's investments (except those in paragraphs 13(10) and 14(4)) shall not include investments in its subsidiaries required by this paragraph to be separately set out; and
 - (b) paragraph 5, sub-paragraph (1)(a) of paragraph 14, and sub-paragraph (2) of paragraph 18 of this Schedule shall not apply in relation to fixed assets consisting of interests in the company's subsidiaries.
- (3) There shall be shown by way of note on the balance sheet or in a statement or report annexed thereto the number, description and amount of the shares in and debentures of the company held by its subsidiaries or their nominees, but excluding any of those shares or debentures in the case of which the subsidiary is concerned as personal representative or in the case of which it is concerned as trustee and neither the company nor any subsidiary thereof 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 has effect for the interpretation of the reference in this sub-paragraph to a beneficial interest under a trust.

- (4) Where group accounts are not submitted, there shall be annexed to the balance sheet a statement showing—
- (a) the reasons why subsidiaries are not dealt with in group accounts;
 - (b) the net aggregate amount, so far as it concerns members of the holding company and is not dealt with in the company's accounts, of the subsidiaries' profits after deducting the subsidiaries' losses (or vice versa)—
 - (i) for the respective financial years of the subsidiaries ending with or during the financial year of the company ; and
 - (ii) for their previous financial years since they respectively became the holding company's subsidiary ;
 - (c) the net aggregate amount of the subsidiaries' profits after deducting the subsidiaries' losses (or vice versa)—

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- (i) for the respective financial years of the subsidiaries ending with or during the financial year of the company; and
 - (ii) for their other financial years since they respectively became the holding company's subsidiary ;
- so far as those profits are dealt with, or provision is made for those losses, in the company's accounts ;
- (d) any qualifications contained in the report of the auditors of the subsidiaries on their accounts for their respective financial years ending as aforesaid, 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 or note is not covered by the company's own accounts and is material from the point of view of its members;

or, in so far as the information required by this sub-paragraph is not obtainable, a statement that it is not obtainable:

Provided that the Secretary of State may, on the application or with the consent of the company's directors, direct that in relation to any subsidiary this sub-paragraph shall not apply or shall apply only to such extent as may be provided by the direction.

- (5) Paragraphs (b) and (c) of the last foregoing sub-paragraph shall apply only to profits and losses of a subsidiary which may properly be treated in the holding company's accounts as revenue profits or losses, and the profits or losses attributable to any shares in a subsidiary for the time being held by the holding company or any other of its subsidiaries shall not (for the purposes of those paragraphs) be treated as aforesaid so far as they are profits or losses for the period before the date on or as from which the shares were acquired by the company or any of its subsidiaries, except that they may in a proper case be so treated where—

- (a) the company is itself the subsidiary of another body corporate ; and
- (b) the shares were acquired from that body corporate or a subsidiary of it;

and for the purpose of determining whether any profits or losses are to be treated as profits or losses for the said period the profit or loss for any financial year of the subsidiary may, if it is not practicable to apportion it with reasonable accuracy by reference to the facts, be treated as accruing from day to day during that year and be apportioned accordingly.

The amendment of the previous corresponding provision by section 40(3) of the Companies Act 1981 (substituting " (for the purposes of those paragraphs) " for " (for that or any other purpose)") is without prejudice to any other restriction with respect to the manner in which a holding company may treat pre-acquisition profits or losses of a subsidiary in its accounts.

- (6) Paragraphs (b) and (c) of sub-paragraph (4) above shall not apply where the company is a wholly-owned subsidiary of another body corporate incorporated in Great Britain if there is annexed to the balance sheet 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 balance sheet.
- (7) Where group accounts are not submitted, there shall be annexed to the balance sheet a statement showing, in relation to the subsidiaries (if any) whose financial years did not end with that of the company—

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- (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.
- 20 (1) The balance sheet of a company which is a subsidiary of another body corporate, whether or not it is itself a holding company, shall show the aggregate amount of its indebtedness to all bodies corporate of which it is a subsidiary or a fellow subsidiary and the aggregate amount of indebtedness of all such bodies corporate to it, distinguishing in each case between indebtedness in respect of debentures and otherwise, and the aggregate amount of assets consisting of shares in fellow subsidiaries.
- (2) For the purposes of this paragraph a company shall be deemed to be a fellow subsidiary of another body corporate if both are subsidiaries of the same body corporate but neither is the other's.

Consolidated accounts of holding company and subsidiaries

- 21 Subject to the following paragraphs of this Part of this Schedule 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.
- 22 Subject as aforesaid and to Part III of this Schedule, the consolidated accounts shall, in giving the said information, comply so far as practicable, with the requirements of this Act as if they were the accounts of an actual company.
- 23 The following provisions of this Act, namely—
- (a) section 231 as applying Schedule 5, but only Parts II, 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 the two last foregoing paragraphs apply for the purpose of the consolidated accounts.
- 24 Paragraph 22 above is without prejudice to any requirement of this Act which applies (otherwise than by virtue of paragraph 21 or 22) to group accounts.
- 25 In relation to any subsidiaries of the holding company not dealt with by the consolidated accounts—
- (a) sub-paragraphs (2) and (3) of paragraph 19 of this Schedule shall apply for the purpose of those accounts as if those accounts were the accounts of an actual company of which they were subsidiaries ; and
 - (b) there shall be annexed the like statement as is required by sub-paragraph (4) of that paragraph where there are no group accounts, but as if references therein to the holding company's accounts were references to the consolidated accounts.
- 26 In relation to any subsidiary (whether or not dealt with by the consolidated accounts), whose financial year did not end with that of the company, there shall be annexed the like statement as is required by sub-paragraph (7) of paragraph 19 of this Schedule where there are no group accounts.

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PART III

EXCEPTIONS FOR CERTAIN SPECIAL CATEGORY COMPANIES

- 27 (1) The following applies to a banking company (if not subject to the Banking Companies (Accounts) Regulations 1970) which satisfies the Secretary of State that it ought to have the benefit of this paragraph.
- (2) The company shall not be subject to the requirements of Part I of this Schedule other than—
- (a) as respects its balance sheet, those of paragraphs 2 and 3, paragraph 4 (so far as it relates to assets), paragraph 10 (except sub-paragraphs (1)(d) and (4)), paragraphs 11 and 12 and paragraph 13 (except sub-paragraphs (9), (10), (11), (13) and (14)); and
 - (b) as respects its profit and loss account, those of sub-paragraph (1)(h) and (k) of paragraph 14, paragraphs 15 and 16 and sub-paragraphs (1) and (5) of paragraph 18.
- (3) But, where in the company's balance sheet reserves or provisions (other than provisions for depreciation, renewals or diminution in value of assets) are not stated separately, any heading stating an amount arrived at after taking into account a reserve or such a provision shall be so framed or marked as to indicate that fact, and its profit and loss account shall indicate by appropriate words the manner in which the amount stated for the company's profit or loss has been arrived at
- (4) The company's accounts shall not be deemed, by reason only of the fact that they do not comply with any requirements of the said Part I from which the company is exempt by virtue of this paragraph, not to give the true and fair view required by this Act.
- 28 (1) An insurance company to which Part II of the Insurance Companies Act 1982 applies shall not be subject to the following requirements of Part I of this Schedule, that is to say—
- (a) as respects its balance sheet, those of paragraphs 4 to 8 (both inclusive), sub-paragraphs (1)(a) and (3) of paragraph 10 and sub-paragraphs (6), (7) and (9) to (13) (both inclusive) of paragraph 13;
 - (b) as respects its profit and loss account, those of paragraph 14 (except sub-paragraph (1)(b), (c), (d) and (k)) and paragraph 18(2);
- but, where in its balance sheet reserves or provisions (other than provisions for depreciation, renewals or diminution in value of assets) are not stated separately, any heading stating an amount arrived at after taking into account a reserve or such a provision shall be so framed or marked as to indicate that fact, and its profit and loss account shall indicate by appropriate words the manner in which the amount stated for the company's profit or loss has been arrived at:
- Provided that the Secretary of State may direct that any such insurance company whose business includes to a substantial extent business other than insurance business shall comply with all the requirements of the said Part I or such of them as may be specified in the direction and shall comply therewith as respects either the whole of its business or such part thereof as may be so specified.
- (2) The accounts of a company shall not be deemed, by reason only of the fact that they do not comply with any requirement of Part I of this Schedule from which the company is exempt by virtue of this paragraph, not to give the true and fair view required by this Act

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- 29 (1) A shipping company shall not be subject to the following requirements of Part I of this Schedule, that is to say—
- (a) as respects its balance sheet, those of paragraph 4 (except so far as it relates to assets), paragraphs 5, 7 and 8 and sub-paragraphs (9) and (10) of paragraph 13 ;
 - (b) as respects its profit and loss account, those of sub-paragraph (1)(a), (e) and (f) and sub-paragraphs (3) and (4) of paragraph 14 and paragraph 17.
- (2) The accounts of a company shall not be deemed, by reason only of the fact that they do not comply with any requirements of Part I of this Schedule from which the company is exempt by virtue of this paragraph, not to give the true and fair view required by this Act.
- 30 Where a company entitled to the benefit of any provision contained in this Part of this Schedule is a holding company, the reference in Part II of this Schedule to consolidated accounts complying with the requirements of this Act shall, in relation to consolidated accounts of that company, be construed as referring to those requirements in so far only—
- (a) as they apply to the individual accounts of that company, and
 - (b) as they apply (otherwise than by virtue of paragraphs 21 and 22) to the group accounts prepared by that company.

PART IV

SPECIAL PROVISIONS WHERE THE COMPANY HAS ENTERED INTO ARRANGEMENTS SUBJECT TO MERGER RELIEF

- 31 (1) Where during the financial year the company has allotted shares in consideration for the issue, transfer or cancellation of shares in another body corporate (" the other company ") in circumstances where by virtue of section 131(2) (merger relief) section 130 did not apply to the premiums on those shares, the following information shall be given by way of a note to the company's accounts—
- (a) the name of the other company ;
 - (b) the number, nominal value and class of shares so allotted ;
 - (c) the number, nominal value and class of shares in the other company so issued, transferred or cancelled ;
 - (d) particulars of the accounting treatment adopted in the company's accounts (including any group accounts) in respect of such issue, transfer or cancellation ; and
 - (e) where the company prepares group accounts, particulars of the extent to which and manner in which the profit or loss for the year of the group which appears in those accounts is affected by any profit or loss of the other company or any of its subsidiaries which arose at any time before the allotment
- (2) Where the company has during the financial year or during either of the two financial years immediately preceding it made such an allotment of shares as is mentioned in sub-paragraph (1) above and there is included in the company's consolidated profit and loss account, or if it has no such account, in its individual profit and loss account, any profit or loss (or part thereof) to which this sub-paragraph applies then the net amount of any such profit or loss (or part thereof) shall be shown in a note to the

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accounts together with an explanation of the transactions to which that information relates.

- (3) Sub-paragraph (2) applies—
- (a) to any profit or loss realised during the financial year by the company, or any of its subsidiaries, on the disposal of any shares in the other company or of any assets which were fixed assets of the other company, or of any of its subsidiaries, at the time of the allotment; and
 - (b) to any part of any profit or loss realised during the financial year by the company, or any of its subsidiaries, on the disposal of any shares (not being shares in the other company), which was attributable to the fact that at the time of the disposal there were amongst the assets of the company which issued those shares, or any of its subsidiaries, such shares or assets as are described in paragraph (a) above.
- (4) Where in pursuance of the arrangement in question shares are allotted on different dates, the time of allotment for the purposes of sub-paragraphs (1)(e) and (3)(a) above is taken to be—
- (a) if the other company becomes a subsidiary of the company as a result of the arrangement—
 - (i) if the arrangement becomes binding only upon the fulfilment of a condition, the date on which that condition is fulfilled, and
 - (ii) in any other case, the date on which the other company becomes a subsidiary of the company ;
 - (b) if the other company is a subsidiary of the company when the arrangement is proposed, the date of the first allotment pursuant to that arrangement.

PART V

INTERPRETATION OF SCHEDULE

- 32 (1) For the purposes of this Schedule, unless the context otherwise requires,—
- (a) the expression " provision " shall, subject to sub-paragraph (2) of this paragraph, mean any amount written off or retained by way of providing for depreciation, renewals or diminution in value of assets or retained by way of providing for any known liability of which the amount cannot be determined with substantial accuracy ;
 - (b) the expression " reserve" shall not, subject as aforesaid, include any amount written off or retained by way of providing for depreciation, renewals or diminution in value of assets or retained by way of providing for any known liability or any sum set aside for the purpose of its being used to prevent undue fluctuations in charges for taxation ';
- and in this paragraph the expression "liability" shall include all liabilities in respect of expenditure contracted for and all disputed or contingent liabilities.
- (2) Where—
- (a) any amount written off or retained by way of providing for depreciation, renewals or diminution in value of assets; or
 - (b) any amount retained by way of providing for any known liability;

is in excess of that which in the opinion of the directors is reasonably necessary for the purpose, the excess shall be treated for the purposes of this Schedule as a reserve and not as a provision.

- 33 For the purposes aforesaid, the expression " listed investment" means an investment as respects which there has been granted a listing on a recognised stock exchange, or on any stock exchange of repute outside Great Britain and the expression " unlisted investment " shall be construed accordingly.
- 34 For the purposes aforesaid, the expression " long lease " means a lease in the case of which the portion of the term for which it was granted remaining unexpired at the end of the financial year is not less than fifty years, the expression " short lease " means a lease which is not a long lease and the expression " lease " includes an agreement for a lease.
- 35 For the purposes aforesaid, a loan shall be deemed to fall due for repayment, and an instalment of a loan shall be deemed to fall due for payment, on the earliest date on which the lender could require repayment or, as the case may be, payment if he exercised all options and rights available to him.
- 36 In the application of this Schedule to Scotland, " land of freehold tenure" means land in respect of which the company is the proprietor of the dominium utile or, in the case of land not held on feudal tenure, is the owner; " land of leasehold tenure " means land of which the company is the tenant under a lease ; and the reference to ground-rents, rates and other outgoings includes a reference to feu-duty and ground annual.