

SCHEDULES

SCHEDULE 9

FORM AND CONTENT OF SPECIAL CATEGORY ACCOUNTS

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)—

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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 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)—
 - (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

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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—
- (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

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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.